



Chaoda Modern Agriculture (Holdings) Limited

超大現代農業（控股）有限公司

Chaoda Announced 2009/2010 Annual Results Continued Stable Growth and Increased Land Area

Highlights

- Turnover recorded a growth of 14% to RMB6,964 million (2009: RMB6,127 million);
- Gross profit grew 10% to RMB4,577 million (2009: RMB4,151 million)
- Profit from operations rose 19%, to RMB3,569 million (2009: RMB3,006 million);
- Excluding the gain and the non-cash flow item (changes in fair value of biological assets), profit for the year attributable to the owners of the Company rose considerably by 26% to RMB3,505 million (2009: RMB2,788 million);
- The Directors have recommended the payment of a final dividend of HK\$0.06 per share for the financial year ended 30 June 2010 (2009: HK\$0.05 per share) to the shareholders.

(18 October 2010, 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 2010.

FINANCIAL REVIEW

As a result of proactive business expansion, the Group continued to report sound results for the financial year ended 30 June 2010. Turnover recorded a growth of 14% to RMB6,964 million (2009: RMB6,127 million), reflecting the increase in sales backed by our advantageous conditions and complementary facilities. Accordingly, profit from operations also rose 19%, to RMB3,569 million (2009: RMB3,006 million). Gross profit grew 10% to RMB4,577 million (2009: RMB4,151 million).

As a result of our effective cost control, the total operating expenses were reduced to approximately 17% of the turnover (2009: 20% of the turnover). With an increase in sales, the corresponding increase in selling and distribution expenses were controlled at 11% to RMB780 million (2009: RMB700 million). General and administrative expenses decreased by 30% to RMB153 million (2009: RMB220 million).

Profit for the year attributable to the owners of the Company amounted to RMB3,659 million, a decrease by RMB327 million when compared with RMB3,986 million for the previous financial year which included a gain of

RMB1,180 million on redemption of convertible bonds. Excluding the gain and the non-cash flow item (changes in fair value of biological assets), profit for the year attributable to the owners of the Company rose considerably by 26% to RMB3,505 million (2009: RMB2,788 million).

The Directors have recommended the payment of a final dividend of HK\$0.06 per share for the financial year ended 30 June 2010 (2009: HK\$0.05 per share) to the shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

During the financial year under review, net cash inflow generated by the Group from its operating activities increased from RMB3,131 million in the previous financial year to RMB3,322 million. As at 30 June 2010, the Group's cash and cash equivalents amounted to RMB2,044 million (2009: RMB3,107 million). The decrease was mainly because the Company fully repaid the guaranteed senior notes in February 2010 while the capital expenditure increased.

As at 30 June 2009 and 2010, the Group did not have any material contingent liabilities.

AGRICULTURAL LAND

As at 30 June 2010, the Group operated 31 production bases in 13 different provinces and cities in China, with a total production base area, including vegetable land, tea garden and fruit garden, amounting to 664,225 mu (44,282 hectares), an increase of 15% when compared with 578,475 mu (38,565 hectares) as at the end of the previous financial year. The weighted average production base area for vegetables for this financial year was 497,995 mu (33,200 hectares), an increase of 13% when compared with 441,520 mu (29,435 hectares) for the previous financial year.

PROSPECTS AND DEVELOPMENT STRATEGY

Core Business

China has entered a crucial stage in the transformation of traditional agriculture as part of its drive for agricultural modernisation. The government attaches great importance to scientific and technological advances in agriculture. In October 2009, during the "National Agricultural Technology Innovation and Promotion Conference" in Nanjing, Jiangsu Province, over 300 agricultural government officials and agricultural experts from 31 provinces, autonomous regions and municipalities visited Chaoda's Yangzhou production base. The officials and experts praised Chaoda's accomplishments in terms of raising the income levels of farmers, based on its business model of "Company + Production Bases + Farmers". We believe that China's agricultural industry is undergoing an important and historical transformation. The Group will seize this historic opportunity, while continuing

to focus on our core business — the cultivation and distribution of vegetables and fruits, accelerating the land aggregation and expansion speed.

Quality Control

Agricultural standardisation is fundamental to agricultural modernisation and food safety, as well as a key to ensuring the quality and safety of agricultural products. The Group will continue to learn from the experience of supplying vegetables to the 2008 Beijing Olympics, when we ran a dedicated program using standardised production technology and quality control. The Group is creating a management system to disseminate these lessons and technologies throughout the production bases in order to strengthen quality control and enhance competitiveness.

Brand Building

The Group has been shifting its branding strategy from “corporate focused” to a “product focused”. Chaoda will build several product brands based on specific traits, high quality, and market appeal, by integrating brand resources and concentrating brand impact. The Group will integrate the brand management concept into every step of production, processing and distribution, especially with regard to product standardisation, and will implement a market expansion strategy based on product brands. The aim is to translate brand value into profitability and industrial competitiveness, to maximise the profit of the Group.

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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 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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