



# 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)

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

Sole Placing Agent

**CITIC CAPITAL**  
中信資本

CITIC CAPITAL MARKETS LIMITED

The Placing Agreement was entered into on 15th January, 2004 pursuant to which the Placing Agent has agreed to place, on a fully underwritten basis, 280,000,000 existing Shares held by the Vendor. The Placing will be made to independent professional, institutional and other investors at the Placing Price of HK\$2.50 per Placing Share.

The Subscription Agreement was also entered into on 15th January, 2004 pursuant to which the Vendor will subscribe for 280,000,000 new Shares, which is equivalent to the number of Placing Shares, at the Subscription Price of HK\$2.50 per Share. The Subscription is conditional upon the grant of the listing of, and permission to deal in, the Subscription Shares by the Listing Committee and completion of the Placing, in each case, on or before 29th January, 2004. Application will be made to the Listing Committee for the grant of the listing of, and permission to deal in, the Subscription Shares.

The Company announced the Bonus Issue on 21 October 2003 and the 97,145,600 Bonus Shares to be issued pursuant to the Bonus Issue will commence dealings on 16th January, 2004.

As at the date of this announcement, the Vendor holds approximately 50.61% of the existing issued capital of the Company. Upon completion of the Placing and the Subscription, the Vendor will hold approximately 44.52% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Placing and the Subscription will strengthen the financial position of the Group and will enlarge the shareholder base and the capital base of the Company. Assuming the Placing is completed in full, the net proceeds from the Subscription are estimated to be approximately HK\$683 million. It is the intention of the Directors to use i) approximately HK\$50 million of such net proceeds for land leasing costs in connection with the expansion of the Group's production bases; ii) approximately HK\$350 million of such net proceeds for the construction of irrigation systems and infrastructure facilities at the Group's production bases; and iii) approximately HK\$283 million of such net proceeds for general working capital.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended at 9:30 a.m. on 15th January, 2004 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 16th January, 2004.

#### THE PLACING

Date of the Placing Agreement:	15th January, 2004
Vendor:	Kailey Investment Ltd., a company incorporated in the British Virgin Islands and the controlling shareholder of the Company which is owned as to 80% by Mr. Kwok Ho, and as to 10% by Madam Chiu Na Lai. Both Mr. Kwok Ho and Madam Chiu Na Lai are Directors. The Vendor currently holds 1,035,300,000 Shares, representing approximately 50.61% of the existing issued share capital of the Company.
Basis of Placing:	The Placing Agent will place the Placing Shares on a fully underwritten basis.
Number of Placing Shares:	280,000,000 existing Shares held by the Vendor, representing approximately 13.69% of the existing issued share capital of the Company or approximately 12.04% of the issued share capital of the Company as enlarged by the Subscription.
Placing Price:	HK\$2.50 per Share, representing a discount of approximately 5.7% to the closing price of HK\$2.65 per Share quoted on the Stock Exchange on 14th January, 2004, being the latest trading day prior to the suspension of trading in the Shares on the Stock Exchange and a discount of approximately 14.4% to the average closing price of the Shares of approximately HK\$2.92 per Share over the last 10 consecutive trading days up to and including 14th January 2004.
	The Placing Price is determined after arm's length negotiations between the Company, the Vendor and the Placing Agent and taking into account the general market conditions. The Directors consider that the Placing Price (including the discount to the closing price of the Shares as shown above) is fair and reasonable so far as the shareholders of the Company are concerned.
Rights:	The Placing Shares will be sold free of any third party rights. The placees will receive all dividends and distributions declared, made or paid on or after 16th January, 2004.
Placees:	Not less than six independent placees (which will be professional, institutional and other investors) to be procured by the Placing Agent.
Placing Agent:	CITIC Capital Markets Limited
Independence of placees and the Placing Agent:	The Placing Agent and the placees to be procured by it under the Placing Agreement are and will be independent of and not connected with the Company, the directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or its subsidiaries or any of their respective associates.
Conditions of the Placing:	The Placing is unconditional.
Completion of the Placing:	Completion of the Placing is expected to take place on or before 20th January, 2004.
Termination Events:	The Placing Agreement contains provisions granting the Placing Agent the right to terminate its placing obligations on the occurrence of certain events including force majeure, any adverse change in the general affairs or financial or trading position of the Company or its subsidiaries which is materially adverse to the success of the Placing, or any event which would have rendered the warranties in the Placing Agreement untrue or inaccurate in any material respect, in each case occurring prior to 10:00 a.m. on the date of completion of the Placing. For this purpose, such event includes any material adverse change in local, national or international political, economic, fiscal, financial, military, regulatory or stock market conditions. If the Placing Agent exercises such right to so terminate the Placing, the Placing will not proceed. Shareholders and investors are advised to exercise caution in dealing in the Shares.
Lock Up:	The Vendor has undertaken to the Placing Agent that for a period of 90 days from completion of the Placing, it will not sell or otherwise dispose of any Shares beneficially owned by it unless with the prior consent of the Placing Agent.  The Company has also undertaken to the Placing Agent that for a period of 90 days from completion of the Placing, the Company will not issue any new Shares save for the Subscription Shares and the other exceptions set out in the Placing Agreement or with the prior consent of the Placing Agent.

#### THE SUBSCRIPTION

Date of the Subscription Agreement:	15th January, 2004
Subscriber:	The Vendor
Number of Subscription Shares:	280,000,000 new Shares, which are equivalent to the number of the Placing Shares. Such new Shares represent approximately 13.69% of the existing share capital of the Company and 12.04% of the issued share capital of the Company as enlarged by the Subscription.
Subscription Price:	HK\$2.50 per Share, which is equivalent to the Placing Price.
Ranking:	The Subscription Shares, when issued and fully paid, will rank equally in all respects among themselves and with all the Shares in issue as at the date of the allotment and issue of the Subscription Shares.
Conditions and completion of the Subscription:	The subscription by the Vendor of the Subscription Shares is conditional upon: (i) the Placing Agreement not being terminated and completion of the Placing in accordance with the terms of the Placing Agreement; and (ii) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares.  The above conditions must be satisfied within 14 days from the date of the Subscription Agreement, or such other date as the parties may agree. If any portion of the Subscription is not completed within 14 days from the date of the Subscription Agreement, the Company is required to comply with the relevant connected transaction requirements of the Listing Rules. Further announcement will be made as and when appropriate.  Completion of the Subscription is expected to take place on or before 29th January, 2004.
Application for listing:	Application will be made to the Listing Committee for the grant of the listing of, and permission to deal in, the Subscription Shares.

#### MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors pursuant to a resolution passed at the annual general meeting of the Company held on 19th December, 2003. The Company has not exercised such general mandate to allot and issue any Shares prior to the Placing.

#### EFFECT OF THE PLACING AND THE SUBSCRIPTION

The effect on the shareholding structure of the Company immediately after completion of the Placing and the Subscription is as follows:

	Existing (Immediately after completion of the Bonus Issue but before completion of the Placing and the Subscription)		Immediately after completion of the Placing but before completion of the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Vendor	1,035,300,000	50.61%	755,300,000	36.92%	1,035,300,000	44.52%
Public						
— Placees	—	0%	280,000,000	13.69%	280,000,000	12.04%
— Others	1,010,257,600	49.39%	1,010,257,600	49.39%	1,010,257,600	43.44%
<b>Total</b>	<b>2,045,557,600</b>	<b>100%</b>	<b>2,045,557,600</b>	<b>100%</b>	<b>2,325,557,600</b>	<b>100%</b>

#### EXPENSES

The Company will bear all the costs and expenses of approximately HK\$17 million incurred in relation to the Placing and the Subscription and will reimburse the Vendor for all costs and expenses (i.e. legal fees) incurred by it in relation to the Placing and the Subscription.

#### REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is mainly engaged in organic green vegetable and fruit production and distribution.

The Directors believe that the terms of the Placing and the Subscription, which have been negotiated on an arm's length basis in accordance with normal commercial terms, are fair and reasonable. The Directors consider that the Placing and the Subscription will strengthen the financial position of the Group and broaden the shareholder base and capital base of the Company.

Assuming the Placing is completed in full, the net proceeds from the Subscription are estimated to be approximately HK\$683 million. It is the intention of the Directors to use i) approximately HK\$50 million of such net proceeds for land leasing costs in connection with the expansion of the Group's production bases, ii) approximately HK\$350 million of such net proceeds for the construction of irrigation systems and infrastructure facilities at the Group's production bases; and iii) approximately HK\$283 million of such net proceeds for general working capital.

#### SUSPENSION AND RESUMPTION OF TRADING IN SHARES

As the request of the Company, trading in the Shares on the Stock Exchange was suspended at 9:30 a.m. on 15th January, 2004 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares with effect from 9:30 a.m. on 16th January, 2004.

#### DEFINITIONS

“associate”	as such term is defined in the Listing Rules
“Bonus Issue”	the conditional bonus issue of Bonus Shares to the shareholders of the Company, as detailed in the circular issued by the Company on 26th November, 2003
“Bonus Shares”	new Shares to be issued by way of Bonus Issue by the Company
“Company”	Chaoda Modern Agriculture (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the Placing of the Placing Shares by the Placing Agent, on a fully underwritten basis, on behalf of the Vendor pursuant to the Placing Agreement
“Placing Agent”	CITIC Capital Markets Limited, the placing agent of the Placing and a deemed licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into on 15th January, 2004 between the Company, the Vendor and the Placing Agent in relation to the Placing
“Placing Price”	HK\$2.50 per Placing Share
“Placing Shares”	280,000,000 Shares to be placed under the Placing Agreement
“Share(s)”	share(s) of nominal value HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into on 15th January, 2004 between the Company and the Vendor in relation to the Subscription
“Subscription Price”	HK\$2.50 per Subscription Share
“Subscription Shares”	280,000,000 new Shares
“Vendor”	Kailey Investment Ltd., a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Company and which is beneficially owned as to 80% by Mr. Kwok Ho and as to 10% by Madam Chiu Na Lai (both of whom are Directors)
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

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

Hong Kong, 15th January, 2004