Please also refer to the published version of this announcement in the South China Morning Post.

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)

FINAL RESULTS

The Board of Directors of Chaoda Modern Agriculture (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30th June 2001, together with the consolidated comparative figures for the period from 26th November 1999 to 30th June 2000 and pro-forma comparative figures for the year ended 30th June 2000, as follows:

RESULTS

	Note	**Year ended 30th June 2001 (See Note 2)**	**Period from 26th November 1999 to 30th June 2000 (See Note 2)**	**Pro-forma year ended 30th June 2000 (See Note 3)**
		RMB'000	*RMB'000*	*RMB'000*
Turnover	4	725,546	55,080	154,225
Cost of sales		(179,875)	(14,013)	(42,583)
Gross profit		545,671	41,067	111,642
Other revenues	4	10,997	86	181
Selling and distribution expenses		(61,325)	(3,943)	(10,952)

General and administrative expenses		(46,326)	(2,825)	(8,343)
Other operating expenses		(4,985)	(53)	(186)
Operating profit	6	444,032	34,332	92,342
Finance costs	7	(1,588)	--	--
Profit before taxation		442,444	34,332	92,342
Taxation	8	(1,623)	--	(16,622)
Profit after taxation		440,821	34,332	75,720
Minority interest		--	--	(8,406)
Profit attributable to shareholders		440,821	34,332	67,314
Dividends	9	(123,808)	(20,000)	(20,000)
Profit for the year/period retained		317,013	14,332	47,314
Earnings per share - basic	11	RMB0.310	RMB0.030	RMB0.056

Notes:

1 **Group Reconstruction**

The Company was incorporated in the Cayman Islands on 24th August 2000 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands.

On 1st December 2000, pursuant to a group reconstruction (the "Reconstruction"), in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong

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Limited (the "Stock Exchange"), the Company acquired the entire issued share capital of Timor Enterprise Limited ("Timor", the Group's former ultimate holding company) through a share swap arrangement and became the holding company of Timor and its subsidiaries. Details of the Reconstruction have been set out in the Company's prospectus dated 5th December 2000.

The Company's shares were listed on the Stock Exchange on 15th December 2000.

2 Basis of preparation of the Group's statutory financial statements

The Group's statutory financial statements have been prepared under historical cost convention in accordance with accounting principles generally accepted in Hong Kong and comply with Statements of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants.

Merger accounting is adopted in the preparation of the Group's consolidated financial statements pursuant to SSAP No.27, "Accounting for Group Reconstructions", under which the financial statements of the Company and the consolidated financial statements of Timor are combined as if the Reconstruction has been carried out from 26th November 1999, the date of incorporation of Timor.

The Company was incorporated on 24th August 2000. Accordingly, the comparative figures of the Group's consolidated results for the year ended 30th June 2000 represent the consolidated results of Timor and its subsidiaries.

The consolidated results of Timor and its subsidiaries were prepared based on acquisition accounting, which include the results of Timor from 26th November 1999 (the date of incorporation of Timor) and the results of its subsidiaries from their respective dates of acquisition to 30th June 2000.

3 Pro-forma combined profit and loss account

This pro-forma combined profit and loss account of the Group for the year ended 30th June 2000 is extracted from the Company's prospectus, prepared for the purpose of listing the Company's shares on the Stock Exchange, dated 5th December 2000, which does not form part of the Group's statutory financial statements and is presented for informational comparison purpose only. The pro-forma profit and loss account presented hereby is prepared as if the subsidiaries acquired by Timor during the months from January to July 2000 had been subsidiaries of the Group since 1st July 1999.

Please also refer to the published version of this announcement in the South China Morning Post.

4 Turnover and revenues

The Group is principally engaged in the growing and sales of crops, breeding and sales of livestock and sales of ancillary food products. Revenues recognised during the year are as follows:

	Year ended 30th June 2001	Period ended 30th June 2000	Pro-forma year ended 30th June 2000
	RMB'000	*RMB'000*	*RMB'000*
Turnover			
Sales of crops	705,721	54,098	144,053
Sales of livestock	15,948	--	6,917
Sales of ancillary food products	3,877	982	3,255
	725,546	55,080	154,225
Other revenue			
Interest income	10,997	86	181
Total revenues	736,543	55,166	154,406

5 Segmental Information

The results of the major business activities for the year ended 30th June 2001, the period ended 30th June 2000 and pro-forma year ended 30th June 2000 are summarised below:

Please also refer to the published version of this announcement in the South China Morning Post.

(i) Year ended 30th June 2001

	Growing and sales of crops 2001	Breeding and sales of livestock 2001	Sales of ancillary food products 2001	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	705,721	15,948	3,877	725,546
Cost of sales	(170,538)	(6,440)	(2,897)	(179,875)
Gross profit	535,183	9,508	980	545,671
Unallocated items:-				
Other revenues				10,997
Selling and distribution expenses				(61,325)
General and administrative expenses				(46,326)
Other operating expenses				(4,985)
Operating profit				444,032
Finance cost				(1,588)
Profit before taxation				442,444

Taxation	(1,623)
Profit attributable to shareholders	440,821

(ii) Period from 26th November 1999 to 30th June 2000

	Growing and sales of crops 2000	**Sales of ancillary food products 2000**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Turnover	54,098	982	55,080
Cost of sales	(13,178)	(835)	(14,013)
Gross profit	40,920	147	41,067
Unallocated items:--			
Other revenues			86
Selling and distribution expenses			(3,943)
General and administrative expenses			(2,825)
Other operating expenses			(53)
Operating profit			34,332
Finance cost			--

Profit before taxation	34,332
Taxation	--
Profit attributable to shareholders	34,332

(iii) Pro-forma year ended 30th June 2000

	Growing and sales of crops 2000	**Breeding and sales of livestock 2000**	**Sales of ancillary food products 2000**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	144,053	6,917	3,255	154,225
Cost of sales	(37,714)	(2,104)	(2,765)	(42,583)
Gross profit	106,339	4,813	490	111,642
Unallocated items:--				
Other revenues				181
Selling and distribution expenses				(10,952)
General and administrative expenses				(8,343)
Other operating expenses				(186)
Operating profit				92,342

Taxation	(16,622)
Profits before minority interests	75,720
Minority interests	(8,406)
Profits attributable to shareholders	67,314

The Group's operations are primarily in the People's Republic of China ("PRC") and the Group's direct export sales and gross profit attributable to other geographical areas are both less than 5% of the Group's consolidated total for the year/period ended. Consequently, no geographical analysis of turnover is presented.

6 Operating profit

Operating profit is stated after charging the following:

	Year ended 30th June 2001	**Period from 26th November 1999 to 30th June 2000**	**Pro-forma year ended 30th June 2000**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation of owned fixed assets (net of amount capitalised in inventories)	4,325	1,426	3,322
Operating lease expenses on land and buildings	21,780	1,537	4,090
Research expenses incurred	21,350	1,550	1,563
Amortisation of deferred development costs	1,007	584	584

Amortisation of long-term prepaid rentals (net of amount capitalised in inventories)	3,507	574	775

7 Finance cost

This represents interest expense on short-term bank loans repayable within one year.

8 Taxation

The amount of taxation charged to the consolidated profit and loss account represents:

	Note	**Year ended 30th June 2001**	**Period from 26th November 1999 to 30th June 2000**	**Pro-forma year ended 30 June 2000**
		RMB'000	*RMB'000*	*RMB'000*
PRC income tax	(i)	1,623	--	16,622

(i) PRC income tax represents tax charges on the estimated assessable profits of the PRC subsidiaries of the Group. All PRC subsidiaries of the Group are incorporated in the economic development zone of Fujian Province ("Fujian") of the PRC. Domestic enterprises of the PRC are subject to a standard income tax rate of 33 per cent. and productive foreign investment enterprises established in the economic development zone of Fujian, PRC, are subject to a preferential income tax rate of 24 per cent..

Fujian Chaoda Livestock Company Limied ("Chaoda Livestock"), being a domestic enterprise, is subject to the standard income tax rate of 33 per cent.. Other PRC subsidiaries of the Group are productive foreign investment enterprises and are entitled to full exemption from PRC income tax for their first two profit-making years.

(ii) No provision for Hong Kong profits tax has been made as there are no estimated assessable profits (year ended 30 June 2000: Nil) for the subsidiaries operated in Hong Kong during the year.

Please also refer to the published version of this announcement in the South China Morning Post.

9 **Dividends**

	Year ended 30th June 2001	Period from 26th November 1999 to 30th June 2000	Pro-forma year ended 30th June 2000
	RMB'000	*RMB'000*	*RMB'000*
Final, proposed, of RMB0.077 per ordinary share	123,808	20,000	20,000

The dividend of RMB 20,000,000 for the period ended 30th June 2000 (also the pro-forma year ended 30th June 2000) was the payment made by Timor to its then shareholders prior to the completion of the Reconstruction on 1st December 2000.

10 **Reserves**

During the year/period, the amounts transferred from profit attributable to shareholders to reserves comprise:

	Year ended 30th June 2001	Period from 26th November 1999 to 30th June 2000	Pro-forma year ended 30th June 2000
	RMB’000	*RMB’000*	*RMB’000*
Transfer to statutory common reserves	26,881	--	2,722
Transfer to statutory welfare reserves	165	566	1,274
	27,046	566	3,996

Please also refer to the published version of this announcement in the South China Morning Post.

According to PRC rules and regulations and the Articles of Association of the Group's respective PRC subsidiaries:

— Domestic enterprises are required to transfer 10% and 5% of its profits after tax to statutory common reserve and statutory welfare reserve respectively. The transfer to the statutory common reserve is required until it aggregates to 50% of the company's registered share capital.

— Foreign investment enterprises are only required to transfer 10% of its profits after tax to statutory common reserve.

11 **Earnings per share**

Basic earnings per share for the year ended 30th June 2001 is calculated based on the consolidated profit attributable to shareholders of RMB440,821,000 and on the weighted average number of 1,416,986,000 shares in issue during the year.

The comparative earnings per share for the period ended 30th June 2000 is calculated based on the consolidated profit attributable to shareholders of RMB 34,332,000 and an aggregate of 1,200,000,000 shares, comprising 2 shares issued at HK$0.1 each on 24th August 2000 immediately after incorporation of the Company together with 998 shares issued upon the Reconstruction and 1,199,999,000 shares issued pursuant to the capitalisation issue for the then shareholders of the Company upon completion of Reconstruction, which were deemed to have been in issue since the incorporation date of Timor.

The computation of the pro-forma earnings per share for the year ended 30th June 2000 is based on the Group’s pro-forma profit attributable to shareholders of RMB67,314,000 and 1,200,000,000 shares (the number of shares of the Company right before the placing and public offer, deemed to be in issue throughout the year ended).

There were no potential dilutive ordinary shares in existence throughout the period presented, therefore, no diluted earnings per share was presented.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK$0.073 per share for the year ended 30th June, 2001 (equivalent to RMB0.077 per share), subject to shareholder’s approval at the forthcoming annual general meeting to be held on 11th December 2001, to the shareholders on the register of members by the close of business on 11th December 2001 and payable around 7th January 2002. No interim dividend was declared for the six months ended 31st December 2000.

Please also refer to the published version of this announcement in the South China Morning Post.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 5th December 2001 to 11th December 2001, both days inclusive, during which period no transfer of shares in the Company can be registered. In order to qualify for the final dividend, all completed transfer forms together with the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Abacus Share Registrars Limited at 5th Floor, Wing On Centre, 111 Connaught Road, Central, Hong Kong not later than 4:00 p.m. on 11th December 2001.

REVIEW AND PROSPECTS

(*Note*: For comparison purpose, all the analysis below is based on the actual results of the Group for the year ended 30th June 2001 and the pro-forma results of the Group for the year ended 30th June 2000)

Business Review

Financial Performance

The Group’s turnover and net profit attributable to shareholders for the year ended 30th June 2001 was approximately RMB725,546,000 and RMB440,821,000 respectively, representing a tremendous increase of 370% and 555%, respectively, as compared with last year’s. Overall gross margin grew to 75.2%, representing an increase of 2.8 percentage points as compared with last year’s 72.4%. Net margin increased to 60.8% as compared with last year’s 43.6%.

Expansion of Production Bases

As at 30th June 2001, the aggregate areas of production bases in provinces of China operated by the Group amounted to 62,429 mu (4,162 hectares), representing an increase of 292.8% as compared with 15,893 mu (1,060 hectares) as at 30th June 2000. During this year, the number of production bases increased from 5 to 25. All production bases are located in provinces with high economic growth, extending from the Group’s first establishment in Fujian Province, to the coastal provinces from the south to the north, namely, Hainan, Guangdong, Jiangsu, Shandong and Liaoning, as well as the inland province as in Shanxi Province. This extensive spread of production bases not only reduces any possible adverse effects caused by natural disasters to any particular region, it also enables the Group to provide “anti-seasonal” vegetables and fruits, thus increasing the gross margin of these produce.

In January 2001, the Group set up a 483 mu (32 hectares) pastureland for the breeding of Boer goats in Shandong Province. Successful research and development also resulted in embryo transfer technology for the institutional reproduction of Boer goats. This technique dramatically reduced breeding costs and shortened the breeding cycle. At the same time, the Group increased the number of its goats from 302 as at 30th June 2000 to 978 as at 30th June 2001.

Market Expansion

While expanding production bases, the Group's marketing strategy also focuses on penetrating into those high consumption cities surrounding these bases. As its "CHAODA" brand is well recognized as a producer of quality organic green vegetables and fruits, demand always exceeds supply for the Group's different agricultural produce.

The Board of Directors believes despite that the Group is at the leading position of the domestic organic green agricultural industry, with the huge agricultural produce market in China, we estimate that the Group's market share amounts to just 0.02% of the national market. Additionally, as China's agricultural industry is mainly fragmented with numerous small-scale individual farming entities, their operational efficiencies are hard to compete effectively with the Group's integrated and institutionalized large-scale "CHAODA" operating model. The Group therefore believes that there is ample room for the Group to develop in China's vegetables and fruits market.

Research and Development Achievements

During the year under review, we continued our alliances with China's well-known agricultural universities and agri-technology institutes over a number of research and development projects to enhance agri-technology, introduce quality species from overseas and develop new species to international standards. Some of these projects, such as the development of aloe vera, non-polluted quality rice and embryo transfer technology for Boer goat reproduction, were completed and applied commercially for mass production. The Board of Directors expect those projects in the pipeline could bring in new sources of profit, thus enhancing overall profitability.

Prospects

The Group institutionally operates the agricultural business through the unique "CHAODA" business model providing integrated operations ranging from cultivation, research and development, logistic services to sales to end-consumers. These activities, apart from fulfilling the Chinese government's policy for the agricultural industry, also enables the Group to leverage the many years of accumulated organic green cultivation techniques and experience to aggressively increase the number of quality production bases, progressively expand market share in the enormous domestic market and continue to enhance profitability through economies of scale. The lease of 20,000 mu farmland in Nanjing after the balance sheet date is a notable example. In addition, the Group also set up additional production bases in Zhejiang Province. At the same time, the well-known "CHAODA" brand has brought the Group many potential business partners. When business opportunities with high return arise, the Board of Directors will, after due consideration, select the projects for acquisition to enhance the Group's profitability. The recent acquisition of 49% equity interest in a citrus farm in Guangxi Province was the kick-off for future acquisition of such excellent projects. Based on the production bases added this year and as mentioned above, the Group has established itself as the flagship of the agricultural industry in China by setting up a production and sales network in high consumption province along the eastern coast of China.

China's imminent entry into the World Trade Organization in November this year will bring in vast business opportunities for the Group. As China and other countries in the world will mutually open up their markets, the labour-intensive operating model in China's vegetable and fruit agricultural industry, differing from the capital-intensive operating model in primary agricultural produce such as wheat, sweet corn, soya beans, etc, will enjoy the cost advantages in the international agricultural produce market. In addition, the "CHAODA" brand of organic green vegetables and fruits provide higher quality than ordinary vegetables and fruits. These factors will allow the Group to break the "Green Barrier" as well as the \`Tariff Protection Policy' adopted or set out by those developed countries and enable the Group to expand into overseas markets rapidly with the brightest future.

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover

The total turnover of the Group increased to RMB725,546,000 from last year's RMB154,225,000, representing an increase of 370%.

The increase in the turnover resulted mainly from the increase of production yields and the growing number of production bases which have significantly enlarged total land areas cultivated. The production output increased to 313,417 tonnes from 49,489 tonnes in last year. Additionally, the expansion beyond Fujian, both in the location of production bases and the sales network, to high consumption cities earlier this year, created widespread room for market expansion. Besides, supporting the Group's activities is its highly efficient information and logistic system which helps to obtain first-hand market information such as variations in prices and consumer preferences etc. The Group can then utilise the logistics system to deliver agricultural produce to areas with strong demand particularly from production bases with substantial outputs. As consumers from these high demand areas are willing to pay more for these "anti-seasonal" vegetables, the Group is therefore able to enjoy a higher gross margin of 75.2% as compared to the 72.4% recorded last year, representing an increase of 2.8 percentage points.

In addition to the success of its research and development results in embryo transfer technology, the Group commenced its commercial breeding of Boer goats, imported from South Africa in Shandong Province. For the year ended 30th June 2001, the Group sold 903 goats, while continuing to keep 978 goats at the year end.

Domestic sales and export sales represent 63.2% and 36.8% of the total turnover respectively.

The export sales contribution was lower than last year's 41.7%, however, it is 1.8 percentage points higher than the 35% reported in the interim results, demonstrating that the newly expanded production bases are gradually supporting an expansion in overseas markets. Agricultural produce was delivered directly to export markets from a number of production bases.

The Group has never experienced any material difficulties with its accounts receivable or incurred substantial bad debt since most sales transactions are settled in cash.

Cost of sales

Similar to other agricultural enterprises, the Group's six principal cultivation cost items include organic fertilizers, biological pesticides, seeds, wages, rental of production bases as well as miscellaneous costs. Among these, all organic fertilizers were supplied by an agricultural raw material company controlled by the Group's chairman, Mr. Kwok Ho. A long-term supply contract was established on 1st December 2000, purchase price will be determined at prevailing market price from time to time. This has stabilized supply for this core raw material.

The Group's strong research and development in advanced agricultural techniques results in improved production processes with more controllable production costs and higher yields, thus achieving higher gross margin.

Selling and Distribution Expenses

Selling and distribution expenses mainly include packaging, transportation, remuneration of sales staff and advertising. The percentage of selling and distribution expenses to the total turnover increased to 8.5% from 7.1% last year. The increase was resulted from the promotion of the "CHAODA" brand which led to more advertising expenses.

General and Administration Expenses

General and administration expenses mainly include remuneration of administration staff, rent of dedicated retail sales outlets and offices, and research expenses. The percentage of general and administration expenses to the total turnover increased to 6.4% from 5.4% last year. The increase was a result of new research and development projects. According to a prudent view of the Board of Directors, we have expensed part of the research and development expenditure of the early stage as research expenses according to the Group's accounting policy.

Please also refer to the published version of this announcement in the South China Morning Post.

Use of listing proceeds

On 15th December 2000, the Company was listed on the Main Board of The Hong Kong Stock Exchange with an initial public offer of 400,000,000 new shares, amounting to 25% of the enlarged issued share capital. The net listing proceeds, after deduction of related issuance expenses, amounted to approximately RMB581,488,000 (i.e. HK$547,850,000). As at 30th June 2001, the Group had applied part of the listing proceeds as follows:

1. Approximately RMB145,000,000 (equivalent to HK$136,947,000) for the establishment of new production bases;

2. Approximately RMB118,000,000 (equivalent to HK$111,447,000) for the establishment of greenhouse facilities, irrigation systems and the setting up of processing factories;

3. Approximately RMB8,000,000 (equivalent to HK$7,556,000) for the funding of marketing and promotional activities in connection with the China domestic and export sales;

4. Approximately RMB33,000,000 (equivalent to HK$31,167,000) for the funding of research and development expenditure on new produce species and agri-technology; and

5. Approximately RMB4,000,000 (equivalent to HK$3,778,000) for the funding of the expansion of the Boer goats breeding business.

The net proceeds which have not yet been utilized will be used for the intended applications as set out in the Company's prospectus dated 5th December 2000.

Staff and remuneration policies

As at 30th June, 2001, the Group employed 5,178 staff member that, of which 4,371 worked on farmland. The Directors have long recognised that talents are vital for the Group's rapid expansion, and that they are the main driving forces behind the improvement of modern organic green cultivation technology. Employees salaries are therefore determined at a competitive level, while employees with outstanding performance will be rewarded with discretionary bonus. Other staff benefits include Hong Kong Mandatory Provident Fund, insurance, education subsidies, training programmes and share option scheme.

The share option scheme adopted by the Company on 23rd November 2000 provided that the Board of Directors may grant to any full-time staff (including executive director) of the

Please also refer to the published version of this announcement in the South China Morning Post.

Company and its subsidiaries options to subscribe for the shares of the Company pursuant to the provisions of the scheme. However, no options were granted for the year ended 30th June 2001.

Liquidity, financial resources and capital structure

As at 30th June 2001, the Group had bank and cash balances amounting to RMB577,169,000 (equivalent to HK$545,116,000) and a short term bank loan of RMB50,000,000 provided by a bank in the PRC, which is secured by a bank deposit of HK$50,000,000 (equivalent to RMB53,070,000) placed with the same bank for working capital purposes. Apart from the above-mentioned bank loans, the Group has no banking facilities as at 30th June 2001. The interest rate is fixed at 5.5575% per annum.

As at 30th June 2001, the Group's gearing ratio was zero. This is based on the division of long term debt by total assets. Additionally, the Group's liquidity ratio is 2.9, reflecting the presence of sufficient financial resources.

The Group's sales are mainly transacted in Renminbi and the books are also recorded in Renminbi. As the Company raised net proceeds equivalent to RMB581,488,000 (i.e. HK$547,850,000) upon its listing during the year, the Group still has large amounts of Hong Kong dollar bank deposits. Since the exchange rate fluctuation between the Hong Kong dollar and Renminbi is very small, the foreign exchange risk is very low and no hedging have been made.

As at 30th June 2001, the Group had outstanding contracted capital commitments amounting to approximately RMB425,859,000 in respect of purchase of fixed assets and research and development expenditure. In addition, as at 30th June 2001, the Group did not have any material contingent liabilities.

The Board of Directors is comfortable that existing financial resources will be sufficient for future expansion plans. If other opportunities arise which require additional funding, the board of directors believes that the Group is in an excellent position to obtain financing on favourable terms.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year ended 30th June, 2001.

Please also refer to the published version of this announcement in the South China Morning Post.

AUDIT COMMITTEE

The audit committee is comprised of two independent non-executive directors, namely, Mr. Wong Kong Chi and Professor Lin Shun Quan. Mr. Wong Kong Chi is the chairman of the audit committee. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited annual financial statements.

PUBLICATION OF FURTHER INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

A detailed results announcement containing all information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

On behalf of the Board
Kwok Ho
Chairman
Hong Kong, 15th October 2001

* *for identification purposes only*