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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)*

### **FURTHER ANNOUNCEMENT**

### **RELATING TO THE CLARIFICATION OF THE SUMMARY OF OPERATING RESULTS FOR THE YEAR ENDED 30 JUNE, 2002**

The directors of Chaoda Modern Agriculture (Holdings) Limited (the “Company”) refer to the announcement relating to the clarification of the summary of operating results for the year ended 30 June, 2002 (the “2002 Results”) published on 24 October, 2002 (the “Announcement”).

In the Announcement, it was stated that the Company’s auditors have to undertake further audit steps on certain financial information in respect of two principal subsidiaries of the Company in the People’s Republic of China (“PRC”) previously filed by those subsidiaries with the local offices of the State Administration for Industry and Commerce (國家工商管理管理局) in the PRC in order for them to complete their audit of the 2002 Results. The Company has now received written confirmation from its auditors that those further audit steps have been undertaken, their audit of the 2002 Results has been completed and the audited 2002 Results are unqualified. The audited 2002 Results of the Company are identical in all respects to the unaudited operating results of the Company for the year ended 30 June, 2002 as released on the AMS/3 trading system of The Stock Exchange of Hong Kong Limited and the website of the Hong Kong Exchange (the “AMS/3 Trading System and Website”) on 21 October, 2002 and subsequently set out in the Announcement. The Company has also separately published its preliminary results announcement in relation to the audited 2002 Results on 30 October, 2002 in The Standard and Hong Kong Economic Times.

The Company suspended trading in its shares on 22 October, 2002 pending the release of an announcement relating to the audited results of the Company for the year ended 30 June, 2002 as the Company considered that it would not be in the best interests of the Company and its shareholders to allow trading to continue pending the completion of the audit of the 2002 Results by the Auditors. The Company has applied for trading in its shares to resume with effect from 9:30 a.m. on 30 October, 2002.

The Company refers to the Announcement published on 24 October, 2002.

In the Announcement, it was stated that the Company’s auditors (the “Auditors”) have to undertake further audit steps on certain financial information in respect of two principal subsidiaries of the Company (the “Subsidiaries”) in the PRC previously filed by those Subsidiaries with the local offices of the State Administration for Industry and Commerce (國家工商管理管理局) (“SAIC”) in the PRC in order for them to complete their audit of the 2002 Results. The Company has now received written confirmation from the Auditors that those further audit steps have been undertaken, their audit of the 2002 Results has been completed and the audited 2002 Results are unqualified. The audited 2002 Results of the Company are identical in all respects to the unaudited operating results of the Company for the year ended 30 June, 2002 as released on the AMS/3 Trading System and Website on 21 October, 2002 and subsequently set out in the Announcement. The Company has also separately published its preliminary results announcement in relation to the audited 2002 Results on 30 October, 2002 in The Standard and Hong Kong Economic Times.

In connection with the audit of the 2002 Results, the Company provided the Auditors with one set of unaudited management accounts relating to each of the Subsidiaries for the year ended 31 December 2001 (the “Subsidiaries’ Accounts”). Subsequent to the issue of the 2002 Results on the AMS/3 Trading System and Website by the Company at around 2:14 p.m. on 21 October 2002, one set of audited accounts relating to each of the Subsidiaries for the year ended 31 December 2001 (the “Filed Accounts”) and filed by such Subsidiary with the local office of SAIC in connection with the renewal of its business licence came to the notice of the Auditors through independent verification procedures undertaken during the course of their audit. The Filed Accounts contained certain financial information which was different from the Subsidiaries’ Accounts. The Company has since 21 October, 2002 taken steps to investigate those differences (the “Differences”).

Each of the Subsidiaries carries on its operations through its head office as well as through a number of branch offices located in different parts of the PRC. In its investigation, the Company discovered that the Differences have arisen in relation to each of the Subsidiaries as the Filed Accounts covered only the results of the operations of the head office and not of the branch offices of such Subsidiary. The Company has reconciled the Differences and provided such reconciliation to the Auditors for their review. The Auditors have completed their review of such reconciliation and confirmed to the Company that they have now completed their audit of the 2002 Results.

On 24 October, 2002, each of the Subsidiaries filed a new set of audited accounts for the year ended 31 December, 2001 (the “New Accounts”) prepared in accordance with PRC accounting standards and showing the combined results of its head office and branch offices with the relevant local office of SAIC. The Company has been advised by its PRC legal adviser that the previous submission of the Filed Accounts by the Subsidiaries with SAIC which did not include the results of the operations of their branch offices constitutes non-compliance with the Enterprise Annual Inspection Measures of SAIC (國家工商行政管理局企業年度檢驗辦法) and SAIC is the only regulatory authority entitled to impose any penalty in respect of such non-compliance. Each of the Subsidiaries has received written confirmation from the relevant local office of SAIC that it will not be subject to any penalty or other action in respect of its previous submission of the Filed Accounts.

The Company has allowed the Filed Accounts to be submitted to SAIC as the staff responsible for the preparation and filing of those accounts has misunderstood the requirements set out in the Enterprise Annual Inspection Measures of the SAIC (國家工商行政管理局企業年度檢驗辦法) pursuant to which the Filed Accounts were submitted by the Subsidiaries in connection with the renewal of their respective business licences. The Company will strengthen its internal control procedures to prevent the recurrence of a similar incident.

The board of directors of the Company held its meeting on 29 October, 2002 to approve the audited 2002 Results. Notification of such board meeting was given by the Company to the Stock Exchange on 28 October, 2002. The Stock Exchange has notified the Company that the Company’s failure to publish in the newspapers the preliminary announcement of the 2002 Results on the next business day after the board meeting held on 21 October, 2002 and to give at least seven clear business days’ notice to the Stock Exchange in advance of the board meeting held on 29 October, 2002 constitutes a breach of paragraphs 11(1) and 12 respectively of Appendix 7 (Part B) to the Rules Governing the Listing of Securities of the Stock Exchange. The Stock Exchange reserves the right to take any appropriate action against the Company and/or its directors.

In the Announcement, the Company referred to various press reports concerning the issue of the 2002 Results and stated that none of the information contained in those press reports has been provided by the Company. The Company wishes to clarify that it did, during a press conference held on 21 October, 2002, provide to the press details of the 2002 Results as released on the AMS/3 Trading System and Website on 21 October, 2002 and certain analytical data derived from such 2002 Results.

The Company suspended trading in its shares on 22 October, 2002 pending the release of an announcement relating to the audited results of the Company for the year ended 30 June, 2002 as the Company considered that it would not be in the best interests of the Company and its shareholders to allow trading to continue pending the completion of the audit of the 2002 Results by the Auditors. The Company has applied for trading in its shares to resume with effect from 9:30 a.m. on 30 October, 2002.

By order of the Board  
**Kwok Ho**  
*Chairman*

Hong Kong, 29 October, 2002

“Please also refer to the published version of this announcement in The Standard”