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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

RESULTS

The board of directors (the “Board”) of Chaoda Modern Agriculture (Holdings) Limited (the “Company”) is pleased to present the interim results of the Company and its subsidiaries (collectively referred to as the “Group” or “Chaoda”) for the six months ended 31 December 2011. The consolidated statement of comprehensive income of the Group for the six months ended 31 December 2011 and the consolidated statement of financial position of the Group as at 31 December 2011, together with the selected explanatory notes, are unaudited and condensed, which have been reviewed by the Company’s Audit Committee and the Company’s auditors, Elite Partners CPA Limited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011 - Unaudited**

	Notes	Six months ended 31 December	
		2011 RMB'000	2010 RMB'000
Turnover	3	1,708,695	3,835,298
Cost of sales		<u>(1,811,050)</u>	<u>(1,452,848)</u>
Gross (loss)/profit		(102,355)	2,382,450
Other revenues		78,278	49,102
Loss arising from changes in fair value less costs to sell of biological assets	9	(2,487,993)	(42,658)
Selling and distribution expenses		(433,758)	(431,707)
General and administrative expenses		(81,849)	(235,879)
Research expenses		(8,012)	(24,461)
Other operating expenses		<u>(164,356)</u>	<u>(166,267)</u>
(Loss)/Profit from operations		(3,200,045)	1,530,580
Finance costs	5(a)	(50,829)	(33,361)
Loss on disposal of available-for-sale investments		(86,205)	-
Impairment loss on available-for-sale investments		(79,620)	-
Gain on disposal of an associate		-	48,174
Share of results of associates		241	(425)
(Loss)/Profit before income tax	5	(3,416,458)	1,544,968
Income tax expense	6	(38)	(88)
(Loss)/Profit for the period		(3,416,496)	1,544,880
Other comprehensive (expense)/income, including reclassification adjustments and net of income tax			
Exchange loss on translation of financial statements of foreign operations		(14,128)	(41,621)
Change in fair value of available-for-sale investments		(160,695)	580,395
Release upon disposal of available-for sale investments		(123,299)	-
Release upon impairment of available-for-sales investments		79,620	-
Other comprehensive (expense)/income for the period, including reclassification adjustments and net of income tax		(218,502)	538,774
Total comprehensive (expense)/income for the period		(3,634,998)	2,083,654
(Loss)/Profit for the period attributable to:			
Owners of the Company		(3,415,281)	1,546,794
Non-controlling interests		(1,215)	(1,914)
		<u>(3,416,496)</u>	<u>1,544,880</u>
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(3,632,430)	2,085,568
Non-controlling interests		(2,568)	(1,914)
		<u>(3,634,998)</u>	<u>2,083,654</u>
(Loss)/Earnings per share for (loss)/profit attributable to the owners of the Company during the period			
- Basic	8(a)	<u>RMB(1.04)</u>	<u>RMB0.47</u>
- Diluted	8(b)	<u>RMB(1.04)</u>	<u>RMB0.45</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011 - Unaudited**

	Notes	31 December 2011 RMB'000	30 June 2011 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		9,877,062	9,666,312
Construction-in-progress		37,091	85,457
Prepaid premium for land leases		6,698,498	6,522,621
Biological assets	9	1,606,422	3,225,805
Available-for-sale investments		237,069	972,317
Deferred development costs		12,145	15,680
Deferred expenditure		646,004	537,578
Intangible assets		482,955	488,649
Interests in associates		7,809	7,573
		<u>19,605,055</u>	<u>21,521,992</u>
Current assets			
Prepaid premium for land leases		171,998	168,836
Biological assets	9	381,194	1,247,676
Inventories		74,519	37,273
Trade receivables	10	54,696	316,942
Other receivables, deposits and prepayments		362,944	500,224
Cash and cash equivalents		2,802,688	3,332,630
		<u>3,848,039</u>	<u>5,603,581</u>
Current liabilities			
Amount due to a related company		46,379	79,129
Trade payables	11	18,975	18,738
Other payables and accruals		102,869	124,519
Convertible bonds	12	1,053,703	-
		<u>1,221,926</u>	<u>222,386</u>
Net current assets		<u>2,626,113</u>	<u>5,381,195</u>
Total assets less current liabilities		<u>22,231,168</u>	<u>26,903,187</u>
Non-current liabilities			
Convertible bonds	12	-	1,038,741
Deferred tax liabilities		20,655	20,655
		<u>20,655</u>	<u>1,059,396</u>
Net assets		<u>22,210,513</u>	<u>25,843,791</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		332,787	332,787
Reserves		21,734,282	25,364,992
		<u>22,067,069</u>	<u>25,697,779</u>
Non-controlling interests		143,444	146,012
Total equity		<u>22,210,513</u>	<u>25,843,791</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2011 (the "Interim Financial Report") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Interim Financial Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2011 (the "2011 Annual Financial Statements").

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the 2011 Annual Financial Statements, except for the adoption of the new, amended or revised Hong Kong Financial Reporting Standards ("HKFRSs") (which collectively include all applicable individual Hong Kong Financial Reporting Standard ("HKFRS"), Hong Kong Accounting Standard ("HKAS") and Interpretation issued by HKICPA) as disclosed in Note 2.

The Interim Financial Report is unaudited but has been reviewed by Elite Partners CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

2. ADOPTION OF NEW, AMENDED OR REVISED HKFRSs

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2011:

HKAS 24 (Revised)	Related Party Disclosures
Amendments to HKFRS 7	Disclosures - Transfers of Financial Assets
Various	Annual Improvements to HKFRSs 2010

The impact of these new HKFRSs on the Interim Financial Report is not significant.

The Group has not early adopted certain new standards, amendments to standards and interpretations that have been issued at the time of preparing the Interim Financial Report but are not yet effective. The directors of the Company (the "Directors") anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the period beginning after the effective date of the pronouncements. The Directors are also currently assessing the impact of these new standards, amendments to standards and interpretations but are not yet in a position to state whether they would have material impact on the results and the financial position of the Group.

3. TURNOVER

The principal activities of the Group are the growing and sales of crops, and breeding and sales of livestock.

Turnover represents the sales value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 31 December	
	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Sales of crops	1,690,551	3,810,169
Sales of livestock	18,144	25,129
	<u>1,708,695</u>	<u>3,835,298</u>

4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

The Group's operating business are organised and managed separately according to the nature of products, which each segment representing a strategic business segment that offers different products in the People's Republic of China ("PRC") market. However, the Group's executive directors considered that over 90% of the Group's revenue, operating results and assets during the six months ended 31 December 2011 and 2010 were mainly derived from its growing and sales of crops. Consequently, no operating segment analysis is presented.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile. Over 90% of the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

5. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Bank and finance charges	97	82
Effective interest on convertible bonds	<u>50,732</u>	<u>33,279</u>
	<u>50,829</u>	<u>33,361</u>

(b) Staff costs

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Salaries, wages and other benefits	593,703	409,218
Employee share option benefits	1,720	160,128
Retirement benefit costs	<u>2,736</u>	<u>2,702</u>
	<u>598,159</u>	<u>572,048</u>

(c) Other items

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Interest income	(31,893)	(13,066)
Scrip dividend income from available-for-sale investments	(16,518)	(19,167)
Amortisation of deferred development costs	3,535	5,775
Deferred development costs written off	-	1,000
Amortisation of deferred expenditure, net of amount capitalised	93,126	61,205
Amortisation of prepaid premium for land leases, net of amount capitalised	60,510	21,971
Cost of inventories sold	1,811,050	1,452,848
Depreciation of property, plant and equipment, net of amount capitalised	251,935	256,132
Operating lease expenses		
– Land and buildings	149,694	115,765
– Motor vehicles	17	51
Loss on disposals and written off of property, plant and equipment	<u>53,364</u>	<u>11,731</u>

6. INCOME TAX EXPENSE

The amount of income tax expense represents:

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Current tax		
– PRC income tax (Note (a))	38	88
– Hong Kong profits tax (Note (b))	-	-
	<u>38</u>	<u>88</u>

Notes:

- (a) According to the PRC tax law and its interpretation rules, enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption or half reduction of enterprise income tax on profits derived from such business. Fuzhou Chaoda Agriculture Development Company Limited, the Company's principal subsidiary, and other PRC subsidiaries engaged in qualifying agricultural business, which include growing and sales of crops and breeding and sales of livestock, are entitled to full exemption of enterprise income tax.

The enterprise income tax rate of other PRC subsidiaries of the Company not engaged in qualifying agricultural business is 25% for the six months ended 31 December 2011 and 2010.

- (b) No provision for Hong Kong profits tax has been made as there are no estimated assessable profits for the Company and its subsidiaries operating in Hong Kong for the six months ended 31 December 2011 and 2010.

7. DIVIDENDS

- (a) Dividends payable to the owners of the Company attributable to the period:

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Interim dividend (2010: HK\$0.030 per ordinary share)	-	85,230

The Directors do not recommend the payment of interim dividend for the six months ended 31 December 2011.

- (b) Dividends payable to the owners of the Company attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 31 December	
	2011 RMB'000	2010 RMB'000
Final dividend (2010: HK\$0.060 per ordinary share, in respect of the previous financial year, approved and paid during the period)	-	172,379

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to the owners of the Company of RMB3,415,281,000 (Six months ended 31 December 2010: profit of RMB1,546,794,000) and the weighted average number of 3,291,302,000 (Six months ended 31 December 2010: 3,297,636,000) ordinary shares in issue during the period.

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/ earnings per share is based on the loss attributable to the owners of the Company of RMB3,415,281,000 (Six months ended 31 December 2010: profit of RMB1,580,073,000) and the weighted average number of 3,291,302,000 (Six months ended 31 December 2010 : 3,490,805,000) ordinary shares.

For the six months ended 31 December 2011, the computation of diluted loss per share does not assume the conversion of the Company's share option, convertible bonds and call options outstanding since their exercise would result in a decrease in loss per share.

For the six months ended 31 December 2010, the computation of diluted earnings per share had been adjusted for the effects of all dilutive potential ordinary shares under the Company's share option scheme and convertible bonds. The call options outstanding during the six months ended 31 December 2010 had an anti-dilutive effect on the basic earnings per share amount.

The calculation of the diluted (loss)/earnings per share is based on the following data:

(Loss)/Profit attributable to owners of the Company (diluted)

	Six months ended 31 December	
	2011	2010
	RMB'000	RMB'000
(Loss)/Profit attributable to the owners of the Company	(3,415,281)	1,546,794
Effective interest on convertible bonds	<u>-</u>	<u>33,279</u>
(Loss)/Profit used to determine diluted (loss)/earnings per share	<u>(3,415,281)</u>	<u>1,580,073</u>

Weighted average number of ordinary shares (diluted)

	Six months ended 31 December	
	2011	2010
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares used in calculating basic (loss)/earnings per share	3,291,302	3,297,636
Deemed issue of ordinary shares – share options	-	66,960
Deemed issue of ordinary shares – convertible bonds	<u>-</u>	<u>126,209</u>
Weighted average number of ordinary shares used in calculating diluted (loss)/earnings per share	<u>3,291,302</u>	<u>3,490,805</u>

9. BIOLOGICAL ASSETS

	Fruit trees and tea trees RMB'000	Livestock RMB'000	Vegetables RMB'000	Trees in plantation forest RMB'000	Total RMB'000
At 1 July 2010	1,875,225	51,750	965,576	701,126	3,593,677
Additions	335,586	66,132	3,166,123	411,453	3,979,294
Decrease due to harvest	(358,196)	(38,399)	(2,984,940)	-	(3,381,535)
Gain/(Loss) arising from changes in fair value less costs to sell	177,647	(27,792)	100,917	31,273	282,045
At 30 June 2011 and 1 July 2011	2,030,262	51,691	1,247,676	1,143,852	4,473,481
Additions	288,617	40,072	1,412,781	65,645	1,807,115
Decrease due to harvest	(224,334)	(45,522)	(1,535,131)	-	(1,804,987)
(Loss)/Gain arising from changes in fair value less costs to sell	(1,352,026)	14,640	(744,132)	(406,475)	(2,487,993)
At 31 December 2011	742,519	60,881	381,194	803,022	1,987,616

Biological assets as at 31 December 2011 and 30 June 2011 are stated at fair values less costs to sell and are analysed as follows:

	Fruit trees and tea trees RMB'000	Livestock RMB'000	Vegetables RMB'000	Trees in plantation forest RMB'000	31 December 2011 Total RMB'000	30 June 2011 Total RMB'000
Non-current portion	742,519	60,881	-	803,022	1,606,422	3,225,805
Current portion	-	-	381,194	-	381,194	1,247,676
	742,519	60,881	381,194	803,022	1,987,616	4,473,481

The fair values of the biological assets are determined by the Directors with reference to the methodologies and assumptions adopted in the valuations for the year ended 30 June 2011.

10. TRADE RECEIVABLES

The Group's trading terms for its local wholesale and retail sales are mainly cash on delivery whereas local sales to institutional customers and export trading companies are mainly on credit. The credit period is generally for a period from one month to three months depending on customers' credit worthiness.

Ageing analysis of trade receivables (net of allowance for doubtful debts) is as follows:

	31 December 2011 RMB'000	30 June 2011 RMB'000
0 – 1 month	31,279	283,726
1 – 3 months	16,704	18,801
Over 3 months	6,713	14,415
	54,696	316,942

11. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	31 December 2011 RMB'000	30 June 2011 RMB'000
0 – 1 month	13,045	5,886
1 – 3 months	1,960	1,741
Over 3 months	<u>3,970</u>	<u>11,111</u>
	<u>18,975</u>	<u>18,738</u>

12. CONVERTIBLE BONDS

Movements of the liability component of the convertible bonds are set out as follows:

	31 December 2011 RMB'000	30 June 2011 RMB'000
At 1 July 2011 / 1 July 2010	1,038,741	-
Issuance of the convertible bonds	-	1,017,243
Effective interest charges	50,732	83,352
Interest paid	(23,665)	(24,543)
Exchange realignment	<u>(12,105)</u>	<u>(37,311)</u>
At 31 December 2011 / 30 June 2011	<u>1,053,703</u>	<u>1,038,741</u>

Since the date of issue up to 31 December 2011, no convertible bonds have been converted into the Company's ordinary shares.

According to the terms and conditions of the convertible bonds, in the event that the Company's shares cease to be listed or admitted to trading or suspended from trading for a period equal to or exceeding 60 consecutive days on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the holder of each convertible bond will have the right at such holder's option, to require the Company to redeem all or some only of such holder's convertible bonds at their principal amount together with interest accrued. Due to the possible early redemption of convertible bonds as a result of the suspension of trading in the Company's shares on the Stock Exchange since 26 September 2011, the convertible bonds have been classified as a current liability accordingly as at 31 December 2011.

13. EVENTS AFTER REPORTING PERIOD

(a) Disposal of property, plant and equipment

Subsequent to the end of the reporting period, certain land leases for lands being occupied by the Group has been terminated and the related property, plant and equipment belongs to these terminated land leases with net carrying value of approximately RMB2,254,293,000 were disposed of accordingly.

(b) Early redemption of convertible bonds

As announced in the Company's announcement dated 15 February 2012, the Company remitted an aggregate principal amount of US\$195,400,000, representing 97.7% of the then outstanding convertible bonds, to the redeeming holders of the convertible bonds through the trustee of the convertible bonds on 14 February 2012 for an intended early settlement of the principal amount of the convertible bonds. As further announced in the Company's announcement dated 3 April 2012, the Company issued a notice of redemption to holders of the remaining convertible bonds to redeem the remaining outstanding principal amount of US\$4,600,000 in full plus interest payable thereon on 3 April 2012. As a result, the convertible bonds were fully redeemed and cancelled.

(c) Lapse of call options

In September 2010, the Company had received cash premium totalling US\$6,004,000 (equivalent to approximately RMB40,278,000) as the consideration for issuing the call options, which conferred the holders of the call options the right, from time to time during the exercise period from the first date of the conversion period of the convertible bonds to 17 August 2013, to require the Company to issue up to a maximum of 103,300,000 ordinary shares (subject to adjustment) of HK\$0.1 each of the Company at an agreed strike price of HK\$7.9065 per share (subject to adjustment). The unexercised call options became lapsed on the expiry of the exercise period.

14. APPROVAL OF INTERIM FINANCIAL REPORT

The Interim Financial Report was approved by the Board on 19 December 2014.

FINANCIAL REVIEW

During the financial period under review, due to the events leading to the suspension of trading in the Company's shares (the "Trading") on the Stock Exchange, the Group faced a challenging and complex business environment. As a result, the Group's overall business and financial performance for the six months ended 31 December 2011 had been negatively affected and were far from satisfactory. Such events have dampened effect on the confidence of both institutional and indirect export customers which reduced in demand for the Group's produces from 31% to 12% of crop sales. Though the sales volume for the agricultural produces remained stable at approximately 1.402 million tonnes (31 December 2010: 1.388 million tonnes), there was a tumble of the average selling price for crops of the Group in the PRC (the "Average Selling Price") from RMB2.74 per kilogram to RMB1.21 per kilogram. The turnover of the Group was significantly down to RMB1,709 million (31 December 2010: RMB3,835 million) that resulted in a gross loss of RMB102 million (31 December 2010: gross profit of RMB2,382 million). In addition, a substantial loss of RMB2,488 million was caused by changes in fair value less costs to sell of biological assets under the valuation and it was mainly due to the drop in the Average Selling Price. Consequently, the Group recorded a significant loss for the financial period under review.

In adherence to prudent financial management and through reasonable control of operating costs, general and administrative expenses substantially reduced from RMB236 million in the corresponding period of previous year about to RMB82 million, representing a drop of 65%. Selling and distribution expenses and other operating expenses also fell slightly by 1% to RMB434 million and RMB164 million respectively. The Group recorded loss from operations of RMB3,200 million (31 December 2010: profit from operations of RMB1,531 million).

AGRICULTURAL LAND

As at 31 December 2011, the production base area of the Group's core business, including vegetable land, tea garden and fruit garden, amounted to 880,573 mu (58,705 hectares), increased by 23% when compared with 714,933 mu (47,662 hectares) as at 31 December 2010. It recorded an increase of 14% in production base area when compared with 773,073 mu (51,538 hectares) as at 30 June 2011.

The weighted average production base area for vegetables as at 31 December 2011 increased by 21% to 656,820 mu (43,788 hectares) when compared with 544,520 mu (36,301 hectares) as at 31 December 2010. It also represented an increase of 13% in weighted average production base area for vegetables when compared with 578,845 mu (38,590 hectares) as at 30 June 2011.

BUSINESS OVERVIEW

Chaoda has operated production bases in 13 different provinces and cities in the PRC that built a strategic network of production bases covering a variety of climatic belts, altitudes, longitudes-latitudes and spanning across the country from the North to South. With upgrading of agricultural land and constructing of infrastructure, the production bases have now been transformed and equipped with advanced technology and solid industrialisation to cultivate green agricultural produces.

To eliminate the risks pertaining to cultivation and realize efficient production, considerable resources have been allocated to infrastructure development which includes, among others, irrigation and drainage systems, greenhouses, greenhouse sheds, groundsheeting, experiment farm cottage. The facilities are instrumental to the application of environmental protection control processes and techniques, and have contributed to standard agricultural production and enhance the quality and safety of agricultural produces.

By setting up information networks at wholesale markets for agricultural produce in major and large cities in the PRC, Chaoda is able to get to grip with price changes of major agricultural produce, thereby guiding its production bases to make appropriate sales decisions based on its analysis of the data, and may adjust its production plan in a timely and effective manner according to market feedbacks.

The Group has always been committed to the cause of modernization in agricultural industry. In addition to retaining its designation of “State-Level Dragon Head Agricultural Leading Enterprise”, Chaoda has once again been named on the “China’s Top 500 Companies List” dated 13 July 2011 of Fortune Magazine (Chinese edition), and ranked the fourth in the category for agriculture, forestry, fishery industry and animal husbandry. The Group will endeavor to further developing the traits of its “Chaoda” brand on conviction of its value to market expansion by lining up its resources to raise its brand awareness.

LIQUIDITY AND FINANCIAL RESOURCES

During the financial period under review, net cash generated by the Group from its operating activities amounted to RMB369 million (31 December 2010: RMB1,803 million). As at 31 December 2011, cash and cash equivalents of the Group amounted to RMB2,803 million (30 June 2011: RMB3,333 million). Apart from revenue generated from operating activities, during the financial period under review, additional funds as general working capital of the Group in the amount of approximately HK\$461 million raised from the placing of 100 million shares in Asian Citrus Holdings Limited at a price of HK\$4.66 per share by a wholly-owned subsidiary of the Company. The majority of the Group’s operating transactions were settled in RMB. The effect of exchange rate fluctuations was relatively immaterial to the Group.

As at 31 December 2011, the total equity of the Group (including non-controlling interests) amounted to RMB22,211 million (30 June 2011: RMB25,844 million). The debt of the Group was the US\$200 million of 3.7% secured guaranteed convertible bonds due 2015 (the “Convertible Bonds”) issued on 1 September 2010. As at 31 December 2011, the debt to equity ratio (total Convertible Bonds over total equity) of the Group slightly increased to 5%, and the current ratio (dividing total current assets by total current liabilities) was 3 times (30 June 2011: 25 times).

Details of the Convertible Bonds are set out in note 12 to the unaudited condensed consolidated financial statements.

The Group did not have any material contingent liabilities as at 31 December 2011 and 30 June 2011.

OUTLOOK

Being an agricultural leading enterprise, Chaoda is fully confident of overcoming the existing challenges and continually generating further shareholders’ value and undergoing further

development for its shareholders. On top of that, it will also assume leadership in agricultural development forward and the pursuit of sustainable growth of rural economy. Through industrial development, setting up of industry standard and brand building, among others, the Group aims to align the interest of the farmers with that of the corporations and establish a model with common risk exposure and mutually benefiting, thereby realizing safe and reliable food supply in the country and society and contributing to the assurance of food safety and social stability of the State.

The Board remains positive at all times notwithstanding the challenges that come its way during the period of turbulence. The Board will continue exhaust every means to mitigate the negative impact and adapt in a positive manner by proactively and strategically implemented measures to control the risks, and realize and enhance core strengths of the Group for corporate development to sustain and thrive. Last but not least, the Board will spare no efforts to resume the Trading.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Board is committed to maintaining good corporate governance practices and high standards of business ethics. The Board believes that good corporate governance provides a framework for effective management, achieving business goals and maximising long term value to shareholders.

Throughout the financial period under review, the Company had applied the principles of the Code on Corporate Governance Practices (effective until 31 March 2012) (the "CG Code") and complied with the code provisions and certain recommended best practices set out in the CG Code contained in Appendix 14 to the Listing Rules in force during the financial period under review, except for the deviation as stated below:

Code provision A.2.1 of the CG Code

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be segregated. The Board considers that with his profound knowledge and expertise in agriculture business, Mr. Kwok Ho, being the Chairman and the Chief Executive Officer of the Company, provides a strong and consistent leadership to formulate efficient strategies, to implement prompt decisions and to complete effective business plans of the Group. It is in the best interests of the Company that Mr. Kwok Ho shall continue his dual capacity as the Chairman and the Chief Executive Officer of the Company.

AUDIT COMMITTEE

During the six months ended 31 December 2011, the Audit Committee consisted of three members, all of whom were the then independent non-executive Directors. Mr. Tam Ching Ho was the Chairman and two other members were Mr. Fung Chi Kin and Ms. Luan Yue Wen.

Following the retirement of Ms. Luan Yue Wen after the conclusion of the annual general meeting of the Company held on 30 December 2013, the number of both the independent non-executive Directors and members of the Audit Committee fell below the minimum requirements respectively stipulated under Rules 3.10A and 3.21 of the Listing Rules.

As at the date of this announcement, the process of identifying a suitable candidate to fill the vacancy is ongoing and the Board would continue to take every step possible to expedite the appointment. Further announcement will be made by the Company when the appointment is made.

The Audit Committee (comprising Mr. Tam Ching Ho (the Chairman) and Mr. Fung Chi Kin, as at the date of this announcement) have reviewed the unaudited interim results of the Group for the six months ended 31 December 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules. Having made specific enquiries with all Directors, all Directors confirmed that they had complied with the Model Code throughout the financial period under review.

SUSPENSION OF TRADING

Trading will remain suspended pending the fulfillment of the conditions prescribed by the Stock Exchange for the resumption of Trading as disclosed in the Company’s announcement dated 19 July 2013.

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

Hong Kong, 19 December 2014

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

Executive directors : Mr. Kwok Ho, Dr. Li Yan, Ms. Huang Xie Ying, Mr. Kuang Qiao, Mr. Chen Jun Hua and Mr. Chan Chi Po Andy

Non-executive director : Mr. Ip Chi Ming

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