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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)

Guaranteed Zero Coupon Secured Convertible Bonds due 2011
(the “Convertible Bonds”)

(Stock Code : 2559)
ISIN: XS0250517694

PLACING OF NEW SHARES
AND
RESUMPTION OF TRADING

Sole bookrunner



Co-managers



NOMURA

PLACING OF NEW SHARES

Pursuant to the Placing Agreement dated 17 June 2009 entered into between, among others, the Company and the Joint Placing Agents, the Company has conditionally agreed to place, through the Joint Placing Agents, on a best effort basis, up to 388,000,000 Placing Shares to not less than six independent placees, including professional and institutional investors, at a price of HK\$4.60 per Placing Share. The Placing Shares, representing approximately 14.7 % of the existing issued share capital of the Company as at the date of this announcement, and approximately 12.8% of the issued share capital of the Company as enlarged by the Placing, will be placed by the Company, assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Closing Date, save for the issue of the Placing Shares.

The Placing Price represents (i) a discount of approximately 12.9% to the closing price of HK\$5.28 per Share as quoted on the Stock Exchange on 16 June 2009, the last full trading day immediately preceding the date of the Placing Agreement; (ii) a discount of approximately 16.1% of the average closing price of approximately HK\$5.48 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 16 June 2009; and (iii) a discount of approximately 16.1% to the average closing price of approximately HK\$5.48 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 16 June 2009.

Assuming the Placing Shares are fully placed under the Placing, the gross proceeds from the Placing are estimated to be approximately HK\$1,784 million and the net proceeds from the Placing are estimated to be approximately HK\$1,740 million. It is the intention of the Directors to use the proceeds for (a) the repayment of the outstanding principal amount of the 7.75% guaranteed senior notes issued by the Company upon its maturity on 8 February 2010 and payment of the relevant interest, and (b) for general working capital requirements of the Group.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the Convertible Bonds on the Stock Exchange has been suspended with effect from 2:30 p.m. on 17 June 2009 pending the release of this announcement. Application will be made by the Company for the resumption of trading in the Shares and the Convertible Bonds on the Stock Exchange with effect from 9:30 a.m. on 18 June 2009.

A. PLACING

Placing Agreement

Date: 17 June 2009

Parties:

- (a) the Company;
- (b) the Joint Placing Agents;
- (c) Kailey; and
- (d) Mr. Kwok Ho.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, each of the Joint Placing Agents and its respective ultimate beneficial owners is independent of the Group and is not a connected person of the Company.

Placing Shares

Up to an aggregate of 388,000,000 Shares, representing approximately 14.7% of the existing issued share capital of the Company as at the date of this announcement and approximately 12.8% of the issued share capital of the Company as enlarged by the Placing, will be placed by the Company, assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Closing Date, save for the issue of the Placing Shares. The aggregate nominal value of the Placing Shares is HK\$38.8 million.

Placing Price

The Placing Price of HK\$4.60 per Share was arrived at after arm's length negotiations between the Company and the Joint Placing Agents with reference to the market price of the Shares. It represents: (i) a discount of approximately 12.9% to the closing price of HK\$5.28 per Share as quoted on the Stock Exchange on 16 June 2009, being the last full trading day immediately preceding the date of the Placing Agreement; (ii) a discount of approximately 16.1% of the average closing price of approximately HK\$5.48 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 16 June 2009; and (iii) a discount of approximately 16.1% to the average closing price of approximately HK\$5.48 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 16 June 2009. After deducting the relevant expenses of the Placing, the net Placing Price is approximately HK\$ 4.48 per Share. The Directors are of the opinion that the terms of the Placing including the Placing Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Rights of the Placing Shares

The Placing Shares shall be allotted, issued and fully paid and rank pari passu in all respects with the other Shares then in issue, free from all pledges, liens, charges, mortgages, security interests, adverse claims and encumbrances, and together with all rights attaching to them as at the date of the Placing Agreement, including the right to receive all dividends declared, made or paid on or after the Placing Agreement.

Placees

The Joint Placing Agents agreed to use their respective best efforts to procure placees to subscribe for up to an aggregate of 388,000,000 Placing Shares,. The Placing Shares will be placed to not less than six placees including professional and institutional investors. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, the placees (and their ultimate beneficial owners) to be procured by the Joint Placing Agents are independent of the Group and are not connected persons of the Company.

It is not expected that any placee under the Placing will become a substantial shareholder of the Company as a result of the Placing.

Commission of Joint Placing Agents

The Company will pay to Merrill Lynch Far East Limited (for itself and on behalf of the co-managers) a commission equal to an aggregate of 2.5% of the total number of Placing Shares multiplied by the Placing Price. The placing commission was arrived at after arm's length negotiations between the Company and the Joint Placing Agents.

Condition of the Placing

Completion of the Placing is conditional upon the Listing Committee granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not being subsequently revoked prior to the Closing Date).

If the Condition is not fulfilled within 10 Business Days after the date of the Placing Agreement or such later date as may be agreed between the Company and the Joint Placing Agents, the obligations and liabilities of the Joint Placing Agents and the Company under the Placing shall be null and void and neither the Company nor the Joint Placing Agents shall have any claim against the other for costs, damages, compensation or otherwise.

Termination Events

The Placing Agreement contains provisions granting the Joint Placing Agents the right to terminate its placing obligations on the occurrence of certain events if certain events have developed, occurred or come into force at any time prior to 9:30 a.m. (Hong Kong time) on the Closing Date. These events include but not limited to (i) any significant change (whether or not permanent) in local, national or international monetary, economic, financial or political conditions which in the opinion of the Joint Placing Agents is or would be materially adverse to the success of the Placing; or (ii) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or foreign exchange rates or foreign exchange controls which in the reasonable opinion of the Joint Placing Agents is or would be materially adverse to the success of the Placing or makes it impracticable or inadvisable or inexpedient to proceed therewith; (iii) any breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement that comes to the knowledge of the Joint Placing Agents or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect and any such breach or failure is material or (in the opinion of the Joint Placing

Agents) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the Placing, or there has been a breach of, or failure to perform, any other provision of the Placing Agreement; and (iv) any adverse change, or development involving a prospective adverse change in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole which in the opinion of the Joint Placing Agents is materially adverse to the success of the Placing. **Shareholders and investors are advised to exercise caution in dealing in the Shares.**

Completion of the Placing

Completion of the Placing will take place on the Closing Date.

General Mandate to Issue the Placing Shares

By a resolution of the Shareholders passed at the annual general meeting of the Company held on 10 December 2008, the Shareholders granted a general mandate (the "**General Mandate**") to the Directors to allot and issue up to 486,993,605 Shares. The Directors have exercised the power under the General Mandate to allot and issue 80,402,000 Shares pursuant to the subscription agreement dated 19 February 2009 entered into between the Company and Kailey as announced on 19 February 2009. As at the date of this announcement, the Directors are authorised to issue up to 406,591,605 Shares pursuant to the General Mandate.

The Placing Shares will be allotted and issued under the General Mandate.

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

Lock-up Undertakings

Kailey has undertaken, and Mr. Kwok Ho has undertaken to procure that Kailey undertakes, to each of the Joint Placing Agents that for a period commencing on the date of the Placing Agreement and ending on the date falling on 180 days after the Closing Date (inclusive), it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will: (a) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests therein beneficially owned or held by Kailey or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of Shares, whether any such transaction described in (a) or (b) is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above, without first having obtained the written consent of the Joint Placing Agents.

The Company has undertaken to each of the Joint Placing Agents that for a period commencing on the date of the Placing Agreement and ending on the date falling 180 days

after the Closing Date (inclusive), the Company will not, except for the issue of the Placing Shares and save pursuant to (i) the terms of any employee share option scheme of the Company; and (ii) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association: (a) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares; or (b) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (a) above; or (c) announce any intention to enter into or effect any such transaction described in (a) and (b) above without first having obtained the written consent of the Joint Placing Agents.

B. CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, save for 210,369,088 outstanding share options granted under the Share Option Scheme, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares. Assuming that no Shares will be issued by the Company (other than the Placing Shares) and no Shares are sold or purchased by the Directors after the date of this announcement up to the date of the completion of the Placing, the shareholding structure of the Company before and after the Placing is summarised as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	%	Number of Shares	%
<u>Directors</u>				
Mr. Kwok Ho (Note 1)	643,092,644	24.38	643,092,644	21.25
Mr. Ip Chi Ming	10,000	0.00	10,000	0.00
Mr. Chan Chi Po	116,128	0.00	116,128	0.00
<u>Placees</u>				
(Note 2)	--	--	388,000,000	12.82
<u>Other public Shareholders</u>				
	1,995,083,319	75.62	1,995,083,319	65.93
Total	2,638,302,091	100.00	3,026,302,091	100.00

Notes:

- (1) Mr. Kwok Ho is beneficially interested in 642,064,644 Shares through Kailey Investment Ltd., a company wholly and beneficially owned by Mr. Kwok Ho and 1,028,000 Shares are owned by Mr. Kwok Ho personally.
- (2) The placees will be regarded as the public Shareholders upon completion of the Placing.

C. REASONS FOR THE PLACING AND USE OF PROCEEDS

The Placing is effected to enable the Company to raise funds while broadening the Shareholder's base and the capital base of the Company. The Directors consider that the terms and conditions of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole are concerned.

The gross proceeds from the Placing are estimated to be approximately HK\$1,784 million and the net proceeds from the Placing are estimated to be approximately HK\$1,740 million. It is the intention of the Directors to use the proceeds for (a) the repayment of the outstanding principal amount of the 7.75% guaranteed senior notes issued by the Company upon its maturity on 8 February 2010 and payment of the relevant interest, and (b) for general working capital requirements of the Group.

D. CAPITAL RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The table below summarises the capital raising activities of the Company in the 12 months preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of the proceeds as at the Latest Practicable Date
19 February 2009	Placing and top-up subscription of 80,402,000 Shares	HK\$391 million	Expansion of operations of the Group such as acquisition of farmland and for general working capital	Used as intended

E. GENERAL

The Group is a leading modern agricultural enterprise in the PRC engaged in the growing and sale of crops and the breeding and sales of livestock in the PRC, with substantially all of its assets and operations in the PRC.

F. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the Convertible Bonds on the Stock Exchange has been suspended with effect from 2:30 p.m. on 17 June 2009 pending the release of this announcement. Application will be made by the Company for the resumption of trading in the Shares and the Convertible Bonds on the Stock Exchange with effect from 9:30 a.m. on 18 June 2009.

DEFINITIONS

“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong;
“Closing Date”	25 June 2009, subject to the fulfilment of the Condition or in the event that the Condition is satisfied after 25 June 2009, on the Business Day after the satisfaction of the Condition or such other date as the Company and the Joint Placing Agents may agree in writing;
“Company”	Chaoda Modern Agriculture (Holdings) Limited (stock code: 682), an exempted company incorporated in the Cayman Islands with limited liabilities whose Shares are listed on the main board of the Stock Exchange;
“Condition”	the condition referred in the paragraph headed “Condition of the Placing” of this announcement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Joint Placing Agents”	Merrill Lynch Far East Limited as the sole bookrunner and Citigroup Global Markets Asia Limited and Nomura International (Hong Kong) Limited as co-managers;
“Kailey”	Kailey Investment Ltd, a company incorporated in the British Virgin Islands with limited liability which is wholly owned by Mr. Kwok Ho, the Chairman of the Company and a Director;
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement;
“Placing Agreement”	the placing agreement dated 17 June 2009 between the Company, the Joint Placing Agents, Kailey and Mr. Kwok Ho;

“Placing Price”	HK\$4.60 per Placing Share;
“Placing Shares”	up to 388,000,000 Shares to be placed under the Placing Agreement;
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special administrative Region of the PRC and Taiwan;
“Shareholders”	holders of the Shares;
“Share Option Scheme”	the share option scheme of the Company adopted on 19 June 2002;
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules.

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

Hong Kong, 18 June 2009

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

Executive directors: Mr. Kwok Ho, Mr. Ip Chi Ming, Dr. Li Yan (Lee Yan), Ms. Huang Xie Ying (Wong Hip Ying), Mr. Kuang Qiao (Fong Jao), Mr. Chen Jun Hua, Mr. Chan Chi Po, Andy; and

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