



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

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

Chaoda's Annual Results Continued Stable Growth
Cash Position Amounted to RMB3.1 billion as at 30 June 2009

HIGHLIGHTS

Turnover increased by 22% to RMB6,127 million.

Gross profit increased by 19% to RMB4,151 million.

EBITDA increased by 15% to RMB3,563 million.

Profit from operations increased by 11% to RMB3,006 million.

Profit attributable to equity shareholders (excluding changes in fair value of biological assets and gain on redemption of Convertible Bonds (defined as below)) increased by 9% to RMB2,788 million.

Profit attributable to equity shareholders increased by 104% to RMB3,986 million.

(13 October 2009, Hong Kong) Chaoda Modern Agriculture (Holdings) Limited (the "Company" or "Chaoda", together with its subsidiaries, collectively the "Group"; HKEx: 682) is pleased to present the annual results for the 12 months ended 30 June 2009.

FINANCIAL REVIEW

For the financial year ended 30 June 2009, the Group recorded a stable growth of 22% and 11% in turnover and profit from operations to RMB6,127 million (2008: RMB5,033 million) and RMB3,006 million (2008: RMB2,704 million) respectively.

For the financial year under review, profit attributable to equity shareholders rose to RMB3,986 million, representing an increase of 104% (2008: RMB1,956 million). Excluding the non-cash flow items, changes in fair value of biological assets and gain on redemption of the Convertible Bonds, profit attributable to equity shareholders amounted to RMB2,788 million, representing an increase of 9% (2008: RMB2,569 million).

The Board has recommended the payment of a final dividend of HK\$0.05 per share for the financial year ended 30 June 2009 (2008: HK\$0.032 per share) to the shareholders.

The total operating expenses amounted to RMB1,223 million (2008: RMB968 million), representing an increase of 26%. The two major non-cash flow items affecting profit attributable to equity shareholders, changes in fair value of biological assets recorded a gain of RMB18 million (2008: a gain of RMB113 million) while the Convertible Bonds recorded a gain on redemption of RMB1,180 million (2008: a loss of RMB726 million in change in fair value).

The gain on redemption of the Convertible Bonds arose since, during the period from April to June 2009, the Company had repurchased and redeemed, in batches, all the outstanding Convertible Bonds. Upon the redemption in full, the difference between the carrying amount and the total amount actually paid on the redemption of the Convertible Bonds was charged as a gain in the income statement for the financial year under review.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, cash and cash equivalents of the Group increased by RMB1,827 million from RMB1,280 million as at 30 June 2008 to RMB3,107 million. During the financial year under review, most of the balances were kept in RMB, the functional currency of the Group. The effect of exchange rate fluctuations were not material to the Group and no hedging was made by the Group.

During the financial year under review, net cash generated by the Group from its operating activities increased from RMB2,391 million in the previous financial year to RMB3,131 million. In addition, by way of top-up placing 80,402,000 new shares in February 2009, the Company raised approximately HK\$391 million for expansion of operations and general working capital. Later in June 2009, the Company placed 388,000,000 new shares and raised approximately HK\$1,740 million in preparing for the repayment of the US\$225 million 7.75% guaranteed senior notes due on 8 February 2010.

The total equity of the Group including minority interests was RMB16,757 million as at 30 June 2009 (2008: RMB11,117 million). The current liabilities of the Group mainly consisted of the US\$225 million guaranteed senior notes.

As at 30 June 2009, the debt to equity ratio of the Group was 9% compared with 33% as at 30 June 2008. The current ratio was 2.8 times compared with 1.3 times as at 30 June 2008. The improvement in both debt to equity and current ratios was mainly due to the fact that the Company had fully redeemed the Convertible Bonds and completed preparing for the repayment of the guaranteed senior notes.

AGRICULTURAL LAND

For the financial year under review, the Group steadily expanded its production bases to strengthen the cultivation of its agricultural produce business and to contribute to the sustainable growth of the Group.

As at 30 June 2009, total production base area of the Group's core business (including vegetable land, tea garden and fruit garden) amounted to 578,475 mu (38,565 hectares), a steady increase of 17% when compared with 494,815 mu (32,988 hectares) as at 30 June 2008. The weighted average production base area for vegetables as at 30 June 2009 amounted to 441,520 mu (29,435 hectares), an increase of 27% when compared with 346,581 mu (23,105 hectares) as at 30 June 2008.

The 34 production bases with a total area over 570,000 mu cover 15 different provinces and cities in China. The widespread distribution and diversified production bases enable Chaoda to produce all year round and effectively lower the negative impacts of natural calamities and adverse weather conditions on the Group as well as to provide a solid base for the supply of fresh agricultural produce. Strategic selection of production bases also serves as the foundation of enhancing the overall productivity, and distributing efficiently the agricultural produce to the customers in the most competitive manner.

PROSPECTS AND DEVELOPMENT STRATEGY

Looking ahead, we believe the agricultural sector in China will gradually become less fragmented. More farmers' cooperatives or agricultural organisations will emerge and join forces with leading agricultural enterprises to accelerate industrialisation, standardisation and modernisation for the sake of increasing agricultural productivity. The overall operating environment will continue to improve, together with the quality and safety of agricultural products. The agricultural sector and rural areas are approaching an important historical turning point.

The government not only emphasises food security, but also sets up a centralised planning mechanism for development of the vegetable sector. In June 2009, the Ministry of Agriculture announced the "National Key Vegetable Farming Regions Development Plan (2009–2015)". According to the plan, there will be eight key vegetable production regions in China by 2015, each with its distinct competitive advantages and characteristics. The basis for these designations is to ensure stable market supply throughout the year, increase farmers' income and enhance competitiveness of Chinese vegetables in the global market. Chaoda's longstanding strategy of developing production bases in four key regions is basically in line with the government's new development plan for vegetables, demonstrating Chaoda's foresight and competitive strengths in scientific planning.

"Our practical experience shows that the Chaoda model, 'company + production bases + farmers', is effective as a means to increase agricultural productivity. It also addresses the issue of rural unemployment and under-employment, and helps to raise farmer's incomes. The national as well as local governments recognise and support our business model, which helps to promote social stability in rural areas. As one of China's leading agricultural brand, we will continue to focus on our core business —cultivation and distribution of vegetables and fruits. The Group will expand production bases in four key regions — Northeast China, North China, the Yangtze River area, and South China. Based on the seasonal and market factors as well as growth characteristics of individual fruits and vegetables, we will also look for complementary production bases in other areas in order to acquire high quality land resources and gradually extend our value chain. We believe this will enable the Group to have stable and sustainable development in the future." Concluded Mr. Kwok Ho, Chairman of the Company.

About Chaoda Modern Agriculture (Holdings) Limited

Chaoda Modern Agriculture (Holdings) Limited ("Chaoda", HKSE: 00682) is a leading enterprise in the production and distribution of ecologically grown vegetables and other agricultural products. It was listed on the main board of the Stock Exchange of Hong Kong in year 2000. Devoted to the establishment of large-scale and standardized farming production bases in various areas, Chaoda ensures year-round supplies of high-quality products to domestic and international customers through wholesale, institutional delivery

and export trading. As a modern agricultural enterprise, Chaoda's mission is to supply healthy and nutritious products to consumers globally.

For more information, please visit www.chaoda.com.hk or www.irasia.com/listco/hk/chaoda .

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