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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)**

**BUSINESS UPDATE  
INTEGRATED OPERATIONAL STRATEGIES**

This is a voluntary announcement made by the board of directors (the **Board**) of Chaoda Modern Agriculture (Holdings) Limited (the **Company**, together with its subsidiaries, the **Group**) to inform the shareholders of the Company (the **Shareholders**) and potential investors of the latest business development of the Group.

The Group is an integrated and modern agricultural enterprise. It has been principally engaged in the cultivation and sale of high quality agricultural produce, primarily in Mainland China.

The success of the Group substantially depends on, among other things, its ability to implement its strategies to rise to the challenge constantly facing the agricultural industry. To better utilize the existing resources of the Group to maximize return to the Shareholders, the Board is taking steps to evaluate the viability of certain operational strategies for the development of its business.

The Group is currently leasing farmland and employing farm employees for its production bases for agricultural production. The Board believes that initiatives in agriculture can create opportunities. The ability of the Group to inspire participants to carry on their own agricultural production to become more involved and business-oriented in the agricultural production activities may be conducive to addressing common challenges in the agricultural industry and provide mutual benefits.

Accordingly, the Board intends to (i) identify suitable farmers, collectives and other entities to participate in their own agricultural production, either on their own farmland or farmland leased from others and (ii) provide guidance on and setting the standards for cultivation and agricultural production or incorporate the Group's integrated cultivation, processing and marketing expertise into their operations, and with the objective of the Group taking charge of marketing of the resulting agricultural products.

By taking an integrated role in the agricultural production to be carried on by potential participants, the Group aims to achieve the following:

- (i) reduce the Group's overall operating costs and the capital expenditures on farmland infrastructures;
- (ii) provide flexibility to the Group to expand its coverage of agricultural activities in Mainland China;
- (iii) secure a more stable and reliable supply of agricultural products; and
- (iv) ensure the safety and quality of the agricultural products.

To enable potential participants to focus on agricultural production, the Group proposes to render assistance in providing or procuring processing facilities for agricultural products, such as (a) soliciting or securing production orders the agricultural products, (b) conducting marketing and research; and (c) devising agricultural production/management plans and schedules for a wide variety of agricultural products for different growing seasons to secure guaranteed sales to the extent practicable, within the shortest time possible to maintain the freshness of the products, and through the most effective means (such as e-commerce).

The Board expects the proposed integrated operational strategies, if viable, will provide incentives to attract participants to form alliance with the Group to engage in efficient and effective agricultural activities and allow them to share the fruit of the efforts. The strategies, if successfully implemented, will create a win-win situation as they are expected to create value for the participants as well as for the Group, which are the Group's continuing quest for a more effective and sustainable development and operation of its agricultural business.

The Board will continue study the feasibility and details of implementation of the proposed integrated operational strategies for the Group, and will make further announcement(s) to inform the Shareholders and potential investors of any development as and when appropriate.

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

Hong Kong, 15 December 2016

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

<i>Executive directors</i>	:	<i>Mr Kwok Ho, Ms Huang Xie Ying, Mr Kuang Qiao, Mr Yang Gang and Mr Zhang Chang Man</i>
<i>Non-executive director</i>	:	<i>Mr Ip Chi Ming</i>
<i>Independent non-executive directors</i>	:	<i>Mr Fung Chi Kin, Mr Tam Ching Ho, Professor Lin Shun Quan and Mr Chan Yik Pun</i>