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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)

ANNOUNCEMENT RELATING TO PRESS ARTICLES

The Company refers to two articles published in the East Week magazine of 30 October, 2002 and the Next Magazine of 31 October, 2002 respectively (the “Articles”) regarding the operations and financial position of the Company and its subsidiaries (the “Group”). The Company wishes to point out that the Articles contain inaccurate and untrue information. The Company is currently seeking legal advice and reserves its rights to take such legal actions as it may consider appropriate in respect of the Articles.

The Company has noted the decrease in price and increase in trading volume of its shares today, and wishes to state that, save for the announcement made by the Company on 29 October, 2002 relating to its final results for the year ended 30 June, 2002, the Company is not aware of any reason for such decrease in share price and increase in trading volume.

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Without limitation, the Company wishes to state as follows:

- (1) It is stated in the Articles that the area of the Group’s production bases for cultivation of agricultural produce (and in particular, the Sian You production base (仙游基地) near Fuzhou) is significantly less than the area stated in the prospectus dated 5 December, 2000 (the “Prospectus”) issued by the Company.

Such statement is untrue and inaccurate. The Company confirms that the area of the Sian You production base (which is leased by the Group) is approximately 8,250 mu as stated in the Prospectus. As disclosed in the Company’s 2002 annual report, the total farmland area operated by the Group (excluding the citrus farm owned by an associated company) was approximately 120,725 mu as at 30 June, 2002.

- (2) It is stated in the Articles that the Company overstated its annual turnover in its audited operating results for the year ended 30 June, 2002 by 15 times.

Such statement is untrue and inaccurate. The Company’s turnover, as stated in its audited operating results for the year ended 30 June, 2002, is RMB1,152 million.

- (3) It is stated in the Articles that the Group uses pesticides at the Sian You production base for the cultivation of its agricultural produce.

The Sian You production base is used by the Group exclusively for the cultivation of “green” agricultural produce. The Group uses only pesticides at the Sian You production base which are permitted for the cultivation of “green” agricultural produce in accordance with the relevant regulatory standards for “green” agricultural produce in the PRC.

- (4) It is stated in the Articles that of the eight dedicated retail outlets operated by the Group in Fuzhou as described in the Prospectus, six have been closed.

The Group has recently begun to enhance its retail operations through the establishment of “Fresh Agricultural Produce Supermarkets” in Fuzhou, two of which have been established and four are expected to be established. The Group envisages that such supermarkets will, in time, replace its dedicated retail outlets. As part of those plans, the Group has reduced the number of its dedicated retail outlets from eight to five. The closure of three dedicated retail outlets does not have any negative financial impact on the Group.

- (5) It is stated in the Articles that a major proportion of agricultural produce sold by the Group is purchased by it from third party suppliers, rather than cultivated by it.

While the Group purchases agricultural produce from third party suppliers for sale, such sales only account for an immaterial part of its turnover.

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The Company confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement. The board of directors of the Company is not aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

Made by the order of the board, the directors of the Company individually and jointly accept responsibility for the accuracy of this announcement.

By order of the Board
Kwok Ho
Chairman

Hong Kong, 31 October, 2002

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