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 2015

RESULTS

The board of directors (the "Board") of Chaoda Modern Agriculture (Holdings) Limited (the "Company") announces 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 2015, 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 2015

	Notes	2015 RMB'000	2014 RMB'000
Turnover	3	**1,316,855**	1,459,321
Cost of sales		**(1,700,640)**	(1,730,580)
Gross loss		**(383,785)**	(271,259)
Other revenues	4	**68,704**	64,571
(Loss)/Gain arising from changes in fair value less costs to sell of biological assets	12	**(503,887)**	263,369
Selling and distribution expenses		**(234,474)**	(266,708)
General and administrative expenses		**(119,697)**	(145,429)
Research expenses		**(6,461)**	(11,743)
Other operating expenses	6	**(5,517,294)**	(1,511,722)
Loss from operations		**(6,696,894)**	(1,878,921)
Finance costs	7(a)	**(507)**	(839)
Share of results of associates		**(3,327)**	944
Loss on disposal of available-for-sale investments		**(12,489)**	-
Impairment loss on available-for-sale investments		**(51,420)**	(60,094)
Loss before income tax	7	**(6,764,637)**	(1,938,910)
Income tax expense	8	**(774)**	(756)
Loss for the year		**(6,765,411)**	(1,939,666)
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		**(4,908)**	2,091
Change in fair value of available-for-sale investments		**(50,236)**	(60,094)
Release upon impairment of available-for-sale investments		**51,420**	60,094
Other comprehensive (expense)/income for the year, including reclassification adjustments and net of income tax		**(3,724)**	2,091
Total comprehensive expense for the year		**(6,769,135)**	(1,937,575)
Loss for the year attributable to:			
Owners of the Company		**(6,627,411)**	(1,940,728)
Non-controlling interests		**(138,000)**	1,062
		(6,765,411)	(1,939,666)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(6,629,868)**	(1,939,019)
Non-controlling interests		**(139,267)**	1,444
		(6,769,135)	(1,937,575)
Loss per share for loss attributable to the owners of the Company during the year			
– Basic	10(a)	**RMB(2.01)**	RMB(0.59)
– Diluted	10(b)	**RMB(2.01)**	RMB(0.59)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	2015 RMB'000	2014 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**3,082,171**	5,831,067
Investment properties		**56,686**	59,078
Construction-in-progress		**7,553**	607
Prepaid premium for land leases	11	**3,546,243**	4,508,700
Biological assets	12	**682,521**	2,234,252
Available-for-sale investments		**2,408**	104,220
Deferred development costs		**-**	460
Deferred expenditure		**373,173**	370,068
Intangible assets		**-**	467,700
Interests in associates		**7,536**	11,667
		7,758,291	13,587,819
Current assets			
Prepaid premium for land leases	11	**107,135**	133,220
Biological assets	12	**283,624**	494,260
Inventories		**21,984**	39,742
Trade receivables	13	**35,965**	39,979
Other receivables, deposits and prepayments		**446,837**	890,144
Cash and cash equivalents		**239,342**	432,321
		1,134,887	2,029,666
Current liabilities			
Trade payables	14	**20,507**	14,316
Other payables and accruals		**358,528**	294,657
Bank loans		**4,170**	29,404
		383,205	338,377
Net current assets		**751,682**	1,691,289
Total assets less current liabilities		**8,509,973**	15,279,108
Non-current liabilities			
Deferred tax liabilities		**20,655**	20,655
Net assets		**8,489,318**	15,258,453
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**332,787**	332,787
Reserves		**8,154,802**	14,784,670
		8,487,589	15,117,457
Non-controlling interests		**1,729**	140,996
Total equity		**8,489,318**	15,258,453

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 its subsidiaries made up to 30 June each year.

Items included in the financial statements of each of the Group's entity 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 2015 were approved for issue by the Board on 24 September 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 2014. 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.

At the date of authorisation of the consolidated financial statements, certain new and 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.

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.

2. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

HKFRS 9 – Financial instruments (Continued)

- 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.

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:

	2015	2014
	RMB'000	RMB'000
Sales of crops	**1,309,772**	1,442,490
Sales of livestock	**7,083**	16,831
	1,316,855	1,459,321

4. OTHER REVENUES

	2015	2014
	RMB'000	RMB'000
Interest income	**2,947**	6,029
Dividend income from available-for-sale investments	**-**	2,880
Agency fee income	**292**	544
Sales of milk	**45,771**	44,717
Sundry income	**19,694**	10,401
	68,704	64,571

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 2015 and 2014 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.

6. OTHER OPERATING EXPENSES

	2015 RMB'000	2014 RMB'000
Expenses incurred for fallow farmlands	**349,463**	383,550
Impairment loss on property, plant and equipment	**1,305,386**	-
Impairment loss on intangible assets	**462,576**	-
Natural crop losses	**78,589**	189,642
Agricultural produce written off	**78,851**	247,388
Loss on disposals of property, plant and equipment	**797,510**	198,560
Biological assets written off *(Note 12)*	**1,628,792**	292,735
Loss on early termination of prepaid premium for land leases	**541,463**	110,717
Deferred expenditure written off	**241,024**	22,341
Plantation costs for windbreaks	**-**	21,822
Others	**33,640**	44,967
	5,517,294	1,511,722

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

(a) Finance costs

	2015 RMB'000	2014 RMB'000
Bank and finance charges	**153**	160
Interest on bank loans wholly repayable within five years	**354**	679
	507	839

(b) Staff costs (including directors' remuneration)

	2015 RMB'000	2014 RMB'000
Salaries, wages and other benefits	**643,436**	618,827
Employee share option benefits	**-**	152
Retirement benefit costs	**4,983**	5,174
	648,419	624,153

7. LOSS BEFORE INCOME TAX (Continued)

(c) Other items

	2015	2014
	RMB'000	RMB'000
Auditors' remuneration	**1,976**	2,377
Amortisation of deferred development costs	**460**	4,000
Amortisation of prepaid premium for land leases, net of amount capitalised	**87,223**	98,620
Amortisation of deferred expenditure, net of amount capitalised	**98,436**	138,620
Cost of inventories sold	**1,700,640**	1,730,580
Depreciation of property, plant and equipment, net of amount capitalised	**568,703**	626,262
Depreciation of investment properties	**2,392**	797
Operating lease expense in respect of land and buildings	**262,682**	291,156

8. INCOME TAX EXPENSE

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

	2015	2014
	RMB'000	RMB'000
Current tax		
– PRC income tax *(Note (a))*	**-**	37
– Hong Kong profits tax *(Note (b))*	**774**	719
	774	756

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 Modern 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% (2014: 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 2015 and 2014.

9. DIVIDENDS

The Directors do not recommend any payment of dividend for the year ended 30 June 2015 (2014: Nil).

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 RMB6,627,411,000 (2014: RMB1,940,728,000) and the weighted average number of 3,291,302,000 (2014: 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 RMB6,627,411,000 (2014: RMB1,940,728,000) and the weighted average number of 3,291,302,000 (2014: 3,291,302,000) ordinary shares. The computation of diluted loss per share does not assume the conversion of the Company's share options (2014: share options 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 2013	6,182,844	127,970	6,310,814
Early termination of leases	(641,300)	-	(641,300)
Exchange realignment	(7,272)	-	(7,272)
At 30 June 2014 and 1 July 2014	5,534,272	127,970	5,662,242
Early termination of leases	(1,065,381)	-	(1,065,381)
Exchange realignment	(15,372)	-	(15,372)
At 30 June 2015	**4,453,519**	**127,970**	**4,581,489**
Accumulated amortisation and impairment loss			
At 1 July 2013	882,382	43,467	925,849
Amortisation for the year	133,769	4,889	138,658
Early termination of leases	(36,913)	-	(36,913)
Exchange realignment	(7,272)	-	(7,272)
At 30 June 2014 and 1 July 2014	971,966	48,356	1,020,322
Amortisation for the year	121,227	4,888	126,115
Early termination of leases	(202,954)	-	(202,954)
Exchange realignment	(15,372)	-	(15,372)
At 30 June 2015	**874,867**	**53,244**	**928,111**
Net carrying value			
At 30 June 2015	**3,578,652**	**74,726**	**3,653,378**
At 30 June2014	4,562,306	79,614	4,641,920

11. PREPAID PREMIUM FOR LAND LEASES (Continued)

	2015 RMB'000	2014 RMB'000
Non-current portion	**3,546,243**	4,508,700
Current portion	**107,135**	133,220
Net carrying value at 30 June	**3,653,378**	4,641,920

Notes:

(a) As at 30 June 2015, prepaid premium for land leases attributable to the trees in plantation forest categorised as ecological forest with carrying amount amounted to RMB1,407,249,000. With reference to the terms of the leasing contracts, no impairment on prepaid premium for land leases is recognised as at the end of the reporting period.

(b) As at 30 June 2015, long-term prepaid rentals for the farmlands which have not yet been occupied by the Group amounted to RMB568,500,000 (2014: RMB688,500,000).

12. BIOLOGICAL ASSETS

	Fruit trees RMB'000	Livestock RMB'000	Vegetables RMB'000	Trees in plantation forest RMB'000	Total RMB'000
At 1 July 2013	1,061,640	34,110	360,954	1,151,000	2,607,704
Additions	360,654	42,505	1,565,961	206,420	2,175,540
Decrease due to harvest or sales	(310,354)	(47,011)	(1,668,001)	-	(2,025,366)
Written off	(292,735)	-	-	-	(292,735)
Gain/(Loss) arising from changes in fair value less costs to sell	40,473	10,364	235,346	(22,814)	263,369
At 30 June 2014 and 1 July 2014	859,678	39,968	494,260	1,334,606	2,728,512
Additions	390,070	39,717	1,349,612	253,139	2,032,538
Decrease due to harvest or sales	(245,629)	(24,450)	(1,392,147)	-	(1,662,226)
Written off *(Note)*	(41,047)	-	-	(1,587,745)	(1,628,792)
Loss arising from changes in fair value less costs to sell	(308,004)	(27,782)	(168,101)	-	(503,887)
At 30 June 2015	**655,068**	**27,453**	**283,624**	**-**	**966,145**

Biological assets as at 30 June 2015 and 2014 are stated at fair values less costs to sell and are analysed as follows:

	Fruit trees RMB'000	Livestock RMB'000	Vegetables RMB'000	Trees in plantation forest RMB'000	2015 Total RMB'000	2014 Total RMB'000
Non-current portion	**655,068**	**27,453**	**-**	**-**	**682,521**	2,234,252
Current portion	**-**	**-**	**283,624**	**-**	**283,624**	494,260
	655,068	**27,453**	**283,624**	**-**	**966,145**	2,728,512

12. BIOLOGICAL ASSETS (Continued)

Note: The trees in plantation forest represented the growing of eucalyptus. After the end of the reporting period, the trees in plantation forest held by the Group have been categorised as ecological forest according to the relevant laws and regulations in the PRC. As a result, the Group is restricted to carrying out any commercial operation on those trees in plantation forest categorised as ecological forest. Accordingly, the trees in plantation forest categorised as ecological forest held by the Group as at 30 June 2015 have been written off in full.

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.

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

	2015	2014
	RMB'000	RMB'000
0 – 1 month	**17,846**	17,692
1 – 3 months	**5,977**	5,221
Over 3 months	**12,142**	17,066
	35,965	39,979

14. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	2015	2014
	RMB'000	RMB'000
0 – 1 month	**3,086**	1,999
1 – 3 months	**9,127**	-
Over 3 months	**8,294**	12,317
	20,507	14,316

15. EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period, the trees in plantation forest held by the Group have been categorised as ecological forest according to the relevant laws and regulations in the PRC. As a result, the Group is restricted to carrying out any commercial operation on those trees in plantation forest categorised as ecological forest. Accordingly, the impairment loss on property, plant and equipment attributable to the trees in plantation forest categorised as ecological forest have been recognised and the trees in plantation forest categorised as ecological forest held by the Group as at 30 June 2015 have been written off in full as disclosed in Note 6 and Note 12, respectively.

INDUSTRY AND BUSINESS REVIEW

During the financial year ended 30 June 2015, the Chinese government continues to maintain its focus on the development of the national Agricultural Industry. The Central Committee of the Communist Party of China and the State Council issued the "Number One Document", "Certain Opinions on Strengthening Reform and Innovation to Accelerate Modernisation of Agriculture" (《關於加大改革創新力度加快農業現代化建設的若干意見》), on 1 February 2015, focusing on the "Three Rural" (which stands for "Agricultural Industry", "Rural Areas" and "Farmers") issues for the twelfth consecutive years and maintaining the government's concern and support for modern agriculture over the years. The "Number One Document" issued in 2015 addresses that the Agricultural Industry in China must put an emphasis on striking a balance among volume, quality and efficiency as soon as possible while focusing on enhancing competitiveness, agricultural technology innovation and sustainable intensive development in order to turn the development of the Agricultural Industry's direction towards efficient production, product safety, resource conservation and environmental friendliness. The "Number One Document" also addresses that the Agricultural Industry in China must implement farmland quality protection and enhancement as well as restructuring of the Agricultural Industry. Looking into the past 12 years, the Chinese government has been dedicated to developing modern agriculture. The notions, policies and actual moves have driven agricultural enterprises and farmers to actively engage in the modern Agricultural Industry. Under the environment of favourable policies, Chaoda has been endeavouring to develop with determination and devotion the industry of vegetable and fruit cultivation and has accumulated comprehensive experience.

The central government has actively encouraged and promoted the restructuring and upgrading of modern Agricultural Industry, with an emphasis of its support on the implementation of the "Internet + Agriculture", leading to a material change in the development of Agricultural Industry. Traditional production and sales model has faced an unprecedented impact.

It will take time for the Group to adjust itself from the above structural change in the Agricultural Industry, and resume the confidence of the customers from the lingering negative effect brought by the suspension of trading in the Company's shares on The Stock Exchange of Hong Kong Limited prior to the resumption of trading in February 2015. Although the Group is confident that it will turnround from the current downward trend of the Group's business development with the concerted efforts from our management and staff and the unweaving support from our shareholders, the financial year ended 30 June 2015 remained a difficult and challenging year for the Group.

Nevertheless, the positive elements of the Group supporting corporate development that we have accumulated over the years have remained unchanged. Chaoda was honoured to retain its position in the "China's 500 Most Valuable Brands" again which was released in the twelfth "World Brand Summit" hosted by the World Brand Laboratory in 2015. Chaoda has also successfully passed the joint review, monitored and assessed by eight ministries of the State including the Ministry of Agriculture in 2014, maintaining its qualification of "State-Level Dragon Head Leading Agricultural Enterprises".

FINANCIAL REVIEW

During the financial year under review, due to substantial challenges in the sales environment, the pace of recovery of the sales of the Group fell below expectation. As a result, the Group recorded a turnover of RMB1,317 million, representing a drop of approximately 10% as compared to that of RMB1,459 million for the previous financial year. The sales volume of the produce was 608,152 tonnes (2014: 625,707 tonnes). In terms of sales channels, about 96% of the produce were sold to wholesale markets in China. The average selling price of the produce was lowered to RMB2 per kilogram (2014: RMB2.17 per kilogram), the gross loss increased to RMB384 million (2014: RMB271 million).

Changes in fair value less costs to sell of biological assets resulted in a loss of RMB504 million (2014: a gain of RMB263 million). Such loss was mainly attributable to the decrease in land areas as of the year end date and increase in agricultural cost. In terms of operating expenses, selling and distribution expenses decreased by 12% to RMB234 million. General and administrative expenses also reduced by 18% to RMB120 million. Other operating expenses amounted to RMB5,517 million (2014: RMB1,512 million). Leading to a significant increase in other operating expenses was mainly attributable to certain significant non-cash items including (i) the written off of biological assets of RMB1,629 million, of which RMB1,588 million is related to trees in plantation forest held by the Group which have been categorised as ecological forest after the end of the reporting period according to the relevant laws and regulations in the PRC. As a result, the Group was restricted to carrying out any commercial operation on those trees in plantation forest as ecological forest; (ii) the impairment loss of RMB1,305 million on property, plant and equipment, which was mainly due to the impairment loss of farmland infrastructure in plantation forest caused by the circumstances as mentioned in item (i); and (iii) the loss of RMB798 million on disposals of property, plant and equipment and the loss of RMB541 million on prepaid premium for land leases due to the early termination of certain land leases. Since those losses as mentioned under items (i) to (iii) are non-cash in nature, they had no significant impact on the cash flow of the Group for the financial year under review. Overall, loss from operations of RMB6,697 million (2014: RMB1,879 million) was recorded.

Under a changing and challenging operating condition, the profitability of the Group's business was affected considerably. Loss for the year attributable to the owners of the Company increased to RMB6,627 million (2014: RMB1,941 million).

AGRICULTURAL LAND

As at 30 June 2015, the Group's production bases amounted to 14 in 8 different provinces and cities in China, with a total production area (including vegetable land and fruit garden) of 470,817 mu (31,388 hectares), representing a decrease of 13% when compared with the total production area of 543,213 mu (36,214 hectares) as at the end of the previous financial year. Such decrease was mainly due to the return of leasehold farmlands.

The weighted average production area for vegetables for the financial year under review was 358,169 mu (23,878 hectares), representing a decrease of 10% when compared with 397,735 mu (26,516 hectares) for the previous financial year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group's cash and cash equivalents amounted to RMB239 million (2014: RMB432 million). The total equity of the Group (including non-controlling interests) amounted to RMB8,489 million (2014: RMB15,258 million). The secured bank loans of RMB4 million (2014: RMB29 million unsecured) were repayable within one year. Thus, the debt to equity ratio (total of bank loans over total equity) of the Group was 0.05% (2014: 0.2%). The current ratio (dividing total current assets by total current liabilities) was 3 times (2014: 6 times).

The Group continues, through cash generated from operating activities, to meet the funding needs of the business operation. During the financial year under review, net cash generated from operating activities of the Group amounted to RMB225 million (2014: RMB49 million). As at 30 June 2015, the total banking facilities available to the Group amounted to RMB404 million (2014: RMB29 million), of which RMB4 million had been utilised and secured by personal guarantee, whereas the remaining of RMB400 million were unsecured and had not been utilised.

As at 30 June 2014 and 2015, the Group did not have any significant contingent liabilities.

PROSPECTS AND DEVELOPMENT STRATEGY

Chaoda has developed agricultural modernisation and industrialisation persistently. We will integrate and revitalise every resource while seeking to develop with innovations and optimise management and operational efficiency so as to return to a more satisfactory business level as soon as possible.

Emphasis on Quality and Safety

We noticed that there is a growing concern on food safety among Chinese consumers. Chaoda always focuses on the quality and safety of its agricultural products. We have implemented a stringent standard on every aspect of crop cultivation including soil, water source, seed screening, fertilisation, farmland management and harvesting so as to achieve a pollution-free production process for our products. We persist on adopting a strict self-monitoring system so that product quality and safety become traceable and consumers can purchase our products with confidence. Leveraging on our persistence in quality and safety over the years, we have built up strong competitiveness for the corporate development. The Group is dedicated to ensuring the quality and safety of the agricultural produce cultivated by Chaoda. It is our belief that this is the only key to guarantee corporate growth in scale and power.

Further Emphasis on Innovations

At present, the internal and external environments of the national Agricultural Industry and economic development in rural areas are undergoing a material change. We have to rely on innovations so as to enhance labor productivity, utilisation of resources, corporate competitiveness and sustainability. Firstly, we have to screen and promote a range of product categories with higher price-performance ratio. Secondly, we have to consider riding on the opportunities offered by the "Internet + Agriculture" to innovate and expand our marketing channels. Thirdly, we have to innovate our mechanism in order to stimulate motivation of the staff. We will recharge for growth through implementing a series of reforms and innovations in the Group.

Brand Consolidation

For brand consolidation, Chaoda was honoured to retain its position in the "China's 500 Most Valuable Brands" again in 2015, which recognises our brand and also encourages us to provide safe and premium products to satisfy the public demand for premium, diversified and customised agricultural produce.

In the past few years, the Group went through a tough period and operated under tremendous pressure. The Group has adopted appropriate strategies in time and halted large-scale expansion plans for our production bases, returned our certain leasehold farmlands and at the same time strictly controlled our operating costs so as to retain sufficient capital for the Group's long-term stable development.

Looking forward, the Group will grasp the opportunities that emerge as China accelerates its transformation of the Agricultural Industry. With vegetable and fruit cultivation as its core business, the Group will create value for its shareholders by stimulating the positive elements accumulated over the years while at the same time speeding up its innovative development, overcoming obstacles and difficulties and strengthening the momentum for development.

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.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

As at the date of this announcement, the members of the Audit Committee comprise Mr. Tam Ching Ho (the Chairman), Mr. Fung Chi Kin and Mr. Chan Yik Pun, all are independent non-executive Directors.

The Audit Committee has met with Elite Partners CPA Limited, the Company's auditors, to review the audited consolidated financial statements of the Group for the financial year ended 30 June 2015.

CORPORATE GOVERNANCE

The Board acknowledges that a high standard of corporate governance would promote sustainable development of the Company, as well as create and safeguard long-term value to our shareholders. During the financial year ended 30 June 2015, the Company had complied with the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "CG Code"), except for the deviations as stated below:

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

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Kwok Ho held and is currently performing both the roles of Chairman and Chief Executive Officer of the Company. The Board considers that Mr. Kwok, as the founder of the Group, has profound knowledge and expertise in agricultural business. Under the present structure, the Group can enjoy the benefit of strong and consistent leadership in the development and execution of the Group's business strategies in the most efficient and effective manner. The Board will review and assess such arrangement from time to time to keep a balance of power and authority.

(ii) Code provision A.1.8 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.

As at the date of this announcement, the Board was taking steps to look for the appropriate insurance cover to be taken out for the directors and the proposed terms and conditions of the insurance policy are under review. The Board expects that an appropriate directors and officers liabilities insurance will be arranged to be taken out shortly.

The Board will constantly review the corporate governance policies of the Company and adopt such practices and procedures as considered by it to be appropriate and in the overall interests of the Company and our 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 to the Listing Rules. All Directors, after specific enquiries by the Company, confirmed that they had complied with the Model Code throughout the financial year ended 30 June 2015.

EVENT AFTER THE REPORTING PERIOD

Details of the significant event occurred after the reporting period is disclosed in note 15 to the consolidated financial statements.

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

Hong Kong, 24 September 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*