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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)

PROPOSED ISSUE OF UP TO US\$200 MILLION 3.7% SECURED GUARANTEED CONVERTIBLE BONDS DUE 2015

AND

PROPOSED PLACING OF EXISTING SHARES

AND

TOP-UP SUBSCRIPTION FOR NEW SHARES

Placing Agent



AND

PROPOSED ISSUE OF CALL OPTIONS

AND

RESUMPTION OF TRADING OF SHARES

PROPOSED ISSUE OF THE BONDS

On 17 August 2010, (i) the Company and the Bond Placement Agent entered into the Bond Placement Agreement pursuant to which the Bond Placement Agent has agreed to act as placement agent and to use its best commercial efforts to procure subscribers to subscribe for the Bonds at the Bond Purchase Price; and (ii) the Company, the Subsidiary Guarantors and the Subscribers entered into the Bond Subscription Agreement pursuant to which the Subscribers agreed to subscribe for the Bonds in an aggregate principal amount of up to US\$200 million. Assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 191,920,987 Conversion Shares (subject to adjustment), representing approximately 6.02% of the issued share capital of the Company as at the date of this announcement and approximately 5.27% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, the Subscription Shares and the Option Shares. The Conversion Shares, when issued, will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

Completion of the Bond Subscription Agreement will be conditional upon, among other things, the granting of the listing of, and permission to deal in, the Conversion Shares by the Stock Exchange. The Bond Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed "Proposed Issue of the Bonds" below for further information.

PROPOSED PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION FOR NEW SHARES

On 16 August 2010, the Company, Kailey, Mr. Kwok and the Equity Placing Agent entered into the Placing and Subscription Agreement, pursuant to which the Equity Placing Agent has agreed to act as placing agent on a best commercial effort basis for the purpose of procuring, as agent of Kailey, purchasers for the Sale Shares and the Company has agreed to issue and Kailey has agreed to subscribe for the Subscription Shares.

The Sale Shares represent approximately 4.85% of the existing share capital of the Company and approximately 4.26% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, the Subscription Shares and the Option Shares.

The Sale Shares will be placed by the Equity Placing Agent to not less than six independent professional, institutional and/or individual investors, who are not connected persons of the Company and are independent of and not connected with the Company and its connected persons. Completion of the Subscription will be conditional upon the granting of the listing of, and permission to deal in, the Subscription Shares by the Stock Exchange and completion of the Placing.

The shareholding of Kailey in the issued share capital of the Company will be reduced from approximately 20.13% to approximately 15.28% upon completion of the Placing but before completion of the Subscription and will be increased from approximately 15.28% to approximately 19.20% upon completion of the Placing and the Subscription, in both cases assuming no issue of the Conversion Shares and the Option Shares.

PROPOSED ISSUE OF CALL OPTIONS

On 17 August 2010, the Company and Citigroup entered into the Option Agreement in relation to the proposed issue of the Call Options relating to the Option Shares. The Company will sell the Call Options to Citigroup on 17 August 2010. On the Trade Date, Citigroup will transfer by novation the Call Options to Allegro. Allegro will subsequently issue the Investor Put Notes to those purchasers which have purchased the Placing Shares and/or the Bonds. Completion of the Option Agreement will be conditional upon, among other things, the granting of the listing of, and permission to deal in, the Option Shares by the Stock Exchange.

The Option Shares represent approximately 3.24% of the existing share capital of the Company and approximately 2.84% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, the Subscription Shares and the Option Shares.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended since 9:30 a.m. on 16 August 2010 pending the release of this announcement, and an application has been made for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 18 August 2010.

A. PROPOSED ISSUE OF THE BONDS

Bond Placement Agreement

Date:

17 August 2010

Parties:

- (a) the Company; and
- (b) the Bond Placement Agent.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, the Bond Placement Agent and its ultimate beneficial owners are independent of the Company and its connected persons.

Basis of the Bond Placement:

The Bond Placement Agent will use its best commercial efforts to procure subscribers to subscribe for the Bonds at the Bond Purchase Price. The Bond Placement Agent shall be under no obligation to purchase the Bonds if subscribers are not procured for any or all of the Bonds. The Bonds will be offered to not less than six investors who are independent of and not connected with any connected persons of the Group.

Termination:

The Bond Placement Agreement may be terminated by the Bond Placement Agent at any time before the Bond Closing Date upon the occurrence of the following events:

- (a) any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Bond Placement Agreement, or, with the exception of any of the covenants set out therein, any failure to perform any of the covenants, obligations or agreements of the Company in the Bond Placement Agreement;
- (b) any other condition to the obligations under the Bond Placement Agreement to be fulfilled by the Company is not fulfilled when and as required; and

(c) the Bond Subscription Agreement is terminated in accordance with its terms.

The Bond Placement Agreement may be terminated by the Company at any time prior to the Bond Closing Date if the Bond Subscription Agreement is terminated in accordance with its terms.

Bond Subscription Agreement

Date:

17 August 2010

Parties:

- (a) the Company;
- (b) the Subsidiary Guarantors; and
- (c) the Subscribers.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, each of the Subscribers and their respective ultimate beneficial owners is independent of the Company and its connected persons.

Conditions precedent

The obligations of the Subscribers to subscribe the Bonds are subject to, among others, the following conditions precedent:

- (a) the execution and delivery on or before the Bond Closing Date of the Bond Transaction Documents (each in a form satisfactory to such Subscriber) by all parties thereto;
- (b) the Stock Exchange having agreed, subject to any conditions satisfactory to such Subscribers, to list the Conversion Shares (or, in each case, such Subscribers being satisfied that such listing will be granted);
- (c) each of the Company and the Subsidiary Guarantors having obtained all consents and approvals of all third parties necessary to be obtained by it in respect of the issue of the Bonds, the Conversion Shares, the granting of Share Charges by the Company and the Subsidiary Chargor, and the giving of the guarantees by the Subsidiary Guarantors;
- (d) the representations and warranties of each of the Company and the Subsidiary Guarantors set forth in the Bond Subscription Agreement being true, accurate and correct in all respects at closing;

- (e) there being no change nor any development or event involving a prospective change, in the business or financial condition, or the earnings, business, properties, prospects, results of operations or general affairs of the Company or the Group since the date of the Bond Subscription Agreement which, in the opinion of the Subscribers, is material and adverse in the context of the issue and offering of the Bonds and the giving of the Share Charges by the Company and the Subsidiary Chargor;
- (f) Kailey and Mr. Kwok having delivered the Lock-Up Undertakings to the Subscribers on the date of the Bond Subscription Agreement and the Lock-Up Undertakings shall not have been breached and shall remain in full force and effect upon the Bond Closing Date; and
- (g) completion of the Placing prior to the Bond Closing Date in accordance with the Placing and Subscription Agreement.

Covenants

The Company undertakes to the Subscribers that the Company, will not, and the Company shall procure that none of its subsidiaries and affiliates or any person acting on its or their behalf will (a) issue, offer, sell, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transactions of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Subscribers between the date of the Bond Subscription Agreement and the date which is 180 days after the Bond Closing Date (both dates inclusive), other than the issue of the Bonds (and any further bonds in accordance with the terms and conditions of the Bonds), the entry by the Company into the Placing and Subscription Agreement, the issue of Shares by the Company pursuant to the terms of the Placing and Subscription Agreement, the issue of the Conversion Shares, the grant of the Call Options, the sale of Option Shares, the grant of options under the Share Option Scheme, the issue of new Shares pursuant to the Share Option Scheme, bonus issue of Shares to Shareholders and scrip dividend which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company.

Termination

Subscriber's right to terminate

Each individual Subscriber may, by notice to the Company, in respect of the principal amount of Bonds to be subscribed by it, terminate the Bond Subscription Agreement (but only with respect to itself) any time prior to the Bond Closing Date:

- (a) if any of the conditions precedent to the Bond Subscription Agreement have not been satisfied or waived by each Subscriber as provided therein;
- (b) if there shall come to the notice of such Subscribers any breach of, or any event rendering untrue, inaccurate or incorrect in any respect, any of the warranties and representations contained in the Bond Subscription Agreement or, with the exception of any of the covenants set out therein, any failure to perform any of the covenants, obligations or agreements of the Company and the Subsidiary Guarantors therein;
- (c) if there shall occur any change nor any development or event involving a prospective change, in the financial or business condition, results of operations, earnings, business affairs, properties or prospects of the Company or the Group, which, in the opinion of the Subscribers, is material and adverse in the context of the issue and offering of the Bonds; or
- (d) if there shall occur a suspension (for three consecutive trading days) or a material limitation in trading in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded.

Notwithstanding the above, the obligations of all the Subscribers under the Bond Subscription Agreement may be terminated at any time prior to the Bonds Closing Date in the event that the Majority Subscribers, by notice to the Company and the Subsidiary Guarantors and the Subscribers, terminate the Bond Subscription Agreement at any time prior to the Bond Closing Date in any of the following circumstances:

- (a) if, in the opinion of the Majority Subscribers, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the London Stock Exchange plc, the New York Stock Exchange, the Nasdaq National Market, the Stock Exchange and/or the Singapore Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a general moratorium on commercial banking activities in London, New York City, the PRC, Singapore and/or Hong Kong declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United Kingdom, New York City, the PRC, Singapore or Hong Kong or (iii) a change or development involving a prospective change in taxation affecting the Company, the Bonds and the Conversion Shares or the transfer thereof;
- (b) if, in the opinion of the Majority Subscribers, there shall have been such a change, or any development involving a prospective change, in national or international financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or exchange controls or there shall have occurred an outbreak or escalation of hostilities or act of terrorism as would in its view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market; or

- (c) if, in the opinion of the Majority Subscribers, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in its view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

Company's right to terminate

The Company may by notice to each Subscriber, terminate the Bond Subscription Agreement at any time prior to the Bond Closing Date in the event that completion of the Placing has not taken place prior to the Bond Closing Date in accordance with the Placing and Subscription Agreement.

Principal terms of the Bonds

Set out below is a summary of the principal terms of the Bonds:

Issuer	The Company.
Principal amount	Up to US\$200 million
Maturity date	1 September 2015
Issue price	100% of the principal amount of the Bonds.
Interest	The Bonds bear interest from the issue date of the Bonds at the rate of 3.7% per annum on the principal amount of the Bonds outstanding. The interest will be payable by the Company semi annually in arrear on 1 March and 1 September in each year and interest will accrue from 1 September 2010. Each Bond will cease to bear interest (a) where the conversion right attached to it is exercised by a Bondholder, from and including the interest payment date immediately preceding the relevant conversion date, or if none, the issue date of the Bond, or (b) where such Bond is redeemed or repaid from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused.
Guarantee	Each Subsidiary Guarantor has unconditionally and irrevocably guaranteed, on a joint and several basis, the due payment of all sums expressed to be payable by the Company, and the performance of all the obligations of the Company, under, among others, the trust deed constituting the Bonds and the Bonds.

Security

The payment obligations and the performance of all of the obligations of the Company under, among others, the Bonds, the trust deed constituting the Bonds and the Subsidiary Guarantors under their respective Guarantees of the Bonds are secured rateably and on a *pari passu* basis by the Share Charges (“**Security**”).

Permitted *Pari Passu* Secured Indebtedness:

At any time following the Bond Closing Date, the Company and/or the Subsidiary Chargor may create further Encumbrances (each, a “**Further Encumbrance**”) over any part of the property which is the subject of the Security created pursuant to the Security Documents for the purposes of securing Relevant Indebtedness of the Company (including further bonds issued pursuant to the terms and conditions of the Bonds) and/or any guarantee of a Subsidiary Guarantor with respect to such Relevant Indebtedness (such Relevant Indebtedness of the Company and any such guarantee, “**Permitted *Pari Passu* Secured Indebtedness**”); provided always that (i) any such Further Encumbrance ranks *pari passu* with the Encumbrances expressed to be created for the benefit of the Bondholders and other secured parties pursuant to the Security Documents, (ii) the holders of any such Relevant Indebtedness (or their representatives) become party to an Intercreditor Agreement; (iii) the agreement in respect of such Relevant Indebtedness contains provisions with respect to releases of the Further Encumbrances and any guarantee given by a Subsidiary Guarantor substantially similar to, and no more restrictive on the Company and the Subsidiary Chargor than, the provisions of the trust deed and the Security Documents; and (iv) the Company and the Subsidiary Chargor deliver to each of the Trustee and the Security Trustee an opinion of legal counsel acceptable to the Trustee and the Security Trustee with respect to corporate and related matters in connection with the Security Documents, in form and substance satisfactory to the Trustee and the Security Trustee.

Negative pledge	<p>So long as any Bond remains outstanding, the Company will not, and the Company will ensure that none of its subsidiaries will, create or have outstanding, any Encumbrance, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness unless (a) such Encumbrance or Further Encumbrance is created for the purposes of securing Permitted Pari Passu Secured Indebtedness; or (b) at the same time or prior thereto the Company's obligations under the Bonds are secured equally and rateably (i) therewith or by the same Encumbrance or (ii) by such other security, guarantee, indemnity or other arrangement as either (x) the Trustee in its absolute discretion shall deem not materially less beneficial to the interests of the Bondholders or (y) shall be approved by an extraordinary resolution of the Bondholders.</p>
Conversion	<p>Subject to the terms of the Bonds, Bondholders have the right to convert their Bonds into Conversion Shares at any time during the conversion period. The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.7728 = US\$1.00) by the Conversion Price in effect on the conversion date in respect of a Bond.</p>
Conversion period	<p>From the 41st day after the issue date of the Bonds up to close of business on the 10th day prior to the maturity date of the Bonds, or, if such Bond is called for redemption by the Company before its maturity date, then up to the close of business on a date no later than seven days prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bond, then up to the close of business on the day prior to the giving of such notice.</p>
Conversion Price	<p>HK\$8.10 per Conversion Share, subject to adjustment in accordance with the terms of the Bonds including, among other things, the Shares becoming of a different nominal amount by reason of any consolidation or subdivision.</p>

Adjustment to Conversion Price	The Conversion Price will be subject to adjustment for, among others, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues of Shares or other securities or options over Shares, issues of Shares or other securities at less than the current market price, or a change of control of the Company. The Conversion Price may not be reduced so that, on conversion of the Bonds, the Conversion Shares would be issued at a discount to their par value, in such case, the reduction will be limited to such amount so that the Conversion Price is equal to the par value of the Shares. The Company will give notice to the Bondholders of any change in the Conversion Price.
Number of Conversion Shares issuable	191,920,987 Conversion Shares will be issued upon full conversion of the Bonds based on the initial Conversion Price of HK\$8.10.
Ranking of Conversion Shares	The Conversion Shares to be issued upon conversion of the Bonds will rank pari passu in all respects with the Shares then in issue on the relevant conversion date.
No conversion in breach of Listing Rules	The Company is not obliged to issue any Conversion Shares in breach of its obligations under the Listing Rules.
Cash Settlement Option	<p>At any time when the Company is required to deliver Shares upon conversion of the Bonds, the Company has the option to pay to the relevant Bondholder an amount of cash in US dollars equal to the applicable Cash Settlement Amount (as defined below) in order to satisfy such conversion right in full or in part (and, if in part, in which case the other part shall be satisfied by the delivery of Shares) (the “Cash Settlement Option”).</p> <p>“Cash Settlement Amount” means the product of (i) the number of Shares otherwise deliverable upon exercise of the conversion right in respect of the Bond(s), and in respect of which the Company has elected the Cash Settlement Option and (ii) the arithmetic average of the volume-weighted average price of Shares on the Stock Exchange for each day during the 10 trading days immediately after the date on which the Company elects to exercise the Cash Settlement Option.</p>
Redemption at maturity	Each Bond will be redeemed on maturity at a value equal to the aggregate of (a) its principal amount outstanding; and (b) the interest accrued and unpaid.

Redemption for
taxation reasons

The Bonds may be redeemed at the option of the Company in whole, but not in part only, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders, at their principal amount together with interest accrued, if the Company has or will become obliged to pay additional tax amounts as provided in the trust deed created by the Company in relation to the Bonds as a result of any change in, or amendment to, the laws or regulations of Hong Kong, the PRC, the British Virgin Islands or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 17 August 2010, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it.

Redemption at the option
of the Company

On giving not less than 30 nor more than 60 days' notice to the Bondholders and the trustee of the Bonds (which notice will be irrevocable), the Company:

- (i) may at any time after 1 September 2012 redeem in whole, but not in part only, the Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption, provided that the Closing Price for each of 20 out of 30 consecutive trading days, the last of which occurs not more than five trading days prior to the date upon which notice of such redemption is published was at least 130 per cent. of the prevailing Conversion Price; or
- (ii) may at any time redeem in whole, but not in part only, the Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption provided that prior to the date of such notice at least 90 per cent. in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled.

If there shall occur an event giving rise to a change in the Conversion Price during any such 30 Trading Day period, appropriate adjustments for the relevant days will be made.

Redemption at the option
of the Bondholders

The Company will, at the option of the Bondholder redeem all or some only of such Bondholder's Bonds on 1 September 2013 at their principal amount together with interest accrued to the date fixed for redemption.

In the event that the Shares cease to be listed or admitted to trading or suspended from trading for a period equal to or exceeding 60 consecutive days on the Stock Exchange or, if applicable, any alternative stock exchange or there is a change of control of the Company, the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of such Bondholder's Bonds at their principal amount together with interest accrued.

Transferability	Subject to registration and compliance with the relevant procedures effecting the transfer, the Bonds will be freely transferable.
Status	The Bonds will constitute direct, senior, unconditional, unsubordinated and secured obligations of the Company and will at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall at all times rank and at least equally with all other present and future secured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.
Voting	Before conversion of the Bonds, Bondholders will not have any right to attend or vote in any general meeting of the Company by virtue of their being Bondholders.
Listing	No application will be made for the listing of the Bonds on the Stock Exchange or any other exchange.
Form of the Bonds	Registered. Upon issue, the Bonds will be represented by the global certificate deposited with a common depository for, and representing Bonds registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg.
Denomination	US\$100,000

Comparison of Conversion Price

The initial Conversion Price of HK\$8.10 per Conversion Share represents:

- (a) a discount of 5.37% to the closing price of the Shares of HK\$8.56 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of 1.22% to the average closing price of the Shares of HK\$8.20 per Share for the last 30 consecutive trading days up to and including the Last Trading Day;

- (c) a premium of 2.40% over the average closing price of the Shares of HK\$7.91 per Share for the last 60 consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of 1.34% to the average closing price of the Shares of HK\$8.21 per Share for the last 90 consecutive trading days up to and including the Last Trading Day.

Lock-up Undertakings

Mr. Kwok and Kailey have agreed to undertake to the Subscribers that they and will procure that none of their subsidiaries, nominees, trustees or any persons otherwise acting on their behalf or controlled by them will not, without the prior written consent of the Subscribers, (a) offer, sell, contract to sell, or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, for the period from the date of the Bond Subscription Agreement to the date which is 180 days after the closing of the Bond Subscription Agreement), other than the issue of the Bonds (and any further bonds in accordance with the terms and conditions of the Bonds) the entry into the Placing and Subscription Agreement and performance of the transactions contemplated thereunder (the “**Lock-Up Undertakings**”).

B. PROPOSED PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION FOR NEW SHARES

Placing and Subscription Agreement

Date:

16 August 2010

Parties:

- (a) Kailey;
- (b) The Company;
- (c) Mr. Kwok; and

(d) Equity Placing Agent.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, the Equity Placing Agent and its ultimate beneficial owners are independent of the Company and its connected persons.

Placing

Sale Share

An aggregate of 154,838,000 Shares, representing approximately 4.85% of the existing issued share capital of the Company and approximately 4.26% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, the Subscription Shares and the Option Shares, will be sold by Kailey.

Placing Price

The Placing Price of HK\$7.53 per Share was arrived at after arm's length negotiations between the Company, Kailey and the Equity Placing Agent, with reference to the market price of the Shares. It represents: (i) a discount of approximately 12.03% to the closing price of HK\$8.56 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 11.62% of the average closing price of approximately HK\$8.52 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and (iii) a discount of approximately 12.14% to the average closing price of approximately HK\$8.57 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day. After deducting the relevant expenses of the Placing, the net Placing Price is approximately HK\$7.30 per Share. The Directors (including the independent non-executive Directors) consider that the terms of the Placing including the Placing Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Rights of the Placing Shares

The Placing Shares will be sold free from all liens, charges and encumbrances, and together with all rights attaching thereto as at the Placing Closing Date, including the right to receive all dividends declared, made or paid on or after the Placing Closing Date.

Placees

Pursuant to the Placing and Subscription Agreement, the Equity Placing Agent has agreed to act as placing agent on a best commercial effort basis for the purpose of procuring, as agent of Kailey, purchasers for the Sale Shares. The Sale Shares will be sold to not less than six placees including professional and institutional investors. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, the purchasers (and their ultimate beneficial owners) of the Sale Shares to be procured by the Equity Placing Agent will be independent of the Company and its connected persons. It is not expected that any placee under the Placing will become a substantial shareholder of the Company as a result of the Placing.

Completion of the Placing

Completion of the Placing will take place on 19 August 2010 or such other date as Kailey and Equity Placing Agent may agree in writing.

Subscription

Subscription Shares

An aggregate of 154,838,000 Shares, representing approximately 4.85% of the existing issued share capital of the Company and approximately 4.26% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, the Subscription Shares and the Option Shares, will be subscribed by Kailey.

Subscription Price

The Subscription Price equals the aggregate of the Placing Price multiplied by the number of Subscription Shares less the commissions and other expenses incurred by the parties to the Placing and Subscription Agreement relating to the Placing and Kailey's expenses incurred by it in relation to the Placing and the Subscription.

Ranking of the Subscription Shares

The Subscription Shares will, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the respective date of completion of the Subscription, including the rights to all dividends and other distributions declared, made or paid at any time after the respective date of allotment.

Condition of the Subscription

Completion of the Subscription is conditional upon:

- (a) the Listing Committee granting the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not being subsequently revoked prior to the delivery of definitive share certificate representing the Subscription Shares); and
- (b) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription

Completion of the Subscription will take place on the next business day after the date upon which the last of the conditions to the Subscription is satisfied provided that completion will

take place on a date no later than a date falling 14 days after the date of the Subscription and Placing Agreement or, subject to compliance with the Listing Rules, such other time and/or date as Kailey and the Company may agree in writing. If completion of the Subscription takes place more than 14 days after the date of the Subscription and Placing Agreement, the Subscription would not fall within the exemption under Rule 14A.31(3)(d) of the Listing Rules and would be subject to the relevant requirements of the Listing Rules regarding connected transactions. The Company will issue a further announcement in the event that the Subscription becomes a connected transaction for the Company under the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing and the Subscription are fair and reasonable, on normal commercial terms and in the interest of the Company and the shareholders of the Company as a whole.

Lock-up undertakings

Each of Kailey and Mr. Kwok has agreed to undertake to the Equity Placing Agent that it/he will not and will procure that none of its/his subsidiaries, nominees, trustees or any persons otherwise acting on their behalf or controlled by it/him will, without the prior written consent of the Equity Placing Agent, (a) offer, sell, contract to sell, or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Shares or securities of the same class as the Shares or other instruments representing interests in the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, for the period from the date of the Placing and Subscription Agreement to the date which is 180 days after the Placing Closing Date, other than the sale of the Sale Shares pursuant to the Placing and Subscription Agreement, the entry into the Bond Placement Agreement, the Bond Subscription Agreement and performance of the transactions contemplated thereunder.

The Company has undertaken to the Equity Placing Agent that the Company will not, and the Company shall procure that none of its subsidiaries and affiliates or any person acting on its or their behalf will (a) issue, offer, sell, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Shares or securities of the same class as the Shares or other instruments representing interests in the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transactions of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other

securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Equity Placing Agent between the date of the Placing and Subscription Agreement and the date which is 180 days after the Placing Closing Date (both dates inclusive), other than the entry by the Company into the Bond Placement Agreement and the Bond Subscription Agreement and the issue of the Conversion Shares pursuant to the conversion of the Convertible Bonds, the entry by the Company into the Placing and Subscription Agreement, the issue of Shares by the Company pursuant to the terms of the Placing and Subscription Agreement, the grant of the Call Options, the sale of Option Shares following the exercise of the Call Options, the grant of options under the Share Option Scheme and issue of new shares pursuant to the Share Option Scheme, bonus issue of Shares to Shareholders and scrip dividend which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with its articles of associations.

Termination Events

The Placing and Subscription Agreement contains provisions granting the Equity Placing Agent the right to terminate the agreement if there develops, occurs or comes into force at any time prior to completion on the Placing Closing Date certain events, including but not limited to:

- (a) any new law or regulation or any change or prospective change in existing laws or regulations which in the opinion of the Equity Placing Agent makes it impracticable or inadvisable or inexpedient to proceed with the Placing or has or is likely to have a material adverse effect on the financial position, business, results of operation or prospects of the Group as a whole;
- (b) any significant event, development or change or prospective change (whether or not permanent or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) in local, national or international economic, financial, fiscal, industrial, regulatory, political or military conditions, securities market conditions or currency exchange rates or exchange controls, including without limitation, any outbreak or escalation of hostilities, declaration by the United States, the United Kingdom, the PRC or Hong Kong of a national emergency or other calamity or crisis, the effect of which in the opinion of the Equity Placing Agent is or would be materially adverse to the success of the Placing, or makes it impracticable or inadvisable or inexpedient to proceed therewith;
- (c) the declaration of a banking moratorium by the relevant authorities in New York City, London, Hong Kong and/or the PRC, or any moratorium, suspension or material restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the Shanghai Stock Exchange, New York Stock Exchange or the London Stock Exchange;
- (d) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing and Subscription Agreement, the Bond Subscription Agreement, the Bond Placement Agreement or the Option Agreement);

- (e) the commencement by any regulatory or political body or organisation of any action against the Company, any Director or Kailey or an announcement by any regulatory or political body or organisation that it intends to take any such action;
- (f) any breach of any of the representations, warranties and undertakings by Kailey and/or the Company set out in the Placing and Subscription Agreement comes to the knowledge of the Equity Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Placing Closing Date which if it had occurred or arisen before the date of the Placing and Subscription Agreement would have rendered any of such representations, warranties and undertakings untrue, inaccurate or incorrect in any respect, or there has been a breach of, or failure to perform, any other provision of the Placing and Subscription Agreement on the part of Kailey and/or the Company; or
- (g) any change or any development involving a prospective change in the general affairs, prospects, earnings, business, properties, stockholders' equity or in the financial or trading position of the Group taken as a whole which in the opinion of the Equity Placing Agent is material and adverse as to make it impractical or inadvisable to proceed with the Placing.

C. PROPOSED ISSUE OF CALL OPTIONS

Option Agreement

Date:

17 August 2010

Parties:

- (a) the Company; and
- (b) Citigroup.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, Citigroup and its ultimate beneficial owners are independent of the Company and its connected persons.

Conditions precedent

The obligations of the Company to issue the Call Options to the buyer of the Options (the "**Buyer**", initially, Citigroup) are subject to, among other things, the following conditions precedent being satisfied not later than the 15 business days after the Trade Date:

- (a) the Company having obtained all consents and approvals of all third parties necessary in respect of the issue of the Option Shares to be delivered on settlement upon exercise of the Call Options (including the consent and approvals of all applicable regulators and all lenders, as required);

- (b) the Stock Exchange having agreed, subject to any conditions satisfactory to the Buyer, to list the Option Shares (or the Buyer being satisfied that such listing will be granted);
- (c) up to and at the Premium Payment Date (as defined in the Option Agreement), the representations and warranties of the Company set forth in the Option Agreement shall be true, accurate and correct in all respects at, and as if made on, such date and the Company shall have performed all of its obligations hereunder to be performed on or before the Premium Payment Date (as defined in the Option Agreement); and
- (d) if, on or before the Premium Payment Date (as defined in the Option Agreement), there shall not, have occurred any change nor any development or event involving a prospective change in the business or financial condition, or the earnings, business, prospects, properties, results of operations or general affairs of the Company and each of its subsidiaries and associated companies since the Trade Date of the Call Options which might, in the opinion of Buyer, is material and adverse in the context of the transactions contemplated under the Option Agreement.

Principal terms of the Call Options

Set out below is a summary of the principal terms of the Call Options:

Issuer	The Company
Buyer	Citigroup, initially, and then Allegro
Trade Date	17 August 2010
Number of Call Options	103,300,000
Option Entitlement	One Share per Call Option, subject to adjustment
Strike Price	HK\$7.9065 per Share, subject to adjustment
Exercise period	The first day of the conversion period of the Bonds to 17 August 2013
Status	The Call Options will rank pari passu in all respects with one another.
Number of Option Shares issuable	103,300,000, subject to adjustment

Transferability of Call Options	Subject to compliance with the relevant procedures effecting the transfer, Citigroup or Allegro, as buyer of the Call Options, is entitled to assign any of its rights, or, transfer by novation any of its rights and obligations.
	The Call Options will be transferred by novation by Citigroup to Allegro on the Trade Date and Allegro will issue investor put notes (the “Investor Put Notes”) to which the redemption amount upon exercise of the investor put right by any noteholder will be transfer by novation of a number of Call Options relating to the redeemed Investor Put Notes as set out in the terms and conditions of the Investor Put Notes.
Adjustment	The Strike Price, the Number of Options, the Option Entitlement and the Number of Shares (each as defined in the Option Agreement) and any other variable relevant to the exercise, settlement, payment or other terms of the Call Options, will be subject to adjustment for, among others, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues of Shares or other securities or options over Shares, issues of Shares or other securities at less than the current market price, or a change of control of the Company. The Strike Price may not be reduced so that, on exercise of any Call Options, (i) the Option Shares would be issued at a discount to their par value, (in such case, the reduction will be limited to such amount so that the Strike Price is equal to the par value of the Shares) or (ii) Shares to be delivered on settlement would be required to be issued in any other circumstances not permitted by applicable laws then in force in Hong Kong.
Expiration	If unexercised, the Call Options will expire on 17 August 2013.
Voting	Before exercise of the Call Options, holders of the Call Options will not have any right to attend or vote in any general meeting of the Company by virtue of their being holders of the Call Options.
Listing	No application will be made for the listing of the Call Options on the Stock Exchange or any other exchange.

Comparison of strike price

The initial strike price of HK\$7.9065 per Option Share represents:

- (a) a discount of 7.63% to the closing price of the Shares of HK\$8.56 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (b) a discount of 3.58% to the average closing price of the Shares of HK\$8.20 per Share for the last 30 consecutive trading days up to and including the Last Trading Day;
- (c) a discount of 0.04% to the average closing price of the Shares of HK\$7.91 per Share for the last 60 consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of 3.70% to the average closing price of the Shares of HK\$8.21 per Share for the last 90 consecutive trading days up to and including the Last Trading Day.

Reasons for entering into the Option Agreement

The Company will sell the Call Options to Citigroup on 17 August 2010. On the Trade Date, Citigroup will transfer by novation the Call Options to Allegro. Allegro will subsequently issue Investor Put Notes only to those purchasers who have purchased the Placing Shares and the Bonds. The Company believes that the Option Agreement provides another opportunity for the potential investors which have already purchased the Placing Shares and/or the Bonds to further invest in the Company as well as provide additional funding to the Company.

D. USE OF PROCEEDS

The gross proceeds from the Bonds, the Subscription and the issue of the Call Options are estimated to be approximately US\$200 million, US\$150 million and US\$6 million, respectively, totalling approximately US\$356 million. The total expenses and commissions amount to approximately US\$9 million and the Company is expected to receive the aggregate net proceeds in the amount of approximately US\$347 million from the Bonds, the Subscription and the issue of the Call Options. The Company intends to use the net proceeds for expanding existing and establishing new production areas, including but not limited to Northeast China, North China, the Yangtze River areas and South China, contemplated by other areas for product varieties, seasonality and market demand and for general working capital.

Upon full exercise of the subscription rights attaching to the Call Options, the estimated net proceeds of approximately US\$105 million will be raised for the Group and applied for the purposes stated above.

E. GENERAL MANDATE

By a resolution of the Shareholders passed at the annual general meeting of the Company held on 27 November 2009, the Company granted a general mandate (the “**General Mandate**”) to the Directors to allot and issue up to 607,653,414 Shares. The Directors have exercised the power under the General Mandate to allot and issue 58,823,500 Shares pursuant to the agreement dated 24 December 2009 entered into between Great Challenge Developments Limited, a wholly-owned subsidiary of the Company and Elite Champion Management Limited as per the announcement dated 25 December 2009. As at the date of this announcement, the Directors are authorised to issue up to 548,829,914 Shares pursuant to the General Mandate.

The Conversion Shares, the Subscription Shares and the Option Shares, Placing Shares will be allotted and issued under the General Mandate and no Shareholders’ approval is required.

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares, the Subscription Shares and the Option Shares.

F. CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, save for 100,262,588 outstanding share options granted under the Share Option Scheme, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares. Assuming that no Shares will be issued by the Company other than the Conversion Shares, the Subscription Shares and the Option Shares and no Shares are sold or purchased by the Directors other than pursuant to the Placing and Subscription Agreement, the shareholdings of the Company as at the date of this announcement and as a result of conversion of the Bonds, completion of the Placing and Subscription and exercise of the subscription rights attaching to the Call Options are summarised as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing but before completion of the Subscription and assuming there is no conversion of the Bonds or exercise of the Call Options		Immediately after completion of the Placing and the Subscription and assuming there is no conversion of the Bonds or exercise of the Call Options		Assuming completion of the Placing and the Subscription and full conversion of the Bonds but there is no exercise of the Call Options		Assuming completion of the Placing and the Subscription, full conversion of the Bonds and exercise in full of the Call Options	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors										
Mr. Kwok (Note 1)	643,092,644	20.16	488,254,644	15.31	643,092,644	19.23	643,092,644	18.19	643,092,644	17.67
Mr. Chan Chi Po	103,528	0.00	103,528	0.00	103,528	0.00	103,528	0.00	103,528	0.00
Placees (Note 2)	—	—	154,838,000	4.85	154,838,000	4.63	154,838,000	4.38	154,838,000	4.26
Holders of the Conversion Shares										
(Note 3)	—	—	—	—	—	—	191,920,987	5.43	191,920,987	5.27
Holders of the Option Shares (Note 4)										
	—	—	—	—	—	—	—	—	103,300,000	2.84
Other public Shareholders	<u>2,546,126,079</u>	<u>79.84</u>	<u>2,546,126,079</u>	<u>79.84</u>	<u>2,546,126,079</u>	<u>76.14</u>	<u>2,546,126,079</u>	<u>72.00</u>	<u>2,546,126,079</u>	<u>69.96</u>
Total	<u>3,189,322,251</u>	<u>100.00</u>	<u>3,189,322,251</u>	<u>100.00</u>	<u>3,344,160,251</u>	<u>100.00</u>	<u>3,536,081,238</u>	<u>100.00</u>	<u>3,639,381,238</u>	<u>100.00</u>

Notes:

- (1) Mr. Kwok is beneficially interested in 642,064,644 Shares through Kailey and 1,028,000 Shares are owned by Mr. Kwok personally.
- (2) The placees will be regarded as the public Shareholders upon completion of the Placing.
- (3) The holders of the Bonds are expected to be regarded as the public Shareholders upon completion of the issue of the Conversion Shares.
- (4) The holders of the Call Options are expected to be regarded as the public Shareholders upon completion of the issue of the Option Shares.

G. REASONS FOR THE ISSUE OF THE BONDS, THE PLACING, THE SUBSCRIPTION AND THE ISSUE OF THE CALL OPTIONS

The issue of the Bonds, the Placing, the subscription and the issue of the Call Options is effected to enable the Company to raise funds while broadening the Shareholder's base and the capital base of the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the Bond Placement, the Bonds, the Placing and the Subscription, and the Call Options are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

H. CAPITAL RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not carried out any capital fund raising activities in the 12 months preceding the date of this announcement.

I. GENERAL

The Group is a leading modern agricultural enterprise in the PRC engaged in the growing and sale of crops and the breeding and sales of livestock in the PRC, with substantially all of its assets and operations in the PRC.

J. SUSPENSION AND RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended since 9:30 a.m. on 16 August 2010 pending the release of this announcement, and an application has been made for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 18 August 2010.

DEFINITIONS

“Allegro”	Allegro Investment Corporation S.A., a securitisation company incorporated as a public limited liability company (société anonyme) under the laws of the Grand Duchy of Luxembourg;
“Bond Closing Date”	means 1 September 2010 or such later date as may be designated as the date upon which the closing of the issue of the Bonds will take place;
“Bond Placement”	the placement by the Bond Placement Agent of the Bonds pursuant to the Bond Placement Agreement;
“Bond Placement Agent” or “Citigroup”	Citigroup Global Markets Limited;
“Bond Placement Agreement”	the placement agreement relating to the Bonds dated 17 August 2010 between the Company and the Bond Placement Agent;
“Bond Purchase Price”	100% of the aggregate principal amount of the Bonds;
“Bond Subscription”	the subscription by the Subscribers of the Bonds pursuant to the Bond Subscription Agreement;
“Bond Subscription Agreement”	the subscription agreement relating to the Bonds dated 17 August 2010 between the Company and the Subscribers;
“Bond Transaction Documents”	the bond trust deed, the bond agency agreement and the Share Charges;
“Bondholder(s)”	holder(s) of the Bonds;
“Bonds”	3.7% secured guaranteed convertible bonds due 2015 in the aggregate principal amount of up to US\$200 million to be guaranteed by the Subsidiary Guarantors;
“Call Options”	options granted by the Company to Citigroup pursuant to which Citigroup or, if the Call Options have been novated in whole or in part, the holder(s) of the Call Options from time to time, who are in aggregate entitled to require the Company to issue up to a maximum of 103,300,000 Option Shares to or to the order of the holder(s) of the Call Options;

“Company”	Chaoda Modern Agriculture (Holdings) Limited (stock code: 682), an exempted company incorporated in the Cayman Islands with limited liabilities whose shares are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Conversion Price”	initially HK\$8.10 per Conversion Share (subject to adjustment);
“Conversion Shares”	the Shares to be issued upon conversion of the Bonds;
“Directors”	directors of the Company;
“Equity Placing Agent”	Citigroup Global Markets Asia Limited;
“Encumbrance”	a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person or any other arrangement with similar economic effect other than any such arrangement arising from operation of law or imposed by a relevant clearing system;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Kailey”	Kailey Investment Ltd., a company incorporated under the laws of the British Virgin Islands and wholly-owned by Mr. Kwok;
“Last Trading Day”	13 August 2010, being the last full trading day immediately before the issue of this announcement;
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Majority Subscribers”	a Subscriber or Subscribers whose participations in the issue of the Bonds aggregate more than 66 2/3 per cent. of the aggregate principal amount of the Bonds to be issued;
“Mr. Kwok”	Mr. Kwok Ho, the Chairman and substantial shareholder of the Company;

“Option Agreement”	a letter agreement relating to the Call Options dated 17 August 2010 between the Company and Citigroup which forms part of an ISDA 2002 Master Agreement subject to such modifications as appropriate;
“Option Shares”	Shares falling to be issued upon exercise of the Call Option;
“Placing”	the placing of the Sale Shares pursuant to the Placing and Subscription Agreement;
“Placing and Subscription Agreement”	the placing and subscription agreement dated 16 August 2010 between the Company, Kailey, the Equity Placing Agent and Mr. Kwok;
“Placing Closing Date”	19 August 2010 or such other date as Kailey and the Equity Placing Agent may agree in writing, on which completion of the Placing will take place;
“Placing Price”	HK\$7.53 per Sale Share;
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special administrative Region of the PRC and Taiwan;
“Relevant Indebtedness”	any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money, which are, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement);
“Sale Shares”	154,838,000 Shares to be placed pursuant to the Placing and Subscription Agreement;
“Security Documents”	collectively, the Share Charges and any other agreements or instruments that may evidence or create any Encumbrance in favour of the Security Trustee and/or any Bondholders in any or all of the Security;
“Security Trustee” or “Trustee”	Citicorp International Limited;

“Share Charges”	means:
	(i) the charge over all the shares of Chaoda Vegetable & Fruits Trading Limited to be dated on or about the Bond Closing Date and entered into between the Company as chargor and the Security Trustee as chargee;
	(ii) the charge over all the shares of Insight Decision Limited to be dated on or about the Bond Closing Date and entered into between the Company as chargor and the Security Trustee as chargee;
	(iii) the charge over all the shares of Timor Enterprise Limited to be dated on or about the Bond Closing Date and entered into between the Company as chargor and the Security Trustee as chargee;
	(iv) the charge over all the shares of Worthy Year Investments Limited to be dated on or about the Bond Closing Date and entered into between the Company as chargor and the Security Trustee as chargee; and
	(v) the charge over all the shares of Chaoda Vegetable & Fruits Limited to be dated on or about the Bond Closing Date and entered into between Timor Enterprise Limited as chargor and the Security Trustee as chargee;
“Share Option Scheme”	the share option scheme adopted by the Company on 19 June 2002;
“Shareholders”	holders of the Shares;
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	the parties listed in Schedule 1 of the Bond Subscription Agreement;
“Subscription Shares”	154,838,000 Shares to be subscribed by Kailey pursuant to the Placing and Subscription Agreement;
“Subsidiary Chargor”	Timor Enterprise Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;

“Subsidiary Guarantors”	Chaoda Vegetable & Fruits Trading Limited, Insight Decision Limited, Timor Enterprise Limited, Worthy Year Investments Limited and Chaoda Vegetable & Fruits Limited, all of which are subsidiaries of the Company;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Trade Date”	17 August 2010; and
“US\$” or “US dollar”	the lawful currency of the United States of America.

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

Hong Kong, 17 August 2010

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, Professor Lin Shun Quan and Ms. Luan Yue Wen