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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)

**SUPPLEMENTARY ANNOUNCEMENT
IN RELATION TO
THE INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

Reference is made to the interim results announcement dated 27 February 2017 (the “**Interim Results Announcement**”) of Chaoda Modern Agriculture (Holdings) Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the six months ended 31 December 2016 (the “**Period**”).

Unless otherwise defined, capitalized terms used in this announcement have the same meanings as defined in the Interim Results Announcement.

As disclosed in the Interim Results Announcement, the Group recorded significant increase in the loss attributable to owners of the Company for the Period by RMB983.5 million, or 2.3 times as compared to the corresponding period of 2015. The increase in loss was mainly resulted from the following impairments (together, the “**Impairments**”) recognized for the Period:

- (i) impairment loss on *prepaid premium for land leases* (representing certain long-term prepaid rentals of subsidiaries engaged in the growing and sales of crops) of approximately RMB279 million;
- (ii) impairment loss on *property, plant and equipment* (representing certain farmland infrastructures of subsidiaries engaged in the growing and sales of crops) of approximately RMB808 million; and
- (iii) impairment loss on *biological assets* of approximately RMB76.8 million.

The Board would like to provide the Company's shareholders and the investing public with additional information on the Impairments.

Impairment loss on prepaid premium for land leases, property, plant and equipment

- In the past years, the demand for the Group's produces had remained at a low level. The farmland leased and available to the Group for crop production had not been utilized in full and economies of scale could not be effectively accomplished. The situation was aggravated by the drop in average selling price for crops in the China markets coupled with the continued rise in the overall production costs in recent years (including but not limited to labour and rental costs).

In light of the persisting challenges in the operating environment, the management of the Company considered it strategically and commercially desirable for the Group to take steps to gradually downsize the scale, and ultimately reduce the overall costs, of crop production by early termination of the leases of certain farmlands which were primarily in the northern part location. Details of location in provinces of the PRC are as follow:

<i>Location of land</i>	<i>Approximate land area</i>	<i>Approximate amount of impairment loss for the Period</i>
Hebei Province	77,500 mu	RMB 141 million
Jilin Province	50,000 mu	RMB 93 million
Jiangsu Province	20,000 mu	RMB 45 million
Total	: 147,500 mu	RMB 279 million

As a result, an impairment loss of approximately RMB808 million was recognized during the Period to impair the *carrying amount* of the **farmland infrastructure** consisting mainly of:

- roads and ditches construction works of approximately RMB303 million;
- green house facilities of approximately RMB275 million;
- irrigation facilities system of approximately RMB180 million; and
- electricity and power facilities system of approximately RMB28 million.

Impairment loss on biological assets

- The *carrying amount* of biological assets (such as fruits) under review was made with reference to their *net realizable value* assessable as at the end of the Period. Such *net realizable value* was determined by comparing its total costs (including the costs that were incurred as at the end of the Period and the estimated future costs to be incurred until harvest) to its total revenue.

- The recognition of impairment loss on biological assets was mainly due to the circumstance that the estimated future costs to be incurred for the biological assets until harvest exceed its expected total revenue. Consequently, the costs that had already been incurred (being the *carrying amount*) of the biological assets as at the end of the Period were impaired accordingly.

The underlying assets on which the Impairments were made do not relate to a previous acquisition made under Chapter 14 or 14A of the Listing Rules. The Company has not engaged any external parties to perform an independent valuation in respect of the Impairments recognized for the Period.

INTERIM REPORT

The interim report of the Company for the Period containing the above and other information required by the Listing Rules of the Stock Exchange will be published on the Stock Exchange's website and the Company's websites (<http://www.chaoda.com.hk/> <http://www.irasia.com/listco/hk/chaoda>), and be available to the Company's shareholders before the end of March 2017.

By Order of the Board
Chaoda Modern Agriculture (Holdings) Limited
Kwok Ho
Chairman

Hong Kong, 17 March 2017

As of the date hereof, the board of directors of the Company comprises:

Executive directors : *Mr. Kwok Ho, Mr. Kuang Qiao, Mr. Yang Gang and Mr. Zhang Chang Man*

Non-executive director : *Mr. Ip Chi Ming*

Independent non-executive directors : *Mr. Fung Chi Kin, Mr. Tam Ching Ho, Professor Lin Shun Quan and Mr. Chan Yik Pun*