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

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

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

RESULTS

The board of directors (the “Board”) of Chaoda Modern Agriculture (Holdings) Limited (the “Company”) presents the interim results of the Company and its subsidiaries (collectively referred to as the “Group” or “Chaoda”) for the six months ended 31 December 2021. The consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 31 December 2021 and the consolidated statement of financial position of the Group as at 31 December 2021, together with the selected explanatory notes, are unaudited and condensed, which have been reviewed by the Company’s Audit Committee and the Company’s auditors, Elite Partners CPA Limited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 - UNAUDITED**

		Six months ended 31 December	
	Notes	2021	2020
		RMB'000	RMB'000 (Reclassified)
Revenue	3	43,410	36,143
Cost of sales		<u>(31,978)</u>	<u>(26,318)</u>
Gross profit		11,432	9,825
Other revenues		6,824	8,342
Selling and distribution expenses		(3,488)	(3,362)
General and administrative expenses		(22,565)	(24,747)
Other operating expenses		<u>(1,364)</u>	-
Loss from operations		(9,161)	(9,942)
Finance costs	5(a)	<u>(113)</u>	<u>(226)</u>
Loss before income tax	5	(9,274)	(10,168)
Income tax expense	6	<u>-</u>	<u>-</u>
Loss for the period		<u>(9,274)</u>	<u>(10,168)</u>
Other comprehensive expense, including reclassification adjustments and net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange loss on translation of financial statements of foreign operations		<u>(663)</u>	<u>(3,483)</u>
Other comprehensive expense for the period, including reclassification adjustments and net of income tax		<u>(663)</u>	<u>(3,483)</u>
Total comprehensive expense for the period		<u>(9,937)</u>	<u>(13,651)</u>
Loss for the period attributable to:			
Owners of the Company		(9,852)	(10,252)
Non-controlling interests		<u>578</u>	<u>84</u>
		<u>(9,274)</u>	<u>(10,168)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		(10,536)	(14,808)
Non-controlling interests		<u>599</u>	<u>1,157</u>
		<u>(9,937)</u>	<u>(13,651)</u>
Loss per share for loss attributable to the owners of the Company during the period			
– Basic	8(a)	<u>RMB(0.003)</u>	<u>RMB(0.003)</u>
– Diluted	8(b)	<u>RMB(0.003)</u>	<u>RMB(0.003)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 - UNAUDITED**

	Notes	31 December 2021 RMB'000	30 June 2021 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	32,022	33,874
Right-of-use assets	10	27,984	31,070
Investment properties		68,494	70,827
		<u>128,500</u>	<u>135,771</u>
Current assets			
Trade receivables	11	15,710	15,269
Other receivables, deposits and prepayments		4,984	4,588
Bank balances and cash		100,720	106,863
		<u>121,414</u>	<u>126,720</u>
Current liabilities			
Trade payables	12	2,651	2,507
Lease liabilities		1,854	3,795
Other payables and accruals		27,118	27,855
		<u>31,623</u>	<u>34,157</u>
Net current assets		<u>89,791</u>	<u>92,563</u>
Total assets less current liabilities		<u>218,291</u>	<u>228,334</u>
Non-current liabilities			
Lease liabilities		<u>-</u>	<u>106</u>
Net assets		<u>218,291</u>	<u>228,228</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		333,149	333,149
Reserves		(117,993)	(107,457)
		<u>215,156</u>	<u>225,692</u>
Non-controlling interests		3,135	2,536
Total equity		<u>218,291</u>	<u>228,228</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 - UNAUDITED

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of Chaoda Modern Agriculture (Holdings) Limited (the "Company") and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2021 (the "Interim Financial Report") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Interim Financial Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2021 (the "2021 Annual Financial Statements").

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the 2021 Annual Financial Statements, except for the adoption of the new, amended or revised Hong Kong Financial Reporting Standards ("HKFRSs") (which collectively include all applicable individual Hong Kong Financial Reporting Standard ("HKFRS"), Hong Kong Accounting Standard ("HKAS") and Interpretation issued by the HKICPA) as disclosed in Note 2 to the Interim Financial Report.

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

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

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

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatory effective for the annual period beginning on or after 1 July 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

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

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021.

Except as described below, the application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current period and prior year and/or on the disclosures set out in these consolidated financial statements.

Impacts on early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has early applied the amendment in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 Leases (“HKFRS 16”) by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application of this amendment has had no material impact on the Group’s financial positions and performance for the current and prior years.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendment to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 ¹

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

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

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendment to HKFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in HKFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the “Conceptual Framework”) instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010);
- add a requirement that, for transactions and other events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21 Levies, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

Amendment to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendment to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and (Note)
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or noncurrent only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group’s outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Group’s liabilities.

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 December 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to approximately RMB27,984,000 and RMB1,854,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 Inventories.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendment to HKFRSs Annual Improvements to HKFRSs 2018–2020

The annual improvements make amendments to the following standards.

- *HKFRS 9 Financial Instruments*
The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf.
- *HKFRS 16 Leases*
The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.
- *HKAS 41 Agriculture*
The amendment ensures consistency with the requirements in HKFRS 13 Fair Value Measurement by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. REVENUE

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

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

4. SEGMENT INFORMATION

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

The Group's operating business are organised and managed separately according to the nature of products, which each segment representing a strategic business segment that offers different products in the People's Republic of China ("PRC") market. However, the Group's executive directors considered that over 90% of the Group's revenue, operating results and assets during the six months ended 31 December 2021 and 2020 were mainly derived from its sales of crops. Consequently, no operating segment analysis is presented.

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

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

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

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

	Six months ended 31 December	
	2021	2020
	RMB'000	RMB'000
Customer A	5,706	6,790
Customer B	N/A*	3,716
Customer C	5,134	N/A*

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

5. LOSS BEFORE INCOME TAX

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

(a) Finance costs

	Six months ended 31 December	
	2021	2020
	RMB'000	RMB'000
Bank and finance charges	22	25
Interest expenses on lease liabilities	91	201
	<u>113</u>	<u>226</u>

(b) Staff costs (including directors' remuneration)

	Six months ended 31 December	
	2021	2020
	RMB'000	RMB'000
Salaries, wages and other benefits	7,643	9,077
Employee share option benefits	-	52
Retirement benefit costs	647	619
	<u>8,290</u>	<u>9,748</u>

(c) Other items

	Six months ended 31 December	
	2021	2020
	RMB'000	RMB'000
Interest income	(265)	(398)
Cost of inventories sold	31,978	24,755
Depreciation of property, plant and equipment, net of amount capitalised	1,806	2,182
Depreciation of right-of-use assets	2,781	4,073
Depreciation of investment properties	2,333	2,333
Expense related to short-term lease	502	574
	<u>502</u>	<u>574</u>

6. INCOME TAX EXPENSE

- (a) No provision for the PRC enterprise income tax has been made in the unaudited condensed consolidated financial statements for six months ended 31 December 2021 and 2020 as the PRC companies within the Group either has no assessable profits arising from the PRC or exempt from the enterprise income tax.

According to the PRC tax law and its interpretation rules (the "PRC Tax Law"), enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption or half reduction of enterprise income tax on profits derived from such business. Fujian Chaoda Modern Agriculture Group Company Limited, the Company's principal subsidiary, and other PRC subsidiaries engaged in qualifying agricultural business, which include the sales of crops, are entitled to full exemption of the enterprise income tax.

The enterprise income tax rate of other PRC subsidiaries of the Company not engaged in qualifying agricultural business is 25% for the six months ended 31 December 2021 and 2020.

- (b) No provision for Hong Kong profits tax has been made as the Company and its subsidiaries operating in Hong Kong either do not derive material estimated assessable profits or have unused tax losses brought forward to offset against the current period's estimated assessable profits for the six months ended 31 December 2021 and 2020.

7. DIVIDENDS

The Directors do not recommend any payment of interim dividend for the six months ended 31 December 2021 (Six months ended 31 December 2020: Nil).

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of approximately RMB9,852,000 (Six months ended 31 December 2020: approximately RMB10,252,000) and the weighted average number of approximately 3,295,582,000 (Six months ended 31 December 2020: approximately 3,295,582,000) ordinary shares in issue during the period.

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to the owners of the Company of approximately RMB9,852,000 (Six months ended 31 December 2020: approximately RMB10,252,000) and the weighted average number of approximately 3,295,582,000 (Six months ended 31 December 2020: approximately 3,295,582,000) ordinary shares. The computation of diluted loss per share does not assume the conversion of the Company's share options outstanding since their exercise would result in a decrease in loss per share for the six months ended 31 December 2021 and 2020.

9. PROPERTY, PLANT AND EQUIPMENT

	31 December 2021 RMB'000	30 June 2021 RMB'000
Net book value as at 1 July 2021/1 July 2020	33,874	37,944
Additions	162	420
Write off/Disposals	(199)	(48)
Depreciation charges	(1,806)	(4,376)
Exchange realignment	(9)	(66)
	<u>32,022</u>	<u>33,874</u>
Net book value as at 31 December 2021/30 June 2021	<u>32,022</u>	<u>33,874</u>

10. RIGHT-OF-USE ASSETS

	Leasehold building RMB'000	Land use rights RMB'000	Long-term prepaid rentals RMB'000	Total RMB'000
Cost				
As at 1 July 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 and 1 July 2021	10,036	125,635	393,270	528,941
Early termination of lease	(468)	-	-	(468)
Exchange realignment	(191)	-	(9,522)	(9,713)
As at 31 December 2021	<u>9,377</u>	<u>125,635</u>	<u>383,748</u>	<u>518,760</u>
Accumulated depreciation				
As at 1 July 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 and 1 July 2021	6,284	101,026	390,561	497,871
Charge for the period	1,626	649	428	2,703
Early termination of lease	(130)	-	-	(130)
Exchange realignment	(146)	-	(9,522)	(9,668)
As at 31 December 2021	<u>7,634</u>	<u>101,675</u>	<u>381,467</u>	<u>490,776</u>
Net carrying value				
As at 31 December 2021	<u>1,743</u>	<u>23,960</u>	<u>2,281</u>	<u>27,984</u>
As at 30 June 2021	<u>3,752</u>	<u>24,609</u>	<u>2,709</u>	<u>31,070</u>

10. RIGHT-OF-USE ASSETS (continued)

	Six	months	ended
	31 December		
	2021		2020
	RMB'000		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	<u>502</u>		<u>574</u>

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.

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. There is no changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases were recognised as negative variable lease payments.

11. TRADE RECEIVABLES

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

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

	31 December 2021 RMB'000	30 June 2021 RMB'000
0 – 1 month	10,198	6,737
1 – 3 months	4,242	5,772
Over 3 months	1,270	2,760
	<u>15,710</u>	<u>15,269</u>

12. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	31 December 2021 RMB'000	30 June 2021 RMB'000
0 – 1 month	2,592	2,447
1 – 3 months	-	-
Over 3 months	59	60
	<u>2,651</u>	<u>2,507</u>

13. COMPARATIVE FIGURES

Certain expenses were reclassified from administrative expenses to cost of sales to concur the current period presentation.

FINANCIAL REVIEW

During the current financial period under review, the Group recorded a revenue of RMB43 million, representing an increment of approximately 20% as compared to RMB36 million for the same period ended last year. The increase in revenue was mainly due to government relaxed social distancing measures which bring restaurants and cafe back to normal business and in turn bring positive impact on vegetable wholesale and logistics' business of the Group. The Group achieved gross profit of RMB11 million, while gross profit RMB10 million in the same period ended last year.

During the financial period under review, notwithstanding the revenue increase, selling and distribution expenses remain as RMB3 million (same period last year: RMB3 million as a result of cost reduction and productivity initiatives. General and administrative expenses decreased by 9% to RMB23 million.

As a result of the above, during the financial period under review, the loss from operations of the Group amounted to RMB9 million (31 December 2020: RMB10 million) as well as loss for the period attributable to owners of the Company amounted to RMB10 million (31 December 2020: RMB10 million).

INDUSTRY OUTLOOK

At the beginning of 2022, the Central Committee of the Communist Party of China released the 2022 “Number One Document”, focusing on the agricultural industry for the nineteen consecutive years, the full text consists of 8 parts, including: make every effort to do a good job in grain production and supply of major agricultural products; strengthen the basic support of modern agriculture; resolutely hold the bottom line of preventing large-scale return to poverty; focusing on industries to promote rural development; promoting rural construction in a solid and steady manner; emphasizing effectiveness and improving rural governance; strengthen policy, guarantees and institutional innovation; and adhere to and strengthen the Communist Party's overall leadership over the work of Agriculture, Rural Areas, and Rural People.

The document points out that, at present, the pandemic of the novel coronavirus disease is still spreading over the world, the world economic recovery is fragile, climate change challenges prominent, the tasks of China economic and social development are extremely arduous. The Communist Party Central Committee believes that in order to calmly deal with the century-old changes and the epidemic of the century, and to promote the stable and healthy development of the economy and society, we must focus on the major strategic needs of the country, stabilize agricultural fundamentals, do a good job in the area of Agriculture, Rural Areas, and Rural People, continue to comprehensively promote rural revitalization to ensure stably increase agricultural production, steady increase in farmers' income, and stability and tranquility in rural areas.

The document proposes to firmly uphold the two bottom lines of ensuring national food security and preventing large-scale return to poverty, highlight annual tasks, targeted measures, and effective orientation, give full play to the leading role of rural grass-roots Communist Party's organizations, and do a solid and orderly job of key tasks in rural development, rural construction, and rural governance.

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.

The COVID-19 pandemic continues to affect our lives, particularly on social and business activities. The full market impact of the new Omicron variant is yet to be felt. 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 31 December 2021, cash and cash equivalents of the Group amounted to RMB101 million (30 June 2021: RMB107 million), which includes RMB17 million restricted bank balance (30 June 2021: RMB17 million). In addition, the Group has no secured banking facilities (30 June 2021: Nil).

As at 31 December 2021, the total equity of the Group (including non-controlling interests) amounted to RMB218 million (30 June 2021: RMB228 million). Since the Group did not have any outstanding bank loans or long term debts due to third party as at 31 December 2021 and 30 June 2021, the debt to equity ratio (bank loans over total equity) of the Group was nil. The current ratio (dividing total current assets by total current liabilities) was approximately 4 times (30 June 2021: 4 times).

The Group did not have any material contingent liabilities as at 31 December 2021 and 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Board recognises that good corporate governance will not only safeguard the interests and assets of the Company and deliver long-term return to our shareholders, but will also lay a good foundation for sustainable growth of the Company. During the six months ended 31 December 2021, the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviation stated below:

Code provision A.2.1 of the CG Code

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

Code provision E.1.2 of the CG Code

Under code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Kwok Ho, the chairman of the Board, was absent from the annual general meeting held on 17 December 2021 due to other business engagement. Mr. Ip Chi Ming, a non-executive Director and the elected chairman of that meeting, was available to answer questions in that meeting.

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Interim Financial Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 31 December 2021.

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

Hong Kong, 25 February 2022

As of the date hereof, the board of directors of the Company comprises:

Executive directors : *Mr. Kwok Ho and Mr. Kuang Qiao*

Non-executive director : *Mr. Ip Chi Ming*

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