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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)**

**SUPPLEMENTARY ANNOUNCEMENT**  
**IN RELATION TO**  
**THE ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

Reference is made to the annual results announcement dated 21 September 2018 (the “**Annual Results Announcement**”) of Chaoda Modern Agriculture (Holdings) Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the financial year ended 30 June 2018 (the “**Year**”).

Unless otherwise defined, capitalized terms used in this announcement have the same meanings as defined in the Annual Results Announcement.

As disclosed in the Annual Results Announcement, the Group no longer holds or leases any farmland due to early termination of leasehold farmland and no biological assets as at year-end due to having been harvested or sold during the year. The Company would like to provide the following updates and supplementary information.

**CURRENT PRINCIPAL BUSINESS ACTIVITIES**

- (i) Generating sales revenue through the distribution and trade of crops and agricultural products in both Hong Kong and mainland China; and
- (ii) Generating horticulture consultant, management and supporting services income by providing consultation on standards, process and procedure for cultivation and agricultural production, management of the integrated cultivation, process monitoring, providing training and advice, conducting marketing and research, and soliciting or securing production orders for agricultural products.

## HUMAN RESOURCES

As at 30 June 2018, the Group employed 465 employees, including 181 farmland workers (2017: 5,322, included 4,832 farmland workers).

## PROPERTY, PLANT AND EQUIPMENT

	<b>Leasehold improvements</b>	<b>Buildings</b>	<b>Furniture, fixtures and equipment</b>	<b>Motor Vehicles</b>	<b>Farmland infrastructure</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Net book value as at 30 June 2018</b>	<b>14,228</b>	<b>18,984</b>	<b>4,220</b>	<b>1,599</b>	<b>955</b>

Property, plant and equipment are mainly for administrative purposes.

Farmland infrastructure is mainly representing the assets pertaining to the research and development centre located in Fuzhou. All assets related to leasehold farmlands had been disposed or written off during the year.

## INVESTMENT PROPERTIES

Investment properties are buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. All investment properties of the Group are located in the PRC.

## PREPAID PREMIUM FOR LAND LEASES

Land use right under prepaid premium for land leases, represent the net book value for 5 lands held by the Group, which are all located in the PRC. They are mainly for the interest of the company's research and development centre, training centre and administrative purposes, none of them are related to leasehold farmland.

## FUTURE OUTLOOK

With the National Strategic Plan of Rural Revitalization, the Group had structured a new business operation model to better adapt to the industry's development, direction and further capture the opportunity of emerging trends. The Group will continue to implement supply-side structure reform in horticulture and develop "customized agriculture".

Before the financial year 2017/18, the Group leased farmland and employed local farm workers for their production facilities. Further, the Group will be making efforts to take an integrated role in agricultural production by providing support services to local farmers, impoverished households, rural cooperatives, agricultural enterprises and village collectives in order for them to carry on with their own production. Supporting this initiative the Group will offer the following services:

- (i) Horticulture consultation, advise on set-up standards, process and procedures for cultivation and agricultural production;
- (ii) Management of the integrated cultivation, process monitoring, training and advice; and
- (iii) Marketing and research, and assistance in soliciting or securing production orders for agricultural products.

Through organized production, management and technical research conducted by Chaoda, it can ensure the quality, safety, and development of green and modern horticultural practices, and further provide consumers with safe, quality products.

To effectively connect the production and sales realization of customized agriculture, the Company invites the local government to help integrate the demand from government run canteens, inside military compounds, schools, state-owned enterprises and other institutions. This would assist in exploring the “cost + reasonable profit” pricing model in respect to the fair value of agricultural production. As such, the pricing will fully and transparently reflect the contribution by different parties and achieve mutual benefit.

As of the date of this announcement, Chaoda has signed a non-binding strategic cooperation agreement with the Mingxi County People's Government as a pilot scheme for the new model, which will provide a solid foundation for our enterprise as we implement the new business model.

Currently, Chaoda is continually discussing and negotiating with all levels of government, relevant farmers, rural cooperatives and agricultural enterprises on the new business model in an active and orderly manner. Through discussion in the past few months, the Company has received very positive feedback. With the input from the pilot scheme, the Company will possess the ability to modify, finalize and standardize the new business model for operation. Chaoda targets to promote the model and fully implement it across the PRC within the next 12 months and create positive economic benefits for enterprises and to shareholders.

The Company believes that the business objectives and new business model of Chaoda are in line with the national policies, measures and strategic goals of the Chinese government. As such, the policy and new model can provide a great opportunity for agricultural development and to the Group. The Company is optimistic in Chaoda's ability to cooperate with local governments, farmers, impoverished households, rural cooperatives, agricultural enterprises and village collectives, and further enhance innovative industrial infrastructure for horticulture production.

## **ANNUAL REPORT**

The annual report of the Company for the Year containing the above and other information required by the Listing Rules of the Stock Exchange will be published on both the Company and Stock Exchange websites. Furthermore, the information will be available to the Company's shareholders before the end of October 2018.

The above additional information does not affect other information contained in the Annual Results Announcement and the content of the Annual Results Announcement remains unchanged.

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

Hong Kong, 8 October 2018

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

*Executive directors* : *Mr. Kwok Ho, Mr. Kuang Qiao and Mr. Yang Gang*

*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*