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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)

## UPDATES ON STATUS OF RESUMPTION

AND

## BUSINESS AND FINANCIAL POSITION OF THE GROUP

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**) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the **Listing Rules**) on The Stock Exchange of Hong Kong Limited (the **Stock Exchange**) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the Company's announcements dated 30 June and 31 July 2014, regarding the status of resumption of trading in the Company's shares (the **Resumption**) on the Stock Exchange and the resignation of auditors respectively.

To keep the shareholders of the Company (the **Shareholders**) and the public informed of the Group's business operation and financial position, the Board would like to provide the Shareholders and the public with the summary of preliminary unaudited financial information of the Group for the three financial years ended 30 June 2011, 2012 and 2013 (the **Three Financial Years**), which were prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

Shareholders and potential investors are reminded that the information contained in this announcement is only based on the preliminary assessment by the Board of the unaudited management accounts of the Group for the Three Financial Years, and is not based on any data or information that has been audited or reviewed by the Auditors. They may be subject to audit adjustment(s).

## UNAUDITED CONSOLIDATED INCOME STATEMENT

	For the financial years ended 30 June		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
	RMB'000	RMB'000	RMB'000
Turnover	2,284,409	3,161,645	8,066,103
Cost of sales	<u>(2,439,525)</u>	<u>(3,405,461)</u>	<u>(3,076,128)</u>
<b>Gross (loss)/profit</b>	(155,116)	(243,816)	4,989,975
Other revenue	68,189	125,903	179,184
Net gain/(loss) arising from changes in fair value less costs to sell of biological assets	442,982	(1,998,321)	285,542
Selling and distribution expenses	(467,099)	(837,718)	(955,869)
General and administrative expenses	(177,037)	(201,418)	(319,066)
Research and development expenses	(28,559)	(116,608)	(40,709)
Other operating expenses	<u>(2,747,716)</u>	<u>(1,127,612)</u>	<u>(944,148)</u>
<b>(Loss)/profit from operations</b>	(3,064,356)	(4,399,590)	3,194,909
Finance costs	(511)	(15,894)	(83,594)
Share of results of associates	589	771	8,230
Gain on disposal of an associate	—	—	48,174
Provision for impairment loss on available-for-sale investments	(90,145)	(76,970)	—
Loss on disposal of available-for-sale investments	<u>—</u>	<u>(85,837)</u>	<u>—</u>
<b>(Loss)/profit before taxation</b>	(3,154,423)	(4,577,520)	3,167,719
Income tax expense	<u>(1,072)</u>	<u>(218)</u>	<u>(178)</u>
<b>(Loss)/profit for the year</b>	<u>(3,155,495)</u>	<u>(4,577,738)</u>	<u>3,167,541</u>

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	6,503,957	8,754,999	9,298,230
Construction-in-progress	242,064	270,742	476,337
Prepaid premium for land leases	5,254,991	6,379,888	6,522,566
Biological assets	2,628,511	2,133,987	3,227,593
Available-for-sale investments	161,025	251,626	972,317
Deferred development costs	4,460	9,040	15,680
Deferred expenditures	437,191	578,653	537,577
Intangible assets	466,141	481,971	488,648
Interests in associates	<u>9,184</u>	<u>8,606</u>	<u>7,841</u>
	<u>15,707,524</u>	<u>18,869,512</u>	<u>21,546,789</u>
<b>Current assets</b>			
Prepaid premium for land leases	140,276	161,558	168,891
Biological assets	360,955	500,424	1,247,675
Inventories	39,396	54,230	37,273
Trade receivables	36,750	49,003	315,159

	<u>2013</u> RMB'000	As at 30 June <u>2012</u> RMB'000	<u>2011</u> RMB'000
Other receivables, deposits and prepayments	1,174,249	771,691	468,251
Cash and cash equivalents	<u>371,433</u>	<u>520,166</u>	<u>3,332,831</u>
	<u>2,123,059</u>	<u>2,057,072</u>	<u>5,570,080</u>
<b>Current liabilities</b>			
Trade and bills payables	14,603	15,201	23,135
Other payables and accruals	207,724	120,771	120,114
Amount due to a related company	—	—	79,129
	<u>222,327</u>	<u>135,972</u>	<u>222,378</u>
<b>Net current assets</b>	<u>1,900,732</u>	<u>1,921,100</u>	<u>5,347,702</u>
<b>Total assets less current liabilities</b>	17,608,256	20,790,612	26,894,491
<b>Non-current liabilities</b>			
Convertible bonds	—	—	1,038,741
Deferred tax liabilities	<u>20,655</u>	<u>20,655</u>	<u>20,655</u>
	<u>20,655</u>	<u>20,655</u>	<u>1,059,396</u>
<b>Net assets</b>	<u>17,587,601</u>	<u>20,769,957</u>	<u>25,835,095</u>
<b>Equity attributable to owners of the Company</b>			
<b>Capital and reserves</b>			
Share capital	332,763	332,763	332,763
Reserves	<u>17,113,473</u>	<u>20,292,705</u>	<u>25,355,754</u>
	17,446,236	20,625,468	25,688,517
<b>Non-controlling interests</b>	<u>141,365</u>	<u>144,489</u>	<u>146,578</u>
<b>Total equity</b>	<u>17,587,601</u>	<u>20,769,957</u>	<u>25,835,095</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

Since September 2011, the events leading to the suspension and continued suspension of trading in the Company's shares on the Stock Exchange (the *Suspension*) has started to produce, among other things, negative ripple effects in the Group's business: -

### *Experienced an overall downward trend of turnover*

The Group's operating performance, began to suffer from adverse impact of certain untrue, unsubstantiated, and/or even libelous allegations against the Group, particularly those allegations contained in an anonymous report issued by Anonymous Analytics in September 2011 (the *Allegations*). The Allegations, which were responded to and categorically denied by the Company in its announcement dated 19 July 2013, have dampened the confidence of the Group's business partners (including its customers and suppliers) in the Group, tarnished the Group's good reputation (which is critical to selling the Group's branded and quality

products), reduced demand for the Group's products, put the Group in a disadvantages position in its sales momentum, which caused the write-off of crops of about RMB554 million for the financial year ended 30 June 2013 and adversely affected the Group's overall business and financial performance. As a result, the Group recorded a loss for the two financial years ended 30 June 2012 and 2013, which are mainly attributable to the decrease in average selling price of the agricultural produce which led to the decrease in the turnover and revenue of the Group.

### *Scaled down its production bases in response to the challenges*

In order to mitigate the negative impact of the unfavourable factors on the Group's business and results of operations, the Group had taken steps to make certain appropriate adjustment, including but not limited to, returning part of the leasehold farmlands to the PRC government. As a result, during the two financial years ended 30 June 2012 and 2013, the Group recorded loss on termination of land leasing arising from disposals of assets of about RMB662 million and RMB1,633 million respectively, in addition to expenses incurred for fallow farmlands of about RMB387 million and RMB217 million respectively, which contributed to the increase in other operating expenses. Thus the loss from operations of the Group has been enlarged.

Information about the Group's production bases located in PRC as at 30 June 2011, 2012 and 2013 are set out as follow: -

as at 30 June 2011	32 production bases in 13 different provinces and cities in China with a total production areas of 773,073 mu
as at 30 June 2012	28 production bases in 12 different provinces and cities in China with a total production areas of 788,573 mu
as at 30 June 2013	19 production bases in 9 different provinces and cities in China with a total production areas of 608,113 mu

## **INFORMATION IN RELATION TO LIQUIDITY AND FINANCIAL RESOURCES**

The Group financed its business activities by revenue generated from its operations. The majority of the Group's operating transactions were settled in RMB. The effect of exchange rate fluctuations was relatively immaterial to the Group.

Following the early redemption of the US\$200 million 3.7% secured guaranteed convertible bonds due 2015 as announced by the Company in April 2012, the Group did not have any debt instruments or bank loans outstanding as at 30 June 2012 and 2013. As at 30 June 2013, the current ratio (dividing total current assets by total current liabilities) was 10 times (2012: 15 times).

As at 30 June 2011, 2012 and 2013, the Group did not have any material contingent liabilities.

## **OUTLOOK**

Confronted with different challenges, and notwithstanding that the Group still records a loss for the financial year ended 30 June 2014, the Group took effective initiatives and endeavoured to maintain an ongoing operation in a critical time which enhanced core strengths for corporate development to sustain. Looking forward, the Group will continue exhaust every means to mitigate the negative impact and adapt in a positive way to realize its progression in the face of the adversity. It will spare no efforts to the Resumption, in an attempt to finding a way out of the dilemma clouded over the past three years and realize its ordinary business operation, growth potential and sustainable development.

## **APPRECIATION**

On behalf of the Board, I am grateful for the perseverance and resilience of our staff in such a difficult time and give thanks to all of them for their unswerving efforts. I also take this opportunity to express hearty gratitude to all Shareholders, investors and business partners for their patience, understanding and continued support during the adverse period of time.

## **SUSPENSION OF TRADING**

Trading in the Company's shares on the Stock Exchange will remain suspended pending the fulfilment of the conditions prescribed by the Stock Exchange for the Resumption as disclosed in the Company's announcement dated 19 July 2013.

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

Hong Kong, 31 July 2014

*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, Mr. Chen Jun Hua and Mr. Chan Chi Po Andy*

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

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