



Chaoda Modern Agriculture (Holdings) Ltd.
超大現代農業（控股）有限公司

PRESS RELEASE **October 21, 2005**

Chaoda Modern Agriculture (Holdings) Limited announces 2004/5 Annual Results

Highlights:

- Turnover increased 20%
- Net profit attributable to shareholders increased 24% (before exceptional item) and 30% (after exceptional item)
- EBITDA increased 26% (before exceptional item) and 44% (after exceptional item)
- Basis EPS increased from RMB0.42 to RMB0.48 (before exceptional item) and from RMB0.47 to RMB0.56 (after exceptional item)
- Diluted EPS increased from RMB0.41 to RMB0.47 (before exceptional item) and from RMB0.46 to RMB0.55 (after exceptional item)
- Declared final dividend of RMB0.11 per share

Hong Kong, October 21, 2005 – Chaoda Modern Agriculture (Holdings) Limited (the “Group” or “Chaoda”, HKSE: 682), a leading modern integrated ecological farming enterprise in China, today announced its annual results for the year ended June 30, 2005.

During the year under review, turnover increased 20% to RMB2,238 million, mainly due to the expansion of the Group’s production bases. Net profit attributable to shareholders before and after exceptional item rose 24% to RMB1,135 million and 30% to Rmb1,311 million respectively compared to last year. Overall gross margin and net profit margin (before exceptional item) remained at a high level of 67% and 51%, respectively. The Board of Directors proposed a final dividend of RMB 0.11 per share.

Mr. Kwok Ho, Chairman of Chaoda said, “Prices of vegetables were more volatile in the first half of 2005 compared to the same period last year. Prices increased 2 to 3 times in some of the southeast coastal areas, mainly due to the frequent occurrence of unusual and unfavorable weather. However, we were able to stabilize output throughout the year as well as diversify the risk of natural disasters effectively because our production bases are

strategically located across different longitudes and latitudes in 12 provinces and cities in China. This enables the Company to capture the enormous demand for green vegetables and fruits in many nearby markets. It also helps to avoid time lags in delivery and enables the Company to adapt swiftly to changing market trends.”

Sales of agricultural produce increased from 712,000 tonnes in 2004 to 892,000 tonnes in 2005. The Group continued to increase its sales to institutional clients. These accounted for 5.6% of total sales, as compared to 4.3% last year. Contribution of export sales remained stable from last year, accounting for 30% of the Group’s sales.

Looking Forward:

Chaoda will gradually adjust its product mix and production in order to meet the needs of institutional customers, such as supermarkets, which account for a continually growing share of the market for agricultural produce sales. Additionally, the Company will attempt to further strengthen its brand by participating in different trade fairs and by using Chaoda’s trademarks on its products to increase awareness among consumers. The Group will also continue to develop its export channels so as to complement the Company’s businesses in the PRC.

Growing Brand Recognition:

The Company held three influential trade shows for Taiwan agriculture products in Fuzhou, Shanghai and Beijing in May, July and October 2005, respectively. All three shows were well recognized by the government and the market, and helped to further enhance Chaoda’s brand. In September 2005, the Company was named one of the “Top 100 Outstanding Dragon Head Agricultural Enterprises” in the PRC under the stringent evaluation of a committee formed by the Ministry of Agriculture and seven other ministries. In August 2005, Chaoda was named one of “China’s 500 Most Valuable Brands” for the second time by the World Brand Laboratory and World Economic Forum. Among Chinese conglomerates, Chaoda’s ranking jumped significantly from 220 last year to 177 this year. The Company ranked first among agriculture companies and has become the number-one name in the Chinese agricultural industry. With these awards, the Chinese government and the agriculture industry have shown their recognition of the Group’s outstanding corporate image and quality.

Management:

Chaoda management attempts to run the Company with a continual focus on maximizing

shareholder value. As part of this effort, the Company continued to enhance the level of corporate governance during the year. The engagement of Baker Tilly, an international auditor, demonstrates Chaoda's commitment to the quality of its auditing works. For the development of new businesses and investments, the Company has created a stringent evaluation and approval system.

Chairman Kwok concluded, "We believe that the agricultural sector is entering a stage of fast growth. The poor business model, primitive village economies, and low productivity are the major causes of the income gap between urban and rural areas. Apart from adopting preferential policies, the government promotes the industrialization of agriculture to improve the production and distribution of agricultural products. Chaoda is already a pioneer in agricultural industrialization, and will continue to strengthen and enhance its operating model. We believe that the business model of the Group has long-term competitive advantages relative to other business models. Going forward, Chaoda will capitalize on such market opportunities and will continue to expand its businesses. We will further strengthen and enhance the Company's leading position in the PRC's agricultural industry and maintain the steady growth of our business."

About Chaoda Modern Agriculture (Holdings) Limited

Chaoda was established as a private enterprise on December 1, 1994 in Fujian Province, PRC. It is a pioneer in the production and distribution of ecologically grown vegetables. It was listed on the main board of the Stock Exchange of Hong Kong in 2000 and had a market capitalization of HK\$7 billion (US\$914 million) as of October 10, 2005. Chaoda is principally engaged in green vegetable and fruit production and distribution, which accounts for over 90% of its total revenues. As at June 30, 2005, Chaoda has developed 33 production bases with a total production area of 189,000 mu (approximately 12,600 hectares) in 12 provinces of Mainland China, producing over 150 species and eight hundred and ninety thousand tons of produce a year. Chaoda distributes 70% of its products domestically through wholesale, institutional delivery and supermarkets and exports the rest to overseas markets. For more information, please visit Chaoda's website www.chaoda.com

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