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 2016

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 2016, 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 2016

	Notes	2016 RMB'000	2015 RMB'000
Revenue	3	**1,119,599**	1,316,855
Cost of sales		**(1,632,702)**	(1,700,640)
Gross loss		**(513,103)**	(383,785)
Other revenues	4	**63,549**	68,704
Loss arising from changes in fair value less costs to sell of biological assets		**(280,835)**	(503,887)
Selling and distribution expenses		**(259,042)**	(234,474)
General and administrative expenses		**(116,075)**	(119,697)
Research expenses		**(5,214)**	(6,461)
Other operating expenses	6	**(2,956,908)**	(5,517,294)
Loss from operations		**(4,067,628)**	(6,696,894)
Finance costs	7(a)	**(89)**	(507)
Share of results of associates		**836**	(3,327)
Gain/(Loss) on disposal of available-for-sale investments		**330**	(12,489)
Impairment loss on available-for-sale investments		**-**	(51,420)
Loss before income tax	7	**(4,066,551)**	(6,764,637)
Income tax expense	8	**(416)**	(774)
Loss for the year		**(4,066,967)**	(6,765,411)
Other comprehensive income/(expense), including reclassification adjustments and net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) on translation of financial statements of foreign operations		**8,139**	(4,908)
Change in fair value of available-for-sale investments		**-**	(50,236)
Release upon disposal of available-for-sale investments		**(1,184)**	-
Release upon impairment of available-for-sale investments		**-**	51,420
Other comprehensive income/(expense) for the year, including reclassification adjustments and net of income tax		**6,955**	(3,724)
Total comprehensive expense for the year		**(4,060,012)**	(6,769,135)
Loss for the year attributable to:			
Owners of the Company		**(4,068,486)**	(6,627,411)
Non-controlling interests		**1,519**	(138,000)
		(4,066,967)	(6,765,411)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(4,060,005)**	(6,629,868)
Non-controlling interests		**(7)**	(139,267)
		(4,060,012)	(6,769,135)
Loss per share for loss attributable to the owners of the Company during the year			
– Basic	10(a)	**RMB(1.24)**	RMB(2.01)
– Diluted	10(b)	**RMB(1.24)**	RMB(2.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	2016 RMB'000	2015 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,108,972**	3,082,171
Investment properties		**82,569**	56,686
Construction-in-progress		**1,952**	7,553
Prepaid premium for land leases	11	**1,038,582**	3,546,243
Biological assets		**203,163**	682,521
Available-for-sale investments		**-**	2,408
Deferred development cost		**-**	-
Deferred expenditure		**270,403**	373,173
Intangible assets		**-**	-
Interests in associates		**7,362**	7,536
		3,713,003	7,758,291
Current assets			
Prepaid premium for land leases	11	**56,921**	107,135
Biological assets		**284,326**	283,624
Inventories		**10,955**	21,984
Trade receivables	12	**32,895**	35,965
Other receivables, deposits and prepayments		**474,435**	446,837
Cash and cash equivalents		**204,443**	239,342
		1,063,975	1,134,887
Current liabilities			
Trade payables	13	**39,126**	20,507
Other payables and accruals		**287,891**	358,528
Bank loans		**-**	4,170
		327,017	383,205
Net current assets		**736,958**	751,682
Total assets less current liabilities		**4,449,961**	8,509,973
Non-current liabilities			
Deferred tax liabilities		**20,655**	20,655
Net assets		**4,429,306**	8,489,318
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**332,787**	332,787
Reserves		**4,094,797**	8,154,802
		4,427,584	8,487,589
Non-controlling interests		**1,722**	1,729
Total equity		**4,429,306**	8,489,318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 2016 were approved for issue by the Board on 23 September 2016.

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 2015. 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 16 – Leases

HKFRS 16 is effective for accounting period beginning on or after 1 January 2019. Upon the effective date, HKFRS 16 will supersede HKAS 17 Leases. HKFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently.

The Directors expect that the implementation of HKFRS 16 in the future will affect the recognition and measurement respect of the Group's prepaid premium for land leases and operating lease expenses in respect of land and buildings. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

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. REVENUE

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

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

	2016 **RMB'000**	2015 RMB'000
Sales of crops	**1,115,053**	1,309,772
Sales of livestock	**4,546**	7,083
	1,119,599	1,316,855

4. OTHER REVENUES

	2016 **RMB'000**	2015 RMB'000
Interest income	**646**	2,947
Sales of milk	**38,695**	45,771
Sundry income	**24,208**	19,986
	63,549	68,704

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 2016 and 2015 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 was no single customer contributing over 10% of total revenue of the Group for the years ended 30 June 2016 and 2015.

6. OTHER OPERATING EXPENSES

	2016 **RMB’000**	2015 RMB’000
Expenses incurred for fallow farmlands	**299,582**	349,463
Impairment loss on prepaid premium for land leases	**343,164**	-
Impairment loss on property, plant and equipment	**52,464**	1,305,386
Impairment loss on intangible assets	**-**	462,576
Natural crop losses	**86,799**	78,589
Agricultural produce written off	**-**	78,851
Loss on disposals of property, plant and equipment	**494,493**	797,510
Biological assets written off	**246,174**	1,628,792
Loss on early termination of prepaid premium for land leases	**1,247,709**	541,463
Deferred expenditure written off	**105,795**	241,024
Other receivables written off	**74,310**	-
Others	**6,418**	33,640
	2,956,908	5,517,294

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

(a) Finance costs

	2016 RMB'000	2015 RMB'000
Bank and finance charges	**31**	153
Interest on bank loans wholly repayable within five years	**58**	354
	89	507

(b) Staff costs (including directors' remuneration)

	2016 RMB'000	2015 RMB'000
Salaries, wages and other benefits	**593,180**	643,436
Retirement benefit costs	**4,522**	4,983
	597,702	648,419

(c) Other items

	2016 RMB'000	2015 RMB'000
Auditors' remuneration	**1,741**	1,976
Amortisation of deferred development costs	**-**	460
Amortisation of prepaid premium for land leases, net of amount capitalised	**99,834**	87,223
Amortisation of deferred expenditure, net of amount capitalised	**117,448**	98,436
Cost of inventories sold	**1,632,702**	1,700,640
Depreciation of property, plant and equipment, net of amount capitalised	**369,371**	568,703
Depreciation of investment properties	**3,963**	2,392
Operating lease expense in respect of land and buildings	**188,102**	262,682

8. INCOME TAX EXPENSE

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

	2016 RMB'000	2015 RMB'000
Current tax		
– PRC income tax *(Note (a))*	**-**	-
– Hong Kong profits tax *(Note (b))*	**416**	774
	416	774

8. INCOME TAX EXPENSE (Continued)

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% (2015: 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 2016 and 2015.

9. DIVIDENDS

The Directors do not recommend any payment of dividend for the year ended 30 June 2016 (2015: 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 RMB4,068,486,000 (2015: RMB6,627,411,000) and the weighted average number of 3,291,302,000 (2015: 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 RMB4,068,486,000 (2015: RMB6,627,411,000) and the weighted average number of 3,291,302,000 (2015: 3,291,302,000) ordinary shares. The computation of diluted loss per share for both years does not assume the conversion of the Company's share 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 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 and 1 July 2015	4,453,519	127,970	4,581,489
Early termination of leases	(2,465,402)	-	(2,465,402)
Exchange realignment	(8,316)	-	(8,316)
At 30 June 2016	**1,979,801**	**127,970**	**2,107,771**
Accumulated amortisation and impairment loss			
At 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 and 1 July 2015	874,867	53,244	928,111
Amortisation for the year	100,120	4,889	105,009
Early termination of leases	(355,700)	-	(355,700)
Impairment loss *(Note (a))*	341,393	1,771	343,164
Exchange realignment	(8,316)	-	(8,316)
At 30 June 2016	**952,364**	**59,904**	**1,012,268**
Net carrying value			
At 30 June 2016	**1,027,437**	**68,066**	**1,095,503**
At 30 June 2015	3,578,652	74,726	3,653,378

	2016 **RMB'000**	2015 RMB'000
Non-current portion	**1,038,582**	3,546,243
Current portion	**56,921**	107,135
Net carrying value at 30 June	**1,095,503**	3,653,378

Notes:

(a) During the year ended 30 June 2016, an impairment loss of approximately RMB341,393,000 and RMB1,771,000 were recognised to impair the carrying amount of certain long-term prepaid rentals and land use rights of a subsidiary engaged in the growing and the sales of fruits respectively.

(b) As at 30 June 2016, no long-term prepaid rentals for the farmlands which have not yet been occupied by the Group (2015: RMB568,500,000).

12. 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' creditworthiness.

The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by management.

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

	2016 **RMB'000**	2015 RMB'000
0 – 1 month	**18,277**	17,846
1 – 3 months	**8,692**	5,977
Over 3 months	**5,926**	12,142
	32,895	35,965

13. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	2016 **RMB'000**	2015 RMB'000
0 – 1 month	**13,511**	3,086
1 – 3 months	**10,171**	9,127
Over 3 months	**15,444**	8,294
	39,126	20,507

14. EVENT AFTER THE REPORTING PERIOD

On 13 July 2016, the Company has granted share options to certain individuals to subscribe for a total of 329,130,000 ordinary shares of HK$0.10 each in the share capital of the Company at the subscription price of HK$0.187 per share under the share option scheme. Details of the grant of share options has been disclosed in the announcement of the Company dated 13 July 2016.

INDUSTRY AND BUSINESS REVIEW

During the financial year under review, the Chinese economy struggled through downward pressure and rigorous reforms under the "New Normal". During the dramatic transformation of the Chinese economy, the transformation and development of the agricultural industry yielded extraordinary results. Subsequent to the release of the "Number One Document", "Several Opinions on the Implementation of New Concepts on the Development and the Acceleration of the Agricultural Modernisation for the Realisation of the Moderate Prosperity in All Respects" by the Central Committee of the Communist Party of China and the State Council, new policies and measures to modernise the agricultural industry as well as new agricultural technologies and a new agricultural revolution were introduced pursuant to several major agricultural development strategies such as "supply-side structural reform in agriculture" and "Internet + Agriculture".

To achieve structural reform and industrial upgrade, the agricultural industry must change its development approach and actively explore all sorts of viable conglomerations. With the intention of paving our path to further development, Chaoda captures any favorable trends, consolidates its resources, builds up its foundation and steps up reforms to boost supply-side capacity in the new era.

The technological and industrial revolution of the agricultural sector calls for an accelerated integration of agricultural and information technologies to procure intermediate and advanced agricultural development. Under Chaoda's business model, a comprehensive industrial system and massive data have been formed for production, cultivation and informatisation development. During the financial year under review, in the course of its business operation, Chaoda consolidated its quality resources to carry out a number of measures, such as upgrading the spraying and dripping irrigation systems and mechanising cultivation, at its core production bases, thereby laying a profound foundation for efficient, safe, energy-saving and environmental friendly production. Modern information technologies were used to strengthen the information carrier of Chaoda's product quality traceability system. The product identification system and barcode facilitated the quality traceability system so as to capitalise on Chaoda's superior product portfolio.

FINANCIAL REVIEW

During the financial year under review, the Group recorded a revenue of RMB1,120 million, representing a drop of approximately 15% as compared to RMB1,317 million for the previous financial year. The sales volume of produce was 519,336 tonnes (2015: 608,152 tonnes). The drop in revenue was mainly due to the decrease in the size of the production base area. The average selling price of the produce sold in China market slightly fell to RMB1.97 per kilogram (2015: RMB2 per kilogram). Gross loss increased to RMB513 million (2015: RMB384 million) which was mainly due to the increase in production costs.

Selling and distribution expenses of the Group increased by 10% to RMB259 million due to the increase in packaging material costs during the financial year under review. General and administrative expenses decreased by 3% to RMB116 million, reflecting the Group's effective control over administrative costs. Other operating expenses were RMB2,957 million, representing a decrease of 46% as compared to RMB5,517 million for the previous financial year. Other operating expenses predominantly comprised loss on early termination of prepaid premium for certain land leases of RMB1,248 million, loss on disposals of property, plant and equipment of RMB494 million and impairment loss on prepaid premium for certain land leases of RMB343 million. Loss from operations recorded by the Group narrowed down to RMB4,068 million, improved by approximately 39% as compared with RMB6,697 million for the previous financial year.

During the financial year under review, loss for the year attributable to owners of the Company amounted to RMB4,068 million (2015: RMB6,627 million).

AGRICULTURAL LAND

As at 30 June 2016, the Group's production bases amounted to 14 located in 8 different provinces and cities in China, with a total production area (including vegetable land and fruit garden) of 400,482 mu (26,699 hectares), representing a decrease of 15% as compared with the total production area of 470,817 mu (31,388 hectares) as at the end of the previous financial year. Such decrease was mainly attributable to the return of leasehold farmlands.

The weighted average production area for vegetables for the financial year under review was 285,367 mu (19,024 hectares), representing a decrease of 20% as compared with 358,169 mu (23,878 hectares) for the previous financial year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group had unsecured banking facilities of RMB400 million which had not been utilised. As at 30 June 2015, the total banking facilities available to the Group amounted to RMB404 million, of which RMB4 million had been utilised and secured by personal guarantee, whereas the remaining RMB400 million were unsecured and had not been utilised.

As at 30 June 2016, cash and cash equivalents of the Group amounted to RMB204 million (2015: RMB239 million). The total equity of the Group (including non-controlling interests) amounted to RMB4,429 million (2015: RMB8,489 million). Since the Group did not have any outstanding bank loans or long term debts due to third party as at 30 June 2016, the debt to equity ratio (bank loans over total equity) of the Group was nil (2015: 0.05%). The current ratio (dividing total current assets by total current liabilities) was 3 times (2015: 3 times).

As at 30 June 2016 and 2015, the Group did not have any significant contingent liabilities.

FUTURE OUTLOOK

This new historic moment is a window of opportunity for Chaoda. However, opportunities come along with challenges. Due to increasing uncertainties in respect of the macro-economy, market diversity and extreme climate, the sustainability of many businesses are under threat in recent years. Nevertheless, agriculture enjoys a bright future. With well-established foundation and strength, Chaoda is confident about its future. Chaoda will accelerate the implementation of new supply-side production reforms based on informatisation, cope with the rising of upgrade demand in consumption pattern and enhance the quality and efficiency of agricultural supplies.

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 2016.

CORPORATE GOVERNANCE

The Board recognises that good corporate governance will not only safeguard the interests and assets of the Company and deliver long-term return to our shareholders, but will also lay a good foundation for sustainable growth of the Company. During the financial year ended 30 June 2016, the Company has applied the principles and complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except for the deviation stated below:

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 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.

The current corporate governance practices will be reviewed and assessed from time to time for the compliance with latest statutory requirements.

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 made by the Company, confirmed that they had complied with the Model Code throughout the financial year ended 30 June 2016.

EVENT AFTER THE REPORTING PERIOD

Details of the significant event occurred after the reporting period is disclosed in note 14 to the consolidated financial statements.

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

Hong Kong, 23 September 2016

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

Executive directors	:	*Mr. Kwok Ho, Ms. Huang Xie Ying, Mr. Kuang Qiao, Mr. Yang Gang and Mr. Zhang Chang Man*
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*