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 2020

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 2020. The consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 31 December 2020 and the consolidated statement of financial position of the Group as at 31 December 2020, 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 2020 - UNAUDITED

	Notes	Six months ended 31 December **2020** **RMB'000**	2019 RMB'000
Revenue	3	**36,143**	37,956
Cost of sales		**(24,755)**	(25,026)
Gross profit		**11,388**	12,930
Other revenues		**8,342**	7,641
Selling and distribution expenses		**(3,362)**	(6,006)
General and administrative expenses		**(26,310)**	(27,111)
Other operating expenses		**-**	(209)
Loss from operations		**(9,942)**	(12,755)
Finance costs	5(a)	**(226)**	(337)
Share of results of associates		**-**	(1)
Loss on deregistration of an associate		**-**	(285)
Loss before income tax	5	**(10,168)**	(13,378)
Income tax expense	6	**-**	-
Loss for the period		**(10,168)**	(13,378)
Other comprehensive (expense)/income, including reclassification adjustments and net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(3,483)**	948
Other comprehensive (expense)/income for the period, including reclassification adjustments and net of income tax		**(3,483)**	948
Total comprehensive expense for the period		**(13,651)**	(12,430)
Loss for the period attributable to:			
Owners of the Company		**(10,252)**	(13,136)
Non-controlling interests		**84**	(242)
		(10,168)	(13,378)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(14,808)**	(11,904)
Non-controlling interests		**1,157**	(526)
		(13,651)	(12,430)
Loss per share for loss attributable to the owners of the Company during the period			
– Basic	8(a)	**RMB(0.003)**	RMB(0.004)
– Diluted	8(b)	**RMB(0.003)**	RMB(0.004)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 - UNAUDITED

	Notes	**31 December 2020 RMB'000**	30 June 2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	**35,899**	37,944
Right-of-use assets	10	**33,800**	38,359
Investment properties		**73,160**	75,493
Interests in associates		**-**	-
		142,859	151,796
Current assets			
Trade receivables	11	**12,312**	13,684
Other receivables, deposits and prepayments		**7,857**	6,970
Bank balances and cash		**115,548**	125,150
		135,717	145,804
Current liabilities			
Trade payables	12	**2,080**	2,361
Lease liabilities		**3,178**	3,329
Other payables and accruals		**27,154**	30,237
		32,412	35,927
Net current assets		**103,305**	109,877
Total assets less current liabilities		**246,164**	261,673
Non-current liabilities			
Lease liabilities		**1,914**	3,824
Net assets		**244,250**	257,849
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**333,149**	333,149
Reserves		**(90,732)**	(75,976)
		242,417	257,173
Non-controlling interests		**1,833**	676
Total equity		**244,250**	257,849

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 2020 (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 2020 (the "2020 Annual Financial Statements").

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the 2020 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 Amendments to References to the Conceptual Framework in HKFRS Standards and 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 2020 for the preparation of the consolidated financial statements:

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

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 Amendments to References to the Conceptual Framework in HKFRS Standards and 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 application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current period. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the consolidated financial statements.

Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current period. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The application of the amendments in the current period had no impact on the consolidated financial statements.

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)

Impacts on application of Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

The Group has applied the amendments for the first time in the current period. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform. The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures

The application of the amendments in the current period had no impact on the 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

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

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendment to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020	1 January 2022

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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2 relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;

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)

- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

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

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 (2020)

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 2020, 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)

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 2020 and 2019 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	
	2020	2019
	RMB'000	RMB'000
Hong Kong	**36,143**	37,895
Other	**-**	61
	36,143	37,956

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	
	2020	2019
	RMB'000	RMB'000
Customer A	**6,790**	5,226
Customer B	**3,716**	4,145

5. LOSS BEFORE INCOME TAX

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

(a) Finance costs

	Six months ended 31 December	
	2020	2019
	RMB'000	RMB'000
Bank and finance charges	**25**	24
Interest expenses on lease liabilities	**201**	313
	226	337

(b) Staff costs (including directors' remuneration)

	Six months ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries, wages and other benefits	**9,077**	9,306
Employee share option benefits	**52**	719
Retirement benefit costs	**619**	1,118
	9,748	11,143

(c) Other items

	Six months ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest income	**(398)**	(1,320)
Cost of inventories sold	**24,755**	25,026
Depreciation of property, plant and equipment, net of amount capitalised	**2,182**	2,231
Depreciation of right-of-use assets	**4,073**	3,776
Depreciation of investment properties	**2,333**	2,061
Expense related to short-term lease	**574**	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 2020 and 2019 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 2020 and 2019.

(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 2020 and 2019.

7. DIVIDENDS

The Directors do not recommend any payment of interim dividend for the six months ended 31 December 2020 (Six months ended 31 December 2019: 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 RMB10,252,000 (Six months ended 31 December 2019: approximately RMB13,136,000) and the weighted average number of approximately 3,295,582,000 (Six months ended 31 December 2019: 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 RMB10,252,000 (Six months ended 31 December 2019: approximately RMB13,136,000) and the weighted average number of approximately 3,295,582,000 (Six months ended 31 December 2019: 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 2020 and 2019.

9. PROPERTY, PLANT AND EQUIPMENT

	31 December 2020 RMB'000	30 June 2020 RMB'000
Net book value as at 1 July 2020/1 July 2019	**37,944**	40,378
Additions	**248**	2,112
Transfer to investment properties	**-**	4,202
Write off/Disposals	**(54)**	-
Reversal	**-**	(4,202)
Depreciation charges	**(2,182)**	(4,572)
Exchange realignment	**(57)**	26
Net book value as at 31 December 2020/30 June 2020	**35,899**	37,944

10. RIGHT-OF-USE ASSETS

	Leasehold building RMB'000	**Land use rights RMB'000**	**Long-term prepaid rentals RMB'000**	**Total RMB'000**
Cost				
At 1 July 2019	8,638	125,635	397,680	531,953
Addition	1,528	-	-	1,528
Exchange realignment	338	-	(720)	(382)
At 30 June 2020 and 1 July 2020	10,504	125,635	396,960	533,099
Exchange realignment	(808)	-	(5,004)	(5,812)
At 31 December 2020	**9,696**	**125,635**	**391,956**	**527,287**
Accumulated depreciation				
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)
At 30 June 2020 and 1 July 2020	3,424	97,920	393,396	494,740
Charge for the period	1,640	2,005	428	4,073
Exchange realignment	(322)	-	(5,004)	(5,326)
At 31 December 2020	**4,742**	**99,925**	**388,820**	**493,487**
Net carrying value				
As at 31 December 2020	**4,954**	**25,710**	**3,136**	**33,800**
As at 30 June 2020	7,080	27,715	3,564	38,359

10. RIGHT-OF-USE ASSETS (continued)

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 2020 RMB'000	30 June 2020 RMB'000
Outside Hong Kong held on:		
- Leases of over 50 years	**-**	-
- Leases of between 10 to 50 years	**25,710**	27,715
	25,710	27,715

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 doubtful debts) is as follows:

	31 December 2020 RMB'000	30 June 2020 RMB'000
0 – 1 month	**5,926**	6,623
1 – 3 months	**5,112**	5,618
Over 3 months	**1,274**	1,443
	12,312	13,684

12. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	31 December 2020 RMB'000	30 June 2020 RMB'000
0 – 1 month	**2,019**	2,295
1 – 3 months	**-**	-
Over 3 months	**61**	66
	2,080	2,361

FINANCIAL REVIEW

During the current financial period under review, the Group recorded a revenue of RMB36 million, representing a drop of approximately 5% as compared to RMB38 million for the same period ended last year. The drop in revenue was mainly due to restaurants and cafe need to follow the government's measures under Prevention and Control of Disease Regulation, such as shortening business hours and limiting the number of people on the same table, etc., had adverse impact on the economy and the vegetable wholesale and logistics' business. The Group achieved gross profit of RMB11 million, while gross profit RMB13 million in the same period ended last year.

During the financial period under review, selling and distribution expenses decreased from RMB6 million to RMB3 million as a result of the drop in revenue. General and administrative expenses decreased by 3% to RMB26 million.

As a result of the above, during the financial period under review, the loss from operations of the Group amounted to RMB10 million (31 December 2019: RMB13 million) as well as loss for the period attributable to owners of the Company amounted to RMB10 million (31 December 2019: RMB13 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. Incorporate production-side products into system management, effectively connect with the demand-side, improve the modern agricultural industry system, production system, and operating system, promoting the standardization, informatization, and organization of agricultural products circulation, making full use of modern internet technology and big data platforms, through the agricultural futures market and trading means connect small-scale farmers with modern agriculture, which can effectively solve the problems of "difficulties in selling" and "difficulties in buying" caused by information asymmetry of agricultural products, and can promote agricultural efficiency and increase farmers' income.

Due to the new outbreak of COVID-19 in early 2020, the Group currently postpone 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. After the epidemic is basically over, the group plans to launch a pilot project for urban agricultural reform and innovation in Shanghai.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, cash and cash equivalents of the Group amounted to RMB116 million (30 June 2020: RMB125 million), which includes RMB17 million restricted bank balance (30 June 2020: RMB17 million). In addition, the Group has no secured banking facilities (30 June 2020: Nil).

As at 31 December 2020, the total equity of the Group (including non-controlling interests) amounted to RMB244 million (30 June 2020: RMB258 million). Since the Group did not have any outstanding bank loans or long term debts due to third party as at 31 December 2020 and 30 June 2020, 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 2020: 4 times).

The Group did not have any material contingent liabilities as at 31 December 2020 and 30 June 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2020, 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 2020, 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 2020 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 2020.

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

Hong Kong, 26 February 2021

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*