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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)*

**(Stock Code : 682)**

## **FULFILMENT OF RESUMPTION CONDITIONS**

**AND**

## **RESUMPTION OF TRADING**

### **Summary**

The Company has satisfied all the conditions for Resumption.

At the request of the Company, trading in the Shares was suspended with effect from 1:30 p.m. on Monday, 26 September 2011. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 2 February 2015.

This announcement is made by the board of directors (the **Board**) of Chaoda Modern Agriculture (Holdings) Limited (the **Company**, together with its subsidiaries, the **Group**) to provide the shareholders of the Company (the **Shareholders**) and potential investors with an update on matters pertaining to the suspension and resumption of trading in shares in the Company (the **Shares**) on The Stock Exchange of Hong Kong Limited (the **Stock Exchange**).

### **BACKGROUND**

The update should be read in conjunction with the announcements issued by the Company during the period from 26 September 2011 up to the date of this announcement (the **Relevant Period**).

- On 26 September 2011, Anonymous Analytics issued a report (the **Anonymous Report**) with various allegations (the **Allegations**) against the Company, and the Company announced a suspension of trading in Shares on the Stock Exchange pending the release of an announcement to address the Anonymous Report.

- Since 30 September 2011 and due to events occurred beyond the control of the Company (as disclosed in the announcements during the Relevant Period and including but not limited to the resignation of the Company's former auditors), the publications of the annual results for the years ended 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2014 and the interim results for the six months ended 31 December 2011, 31 December 2012 and 31 December 2013 of the Group (the ***Outstanding Financial Results***) were delayed.
- Given the circumstances, the Stock Exchange has imposed on the Company the following conditions (the ***Resumption Conditions***) to a resumption of trading in the Shares:
  - (a) address the Allegations and inform the market of all material information that is necessary to appraise the Group's position, including their implication to the Group's asset, financial and operational position (the ***First Resumption Condition***);
  - (b) publish all outstanding financial results, and address any concerns raised by the Company's auditors through qualifications in their audit report (the ***Second Resumption Condition***); and
  - (c) demonstrate that there are adequate financial reporting procedures and internal control systems to meet obligations under the Rules (the ***Listing Rules***) Governing the Listing of Securities on the Stock Exchange (the ***Third Resumption Condition***).

## STATUS OF SATISFACTION OF THE RESUMPTION CONDITIONS

### ***FIRST RESUMPTION CONDITION***

On 19 July 2013, the Company published an announcement in respect of the Allegations contained in the Anonymous Report, and set out its responses to and refutations of the Allegations.

The Board considers that the Company has addressed the Allegations, which are **untrue, unsubstantiated and libelous**, and informed the market (through the publication of the announcements and the financial reports during the Relevant Period) of all material information that is necessary for our Shareholders and potential investors to appraise the Group's position.

### ***SECOND RESUMPTION CONDITION***

As at the date of this announcement, all the Outstanding Financial Results were published by the Company. The respective dates of publication of the Outstanding Financial Results are set out below:

<b><u>Financial year/period</u></b>	<b><u>Date of publication</u></b>
Audited annual results for the financial year ended 30 June 2011	14 November 2014

<b>Financial year/period</b>	<b>Date of publication</b>
Unaudited interim results for the six months ended 31 December 2011	19 December 2014
Audited annual results for the financial year ended 30 June 2012	19 December 2014
Unaudited interim results for the six months ended 31 December 2012	9 January 2015
Audited annual results for the financial year ended 30 June 2013	9 January 2015
Unaudited interim results for the six months ended 31 December 2013	30 January 2015
Audited annual results for the financial year ended 30 June 2014	30 January 2015

### **Qualified audit opinions**

Elite Partners CPA Limited (the *Auditors*) was appointed as the external auditors of the Company on 18 August 2014. The Auditors expressed qualified audit opinions on the consolidated financial statements of the Company for the financial years ended 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2014.

The basis of the qualified opinion of the Auditors and the qualified opinion of the Auditors (as respectively extracted from the Auditors' report on each of the above financial years) are reproduced below:

#### **30 June 2011**

*"We [The Auditors] were initially appointed as auditors on 18 August 2014 which was subsequent to the year end of the Company and thus, we were unable to observe the physical counting and inspection of the Group's property, plant and equipment, construction-in-progress, biological assets, and inventories at the beginning and end of the year. We were unable to satisfy ourselves by alternative means concerning the quantities and condition of such items appearing in the consolidated statement of financial position as at 30 June 2011.*

*Furthermore, as disclosed in the notes to consolidated financial statements concerning the events after the reporting period, certain property, plant and equipment were subsequently disposed of after the end of the reporting period. Due to our limitation to perform physical inspection as mentioned above, we were unable to satisfy ourselves by alternative means concerning the physical existence of such assets. Consequently, we were unable to determine whether any adjustments to these amounts in the consolidated statement of financial position as at 30 June 2011 and the elements making up the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 June 2011 were necessary.*

*In our [the Auditors'] opinion, except for the possible effects of the matters described in the preceding paragraph above, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2011, and of the Group's profit and cash flows for the*

*year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. ”*

### **30 June 2012**

*“We [The Auditors] were initially appointed as auditors on 18 August 2014 which was subsequent to the year end of the Company and thus, we were unable to observe the physical counting and inspection of the Group’s property, plant and equipment, construction-in-progress, biological assets, and inventories at the beginning and end of the year. We were unable to satisfy ourselves by alternative means concerning the quantities and condition of such items appearing in the consolidated statement of financial position as at 30 June 2012.*

*Furthermore, as disclosed in the note to the consolidated financial statements concerning the events after the reporting period, certain property, plant and equipment were subsequently disposed of after the end of the reporting period. Due to our limitation to perform physical inspection as mentioned above, we were unable to satisfy ourselves by alternative means concerning the physical existence of such assets. Consequently, we were unable to determine whether any adjustments to these amounts in the consolidated statement of financial position as at 30 June 2012 and the elements making up the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 June 2012 were necessary.*

*In our [the Auditors’] opinion, except for the possible effects of the matters described in the preceding paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2012, and of the Group’s loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. ”*

### **30 June 2013**

*“We [The Auditors] were initially appointed as auditors on 18 August 2014 which was subsequent to the year end of the Company and thus, we were unable to observe the physical counting and inspection of the Group’s property, plant and equipment, construction-in-progress, biological assets, and inventories at the beginning and end of the year. We were unable to satisfy ourselves by alternative means concerning the quantities and condition of such items appearing in the consolidated statement of financial position as at 30 June 2013.*

*Furthermore, as disclosed in the note to the consolidated financial statements concerning the events after the reporting period, certain property, plant and equipment were subsequently disposed of after the end of the reporting period. Due to our limitation to perform physical inspection as mentioned above, we were unable to satisfy ourselves by alternative means concerning the physical existence of such assets. Consequently, we were unable to determine whether any adjustments to these amounts in the consolidated statement of financial position as at 30 June 2013 and the elements making up the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 June 2013 were necessary.*

*In our [the Auditors’] opinion, except for the possible effects of the matters described in the preceding paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2013, and of the Group’s loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. ”*

### **30 June 2014**

*“The Auditors’ report on the consolidated financial statements of the Group for the year ended 30 June 2013 contained a qualification on the possible effect of the limitation of scope in relation to the physical counting and inspection of the Group’s property, plant and equipment, construction-in-progress, biological assets and inventories. Any adjustments found to be necessary in respect of the prior year’s qualification would have an effect on the opening balances and consequential effect on the consolidated financial position of the Group as at 30 June 2014 and the results and cash flows for the year ended 30 June 2014.”*

*In our [the Auditors’] opinion, except for the possible effects of the matters described in the preceding paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2014, and of the Group’s loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. ”*

#### **Board’s views on the audit qualifications**

The directors of the Company (the **Directors**) have discussed with the Auditors their qualifications to the Auditors’ reports, which the Directors understand are unavoidable because the Auditors were appointed after the ends of the financial years involved.

Given, however, that the Group maintains proper and adequate records of its assets and has in place internal control procedures (including but not limited to physical count), which the Group considers are adequate, the Directors are satisfied that the audited financial statements of the Group for the four financial years ended 30 June 2014 give a true and fair view of the performance and financial position of the Group for the years and as at the year end dates to which they have been prepared, despite the matters referred to in the audit qualifications.

Since the audit qualification relates only to the opening balances but not the closing balances as at 30 June 2014, the Auditors will perform a physical count for the financial year ending 30 June 2015. On this basis, the Directors expect that the audit qualification (concerning the opening balances and consequential effect on the consolidated financial position of the Group as at 30 June 2014) on the Group’s financial statements for the financial year ended 30 June 2014 will not be carried forward to the Group’s financial statements for the financial year ending 30 June 2015.

#### **Interim results for the period ended 31 December 2014**

The Company expects to issue the interim results for the period ended 31 December 2014 (the **Interim Period**) of the Group by 27 February 2015.

As at the date of this announcement and save as disclosed in the paragraph headed “**Profit Warning – Interim Results for the Six Months Ended 31 December 2014**” contained in the Company’s annual results announcement for the financial year ended 30 June 2014 published on 30 January 2015, there had been no material adverse change in the financial or trading position of the Group since 30 June 2014, and the Board is not aware of any material matters relating to or affecting the issue of the interim results for the Interim Period that need to be brought to the attention of our Shareholders or the potential investors of the Company.

### ***Publication of interim and annual reports***

For our Shareholders' information, the Company expects to publish its annual reports for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014, and the interim reports for the six months ended 31 December 2012 and 31 December 2013 by no later than 31 March 2015.

### ***THIRD RESUMPTION CONDITION***

In September 2013, the Company engaged RSM Nelson Wheeler Consulting Limited (***RSM***) to conduct a review of the adequacy of the financial reporting procedures and the internal control systems of the Group.

RSM issued an internal control report in April 2014 and a supplemental report in June 2014 after a follow-up review conducted in May 2014. Based on the outcome of the review performed by RSM, RSM is reasonably satisfied that no circumstances exist to suggest that there are significant inadequacies or deficiencies in the financial reporting procedures and the internal control systems of the Group which may render the Company to be unable to meet its obligations under the Listing Rules.

Having reviewed the internal control report (as supplemented) compiled by RSM and discussed with RSM, the Board and the audit committee of the Board are reasonably satisfied with the outcome of the review performed by RSM.

### **STATUS OF SATISFACTION OF RESUMPTION CONDITIONS**

The Company has satisfied all the Resumption Conditions.

### **RESUMPTION OF TRADING**

At the request of the Company, trading in Shares was suspended with effect from 1:30 p.m. on Monday, 26 September 2011. Application has been made to the Stock Exchange for the resumption of trading in Shares with effect from 9:00 a.m. on 2 February 2015.

### **APPRECIATION**

The Board would like to express its appreciation for the perseverance, resilience and unswerving efforts of our staff, and its gratitude for the patience, understanding and continued support of our Shareholders, investors and business partners during the adverse period of time. The Board will continue to give its best efforts to enhance the core strengths of the Group for corporate development to sustain and thrive with the best interests of the Company and our Shareholders in mind at all times.

**By Order of the Board**  
**Chaoda Modern Agriculture (Holdings) Limited**  
**Kwok Ho**  
**Chairman**

Hong Kong, 30 January 2015

*As of the date hereof, the board of directors of the Company comprises:*

*Executive directors* : *Mr. Kwok Ho, Dr. Li Yan, Ms. Huang Xie Ying, Mr. Kuang Qiao and Mr. Chen Jun Hua*

*Non-executive director* : *Mr. Ip Chi Ming*

*Independent non-executive directors* : *Mr. Fung Chi Kin, Mr. Tam Ching Ho, Professor Lin Shun Quan and Mr. Chan Yik Pun*