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 2019, CHANGE OF DIRECTOR, COMPOSITION OF THE NOMINATION COMMITTEE, REMUNERATION COMMITTEE AND AUDIT COMMITTEE

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 2019. The consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 31 December 2019 and the consolidated statement of financial position of the Group as at 31 December 2019, 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 2019 - UNAUDITED

	Notes	Six months ended 31 December 2019 RMB'000	2018 RMB'000
Revenue	3	**37,956**	42,714
Cost of sales		**(25,026)**	(28,455)
Gross profit		**12,930**	14,259
Other revenues		**7,641**	6,900
Selling and distribution expenses		**(6,006)**	(6,542)
General and administrative expenses		**(27,111)**	(29,080)
Other operating expenses		**(209)**	(49)
Loss from operations		**(12,755)**	(14,512)
Finance costs	5(a)	**(337)**	(14)
Share of results of associates		**(1)**	(19)
Loss on deregistration of an associate		**(285)**	-
Loss before income tax	5	**(13,378)**	(14,545)
Income tax expense	6	**-**	-
Loss for the period		**(13,378)**	(14,545)
Other comprehensive income, including reclassification adjustments and net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange gain on translation of financial statements of foreign operations		**948**	2,493
Other comprehensive income for the period, including reclassification adjustments and net of income tax		**948**	2,493
Total comprehensive expense for the period		**(12,430)**	(12,052)
Loss for the period attributable to:			
Owners of the Company		**(13,136)**	(15,889)
Non-controlling interests		**(242)**	1,344
		(13,378)	(14,545)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(11,904)**	(12,773)
Non-controlling interests		**(526)**	721
		(12,430)	(12,052)
Loss per share for loss attributable to the owners of the Company during the period			
– Basic	8(a)	**RMB(0.004)**	RMB(0.005)
– Diluted	8(b)	**RMB(0.004)**	RMB(0.005)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 - UNAUDITED

	Notes	**31 December 2019 RMB'000**	30 June 2019 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	**39,782**	40,378
Investment properties		**73,731**	75,792
Prepaid premium for land leases	10	**-**	26,305
Interests in associates	11	**-**	5,450
Right-of-use assets		**37,017**	-
		150,530	147,925
Current assets			
Prepaid premium for land leases	10	**-**	4,180
Trade receivables	12	**12,589**	14,669
Other receivables, deposits and prepayments	13	**58,421**	6,545
Bank balances and cash		**79,994**	132,681
		151,004	158,075
Current liabilities			
Trade payables	14	**1,981**	2,072
Other payables and accruals		**34,094**	35,343
Lease liabilities		**3,175**	-
		39,250	37,415
Net current assets		**111,754**	120,660
Total assets less current liabilities		**262,284**	268,585
Non-current liabilities			
Lease liabilities		**5,410**	-
Net assets		**256,874**	268,585
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**333,149**	333,149
Reserves		**(77,508)**	(66,323)
		255,641	266,826
Non-controlling interests		**1,233**	1,759
Total equity		**256,874**	268,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 - 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 2019 (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 2019 (the "2019 Annual Financial Statements").

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the 2019 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

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

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)

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

Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

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, 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.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

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

Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease 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

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, 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, unless those costs are incurred to produce inventories.

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 that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within "investment properties".

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

Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") 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;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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

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

Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

Lease liabilities (continued)

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 lease payments change due to changes in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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

Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

As a lessor

Allocation of consideration to components of a contract

Effective on 1 July 2019, the Group applies HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

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

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 July 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

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

Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 July 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of approximately RMB8,443,000 and right-of-use assets of approximately RMB39,123,000 at 1 July 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 7.10%.

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

Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

As a lessee (continued)

	RMB'000
Operating lease commitments disclosed as at 30 June 2019	9,979
Less: Recognition exemption — short-term leases	(610)
	9,369
Lease liabilities discounted at relevant incremental borrowing rates	7.10%
Lease liabilities at 1 July 2019	8,443
Analysed as	
Current	1,243
Non-current	7,200
	8,443

The carrying amount of right-of-use assets as at 1 July 2019 comprises the following:

	Note	RMB'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		8,440
Reclassified from prepaid lease payments and land use rights	(a)	30,485
Adjustments on rental deposits at 1 July 2019	(b)	198
		39,123
By class		
Long term prepaid rental		-
Land use rights		30,485
Leasehold properties		8,638
		39,123

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

Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

As a lessee (continued)

Notes:

(a) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 30 June 2019. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to approximately RMB4,180,000 and RMB26,305,000 respectively were reclassified to right-of-use assets.

(b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, approximately RMB198,000 was adjusted to refundable rental deposits paid and right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 July 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 July 2019. However, effective 1 July 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

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

Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 July 2019. Line items that were not affected by the changes have not been included.

	Note	Carrying Amount previously reported at 30 June 2019 RMB'000	Adjustments RMB'000	Carrying amount under HKFRS 16 at 1 July 2019 RMB'000
Non-current assets				
Prepaid premium for land leases		26,305	(26,305)	-
Right-of-use assets		-	39,123	39,123
Current assets				
Prepaid premium for land leases		4,180	(4,180)	-
Other receivables, deposits and prepayments		6,545	(198)	6,347
Current liabilities				
Other payables and accruals		35,343	(3)	35,340
Lease liabilities		-	1,243	1,243
Non-current liabilities				
Lease liabilities		-	7,200	7,200

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 July 2019 as disclosed above.

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of Business[2]
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 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

The directors of the Company consider that the application of all new and amendments to HKFRSs and HKASs is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in foreseeable future.

3. REVENUE

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

Revenue represents the sales value of crop supplied to customers, net of returns and discounts. 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 2019 and 2018 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.

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

	Six months ended 31 December	
	2019	2018
	RMB'000	RMB'000
The PRC (country of domicile)	**-**	-
Hong Kong	**37,895**	42,654
Other	**61**	60
	37,956	42,714

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	
	2019	2018
	RMB'000	RMB'000
Customer A	**5,226**	4,839
Customer B	**4,145**	N/A*

*The corresponding revenue does not contribute over 10% of total revenue of the Group in the respective period.

5. LOSS BEFORE INCOME TAX

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

(a) Finance costs

	Six months ended 31 December	
	2019	2018
	RMB'000	RMB'000
Bank and finance charges	**24**	14
Lease liabilities	**313**	-
	337	14

(b) Staff costs (including directors' remuneration)

	Six months ended 31 December	
	2019	2018
	RMB'000	RMB'000
Salaries, wages and other benefits	**9,306**	11,159
Employee share option benefits	**719**	1,797
Retirement benefit costs	**1,118**	1,566
	11,143	14,522

(c) Other items

	Six months ended 31 December	
	2019	2018
	RMB'000	RMB'000
Interest income	**(1,320)**	(420)
Amortisation of prepaid premium for land leases, net of amount capitalised	**-**	2,091
Cost of inventories sold	**25,026**	28,455
Depreciation of property, plant and equipment, net of amount capitalised	**2,231**	3,293
Depreciation of investment properties	**2,061**	2,061
Operating lease expense in respect of land and buildings	**-**	2,579
Expense related to short-term lease	**610**	-

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 2019 and 2018 as the PRC companies within the Group either has no assessable profits arising from the PRC or exempt from the enterprise income tax.

6. INCOME TAX EXPENSE (continued)

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

The enterprise income tax rate of other PRC subsidiaries of the Company not engaged in qualifying agricultural business is 25% for the six months ended 31 December 2019 and 2018.

(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 2019 and 2018.

7. DIVIDENDS

The Directors do not recommend any payment of interim dividend for the six months ended 31 December 2019 (Six months ended 31 December 2018: 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 RMB13,136,000 (Six months ended 31 December 2018: approximately RMB15,889,000) and the weighted average number of approximately 3,295,582,000 (Six months ended 31 December 2018: 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 RMB13,136,000 (Six months ended 31 December 2018: approximately RMB15,889,000) and the weighted average number of approximately 3,295,582,000 (Six months ended 31 December 2018: approximately 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.

9. PROPERTY, PLANT AND EQUIPMENT

	31 December 2019 RMB'000	30 June 2019 RMB'000
Net book value as at 1 July 2019/1 July 2018	**40,378**	39,986
Additions	**1,624**	11,421
Write off/Disposals	**-**	(5,217)
Depreciation charges	**(2,231)**	(5,855)
Exchange realignment	**11**	43
Net book value as at 31 December 2019/30 June 2019	**39,782**	40,378

10. PREPAID PREMIUM FOR LAND LEASES

	Long-term prepaid rentals RMB'000	**Land use rights RMB'000**	**Total RMB'000**
Cost			
At 1 July 2018	398,635	125,635	524,270
Exchange realignment	(954)	-	(954)
At 30 June 2019 and 1 July 2019	397,681	125,635	523,316
Transfer to right-of-use assets upon HKFRS 16	(397,681)	(125,635)	(523,316)
At 31 December 2019	**-**	**-**	**-**
Accumulated amortisation and impairment loss			
At 1 July 2018	398,635	90,969	489,604
Amortisation for the year	-	4,181	4,181
Exchange realignment	(954)	-	(954)
At 30 June 2019 and 1 July 2019	397,681	95,150	492,831
Transfer to right-of-use assets upon HKFRS 16	(397,681)	(95,150)	(492,831)
At 31 December 2019	**-**	**-**	**-**
Net carrying value			
As at 31 December 2019	**-**	**-**	**-**
As at 30 June 2019	-	30,485	30,485

10. PREPAID PREMIUM FOR LAND LEASES (continued)

	31 December 2019 RMB'000	30 June 2019 RMB'000
Non-current portion	**-**	26,305
Current portion	**-**	4,180
Net carrying value	**-**	30,485

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

	31 December 2019 RMB'000	30 June 2019 RMB'000
Outside Hong Kong held on:		
- Lease of over 50 years	**-**	-
- Lease f between 10 to 50 years	**-**	30,485
Net carrying value	**-**	30,485

Note:

As at 30 June 2019, prepaid premium for land leases represent land use rights held by the Group, which are located in the PRC.

11. INTERESTS IN ASSOCIATES

	31 December 2019 RMB'000	30 June 2019 RMB'000
Share of net assets	**-**	5,450

12. 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 doubtful debts) is as follows:

	31 December 2019 RMB'000	30 June 2019 RMB'000
0 – 1 month	**7,725**	7,030
1 – 3 months	**4,301**	6,686
Over 3 months	**563**	953
	12,589	14,669

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

As at 31 December 2019, included in the Group's other receivables, deposits and prepayments was a fixed-rate short-term receivables of approximately RMB51,000,000 due from third parties. The effective interest rate was 4.35% per annum. This short-term receivable is denominated in RMB, repayable within one year and guaranteed by Mr. Kwok Ho, a director of the Company.

14. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	31 December 2019 RMB'000	30 June 2019 RMB'000
0 – 1 month	**1,917**	2,009
1 – 3 months	**-**	-
Over 3 months	**64**	63
	1,981	2,072

FINANCIAL REVIEW

During the current financial period under review, the Group recorded a revenue of RMB38 million, representing a drop of approximately 11% as compared to RMB43 million for the same period ended last year. The drop in revenue was mainly due to the social unrest in Hong Kong had an immediate adverse impact on the economy and the vegetable wholesale and logistics' business. The Group achieved gross profit of RMB13 million, while gross profit RMB14 million in the same period ended last year.

During the financial period under review, selling and distribution expenses decreased from RMB7 million to RMB6 million as a result of the drop in revenue. General and administrative expenses decreased by 7% to RMB27 million.

As a result of the above, during the financial period under review, the loss from operations of the Group amounted to RMB13 million (2018: RMB15 million) as well as loss for the period attributable to owners of the Company amounted to RMB13 million (2018: RMB16 million).

BUSINESS OVERVIEW

Agriculture is a strategic industry that reassure the public and is the foundation of the national economy. At the beginning of 2020, the Central Committee of the Communist Party of China and the State Council released the 2020 "Number One Document", seventeen consecutive years in focusing on the agricultural industry, and clarified that the two major missions in 2020 are "Concentrating efforts to complete the battle against poverty" and "Supplement the outstanding shortcomings of comprehensively well-off Agriculture, Rural Areas, and Rural People", and proposed a series of policy initiatives.

The document points out that 2020 is the year to achieve the goal of building a well-off society in an all-round way, and it is the year to end the war to overcome poverty. The Central Committee of the Communist Party of China believes that in order to complete the above two goals and missions, the last bastion of poverty alleviation must be overcome, and the outstanding shortcomings of comprehensively well-off Agriculture, Rural Areas, and Rural People must be supplemented.

The document also confirms to concentrate the efforts on completing the two major missions of winning the battle against poverty and supplement the outstanding shortcomings of comprehensively well-off Agriculture, Rural Areas, and Rural People, continue to stabilize agricultural production, ensuring supply and increasing farmers' income, promoting the development of high-quality agriculture, maintaining a harmonious and stable rural society, improving the sense of gain, happiness, and security of the rural people and public, ensuring a successful conclusion on the battle against poverty, and ensuring that the rural areas build a well-off society simultaneously and comprehensively.

In order to support sustainable agricultural development, reduce ecological damage, and ensure food safety; green production, innovative production and technology production which has been advocated in the past, will continue to be firmly promoted in the future. Adopting the above principles, following the laws of nature, protecting environment, will effectively achieve economic, ecological and social benefits.

Chaoda as the national level leading enterprise in green and modern agriculture, we had leveraged the 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.

COMPANY OUTLOOK

In December 2019, with the consent of the State Council, the Ministry of Agriculture and Rural Affairs, the National Development and Reform Commission, the Ministry of Finance, and the Ministry of Commerce jointly issued the "Guiding opinions on the implementation of the "Internet +" agricultural products from villages and towns project" to the governments of provinces, autonomous regions, municipalities directly under the Central Government and relevant departments of the State Council. The "Internet +" agricultural product out of village and city project is a major decision and deployment made by the Central Committee of the Communist Party of China and the State Council to solve the problem of "difficult selling" and achieve high quality and good prices of agricultural products to drive farmers' income, as an important part of the construction of digital agriculture and rural areas, it is also a major change in realizing agricultural modernization and rural rejuvenation.

"Internet + Agriculture" will carry out in-depth transformation of all links in the agricultural industrial chain such as production, distribution, operation, financial services, and personnel training, optimize the agricultural supply side, and improve the efficiency and quality of agricultural operations. Agriculture will transform and upgrade to informatization and intelligence. Through the application of advanced technologies such as internet, cloud technology, sensing systems, the Internet of Things, and agricultural big data, it will promote extensive and inefficient agricultural production methods, and gradually realize smart agriculture, precision agriculture, and efficient agriculture.

Chaoda's new business model, which has been studied and tested in the past few years, is highly consistent with national policies. Looking back on the financial period under review, Chaoda has continued to work hard on the main line of agricultural supply-side structural reform, combining agricultural supply-side structural reform with poverty alleviation and rural revitalization, and striving to practice a new partnership management mechanism in which smallholder farmers and modern agriculture are closely linked. Combining agricultural supply-side structural reform with military-civilian integration, actively exploring new models of military logistical support for military-civilian integration; combining agricultural supply-side structural reform with food safety, and focusing on building a new, traceable food safety management system.

During the financial period under review, the two pilot contracts in Jiangsu Province operate smoothly in general. The Group has collected feedback from all participants, including farmers, cooperatives, agricultural enterprises, etc. and will implement and improve the "Chaoda system" under Chaoda's new business operation model. The Company plans to find new pilots continue to test and promote new business operation models in the second half of the year to Fujian, Jiangsu, Gansu, Shaanxi, Hainan and other provinces. Although the new outbreak of severe respiratory disease associated with Novel Coronavirus in China in early 2020 will have a great impact on the Company's original plan, the Company insist on grasping the epidemic prevention and control in one hand, advancing the project on the other hand, and strive to achieve strong confidence, stable production, guarantee supply, and keep safety.

2020 is the year of decisive battle against poverty, and also the key year for the Group to make all-out efforts to accelerate its deployment and achieve leapfrog development. Chaoda puts forward the proposal: "One heart one mind, firm consciousness of decisive victory; work together in the same direction, gather a strong and cohesive force; share responsibility all together, promote the spirit of hard work. Strive to reach the goal in the shortest time and live up to the good times, contribute youth and strength, work together in 2020 to fully complete the Group's missions."

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, cash and cash equivalents of the Group amounted to RMB80 million (30 June 2019: RMB133 million). In addition, the Group has no secured banking facilities (30 June 2019: Nil).

As at 31 December 2019, the total equity of the Group (including non-controlling interests) amounted to RMB257 million (30 June 2019: RMB269 million). Since the Group did not have any outstanding bank loans or long term debts due to third party as at 31 December 2019 and 30 June 2019, 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 2019: 4 times).

The Group did not have any material contingent liabilities as at 31 December 2019 and 30 June 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2019, 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 2019, 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 19 December 2019 due to other business engagement. Mr. KUANG Qiao, an 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 Mr. Chan Yik Pun. They possess appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The Audit Committee has reviewed the Interim Financial Report.

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 2019.

CHANGE OF DIRECTOR, COMPOSITION OF THE NOMINATION COMMITTEE, REMUNERATION COMMITTEE AND AUDIT COMMITTEE

The Board announces that the following changes in directorship, the composition of the Nomination Committee, Remuneration Committee and Audit Committee of the Company with effect from 1 March 2020:-

Mr. Chan Yik Pun ("Mr. Chan") has tendered his resignation as an independent non-executive director of the Company and a member of each of the Nomination Committee, Remuneration Committee and Audit Committee of the Company with effect from 1 March 2020 in order to devote more time to pursue his other business commitments.

Mr. Chan confirmed that he has no disagreement with the Board, and there are no matters relating to his resignation that need to be brought to the attention of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the shareholders of the Company.

The Board would like to take this opportunity to express its sincere gratitude to Mr. Chan's invaluable contribution during his period of service with the Group.

The Board further announces that with effect from 1 March 2020:

1) Professor Lin Shun Quan, the independent non-executive director of the Company, has been appointed as member of each of the Nomination Committee and Audit Committee of the Company;

2) Mr. Kuang Qiao, the executive director of the Company, has been appointed as member of the Remuneration Committee of the Company.

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

Hong Kong, 28 February 2020

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

Executive directors	:	*Mr. Kwok Ho, Mr. Kuang Qiao and Mr. Yang Gang*
Non-executive director	:	*Mr. Ip Chi Ming*
Independent non-executive directors	:	*Mr. Fung Chi Kin, Mr. Tam Ching Ho, Professor Lin Shun Quan and Mr. Chan Yik Pun*