



**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)**

**ANNOUNCEMENT OF THE INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

**HIGHLIGHTS**

**Group turnover increased by 37% to RMB2,317 million.**

**Gross profit increased by 38% to RMB1,561 million.**

**Profit attributable to equity shareholders increased by 48% to RMB862 million.**

**Profit attributable to equity shareholders (excluding changes in fair value of biological assets and convertible bonds) increased by 48% to RMB1,127 million.**

The board of directors (the “Board”) of Chaoda Modern Agriculture (Holdings) Limited (the “Company” or “Chaoda”) is pleased to present the interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 December 2007. The consolidated income statement of the Group for the six months ended 31 December 2007 and the consolidated balance sheet of the Group as at 31 December 2007, together with the selected explanatory notes, are unaudited and condensed, which have been reviewed by the Company’s Audit Committee and the Company’s auditors, Grant Thornton.

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2007 – Unaudited

		Six months ended 31 December	
		2007	2006
	Notes	RMB'000	RMB'000
<b>Turnover</b>	3	<b>2,317,200</b>	1,696,583
Cost of sales		(756,548)	(565,818)
<b>Gross profit</b>		<b>1,560,652</b>	1,130,765
Other revenues		33,167	49,050
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets		(95,668)	(77,869)
Selling and distribution expenses		(242,317)	(177,989)
General and administrative expenses		(100,067)	(119,601)
Research expenses		(29,128)	(28,638)
Other operating expenses		(77,947)	(63,936)
<b>Profit from operations</b>		<b>1,048,692</b>	711,782
Finance costs	5(a)	(71,291)	(72,631)
Loss on deemed disposals of interest in an associate		(1,050)	-
Share of net profit of associates		53,933	43,501
Change in fair value of convertible bonds	12	(169,332)	(101,504)
<b>Profit before income tax</b>	5	<b>860,952</b>	581,148
Income tax expense	6	(22)	(160)
<b>Profit for the period</b>		<b>860,930</b>	580,988
<b>Profit attributable to :</b>			
Equity shareholders of the Company		862,225	581,445
Minority interests		(1,295)	(457)
<b>Profit for the period</b>		<b>860,930</b>	580,988
<b>Dividends</b>	7	<b>128,422</b>	268,834
<b>Earnings per share for profit attributable to the equity shareholders of the Company during the period (2006 : restated)</b>			
- Basic	8(a)	<b>RMB0.36</b>	RMB0.24
- Diluted	8(b)	<b>RMB0.34</b>	RMB0.23

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2007 – Unaudited

	Notes	31 December 2007 RMB'000	30 June 2007 RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,427,059	3,073,328
Construction-in-progress		518,481	446,593
Prepaid premium for land leases		4,043,724	3,380,418
Biological assets		1,330,354	1,099,727
Available-for-sale investments		178,560	549,990
Deferred development costs		40,020	37,350
Deferred expenditure		214,967	187,376
Other long-term deposits		3,500	3,500
Interests in associates		740,376	702,228
		<b>10,497,041</b>	<b>9,480,510</b>
<b>Current assets</b>			
Prepaid premium for land leases		140,746	121,452
Biological assets		585,747	663,221
Inventories		26,664	16,565
Trade receivables	9	174,368	266,489
Other receivables, deposits and prepayments		347,504	435,325
Cash and cash equivalents		1,447,759	1,667,350
		<b>2,722,788</b>	<b>3,170,402</b>
<b>Current liabilities</b>			
Amounts due to a related company		30,124	21,102
Trade and bills payables	10	10,491	15,266
Other payables and accruals		98,718	101,490
		<b>139,333</b>	<b>137,858</b>
<b>Net current assets</b>		<b>2,583,455</b>	<b>3,032,544</b>
<b>Total assets less current liabilities</b>		<b>13,080,496</b>	<b>12,513,054</b>
<b>Non-current liabilities</b>			
Guaranteed senior notes	11	1,625,247	1,693,423
Convertible bonds	12	1,648,321	1,548,120
		<b>3,273,568</b>	<b>3,241,543</b>
<b>Net assets</b>		<b>9,806,928</b>	<b>9,271,511</b>
<b>EQUITY</b>			
<b>Equity attributable to the equity shareholders of the Company</b>			
Share capital		256,181	252,951
Reserves		9,543,459	9,011,962
		<b>9,799,640</b>	<b>9,264,913</b>
<b>Minority interests</b>		<b>7,288</b>	<b>6,598</b>
<b>Total equity</b>		<b>9,806,928</b>	<b>9,271,511</b>

# NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2007 – Unaudited

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the "Interim Financial Information") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Interim Financial Information should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2007 (the "2007 Annual Financial Statements").

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Information has been prepared under the historical cost convention, except for the revaluation of certain assets and financial instruments which are stated at fair value. The accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in the 2007 Annual Financial Statements.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") (collectively, the "New HKFRSs") which have become effective for accounting periods beginning on or after 1 January 2007. The adoption of the New HKFRSs has had no material financial impact on the Group's Interim Financial Information.

The Group has not early adopted the following new standards, amendments to standards and interpretations that have been issued at the time of preparing the Interim Financial Information but are not yet effective. The directors of the Company (the "Directors") are currently assessing the impact of these standards, amendments to standards and interpretations but are not yet in a position to state whether they would have material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) Interpretation 12	Service Concession Arrangements <sup>2</sup>
HK(IFRIC) Interpretation 13	Customer Loyalty Programmes <sup>3</sup>
HK(IFRIC) Interpretation 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2008

<sup>3</sup> 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.

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

	Six months ended 31 December	
	2007	2006
	RMB'000	RMB'000
Sales of crops	2,297,521	1,676,170
Sales of livestock	19,679	20,413
	<u>2,317,200</u>	<u>1,696,583</u>

### 4. 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 six-months ended 31 December 2007 and 2006. Consequently, no segment information by business activity is presented.

The Group's operations are primarily in the People's Republic of China (the "PRC") and the Group's sales and total assets attributable to other geographical areas are less than 10% of the Group's corresponding consolidated totals for the six-months ended 31 December 2007 and 2006. Consequently, no segment information by geographical area is presented.

### 5. PROFIT BEFORE INCOME TAX.

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

#### (a) Finance costs

	Six months ended 31 December	
	2007	2006
	RMB'000	RMB'000
Interest on the guaranteed senior notes issued	65,586	66,914
Bank and finance charges	5,705	5,515
Interest on bank loans wholly repayable within five years	-	202
	<u>71,291</u>	<u>72,631</u>

#### (b) Staff costs

	Six months ended 31 December	
	2007	2006
	RMB'000	RMB'000
Salaries, wages and other benefits	209,900	161,816
Employee share option benefits	43,064	61,324
Retirement benefit costs	1,787	1,334
	<u>254,751</u>	<u>224,474</u>

## 5. PROFIT BEFORE INCOME TAX (Continued)

### (c) Other items

	Six months ended 31 December	
	2007 RMB'000	2006 RMB'000
Interest income	(20,379)	(30,380)
Investment income	-	(3,213)
Amortisation of deferred development costs included in general and administrative expenses	5,530	5,363
Amortisation of deferred expenditure, net of amount capitalised	28,560	17,904
Amortisation of prepaid premium for land leases, net of amount capitalised	38,929	28,597
Bad debts written off/ (back)	4	(186)
Cost of inventories sold	756,548	565,818
Depreciation of property, plant and equipment, net of amount capitalised	72,040	68,255
Exchange (gain)/ loss, net	(248)	2,851
Operating lease expenses		
- land and buildings	70,278	57,809
- motor vehicles	51	51
Loss on disposals of property, plant and equipment	7	4,613
	<b>7</b>	<b>4,613</b>

## 6. INCOME TAX EXPENSE

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

	Notes	Six months ended 31 December	
		2007 RMB'000	2006 RMB'000
Current tax			
- PRC income tax	(a)	22	160
- Hong Kong profits tax	(b)	-	-
		<b>22</b>	<b>160</b>

Notes :

- (a) 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 Ministry of Agriculture, National Development and Reform Commission, Ministry of Finance, Ministry of Commerce, The People's Bank of China, State Administration of Taxation, China Securities Regulatory Commission and All China Federation of 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% for the six months ended 31 December 2007 and 2006.

- (b) No provision for Hong Kong profits tax has been made as there are no estimated assessable profits for the Company and its subsidiaries operating in Hong Kong for the six months ended 31 December 2007 and 2006.

## 7. DIVIDENDS

	Six months ended 31 December	
	2007	2006
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend paid, of HK\$0.056 (2006 : HK\$0.114) per ordinary share	<b>128,422</b>	268,834

At the annual general meeting held on 28 November 2007, final dividend for the year ended 30 June 2007 of HK\$0.056 (equivalent to approximately RMB0.054) per ordinary share was declared and approved. The dividend was paid during the period and the amount was reflected as appropriation of retained profits for the six months ended 31 December 2007.

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2007 (Six months ended 31 December 2006 : Nil).

## 8. EARNINGS PER SHARE

During the period, the Company made a bonus issue of the ordinary shares 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 the Members of the Company on 28 November 2007 (the "Bonus Issue"). The comparative figures of basic and diluted earnings per share have been restated for the effect of the Bonus Issue.

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the equity shareholders of RMB862,225,000 (Six months ended 31 December 2006 : RMB581,445,000) and the weighted average number of 2,417,015,162 (Six months ended 31 December 2006 : 2,397,884,278, as restated) ordinary shares in issue during the period.

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to the equity shareholders of RMB862,225,000 (Six months ended 31 December 2006 : RMB581,445,000) and the weighted average number of 2,513,474,951 (Six months ended 31 December 2006 : 2,458,850,975, as restated) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme, convertible bonds and the Bonus Issue. The convertible bonds outstanding during the six months ended 31 December 2007 and 2006 had an anti-dilutive effect on the basic earnings per share amount for the current and the prior period.

#### *Weighted average number of ordinary shares (diluted)*

	Six months ended 31 December	
	2007	2006
	<i>Number of shares</i>	<i>Number of shares</i> (As restated)
Weighted average number of ordinary shares used in calculating basic earnings per share	<b>2,417,015,162</b>	2,397,884,278
Deemed issue of ordinary shares - share options	<b>96,459,789</b>	60,966,697
Weighted average number of ordinary shares used in calculating diluted earnings per share	<b>2,513,474,951</b>	2,458,850,975

## 9. 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 customers' credit worthiness.

Ageing analysis of the Group's trade receivables is as follows :

	<b>31 December 2007</b> <i>RMB'000</i>	30 June 2007 <i>RMB'000</i>
0 - 1 month	<b>156,677</b>	246,463
1 - 3 months	<b>6,439</b>	6,062
Over 3 months	<b>11,252</b>	13,964
	<b>174,368</b>	266,489

## 10. TRADE AND BILLS PAYABLES

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

	<b>31 December 2007</b> <i>RMB'000</i>	30 June 2007 <i>RMB'000</i>
0 – 1 month	<b>2,001</b>	874
1 – 3 months	<b>555</b>	11,655
Over 3 months	<b>7,935</b>	2,737
	<b>10,491</b>	15,266

At 31 December 2007, bills payables amounting to RMB3,000,000 (30 June 2007 : Nil) were secured by a corporate guarantee provided by one of the subsidiaries.

## 11. GUARANTEED SENIOR NOTES

The Company issued US\$225,000,000, 7.75% guaranteed senior notes due on 8 February 2010 (the "Guaranteed Senior Notes") in February 2005 at an issue price of 98.985% (equivalent to RMB1,625,247,000 at 31 December 2007, net of discount capitalised) (30 June 2007 : equivalent to RMB1,693,423,000, net of discount capitalised). The Guaranteed Senior Notes are listed on the Singapore Exchange Securities Trading Limited and are guaranteed by certain subsidiaries bearing interest at 7.75% per annum, payable semi-annually in arrears. At any time prior to 7 February 2008, the Company may redeem up to 35% of the principal amount of the Guaranteed Senior Notes with the cash proceeds of one or more sales of the Company's shares in an offering at a redemption price of 107.75% of the principal amount of the Guaranteed Senior Notes, plus accrued and unpaid interest, if any, to the redemption date.



## 12. CONVERTIBLE BONDS

In May 2006, the Company issued HK\$1,344,000,000 (equivalent to approximately RMB1,384,320,000 at the 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, 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 require the convertible bonds to be carried at fair value at the balance sheet date with the changes in fair values are recognised in the income statement. During the period, a loss on change in its fair value of RMB169,332,000 (Six months ended 31 Decembr 2006 : RMB101,504,000) 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\$7.06
Expected volatility	40%
Stock borrowing cost	3%
Issuer's credit spread	3%
Expected dividend yield	1%

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

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
At 1 July 2007/1 July 2006	1,548,120	1,389,455
Change in fair value charged to income statement	169,332	247,014
Currency translation differences charged to exchange reserve	(69,131)	(88,349)
At 31 December 2007/30 June 2007	<u>1,648,321</u>	<u>1,548,120</u>

## 13. APPROVAL OF INTERIM FINANCIAL INFORMATION

The Interim Financial Information was approved by the board of directors on 26 March 2008.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2007 (six months ended 31 December 2006: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Turnover and Gross Profit**

For the six months ended 31 December 2007, the turnover of the Group rose by 37% to RMB2,317 million. It recorded a remarkable increase from RMB1,697 million for the same period last year.

The gross profit of the Group increased by 38% to RMB1,561 million, compared with the gross profit of RMB1,131 million for the same period last year. The gross profit margin of the Group for the period under review was 67%, the same as that of last financial period.

#### **Operating Profit**

Of the main operating expenses, selling and distribution expenses amounted to RMB242 million or 10% of the turnover, compared with RMB178 million or 10% of the turnover for the same period last year. The general and administration expenses amounted to RMB100 million or 4% of the turnover, compared with RMB120 million or 7% of the turnover for the same period last year.

As a result, the operating profit of the Group for the current period rose to RMB1,049 million, an increase of 47% from RMB712 million for the same period last year.

#### **Profit Attributable to Equity Shareholders**

For the period under review, profit attributable to equity shareholders amounted to RMB862 million, representing an increase of 48%, compared with RMB581 million for the same period last year.

Profit attributable to equity shareholders for the current period was affected by two major non-cash flow items, changes in fair value of biological assets and convertible bonds, which recorded a loss of RMB96 million and a loss of RMB169 million respectively.

Excluding these two major non-cash flow items, the Group's profit attributable to equity shareholders rose to RMB1,127 million, up 48% from RMB761 million for the same period last year.

The encouraging result was largely contributed by the increase in production base area and the strong demand for high quality agricultural products. The sustainable development of the Group depends on the successful implementation of the established business model and expansion policy by integrating agricultural land, farmers and bringing in specialised management and skills. As a result, the overall productivity of the production bases and farmers has been enhanced.

## **AGRICULTURAL LAND**

The production base area of the Group's core business, including vegetable land, tea garden and fruit garden, as at 31 December 2007 amounted to 449,155 mu (29,944 hectares), a substantial increase of 43% compared with 314,556 mu (20,970 hectares) as at 31 December 2006. It also recorded an increase of 24% compared with 363,656 mu (24,244 hectares) as at 30 June 2007. The Group operated 33 production bases in 15 different provinces and cities in the PRC.

The weighted average production area for vegetables as at 31 December 2007 increased significantly by 36% to 325,360 mu (21,691 hectares) when compared with 238,361 mu (15,891 hectares) as at 31 December 2006. It also represented an increase of 26% when compared with that of 258,361 mu (17,224 hectares) as at 30 June 2007.

## **SALES ANALYSIS**

Revenue from sales of crops, the core business of the Group, amounted to RMB2,298 million, representing 99% of the turnover, up 37% from RMB1,676 million for the same period last year. Sales of crops achieved a volume of 909,945 tonnes, an increase of 32% from 688,213 tonnes in the last financial period.

About 71% of the crops were sold in the domestic market of the PRC while the remaining 29% were mainly for indirect export. In the domestic market, 65% were sold to wholesale buyers and 6% to institutional buyers.

For the current period, the yield for vegetables was 2.73 tonnes per mu and the yield per mu per harvest for vegetables was 1.78 tonnes, compared with the vegetable yield per mu at 2.79 tonnes and the yield per mu per harvest of 1.77 tonnes in the preceding financial period. The average selling price for crops was RMB2.52 per kg, compared with RMB2.44 per kg in the last financial period.

## **MARKET REVIEW AND DEVELOPMENT STRATEGIES**

In 2007, land used for vegetable production in China increased by 2.3% year-on-year to 279 million mu. Total output of vegetables grew by 2.9% year-on-year to 599 million tonnes during the year. Vegetable exports maintained a stable growth. According to China Customs, vegetable exports (including frozen vegetables, processed vegetables and dried vegetables) totalled 8.17 million tonnes in 2007, an increase of 11.6% from 2006. Export value amounted to US\$6.2 billion, up 14.5% from the previous year. Japan remained the largest importing country of China's vegetables despite a decline in the value of shipments. On the other hand, significant growth occurred in exports to Southeast Asian countries, the United States, Korea, Russia and Germany.

The government has promulgated various supportive and preferential agricultural policies. In January 2008, it issued the No.1 Document titled "Several opinions regarding the key task to strengthen the development of agricultural infrastructure, further promote the development of agriculture and increase farmers' income". According to the document, the government targeted infrastructure development as its priority in the agricultural sector this year. It called for measures taken to protect rural areas against natural disasters, ensure the stable supply of produce and stabilize agricultural prices. It is the fifth year in a row since 2004 in which the No.1 Document focused on the "three rural issues".

We firmly believe that Chaoda has enormous room for growth, given policy support as well as ongoing improvements in the operating environment for agriculture. During the period under review, the Company executed according to the plan in its expansion of production bases. They are strategically located across a range of north-south latitudes and at different altitudes. This ensures a year-round supply of fruit and vegetables and minimizes the risk and impact of natural disasters. The Company will maintain its core business of the cultivation of fruit and vegetables, as well as its business model based on "company + bases + farmers". It will further expand production bases in Northeast China, North China, the Yangtze River area and South China. Meanwhile, new geographical regions and sites will be identified for complementary production.

Brand building is another key to our strategy for future growth. Nowadays, food safety is a public concern. Brand has become increasingly important among consumers. As a result, a well-established brand will be a core competitive strength for enterprises and the driving force for their sustainable growth. After years of efforts, Chaoda has built up a strong corporate brand which is widely recognized in the industry. In the future, we will make use of its appeal for customers to launch a series of fruit and vegetable products featuring "safe, healthy and green". Moreover, we will offer more packaged products and strive hard to

promote the brand awareness of Chaoda among consumers.

## **OTHER INFORMATION**

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2007.

### **REVIEW OF INTERIM FINANCIAL STATEMENTS**

The unaudited interim financial statements of the Group for the six months ended 31 December 2007 have been reviewed by the Company's Audit Committee and the Company's auditors, Grant Thornton

### **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the six months ended 31 December 2007, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the "Code"), save and except that the roles of the chairman and the chief executive officer are not separate as required under code provision A.2.1 of the Code. The Company is of the view that it is in the best interest of the Company that Mr. Kwok Ho, with his profound knowledge and expertise in agriculture business, shall continue his dual capacity as the Chairman and Chief Executive Officer of the Company.

### **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. Upon making enquiry by the Company, all of the Directors have confirmed that they have complied with the standards set out in the Model Code during the six months ended 31 December 2007.

**On behalf of the Board**  
**Chaoda Modern Agriculture (Holdings) Limited**  
**Kwok Ho**  
**Chairman**

Hong Kong, 26 March 2008

*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*