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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

CLARIFICATION ON THE SUMMARY OF OPERATING RESULTS

FOR THE YEAR ENDED 30 JUNE, 2002

ISSUED BY THE COMPANY ON 21 OCTOBER, 2002

There have been various press reports concerning Chaoda Modern Agriculture (Holdings) Limited (the “Company”) and the issue of its operating results for the year ended 30 June, 2002. The Board wishes to state that none of the information contained in those press reports has been provided by the Company and some of those information is purely speculative. Investors should not rely on any information contained in those press reports.

The directors of the Company (the “Directors”) wish to clarify that the summary of operating results for the year ended 30 June, 2002 issued by the Company on the AMS/3 trading system of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the website of the Hong Kong Exchange (together, the “AMS/3 Trading System and Website”) on 21 October, 2002 represent the unaudited operating results of the Company for the year ended 30 June, 2002.

Subsequent to the issue of those results on the AMS/3 Trading System and Website, the Company was informed by its auditors at around 4:50 p.m. on 21 October, 2002 that certain financial information in respect of two of the Company’s principal subsidiaries in the People’s Republic of China previously filed by those subsidiaries with the local offices of the State Administration for Industry and Commerce (國家工商行政管理局) in the People’s Republic of China has come to their notice. The Company’s auditors consider that further audit steps need to be undertaken on those information relating to those subsidiaries in order for them to complete their audit of those results. After discussion with the Company’s Auditors, the Company expects that its audited results for the year ended 30 June, 2002 will be announced on or before 30 October, 2002. On such basis, a meeting of the board of Directors of the Company will be held on 30 October, 2002 to approve such audited results.

Upon the Company’s request, trading in the shares of the Company has been suspended with effect from 9:39 a.m. on 22 October, 2002 and will remain suspended pending the release of a further announcement relating to the audited results of the Company for the year ended 30 June, 2002. Further announcements will be made as and when appropriate.

There have been various press reports concerning the Company and the issue of its operating results for the year ended 30 June, 2002. The Board wishes to state that none of the information contained in those press reports has been provided by the Company and some of those information is purely speculative. Investors should not rely on any information contained in those press reports.

The Company issued the summary of its operating results for the year ended 30 June, 2002 (the “2002 Results”) on the AMS/3 Trading System and Website on 21 October, 2002. The 2002 Results were approved by the board of Directors of the Company at a meeting convened at 10:30 a.m. on 21 October, 2002, at which time, the Directors had received verbal confirmation from the auditors of the Company (the “Auditors”) that they had no further comments on, and they had no objection to the Company releasing as audited and unqualified, the 2002 Results. On such basis, the Company described the 2002 Results as “audited” and “unqualified” in the results announcement (summary) form which was sent to the Stock Exchange by the Company by fax at around 12:40 p.m. on 21 October, 2002 for release on the AMS/3 Trading System and Website. Such results were issued on the AMS/3 Trading System and Website before the afternoon trading session commenced on the Stock Exchange on 21 October, 2002.

Subsequent to the issue of the 2002 Results on the AMS/3 Trading System and Website, the Company was informed by the Auditors at around 4:50 p.m. on 21 October, 2002 that certain financial information in respect of two principal subsidiaries of the Company in the People’s Republic of China previously filed by those subsidiaries with the local offices of the State Administration for Industry and Commerce (國家工商行政管理局) in the People’s Republic of China has come to their notice. Such information was not previously available to the Auditors. The Auditors consider that further audit steps need to be undertaken on those information relating to those subsidiaries in order for them to complete their audit of the 2002 Results. The Company has not received any indication from the Auditors at this stage that the 2002 Results would be qualified or modified.

In view of the above circumstances, the Company wishes to clarify that the 2002 Results, as announced on the AMS/3 Trading System and Website and set out below, represent the unaudited operating results of the Company for the year ended 30 June, 2002. After discussion with the Auditors, the Company expects that its audited results for the year ended 30 June, 2002 will be announced on or before 30 October, 2002. On such basis, a meeting of the board of Directors of the Company will be held on 30 October, 2002 to approve such audited results. Notification of such board meeting was sent by the Company to the Stock Exchange on 22 October, 2002.

The Stock Exchange reserves the right to consider whether there has been any breach of paragraph 12 of Appendix 7 (Part B) to the Rules Governing the Listing of Securities of the Stock Exchange as to the requirement for the Company to notify the Stock Exchange at least 7 clear business days in advance of the date fixed for the board meeting approving the annual results announcement for publication.

The unaudited operating results of the Company for the year ended 30 June, 2002 which for the reasons stated above, were described as audited at the time when they were initially disclosed in the AMS/3 Trading System and Website on 21 October, 2002 are as follows:

	Current Period from 1 July, 2001 to 30 June, 2002 (RMB'000)	Last Corresponding Period from 1 July, 2000 to 30 June, 2001 (RMB'000)
Turnover	1,152,133	725,546
Profit/(Loss) from Operations	664,781	444,032
Finance cost	(6,028)	(1,588)
Share of Profit/(Loss) of Associates	19,080	N/A
Share of Profit/(Loss) of Jointly Controlled Entities	N/A	N/A
Profit/(Loss) after Tax & MI	621,924	440,821
% Change over Last Period	+41%	

EPS/(LPS) – Basic	:	RMB35 cents	RMB31 cents
– Diluted	:	N/A	N/A
Extraordinary (“ETD”) Gain/(Loss)	:	0	0
Profit/(Loss) after ETD Items	:	621,924	440,821
Final Dividend per Share	:	RMB9.529 cents (HK9.0 cents)	RMB7.738 cents (HK7.3 cents)
(specify if with other options)	:	N/A	N/A
B/C Dates for Final Dividend	:	4 December, 2002 to 11 December, 2002 bdi.	
Payable Date	:	On or before 31 December, 2002	
B/C Dates for Annual General Meeting	:	4 December, 2002 to 11 December, 2002 bdi.	
Other Distribution for Current Period	:	N/A	
B/C Dates for Other Distribution	:	N/A	

Remarks :

- (1) The 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 issued by the Hong Kong Society of Accountants.
- (2) The calculation of the earnings per share is based on the profit attributable to shareholders of RMB621,924,000 (2001: RMB440,821,000) and the weighted average number of 1,793,753,000 (2001: 1,416,986,000) shares in issue during the year.

There was no potential dilutive ordinary shares in existence for the years ended 30 June, 2002 and 2001, therefore, no diluted earnings per share was presented.

- (3) An analysis of turnover and profit from continuing operations:

Year ended 30 June, 2002

	Growing and sales of crops <i>RMB'000</i>	Breeding and sales of Livestock <i>RMB'000</i>	Sales of ancillary Food products <i>RMB'000</i>	Total <i>RMB'000</i>
Turnover	1,128,253	21,356	2,524	1,152,133
Cost of sales	(292,305)	(5,982)	(1,889)	(300,176)
Gross profit	835,948	15,374	635	851,957
Unallocated items:				
Other revenue				19,202
Selling and distribution expenses				(104,134)
General and administrative expenses				(55,238)
Research Expenses				(46,000)
Net other operating expenses				(1,006)
Operating profit				<u>664,781</u>

Upon the Company's request, trading in the shares of the Company has been suspended with effect from 9:39 a.m. on 22 October, 2002 and will remain suspended pending the release of a further announcement relating to the audited results of the Company for the year ended 30 June, 2002. The Auditors will require time to complete their audit of the 2002 Results. Until such audit has been completed by the Auditors, the Directors are concerned that there is likely to be a significant degree of uncertainty in the market in respect of the 2002 Results and hence, it would not be in the best interests of the Company and its shareholders to allow trading in the shares of the Company to resume. Further announcements will be made as and when appropriate.

By order of the Board
Kwok Ho
Chairman

Hong Kong, 24 October, 2002

** for identification only*

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