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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

RESULTS

The board of directors (the "Board") of Chaoda Modern Agriculture (Holdings) Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "Group" or "Chaoda") for the financial year ended 30 June 2013, together with the comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 RMB'000	2012 RMB'000
Turnover	3	**2,281,882**	3,160,019
Cost of sales		**(2,422,787)**	(3,406,610)
Gross loss		**(140,905)**	(246,591)
Other revenues	4	**69,889**	125,194
Gain/(Loss) arising from changes in fair value less costs to sell of biological assets	12	**363,758**	(2,311,433)
Selling and distribution expenses		**(471,425)**	(843,776)
General and administrative expenses		**(176,970)**	(208,194)
Research expenses		**(28,559)**	(116,609)
Other operating expenses	6	**(2,757,222)**	(1,121,548)
Loss from operations		**(3,141,434)**	(4,722,957)
Finance costs	7(a)	**(369)**	(63,937)
Share of results of associates		**686**	713
Gain on early redemption of convertible bonds		**-**	17,381
Loss on disposal of available-for-sale investments		**-**	(86,205)
Impairment loss on available-for-sale investments		**(77,826)**	(79,620)
Loss before income tax	7	**(3,218,943)**	(4,934,625)
Income tax expense	8	**(1,081)**	(273)
Loss for the year		**(3,220,024)**	(4,934,898)
Other comprehensive (expense)/income, including reclassification adjustments and net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(26,110)**	470
Change in fair value of available-for-sale investments		**(92,038)**	(145,654)
Release upon disposal of available-for-sale investments		**-**	(123,299)
Release upon impairment of available-for-sale investments		**77,826**	79,620
Other comprehensive expense for the year, including reclassification adjustments and net of income tax		**(40,322)**	(188,863)
Total comprehensive expense for the year		**(3,260,346)**	(5,123,761)
Loss for the year attributable to:			
Owners of the Company		**(3,220,015)**	(4,933,847)
Non-controlling interests		**(9)**	(1,051)
		(3,220,024)	(4,934,898)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(3,256,522)**	(5,121,125)
Non-controlling interests		**(3,824)**	(2,636)
		(3,260,346)	(5,123,761)
Loss per share for loss attributable to the owners of the Company during the year			
– Basic	10(a)	**RMB(0.98)**	RMB(1.50)
– Diluted	10(b)	**RMB(0.98)**	RMB(1.50)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Notes	2013 RMB'000	2012 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**6,678,361**	8,932,838
Construction-in-progress		**53,832**	82,115
Prepaid premium for land leases	11	**5,244,703**	6,379,888
Biological assets	12	**2,246,750**	1,814,608
Available-for-sale investments		**161,025**	251,626
Deferred development costs		**4,460**	9,040
Deferred expenditure		**437,191**	578,653
Intangible assets		**466,141**	481,971
Interests in associates		**8,955**	8,281
		15,301,418	18,539,020
Current assets			
Prepaid premium for land leases	11	**140,262**	161,558
Biological assets	12	**360,954**	500,983
Inventories		**39,433**	54,663
Trade receivables	13	**39,172**	53,189
Other receivables, deposits and prepayments		**1,183,450**	782,204
Cash and cash equivalents		**371,419**	520,166
		2,134,690	2,072,763
Current liabilities			
Trade payables	14	**11,501**	11,764
Other payables and accruals		**208,076**	123,731
		219,577	135,495
Net current assets		**1,915,113**	1,937,268
Total assets less current liabilities		**17,216,531**	20,476,288
Non-current liabilities			
Deferred tax liabilities		**20,655**	20,655
Net assets		**17,195,876**	20,455,633
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**332,787**	332,787
Reserves		**16,723,537**	19,979,470
		17,056,324	20,312,257
Non-controlling interests		**139,552**	143,376
Total equity		**17,195,876**	20,455,633

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is the extract of the independent auditors' report from Elite Partners CPA Limited, the external auditors of the Company, on the Group's consolidated financial statements for the year ended 30 June 2013:

BASIS OF QUALIFIED OPINION

We 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.

QUALIFIED OPINION ARISING FROM LIMITATION OF SCOPE

In our opinion, except for the possible effects of the matters described in the paragraph headed "Basis of Qualified Opinion" 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collectively includes all applicable individual Hong Kong Financial Reporting Standard ("HKFRS"), Hong Kong Accounting Standard ("HKAS") and Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The accounting policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and revised HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in Note 2.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB") since most of the companies comprising the Group are operating in RMB environment and the functional currency of most of the companies comprising the Group is RMB.

The consolidated financial statements have been prepared under historical cost convention except for certain assets such as biological assets and financial instruments classified as available-for-sale investments which are measured at fair values.

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The consolidated financial statements for the year ended 30 June 2013 were approved for issue by the Board on 9 January 2015.

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied for the first time all the new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 July 2012. Except as explained below, the application of the new HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 － Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 － Presentation of Items of Other Comprehensive Income. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income either in a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

At the date of authorisation of the consolidated financial statements, certain new or amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors of the Company (the "Directors") anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's consolidated financial statements.

HKFRS 9 – Financial instruments

HKFRS 9 is effective for accounting periods beginning on or after 1 January 2018 and introduces a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting.

2. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

HKFRS 9 – Financial instruments (Continued)
Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

The Directors expect that the implementation of HKFRS 9 in the future will affect the classification and measurement in respect of the Group's available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

HKFRS 10 – Consolidation financial statements
HKFRS 10 is effective for accounting periods beginning on or after 1 January 2013 and introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholder to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The Directors expect that the implementation of HKFRS 10 would change the accounting policy with respect to determining whether it has control over an investee but may not have material impact on the Group's results and financial position.

HKFRS 12 – Disclosure of interests in other entities
HKFRS 12 is effective for the accounting periods beginning on or after 1 January 2013. HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements. The Directors expect that the implementation of HKFRS 12 may result in more extensive disclosures in the consolidated financial statements, but no material impact on the Group's results, cash flows and financial position.

HKFRS 13 – Fair value measurement
HKFRS 13 is effective for the accounting periods beginning on or after 1 January 2013 and provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively. The Directors expect that the implementation of HKFRS 13 may result in more extensive disclosures on the Group's biological assets in the consolidated financial statements, but no material impact on the Group's results, cash flows and financial position.

2. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

HKAS 16 and HKAS 41 (Amendments) – Bearer plants

The amendments are effective for the accounting periods beginning on or after 1 January 2016. The amendments introduce the definition of bearer plants and extend the scope of HKAS 16 to include bearer plants, and explicitly exclude bearer plants from the scope of HKAS 41. The produce on bearer plants remains within the scope of HKAS 41. Prior to the amendments, the accounting for bearer plants was within the scope of HKAS 41, which requires all biological assets to be measured at fair value less costs to sell (except for rare cases in which the presumption that fair value can be measured reliably is rebutted). The measurement principle of fair value for biological assets is based on the premise that the transformation of biological assets is best reflected by fair value measurement. The amendments enable entities to account for bearer plants in accordance with HKAS 16, using either the cost model or the revaluation model. Before bearer plants are able to bear agricultural produce (i.e. before maturity), they are accounted for as self-constructed items of property, plant and equipment. The agricultural produce of the bearer plant remains within the scope of HKAS 41 and is therefore accounted for at fair value. The Directors are currently assessing the possible impact of the amendments on the Group's results and financial position in the first year of application.

3. TURNOVER

The principal activities of the Group are the growing and sales of crops, and breeding and sales of livestock.

Turnover represents the sales value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2013	2012
	RMB'000	RMB'000
Sales of crops	**2,247,247**	3,115,283
Sales of livestock	**34,635**	44,736
	2,281,882	3,160,019

4. OTHER REVENUES

	2013	2012
	RMB'000	RMB'000
Interest income	**4,940**	53,695
Dividend income from available-for-sale investments	**12,660**	19,989
Agency fee income	**369**	910
Sales of milk	**37,433**	36,387
Sundry income	**14,487**	14,213
	69,889	125,194

5. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations. The Group's operating business are organised and managed separately according to the nature of products, which each segment representing a strategic business segment that offers different products in the People’s Republic of China (“PRC”) market. However, the Group's executive directors considered that over 90% of the Group's revenue, operating results and assets for both years ended 30 June 2013 and 2012 were mainly derived from its growing and sales of crops. Consequently, no operating segment analysis is presented.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile. Over 90% of the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

There is no single customer contributing over 10% of total revenue of the Group for the years ended 30 June 2013 and 2012.

6. OTHER OPERATING EXPENSES

	2013	2012
	RMB’000	RMB’000
Expenses incurred for fallow farmlands	**386,635**	217,282
Natural crop losses	**95,168**	114,459
Natural livestock losses	**2,234**	47,322
Agricultural produce written off	**554,930**	-
Loss on disposals of property, plant and equipment	**1,433,643**	709,800
Biological assets written off	**183,464**	-
Loss on early termination of land leases	**51,660**	-
Deferred expenditure written off	**24,977**	12,920
Plantation costs for windbreaks	**147**	6,792
Others	**24,364**	12,973
	2,757,222	1,121,548

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

(a) Finance costs

	2013	2012
	RMB'000	RMB'000
Bank and finance charges	**369**	1,237
Effective interest on convertible bonds	**-**	62,700
	369	63,937

(b) Staff costs (including directors' remuneration)

	2013	2012
	RMB'000	RMB'000
Salaries, wages and other benefits	**901,734**	1,071,373
Employee share option benefits	**589**	1,911
Retirement benefit costs	**5,377**	5,378
	907,700	1,078,662

(c) Other items

	2013	2012
	RMB'000	RMB'000
Auditors' remuneration	**1,608**	1,637
Amortisation of deferred development costs	**4,580**	6,640
Amortisation of prepaid premium for land leases, net of amount capitalised	**115,690**	125,963
Amortisation of deferred expenditure, net of amount capitalised	**166,118**	175,774
Cost of inventories sold	**2,422,787**	3,406,610
Depreciation of property, plant and equipment, net of amount capitalised	**717,858**	539,009
Operating lease expenses		
– Land and buildings	**225,981**	297,572
– Motor vehicles	**-**	17
Other receivables written off	**-**	3,072

8. INCOME TAX EXPENSE

The amount of income tax expense charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2013	2012
	RMB'000	RMB'000
Current tax		
– PRC income tax *(Note (a))*	**166**	86
– Hong Kong profits tax *(Note (b))*	**915**	187
	1,081	273

Notes:

(a) According to the PRC tax law and its interpretation rules, enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption or half reduction of enterprise income tax on profits derived from such business. Fuzhou Chaoda Agriculture Development Company Limited, the Company's principal subsidiary and other PRC subsidiaries engaged in qualifying agricultural business, which include growing and sales of crops and breeding and sales of livestock, are entitled to full exemption of enterprise income tax.

The enterprise income tax rate of other PRC subsidiaries of the Company not engaged in qualifying agricultural business is 25% (2012: 25%).

(b) Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the years ended 30 June 2013 and 2012.

9. DIVIDENDS

The Directors do not recommend the payment of dividend for the years ended 30 June 2013 and 2012.

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of RMB3,220,015,000 (2012: RMB4,933,847,000) and the weighted average number of 3,291,302,000 (2012: 3,291,302,000) ordinary shares in issue during the year.

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to the owners of the Company of RMB3,220,015,000 (2012: RMB4,933,847,000) and the weighted average number of 3,291,302,000 (2012: 3,291,302,000) ordinary shares. The computation of diluted loss per share does not assume the conversion of the Company's share options, convertible bonds and call options outstanding since their exercise would result in a decrease in loss per share.

11. PREPAID PREMIUM FOR LAND LEASES

	Long-term prepaid rentals RMB'000	Land use rights RMB'000	Total RMB'000
Cost			
At 1 July 2011	7,432,111	123,970	7,556,081
Additions	709,068	4,000	713,068
Early termination of leases	(759,500)	-	(759,500)
Exchange realignment	(32,296)	-	(32,296)
At 30 June 2012 and 1 July 2012	7,349,383	127,970	7,477,353
Early termination of leases	(1,138,445)	-	(1,138,445)
Exchange realignment	(28,094)	-	(28,094)
At 30 June 2013	**6,182,844**	**127,970**	**6,310,814**
Accumulated amortisation and impairment loss			
At 1 July 2011	830,895	33,729	864,624
Amortisation for the year	166,989	4,849	171,838
Early termination of leases	(68,259)	-	(68,259)
Exchange realignment	(32,296)	-	(32,296)
At 30 June 2012 and 1 July 2012	897,329	38,578	935,907
Amortisation for the year	152,460	4,889	157,349
Early termination of leases	(139,313)	-	(139,313)
Exchange realignment	(28,094)	-	(28,094)
At 30 June 2013	**882,382**	**43,467**	**925,849**
Net carrying value			
At 30 June 2013	**5,300,462**	**84,503**	**5,384,965**
At 30 June2012	6,452,054	89,392	6,541,446

	2013 RMB'000	2012 RMB'000
Non-current portion	**5,244,703**	6,379,888
Current portion	**140,262**	161,558
Net carrying value at 30 June	**5,384,965**	6,541,446

The Group's interests in long-term prepaid rentals and land use rights represent the prepaid operating leases payments and their net carrying values are analysed as follows:

	2013 RMB'000	2012 RMB'000
Outside Hong Kong held on:		
Leases of over 50 years	**669,486**	734,232
Leases of between 10 to 50 years	**4,715,479**	5,807,214
	5,384,965	6,541,446

(a) As at 30 June 2013, long-term prepaid rentals for the farmlands which have not yet been occupied by the Group amounted to RMB1,078,500,000 (2012: RMB1,641,500,000).

(b) Subsequent to the year ended 30 June 2013, certain land leases with net carrying value of approximately RMB617,455,000 (2012: RMB1,211,999,000) have been terminated.

12. BIOLOGICAL ASSETS

	Fruit trees and tea trees RMB'000	Livestock RMB'000	Vegetables RMB'000	Trees in plantation forest RMB'000	Total RMB'000
At 1 July 2011	2,030,262	51,691	1,247,676	1,143,852	4,473,481
Additions	342,241	76,949	3,159,473	131,288	3,709,951
Decrease due to harvest or sales	(240,302)	(135,905)	(3,180,201)	-	(3,556,408)
(Loss)/Gain arising from changes in fair value less costs to sell	(1,256,805)	59,716	(725,965)	(388,379)	(2,311,433)
At 30 June 2012 and 1 July 2012	875,396	52,451	500,983	886,761	2,315,591
Additions	279,198	49,451	2,404,605	295,333	3,028,587
Decrease due to harvest or sales	(264,848)	(77,692)	(2,462,980)	(111,248)	(2,916,768)
Written off	(183,464)	-	-	-	(183,464)
Gain/(Loss) arising from changes in fair value less costs to sell	355,358	9,900	(81,654)	80,154	363,758
At 30 June 2013	**1,061,640**	**34,110**	**360,954**	**1,151,000**	**2,607,704**

Biological assets as at 30 June 2013 and 2012 are stated at fair values less costs to sell and are analysed as follows:

	Fruit trees and tea trees RMB'000	**Livestock RMB'000**	**Vegetables RMB'000**	**Trees in plantation forest RMB'000**	**2013 Total RMB'000**	2012 Total RMB'000
Non-current portion	**1,061,640**	**34,110**	**-**	**1,151,000**	**2,246,750**	1,814,608
Current portion	**-**	**-**	**360,954**	**-**	**360,954**	500,983
	1,061,640	**34,110**	**360,954**	**1,151,000**	**2,607,704**	2,315,591

(a) The fair value less costs to sell of the fruit trees and tea trees is determined with reference to the present value of expected net cash flows from the biological assets discounted at a current market-determined pre-tax rate with assistance of Jones Lang LaSalle Corporate Appraisal And Advisory Limited, an independent professional valuer.

(b) The fair value of livestock is determined by the Directors with reference to market-determined prices with similar size, species and age.

(c) The fair value of vegetables is determined by the Directors with reference to market-determined prices, cultivation areas, species, growing conditions, cost incurred and expected yield of the crops.

(d) The trees in plantation forest represented the growing of eucalyptus (the "Eucalyptus"). In accordance with the valuation report issued by Jones Lang LaSalle Corporate Appraisal And Advisory Limited, an independent professional valuer, the fair value of the Eucalyptus is determined with reference to the present value of expected net cash flows from the biological assets discounted at a current market-determined pre-tax rate.

12. BIOLOGICAL ASSETS (Continued)

(e) The quantity and amount of agricultural produce harvested measured at fair value less costs to sell during the year were as follows:

	2013		2012	
	Quantity Tonnes	**Amount RMB'000**	Quantity Tonnes	Amount RMB'000
Fruits and tea leaves	**74,753**	**145,868**	66,909	128,515
Vegetables	**1,257,112**	**1,811,629**	2,913,634	2,847,305
	1,331,865	**1,957,497**	2,980,543	2,975,820

13. TRADE RECEIVABLES

The Group's trading terms for its local wholesale and retail sales are mainly cash on delivery whereas local sales to institutional customers and export trading companies are mainly on credit. The credit period is generally for a period from one month to three months depending on the customers' credit worthiness.

The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. As the Group's trade receivables relate to a wide range of customers, there is no significant concentration of credit risk.

Ageing analysis of trade receivables (net of allowance for doubtful debts) is as follows:

	2013 RMB'000	2012 RMB'000
0 – 1 month	**15,865**	35,602
1 – 3 months	**6,842**	8,679
Over 3 months	**16,465**	8,908
	39,172	53,189

14. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	2013 RMB'000	2012 RMB'000
0 – 1 month	**2,119**	5,150
1 – 3 months	**-**	783
Over 3 months	**9,382**	5,831
	11,501	11,764

15. EVENTS AFTER THE REPORTING PERIOD

(i) Disposal of property, plant and equipment

Subsequent to the end of the reporting period, certain land leases for lands being occupied by the Group had been terminated and the related property, plant and equipment belongs to these terminated land leases with net carrying value of approximately RMB203,320,000 were disposed of accordingly.

(ii) Lapse of call options

In September 2010, the Company had received cash premium totalling US$6,004,000 (equivalent to approximately RMB40,278,000) as the consideration for issuing call options, which conferred the holders of the call options the right, from time to time during the exercise period from the first date of the conversion period of the convertible bonds to 17 August 2013, to require the Company to issue up to a maximum of 103,300,000 ordinary shares (subject to adjustment) of HK$0.1 each of the Company at an agreed strike price of HK$7.9065 per share (subject to adjustment). These unexercised call options became lapsed on the expiry of the exercise period.

INDUSTRY AND BUSINESS REVIEW

During the financial year under review, more policies and preferential measures for agricultural sector were introduced by the PRC government to demonstrate its effort in supporting development of the sector. In January 2013, the Central Committee of the Communist Party of China (the "CPC") and the State Council issued the "Number One Document". This document, for the tenth consecutive year, focused again on the "Three Rural" (which stands for "Agricultural Industry", "Rural Areas" and "Farmers") issues. Its key contents were to promote innovative operation model for Agricultural Industry and to encourage the cooperation between professional heavyweights, domestic farmers and communal farmers, so that a bunch of leading agricultural enterprises might emerge to take dominant positions. The document also pointed out to encourage and guide capital from the city's industrial and commercial sectors to turn to rural region. More funding would be applied towards agricultural industrialisation so as to support those leading enterprises in establishment of their raw material bases as well as to take on energy conservation and emission reduction. The "Number One Document" further stressed the importance of solving problems related to the agricultural sector. The integrated development process of urban and rural regions would be considered as the key factor to permanently resolve the "Three Rural" issues, to pave the way for further modernisation in the Agricultural Industry and to form a solid basis for rural area development.

Despite introduction of further preferential policies on Agriculture Industry by the PRC government, the financial year under review remained a difficult year to the Group. By grasping favourable opportunities and striking aside those encumbrances, the Group timely returned certain leasehold farmlands to the PRC government. Meanwhile, the Group continuously adhered to prudent investment policies, that was, apart from minimal upkeep and maintenance for indispensable production infrastructure, there were no large scale investments and new constructions. By so doing, the Group was and is capable of satisfying the production needs while reducing its financial burden.

The Group actively focused on its core staff. It was of utmost importance to stabilise the morale and spirit of our staff, especially the frontline staff, to ensure the quality as well as quantity of the output from our production bases. According to the market expectation, the Group took an active part in scaling down its cultivation area to relieve market pressure.

Since the pressure caused by sluggish sales has been intensifying, the Group took a decisive measure to adopt "maintaining brand, price and reputation" as its marketing strategy, stepping up efforts to improve market confidence and stabilize market expectation. Such measure had produced a good effect on narrowing down the gross loss and loss from operations of the Group.

In addition, Chaoda maintained its competitive edges and once again retained its position in "China's 500 Most Valuable Brands" published by the World Brand Laboratory in June 2013. In February 2013, Chaoda also retained its designation of the "State-Level Dragon Head Leading Agricultural Enterprises".

FINANCIAL REVIEW

During the financial year under review, the Board had made relentless efforts and implemented effective measures to counter and cope with an adverse operating environment brought by the events leading to the suspension of trading in the Company's shares (the "Trading") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and restore confidence of business partners (including customers and suppliers) in the Group. As a result, 96% (2012: 97%) of crops sales of the Group came from China, among which 98% (2012:

91%) were sold to the wholesale markets and only 2% (2012: 9%) sold to institutional and indirect export customers in China. The average selling price for crops sold in China's markets (the "Average Selling Price") increased from RMB1.02 per kilogram to RMB1.52 per kilogram. However, the sales volume for the crops sold in the markets decreased to 1.332 million tonnes (2012: 2.981 million tonnes). As such, the Group recorded a turnover of RMB2,282 million, down 28% from RMB3,160 million for the previous financial year and resulted in gross loss of RMB141 million (2012: RMB247 million) due to the reasons above and the overall production costs for crops had kept increasing in China.

A gain of RMB364 million was caused by changes in fair value less costs to sell of biological assets under the valuation. In adherence to prudent financial management and through reasonable control of operating costs, selling and distribution expenses lowered by 44% to RMB471 million which mainly due to the decrease in the sales volume of the crops. General and administrative expenses also reduced by 15% to RMB177 million. Other operating expenses increased from RMB1,122 million to RMB2,757 million. Such increase was mainly attributable to, *inter alia*, agricultural produce written off due to the low demand on the Group's produces in the China's markets and loss on disposals of property, plant and equipment as a result of the returned leasehold farmlands. As a whole, loss from operations of RMB3,141 million (2012: RMB4,723 million) was recorded for the financial year under review.

AGRICULTURAL LAND

The Group applies stringent land selection criteria underpinned by high standards for air, soil and water resources. Suitable agricultural land is acquired to expand Chaoda's production base area and to enhance the strategic network of production bases spanning across the country from the North to the South, so that highland and lowland bases of the Group complement each other to enable an even supply throughout the year while mitigating the impact of adverse weather.

The Group continuously adhered to prudent and steady land development strategies to mitigate negative impact, with appropriate adjustment to return part of the leasehold land to the PRC government. As at 30 June 2013, the Group's production bases amounted to 19 in 9 different provinces and cities in China, with a total production area (including vegetable land and fruit garden) of 608,113 mu (40,541 hectares), representing a decrease of 23% when compared with the total production area of 788,573 mu (52,572 hectares) as at the end of previous financial year. Such decrease was mainly resulted in the returned leasehold farmlands as disclosed above. The weighted average production area for vegetables for the financial year under review was 518,475 mu (34,565 hectares), a decrease of 19% when compared with 640,237 mu (42,682 hectares) for the previous financial year.

LIQUIDITY AND FINANCIAL RESOURCES

During the financial year under review, net cash used in operating activities of the Group amounted to RMB368 million (2012: RMB503 million). As at 30 June 2013, the Group's cash and cash equivalents amounted to RMB371 million (2012: RMB520 million). The majority of the Group's operating transactions were settled in RMB. The effect of exchange rate fluctuations was relatively immaterial to the Group.

As at 30 June 2013, the total equity of the Group (including non-controlling interests) amounted to RMB17,196 million (2012: RMB20,456 million). The Group did not have any debts outstanding as at 30 June 2013 and 30 June 2012. The current ratio (dividing total current assets by total current liabilities) was 10 times (2012: 15 times).

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

PROSPECTS AND DEVELOPMENT STRATEGY

We believe that China will continue to allocate additional resources to cope with the "Three Rural" issues for a stable and sustainable development in the Agricultural Industry. The "Number One Document" issued by the Central Committee of the CPC and the State Council in February 2012 emphasised on strategic technical innovation in the Agricultural Industry. It was followed by the "Opinions on Supporting the Development of Leading Enterprises in the Industrialisation of Agriculture" published by the State Council in March 2012. It pointed out that through the combination of, among others, production elements of capital, technology and human resources, leading enterprises in the industrialisation of agriculture could assist farmers in the development of professional, standardised, large-scale and intensive production. These enterprises play an integral part in both the establishment of a modernised Agricultural Industry and the facilitation of industrialised operation of agriculture. Support for the development of leading enterprises could significantly enhance the agricultural organisation, speed up the transformation of development model, facilitate the modernisation progress and improve the farmers' employment and rewards in the Agricultural Industry. In January 2014, the "Number One Document" focused on the "Three Rural" issues for the eleventh consecutive year. Its core content includes perfecting the national food safety assurance system, strengthening the support for Agricultural Industry, establishing mechanisms for the sustainable development of the Agricultural Industry, enhancement of land reform in Rural Areas, formulating advanced agricultural operation models, expediting of rural financial system innovations, improving institutional mechanisms for the development of the integration of rural and urban and boosting governing mechanisms for rural villages.

Concentration on Core Business

Considering the favourable conditions with generous support for the development of the Agricultural Industry from the central government, we believe the industry will continue to thrive in an improving overall operating environment. It offers great opportunities of growth for Chaoda. In the wake of escalating industrialisation and urbanisation, the Agricultural Industry in China is at a critical stage of transformation from fragmented small scale production in the past to an intensively industrialised, standardised and modernised operating model. This highly efficient development approach is what Chaoda, as a pioneer in modern agriculture, has persistently taken. The Group's business model of "Company + Production Bases + Farmers" has become a paradigm for modernised vegetable cultivation in China. In the future, the Group will continue to take advantage of preferential agricultural policies and opportunities generated by the improving operating environment in the industry by focusing on its core business of vegetable and fruit cultivation. The Group will also continue to lead the industrialisation of vegetable cultivation, improve farming efficiency and boost farmers' income so as to thrive as a driving force for modern cultivation industry and a prominent provider of quality standardised agricultural products.

Enhancing Quality Control

A series of food safety issues around the world had drawn the market's attention to the issue, resulting in surging demands for quality and healthy agricultural products. Chaoda's product whole-chain tracking system for its agricultural products was highly-recognised in the 2nd Cross-Strait Modern Agriculture Expo. The Group is dedicated to the promotion of technologies for standardised vegetable production and comprehensive product quality control, as well as the establishment of product quality management system to offer quality and safe products, which help to boost our corporate image and appeal to a wider market.

Dedicated Brand Building

Branding is an integral part of modern agriculture. Accordingly, Chaoda has devoted substantial corporate resources in this aspect. With our own competitive edges, we continued to be ranked on the list of "China's 500 Most Valuable Brands" and entitled as one of the "State-Level Dragon Head Leading Agricultural Enterprises" in 2012 and 2013. Relentless efforts will continue to be spent on the maintenance and improvement of product quality so as to reinvigorate the Group as well as our brand image. In the future, the Group will endeavour to build a "quality brand" portfolio and focus on the development and building of agricultural brands so as to offer reliable branded agricultural products with specific traits, high quality and market appeal. With prominent market share, the offerings are competitive enough to stand out in the international market. The Group will further integrate brand management concepts into every step of production, processing and distribution to enhance standardised production and to explore market with brands, as well as to realise brand values in terms of product marketing efficiency and competitive strengths.

The central government has been committed to tackling the "Three Rural" issues in the past decade and launched a series of preferential policies to create a more favourable operating environment in the Agricultural Industry, which fuels our enthusiasm on the future of the industry.

Over the years, we have been devoted to the industrialisation of vegetable cultivation and allocated enormous resources to quality management, brand building, talent recruitment and nurturing and scientific research and development for the Agricultural Industry. We command well-rounded competitive strengths in respect of quality, branding, human resources and technologies. Confronted with the difficulties, the Group, as a leading enterprise in vegetable cultivation, will insist on modernisation of vegetable cultivation to provide customers with quality vegetables and maintain our competitive strengths.

Looking forward, we will continue to leverage on our competitive strengths with due consideration, explore different growth opportunities, expand our business, exhaust every means to overcome any existing or possible challenges with a view to achieving our business objectives, turning our business goals into reality, and creating enduring value for our shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

During the financial year under review, the Audit Committee consisted of three members all of whom were the then independent non-executive Directors. Mr. Tam Ching Ho was the Chairman and the two other members were Mr. Fung Chi Kin and Ms. Luan Yue Wen.

Following the retirement of Ms. Luan Yue Wen after the conclusion of the annual general meeting of the Company held on 30 December 2013 (the "2013 AGM"), the number of both the independent non-executive Directors and members of the Audit Committee fell below the minimum requirements respectively stipulated under Rules 3.10A and 3.21 of the Listing Rules.

As at the date of this announcement, the Company is in compliance with the minimum requirement as stipulated under Rules 3.10A and 3.21 of the Listing Rules.

The audited financial statements of the Group for the financial year ended 30 June 2013 have been reviewed by the Audit Committee (comprising Mr. Tam Ching Ho (the Chairman), Mr. Fung Chi Kin and Mr. Chan Yik Pun as at the date of this announcement).

CORPORATE GOVERNANCE

The Board is committed to maintaining good corporate governance practices and high standards of business ethics. The Board believes that good corporate governance provides a framework for effective management, achieving business goals and maximising long term value to shareholders.

During the financial year under review, the Company had applied the principles of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "CG Code") and complied with the code provisions and certain recommended best practices set out in the CG Code, except for the deviations as stated below:

(i) Code provision A.2.1 of the CG Code

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be segregated. The Board considers that with his profound knowledge and expertise in agricultural business, Mr. Kwok Ho, being the Chairman and the Chief Executive Officer of the Company, provides a strong and consistent leadership to formulate efficient strategies, to implement prompt decisions and to complete effective business plans of the Group. It is in the best interests of the Company that Mr. Kwok Ho shall continue his dual capacity as the Chairman and the Chief Executive Officer of the Company.

(ii) Code provisions A.1.8 and A.5.1 of the CG Code

Under code provision A.1.8 of the CG Code, appropriate insurance cover in respect of legal action against directors of a listed issuer should be arranged. Under code provision A.5.1 of the CG Code, a nomination committee should be established with specific written terms of reference (code provision A.5.2), and the same should be made available on the websites of the Stock Exchange and the listed issuer (code provision A.5.3).

The Board has considered the merits of these code provisions. However, during the adverse period of time, the Board is of the view that the fulfilment of the conditions prescribed by the Stock Exchange for the resumption of the Trading (the "Resumption") is regarded as the top priority of the Company. Besides, until the Resumption is achieved, the Board is of the view that the Directors may be subject to such insurance premium which is much higher than necessary, reasonably or normally charged as insurance companies may tend to have reservation in accepting insurance coverage for directors of a listed company whose shares are suspended from trading for whatever cause or reasons. The taking out of insurance policy under this situation may not be in the overall interests of the Company and its shareholders.

During the financial year under review, no insurance cover was therefore arranged in respect of legal action against the Directors; and the Board had not established a nomination committee in compliance with code provision A.5.1 of the CG Code (as the Board considers that it was and is capable to perform the function of a nomination committee as designed under the CG Code without delegation after due consideration and assessment).

The Board will identify potential insurance company(ies) to arrange appropriate insurance cover in respect of legal action against its Directors and officers in due course after the Resumption in compliance with code provision A.1.8 of the CG Code and from time to time review the necessity of setting up a nomination committee of the Board.

(iii) Code provisions A.6.7 of the CG Code

Under A.6.7 of the CG Code, independent non-executive directors should also attend general meetings. At the 2013 AGM, Professor Lin Shun Quan was absent because he attended education seminar. Other than Professor Lin, all of the then independent non-executive directors attended the 2013 AGM.

The Board will constantly review its corporate governance policies and adopt such practices and procedures as considered by it to be appropriate and in the interests of the Company and its shareholders at appropriate time.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiries with all Directors, all Directors confirmed that they had complied with the Model Code throughout the financial year under review.

OTHER INFORMATION

After the reporting period, the business and financial performance of the Group for the ensuing years have been being negatively affected by varying degrees by the events leading to the suspension of Trading. The Group still records a loss for the financial year ended 30 June 2014.

The Board remains positive at all times notwithstanding the challenges that come its way during the period of turbulence. The Board will continue exhaust every means to mitigate the negative impact and adapt in a positive manner by proactively and strategically implemented measures to control the risks, and realize and enhance core strengths of the Group for corporate development to sustain and thrive. Last but not least, the Board will spare no efforts to resume the Trading.

SUSPENSION OF TRADING

Trading 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.

APPRECIATION

On behalf of the Board, I am grateful for the perseverance and resilience of our staff shown during suspension of the Trading and give thanks to all of them for their unswerving efforts. I would 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.

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

Hong Kong, 9 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*