



CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 682)



ANNUAL REPORT
2024/2025



Contents

Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	6
Corporate Governance Report	9
Environmental, Social and Governance Report	22
Profiles of Directors and Senior Executives	56
Directors' Report	59
Independent Auditor's Report	71
Consolidated Statement of Profit or Loss and Other Comprehensive Income	76
Consolidated Statement of Financial Position	78
Consolidated Statement of Changes in Equity	80
Consolidated Statement of Cash Flows	81
Notes to the Consolidated Financial Statements	83
Five Year Financial Summary	140



Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Ip Chi Ming

Independent Non-executive Directors

Mr. Fung Chi Kin
Mr. Tam Ching Ho
Ms. Li Ying

AUDIT COMMITTEE

Mr. Tam Ching Ho (*Chairman*)
Mr. Fung Chi Kin
Ms. Li Ying

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Fung Chi Kin (*Chairman*)
Mr. Kwok Ho
Mr. Kuang Qiao
Mr. Tam Ching Ho
Ms. Li Ying

AUTHORISED REPRESENTATIVES

Mr. Kwok Ho
Mr. Ip Chi Ming

COMPANY SECRETARY

Mr. Yeung Man Chit



Corporate Information

STOCK CODE

The Stock Exchange of Hong Kong Limited: 682

AUDITORS

CCTH CPA Limited
Certified Public Accountants

PRINCIPAL BANKS

China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Minsheng Bank Corp., Ltd.
Agricultural Bank of China Limited
Bank of China Limited

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F
Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY'S WEBSITE

<http://www.chaoda.hk.cn>
<http://www.irasia.com/listco/hk/chaoda>



Chairman's Statement

I hereby present the annual results of Chaoda Modern Agriculture (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group" or "Chaoda") for the financial year ended 30 June 2025 on behalf of the board of directors (the "Board") of the Company.

REVIEW

At the beginning of 2025, the central government released the "No. 1 document" (一號文件), proposes to further deepen village reforms and solidly promote the comprehensive revitalisation of rural areas. The paper entitled Opinions of the Central Committee of the Communist Party of China and the State Council on "Further Deepening Rural Reform and Solidly Promoting Comprehensive Rural Revitalisation". The full text consists of six parts, including: insisting on improving the supply and security capabilities of important agricultural products such as grain, insisting on consolidating and expanding the results of the deficit-poverty alleviation campaign, focusing on strengthening the people-enriching industries in large counties, focusing on promoting rural construction, focusing on improving the rural governance system, and focusing on improving the system and mechanism for factor guarantee and optimal allocation.

Regarding the above strategic actions proposed by the central government to resolutely adhere to the bottom line of ensuring food security, solidly promote key tasks such as rural development, rural construction, and rural governance, etc., being a national key leading enterprise that has been rooted in China for 30 years, Chaoda has taken an initiative role in structural reforms on the supply side of agriculture. The Chaoda new business operation model was highly consistent with national guidelines and policies, which emphasize in protection of food safety, the realization of customized production of agricultural products by connecting the production and consumption, and the effective linkage mechanism between small farmers and modern agriculture. Once again it proves the forward-looking nature, correctness, great development prospects and potential of Chaoda new business operation model.

With rising geopolitical conflicts and tensions and challenges associated with post-pandemic economic recovery in both the People's Republic of China and Hong Kong, the business environment in last financial year continued to be challenging and the overall market sentiment had remained weak, with no signs of improvement at present.

Chairman's Statement

FUTURE OUTLOOK

Based on the current situation, the management believes the Group needs surviving in stability. Until the market shows significant recovery, the Group will avoid aggressive investments and focus in maintaining stability in its existing operations. At the same time, the Group is intensifying cost-saving efforts by reducing non-essential expenses, aiming to manage this prolonged challenge through cost control and resource preservation for future opportunities. Our focus will continue to be on creating value for our shareholders, employees, and customers while contributing positively to the industries and communities we operate in.

Looking forward, the Group will maintain the same prudent approach it has pursued on our business over the past years, reassesses and re-engineers its development strategies from time to time in response to the challenges, so as to create value in a sustainable manner over the long term for its shareholders, and achieve the vision of “better livelihood with Chaoda environmental”.

APPRECIATION

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

Kwok Ho

Chairman

Hong Kong, 30 September 2025

Management Discussion and Analysis

FINANCIAL REVIEW

During the financial year under review, the Group recorded a revenue of RMB63 million representing a decrease of approximately 15% as compared to RMB74 million for the previous financial year. The decrease in revenue was mainly due to the changing leisure habits of many local residents during the financial year under review. There has been a significant rise in the number of locals making short-stay trips to locations outside Hong Kong for shopping and dining, especially Shenzhen and the Greater Bay Area, and particularly on weekends. On the other hand, although the number of inbound tourists also increased by more than 11% to approximately 47 million during the financial year under review, the number of Hong Kong visitors travelling to Shenzhen was far more than the number of visitors from the Mainland during the same period. Such a large difference adversely affected the food and beverage and retail industries, as well as the performance of the Group's local sales. In the foreseeable future, the trend of northward consumption is likely to continue. The Group achieved gross profit RMB19 million (2024: RMB24 million), gross profit margin was 30%.

During the financial year under review, selling and distribution expenses remained steady at RMB9 million (2024: RMB9 million). General and administrative expenses decreased by 3% to RMB39 million.

As a result of the above, during the financial year under review, the loss from operations of the Group amounted to RMB15 million (2024: RMB13 million) as well as loss for the year attributable to owners of the Company amounted to RMB15 million (2024: RMB17 million).

INDUSTRY OUTLOOK

At the beginning of 2025, the Central Committee of the Communist Party of China and the State Council released the 2025 "No.1 Document" focusing on the agricultural industry for twenty-two consecutive years. The document proposes to further deepen village reforms and solidly promote the comprehensive revitalisation of rural areas.

The paper entitled Opinions of the Central Committee of the Communist Party of China and the State Council on "Further Deepening Rural Reform and Solidly Promoting Comprehensive Rural Revitalisation". The full text consists of six parts, including: insisting on improving the supply and security capabilities of important agricultural products such as grain, insisting on consolidating and expanding the results of the deficit-poverty alleviation campaign, focusing on strengthening the people-enriching industries in large counties, focusing on promoting rural construction, focusing on improving the rural governance system, and focusing on improving the system and mechanism for factor guarantee and optimal allocation.

The paper proposes that to achieve Chinese-style modernisation, it is necessary to accelerate the comprehensive revitalization of rural areas. Anchor on the goal of promoting comprehensive rural revitalisation and building a strong agricultural country, use reform and opening up and scientific and technological innovation as the driving force, consolidate and improve the basic rural management system, thoroughly study and apply the experience of the "Green Rural Revival Programme", ensure national food security, ensure that large-scale poverty does not occur, improve the level of rural industrial development, rural construction, and rural governance, and do everything possible to promote agricultural efficiency, rural vitality, and farmers' income, providing basic support for promoting Chinese-style modernisation.

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.

In the future, the Group will focus on the digitalization of agricultural production, promote the Group's self-developed smart farm management system, and participate in the construction of the local government's agricultural big data platform, laying a solid foundation for the development of Chaoda's new business model.

The Group will keep a close eye on the industry trends and move quickly to allocate our resources on the businesses that will better position ourselves to capture growth opportunities when the business sentiment improves. The Group will also take a prudent approach to look for new business opportunities to diversify its business in order to generate better returns for the shareholders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, cash and bank balances of the Group amounted to RMB100 million (2024: RMB106 million), which includes RMB17 million restricted bank balance (2024: RMB17 million). In addition, the Group has no secured banking facilities (2024: Nil).

As at 30 June 2025, the total equity of the Group (including non-controlling interests) amounted to RMB187 million (2024: RMB200 million). Since the Group did not have any outstanding bank loans or long term debts due to third party as at 30 June 2025, the debt to equity ratio (bank loans over total equity) of the Group was nil (2024: Nil). The current ratio (dividing total current assets by total current liabilities) was 4 times (2024: 4 times).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE

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

During the financial year under review, the Group did not take part in any derivatives activities and did not enter into any hedging activities in respect of foreign exchange risk.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS AND/OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the financial year under review, the Group did not carry out any material acquisitions and/or disposals in respect of subsidiaries and associates.

CHARGE ON ASSETS

As at 30 June 2025 and 2024, the Group did not charge any of its assets to any bank or other financial institutions.

CONTINGENT LIABILITIES

As at 30 June 2025 and 2024, the Group did not have any significant contingent liabilities.

CAPITAL STRUCTURE

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

As at 30 June 2025, the Company has issued ordinary share capital of 164,779,124 shares. There was no change in the issued share capital of the Company during the financial year under review.

HUMAN RESOURCES

As at 30 June 2025, the Group employed 84 employees (2024: 97).

According to the Group's current remuneration policy, promotions and salary increments are based on objective factors like employees' job positions, work performance, qualifications and experience, and also by reference to the actual condition of the human resources market. In addition to basic salaries, the Group also distributes discretionary bonuses and/or other incentives based on the results of internal appraisal. Besides, the Group provides employees with other benefits such as pension, insurance, education, subsidies and training programs. In order to motivate the employees and enhance their sense of belonging so that they will support the Group's strategies, eligible employees are granted share options entitling them to subscribe for the Company's shares.

Corporate Governance Report

The Board recognises that good corporate governance will not only safeguard the interests and assets of the Company and deliver long-term return to our shareholders, but will also be a good foundation of the Company's sustainability. The key corporate governance principles and practices of Chaoda during the financial year ended 30 June 2025 are set out in this report.

CORPORATE GOVERNANCE PRACTICES

During the financial year ended 30 June 2025, the Company has applied the principles and complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the deviations set out below under the paragraphs headed "Chairman and Chief Executive Officer" and "Annual General Meeting" of this report. The current corporate governance practices will be reviewed and assessed from time to time for the compliance with latest statutory requirements.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the directors. All directors, after specific enquiries made by the Company, confirmed that they had complied with the required standard set out in the Model Code throughout the financial year ended 30 June 2025. The directors' interests as at 30 June 2025 in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) are set out in the Directors' Report under the section headed "Directors' Interests in Securities".

BOARD OF DIRECTORS

Composition

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

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

Executive directors

Mr. Kwok Ho (*Chairman*)

Mr. Kuang Qiao

Non-executive director

Mr. Ip Chi Ming

Independent non-executive directors

Mr. Fung Chi Kin

Mr. Tam Ching Ho

Ms. Li Ying

Corporate Governance Report

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

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

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

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

Responsibilities

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

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

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

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

Board Diversity Policy

The Board has adopted a board diversity policy (the “Board Diversity Policy”) in accordance with the requirement as set out in the CG Code. The Company recognises and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on the basis of merit, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company’s business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

Board Meetings

During the financial year ended 30 June 2025, the Board convened a total of 5 Board meetings. The agenda and accompanying Board papers are served to all members of the Board in advance of each meeting to facilitate informed discussion and decision-making. Senior management and professional advisers are invited to attend the meeting(s) to give a presentation on issues considered and/or answer the Board’s enquiries when necessary. All proceedings of the Board meetings are duly recorded, approved and signed by the chairman of the meeting. Upon request, minutes of Board meetings are open for inspection by any director.

Attendance of each director at the board meetings held during the financial year ended 30 June 2025 is set out below:

Name of directors	Attendance
Executive directors:	
Mr. Kwok Ho (<i>Chairman</i>)	5/5
Mr. Kuang Qiao	5/5
Non-executive director:	
Mr. Ip Chi Ming	5/5
Independent non-executive directors:	
Mr. Fung Chi Kin	5/5
Mr. Tam Ching Ho	5/5
Professor Lin Shun Quan (resigned on 16 November 2024)	3/3
Ms. Li Ying	5/5

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT

According to the records maintained by the Company, the directors' participation in various continuous professional programs relevant to regulatory updates; industry-specific; business management; accounting or finance for the financial year ended 30 June 2025 were as follows:

Name of directors	Attending Training Course/ Seminar/ Conference/ Forum/Workshop	Reading Materials
Executive directors:		
Mr. Kwok Ho (<i>Chairman</i>)	✓	✓
Mr. Kuang Qiao	✓	✓
Non-executive director:		
Mr. Ip Chi Ming	✓	✓
Independent non-executive directors:		
Mr. Fung Chi Kin	✓	✓
Mr. Tam Ching Ho	✓	✓
Ms. Li Ying	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the CG Code Part 2, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Kwok Ho held and is currently performing both the roles of Chairman and Chief Executive Officer of the Company. The Board considers that Mr. Kwok, as the founder of the Group, has profound knowledge and expertise in agricultural business. Under the present structure, the Group can enjoy the benefit of strong and consistent leadership in the development and execution of the Group's business strategies in the most efficient and effective manner. The Board will review and assess such arrangement from time to time to keep a balance of power and authority.

REMUNERATION COMMITTEE

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

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

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

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

Meeting of the Remuneration Committee shall be held at least once a year and at such other times as the Chairman of the Remuneration Committee shall require. During the financial year ended 30 June 2025, the Remuneration Committee had convened one meeting.

The individual members' attendance records are set out below:

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

During the financial year ended 30 June 2025, the Remuneration Committee (i) discussed and reviewed the remuneration policy adopted by the Group; and (ii) reviewed and recommended to the Board the overall level of compensation and its adjustment applicable to the employees of the Group for the following calendar year.

NOMINATION COMMITTEE

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

- Mr. Fung Chi Kin (*Chairman*)
- Mr. Kwok Ho
- Mr. Kuang Qiao
- Mr. Tam Ching Ho
- Ms. Li Ying

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

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

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

Name of directors	Age Group		Directorship with The Company
	30-60	Over 60	
Mr. Kwok Ho (<i>Chairman</i>)		✓	24
Mr. Kuang Qiao	✓		21
Mr. Ip Chi Ming		✓	24
Mr. Fung Chi Kin		✓	21
Mr. Tam Ching Ho	✓		21
Ms. Li Ying	✓		2

During the financial year ended 30 June 2025, the Nomination Committee had convened two meeting to review the structure, number, composition and diversity of the Board.

Corporate Governance Report

The individual members' attendance records are set out below:

Members of the Nomination Committee	Attendance
Independent non-executive directors:	
Mr. Fung Chi Kin (<i>Chairman</i>)	2/2
Mr. Tam Ching Ho	2/2
Professor Lin Shun Quan (resigned on 16 November 2024)	2/2
Ms. Li Ying (appointed on 16 November 2024)	N/A
Executive directors:	
Mr. Kwok Ho	1/2
Mr. Kuang Qiao	2/2

AUDIT COMMITTEE

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

- Mr. Tam Ching Ho (*Chairman*)
- Mr. Fung Chi Kin
- Ms. Li Ying

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

During the financial year ended 30 June 2025, the Audit Committee held four meetings to perform the following works, including but not limited to:

- (i) reviewed and discussed with the external auditors the general scope of their audit and review works for auditing the final results for financial year ended 30 June 2024 and reviewing the interim results for six-month period ended 31 December 2024;
- (ii) reviewed the audited financial statements for financial year ended 30 June 2024 as well as the financial statements for the six-month period ended 31 December 2024; and
- (iii) reviewed and discussed with internal control consultant the internal control review report on the Group's operations.

The audited financial statements of the Group for the financial year ended 30 June 2025 have been reviewed by the Audit Committee.

Corporate Governance Report

The individual members' attendance records are set out below:

Members of the Audit Committee	Attendance
Independent non-executive directors:	
Mr. Tam Ching Ho (<i>Chairman</i>)	4/4
Mr. Fung Chi Kin	4/4
Professor Lin Shun Quan (resigned on 16 November 2024)	2/2
Ms. Li Ying (appointed on 16 November 2024)	2/2

CORPORATE GOVERNANCE FUNCTIONS

The Board as a whole is responsible for determining the policy for corporate governance of the Company as well as performing the corporate governance functions set out in code provision A.2.1 of the CG Code Part 2.

During the financial year ended 30 June 2025, the Board performed the corporate governance duties which include: (i) reviewed and discussed the policies and practices on corporate governance; (ii) reviewed the training and continuous professional development of directors and senior management; and (iii) reviewed the disclosure in this report.

AUDITORS' REMUNERATION

The fees paid or payable to external auditors of the Group for the financial year ended 30 June 2025 in respect of audit and non-audit services were as follows:

Services rendered	Fee paid/payable HK\$'000
Audit services	500
Non-audit services (interim review)	330

DIRECTORS' RESPONSIBILITY FOR PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements for the financial year ended 30 June 2025 of the Group, the Board adopted appropriate accounting policies consistently, made prudent, fair and reasonable judgments and estimates, as well as based on a going concern basis.

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

Risk Management

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

Internal Control

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

The internal audit department is led by the internal audit manager, who report directly to the Audit Committee. The internal audit department is primarily responsible for performing independent reviewed of the key business operations of the Group and assisting in the continual development of internal control policies and procedure. For the financial year ended 30 June 2025, the Company has engaged Acclime Corporate Advisory (Hong Kong) Limited ("Acclime"), an external consultant, to conduct a review of the Group's risk management and internal control systems. Results of the review were communicated to the Audit Committee. For any issue identified, they will be followed up for proper implementation and the progress will be reported to the Audit Committee periodically.

Review of Risk Management and Internal Control Systems

The Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Group covering all material controls, including but not limited to financial, operational and compliance as well as risk management. The Board expects that a review of the risk management and internal control review will be performed annually. For the financial year ended 30 June 2025, no significant risk was identified. The Audit Committee has also reviewed and is satisfied with the adequacy of resources, qualification, experience and the training programs of the Group's internal audit, accounting and financial reporting functions.

DIVIDEND POLICY

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

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

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

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

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

INSIDE INFORMATION

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

COMPANY SECRETARY

The Board is supported by the Company Secretary who has day-to-day knowledge of the Company's affairs and is responsible for, among other matters, assisting in the effective operation of the Board and the Board committees, ensuring the Board policy and procedures are followed, and also facilitating the overall compliance with the Listing Rules and other laws and regulations applicable to the Company. During the financial year ended 30 June 2025, the Company Secretary had complied with the professional training requirements under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

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

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

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

CONSTITUTIONAL DOCUMENTS

In view of the Capital Reorganisation, the Board amend the memorandum and articles of association to reflect, inter alia, the changes in the authorised share capital of the Company from HK\$500,000,000 divided into 5,000,000,000 Existing Shares to HK\$500,000,000 divided into 50,000,000,000 New Shares; and to adopt the second amended and restated memorandum and articles of association of the Company reflecting the new authorised share capital of the Company. A special resolution proposed at the AGM held on 13 December 2024 to approve the adoption of the second amended and restated memorandum and articles of association of the Company. The current version of memorandum and articles of association was adopted on 13 December 2024 following such approval by the shareholders.

Save as aforesaid, there was no change in the Company's constitutional documents during the financial year under review.

ANNUAL GENERAL MEETING

The attendance of individual directors at the annual general meeting of the Company held on 13 December 2024 is set out as follows:

Name of directors	Attendance
Executive directors:	
Mr. Kwok Ho (<i>Chairman</i>)	X
Mr. Kuang Qiao	✓
Non-executive director:	
Mr. Ip Chi Ming	✓
Independent non-executive directors:	
Mr. Fung Chi Kin	✓
Mr. Tam Ching Ho	X
Ms. Li Ying	X

Code provision F.1.3 of the CG Code Part 2 provides that the chairman of the board should attend the annual general meeting. He should invite the chairman of the audit, remuneration, nomination committee and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. Mr. Kwok Ho, the chairman of the Company, did not attend the 2024 AGM, due to his own official engagement. However, arrangements including the attendance of another member of the Board had been in place to ensure the AGM was in order.

Corporate Governance Report

COMMUNICATION

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

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

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

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

Environmental, Social and Governance Report

INTRODUCTION

Chaoda Modern Agriculture (Holdings) Limited (the “Company” or “Chaoda”) and its subsidiaries (collectively as the “Group” or “we”) is the national-level leading enterprise in green and modern agriculture, mainly engaged in the wholesale, trade and distribution of agricultural products. We attach great importance to soil protection and the rural ecological environment, and serve to promote green production so as to improve the supply level and quality of agricultural products.

This Environmental, Social and Governance (“ESG”) report (the “Report”) summarizes the Group’s ESG initiatives, plans and performance, and demonstrates its commitment to sustainable development. The Group will continue to adhere to sustainable development in accordance with its ESG management principles, and is committed to effectively and responsibly handling the Group’s ESG issues as a core part of its business strategy, enabling its continued success in the future.

ESG COMMITMENT

The Group strictly follows the principles of sustainable development and is committed to achieving the required standards in various ESG areas to create positive value for its stakeholders. In line with the carbon neutrality target of the government of the People’s Republic of China (“PRC” or “China”), the Group has set targets to improve its performance in the areas of greenhouse gas (“GHG”) emissions, waste management, energy management and water management. The Group believes that setting ESG-related targets will enable the Group to deliver on its corporate social responsibility commitments and provide the Group’s stakeholders with a better understanding of its ESG performance.

THE ESG GOVERNANCE STRUCTURE

The Group regards ESG commitments as part of its responsibilities and is committed to taking ESG considerations into account in its decision-making process. The Group takes a top-down approach to ESG issues. The board of directors (the “Board”) of the Company has overall responsibility for the Group’s ESG approach and strategy, it is responsible for ensuring the effectiveness of the Group’s risk management and internal controls, assessing, prioritizing and managing significant ESG related issues, adopting ESG strategies and targets, and regularly reviewing progress in achieving its targets.

To enhance the effectiveness of the Group’s ESG efforts, the Group has established an ESG working group (the “Working Group”). The Working Group comprises core members from different departments of the Group and is responsible for collecting and analyzing ESG-related information, determining and assessing the ESG risks of the Group, reviewing and implementing ESG-related policies, guidelines and measures, and regularly reviewing the progress of related targets. The Working Group also identifies, evaluates and prioritizes important ESG issues through materiality assessments, which are further reviewed and approved by the Board. In addition, the Working Group will report regularly to the Board on ESG-related issues for the Board’s evaluation and subsequent implementation or revision of the Group’s ESG strategy and management approach, and to ensure that appropriate risk management is applied to ESG issues.

Environmental, Social and Governance Report

REPORTING PERIOD

This Report details the Group's ESG activities, challenges and initiatives for the financial year ended 30 June 2025 (the "Reporting Period" or "2025").

REPORTING SCOPE

The Group's senior management has determined the reporting scope based on the principles of materiality, core businesses and major revenue contributions. This Report covers the Group's three office areas and business centers in the PRC, namely the shop and processing center in Kwun Tong, Hong Kong, the office in Wanchai, Hong Kong and the Group's headquarters in Fuzhou, which is consistent with the reporting scope of the Group's Annual Report 2024/2025. The Group will continue to expand the scope of disclosure in due course as the data collection system becomes more mature and sustainability efforts deepen.

REPORTING FRAMEWORK

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The corporate governance practices of the Group are set out in the "Corporate Governance Report" in Annual Report 2024/2025.

The Group places a high priority on materiality, quantitative and consistency in the preparation of this Report and has therefore adopted the reporting principles set out in the ESG Reporting Guide above, as follows:

- **Materiality:** The Group has conducted a materiality assessment to identify material issues during the Reporting Period and has used the identified material issues as the focus of preparation for this Report. The materiality of the issues has been reviewed and confirmed by the Board and the Working Group. For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".
- **Quantitative:** The criteria and methodology used to calculate the key performance indicator(s) ("KPI(s)") data and the assumptions applied have been supplemented in the notes.
- **Consistency:** Unless otherwise stated, this Report has been prepared in a manner consistent with the previous financial year for comparative purposes. If there are any changes in the calculation methodology that may affect comparisons with previous ESG reports, explanations will be provided for the corresponding data.

Environmental, Social and Governance Report

BOARD STATEMENT

I hereby present the ESG Report of the Group for the financial year ended 30 June 2025 on behalf of the Board.

Being a national key leading enterprise that has been rooted in China, the Group has studied and tested its new business model over the past few years, and its highly consistent with national policies. The Group'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, playing a positive role in structural reform and poverty alleviation. The Group understands that sustainable brand development should be a win-win situation at all levels of the business. By implementing sustainable development measures to achieve long-term returns, the Group can maintain its leading edge and build a better brand image.

The Board has overall responsibility for the Group's ESG policies and strategies to ensure the effectiveness of the Group's risk management and internal controls, and to assess, prioritize and manage material ESG-related issues. The Board regularly reviews the systems and guidelines throughout our operations to maintain a high level of transparency and accountability. The Board also pays close attention to the aspirations of stakeholders, as their demands and timely responses are fundamental to the long-term development of the Group. Therefore, we continue to maintain good communication with our stakeholders, regularly liaise with internal and external stakeholders, and engage independent third parties to conduct materiality assessments to identify, evaluate and prioritize ESG issues, and provide timely and effective feedback on stakeholders' aspirations for mutual development and closer partnership.

The Board has delegated the ESG-related work to the Working Group. The Working Group has carried out the day-to-day management of ESG issues, including but not limited to monitoring the progress of implementation of ESG-related objectives and reviewing relevant policies. Through the above mechanism, the Group has assessed the ESG risks and formulated relevant countermeasures for the risks to enhance its ESG performance.

Looking ahead, the Board will continue to pay attention to the direction of the Group's business development and stakeholders' demands, and strive to raise employees' awareness of ESG-related issues, and review the Group's own policies, strategic planning and performance in a timely manner, so that the Group can promote the corporate philosophy of green management from top to bottom and from the inside to the outside as a whole.

On behalf of the Board

Kwok Ho

Chairman

Hong Kong, 30 September 2025

STAKEHOLDER ENGAGEMENT

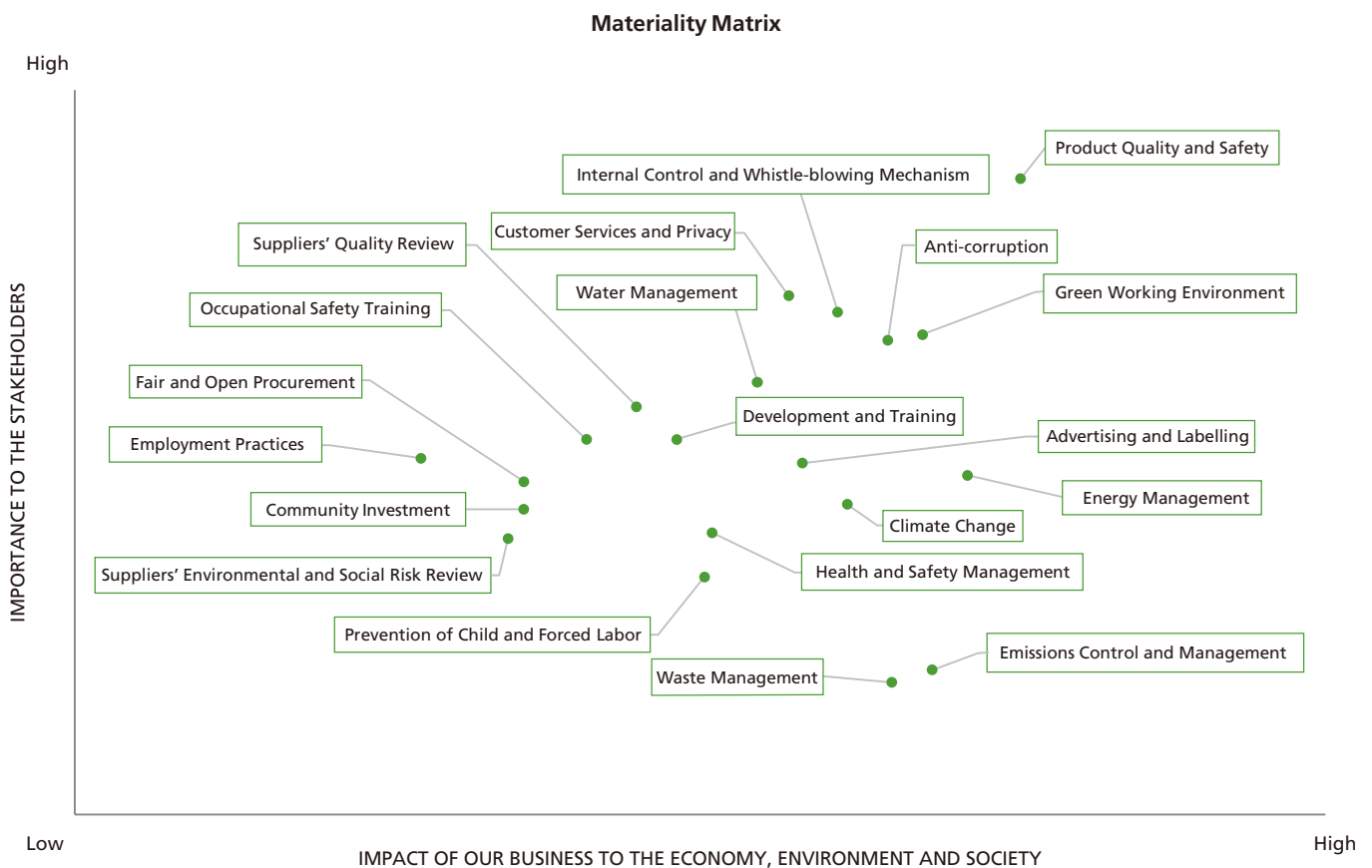
The Group values stakeholders and their feedback on the Group's business and ESG issues, therefore, stakeholder participation is an integral part of the Group's continuous improvement in its sustainability performance. To fully understand, respond and address the core concerns of different stakeholders,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

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

We are committed to working with our stakeholders to improve the Group's ESG performance, and to continue creating greater value for our nation and society.

MATERIALITY ASSESSMENT

In accordance with the ESG Reporting Guide and industry standards, the Group has identified 20 material ESG issues. The Group conducts internal surveys to gather the views of management and staff in each of the major divisions to comprehensively assess the materiality of each issue based on the level of influence on stakeholders' assessment and decisions, as well as the level of significance of the economic, environmental and social impacts. The results of the materiality assessment are used to determine the disclosure focus of ESG reports and to develop the Group's ESG strategy. The Group will continue to conduct materiality assessments to analyze its business risks, improve the relevance of ESG reports and respond to the expectations of stakeholders. The materiality assessment matrix of the Group's material ESG issues is as follows:



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

Environmental, Social and Governance Report

CONTACT US

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

A. ENVIRONMENTAL

To better manage the Group's material ESG topics and its performance on those aspects, the Group has updated the quantifiable targets for the environmental aspect in the financial year ended 30 June 2024 ("2024") and is committed to reviewing the status of the set targets annually. For each of the targets set, corresponding measures to achieve them will be disclosed in detail in the section headed "Emissions Control and Management", "Waste Management", "Energy Management" and "Water Management".

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

Environmental Targets	Description	Status
Emissions: 1. GHG Emissions	To reduce the GHG emissions intensity of scope 1 and 2 by 2% in the financial year ended 30 June 2030 ("2030") compared to 2024.	In progress
Waste Management: 2. Non-hazardous Waste	To reduce the total non-hazardous waste intensity by 2% in 2030 compared to 2024.	In progress
Use of Resources: 3. Energy Management	To reduce the total energy consumption intensity by 2% in 2030 compared to 2024.	In progress
Use of Resources: 4. Water Management	To reduce the total water consumption intensity by 2% in 2030 compared to 2024.	In progress

A1. EMISSIONS

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

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

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

Emissions Control and Management

Exhaust Gas Emissions

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

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

Environmental, Social and Governance Report

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

Indicator ¹	Unit	2025	2024
Sulphur Oxides (SO _x)	kg	0.39	0.41
Nitrogen Oxides (NO _x)	kg	97.11	96.16
Particulate Matter (PM)	kg	9.18	9.09

Note:

1. The calculation method of air emissions and the related emissions factors were based on, including but not limited to, "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

GHG Emissions

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

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

In addition to the above measures, the Group regularly issues environmental communication newsletters to employees to raise their environmental awareness. In addition, notices and posters with green information are posted in offices in order to promote the best practices of environmental management.

In 2025, due to a decline in earnings, the Group's GHG emissions per million RMB revenue increased by approximately 10.54% as compared with 2024.

The Group's GHG emissions performance was as follows:

Indicator ²	Unit	2025	2024
Direct GHG emissions (Scope 1)	tCO ₂ e	67.28	72.39
Energy indirect GHG emissions (Scope 2)	tCO ₂ e	298.38	316.49
Total GHG emissions (Scope 1 and 2)	tCO ₂ e	365.66	388.88
Intensity	tCO ₂ e/square meter ³	0.0485	0.0532
	tCO ₂ e/employee ⁴	4.35	4.01
	tCO ₂ e/million RMB revenue ⁵	5.77	5.22

Environmental, Social and Governance Report

Notes:

2. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, "Notice on Doing a Good Job in 2023-2025 Reporting and Management of Greenhouse Gas Emissions of Power Generation Enterprises" published by the Ministry of Ecology and Environment of the PRC, the "Global Warming Potential Values" from the IPCC Sixth Assessment Report, the "Sustainability Report 2024" published by the CLP Holdings Limited and the "Sustainability Report 2024" by HK Electric Investment Limited.
3. As at 30 June 2025, the total area of the three offices and business centers of the Group is approximately 7,538.85 square meters (2024: 7,315.42 square meters). This data is also used for calculating other intensity data.
4. As at 30 June 2025, the Group had a total of 84 employees (2024: 97 employees). This data is also used for calculating other intensity data.
5. As at 30 June 2025, the Group recorded a revenue of RMB63,360 thousand (2024: RMB74,467 thousand). This data is also used for calculating other intensity data.

Domestic Sewage

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

Waste Management

Hazardous Waste

Due to the nature of the Group's business, the Group did not generate any significant hazardous waste during the Reporting Period and therefore no relevant waste reduction targets were set. Despite the Group did not generate hazardous waste during the Reporting Period, the Group has established guidelines in governing the management and disposal of hazardous waste. In case there are any hazardous waste produced, the Group must engage a qualified chemical waste collector to handle such waste, and comply with relevant environmental rules and regulations.

Non-hazardous Waste

The Group adheres to the principles of waste management, and is committed to handling and disposing of non-hazardous waste generated by its business activities through abiding by the principle of sustainability and the methodology of "Reduce, Reuse, Recycle and Replace". All of the Group's waste management practices comply with relevant environmental laws and regulations. The non-hazardous waste generated by the Group's business activities was mainly paper, and other domestic waste. After collecting and sorting, such waste will eventually be collected and processed by the general waste service providers, recyclable waste (such as paper) will be recycled for reuse. The Group adopt plastic bags made of recycled materials and reusable plastic baskets to replace foam boxes as far as possible in its business. Used foam boxes are transported to China for recycling.

Environmental, Social and Governance Report

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

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

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

In 2025, the Group's non-hazardous waste per million RMB revenue slightly increased as compared with 2024.

The Group's non-hazardous waste disposal performance was as follows:

Indicator	Unit	2024	2023
Paper ⁶	tonnes	2.70	2.00
Domestic waste	tonnes	421.00	495.00
Total non-hazardous waste	tonnes	423.70	497.00
Intensity	tonnes/square meter	0.0562	0.0679
	tonnes/employee	5.04	5.12
	tonnes/million RMB revenue	6.69	6.67

Note:

6. This data is net of paper recycling, which was approximately 0.07 tonnes in 2025 and approximately 0.08 tonnes in 2024.

A2. USE OF RESOURCES

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

Energy Management

During daily production operation, the Group’s energy consumption is mainly from direct energy consumption from petrol and diesel consumed by company vehicles as well as indirect energy from purchased electricity. The Group has formulated policies and procedures to achieve the goal of electricity saving and efficient use of electricity. Specific measures are as follows:

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

In 2025, the Group’s energy consumption per million RMB revenue increased by approximately 6.84% as compared with 2024.

Environmental, Social and Governance Report

The Group's energy consumption performance was as follows:

Indicator ⁷	Unit	2025	2024
Direct energy consumption	MWh	255.50	309.97
Diesel	MWh	170.50	168.79
Petrol	MWh	85.00	141.18
Indirect energy consumption	MWh	635.31	669.88
Purchased electricity	MWh	635.31	669.88
Total energy consumption	MWh	890.81	979.85
Intensity	MWh/square meter	0.118	0.134
	MWh/employee	10.60	10.10
	MWh/million RMB revenue	14.06	13.16

Note:

7. The calculation of unit conversion refers to the "Energy Statistics Manual" issued by the International Energy Agency.

Water Management

The Group's water use is mainly from domestic water in the office area. The water supply managed by the Group includes toilet water and water for washing and cleaning. The Group encourages all employees and customers to develop the habit of saving water consciously, posting water-saving slogans and guiding employees to use water reasonably.

The Group's total water consumption was reduced significantly in 2025 due to the decrease in sales. In 2025, the Group's water consumption per million RMB revenue decreased by approximately 41.50% as compared with 2024.

The Group's water consumption performance was as follows:

Indicator	Unit	2025	2024
Water consumption	cubic meters	8,020.95	16,114.50
Intensity	cubic meters/square meter	1.06	2.20
	cubic meters/employee	95.49	166.13
	cubic meters/million RMB revenue	126.59	216.40

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

Use of Packaging Material

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

A3. THE ENVIRONMENT AND NATURAL RESOURCES

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

Green Working Environment

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

A4. CLIMATE CHANGE

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

Environmental, Social and Governance Report

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

Type	Climate-related Risks	Potential Financial Impacts	Corresponding Measures and Policies
Transition Risk	Policy and Law	Increased cost of GHG emissions due to tightened regulations.	– The Group will regularly review relevant policy updates and assess their potential impact on the operation.
	Policy and Law	Increased cost of replacing vehicles due to higher emission requirements.	– The Group's transport vehicles are regularly maintained and inspected to ensure compliance with the statutory emission requirements. – The Group will increase the number of outsourced vehicles.
	Market Risk	Customers' consumption habits have changed, and they tend to choose green and low-carbon products and services. The Group needs to invest more to create green and low-carbon products and services and strengthen the concept of environmental protection and low-carbon image publicity.	– The Group actively promotes digital reform and comprehensively optimizes processes such as warehousing and distribution. – The Group uses low-carbon and green means of distribution and transportation to improve distribution efficiency and reduce carbon emissions from warehousing and transportation.
	Reputational Risk	The public is becoming more environmentally aware and more concerned about corporate climate change behaviour; if the Group is not making sufficient efforts to reduce carbon emissions or if there is any negative information about the Group, it will have a negative impact on our brand's goodwill.	– Adopt diversified channels and methods to actively communicate with the public, customers and other stakeholders, and disseminate the Group's green and low-carbon environmental protection concepts, innovative actions and achievements. – Strengthen sustainable supply chain management and monitoring supply chain climate risk management to avoid undesirable events.

Environmental, Social and Governance Report

Type	Climate-related Risks	Potential Financial Impacts	Corresponding Measures and Policies
Physical Risk	Acute	Due to extreme weather, the Group's supply chain may be affected. For example, under the influence of rainstorm, typhoon, flood and other disasters, the crop production may decrease sharply in the short period of time, or the logistics may be blocked, thus disrupting the normal operation of the supply chain and the trade market. Extreme weather conditions can result in injuries and deaths, which can lead to legal and financial liabilities for the Group and, if not handled properly, damage the Group's reputation.	– All Group members involved in distribution of products are required to install the real-time road information application on the phone before and during the distribution process. – The Group will formulate emergency plan in response to the adverse effect on the normal operation of the business which is brought by extreme weather conditions. – The Group has taken out insurance policies and advised its employees well in advance of the arrangements in case of inclement weather.
	Chronic	Increased costs due to increased demand for cooling and heating in the supply chain due to temperature change	– Storing the agricultural products in styrofoam containers with built-in ice cubes to ensure quality during transportation.

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

B. SOCIAL

B1. EMPLOYMENT

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

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

Employment Practices

Remuneration and Benefits

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

Environmental, Social and Governance Report

The Group signs and executes relevant labor contracts or employment agreement with every employee in Fuzhou in accordance with the Labor Contract Law of the PRC and Civic Code of the PRC. The Group contributes to a central pension scheme operated by the local municipal government in the PRC in accordance with relevant law for its employees in Fuzhou to enable them to enjoy social insurance coverage. The Group also makes defined contributions to the Mandatory Provident Fund retirement benefit scheme for its employees in Hong Kong.

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

Recruitment, Promotion and Dismissal

The Group has continuously established and improved the talent recruitment and selection system and actively implemented the strategy of strengthening the enterprise with talents. The Group has defined the recruitment channels and standardized the recruitment process in its human resources related policies, including actively recruiting talents through the internet, media, colleges and universities, job market recommendations, company personnel recommendations and talent recruitment fairs, etc., and recruiting talents suitable for the positions by means of oral tests, written tests, interviews and practical operations, etc., adhering to the principles of open and fair competition and selection of the best, so as to continuously attract and recruit outstanding talents. The Group also explicitly states in the relevant policies.

The Group has also defined the basis and process for promotion and transfer management in the relevant policies, and has implemented a fair and open appraisal system. The internal appraisal will be based on merit, performance, talent and job requirements, and will provide promotion and development opportunities for employees according to their performance, so as to explore their working potential.

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

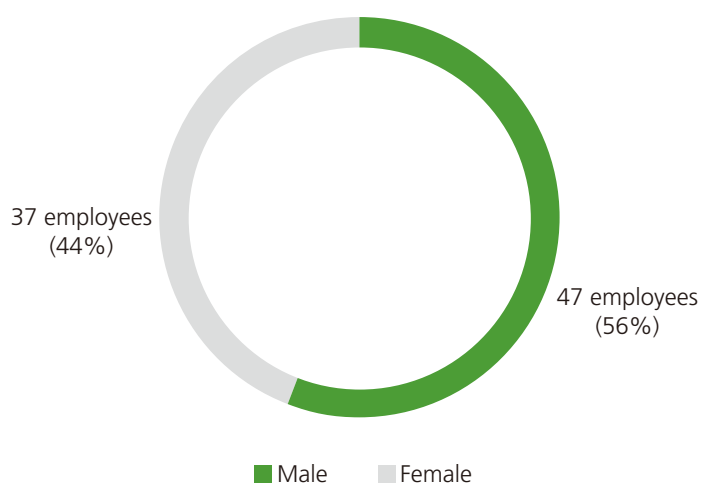
Equal Opportunities and Anti-discrimination

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

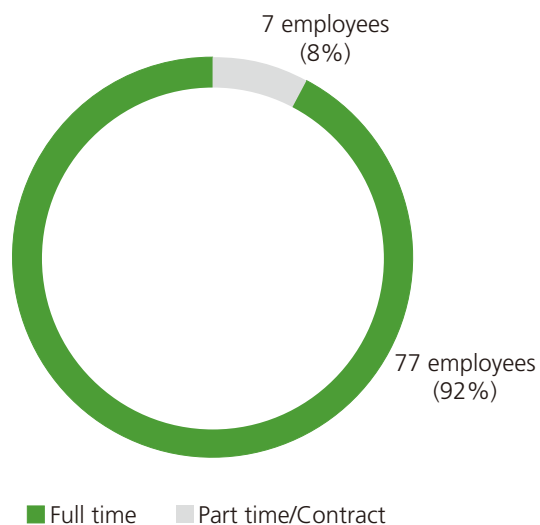
Environmental, Social and Governance Report

As at 30 June 2025, the Group had a total of 84 employees (2024: 97 employees). Employees' breakdown by gender, employment type, age group, and geographical region were as follows:

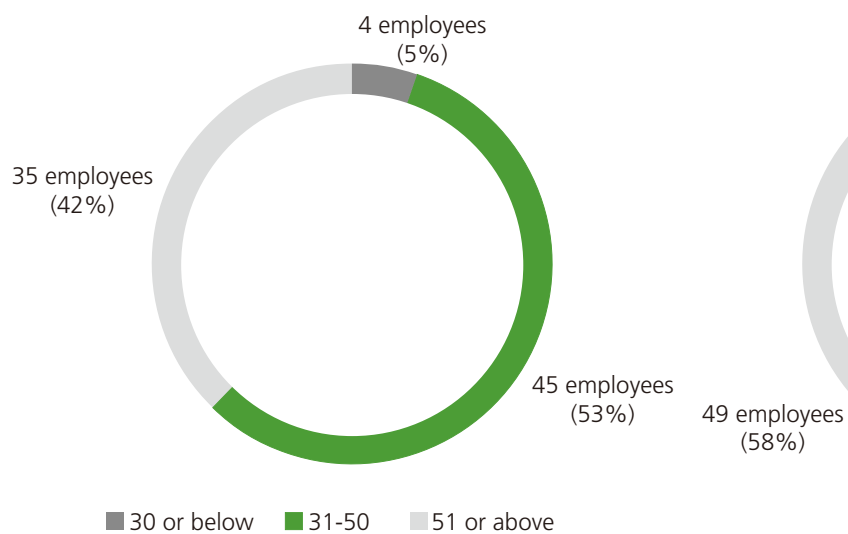
By Gender



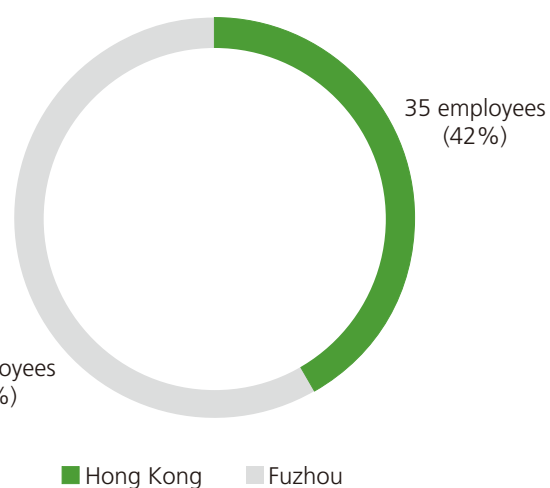
By Employment Type



By Age Group



By Geographical Region



Environmental, Social and Governance Report

During the Reporting Period, a total of 14 employees (2024: 11 employees) who left the Group, representing a turnover rate of approximately 17%⁸. Employee turnover rates⁹ by gender, age group and geographical region were as follows:

Indicator ⁹	2025	2024
By Gender		
Male	19%	13%
Female	14%	10%
By Age Group		
30 or below	—	33%
31-50	18%	9%
51 or above	17%	12%
By Geographical Region		
Hong Kong	17%	7%
Fuzhou	16%	14%

Notes:

8. Total employee turnover rate = total number of employees who left during the financial year/total number of employees at the end of the financial year * 100%.

9. Employee turnover rate by category = total number of employees who left by category during the financial year/total number of employees by category at the end of the financial year * 100%.

B2. HEALTH AND SAFETY

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

The Group strictly enforces the Labor Law of the PRC, the Law of the PRC on the Prevention and Control of Occupational Diseases, the Fire Control Law of the PRC, the Hong Kong Occupational Safety and Health Ordinance and other relevant laws and regulations. The Group has not recorded any work-related fatalities or serious dismemberment accidents in the past three years (including 2025) and therefore no claims or compensation have been paid to the Group's employees as a result of such incidents. The Group has also not recorded any work days lost due to work-related injuries and is not aware of any material breaches of employee health and safety related laws and regulations that have a significant impact on the Group.

Health and Safety Management

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

Environmental, Social and Governance Report

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

Occupational Safety Training

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

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

B3. DEVELOPMENT AND TRAINING

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

Training Management

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

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

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

Environmental, Social and Governance Report

Training System and Curriculum

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

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

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

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

In 2025, the Group had a total of approximately 28 of employees trained¹⁰ with an average training hour¹¹ of approximately 7.2 hours. The breakdown of trained employees¹² and the average training hours¹³ by gender and employee category are summarized below:

Indicator	2025		2024	
	Breakdown of Employees Trained ¹²	Average Training Hours (Hour) ¹³	Breakdown of Employees Trained ¹²	Average Training Hours (Hour) ¹³
By Gender				
Male	61%	7.7	65%	5.4
Female	39%	6.5	35%	5.0
By Employee Category				
Senior employee	43%	15.5	53%	11.2
Middle employee	11%	11.3	17%	10.2
General employee	46%	5.0	30%	2.9

Notes:

10. Breakdown of employees trained = number of employees trained during the financial year/total number of employees at the end of the financial year * 100%.

11. Average training hours = total number of training hours in the financial year/total number of employees at the end of the financial year.

12. Breakdown of employees trained by category = number of employees trained by category during the financial year/number of employees trained during the financial year * 100%.

13. The average number of hours of training of employees = the total number of training hours by category in the financial year/the total number of employees by category at the end of that financial year.

B4. LABOR STANDARDS

Prevention of Child Labor and Forced Labor

The Group complies with relevant laws and regulations on labor standards including the Labor Law of the PRC, the Regulations on the Prohibition of the Use of Child Labor in the PRC and the Hong Kong Employment Ordinance. During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations related to the prevention of child labor and forced labor which had a significant impact on the Group.

The Group strictly prohibits the employment of child labor and forced labor in its operations in China and Hong Kong. We have specified the entry procedures and requirements in relevant human resources policy, requiring all new employees to provide true and accurate personal information when they join the Group. Recruiters strictly review the information provided including medical certificate, academic certificate, ID card, household registration and other information. The Group has a well-established recruitment process to check the background of candidates and a formal reporting procedure to deal with any exceptions. It also conducts regular reviews and inspections to prevent any child labor in its operations. In case of any suspected cases of child labor violations, the Group will initiate investigation. Once the case of child labor violation is confirmed, the Group will immediately terminate the employment contract and may refer the case to the relevant statutory authorities according to the actual situation.

In addition, the Group has specified the requirements for the working hours in relevant human resources policy. Employees of the Group working overtime are based on voluntary principle to avoid the violation of labor standards and safeguard the rights and interests of employees. The Group also prohibits any punitive measures, management methods and behaviors such as abusive, corporal punishment, violence, mental stress, and sexual harassment (including inappropriate language, posture and physical contact). At the same time, the Group also refrains from appointing sellers and contractors who are aware of child labor or forced labor in their operations to provide administrative supplies and services for the Group. In the event of any suspected cases of forced labor, the Group will initiate investigation. Once a case of forced labor violation is confirmed, the Group may take disciplinary action against any employee who is responsible for the cause of the incident.

B5. SUPPLY CHAIN MANAGEMENT

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

Suppliers' Quality Review

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

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

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

Fair and Open Procurement

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

In 2025, the Group had a total of 15 key suppliers (2024: 13 key suppliers), and all of such suppliers are subject to the above practices regarding supplier engagement. The suppliers' regional distribution was as follows:

Region	2025	2024
Mainland China	5	6
Hong Kong, China	10	9

Environmental, Social and Governance Report

Suppliers' Environmental and Social Risk Review

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

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

B6. PRODUCT RESPONSIBILITY

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

Product Quality and Safety

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

To further mitigate risks related to food safety, the Group continuously improves its emergency response mechanisms. Our quality traceability system ensures that we can respond quickly to review product recalls should they occur. Once the recall is confirmed to be initiated, the relevant function is responsible for implementing the procedures and overseeing the process of recalling the products to ensure that the relevant products do not leave the market. During the Reporting Period, the Group had no sold or delivered products which were subjected to any recalls for safety and health reasons (2024: Nil).

Environmental, Social and Governance Report

Customer Services and Privacy

The Group provides a quality and warm service experience to consumers through standardized service quality, humanized service process and standardized service management. The Group has a “Customer Satisfaction Survey Report Form” to understand the needs of customers. If customers have any feedback, they can submit their complaints by mail, telephone or in person. Upon receipt of a complaint, the complaint-related department of the Group will handle the complaint, record the complaint process in accordance with the “Customer Complaint and Follow-up Procedures” and the “Complaint and Follow-up Report Form”, explain the complaint process to the complainant, conduct a detailed investigation and root cause analysis, conduct in-depth factual determination, actively supervise and manage the complaint process, and coordinate and communicate with all parties involved. The complaint process will be conducted in a confidential manner to protect the interests of all parties involved and to ensure that the complaint process is conducted fairly and is properly documented and responded to.

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

During the Reporting Period, the Group received no material cases of product or service-related complaints (2024: Nil).

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

Environmental, Social and Governance Report

Intellectual Property (“IP”) Rights

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

Advertising and Labelling

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

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

B7. ANTI-CORRUPTION

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

During the Reporting Period, 6 of our directors and 1 of our employees received a total of approximately 6 hours and approximately 1 hours of anti-corruption training, respectively. The training familiarized the Board and different levels of staff with their corresponding role and responsibility regarding anti-corruption and business ethics under applicable laws and regulations. Additionally, the Group was not aware of any material non-compliance with related laws and regulations on the prevention of bribery, extortion, fraud and money laundering which had a significant impact on the Group, nor did it have any concluded corruption cases against the Group or its employees during the Reporting Period.

Environmental, Social and Governance Report

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

- All employees should avoid conflicts of interest in performing their professional functions. Those who engaged with, work as part-time for or receive remuneration from companies other than the Group should report to their respective Human Resources Department, and prove that they have no conflicts of interest with the Group and report to the Group’s senior management for approval through the Human Resources Department. It can only be carried out or in effect after authorization is obtained from the Group’s senior management;
- Employees shall not embezzle, steal, defraud or otherwise illegally encroach upon the property of the Group based on their working relationship or position, and shall not include individual expenses in the Group’s business hospitality expenses, office expenses, travel expenses, etc.;
- Employees must not ask for or accept bribery or benefits from commercial units or individuals that may harm the interests of the Group. It is not allowed to have reimbursement from any commercial unit or individual that may affect the interests of the Group for any expenses that should be paid by the Group or that individual;
- Employees must not obtain or provide benefits to customers, contractors, suppliers or those who have business relationships with the Group;
- Any valuable souvenirs received by the employees in participating in meetings and social activities representing the Group must be reported to the Group for registration and deal with the souvenirs according to the relevant policy of the Group; and
- For those who take advantage of their duties, engage in malpractices, misappropriate funds and accept bribes, the Group will transfer them to the judicial authorities.

Internal Control and Whistle-blowing Mechanism

The Group has established an anti-bribery and whistle-blowing department. This department is responsible for developing the overall framework of anti-bribery and corruption policies and procedures, such as the whistleblowing policy, providing guidance and oversight on the implementation of policies and procedures in all aspects of the Group’s operations, and regularly monitoring and reviewing the use and effectiveness of relevant policies. Each member of the Group may immediately report any suspected bribery and corruption to the head of the department and the identity of any person making a complaint or reporting information will be kept confidential to the fullest extent permitted by law. In the event of any suspected violation of laws, regulations or the Group’s policies, the Group will conduct an immediate investigation and may impose disciplinary action and dismissal.

B8. COMMUNITY INVESTMENT

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

Philanthropy Management

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

- The Group’s employees at the grass root level who need special support and assistance, in particular employees who suffer from disability, major illnesses, and unbearable education burdens or are victims of major disasters;
- Employees of the Group who are loyal to the Group, work diligently and have special difficulties; and
- Other individuals or groups with special needs.

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

Social Responsibility Education

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

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	The ESG Governance Structure
Reporting Principles	Reporting Framework
Reporting Boundary	Reporting Scope

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

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs

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

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs

Description

Section/Declaration

Aspect B1: Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment – Employment Practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Employment Practices

Aspect B2: Health and Safety

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Health and Safety Management, Occupational Safety Training

Aspect B3: Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training – Training System and Curriculum
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training – Training System and Curriculum

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs

	Description	Section/Declaration
Aspect B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Labor Standards – Prevention of Child and Forced Labor
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labor Standards – Prevention of Child and Forced Labor
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards – Prevention of Child and Forced Labor
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management – Fair and Open Procurement
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Suppliers' Quality Review
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Suppliers' Environmental and Social Risk Review
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Suppliers' Quality Review

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs

Description

Section/Declaration

Aspect B6: Product Responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Product Quality and Safety
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Customer Services and Privacy
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality and Safety
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Customer Services and Privacy

Aspect B7: Anti-corruption

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption – Internal Control and Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to Directors and staff.	Anti-corruption

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs

Description

Section/Declaration

Aspect B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Profiles of Directors and Senior Executives

EXECUTIVE DIRECTORS

Mr. KWOK Ho, aged 70, is the founder of the Group and is also the Chairman of the Board, the Chief Executive Officer (the “CEO”) and a member of the Nomination Committee of the Company. Mr. Kwok is also a director and the legal representative of some of the subsidiaries of the Company. Mr. Kwok is primarily responsible for the formulation and deployment of the overall strategy of the Group. He holds an Honorary Doctor of Business Administration and has over 43 years of experience in commercial trading in the PRC, particularly in the areas of strategic planning, management, business development, product strategy, sales and marketing. Mr. Kwok was granted by the Fujian Provincial Committee and People’s Government of Fujian Province the award of “Outstanding Contribution Entrepreneur of Fujian Province” for two consecutive terms, and was named “Model Worker of Fujian Province” and “Fujian Province First of May Medal Winner”. Mr. Kwok is a member of the Ninth and the Tenth Fujian Provincial Committee of the Chinese People’s Political Consultative Conference (“CPPCC”), a member of the Eleventh National Committee of CPPCC, Chairman of China Food Safety Alliance, Officer of China Green Food Association Food Safety Integrity Professional Committee, the Vice President of China Association of Agricultural Leading Enterprises, the Deputy Chairman of Integration of Primary, Secondary and Tertiary Industries Development Alliance, Branch President of China Vegetable Marketing Association, and the first, second and third Presidents of Fujian Agricultural Industrialization Leading Enterprise Association.

Mr. KUANG Qiao, aged 54, joined the Group in 1996 and was appointed as an executive director of the Company on 1 September 2003. He is also a member of the Nomination Committee of the Board and the Vice President of the Group. Mr. Kuang is primarily responsible for the new business development and new project research management of the Group. He graduated from the Faculty of Horticulture of Nanjing Agricultural University in 1992 with a bachelor’s degree in agriculture (majoring in vegetables). Mr. Kuang has more than 30 years of experience in the agricultural industry.

NON-EXECUTIVE DIRECTOR

Mr. IP Chi Ming, aged 64, was formerly an executive director of the Company until 8 January 2010 when he was re-designated as a non-executive director of the Company. Mr. Ip is a director of some of the subsidiaries of the Company. Mr. Ip has over 37 years of experience in trading and marketing in the food products industry as well as extensive experience in corporate strategic planning, overall management, business development, sales and marketing.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. FUNG Chi Kin, aged 76, has been an independent non-executive director of the Company since September 2003. He is also the Chairman of the Remuneration Committee and Nomination Committee as well as a member of the Audit Committee of the Board. Mr. Fung is the Honorary Permanent President of The Chinese Gold & Silver Exchange Society, and the director of Fung Chi Kin Consulting Limited. He was conferred on an Honorary Senior Fellowship by Asian College of Knowledge Management. Mr. Fung has over 40 years of experience in banking and finance. Prior to his retirement, he was the director and the Deputy General Manager of Po Sang Bank Limited (merged into Bank of China (Hong Kong) Limited in 2001), the Managing Director of BOCI Securities Limited and the Chief Administration Officer of BOC International Holdings Limited. From October 1998 to June 2000, Mr. Fung served as a Council Member of the First Legislative Council of the HKSAR. He also held offices in various public organisations and was the Vice Chairman of The Stock Exchange of Hong Kong Limited, the director of Hong Kong Futures Exchange Limited, the director of Hong Kong Securities Clearing Company Limited and Hong Kong Affairs Advisor. Mr. Fung is currently an executive director of LOCO Hong Kong Holdings Limited (stock code: 8162), listed on GEM Board of The Stock Exchange of Hong Kong Limited. He is also a non-executive director of Sang Hing Holdings (International) Limited (Stock Code: 1472) from July 2018 to September 2023, the shares of which are listed on the Main Board of the Stock Exchange. Mr. Fung was appointed as a non-executive director of Poly Property Group Co., Limited (Stock Code: 119), the shares of which are listed on the Main Board of the Stock Exchange, since May 2021. Additionally, Mr. Fung was appointed as an independent non-executive director of Waton Financial Limited (Stock Code: WTF, the shares of which are listed on the Nasdaq Capital Market from April 2025) in March 2025.

Mr. TAM Ching Ho, aged 54, has been an independent non-executive director of the Company since September 2003. He is also the Chairman of the Audit Committee as well as a member of the Remuneration Committee and Nomination Committee of the Board. Mr. Tam is a certified public accountant (practicing) registered with Hong Kong Institute of Certified Public Accountants (the "HKICPA"). He has previously worked in a reputable international accounting firm for about eight years and specialised in providing assurance services for pre-listing, listed and multinational companies. He has also held senior positions in several companies, including mainly the financial controller of a company listed on the Main Board of The Stock Exchange of Hong Kong Limited and another company listed on the Main Board of the Singapore Exchange Securities Trading Limited for a total of about seven years. Mr. Tam has accumulated extensive experience in corporate finance and administration, listing compliance, investor relations, accounting and auditing. Mr. Tam holds a bachelor's degree of arts with honours in accountancy. He is an associate member of the HKICPA and a fellow member of The Association of Chartered Certified Accountants. Mr. Tam is currently an independent non-executive director of China Zenith Chemical Group Limited (Formerly known as Xinyang Maojian Group Limited) (stock code: 362, in liquidation), which is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Ms. Li Ying, aged 60, has been an independent non-executive director of the Company since June 2023. Ms. Li obtained a certificate in Jiaying University in Meizhou City, Guangdong Province, the PRC in financial management in December 2005. Ms. Li has vast experience in sales, marketing and finance management. From March 1983 to December 2001, Ms. Li was the head of the Chinese and western pharmaceutical medical devices department of the Head Office of Meizhou Meixian Pharmaceutical Company in the PRC, where she was in charge of the retail stores of the company, the overall company management, business development, key accounts and client management, and formulation of sales strategy. Since January 2002, Ms. Li has been serving as the chief financial officer and the office director of Jiayun Auto Repair Factory in Meixian District, Meizhou City, the PRC, where Ms. Li, as the chief financial officer, is in charge of the overall financial management of the company, including budget planning, financial analysis, and management of the financial actions of the company. Ms. Li, as the office director at the same time, is also responsible for information and personnel management and works alongside the general manager of the company in meeting departmental goals and objectives and monitoring safe production.

Profiles of Directors and Senior Executives

SENIOR EXECUTIVES

Mr. CHEN Jun Hua, aged 57, joined the Group in 2002. Mr. Chen is the Vice President of General Affairs of the Group, mainly responsible for assisting the CEO in production base development, quality management and other related management tasks. Mr. Chen graduated from China Agricultural University with a bachelor's degree in agriculture (majoring in protection of agricultural environment). Thereafter, he received a master's degree in agricultural extension from Chinese Academy of Agricultural Sciences (majoring in rural and regional development). Mr. Chen is a Senior Economist and has over 32 years of experience in agricultural and administrative management.

Mr. Yeung Man Chit, aged 52, joined the Company as the Financial Controller and Company Secretary in May 2019. Mr. Yeung is primarily responsible for financial management, assisting in effective operation of the Board and facilitating the compliance with the Listing Rules and other regulations applicable to the Group. Mr. Yeung is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has extensive experience in auditing, finance, accounting functions and corporate compliance for listed companies.

Mr. YANG Jin Fa, aged 49, joined the Group in 1999. Mr. Yang is Secretary of the Party Committee of the Group, the Vice President and the General Affairs Vice President of the strategic planning department of the Group. Mr. Yang is mainly responsible for the strategic planning, business operation, corporate planning and promotion and other related management tasks. Mr. Yang graduated from Fujian Agricultural and Forestry University (majoring in economics and management) and is a Senior Economist. He has extensive experience in policy planning, media management, marketing, and production base management.

Mr. SONG Li Feng, aged 50, joined the Group in 2000 and held position in financial accounting. He was the Finance Manager of the Group from 2004 to 2013, and thereafter, he was promoted to be assistant of Vice President of Finance of the Group. In May 2017, he was appointed as the Vice President of Finance Department of the Group. Mr. Song graduated from Fuzhou University (majoring in finance) and has over 25 years of extensive experience in accounting.

Mr. MA Yu Si, aged 46, joined the Group in 2001. Mr. Ma is the Chairman and Vice President of the Labor Union of the Group. Mr. Ma graduated from Minjiang University with a major in computer science in 2001. He is mainly responsible for the information technology network, engineering, administration and property related management of the Group.

Directors' Report

The directors submit herewith their annual report together with the audited financial statements for the year ended 30 June 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other particulars of the Company's principal subsidiaries are set out in note 30 to the consolidated financial statements.

An analysis of the Group's revenue for the financial year ended 30 June 2025 is set out in note 5 to the consolidated financial statements.

FINANCIAL RESULTS

Financial results of the Group for the financial year ended 30 June 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 76 to 77.

BUSINESS REVIEW

A fair review of the business of the Group as well as discussion and analysis of the Group's performance during the financial year ended 30 June 2025 are set out in the "Chairman Statement" and "Management Discussion and Analysis" sections respectively on pages 4 to 8 of this annual report.

Environmental policies and performance

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

Details of the Group's policies and performances in environmental protection are set out in the "Environmental, Social and Governance Report" on pages 22 to 55 of this annual report.

Compliance with laws and regulations

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

Relationships with employees, customers, suppliers and others

An account of the Group's relationships with its employees are set out in the "Environmental, Social and Governance Report" on pages 22 to 55 of this annual report.

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 140 of this annual report.

DIVIDENDS

The directors do not recommend the payment of dividend for the financial year ended 30 June 2025 (2024: Nil).

RESERVES

Movements in reserves of the Group and the Company during the financial year under review are set out in the consolidated statement of changes in equity and notes 27 and 35 to the consolidated financial statements. The reserves of the Company available for distribution to shareholders as at 30 June 2025 amounted to RMB1,039,388,000 (2024: RMB743,756,000).

DONATIONS

During the financial year under review, the Group did not make any donation.

PROPERTY, PLANT AND EQUIPMENT

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

CAPITAL REORGANISATION

Share Consolidation, Capital Reduction and the Sub-division

On 4 October 2024, the Company has proposed a share consolidation and a capital reduction and the sub-division pursuant to which:

- (1) every twenty (20) issued and unissued existing shares with par value of HK\$0.10 each be consolidated into one (1) consolidated share with par value of HK\$2.00 each (the "Share Consolidation"); and
- (2) immediately following the Share Consolidation becoming effective, the capital reduction and the sub-division be implemented in the following manner:
 - (i) the capital reduction whereby (a) any fractional consolidated share in the issued share capital of the Company arising from the Share Consolidation will be cancelled, and (b) the issued share capital of the Company be reduced by the cancellation of the paid-up capital of the Company to the extent of HK\$1.99 per issued consolidated share, so that following such reduction, the par value of each issued consolidated share shall be reduced from HK\$2.00 to HK\$0.01 each to become one new share (the "Capital Reduction");
 - (ii) the credit arising from the capital reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company; and
 - (iii) immediately following the Capital Reduction becoming effective, each authorised but unissued consolidated share will be subdivided into 200 authorised but unissued new shares with par value of HK\$0.01 each. The new shares will rank pari passu in all respects with each other in accordance with the memorandum and articles of association of the Company (the "Sub-division").

The Share Consolidation has been effective on 17 December 2024 and the Capital Reduction and the Sub-division have been effective on 6 February 2025. For details, please refer to the Company's announcements dated 4 October 2024, 17 January 2025, 3 February 2025 and 5 February 2025 respectively, and the Company's circular dated 5 November 2024.

Change in Board Lot Size

As at 3 January 2025, the board lot size for trading changed from 2,000 Existing Shares to 10,000 Consolidated Shares per board lot (the "Change in Board Lot Size").

SHARE CAPITAL

As at 30 June 2025, the Company has issued ordinary share capital of 164,779,124 shares. Details of the share capital of the Company are set out in note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

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

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

DIRECTORS

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

Executive Directors	Mr. Kwok Ho (Chairman)	Mr. Kuang Qiao
Non-executive Director	Mr. Ip Chi Ming	
Independent Non-executive Directors	Mr. Fung Chi Kin Professor Lin Shun Quan (resigned on 16 November 2024)	Mr. Tam Ching Ho Ms. Li Ying

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

In accordance with Article 116A of the Company's Articles of Association, Mr. Kuang Qiao, and Ms. Li Ying shall retire by rotation at the forthcoming annual general meeting (the "2025 AGM") and being eligible, offer themselves for re-election.

No retiring directors proposed for re-election at the 2025 AGM have an unexpired service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2025, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in the Listing Rules were as follows:

Long positions in shares of the Company

Name of director	Nature of interests	Number of shares held	Total	Percentage of issued share capital recorded in the register
Mr. Kwok Ho	Personal interests Corporate interests (Note)	101,400 32,153,232	32,254,632	19.57%

Note: Held through Kailey Investment Ltd. which is wholly owned by Mr. Kwok Ho.

Long positions in underlying shares of the Company

							Number of share options				
Name of directors	Grant date	Exercisable period			Exercise price HK\$	Exercise price HK\$	Balance as at 01/07/2024	During the financial year under review			Balance as at 30/06/2025
		Starting		Ending				Granted	Lapsed	Adjusted (Note 1)	
Mr. Kuang Qiao	13/07/2016	13/07/2016	to	12/07/2026	0.187	3.74	2,000,000	–	–	(1,900,000)	100,000
		13/07/2017	to	12/07/2026	0.187	3.74	2,000,000	–	–	(1,900,000)	100,000
		13/07/2018	to	12/07/2026	0.187	3.74	2,000,000	–	–	(1,900,000)	100,000
		13/07/2019	to	12/07/2026	0.187	3.74	2,000,000	–	–	(1,900,000)	100,000
		13/07/2020	to	12/07/2026	0.187	3.74	2,000,000	–	–	(1,900,000)	100,000
Mr. Ip Chi Ming	13/07/2016	13/07/2016	to	12/07/2026	0.187	3.74	1,200,000	–	–	(1,140,000)	60,000
		13/07/2017	to	12/07/2026	0.187	3.74	1,200,000	–	–	(1,140,000)	60,000
		13/07/2018	to	12/07/2026	0.187	3.74	1,200,000	–	–	(1,140,000)	60,000
		13/07/2019	to	12/07/2026	0.187	3.74	1,200,000	–	–	(1,140,000)	60,000
		13/07/2020	to	12/07/2026	0.187	3.74	1,200,000	–	–	(1,140,000)	60,000
Mr. Fung Chi Kin	13/07/2016	13/07/2016	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2017	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2018	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2019	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2020	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
Mr. Tam Ching Ho	13/07/2016	13/07/2016	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2017	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2018	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2019	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2020	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
Professor Lin Shun Quan (Note 2)	13/07/2016	13/07/2016	to	12/07/2026	0.187	3.74	100,000	–	(5,000)	(95,000)	–
		13/07/2017	to	12/07/2026	0.187	3.74	100,000	–	(5,000)	(95,000)	–
		13/07/2018	to	12/07/2026	0.187	3.74	100,000	–	(5,000)	(95,000)	–
		13/07/2019	to	12/07/2026	0.187	3.74	100,000	–	(5,000)	(95,000)	–
		13/07/2020	to	12/07/2026	0.187	3.74	100,000	–	(5,000)	(95,000)	–

Notes:

- As a result of the Share Consolidation, the total number and the exercise price of Shares which may be issued upon exercise of all outstanding Share Options under the Share Option Scheme has been adjusted to 12,061,500 Consolidated Shares and HK\$3.74 pursuant to the terms of the Share Option Scheme (as detailed in the Company's announcement dated 4 October 2024 and circular dated 5 November 2024).
- Professor Lin Shun Quan resigned as independent non-executive director of the Company with effect from 16 November 2024.

Directors' Report

Save as disclosed above, as at 30 June 2025, none of the directors and chief executives of the Company nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which has been recorded in the register maintained by the Company under Section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than as stated above, at no time during the financial year under review, the Company, or any of its subsidiaries was a party to any arrangement to enable the directors of the Company, their respective spouses or children under 18 years of age, to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2025, the following parties (not being directors or chief executives of the Company) were directly or indirectly interested in 5% or more of the issued share capital and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of substantial shareholder	Capacity	Long/short position	Number of shares held	Percentage of issued share capital recorded in the register
Kailey Investment Ltd. (Note)	Beneficial owner	Long	32,153,232	19.51%

Note: Kailey Investment Ltd. is a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially and wholly owned by Mr. Kwok Ho.

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

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

PERMITTED INDEMNITY PROVISION

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

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

EQUITY-LINKED AGREEMENTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the financial year ended 30 June 2025, none of the directors were interested in any business which competes or was likely to compete, either directly or indirectly, with the Company's business.

CONNECTED TRANSACTIONS

The Company did not have significant continuing connected transaction or connected transaction during the financial year ended 30 June 2025.

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

SHARE OPTION SCHEME

The 2015 Share Option Scheme

Pursuant to an ordinary resolution passed by shareholders of the Company at the annual general meeting of the Company held on 17 December 2015 (the "Adoption Date of the 2015 Share Option Scheme"), a new share option scheme (the "2015 Share Option Scheme") was adopted. The principal terms of the 2015 Share Option Scheme are set out as below.

Purpose

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

Participants

- (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiary, or any entity (the "Invested Entity") in which any member of the Group holds any equity interest;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any of its Subsidiary or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

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

The total number of shares available for issue

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

The number of share options available for grant under the 2015 Share Option Scheme at 1 July 2024 and 30 June 2025 were 12 (after reflecting the effect of Share Consolidation).

The number of shares that may be issued in respect of options granted under all schemes of the Company during the financial year ended 30 June 2025 divided by the weighted average number of shares of the relevant class in issue for the same period was approximately 4.89%.

Maximum entitlement of each participant

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

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

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

Minimum period for options to be held

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

Period and payment on acceptance of options

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

Basis of determining subscription price

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

Remaining life

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

As at 30 June 2025, 8,052,500 share options granted under the 2015 Share Option Scheme remained unexercised and outstanding, which represents approximately 4.89% of the issued share capital of the Company as at the date of this report.

Share options granted were recognised as expenses of the Company in accordance with the accounting policy as set out in note 3 to the consolidated financial statements. The determination of the fair value of the share options is also set out in note 26 to the consolidated financial statements.

Directors' Report

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

							Number of share options				
Category of participants	Grant date	Exercisable period			Exercise price HK\$	Adjusted exercise price (Note 1) HK\$	During the financial period under review				
							Balance as at 01/07/2024	Exercised	Lapsed	Adjusted (Note 1)	Balance as at 30/06/2025
		Starting	HK\$	HK\$							
Directors											
Mr. Kuang Qiao	13/07/2016	13/07/2016	to	12/07/2026	0.187	3.74	2,000,000	–	–	(1,900,000)	100,000
		13/07/2017	to	12/07/2026	0.187	3.74	2,000,000	–	–	(1,900,000)	100,000
		13/07/2018	to	12/07/2026	0.187	3.74	2,000,000	–	–	(1,900,000)	100,000
		13/07/2019	to	12/07/2026	0.187	3.74	2,000,000	–	–	(1,900,000)	100,000
		13/07/2020	to	12/07/2026	0.187	3.74	2,000,000	–	–	(1,900,000)	100,000
Mr. Ip Chi Ming	13/07/2016	13/07/2016	to	12/07/2026	0.187	3.74	1,200,000	–	–	(1,140,000)	60,000
		13/07/2017	to	12/07/2026	0.187	3.74	1,200,000	–	–	(1,140,000)	60,000
		13/07/2018	to	12/07/2026	0.187	3.74	1,200,000	–	–	(1,140,000)	60,000
		13/07/2019	to	12/07/2026	0.187	3.74	1,200,000	–	–	(1,140,000)	60,000
		13/07/2020	to	12/07/2026	0.187	3.74	1,200,000	–	–	(1,140,000)	60,000
Mr. Fung Chi Kin	13/07/2016	13/07/2016	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2017	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2018	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2019	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2020	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
Mr. Tam Ching Ho	13/07/2016	13/07/2016	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2017	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2018	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2019	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
		13/07/2020	to	12/07/2026	0.187	3.74	600,000	–	–	(570,000)	30,000
Professor Lin Shun Quan (Note 2)	13/07/2016	13/07/2016	to	12/07/2026	0.187	3.74	100,000	–	(5,000)	(95,000)	–
		13/07/2017	to	12/07/2026	0.187	3.74	100,000	–	(5,000)	(95,000)	–
		13/07/2018	to	12/07/2026	0.187	3.74	100,000	–	(5,000)	(95,000)	–
		13/07/2019	to	12/07/2026	0.187	3.74	100,000	–	(5,000)	(95,000)	–
		13/07/2020	to	12/07/2026	0.187	3.74	100,000	–	(5,000)	(95,000)	–

Directors' Report

							Number of share options					
Category of participants	Grant date	Exercisable period			Exercise price HK\$	Adjusted exercise price (Note 1) HK\$	Balance as at 01/07/2024	During the financial period under review				Balance as at 30/06/2025
		Starting		HK\$				Exercised	Lapsed	Adjusted (Note 1)		
Employees												
in aggregate	13/07/2016	13/07/2016	to	12/07/2026	0.187	3.74	33,646,000	–	(516,800)	(31,963,700)	1,165,500	
		13/07/2017	to	12/07/2026	0.187	3.74	33,646,000	–	(516,800)	(31,963,700)	1,165,500	
		13/07/2018	to	12/07/2026	0.187	3.74	33,646,000	–	(516,800)	(31,963,700)	1,165,500	
		13/07/2019	to	12/07/2026	0.187	3.74	33,646,000	–	(516,800)	(31,963,700)	1,165,500	
		13/07/2020	to	12/07/2026	0.187	3.74	33,646,000	–	(516,800)	(31,963,700)	1,165,500	
Other Participants												
in aggregate	13/07/2016	13/07/2016	to	12/07/2026	0.187	3.74	10,100,000	–	(280,000)	(9,595,000)	225,000	
		13/07/2017	to	12/07/2026	0.187	3.74	10,100,000	–	(280,000)	(9,595,000)	225,000	
		13/07/2018	to	12/07/2026	0.187	3.74	10,100,000	–	(280,000)	(9,595,000)	225,000	
		13/07/2019	to	12/07/2026	0.187	3.74	10,100,000	–	(280,000)	(9,595,000)	225,000	
		13/07/2020	to	12/07/2026	0.187	3.74	10,100,000	–	(280,000)	(9,595,000)	225,000	
Total							241,230,000	–	(4,009,000)	(229,168,500)	8,052,500	

Notes:

- As a result of the Share Consolidation, the total number and the exercise price of Shares which may be issued upon exercise of all outstanding Share Options under the Share Option Scheme has been adjusted to 12,061,500 Consolidated Shares and HK\$3.74 pursuant to the terms of the Share Option Scheme (as detailed in the Company's announcement dated 4 October 2024 and circular dated 5 November 2024).
- Professor Lin Shun Quan resigned as independent non-executive director of the Company with effect from 16 November 2024.
- No options have been granted or exercised or cancelled under the 2015 Share Option Scheme during the financial year under review.

RETIREMENT BENEFITS

Particulars of the Group's retirement benefits are set out in notes 3 and 9(b) to the consolidated financial statements.

MANAGEMENT CONTRACTS

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

MAJOR SUPPLIERS AND CUSTOMERS

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

	Percentage of total purchases
The largest supplier	29%
Five largest suppliers in aggregate	65%

	Percentage of total sales
The largest customer	28%
Five largest customers in aggregate	67%

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

CORPORATE GOVERNANCE

A report on the Company's corporate governance practices is set out on pages 9 to 21 of this annual report.

AUDITORS

Elite Partners' CPA Limited resigned as the auditors of the Company with effect from 30 May 2025. CCTH CPA Limited has been appointed as the new auditors of the Company with effect from 30 May 2025.

The financial statements for the financial year ended 30 June 2025 have been audited by CCTH CPA Limited who will retire and, being eligible, offer themselves for re-appointment at the 2025 AGM.

On behalf of the Board

Kwok Ho
Chairman

Hong Kong, 30 September 2025

Independent Auditor's Report



CCTH CPA LIMITED
中正天恆會計師有限公司

**TO THE SHAREHOLDERS OF
CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED**

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Chaoda Modern Agriculture (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 76 to 139, which comprise the consolidated statement of financial position as at 30 June 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

Independent Auditor's Report

KEY AUDIT MATTERS

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

Key audit matter

Impairment assessment of land use rights under right-of-use assets, buildings under property, plant and equipment and investment properties

The Group has land use rights under right-of-use assets, buildings under property, plant and equipment and investment properties with the carrying amounts of approximately RMB19,417,000, RMB14,995,000 and RMB52,145,000 as at 30 June 2025 respectively. For the purposes of impairment assessment, the Group appointed independent external valuers to assess the recoverable amount of land use rights under right-of-use assets, buildings under property, plant and equipment and investment properties.

We had identified the impairment assessment of land use rights included in right-of-use assets, buildings included in property, plant and equipment and investment properties as key audit matters due to the significant judgment involved by the management in impairment assessment.

How our audit addressed the key audit matter

Our procedures relating to impairment assessment of the land use rights, buildings and investment properties included:

- We evaluated the competence, capacities and objectivities of the independent external valuers taking account its experience and qualifications;
- We assessed the methodology used and the appropriateness of the key assumptions adopted;
- We discussed with management whether any impairment indicator exists and basis for the impairment recognised;
- We challenged the reasonableness of key assumptions used for the calculation of the recoverable amount of the respective assets based on our knowledge of the business and industry; and
- We checked the accuracy, appropriateness and reliance of the input data used.

Independent Auditor's Report

OTHER MATTER

The consolidated financial statements of the Group for the year ended 30 June 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 26 September 2024.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

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

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

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

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

CCTH CPA Limited

Certified Public Accountants

Hong Kong, 30 September 2025

Lam Man Chi

Practising Certificate Number: P05324

Unit 1510-1517, 15/F., Tower 2,
Kowloon Commerce Centre,
No. 51, Kwai Cheong Road,
Kwai Chung, N.T.,
Hong Kong

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	63,360	74,467
Cost of sales		(44,155)	(50,441)
Gross profit		19,205	24,026
Other income	6	14,220	14,520
Other gains or losses, net	7	313	(2,077)
Selling and distribution expenses		(9,066)	(9,482)
General and administrative expenses		(39,192)	(40,319)
Loss from operations		(14,520)	(13,332)
Finance costs	9(a)	(179)	(143)
Loss before income tax	9	(14,699)	(13,475)
Income tax expense	10	–	(445)
Loss for the year		(14,699)	(13,920)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising on translation of foreign operation		2,066	1,306
– Reclassification of cumulative exchange reserve upon deregistration of a subsidiary		–	2,978
Other comprehensive income for the year, net of income tax		2,066	4,284
Total comprehensive expense for the year		(12,633)	(9,636)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

	Notes	2025 RMB'000	2024 RMB'000
(Loss)/profit for the year attributable to:			
Owners of the Company		(14,640)	(16,785)
Non-controlling interests		(59)	2,865
		(14,699)	(13,920)
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		(12,297)	(13,225)
Non-controlling interests		(336)	3,589
		(12,633)	(9,636)
Loss per share attributable to owners of the Company			
– Basic	12(a)	RMB(0.09)	(Restated) RMB(0.10)
– Diluted	12(b)	RMB(0.09)	RMB(0.10)

Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	15	23,713	25,933
Right-of-use assets	16	22,310	25,520
Investment properties	17	52,145	56,811
		98,168	108,264
Current assets			
Trade receivables	18	10,554	15,743
Other receivables, deposits and prepayments	19	4,294	4,357
Income tax recoverable		408	–
Restricted bank balances	20	17,000	17,000
Bank balances and cash	20	83,254	88,983
		115,510	126,083
Current liabilities			
Trade payables	21	1,200	1,692
Lease liabilities	22	2,565	2,473
Other payables and accruals	23	22,353	27,431
Income tax payable		–	836
		26,118	32,432
Net current assets		89,392	93,651
Total assets less current liabilities		187,560	201,915
Non-current liabilities			
Lease liabilities	22	452	2,174
Net assets		187,108	199,741

Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	2025 RMB'000	2024 RMB'000
Capital and reserves			
Share capital	25	27,215	333,149
Reserves	27	153,233	(140,404)
Equity attributable to owners of the Company		180,448	192,745
Non-controlling interests		6,660	6,996
Total equity		187,108	199,741

The consolidated financial statements on pages 76 to 139 were approved and authorised for issue by the board of directors on 30 September 2025 and are signed on its behalf by:

Kwok Ho
Director

Ip Chi Ming
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2025

	Attributable to owners of the Company									Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Accumulated losses RMB'000	Subtotal RMB'000		
As at 1 July 2023	333,149	5,969,570	82,723	23,001	5,247	(222,823)	671,275	(6,656,172)	205,970	3,407	209,377
(Loss)/profit for the year	-	-	-	-	-	-	-	(16,785)	(16,785)	2,865	(13,920)
Other comprehensive income											
– Exchange differences arising on translation of foreign operation	-	-	-	-	-	582	-	-	582	724	1,306
– Reclassification of cumulative exchange reserve upon deregistration of a subsidiary	-	-	-	-	-	2,978	-	-	2,978	-	2,978
Total comprehensive income/(expense) for the year	-	-	-	-	-	3,560	-	(16,785)	(13,225)	3,589	(9,636)
Lapse of share options	-	-	-	(57)	-	-	-	57	-	-	-
As at 30 June 2024 and 1 July 2024	333,149	5,969,570	82,723	22,944	5,247	(219,263)	671,275	(6,672,900)	192,745	6,996	199,741
Loss for the year	-	-	-	-	-	-	-	(14,640)	(14,640)	(59)	(14,699)
Other comprehensive income											
– Exchange differences arising on translation of foreign operation	-	-	-	-	-	2,343	-	-	2,343	(277)	2,066
Total comprehensive income/(expense) for the year	-	-	-	-	-	2,343	-	(14,640)	(12,297)	(336)	(12,633)
Lapse of share options	-	-	-	(409)	-	-	-	409	-	-	-
Capital reduction (note 25)	(305,934)	-	-	-	-	-	-	305,934	-	-	-
As at 30 June 2025	27,215	5,969,570	82,723	22,535	5,247	(216,920)	671,275	(6,381,197)	180,448	6,660	187,108

Consolidated Statement of Cash Flows

For the year ended 30 June 2025

	2025 RMB'000	2024 RMB'000
Cash flows from operating activities		
Loss before income tax	(14,699)	(13,475)
Adjustments for:		
Finance costs	179	143
Interest income	(1,644)	(1,956)
Depreciation of property, plant and equipment	2,226	2,769
Depreciation of investment properties	4,666	4,666
Depreciation of right-of-use assets	4,116	5,038
Gain on disposals of property, plant and equipment	–	(946)
Gain on disposal of an associate	290	–
Loss on deregistration of a subsidiary	–	2,978
Impairment loss on long-term prepaid rentals under right-of-use assets	–	45
Operating cash flows before movements in working capital	(4,866)	(738)
(Decrease)/increase in trade receivables, other receivables, deposits and prepayments	4,775	(1,482)
Decrease in trade payables, other payables and accruals	(4,924)	(34)
Cash used in operations	(5,015)	(2,254)
Interest received	1,644	1,956
Finance costs paid	(179)	(143)
Income tax paid	(836)	(223)
Net cash used in operating activities	(4,386)	(664)

Consolidated Statement of Cash Flows

For the year ended 30 June 2025

	2025 RMB'000	2024 RMB'000
Cash flows from investing activities		
Purchases of property, plant and equipment	(26)	(1,026)
Placement of time deposits with original maturity over three months	(9,137)	–
Proceeds from disposal of an associate	290	–
Proceeds from disposals of property, plant and equipment	–	1,080
Net cash (used in)/generated from investing activities	(9,453)	54
Cash flows from financing activities		
Repayment of lease liabilities	(2,796)	(2,871)
Net cash used in financing activities	(2,796)	(2,871)
Net decrease in cash and cash equivalents	(16,635)	(3,481)
Cash and cash equivalents at beginning of the year	88,983	92,031
Effect of foreign exchange rate changes, net	1,769	433
Cash and cash equivalents at end of the year, represented by bank balances and cash (note 20)	74,117	88,983

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

1. GENERAL INFORMATION

Chaoda Modern Agriculture (Holdings) Limited (the “Company”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information Section” to the annual report.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 30. The Company and its subsidiaries are referred to hereinafter as the “Group”. There were no significant changes in the Group’s operations during the year.

The functional currency of the Company is Hong Kong dollar (“HK\$”). The consolidated financial statements are presented in Renminbi (“RMB”), and all values are rounded to the nearest thousand (“RMB’000”) unless otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 July 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current year has had no material effect on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and 7	Contracts Referencing Nature-Dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual improvements to HKFRS Accounting Standards – Volume 11 ²

¹ Effective for annual period beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except as described below, the directors of the Company anticipate that the application of all the new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements but is not yet in a position to state whether this new and revised HKFRS would have a material impact on the disclosure and the presentation of the consolidated financial statements in the future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to owners of the Company and to non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to non-controlling interests even if this results in non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Property, plant and equipment

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

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

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

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

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

Investment properties

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases

Definition of a lease

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

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

The Group as 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.

Short-term leases

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

Right-of-use assets

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

The cost of right-of-use asset includes:

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases *(continued)*

The Group as lessee *(continued)*

Right-of-use assets (continued)

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

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

Refundable rental deposits

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

Lease liabilities

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

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

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

The Group remeasure 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 market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases *(continued)*

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Impairment of property, plant and equipment, right-of-use assets and investment properties

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

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Provision

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Revenue from contract with customers

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

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

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

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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

Exchange differences relating to the retranslation of the Group’s net assets in HK\$ to the Group’s presentation currency RMB are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Foreign currencies *(continued)*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss.

Government grants

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

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

Employee benefits

Retirement benefit obligations

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

The employees of the Company's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Employee benefits *(continued)*

Short-term and other long-term employee benefits

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

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

Share-based employee compensation

Share option granted to employees

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

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

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

Shares/Share options granted to non-employees

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash at banks and on hand, and time deposits with original maturity of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Amortised cost and interest income

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

Impairment of financial assets subject to impairment assessment under HKFRS 9

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk

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

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

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

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

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

(ii) Definition of default

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Derecognition of financial liabilities

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

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before income tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Taxation *(continued)*

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

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker (the "CODM") for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Related parties

A person or an entity is considered to be related to the Group as follows:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third entity;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of the employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A related party transaction is a transfer of resources, services or obligation between the Group and a related party, regardless of whether a price is charged.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key resources of estimation uncertainty

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

(i) Impairment of buildings under property, plant and equipment, investment properties and land use rights under right-of-use assets

The Group assesses whether there are any indicators of impairment for buildings under property, plant and equipment, investment properties and land use rights under right-of-use assets at the end of each reporting period.

The impairment loss for other non-financial assets are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of other non-financial assets have been determined based on the higher of the value in use and fair value less costs of disposal. These calculations require the use of estimates such as the future revenue and discount rates. As at 30 June 2025, the carrying amounts of the buildings under property, plant and equipment, investment properties and land use rights under right-of-use assets are approximately RMB14,995,000 (2024: RMB15,565,000), RMB52,145,000 (2024: RMB56,811,000) and RMB19,417,000 (2024: RMB20,814,000) respectively. No impairment loss was recognised for buildings under property, plant and equipment, investment properties and land use right under right-of-use assets for the year ended 30 June 2025 (2024: nil).

(ii) Provision of ECL for trade receivables, other receivables and deposits

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

For the years ended 30 June 2025 and 2024, no ECL in respect of trade receivables, other receivables and deposits was recognised in profit or loss.

5. REVENUE

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

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

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers:		
Sales of crops	63,360	74,467

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

6. OTHER INCOME

	2025 RMB'000	2024 RMB'000
Interest income	1,644	1,956
Rental income under operating leases	11,442	11,762
Sundry income	1,129	802
Government grants (<i>note</i>)	5	–
	14,220	14,520

Note: Government grants of RMB5,000 were granted by the PRC local government authorities to the Group during the year ended 30 June 2025 (2024: nil). There are no unfulfilled conditions or contingencies relating to these government grants.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

7. OTHER GAINS OR LOSSES, NET

	2025 RMB'000	2024 RMB'000
Gain on disposal of property, plant and equipment	–	946
Gain on disposal of an associate (<i>note (a)</i>)	290	–
Loss on deregistration of a subsidiary (<i>note (b)</i>)	–	(2,978)
Impairment loss on long-term prepaid rentals under right-of-use assets (<i>note 16</i>)	–	(45)
Exchange gain, net	23	–
	313	(2,077)

Notes:

- (a) During the year ended 30 June 2025, the Group disposed of an associate of 宜興萬昌食品有限公司 at a cash consideration of RMB290,000, in which the investment in an associate of 宜興萬昌食品有限公司 was fully impaired in prior years. Accordingly, gain on disposal of an associate of RMB290,000 (2024: nil) was recognised for the year.
- (b) During the year ended 30 June 2024, Keen Spirit Global Biotechnology (Hong Kong) Limited, a wholly-owned subsidiary of the Company, was deregistered. Accordingly, the Group recognised a loss of RMB2,978,000 on deregistration of a subsidiary in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2024.

8. SEGMENT INFORMATION

Information reported to the executive director, being the CODM, for the purposes of resource allocation and assessment focuses on revenue analysis by products. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

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

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

	2025 RMB'000	2024 RMB'000
Hong Kong	63,360	74,467

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

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

	2025 RMB'000	2024 RMB'000
Customer A	7,252	9,422
Customer B	N/A [#]	9,312
Customer C	19,242	12,591
Customer D	8,846	N/A [*]
Customer E	6,349	N/A [*]

[#] The customer B did not contribute over 10% of the Group's revenue for the year ended 30 June 2025.

^{*} Each of the customer D and customer E did not contribute over 10% of the Group's revenue for the year ended 30 June 2024.

9. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

(a) Finance costs

	2025 RMB'000	2024 RMB'000
Finance charges	–	39
Interest expenses on lease liabilities	179	104
	179	143

(b) Staff costs (including directors' remuneration)

	2025 RMB'000	2024 RMB'000
Salaries, wages and benefits in kind	13,083	14,697
Discretionary bonuses	8	296
Retirement benefit scheme contributions	920	1,060
	14,011	16,053

(c) Other items

	2025 RMB'000	2024 RMB'000
Auditor's remuneration		
– Audit services	463	831
– Non-audit services	306	305
Depreciation of property, plant and equipment	2,226	2,769
Depreciation of investment properties	4,666	4,666
Depreciation of right-of-use assets	4,116	5,038
Expenses relating to short-term leases	14	23

10. INCOME TAX EXPENSE

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

	2025 RMB'000	2024 RMB'000
Current tax		
PRC Enterprise Income Tax (the "EIT") (note (a))	–	–
Hong Kong Profits Tax (note (b))		
– Provision for the year	–	321
– Under-provision in prior years	–	124
	–	445

Notes:

- (a) The standard EIT rate of PRC subsidiaries of the Group is 25% (2024: 25%), under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law. No provision for the EIT for the years ended 30 June 2025 and 2024 as the subsidiaries operating in the PRC did not have any assessable profits subject to the EIT for both years.
- (b) No provision for Hong Kong Profits Tax for the year ended 30 June 2025 has been made in the consolidated financial statements as the Group incurred tax losses for the year. Regarding the year ended 30 June 2024, under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of qualifying group entity was taxed at 8.25%, and profits above HK\$2 million was taxed at 16.5% and the profits of corporations not qualifying for the two-tiered profits tax rates regime continued to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entities for the year ended 30 June 2024 was calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the assessable profits above HK\$2 million.

10. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the loss before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Loss before income tax	(14,699)	(13,475)
Notional tax at the rate applicable to losses in the tax jurisdictions concerned	(3,191)	(2,933)
Net tax effect of expense and income that are not deductible and taxable in determining taxable profit and tax allowance	3,283	3,421
Tax relief of 8.25% on first HK\$2 million assessable profit	–	(152)
Tax effect of previous years' unrecognised tax losses utilised this year	(92)	(15)
Under-provision in prior years	–	124
Income tax expense	–	445

11. DIVIDENDS

The directors do not recommend any payment of dividend for the year ended 30 June 2025 (2024: nil).

12. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of RMB14,640,000 (2024: RMB16,785,000) and the weighted average number of approximately 164,779,124 (2024: 164,779,124 (restated)) ordinary shares in issue during the year.

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to owners of the Company of RMB14,640,000 (2024: RMB16,785,000) and the weighted average number of approximately 164,779,124 (2024: 164,779,124 (restated)) ordinary shares. The computation of diluted loss per share for both years does not assume the exercise of the Company's share options outstanding since the exercise price of those share options was higher than the average market price for the years ended 30 June 2025 and 2024.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended 30 June 2024 had been adjusted for the share consolidation of the Company effective during the year ended 30 June 2025. Details of the share consolidation are set out in note 25.

13. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION

Directors' and Chief Executive Officer's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Remuneration paid and payable to the Company's Directors for the year ended 30 June 2025 were as follows:

Name of Directors	Fees RMB'000	Salaries, wages and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Total emoluments RMB'000
Executive Directors					
Mr. Kwok Ho (<i>Chairman and Chief Executive Officer</i>)	–	181	–	–	181
Mr. Kuang Qiao	–	326	8	30	364
Non-executive Director					
Mr. Ip Chi Ming	–	278	–	–	278
Independent Non-executive Directors					
Mr. Fung Chi Kin	89	–	–	–	89
Mr. Tam Ching Ho	111	–	–	–	111
Professor Lin Shun Quan (<i>note (i)</i>)	27	–	–	–	27
Ms. Li Ying	56	–	–	–	56
	283	785	8	30	1,106

13. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (continued)

Remuneration paid and payable to the Company's Directors for the year ended 30 June 2024 were as follows:

Name of Directors	Fees RMB'000	Salaries, wages and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Total emoluments RMB'000
Executive Directors					
Mr. Kwok Ho (<i>Chairman and Chief Executive Officer</i>)	–	180	–	–	180
Mr. Kuang Qiao	–	327	10	29	366
Non-executive Director					
Mr. Ip Chi Ming	–	277	–	–	277
Independent Non-executive Directors					
Mr. Fung Chi Kin	89	–	–	–	89
Mr. Tam Ching Ho	111	–	–	–	111
Professor Lin Shun Quan (<i>note (i)</i>)	54	–	–	–	54
Ms. Li Ying	55	–	–	–	55
	309	784	10	29	1,132

Note:

(i) Professor Lin Shun Quan resigned as an independent non-executive director of the Company on 16 November 2024.

Mr. Kwok Ho is also the chief executive officer of the Company and his remuneration disclosed above include those for services rendered by him as the chief executive officer.

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

The non-executive director's remuneration shown above was for his services in connection with the management of the affairs of the Company and the Group.

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

During the years ended 30 June 2025 and 2024, no remuneration were paid or payable by the Group to the directors as an inducement to join the Group or upon joining the Group or as compensation for loss of office.

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company or any subsidiaries of the Company was a party and in which a director had a material interest, where directly or indirectly, subsisted at the end of the reporting or at any time during the year.

14. FIVE HIGHEST PAID EMPLOYEES

No directors of the Company are the five highest paid employees of the Group in respect of each of the years ended 30 June 2025 and 30 June 2024. The emoluments paid and payable to the five (2024: five) highest paid individuals for the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, wages and benefits in kind	3,564	3,558
Discretionary bonuses	–	360
Retirement benefit scheme contributions	68	74
	3,632	3,992

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. None of the directors or the five highest paid individuals waived or agreed to waive any emoluments for both years.

The emoluments of five (2024: five) individuals with the highest emoluments are within the following bands:

Emoluments band	2025 No. of Individuals	2024 No. of Individuals
Nil to HK\$1,000,000	3	3
HK\$1,000,001 to HK\$1,500,000	2	2
	5	5

Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Farmland infrastructure RMB'000 (Note (a))	Total RMB'000
Cost						
As at 1 July 2023	41,919	26,530	21,988	9,313	188,192	287,942
Additions	–	–	95	931	–	1,026
Disposals/written off	–	–	(972)	(5,687)	(810)	(7,469)
Exchange realignment	19	–	6	(6)	(25)	(6)
As at 30 June 2024 and as at 1 July 2024	41,938	26,530	21,117	4,551	187,357	281,493
Additions	–	–	26	–	–	26
Disposals/written off	–	–	–	(465)	–	(465)
Exchange realignment	(81)	–	(37)	(40)	18	(140)
As at 30 June 2025	41,857	26,530	21,106	4,046	187,375	280,914
Accumulated depreciation and impairment losses						
As at 1 July 2023	36,105	10,395	17,378	8,401	187,862	260,141
Charge for the year	584	570	999	550	66	2,769
Disposals/written off	–	–	(967)	(5,687)	(681)	(7,335)
Exchange realignment	19	–	5	(14)	(25)	(15)
As at 30 June 2024 and as at 1 July 2024	36,708	10,965	17,415	3,250	187,222	255,560
Charge for the year	533	570	686	405	32	2,226
Disposals/written off	–	–	–	(465)	–	(465)
Exchange realignment	(81)	–	(33)	(24)	18	(120)
As at 30 June 2025	37,160	11,535	18,068	3,166	187,272	257,201
Carrying amounts						
As at 30 June 2025	4,697	14,995	3,038	880	103	23,713
As at 30 June 2024	5,230	15,565	3,702	1,301	135	25,933

Note:

- (a) Farmland infrastructure includes films, green house facilities, ditches, roads and others in the PRC and the South Africa.

16. RIGHT-OF-USE ASSETS

	Leasehold building RMB'000	Land use rights RMB'000	Long-term prepaid rentals RMB'000	Total RMB'000
Cost				
As at 1 July 2023	6,260	125,635	384,610	516,505
Addition	4,001	–	–	4,001
Exchange realignment	49	–	(4,320)	(4,271)
As at 30 June 2024 and as at 1 July 2024	10,310	125,635	380,290	516,235
Addition	963	–	–	963
Exchange realignment	(189)	–	540	351
As at 30 June 2025	11,084	125,635	380,830	517,549
Accumulated depreciation and impairment loss				
As at 1 July 2023	2,691	103,622	383,611	489,924
Charge for the year	2,885	1,298	855	5,038
Impairment	–	–	45	45
Exchange realignment	28	–	(4,320)	(4,292)
As at 30 June 2024 and as at 1 July 2024	5,604	104,920	380,191	490,715
Charge for the year	2,719	1,298	99	4,116
Exchange realignment	(132)	–	540	408
As at 30 June 2025	8,191	106,218	380,830	495,239
Carrying amount				
As at 30 June 2025	2,893	19,417	–	22,310
As at 30 June 2024	4,706	20,715	99	25,520

16. RIGHT-OF-USE ASSETS (continued)

	2025 RMB'000	2024 RMB'000
Expenses relating to short-term leases	14	23
Total cash outflow for leases	2,989	2,998

For both years, the Group leases various office for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years (2024: 2 years to 3 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.

As at 30 June 2025 and 2024, all leasehold buildings are denominated in HK\$.

During the year ended 30 June 2024, the directors concluded that there was an indication for impairment and thus conducted impairment assessment on the carrying amount of the right-of-use assets including the impairment assessment on recoverable amount of land use rights with carrying amounts of approximately RMB20,715,000.

The recoverable amounts of land use rights have been determined based on fair value less cost of disposal calculation. That calculation uses market comparison approach by reference to recent sales price of comparable land use rights on a price per square feet basis using market data which is publicly available. The fair value measurement is categorised into Level 3 under the fair value hierarchy.

The carrying amounts of the land use rights where its manufacturing facilities are primarily located and office buildings and long-term prepaid rentals are located in the PRC under the medium-term lease. The Group is the registered owner of these leasehold land and buildings. Lump sum payments were made upfront to acquire these property interests from the previous owners, and there are no longer payments to be made under the term of the leases. The leasehold land components of these owned properties are present separately only if the payment can be allocated reliably.

The Group regularly entered into short-term leases for office. There is no outstanding lease commitments relating to short-term leases for the year ended 30 June 2025 and 2024.

17. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Cost		
At beginning and end of the year	251,278	251,278
Accumulated depreciation		
At beginning of the year	194,467	189,801
Depreciation for the year	4,666	4,666
At end of the year	199,133	194,467
Carrying amounts		
As at 30 June	52,145	56,811

The Group leases out various offices, warehouses and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 15 years (2024: 1 to 15 years), with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

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

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties as at 30 June 2025 and 2024 are as follows:

Location	Existing use	Tenure	Attributable interest to the Group
Inner Mongolia, the PRC	Warehouses	Medium-term leases	100%
Fujian Province, the PRC	Warehouses, offices and retail stores	Medium-term leases	100%

17. INVESTMENT PROPERTIES (continued)

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	2025		2024	
	Carrying amounts RMB'000	Fair value at Level 3 hierarchy RMB'000	Carrying amounts RMB'000	Fair value at Level 3 hierarchy RMB'000
Offices	18,621	40,600	19,329	44,700
Warehouses	15,219	49,480	17,336	42,330
Retail stores	18,305	32,600	20,146	30,600
Total	52,145	122,680	56,811	117,630

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

Investment properties Over the term of the lease

As at 30 June 2025 and 2024, all investment properties of the Group are located in the PRC. The fair value of investment properties as at 30 June 2025 is approximately RMB122,680,000 (2024: RMB117,630,000) based on the valuation carried out by Ravia Global Appraisal Advisory Limited and Guangdong Kaitai Asset Appraisal and Land & Real Estate Valuation Co., Ltd. (廣東開泰資產評估與土地房地產估價股份有限公司) (2024: Ravia Global Appraisal Advisory Limited), independent professional valuers not connected to the Group. The fair value of investment properties at the end of the reporting period is measured on a recurring basis and categorised as Level 3 fair value measurement. The fair value of investment properties is determined by the directors at the end of each reporting period using market comparison approach by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available. There has been no change from the valuation techniques used in the prior year.

17. INVESTMENT PROPERTIES *(continued)*

Level 3 valuation methodologies

Below is a table which presents the significant unobservable inputs:

	Fair value	Significant unobservable inputs (note b)	Relationship of significant unobservable inputs to fair value
Market comparison approach			
Offices	RMB40,600,000 (2024: RMB44,700,000)	Adjusted market price per square metre	The higher the adjusted market price, the higher the fair value and vice versa
Warehouses	RMB49,480,000 (2024: RMB42,330,000)	Adjusted market price per square metre	The higher the adjusted market price, the higher the fair value and vice versa
Retail stores	RMB32,600,000 (2024: RMB30,600,000)	Adjusted market price per square metre	The higher the adjusted market price, the higher the fair value and vice versa

Notes:

- (a) Adjusted market price per square metre has taken into account of property-specific adjustment including location, land quality and timing of reference transaction.
- (b) Fair value measurement of investment properties is positively correlated to the adjusted market price per square metre.

18. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables from contracts with customers	10,554	15,743
Less: allowance for credit losses (note (b))	–	–
	10,554	15,743

As at 1 July 2023, trade receivables from contracts with customers amounted to RMB14,344,000.

The credit period is generally for a period from one month to six months depending on the customers' creditworthiness.

The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by management.

All trade receivables are denominated in HK\$.

(a) Ageing analysis

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

	2025 RMB'000	2024 RMB'000
0–30 days	4,927	5,453
31–90 days	1,662	4,487
91–365 days	3,965	5,803
	10,554	15,743

(b) Impairment of trade receivables

Included in the Group's trade receivables balance are debtors with aggregate carrying amounts of approximately RMB5,046,000 (2024: RMB6,740,000), which are past due at the end of the reporting period. Out of the past due balances, RMBNil (2024: RMB218,000) has been past due 90 days or more and is not considered as default because of no recent history of default and in the opinion of the directors of the Company, the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade receivables are set out in note 33.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 RMB'000	2024 RMB'000
Other receivables	2,328	2,546
Deposits	1,303	1,323
Prepayments	663	488
	4,294	4,357
Denominated in:		
RMB	2,360	2,094
HK\$	1,897	2,227
Others	37	36
	4,294	4,357

Details of impairment assessment of other receivables and deposits are set out in note 33.

20. BANK BALANCES AND CASH AND RESTRICTED BANK BALANCES

	2025 RMB'000	2024 RMB'000
Cash at banks and on hand	63,683	69,898
Time deposits – original maturity within three months	10,434	19,085
Time deposits – original maturity over three months	9,137	–
Bank balances and cash	83,254	88,983
Restricted bank balances (<i>note 23</i>)	17,000	17,000
	100,254	105,983
Denominated in:		
RMB	57,827	68,661
HK\$	42,398	37,208
United States Dollar (“US\$”)	22	107
Others	7	7
	100,254	105,983

20. BANK BALANCES AND CASH AND RESTRICTED BANK BALANCES

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

Cash at banks earn interest at floating rates based on the daily bank deposit rates. Short-term bank deposits are placed with the banks and earn interests at the respective short-term bank deposit rates. The effective interest rate on time deposits at 30 June 2025 is ranged from 1.08% to 3.00% (2024: 1.94% to 4.22%).

Details of impairment assessment are set out in note 33.

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

	2025 RMB'000	2024 RMB'000
Bank balances and cash shown in the consolidated statement of financial position (per above)	100,254	105,983
Less: restricted bank balances (<i>note</i>)	(17,000)	(17,000)
time deposits with original maturity over three months	(9,137)	–
Cash and cash equivalents shown in the consolidated statement of cash flows	74,117	88,983

Note: The restricted bank balances represented the provision for claim which was disclosed in note 23.

21. TRADE PAYABLES

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

	2025 RMB'000	2024 RMB'000
0–30 days	1,200	1,625
31–90 days	–	–
Over 90 days	–	67
	1,200	1,692

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

22. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities payable		
– Within one year	2,565	2,473
– More than one year but not more than two years	452	2,003
– More than two years but not more than five years	–	171
	3,017	4,647
Less: amounts due for settlement within one year shown under current liabilities	(2,565)	(2,473)
Amounts due for settlement after one year under non-current liabilities	452	2,174

As at 30 June 2025, the effective incremental borrowing rate ranged from 2.2% to 9.8% (2024: 2.2% to 9.8%).

As at 30 June 2024 and 2025, all lease liabilities are denominated in HK\$.

23. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Other payables	812	5,842
Rental deposits received	1,565	1,715
Provision for claim (<i>note</i>)	17,000	17,000
Accruals	2,976	2,874
	22,353	27,431

Note: Provision for claim of approximately RMB17,000,000 represented claim raised by the local tax authority ("LTA") of the PRC on the value-added tax ("VAT") in respect of certain purchases made by an indirect wholly-owned subsidiary of the Group as certain financial and operational issues of this indirect wholly-owned subsidiary did not pay off the above-mentioned VAT to the LTA. Bank balances of approximately RMB17,000,000 was restricted by the LTA in respect of this claim.

In the opinion of the directors, although the Group has initiated discussions with the LTA with an aim at clarifying the Group's position and requesting for the LTA's withdrawal of the claim, and the fact that the Group has subsequently settled all payables in respect of these purchases (including the related VAT) to the supplier in concern in previous year, the final outcome of the discussion with the LTA is still uncertain. Accordingly, provision for claim amounted to RMB17,000,000 was made in the consolidated financial statements in previous years. Such balance remained unchanged as of 30 June 2025 and 30 June 2024.

24. DEFERRED TAX

Deferred tax liabilities

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

Deferred tax assets

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related benefit through the future taxable profit is probable. The Group did not recognize tax losses amounting to RMB162,069,000 (2024: RMB167,534,000) that can be carried forward against future taxable income.

At the end of the reporting period, the Group has deductible temporary differences arising from accelerated tax depreciation of approximately RMB334,000 (2024: RMB829,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised in foreseeable future.

Deferred tax assets have not been recognised in respect of the tax losses as it is not probable that they can be utilised in the foreseeable future. Included in unrecognised tax losses, losses of RMB10,029,000 (2024: RMB14,950,000) will expire on or before 2030 (2024: on or before 2029), while the remaining may be carried forward indefinitely.

25. SHARE CAPITAL

Authorised ordinary shares

	Number of shares (‘000)	Par value (HK\$)	HK\$’000
As at 1 July 2023, 30 June 2024 and 1 July 2024	5,000,000	0.1	500,000
Share consolidation (<i>note (i)</i>)	(4,750,000)		–
Capital reduction (<i>notes (ii)(a) and (b)</i>)	–		(327,910)
Shares subdivision (<i>note (ii)(c)</i>)	49,750,000		327,910
As at 30 June 2025	50,000,000	0.01	500,000

25. SHARE CAPITAL (continued)

Issued and fully paid ordinary shares

	Number of shares ('000)	Par value (HK\$)	HK\$'000	RMB'000
As at 1 July 2023, 30 June 2024 and 1 July 2024	3,295,582	0.1	329,558	333,149
Share consolidation (note (i))	(3,130,803)		–	–
Capital reduction (notes (ii)(a) and (b))	–		(327,910)	(305,934)
As at 30 June 2025	164,779	0.01	1,648	27,215

Notes:

- (i) Pursuant to the annual general meeting held on 13 December 2024, the shareholders approved the consolidation of the Company's shares by 20 shares with par value of HK\$ 0.1 each into 1 share with par value of HK\$2 each (the "Share Consolidation"). The Share Consolidation became effective on 17 December 2024, and the authorised share capital of the Company became HK\$500,000,000 divided into 250,000,000 consolidated shares of HK\$2 each, of which 164,779,124 consolidated shares with par value of HK\$2 each (the "Consolidated Shares") were in issue, which were fully paid or credited as fully paid.
- (ii) Immediately following the Share Consolidation becoming effective on 17 December 2024, the Company implemented its capital reduction during the year in the following manner:
 - a. the capital reduction whereby the issued share capital of the Company was reduced by the cancellation of the paid-up capital of the Company to the extent of HK\$1.99 per each issued Consolidated Share, so that following such reduction, the par value of each issued Consolidated Share shall be reduced from HK\$2.00 to HK\$0.01 each to become one New Share;
 - b. the credit arising from the capital reduction was be applied towards offsetting the accumulated losses of the Company as at the effective date of the capital reduction, thereby reducing the accumulated losses of the Company; and
 - c. immediately following the capital reduction becoming effective, each authorised but unissued Consolidated Share will be subdivided into 200 authorised but unissued New Shares with par value of HK\$0.01 each. The New Shares will rank pari passu in all respects with each other in accordance with the memorandum and articles of association of the Company.

The capital reduction became effective on 6 February 2025. Further details are disclosed in the circular dated 5 November 2024 and the announcements of the Company dated 13 December 2024, 17 January 2025, 3 February 2025 and 5 February 2025.

Accordingly, for authorised share capital, the number of authorised shares increased from 250,000,000 shares to 50,000,000,000 shares, and the par value of shares was changed from HK\$2.00 each to HK\$0.01 each. The amount of the authorised share capital in Hong Kong dollars remained unchanged. That is, HK\$500,000,000.

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

26. SHARE OPTION SCHEME

The share option scheme (the "Scheme") was adopted pursuant to a resolution passed at the extraordinary general meeting of the Company held on 17 December 2015 for the primary purpose of providing incentives or rewards to eligible participants. It was designed primarily to generate greater drive and effectiveness to contribute to the Group and create a sense of belongings or more favourable relations towards the Group.

26. SHARE OPTION SCHEME (continued)

As at 30 June 2025, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 8,052,500 (2024: 241,230,000), representing 4.9% (2024: 7.3%) of the shares of the Company in issue at that date.

	2025		2024	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding as at 1 July	241,230,000		241,830,000	
Lapsed during the year	(4,009,000)		(600,000)	
Adjustment arising from share consolidation	(229,168,500)		–	
Outstanding as at 30 June	8,052,500	3.74	241,230,000	0.187
Exercisable as at 30 June	8,052,500	3.74	241,230,000	0.187

During the year ended 30 June 2025, 4,009,000 (2024: 600,000) share options lapsed arose on the resignation of employees. Accordingly, the employee share-based compensation reserve amounted to RMB409,000 (2024: RMB57,000) related to the Scheme was transferred to accumulated losses during the year ended 30 June 2025.

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

Exercisable period:	2025		2024	
	Number	Weighted average exercise price HK\$	Number	Weighted average exercise price HK\$
13-07-2016 to 12-07-2026	1,610,500	3.74	48,246,000	0.187
13-07-2017 to 12-07-2026	1,610,500	3.74	48,246,000	0.187
13-07-2018 to 12-07-2026	1,610,500	3.74	48,246,000	0.187
13-07-2019 to 12-07-2026	1,610,500	3.74	48,246,000	0.187
13-07-2020 to 12-07-2026	1,610,500	3.74	48,246,000	0.187
	8,052,500	3.74	241,230,000	0.187

The Company's share options outstanding under the Scheme as at 30 June 2025 had a weighted average remaining contractual life of 1.04 years (2024: 2.04 years).

26. SHARE OPTION SCHEME (continued)

Pursuant to the terms of the Scheme, adjustment was made to the exercise price of and/or the number of the shares falling to be issued upon exercise of the outstanding share options granted by the Company under the Scheme respectively as a result of the share consolidation. Accordingly, the exercise price was adjusted from HK\$0.187 to HK\$3.74, and the number of shares options was adjusted from 241,230,000 to 12,061,500 upon share consolidation of ordinary shares of the Company implemented during the current year.

27. RESERVES

	Notes	2025 RMB'000	2024 RMB'000
Share premium		5,969,570	5,969,570
Capital reserve	(a)	82,723	82,723
Employee share-based compensation reserve	(b)	22,535	22,944
Capital redemption reserve	(c)	5,247	5,247
Exchange reserve		(216,920)	(219,263)
Statutory reserve	(d)	671,275	671,275
Accumulated losses		(6,381,197)	(6,672,900)
		153,233	(140,404)

Movements of the Group's reserves for the current and prior year are presented in the consolidated statement of changes in equity on page 80.

Notes:

- (a) Capital reserve represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares in December 2000 over the nominal value of the share capital of the Company issued in exchange thereafter.
- (b) Employee share-based compensation reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods, the total of which is based on the fair value of the share options over the relevant vesting period (if any) and is recognised in general and administrative expenses with a corresponding increase in the employee share-based compensation reserve.
- (c) Pursuant to the provision of Cayman Companies Law, shares of a company are repurchased wholly out of the Company's profits, the amount by which the Company's issued share capital is diminished on cancellation of the shares repurchased shall be transferred to the capital redemption reserve.
- (d) In accordance with the relevant PRC rules and regulations, certain subsidiaries of the Company are required to apportion not less than 10% of their profits after tax to the respective statutory reserve, until the respective balances of the fund reach 50% of the respective registered capitals. Subject to certain restrictions as set out in the relevant PRC regulations, these statutory reserve may be used to offset against their respective accumulated losses, if any.

28. COMMITMENTS

(a) Capital commitments

At the end of the reporting period, the Group had no capital commitments (2024: nil).

(b) Operating lease commitments and arrangements

As lessor

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

	2025 RMB'000	2024 RMB'000
Within one year	9,791	5,113
In the second to fifth years, inclusive	15,277	18,472
After five years	4,935	7,774
Total	30,003	31,359

29. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

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

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at 30 June 2025 and 2024 are as follows:

Name of subsidiary	Place/country of incorporation	Principal activity and place/country of operation	Particulars of issued/registered and paid up capital	Proportion ownership interest and voting power held by the Company	
				2025	2024
Held directly by the Company:					
Timor Enterprise Limited	British Virgin Islands (the "BVI")	Investment holding in Hong Kong	60,000 ordinary shares of US\$1 each	100%	100%
Insight Decision Limited	BVI	Investment holding in Hong Kong	1 ordinary share of US\$1	100%	100%
Worthy Year Investments Limited	BVI	Investment holding in Hong Kong	1 ordinary share of US\$1	100%	100%
Good Add Holdings Limited	BVI	Investment holding in Hong Kong	1 ordinary share of US\$1	100%	100%
Lead Rich Enterprises Limited	BVI	Investment holding in Hong Kong	1 ordinary share of US\$1	100%	100%
Held indirectly by the Company:					
Fujian Chaoda Modern Agriculture Group Company Limited**	PRC	Growing and sales of crops, breeding and sales of livestock in the PRC	HK\$2,591,000,000	100%	100%
福建超大畜牧業有限公司***	PRC	Provision of agency service in the PRC	RMB80,000,000	100%	100%

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place/country of incorporation	Principal activity and place/country of operation	Particulars of issued/registered and paid up capital	Proportion ownership interest and voting power held by the Company	
				2025	2024
Held indirectly by the Company: (continued)					
Chaoda Vegetable & Fruits Limited	Hong Kong	Distribution and trading of crops in Hong Kong	100,000 ordinary shares	100%	100%
Chaoda Vegetable & Fruits (Wholesale & Logistics) Limited ("CVFWL") [#]	Hong Kong	Wholesale and logistics of vegetables and fruits in Hong Kong	2,500,000 ordinary shares	60%	60%
Fujian Chaoda Liancheng Foodstuffs Co. Ltd ("Chaoda Liancheng") [#]	PRC	Property holding in the PRC	RMB15,000,000	91%	91%
Desire Star (Fujian) Development Company Limited*	PRC	Property holding in the PRC	US\$9,860,000	100%	100%
Inner Mongolia Chaoda Stockbreeding Co., Ltd*	PRC	Property holding in the PRC	RMB100,000,000	100%	100%

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

* Sino-foreign owned equity joint ventures

** Wholly foreign owned enterprises

*** Private limited liability companies

[#] For identification purpose only

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interest:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
CVFWL	Hong Kong	40%	40%	(23)	1,102	12,984	13,284
Chaoda Liancheng	PRC	9%	9%	(36)	(32)	(6,397)	(6,361)

The table below show the financial information of CVFWL and Chaoda Liancheng that have material non-controlling interests to the Group. The summarised financial information represents amounts before inter-company eliminations.

	CVFWL RMB'000	Chaoda Liancheng RMB'000
As at 30 June 2025:		
Non-current assets	406	–
Current assets	34,319	645
Current liabilities	(2,265)	(71,722)
Net assets/(liabilities)	32,460	(71,077)
Non-controlling interests	12,984	(6,397)
For the year ended 30 June 2025:		
Revenue	54,839	–
Loss for the year	(57)	(397)
Total comprehensive expense for the year	(750)	(397)
Loss for the year attributable to non-controlling interests	(23)	(36)
Total comprehensive expense for the year attributable to non-controlling interests	(300)	(36)
For the year ended 30 June 2025:		
Net cash generated from operating activities	13,804	54
Net cash used in investing activities	(9,163)	–
Net cash used in financing activities	(1,781)	–
Net cash inflow	2,860	54

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

(continued)

The table below show the financial information of CVFWL and Chaoda Liancheng that have material non-controlling interests to the Group. The summarised financial information represents amounts before inter-company eliminations.

(continued)

	CVFWL RMB'000	Chaoda Liancheng RMB'000
As at 30 June 2024:		
Non-current assets	701	–
Current assets	37,424	591
Current liabilities	(3,309)	(71,266)
Net assets/(liabilities)	34,816	(70,675)
Non-controlling interests	13,284	(6,361)
For the year ended 30 June 2024:		
Revenue	63,636	–
Profit/(loss) for the year	2,754	(354)
Total comprehensive income/(expense) for the year	2,896	(354)
Profit/(loss) for the year attributable to non-controlling interests	1,102	(32)
Total comprehensive income/(expense) for the year attributable to non-controlling interests	1,158	(32)
For the year ended 30 June 2024:		
Net cash generated from/(used in) operating activities	3,531	(22)
Net cash used in investing activities	(76)	–
Net cash used in financing activities	(2,439)	–
Net cash inflow/(outflow)	1,016	(22)

Except for CVFWL and Chaoda Liancheng, the directors consider that the Group's non-controlling interests were insignificant to the Group and thus not separately present in these consolidated financial statements for both years. In addition, no separate financial information of these non-wholly owned subsidiaries is required to be presented.

31. CAPITAL RISK MANAGEMENT

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

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

32. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities recognised at the end of the reporting period may also be categorised as follows. See note 3 for explanations on how the category of financial instruments affects their subsequent measurement.

Financial assets

	2025 RMB'000	2024 RMB'000
Financial assets measured at amortised cost		
– Trade receivables	10,554	15,743
– Other receivables and deposits	3,631	3,869
– Bank balances and cash	83,254	88,983
– Restricted bank balances	17,000	17,000
	114,439	125,595

Financial liabilities

	2025 RMB'000	2024 RMB'000
Financial liabilities measured at amortised cost:		
– Trade payables	1,200	1,692
– Other payables and accruals	5,353	10,431
– Lease liabilities	3,017	4,647
	9,570	16,770

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk factors

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

(i) **Currency risk**

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

(ii) **Credit risk**

Credit risk and impairment assessment

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

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

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

(a) Financial risk factors *(continued)*

(ii) Credit risk *(continued)*

Trade receivables

As at 30 June 2025, the Group has concentration of credit risk as 25% (2024: 44%) and 56% (2024: 79%) of the total trade receivables was due from the Group's largest debtor and the top five largest debtors respectively. Taking into accounts the creditworthiness of the customers, the credit risk measures and the historical levels of default, the directors consider that such concentration of credit risk would not result in significant credit default exposure to the Group.

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

Other receivables and deposits

For other receivables and deposits, the directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors perform impairment assessment under ECL model on other receivables and deposits. No written off was recognised for the year ended 30 June 2025 (2024: nil).

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

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

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

(a) Financial risk factors *(continued)*

(ii) Credit risk *(continued)*

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

	External Credit rating	Internal credit rating	12m or lifetime ECL	2025 Gross carrying amount RMB'000	2024 Gross carrying amount RMB'000
Financial assets at amortised cost					
Trade receivables	N/A	Low risk	Lifetime ECL (not credit-impaired)	10,554	15,743
	N/A	Doubtful	Lifetime ECL (not credit-impaired)	–	–
	N/A	Loss	Lifetime ECL (credit-impaired)	–	–
	N/A	Write-off	Amount is written off	–	–
Other receivables and deposits	N/A	Low risk	Lifetime ECL (not credit-impaired)	3,631	3,869
	N/A	Write-off	Amount is written off	–	–
Bank balances and restricted bank balances	Aa1-Baa1	N/A	12m ECL	100,254	105,983

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

(a) Financial risk factors *(continued)*

(ii) Credit risk *(continued)*

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

Trade receivables

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

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000
Trade receivables		
As at 1 July 2023, 30 June 2024, 1 July 2024 and 30 June 2025	–	–

In the opinion of the directors of the Company, provision of ECL on trade receivables is considered to be immaterial. Accordingly, no provision of ECL has been recognised in the consolidated financial statements.

The Group does not hold any collateral over these balances.

Restricted bank balances, time deposits with original maturity within/over three months and bank balances

The credit risk on restricted bank balances, time deposits with original maturity within/over three months and bank balances is limited because the major counterparties are reputable banks operating in Hong Kong and in the PRC. Other than the concentration of restricted bank balances, time deposits with original maturity within/over three months and bank balances which are deposited with several reputable banks in Hong Kong and in the PRC, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

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

(a) Financial risk factors *(continued)*

(iii) Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

As at 30 June 2025

	On demand or within 1 year RMB'000	1-2 years RMB'000	Over 2 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade payables	1,200	–	–	1,200	1,200
Other payables and accruals	5,353	–	–	5,353	5,353
Lease liabilities	2,652	457	–	3,109	3,017
	9,205	457	–	9,662	9,570

As at 30 June 2024

	On demand or within 1 year RMB'000	1-2 years RMB'000	Over 2 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade payables	1,692	–	–	1,692	1,692
Other payables and accruals	10,431	–	–	10,431	10,431
Lease liabilities	2,634	2,063	172	4,869	4,647
	14,757	2,063	172	16,992	16,770

(iv) Interest rate risk

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

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

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (note 22) RMB'000
As at 1 July 2023	3,594
Finance cash flows	(2,871)
Non-cash changes:	
New lease entered	3,905
Exchange realignment	19
As at 30 June 2024 and as at 1 July 2024	4,647
Finance cash flows	(2,796)
Non-cash changes:	
New lease entered	950
Exchange realignment	216
As at 30 June 2025	3,017

Major non-cash transactions

The Group entered into the following major non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

During the year ended 30 June 2025, the Group had addition of right-of-use assets and lease liabilities of RMB963,000 (2024: RMB4,001,000) and RMB950,000 (2024: RMB3,905,000) respectively and adjustment on rental deposits paid of RMB13,000 (2024: RMB96,000) in respect of lease arrangement for leasehold building.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment		624	826
Right-of-use assets		752	480
Interests in subsidiaries		139,405	152,232
		140,781	153,538
Current assets			
Other receivables, deposits and prepayments		513	549
Bank balances and cash		9,774	8,922
		10,287	9,471
Current liabilities			
Amounts due to subsidiaries		3,492	3,561
Other payables and accruals		2,393	1,272
Lease liabilities		491	515
		6,376	5,348
Net current assets		3,911	4,123
Total assets less current liabilities		144,692	157,661
Non current liabilities			
Lease liabilities		259	–
Net assets		144,433	157,661
Capital and reserves			
Share capital		27,215	333,149
Reserves	(i)	117,218	(175,488)
Total equity		144,433	157,661

Approved and authorised for issue by the board of directors on 30 September 2025.

Kwok Ho
Director

Ip Chi Ming
Director

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

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

Note:

(i) *Movement in the Company's reserves*

	Share premium RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 July 2023	6,170,235	23,001	5,247	(947,620)	(5,399,015)	(148,152)
Loss for the year	–	–	–	–	(27,521)	(27,521)
Other comprehensive income						
– Exchange difference arising on translation from functional currency to presentation currency	–	–	–	185	–	185
Total comprehensive income/ (expense) for the year	–	–	–	185	(27,521)	(27,336)
Lapse of share options	–	(57)	–	–	57	–
As at 30 June 2024 and as at 1 July 2024	6,170,235	22,944	5,247	(947,435)	(5,426,479)	(175,488)
Loss for the year	–	–	–	–	(10,711)	(10,711)
Other comprehensive expense						
– Exchange difference arising on translation from functional currency to presentation currency	–	–	–	(2,517)	–	(2,517)
Total comprehensive expense for the year	–	–	–	(2,517)	(10,711)	(13,228)
Lapse of share options	–	(409)	–	–	409	–
Capital reduction (note 25)	–	–	–	–	305,934	305,934
As at 30 June 2025	6,170,235	22,535	5,247	(949,952)	(5,130,847)	117,218

Five Year Financial Summary

For the year ended 30 June 2025

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

RESULTS

	Year ended 30 June				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Revenue	73,649	83,629	87,858	74,467	63,360
Loss before income tax	(25,759)	(15,999)	(3,874)	(13,475)	(14,699)
Income tax expense	–	(257)	(437)	(445)	–
Loss for the year	(25,759)	(16,256)	(4,311)	(13,920)	(14,699)
Loss for the year attributable to:					
Owners of the Company	(26,403)	(17,065)	(6,363)	(16,785)	(14,640)
Non-controlling interests	644	809	2,052	2,865	(59)
	(25,759)	(16,256)	(4,311)	(13,920)	(14,699)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 30 June				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Total assets	262,491	246,098	243,531	234,347	213,678
Total liabilities	(34,263)	(33,115)	(34,154)	(34,606)	(26,570)
Non-controlling interests	(2,536)	(3,155)	(3,407)	(6,996)	(6,660)
Total equity attributable to owners of the Company	225,692	209,828	205,970	192,745	180,448