



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)

FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2007

HIGHLIGHTS

Turnover increased by 38% to RMB3,849,930,000.

Gross profit increased by 39% to RMB2,636,551,000.

EBITDA increased by 36% to RMB2,336,697,000.

Operating profit increased by 35% to RMB2,008,048,000.

Profit attributable to shareholders (excluding changes in fair value of biological assets and convertible bonds) increased by 51% to RMB1,830,879,000.

Profit attributable to shareholders increased by 28% to RMB1,732,724,000.

The Board of Directors (the “Board”) of Chaoda Modern Agriculture (Holdings) Limited (the “Company” or “Chaoda”) is pleased to announce the audited consolidated final results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 June 2007, together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2007

	<i>Notes</i>	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Turnover	3	3,849,930	2,797,707
Cost of sales		(1,213,379)	(904,146)
Gross profit		2,636,551	1,893,561
Other revenues	4	83,192	116,645
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets		148,859	153,059
Selling and distribution expenses		(401,321)	(293,615)
General and administrative expenses		(247,157)	(153,228)
Research expenses		(71,800)	(64,350)
Other operating expenses	6	(140,276)	(160,810)
Profit from operations		2,008,048	1,491,262
Finance costs	7(a)	(145,214)	(193,626)
Share of net profit of associates		118,977	103,313
Change in fair value of convertible bonds	13	(247,014)	(5,135)
Gain/(Loss) on deemed disposal of interests in associates		490	(37,530)
Profit before income tax	7	1,735,287	1,358,284
Income tax expense	8	(468)	(344)
Profit for the year		1,734,819	1,357,940
Attributable to:			
Equity shareholders of the Company		1,732,724	1,358,235
Minority interests		2,095	(295)
Profit for the year		1,734,819	1,357,940
Dividends	10	129,664	268,834
Earnings per share for profit attributable to equity shareholders of the Company during the year			
– Basic	9(a)	RMB0.73	RMB0.57
– Diluted	9(b)	RMB0.71	RMB0.56

CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	Notes	2007 RMB'000	2006 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		3,073,328	2,243,719
Construction-in-progress		446,593	770,971
Prepaid premium for land leases		3,380,418	2,653,230
Biological assets		1,099,727	431,706
Available-for-sale investments		549,990	-
Deferred development costs		37,350	70,288
Deferred expenditure		187,376	138,817
Other long-term deposits		3,500	3,500
Interests in associates		702,228	593,797
		9,480,510	6,906,028
Current assets			
Prepaid premium for land leases		121,452	90,603
Biological assets		663,221	452,587
Inventories		16,565	26,637
Trade receivables	11	266,489	96,613
Other receivables, deposits and prepayments		435,325	241,783
Cash and cash equivalents		1,667,350	2,613,723
		3,170,402	3,521,946
Current liabilities			
Amount due to a related company		21,102	37,389
Trade and bills payables	12	15,266	10,845
Other payables and accruals		101,490	117,080
Bank loans – secured		-	10,000
		137,858	175,314
Net current assets		3,032,544	3,346,632
Total assets less current liabilities		12,513,054	10,252,660
Non-current liabilities			
Guaranteed senior notes		1,693,423	1,794,501
Convertible bonds	13	1,548,120	1,389,455
		3,241,543	3,183,956
Net assets		9,271,511	7,068,704
EQUITY			
Equity attributable to the equity shareholders of the Company			
Share capital		252,951	251,071
Reserves		9,011,962	6,813,130
		9,264,913	7,064,201
Minority interests		6,598	4,503
Total equity		9,271,511	7,068,704

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2007

	Attributable to the equity shareholders of the Company											
	Share capital	Share premium	Capital reserve	Employee share-based compensation reserve	Capital redemption reserve	Exchange reserve	Investment revaluation reserve	Statutory reserves	Retained profits	Total	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 2005	250,665	1,945,730	94,894	74,661	723	-	-	288,349	3,253,987	5,909,009	4,798	5,913,807
Net income recognised directly in equity												
– Currency translation differences	-	-	-	-	-	21,756	-	-	-	21,756	-	21,756
Profit for the year	-	-	-	-	-	-	-	-	1,358,235	1,358,235	(295)	1,357,940
Total recognised income and expenses for the year	-	-	-	-	-	21,756	-	-	1,358,235	1,379,991	(295)	1,379,696
Shares issued under share option scheme	406	13,064	-	(4,616)	-	-	-	-	-	8,854	-	8,854
Employee share option benefits	-	-	-	28,711	-	-	-	-	-	28,711	-	28,711
2004/2005 final dividends paid	-	-	-	-	-	-	-	-	(262,364)	(262,364)	-	(262,364)
Appropriations	-	-	-	-	-	-	-	146,549	(146,549)	-	-	-
At 30 June 2006	251,071	1,958,794	94,894	98,756	723	21,756	-	434,898	4,203,309	7,064,201	4,503	7,068,704
At 1 July 2006	251,071	1,958,794	94,894	98,756	723	21,756	-	434,898	4,203,309	7,064,201	4,503	7,068,704
Net income recognised directly in equity												
– Currency translation differences	-	-	-	-	-	129,864	-	-	-	129,864	-	129,864
Profit for the year	-	-	-	-	-	-	-	-	1,732,724	1,732,724	2,095	1,734,819
Total recognised income and expenses for the year	-	-	-	-	-	129,864	-	-	1,732,724	1,862,588	2,095	1,864,683
Shares issued under share option scheme	1,880	69,791	-	(24,858)	-	-	-	-	-	46,813	-	46,813
Employee share option benefits	-	-	-	126,555	-	-	-	-	-	126,555	-	126,555
Fair value gain on available-for-sale investments	-	-	-	-	-	-	433,590	-	-	433,590	-	433,590
2005/2006 final dividends paid	-	-	-	-	-	-	-	-	(268,834)	(268,834)	-	(268,834)
Appropriations	-	-	-	-	-	-	-	208,686	(208,686)	-	-	-
At 30 June 2007	252,951	2,028,585	94,894	200,453	723	151,620	433,590	643,584	5,458,513	9,264,913	6,598	9,271,511

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated.

The financial statements have been prepared on the historical cost basis except for certain assets and financial instruments which are stated at fair values.

2. ADOPTION OF NEW OR AMENDED HKFRSs

From 1 July 2006, the Group has adopted all the new or amended HKFRSs which are first effective on 1 July 2006 and relevant to the Group. The adoption of these new or amended HKFRSs has resulted in changes in the Group's accounting policies on financial guarantee contracts. Other than that, the adoption of these new or amended HKFRSs did not result in significant changes in the Group's accounting policies, but may result in additional disclosures.

2.1 Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Financial Guarantee Contracts

The amendments to HKAS 39 require an entity to account for certain financial guarantee contracts in accordance with that standard. To comply with the requirements of the amended HKAS 39, the Group has adopted a new accounting policy to recognise financial guarantee contracts. On initial recognition, these contracts are measured at fair value and they are subsequently stated at the higher of:

- the amount initially recognised less where appropriate, cumulative amortisation recognised in accordance with the Group's revenue recognition policies; and
- the amount of the obligation under the contract, as determined in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

The adoption of this new accounting policy has had no material impact on the amounts reported in the current and prior accounting periods.

2.2 New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company (the “Directors”) are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 23 (Revised)	Borrowing Costs ²
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment ³
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions ⁴

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

2.2 New or amended HKFRSs that have been issued but are not yet effective (Continued)

HK(IFRIC) – Int 12	Service Concession Arrangements ⁵
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁶
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction ⁵

Notes:

- 1 Effective for annual periods beginning on or after 1 January 2007
- 2 Effective for annual periods beginning on or after 1 January 2009
- 3 Effective for annual periods beginning on or after 1 November 2006
- 4 Effective for annual periods beginning on or after 1 March 2007
- 5 Effective for annual periods beginning on or after 1 January 2008
- 6 Effective for annual periods beginning on or after 1 July 2008

3. TURNOVER

The principal activities of the Group are the growing and sales of crops, and breeding and sales of livestock. The supermarket business operated by a subsidiary has been ceased during the year ended 30 June 2006.

Turnover represents the sales value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Sales of crops	3,812,772	2,698,357
Sales of livestock	37,158	40,671
Supermarkets chain operation	-	58,679
	3,849,930	2,797,707

4. OTHER REVENUES

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Interest income	55,885	53,237
Investment income	3,229	37,266
Agency fee income	5,174	8,064
Others	18,904	18,078
	83,192	116,645

5. SEGMENT INFORMATION

The Group is principally engaged in the growing and sales of crops. The turnover, operating profit and total assets, total liabilities and capital expenditures attributable to this business segment accounted for over 90% of the Group's consolidated totals for the years ended 30 June 2007 and 2006. Consequently, no segment information by business activity is presented.

The Group's operations are primarily in the PRC and the Group's sales and total assets attributable to other geographical areas are less than 5% of the Group's corresponding consolidated totals for the years ended 30 June 2007 and 2006. Consequently, no segment information by geographical area is presented.

6. OTHER OPERATING EXPENSES

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Expenses incurred for idle farmland	83,538	70,688
Natural crops loss	10,813	8,505
Loss on disposal of property, plant and equipment	4,950	32,307
Compensation paid for land leasing	17,900	25,850
Plantation cost for windbreaks	13,185	13,973
Net exchange loss	2,684	6,123
Others	7,206	3,364
	<u>140,276</u>	<u>160,810</u>

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

(a) Finance costs

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Interest on the guaranteed senior notes issued	133,746	142,428
Issue expenses of convertible bonds	-	38,931
Bank and finance charges	11,121	11,593
Interest on bank loans wholly repayable within five years	347	674
	<u>145,214</u>	<u>193,626</u>

(b) Staff costs (including directors' remuneration)

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Salaries, wages and other benefits	358,810	265,677
Employee share option benefits	126,555	28,711
Retirement benefits costs	2,737	1,882
	<u>488,102</u>	<u>296,270</u>

7. PROFIT BEFORE INCOME TAX (Continued)

(c) Other items

	2007 RMB'000	2006 RMB'000
Auditors' remuneration	3,768	4,518
Amortisation of deferred development costs (included in general and administrative expenses)	15,188	13,850
Amortisation of prepaid premium for land leases, net of amount capitalised	71,943	45,984
Amortisation of deferred expenditure, net of amount capitalised	36,437	18,257
Bad debts written off	928	6,808
Cost of inventories sold	1,213,379	904,146
Depreciation of property, plant and equipment, net of amount capitalised	205,081	150,904
Operating lease expenses		
– land and buildings	111,863	79,879
– motor vehicles	102	102
	<hr/>	<hr/>

8. INCOME TAX EXPENSE

The amount of income tax expense charged to the consolidated income statement represents:

	2007 RMB'000	2006 RMB'000
Current tax		
– PRC income tax (note (i))	468	344
– Hong Kong profits tax (note (ii))	-	-
	<hr/>	<hr/>
	468	344
	<hr/>	<hr/>

Notes:

- (i) Fuzhou Chaoda Modern Agriculture Development Company Limited, the Group's principal subsidiary, was awarded as "State-Level Agricultural Leading Enterprise" of the nation by the central government of the PRC in December 2002. According to the circular Nong Jing Fa [2000] No. 8 and No. 10 jointly issued by Agricultural Ministry, State Development Planning Commission, State Economic & Trade Commission, Ministry of Finance, Ministry of Foreign Trade & Economic Cooperation, People's Bank of China, State Administration of Taxation, Securities Regulatory Commission and Chinese Supply and Marketing Cooperatives, domestic PRC State-Level Agricultural Leading Enterprises are entitled to certain tax benefits including full exemption of income tax. These tax benefits are also applied to other PRC subsidiaries engaged in agricultural business.

Other PRC subsidiaries not engaged in agricultural business are subject to the PRC income tax at the rates of 15% to 33%.

- (ii) No provision for Hong Kong profits tax has been made as there is no estimated assessable profits (2006: Nil) for the Company and its subsidiaries operating in Hong Kong during the year.

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the earnings per share is based on the profit attributable to equity shareholders of RMB1,732,724,000 (2006: RMB1,358,235,000) and the weighted average number of 2,371,992,922 (2006: 2,364,426,579) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of RMB1,732,724,000 (2006: RMB1,363,370,000) and the weighted average number of 2,445,998,978 (2006: 2,451,461,346) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme and convertible bonds.

(i) Profit attributable to equity shareholders of the Company (diluted)

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Profit attributable to equity shareholders	1,732,724	1,358,235
Change in fair value of convertible bonds (Note)	-	5,135
Profit used for determining diluted earnings per share	1,732,724	1,363,370

(ii) Weighted average number of ordinary shares (diluted)

	2007 <i>Number of shares</i>	2006 <i>Number of shares</i>
Weighted average number of ordinary shares used in calculating basic earnings per share	2,371,992,922	2,364,426,579
Deemed issue of ordinary shares		
– share options	74,006,056	57,445,726
– convertible bonds (Note)	-	29,589,041
Weighted average number of ordinary shares used in calculating diluted earnings per share	2,445,998,978	2,451,461,346

Note:

In the calculation of the diluted earnings per share attributable to the equity shareholders of the Company for the year ended 30 June 2007, the potential ordinary shares arising from the conversion of the Company's convertible bonds would increase the earnings per share attributable to the equity shareholders of the Company and was not taken into account as they had an anti-dilutive effect.

10. DIVIDENDS

	<i>2007</i> <i>RMB'000</i>	<i>2006</i> <i>RMB'000</i>
Proposed final dividend of HK\$0.056 (2006: HK\$0.114) per ordinary share	<u>129,664</u>	<u>268,834</u>

At a meeting held on 16 October 2007, the Directors proposed a final dividend of HK\$0.056 (equivalent to RMB0.054) per ordinary share and recommended a bonus issue to the shareholders of the Company on the basis of one bonus share for every eighty existing shares of the Company recorded on the Register of Members of the Company on 28 November 2007. The proposed final dividend and the issue of bonus shares are subject to approval by the equity shareholders in the forthcoming annual general meeting and have not yet been accounted for in the current year's financial statements but will be reflected in the financial statements for the year ending 30 June 2008.

11. TRADE RECEIVABLES

The Group's trading terms for its local wholesale and retail sales are mainly cash on delivery whereas local sales to institutional customers and export trading companies are mainly on credit. The credit period is generally for a period from one month to three months depending on the customers' credit worthiness.

The ageing of the Group's trade receivables is analysed as follows:

	<i>2007</i> <i>RMB'000</i>	<i>2006</i> <i>RMB'000</i>
0 - 1 month	246,463	87,825
1 - 3 months	6,062	3,167
Over 3 months	13,964	5,621
	<u>266,489</u>	<u>96,613</u>

12. TRADE AND BILLS PAYABLES

The ageing of the Group's trade and bills payables is analysed as follows:

	<i>2007</i> <i>RMB'000</i>	<i>2006</i> <i>RMB'000</i>
0 - 1 month	874	7,265
1 - 3 months	11,655	1,378
Over 3 months	2,737	2,202
	<u>15,266</u>	<u>10,845</u>

At 30 June 2007, the Group did not have secured bills payables. At 30 June 2006, bills payables amounting to RMB4,139,000 was secured by a corporate guarantee provided by one of the subsidiaries.

13. CONVERTIBLE BONDS

In May 2006, the Company issued HK\$1,344,000,000 (equivalent to RMB1,384,320,000 at date of issue) zero coupon convertible bonds to the bond holders with a maturity date due on 8 May 2011. The convertible bonds are listed on The Stock Exchange of Hong Kong Limited and are guaranteed by certain subsidiaries of the Company.

Each convertible bond would, at the option of the bond holder, be convertible on and after 15 May 2006 up to and including 28 April 2011 into ordinary share (the “Shares”) of the Company at an initial conversion price of HK\$6.72 per share subject to adjustment. The conversion price will be reset to the average market price of the Shares on the respective dates as stipulated in the Company's circular dated 3 May 2006. The convertible bonds that are not converted into ordinary shares will be redeemed at 128.01% of its principal amount on the maturity date.

Since the conversion price for the convertible bonds is subject to change, the conversion will not result in settlement by the exchange of a fixed number of equity instrument. Therefore, upon application of HKAS 32 and HKAS 39, the Group determined that the convertible bonds do not contain any equity component and the entire convertible bonds were designated as “financial liabilities at fair value through profit or loss” which requires the convertible bonds to be carried at fair value at the balance sheet date with the changes in fair value being recognised in the income statement. During the year, a loss on change in its fair value of RMB247,014,000 (2006: RMB5,135,000) is recognised in the income statement.

The fair value of the convertible bonds was calculated using the market value basis. The inputs into the model were as follows:

Stock price	HK\$6.04
Expected volatility	43%
Stock borrowing cost	9%
Issuer's credit spread	2%
Expected dividend yield	2%

The movement of the fair value of the convertible bonds is set out as below:

	2007	2006
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 July/Date of issuance	1,389,455	1,384,320
Changes in fair value and charged to income statement	247,014	5,135
Currency translation differences charged to exchange reserve	(88,349)	-
At 30 June	<u>1,548,120</u>	<u>1,389,455</u>

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

DIVIDEND

The Board has recommended the payment of a final dividend of HK\$0.056 per share for the year ended 30 June 2007 (2006: HK\$0.114 per share) subject to the approval by the shareholders of the Company at the forthcoming annual general meeting on 28 November 2007 (“2007 AGM”) to the shareholders whose names appear on record of the Register of Members of the Company on 28 November 2007 and payable on or before 10 December 2007.

No interim dividend was declared for the six months ended 31 December 2006 (2005: Nil).

BONUS ISSUE OF SHARES

The Board has proposed to make bonus shares issue of one new share of HK\$0.10 credited as fully paid for every 80 existing shares held by the shareholders (“Bonus Shares”) whose names appear on the Register of Members of the Company on 28 November 2007. The issue of Bonus Shares is conditional upon the passing of the relevant resolutions by the shareholders of the Company at the 2007 AGM and the granting listing of and permission to deal in the Bonus Shares by the Listing Committee of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”).

The Bonus Shares will rank *pari passu* in all respects with the existing issued shares of the Company with effect from the date of issue except for the Bonus Shares and the final dividend for the year ended 30 June 2007. Circular containing further details of the bonus issue will be dispatched to the shareholders on or about 30 October 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 26 November 2007 to 28 November 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend and the Bonus Shares, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrars in Hong Kong, namely, Tricor Abacus Ltd. at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 23 November 2007.

ZERO COUPON CONVERTIBLE BONDS DUE 2011 (“BONDS”)

Upon the approval of shareholders, the payment of the final dividend and/or bonus share issue will result in the adjustment of the conversion price of the Bonds under the terms and conditions of the Bonds. The adjustment will become effective on the record date for determination of the Company’s shareholders to be entitled to receive the final dividend and/or Bonus Shares, i.e. 10 December 2007. Further announcement on the result of adjustment price (if appropriate) will be made on or about 10 December 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS REVIEW

For the financial year ended 30 June 2007, the turnover of the Group recorded a substantial increase of RMB1,052 million or 38% and rose to RMB3,850 million from last financial year’s RMB2,798 million.

The solid growth in business was largely driven by, first, the revenue contributed by the increase in output as a result of the expansion in production bases and, secondly, the strong demand for high quality agricultural products. The other reasons for the growth were the improvement in production of crops per mu and the slight increase in the selling price for agricultural products

Benefited from the favourable agricultural market and the increase in sales, the gross profit of the Group increased by RMB743 million or 39 % to a record of RMB2,637 million compared with the gross profit of RMB1,894 million for the last financial year. The gross profit margin of the Group for the year under review maintained at its high level of 68%, the same as last financial year.

Operating Profit

Selling and distribution expenses were controlled at RMB401 million or 10.4% of the turnover, compared with RMB294 million or 10.5% of the turnover in the last financial year. The general and administration expenses were of RMB247 million or 6.4% of the turnover, compared with RMB153 million or 5.5% of the turnover in the preceding financial year.

As a result, the operating profit of the Group, before finance costs, share of net profit of associates and change in fair value of convertible bonds, for the current financial year rose to RMB2,008 million, an increase of RMB517 million or 35% from RMB1,491 million in the preceding financial year.

Profit Attributable to Shareholders

For the financial year under review, profit attributable to shareholders amounted to RMB1,733 million, representing an increase of RMB375 million or 28% compared with RMB1,358 million for the same period last year.

Profit attributable to shareholders for the year under review was affected by two major non-cash flow items, changes in fair value of biological assets and convertible bonds, which recorded a gain of RMB149 million and a loss of RMB247 million respectively, compared with the same period last year, a gain for biological assets of RMB153 million and a loss for convertible bonds of RMB5 million.

Excluding these two major non-cash flow items, the Group's profit attributable to shareholders adjusted to RMB1,831 million, represented an increase of RMB621 million or 51% from RMB1,210 million of last financial year.

AGRICULTURAL LAND FOR CORE BUSINESS

Total production base area of the Group's core business, including vegetable land, tea garden and fruit garden, as at 30 June 2007 was 363,656 mu (24,244 hectares), an increase of 85,600 mu (5,707 hectares) or 31% from 278,056 mu (18,537 hectares) as at 30 June 2006.

Despite the sizable increase in production base area, its number slightly increased to 31 production bases operated in 15 different provinces in China. The development is in line of the Group's strategy to better its manpower and planning by expanding its existing production bases and centralizing its resources on larger production bases.

DEVELOPMENT STRATEGY

Looking ahead, Chaoda believe the government will continue to intensify its efforts to enhance the development of modern agriculture and to maintain the continuity of its policy for the countryside.

More measures are expected to be carried out in facilitating the development of agriculture so that the mission of building a new countryside can be fulfilled. On 18 August 2007, the State Council issued a white paper on “The Current Situation of Food Safety in China”. This is the first time the government has issued a white paper on the food safety situation. It was designed to raise public awareness of food safety and to bring public scrutiny to the issue.

Business Development

With strong support from the government, Chaoda firmly believe that the agriculture operating environment in China will continuously improve. Chaoda will treasure this opportunity and focus on developing its core operations. Our key bases for development will remain in four major regions, Northeast China, North China, the Yangtze River area and South China. Chaoda will actively look for supplementary production bases in other areas that are endowed with rich land resources. While expanding our production bases, Chaoda will further improve the facilities at our existing bases.

Strengthening Team Building

Human resources are an enterprise’s most important assets. The Group emphasizes the importance of training its management team. It has cooperated with higher education and professional institutions to provide job training to the management team. In September 2006, the Group initiated a professional training program for its management team with a series of training courses on management hierarchy and corporate coaching. The overall standard and working capabilities of the management team were improved through the acquisition of management knowledge, management skills training and drill training. Meanwhile, the Group arranged for the management staff to practise at its bases. This enabled them to have closer contacts with farmers and thus better understand them. Operational management skills were further enhanced. The group also emphasizes on training new devoted talents for both management and R&D positions.

In light of the relatively low skills among farmers in China, the Group has engaged agricultural specialists to provide them with flexible and practical training which combines relevant modern technology with applications. In this way, the farmers gain access to the latest technical know-how and cultivation technology. Going forward, Chaoda will continue to insist on the people first principle and will create a humanitarian environment within the Group, providing talented employees with opportunities and a suitable growth environment for their self-fulfillment.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 30 June 2007.

REVIEWED BY AUDIT COMMITTEE

The Audit Committee presently comprises three independent non-executive directors, namely, Mr. Tam Ching Ho (as Chairman), Mr. Fung Chi Kin and Ms. Luan Yue Wen. The audited financial statements of the Group for the year ended 30 June 2007 has been reviewed by the Audit Committee.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a high standard of corporate governance and has complied with all the code provisions set out in the Code on Corporate Governance Practices (the “Code Provision”) contained in Appendix 14 of the Listing Rules throughout the year except for the

requirement on the roles of the chairman and chief executive officer to be performed by different individuals (Code Provision A.2.1) and the attendance of the chairman at the last annual general meeting (Code Provision E.1.2).

In compliance with Code Provisions B.1.4 and C.3.4, the Company has posted the terms of reference for the Remuneration Committee and the Audit Committee on the website of the Company.

For more details of the Company's corporate governance practice, please refer to the Corporate Governance Report published in the annual report of the Company for the year ended 30 June 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules. Subsequent to specific enquiries made by the Company, all directors confirmed that they have complied with the Model Code throughout the year under review.

PUBLICATION OF FINAL RESULTS ON THE WEBSITES

This results announcement is published on the websites of the Company (www.irasia.com/listco/hk/chaoda/announcement) and the Stock Exchange (www.hkex.com.hk). The annual report will be dispatched to the shareholders of the Company and made available on the above websites as soon as practicable.

On behalf of the Board
Kwok Ho
Chairman

Hong Kong, 16 October 2007

As of the date hereof, the Board comprises :

Executive directors: Mr. Kwok Ho, Mr. Ip Chi Ming, Dr. Lee Yan, Ms. Wong Hip Ying, Mr. 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