
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chaoda Modern Agriculture (Holdings) Limited, you should at once hand this circular to the purchaser or other transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**GENERAL MANDATES TO REPURCHASE
AND ISSUE SHARES**

A letter from the Board of Chaoda Modern Agriculture (Holdings) Limited is set out on pages 3 to 5 of this circular. A notice convening the annual general meeting of Chaoda Modern Agriculture (Holdings) Limited to be held at Salon IV, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Friday, 19th December, 2003 at 10:30 a.m. is contained in the Annual Report of the Company.

Whether or not you are able to attend the said meeting, you are requested to complete and return the form of proxy enclosed with the Annual Report of the Company in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the said meeting or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the said meeting or any adjourned meeting should you so desire.

24th October, 2003

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:—

“Annual General Meeting”	the annual general meeting of the Company to be held on Friday, 19th December, 2003 at 10:30 a.m., notice of which is contained in the Annual Report;
“2002 Annual General Meeting”	the annual general meeting of the Company held on Wednesday, 11th December, 2002 at 9:30 a.m.;
“Annual Report”	the annual report of the Company for the year ended 30th June, 2003;
“associates”	has the meaning ascribed to it under rule 1.01 of the Listing Rules in relation to any director, chief executive or substantial shareholder of any member of the Group;
“Company”	Chaoda Modern Agriculture (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Stock Exchange;
“connected person”	has the meaning ascribed to it under rule 1.01 of the Listing Rules;
“Directors”	the directors of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	24th October, 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares in the manner as set out in the notice of the Annual General Meeting;

DEFINITIONS

“Share Issue Mandate”	a general mandate proposed to be granted to the Directors to allot, issue and deal with new Shares in the manner as set out in the notice of the Annual General Meeting;
“Shareholder(s)”	holders of Shares;
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeover Code”	Hong Kong Code on Takeovers and Mergers;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Kwok Ho (*Chairman*)

Ip Chi Ming

Chiu Na Lai

Lee Yan

Chan Hong

Wong Hip Ying

Fong Jao

Registered Office:

P.O. Box 309, Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

British West Indies

Independent Non-Executive Directors:

Fung Chi Kin

Tam Ching Ho

Lin Shun Quan

Principal Office in Hong Kong:

Room 2705, 27th Floor

China Resources Building

26 Harbour Road

Wanchai, Hong Kong

24th October, 2003

To the Shareholders

Dear Sirs or Madam,

GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

1. INTRODUCTION

By the resolutions passed at the 2002 Annual General Meeting, the Directors were granted a general mandate to repurchase the Shares and a general mandate to allot, issue and deal with the Shares. These mandates will expire at the conclusion of the forthcoming Annual General Meeting. Resolutions will be proposed at the Annual General Meeting to seek Shareholders' approval for the renewal of these general mandates.

The purpose of this circular is to provide you with information regarding the Repurchase Mandate, Share Issue Mandate and extension of Share Issue Mandate to enable you to make an informed decision on whether to vote for or against the proposed ordinary resolutions at the Annual General Meeting.

LETTER FROM THE BOARD

2. GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed at the Annual General Meeting which, if passed, will give the Directors a general and unconditional mandate to exercise the powers of the Company to repurchase Shares at any time until the next annual general meeting of the Company following the passing of the resolution or such earlier date as stated in the resolution up to maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing the resolution as enlarged by the issue of bonus shares (if passed by a resolution to be proposed at the Annual General Meeting).

An explanatory statement as required under the Listing Rules to provide the requisite information regarding the Repurchase Mandate is set out in Appendix to this circular.

3. GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution will be proposed at the Annual General Meeting which, if passed, will give the Directors a general mandate to allot, issue and deal with new Shares at any time until the next annual general meeting of the Company following the passing of the resolution or such earlier date as stated in the resolution representing up to 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing the resolution as enlarged by the issue of bonus shares (if passed by a resolution to be proposed at the Annual General Meeting).

In addition, if the Repurchase Mandate is granted, an ordinary resolution will be proposed at the Annual General Meeting providing that any Shares repurchased under the Repurchase Mandate (up to maximum of 10% of the issued share capital of the Company as at the date of the granting of the Repurchase Mandate as enlarged by the issue of bonus shares (if passed by a resolution to be proposed at the Annual General Meeting) will be added to the total number of Shares which may be allotted and issued under the Share Issue Mandate.

4. ANNUAL GENERAL MEETING

The notice of Annual General Meeting, which contains, inter alia, ordinary resolutions to approve the Repurchase Mandate, Share Issue Mandate and the extension of the Share Issue Mandate, is set out in the Annual Report accompanying this circular.

A form of proxy is enclosed with the Annual Report for use at the Annual General Meeting. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the Annual General Meeting. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting should you so desire.

LETTER FROM THE BOARD

5. RECOMMENDATION

The Directors consider that the grant of the Repurchase Mandate, Share Issue Mandate and the extension of the Share Issue Mandate are in the best interests of the Company and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting. The Directors have indicated that the votes attaching to the Shares owned by them would be cast in favour of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of the Board
Kwok Ho
Chairman

This explanatory statement contains the information required under Rule 10.06(1)(b) of the Listing Rules. Its purpose is to provide Shareholders with information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued and fully-paid share capital of the Company was 1,921,462,000 Shares.

Subject to the passing of the ordinary resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 192,146,200 Shares.

2. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Whilst it is not possible to anticipate in advance any specific circumstance in which the Directors might think it appropriate to repurchase Shares, they believe that an ability to do so would give the Company additional flexibility that would be beneficial to the Company and the Shareholders as such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value per Share and/or earnings per Share. Shareholders can be assured that the Directors would only make such purchases in circumstances where they consider them to be in the best interests of the Company and the Shareholders.

3. FUNDING OF REPURCHASES

In making repurchases, the Company may only apply funds legally available for such purposes in accordance with its memorandum and articles of association and the laws of the Cayman Islands. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the laws of the Cayman Islands, repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose, or, if so authorised by its articles of association and subject to the provisions of the laws of Cayman Islands, out of capital. Any premium payable on redemption or purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the laws of Cayman Islands, out of capital.

On the basis of the consolidated financial position of the Company as at 30th June, 2003 (being the date to which the latest published audited financial statements of the Company have been made up) and in particular the working capital position of the Company at that time and the number of issued Shares now in issue, the Directors consider that there might be an adverse impact on the working capital position and the gearing position of the Company in the event that repurchases of all the Shares, the subject of the Repurchase Mandate were to be carried out in full during the period of the Repurchase Mandate. No repurchase would be made in circumstances that would have a material adverse impact on the working capital position of the Company (as compared with the position disclosed in the latest published audited financial statements as at 30th June, 2003).

4. PRICES OF SHARES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Price per Share	
	Highest traded price <i>HK\$</i>	Lowest traded price <i>HK\$</i>
October 2002	2.30	1.10
November 2002	1.49	1.16
December 2002	1.40	1.23
January 2003	1.80	1.27
February 2003	1.77	1.45
March 2003	1.58	0.85
April 2003	1.02	0.52
May 2003	0.94	0.63
June 2003	1.37	0.68
July 2003	1.58	1.37
August 2003	1.77	1.44
September 2003	1.79	1.48

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the memorandum and articles of association of the Company and the laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

No connected persons have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Mandate is granted by the Shareholders.

6. TAKEOVER CODE

If a Shareholder's proportionate interest in the voting capital of the Company increases as a result of a share repurchase, such increase will be treated as an acquisition for the purposes of the Takeover Code and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a general offer for shares under Rule 26 of the Takeover Code.

As at the Latest Practicable Date, Mr. Kwok Ho had, together with his associates, direct and/or deemed interests in Shares representing approximately 51.32% of the issued share capital of the Company. To the best of the knowledge and belief of the Company, Mr. Kwok Ho together with his associates, is the only person beneficially interested in Shares representing 5% or more of the issued share capital of the Company.

In the event that the Directors exercised in full the power to repurchase Shares which is proposed to be granted pursuant to resolution 6A set out in the notice convening the Annual General Meeting, the direct and/or deemed shareholdings of Mr. Kwok Ho, together with his associates, in the Company would be increased to approximately 57.02% of the issued share capital of the Company. The Directors believe that such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeover Code.

7. SHARE REPURCHASES MADE BY THE COMPANY

The Company has not purchased any of its Shares during the six months proceeding the date of this circular.