



# Chaoda Modern Agriculture 超大现代农业

## FY2009/2010 Annual Results





# Table of Contents

---

- I Financial Highlights for FY2009/2010**
- II Market and Business Review**
- III Industry and Business Outlook**

## Appendix: Financial Details





# Chaoda Modern Agriculture 超大现代农业

## Financial Highlights for FY2009/2010 (12 months ended 30 June 2010)



# Results Summary

<i>(RMB million)</i>	Including Exceptional Items			Excluding Exceptional Items		
	FY2010	FY2009	% Change	FY2010	FY2009	% Change
Turnover	6,964	6,127	14	6,964	6,127	14
Gross profit	4,577	4,151	10	4,577	4,151	10
EBITDA	4,355	3,563	22	4,201	3,544	19
Profit from operation	3,569	3,006	19	3,415	2,987	14
Exceptional items						
1) Gain arising from changes in fair value of biological assets	153	18	-			
2) Gain on redemption of convertible bonds	-	1,180	-			
Profit attributable to the owners of the Company	3,659	3,986	(8)	3,505	2,788	26
Earnings per share						
- Basic (RMB)	1.18	1.55	(24)	1.13	1.08	5
- Diluted (RMB)	1.15	1.05	9	1.10	1.05	5



# Cash Flow Summary

<i>(RMB million)</i>	<b>FY2010</b>	<b>FY2009</b>	<b>% Change</b>
<b>Cash &amp; cash equivalents at 1 July</b>	<b>3,107</b>	<b>1,280</b>	<b>143</b>
Cash generated from operations	4,210	3,616	16
Net cash used in investing activities *	(3,858)	(2,231)	73
<b>Free cash flow</b>	<b>352</b>	<b>1,385</b>	<b>(75)</b>
Interest received, finance costs paid, dividends paid, income tax paid & changes in exchange rates	(203)	(164)	24
Net cash generated from financing activities	(1,212)	606	(300)
<b>Cash &amp; cash equivalents at 30 June</b>	<b>2,044</b>	<b>3,107</b>	<b>(34)</b>

\* *Including the increase in biological assets*



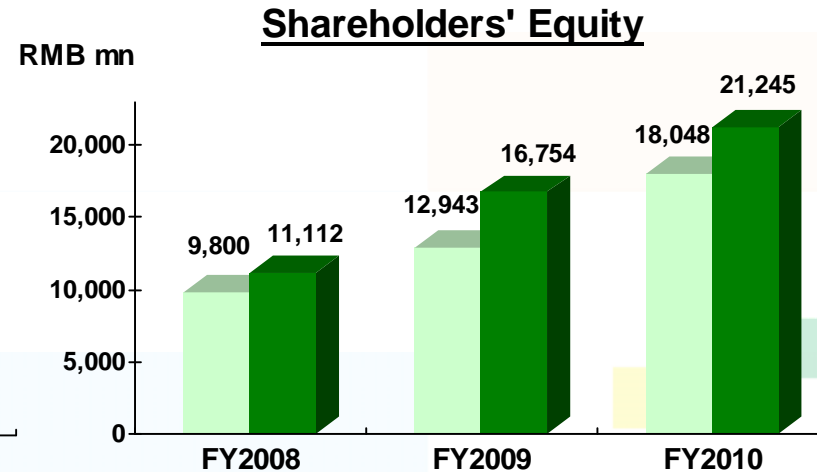
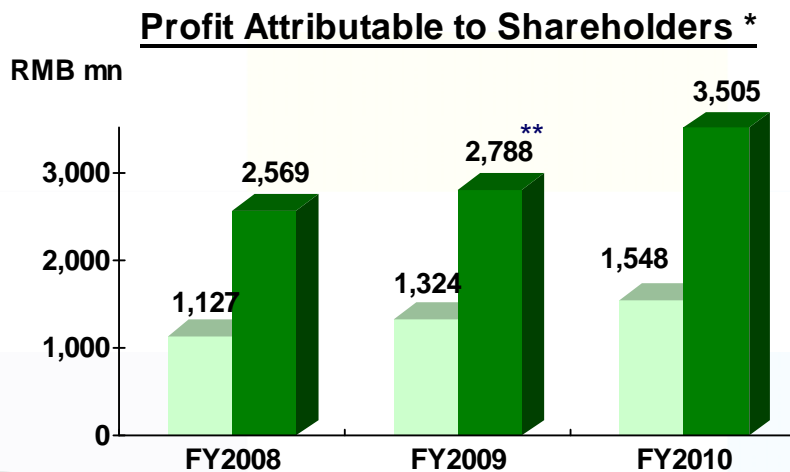
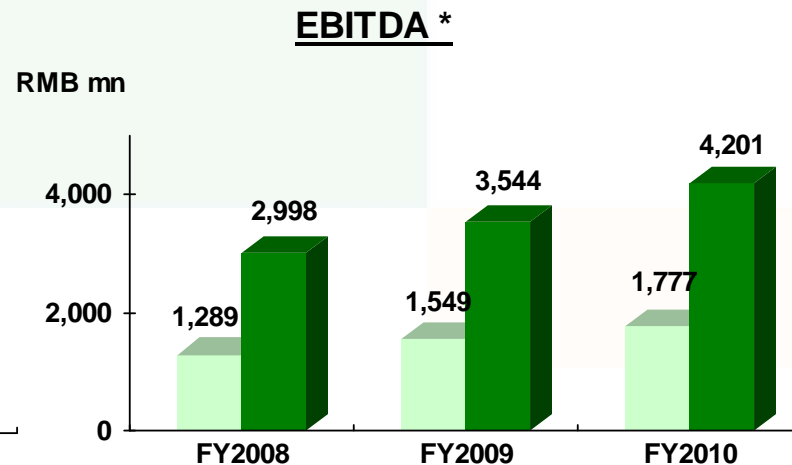
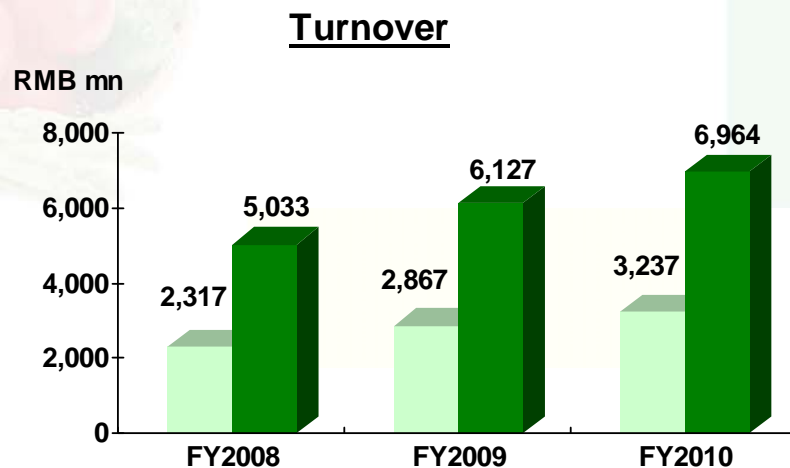
# Financial Position At-A-Glance

<i>(RMB million)</i>	<b>30/6/2010</b>	<b>30/6/2009</b>	<b>% Change</b>
Property, plant and equipment	7,370	4,814	53
Construction-in-progress	271	933	(71)
Prepaid premium for land leases	5,420	4,809	13
Biological assets	2,628	1,769	49
Interests in associates	879	974	(10)
Other long-term assets	1,396	285	390
<b>Total non-current assets</b>	<b>17,964</b>	<b>13,584</b>	<b>32</b>
<b>Net current assets</b>	<b>3,565</b>	<b>3,194</b>	<b>12</b>
<b>Total non-current liabilities</b>	<b>21</b>	<b>21</b>	<b>0</b>
<b>Net assets</b>	<b>21,508</b>	<b>16,757</b>	<b>28</b>



# Turnover and Profit Trend

■ Interim  
■ Annual



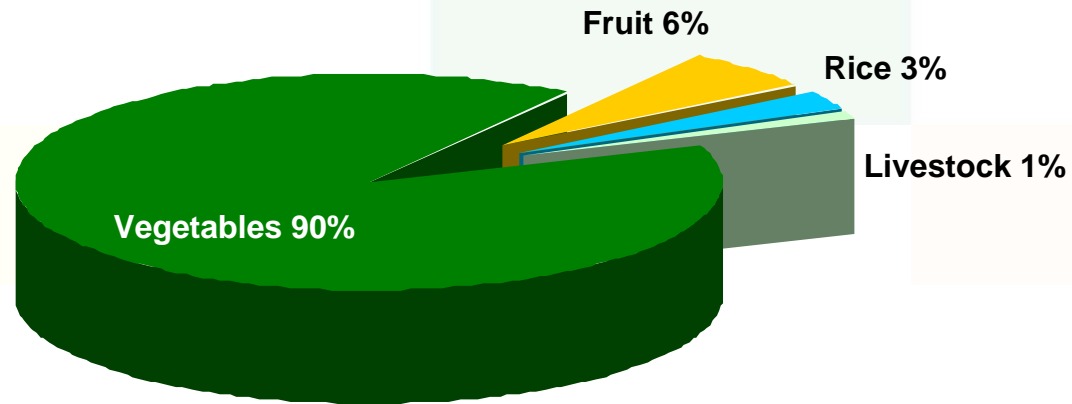
\* Excluding exceptional items

\*\* An interest paid for the redemption of CB amounted to RMB189 million during FY2009

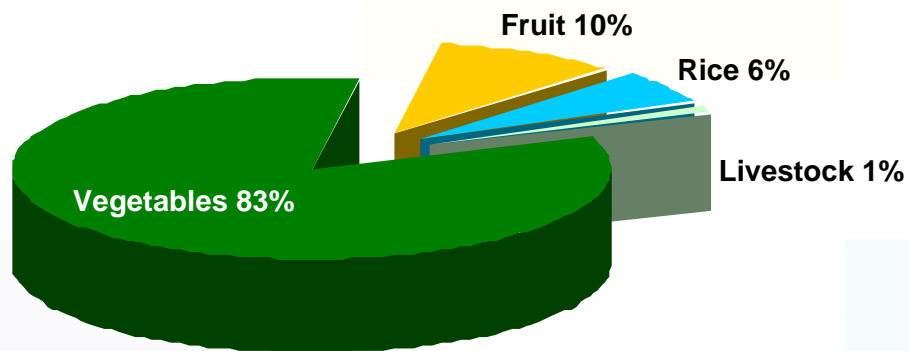


# Turnover by Segment

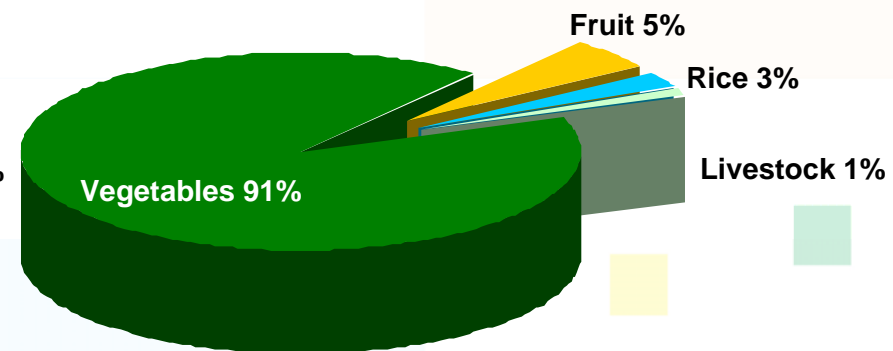
FY2010



1H FY2010



FY2009

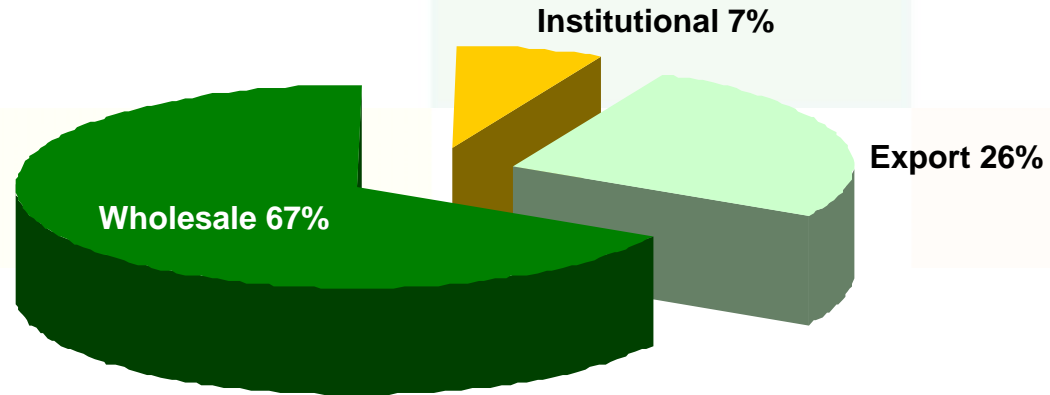




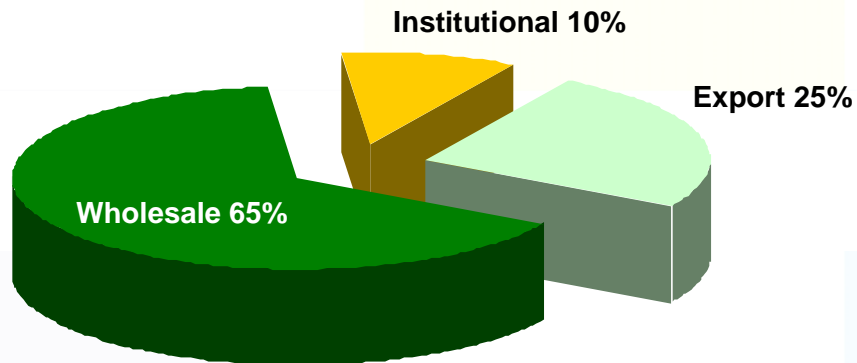
# Turnover by Channel

CROPS ONLY

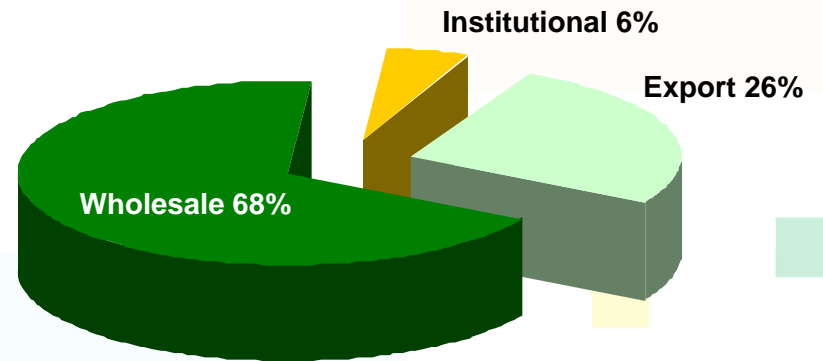
FY2010



1H FY2010



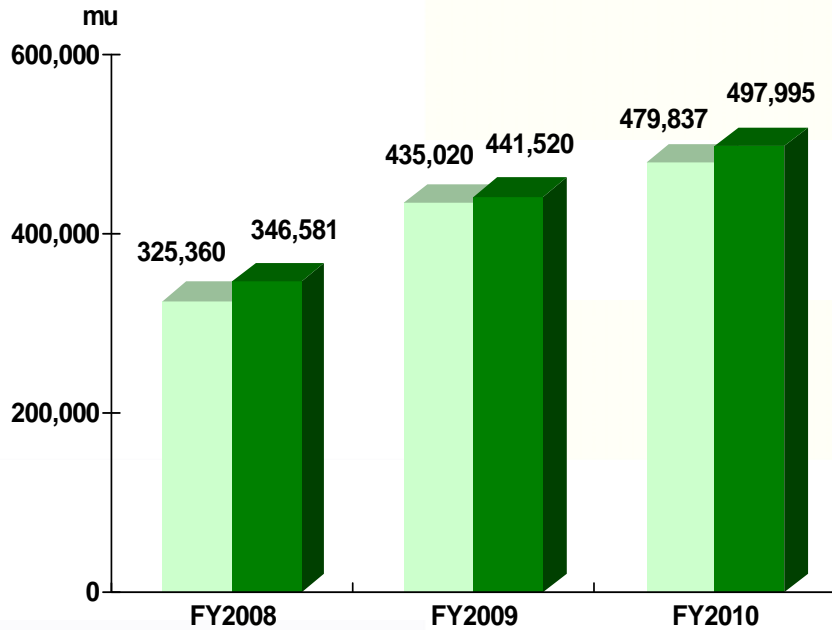
FY2009



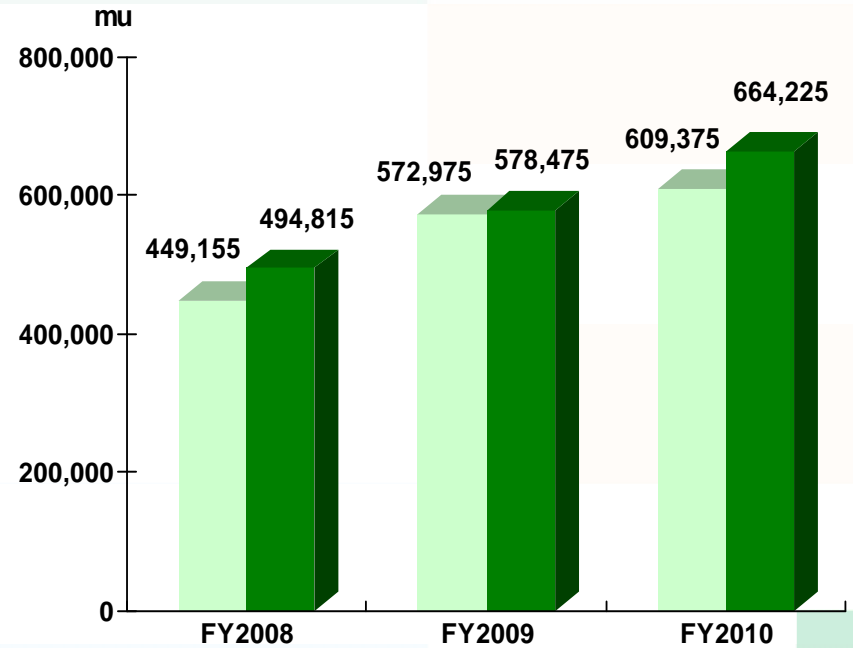
# Production Area

Interim  
Annual

### Weighted Av Production Area for Vegetables



### Total Production Area \*

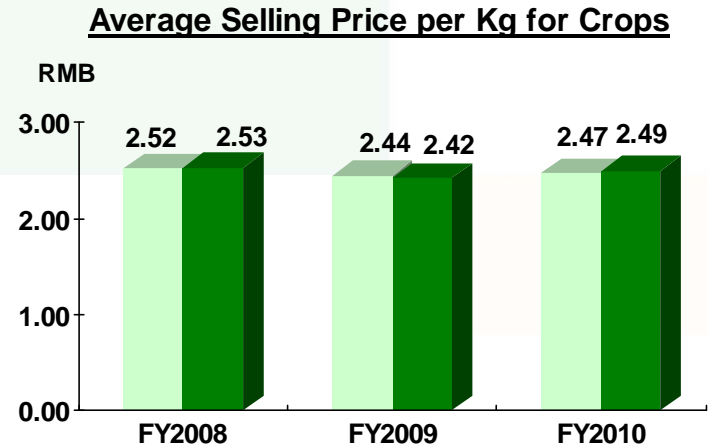
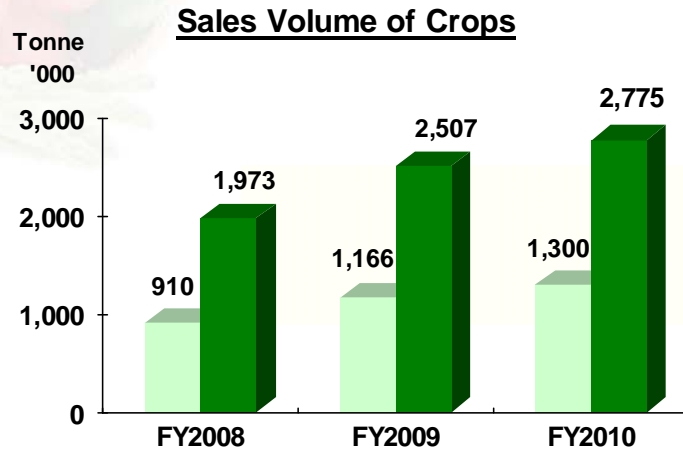


\* Including vegetable land, tea garden and fruit garden

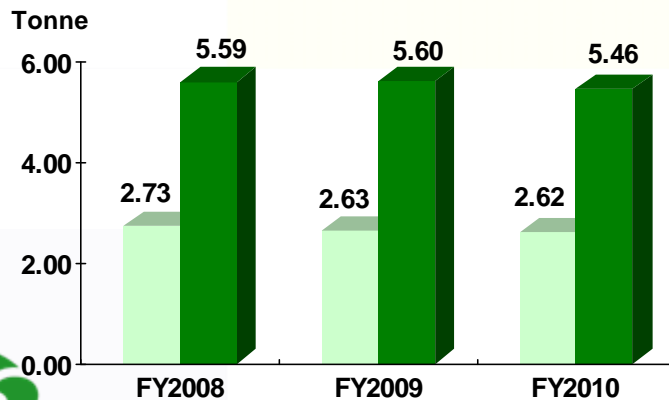


# Sales Volume, Selling Price and Yield

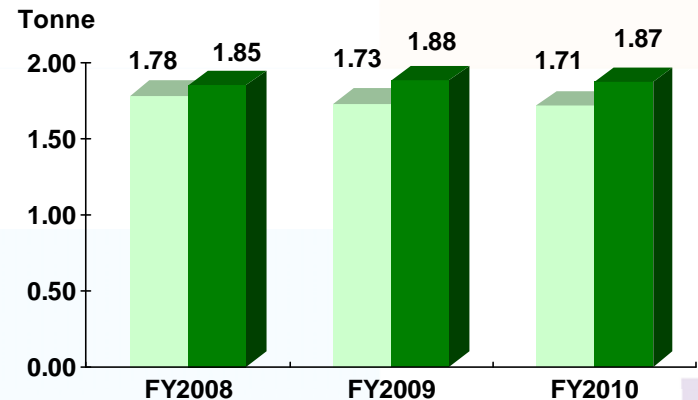
■ Interim  
■ Annual



**Annual Yield per Mu for Vegetables**



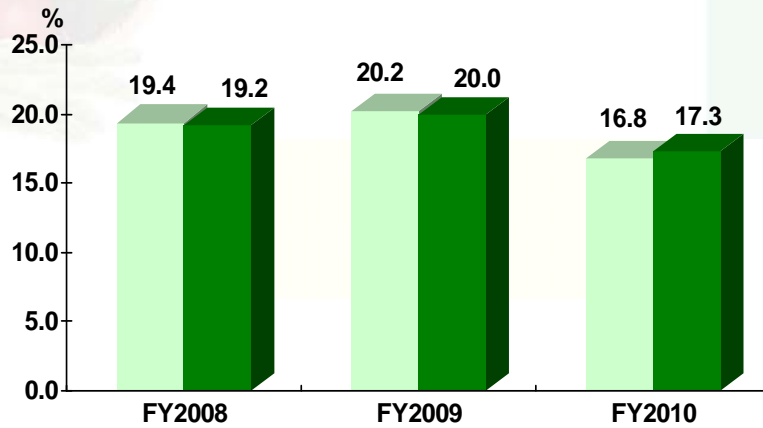
**Yield per Mu per Harvest for Vegetables**



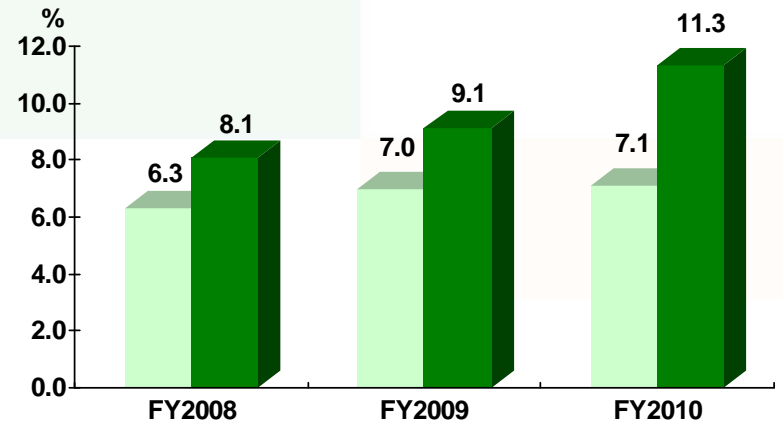
# Expense Ratios

■ Interim  
■ Annual

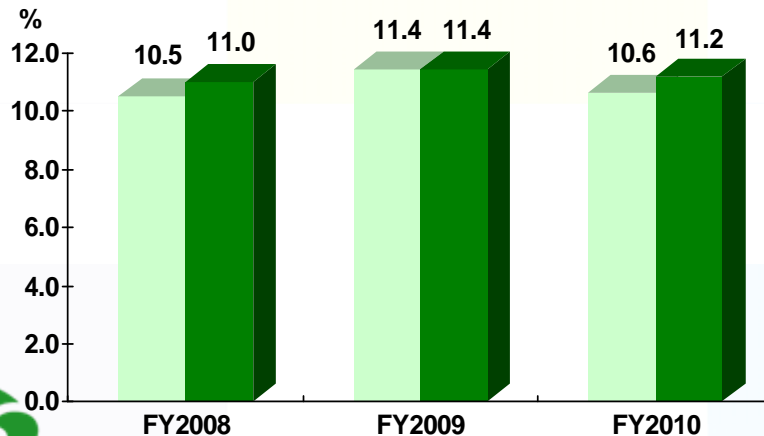
Total Oper. Exp. as % of Sales



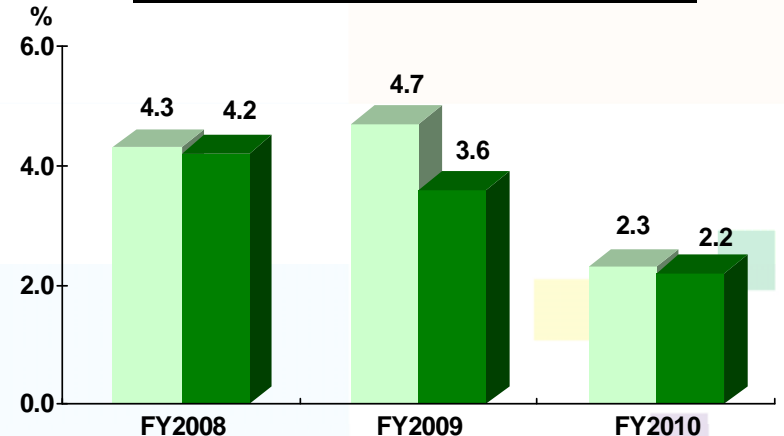
Depre. & Amort. as % of Sales



Selling & Distribution Exp. as % of Sales



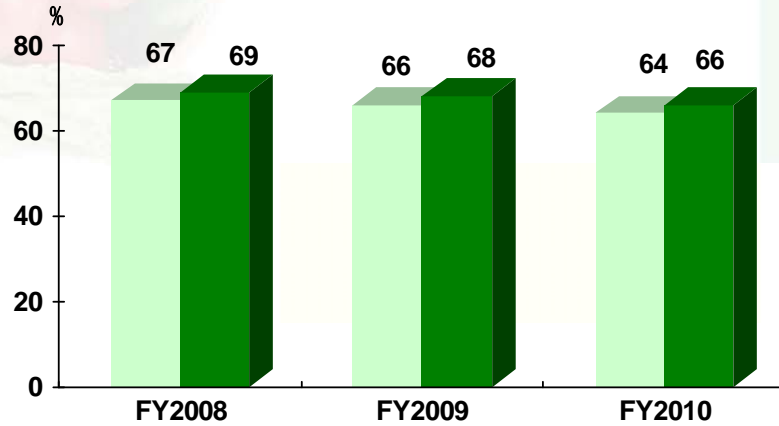
General & Adm. Exp. as % of Sales



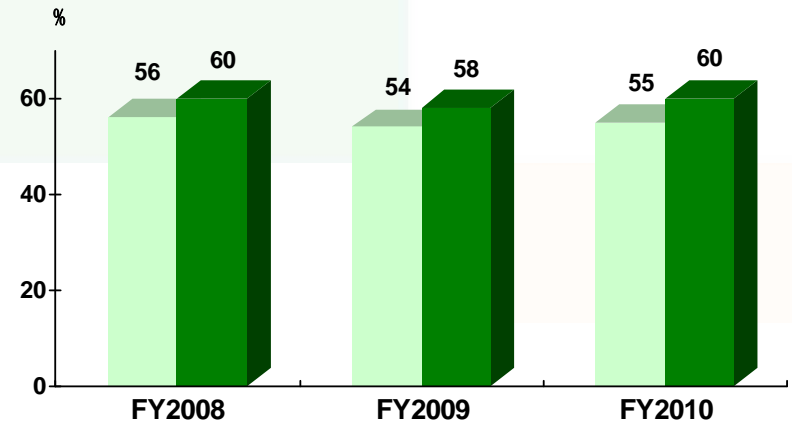
# Profit Margins and ROE

■ Interim  
■ Annual

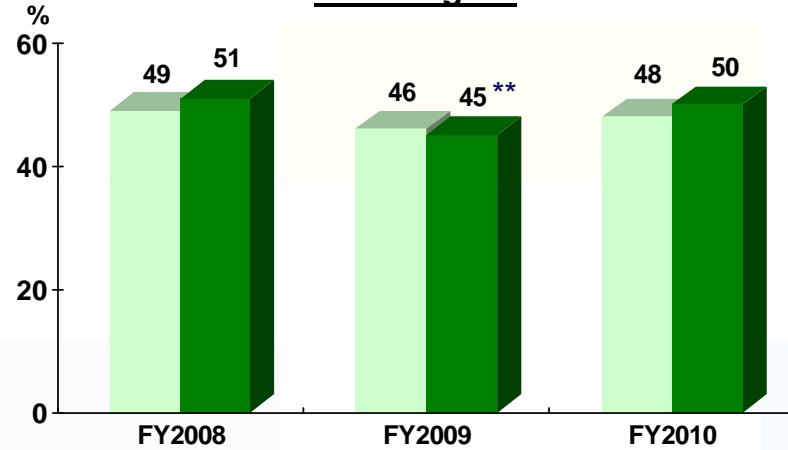
Gross Margin



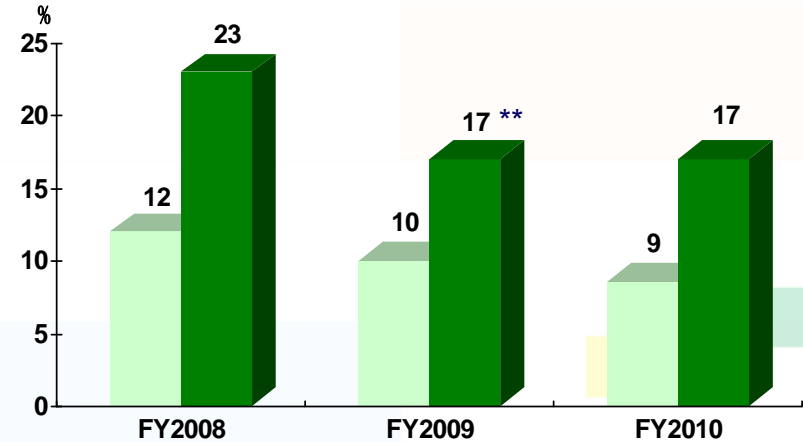
EBITDA Margin \*



Net Margin \*



Return on Equity (ROE) \*



\* Excluding exceptional items

\*\* An interest paid for the redemption of CB amounted to RMB189 million during FY2009





# Chaoda Modern Agriculture 超大现代农业

## Market and Business Review



# Industry Review

- ❑ In 2009, the vegetable cultivation area in China reached 273 million mu, a 1.8% increase year-on-year. The total output of vegetables was 602 million tons, up 4.7% YoY.
- ❑ China is a major vegetable exporter in the world. China had a favorable balance of trade in vegetables in 2009 of US\$6.67 billion.
- ❑ The central government maintained a number of preferential policies aimed at supporting agricultural development. The central government allocated RMB725.3 billion for the programs related to the “Three Rural Issues” in 2009, up 22% YoY.
- ❑ In January of 2010, the government announced the “Number One” document, for the seventh continuous year giving priority to the “Three Rural Issues”. The Document aims at improving coordination of urban and rural development and to strengthen agriculture and rural development.

*Source: Ministry of Agriculture*



# Chaoda Business Review

- ❑ During the financial year under review, Chaoda's business maintained stable growth. Its production base areas expanded to 664,225 mu, up 15% YoY. Profit from operations increased by 19% to RMB3,569 million.
- ❑ In addition to the sound results, Chaoda also received the following awards:
  - In March 2010, Chaoda retained its designation of "State-Level Dragon Head Leading Agricultural Enterprise", after passing a review by eight state ministries including the Ministry of Agriculture
  - In June 2010, World Brand Laboratory ranked Chaoda 83<sup>rd</sup> in its 2010 ranking of "China's 500 Most Valuable Brands". Its brand value increased by RMB1.57 billion to RMB 9.64 billion.
  - In July 2010, the Chinese edition of Fortune Magazine included Chaoda in its list of "China's Top 500 Companies". Chaoda ranked fourth in the category for agriculture, forestry, animal husbandry and fisheries industry, and number 315 overall.







# Chaoda Modern Agriculture 超大现代农业

## Industry and Business Outlook



# Industry and Business Outlook

- ❑ China has entered a crucial stage in the transformation of traditional agriculture as part of its drive for agricultural modernization.
- ❑ The government praised Chaoda's accomplishments in terms of raising the income levels of farmers, based on its business model of "Company + Production Bases + Farmers".
- ❑ Benefiting from government policy and favorable market environment, we believe that Chaoda has a promising future.
  - continue to focus on our core business – the cultivation and distribution of vegetables and fruits. In the coming 3 years, we will expand our vegetable land area at an annual growth rate of 25-30%
  - expand production bases primarily in Northeast China, North China, the Yangtze River area and South China, and seek complementary production bases in other areas based on seasonal factors, markets and products
  - continue to promote the experience of the 2008 Beijing Olympics, strengthen quality standardization management system, and shift our focus from that of a "corporate brand" to a "product brand"





# Chaoda Modern Agriculture 超大现代农业

## Appendix: Financial Details



# Key Financial Measures

	<u>FY2010</u>	<u>FY2009</u>
<u>Margins and Expenses as % of Turnover</u>		
Gross Margin	66%	68%
Net margin - excluding exceptional items	50%	45%
Net margin - including exceptional items	53%	65%
Selling & distribution expenses / turnover	11.2%	11.4%
General & administrative expenses / turnover	2.2%	3.6%
Research expenses / turnover	0.4%	1.4%
<u>Financial Ratios</u>		
Accounts receivable turnover (days)	22	23
Current ratio	17	3
Total debt / equity	0.1%	9.4%
EBITDA * / Interest	53	11

\* Excluding exceptional items



# Production Analysis (Crops Only)

	<u>FY2010</u>	<u>FY2009</u>	<u>% Change</u>
<b>Output (Tonnes '000)</b>	<b>2,775</b>	<b>2,507</b>	<b>11</b>
<b>Average selling price (RMB/Kg)</b>	<b>2.49</b>	<b>2.42</b>	<b>3</b>
<b>Total production base area (Mu)</b>	<b>664,225</b>	<b>578,475</b>	<b>15</b>
Total production base area (Ha)	44,282	38,565	15
<b>Weighted average production area for vegetables (Mu)</b>	<b>497,995</b>	<b>441,520</b>	<b>13</b>
Weighted average production area for vegetables (Ha)	33,200	29,435	13
<b>Yield per mu for vegetables (Tonnes)</b>	<b>5.46</b>	<b>5.60</b>	<b>-</b>
Harvest ratio for vegetables (times of harvest/year)	2.92	2.98	-
Yield per harvest for vegetables (Tonnes/mu)	1.87	1.88	-
No. of species	150+	150+	-
No. of production bases	31	34	-
No. of provinces & municipal cities covered	13	15	-



# Production Area by Location

[ Unit: Mu (15 mu = 1 hectare) ]

Provinces	Weighted Average Production Area for Vegetables Only		Total Production Area *	
	<u>FY2010</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2009</u>
Fujian	77,850	72,850	150,305	145,555
Jiangsu	95,362	83,220	94,170	83,470
Jilin	80,000	65,000	80,000	68,000
Shaanxi	58,500	55,500	58,500	55,500
Hubei	48,000	41,750	48,000	43,000
Hebei	55,000	41,500	55,000	41,500
Hunan	33,000	30,000	33,000	30,000
Shandong	13,000	10,000	13,000	10,000
Henan	2,500	6,000	-	6,000
Guangdong	4,825	5,100	4,000	5,100
Zhejiang	3,500	3,500	3,500	3,500
Liaoning	458	1,100	-	1,100
Jiangxi	-	-	98,750	59,750
<b><u>Municipal Cities</u></b>				
Beijing	5,000	5,000	5,000	5,000
Tianjin	21,000	21,000	21,000	21,000
<b>Total</b>	<b><u>497,995</u></b>	<b><u>441,520</u></b>	<b><u>664,225</u></b>	<b><u>578,475</u></b>

\* Including vegetable land, tea garden and fruit garden



# Production Area by Business Line

- As at 30 June 2010, Chaoda had 31 production bases in 13 provinces and cities in China, including 24 for vegetables production bases, 2 tea gardens and 5 fruit gardens.

	Area (mu)		% of total area		% Change
	FY2010	FY2009	FY2010	FY2009	
Vegetable land	493,020	443,020	74	77	11
Fruit garden	152,495	116,745	23	20	31
Tea garden	18,710	18,710	3	3	-
<b>Total production area</b>	<b>664,225</b>	<b>578,475</b>	<b>100</b>	<b>100</b>	<b>15</b>



# Top Five Products Analysis

## By Sales Value (按销售额)

- 1 Broccoli (西兰花)
- 2 Sweet Corn (甜玉米)
- 3 Cauliflower (白花菜)
- 4 Chilli pepper (辣椒)
- 5 Cabbage (甘兰)

## By Sales Volume (按销售量)

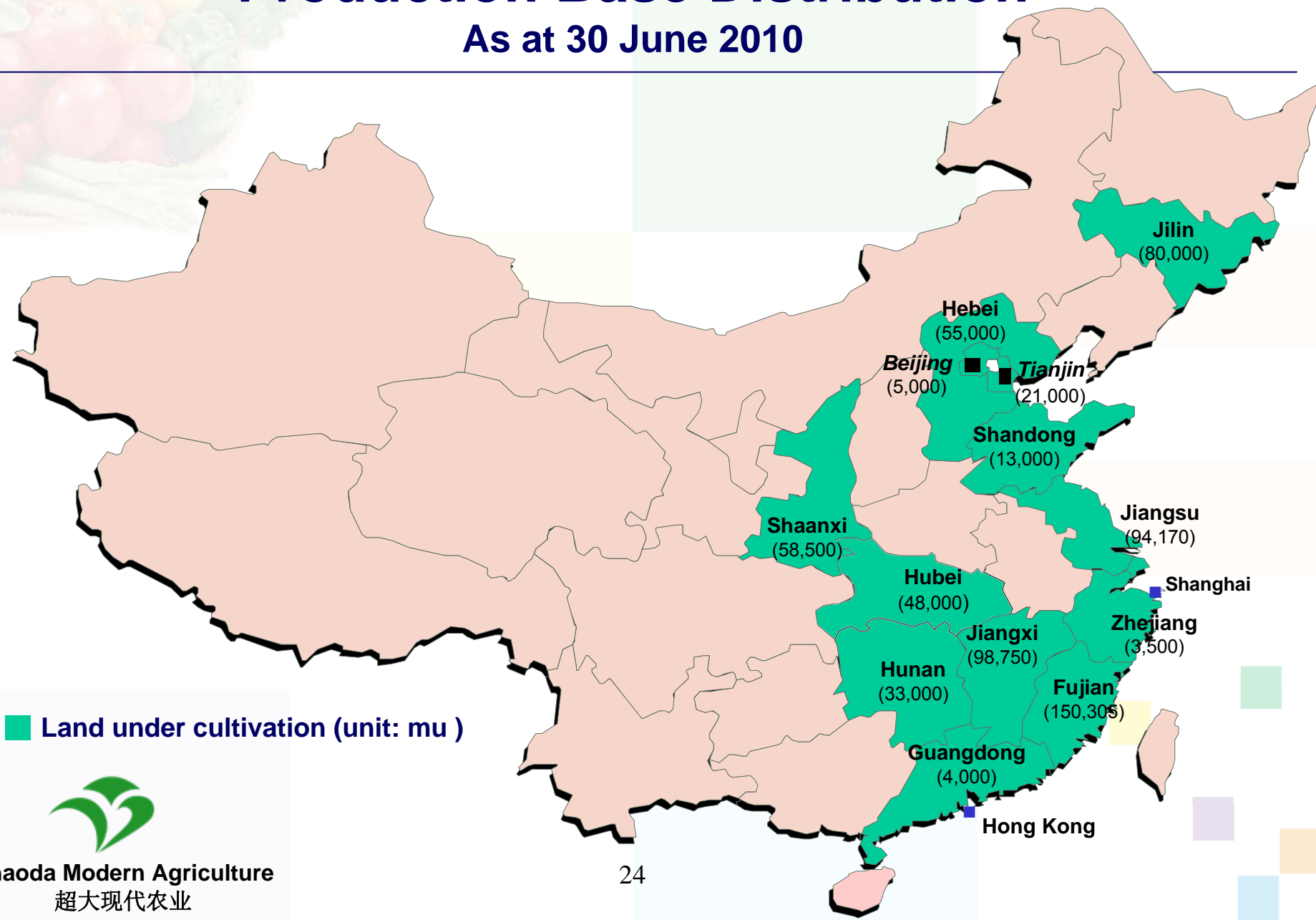
- 1 Cauliflower (白花菜)
- 2 Sweet Corn (甜玉米)
- 3 Broccoli (西兰花)
- 4 Cabbage (甘兰)
- 5 Chilli pepper (辣椒)





# Production Base Distribution

As at 30 June 2010



■ Land under cultivation (unit: mu )



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