THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chaoda Modern Agriculture (Holdings) Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

PROPOSED GRANT OF OPTION TO TWO DIRECTORS

A letter from the board of directors of Chaoda Modern Agriculture (Holdings) Limited is set out on pages 5 to 10 of this Circular.

A notice convening the extraordinary general meeting of Chaoda Modern Agriculture (Holdings) Limited to be held at Room 2705, 27th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Wednesday, March 5, 2003 at 11 a.m. is set out on pages 12 to 13 of this circular.

Whether or not you intend to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the said meeting or any adjourned meeting should you so desire.

* *for identification purpose only*

February 19, 2003

CONTENTS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

"Aggregate Limit"	the maximum entitlement of a substantial shareholder, or an independent non-executive director or any of his/her respective associates under the Share Option Scheme stipulated in Rule 17.04 of the Listing Rules, namely, that the aggregate number of Shares issued or to be issued upon exercise of the options granted to such substantial shareholder or his/her associates (including options exercised, cancelled and outstanding) in any 12-month period not exceeding 0.1% of the Shares in issue of the Company; and (where the securities are listed on the Exchange), having an aggregate value, based on the closing price of the Shares quoted on the Exchange on the Date of Grant, in excess of HK$5,000,000
"associates"	shall, in relation to a Participant, have the meaning ascribed to that term under Rule 1.01 of the Listing Rules in relation to any director, chief executive or substantial shareholder of the Company or its subsidiaries
"Associate Option"	the option conditionally granted to Madam Chiu Na Lai under the Share Option Scheme to allow her to subscribe for 5,000,000 Shares
"Board"	the board of Directors or a duly authorised committee of the board of Directors
"Company"	Chaoda Modern Agriculture (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange
"connected person"	shall have the meaning ascribed to it under Rule 1.01 of the Listing Rules, which includes a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them

"Controlling Shareholder"	any person who has the power, directly or indirectly, to secure: (i) by means of the holding of shares entitling him to exercise or control the exercise of 30% (or such lower amount as may from time to time be specified in the Code on Takeovers and Mergers (approved by the Securities and Future Commission as amended from time to time) as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company; or (ii) by means of controlling the composition of a majority of the Board; or (iii) by virtue of any powers conferred by the constitutional document of the Company or any other corporation; that the affairs of the Company are conducted in accordance with the wishes of such person
"Date of Grant"	January 28, 2003, the date on which the Director Option was conditionally granted to Mr. Kwok and the Associate Option was conditionally granted to Madam Chiu by the Board
"Director Option"	the options conditionally granted to Mr. Kwok under the Share Option Scheme to allow him to subscribe for an aggregate of 60,000,000 Shares
"Directors"	the directors of the Company
"Extraordinary General Meeting"	the extraordinary general meeting of the Company to be held at Wednesday, on March 5, 2003, notice of which is set out on pages 12 to 13 of this circular
"Group"	the Company and any entity in which the Company, directly or indirectly, holds any equity interest
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Independent Board Committee"	an independent committee of the Board comprising the two independent non-executive Directors, Mr. Wong Kong Chi and Mr. Lin Shunquan
"Latest Practicable Date"	February 17, 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Madam Chiu"	Madam Chiu Na Lai, an executive director and an associate (being the spouse) of Mr. Kwok Ho within the meaning of the Listing Rules
"Mr. Kwok"	Mr. Kwok Ho, Chairman, an executive Director and an associate (being the spouse) of Madam Chiu Na Lai within the meaning of the Listing Rules
"Participant"	means:

(i) (a) any director (whether executive or non-executive, including any independent non-executive director), employee (whether full time or part time) of, or

(b) any individual for the time being seconded to work for,

any member of the Group or any Controlling Shareholder or any company controlled by a Controlling Shareholder (a "**Category A Participant**"); or

(ii) any holder of any securities issued by any member of the Group or any Controlling Shareholder or any company controlled by a Controlling Shareholder (a "**Category B Participant**"); or

(iii) (a) any business or joint venture partner, contractor, or agent of,

(b) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional services to,

(c) any supplier, producer or licensor of any goods or services to,

(d) any customer, licensee or distributor of any goods or services of, or

(e) any landlord or tenant of,

any member of the Group or any Controlling Shareholder or any company controlled by a Controlling Shareholder (a "**Category C Participant**");

and, for the purposes of the Share Option Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of participants

"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Share Option Scheme"	the share option scheme of the Company adopted on June 19, 2002
"Specified Limit"	the maximum entitlement of each Participant under the Share Option Scheme stipulated in the Note to Rule 17.03(4) of the Listing Rules, namely, that the aggregate number of Shares issued and to be issued upon exercise of the options granted to such Participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	shall have the meaning ascribed to it under rule 1.01 of the Listing Rules
"HK$" and "cents"	Hong Kong dollars, the lawful currency of Hong Kong

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)

Executive Directors:
Kwok Ho *(Chairman)*
Ip Chi Ming
Chiu Na Lai
Lee Yan

Independent Non-Executive Directors:
Wong Kong Chi
Lin Shunquan

Registered office:
P.O. Box 309, Ugland House
South Church Street
George Town, Grand Cayman
Cayman Islands
British West Indies

Principal office in Hong Kong:
Room 2705, 27th floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

February 19, 2003

To the Shareholders

Dear Sir or Madam,

PROPOSED GRANT OF OPTION TO TWO DIRECTORS

INTRODUCTION

It is proposed that at the Extraordinary General Meeting, the Shareholders would be requested to approve the grant of options under the Share Option Scheme to:

(a) Mr. Kwok to subscribe for an aggregate of 60,000,000 Shares (such option, the grant of which if approved by the Shareholders, will entitle Mr. Kwok to subscribe for Shares in excess of the Specified Limit of 19,150,620 Shares, representing 1% of the issued share capital of the Company and in excess of the Aggregate Limit as at the Latest Practicable Date);

(b) Madam Chiu to subscribe for an aggregate of 5,000,000 Shares (such option, the grant of which if approved by the Shareholders, will entitle Madam Chiu to subscribe for Shares in excess of the Aggregate Limit of 1,915,062 Shares,

* *for identification purpose only*

representing 0.1% of the issued share capital of the Company and of value exceeding HK$5,000,000).

The purpose of this circular is to provide Shareholders with further information in relation to the proposed grant of the Director Option in excess of the Specified Limit and the Aggregate Limit, and the Associate Option in excess of the Aggregate Limit.

PROPOSED GRANT OF THE DIRECTOR OPTION AND THE ASSOCIATE OPTION

Background

Mr. Kwok, an executive Director, has been working for the Group for over 6 years. He is also the Chairman of the Group and a substantial shareholder of the Company (who, as at the Latest Practicable Date, held 1,046,000,000 Shares, representing approximately 54.62% of the issued share capital of the Company). The Board now proposes that, having considered Mr. Kwok's continuing contribution to the Group and his dedication towards its development and growth, an option shall be granted to Mr. Kwok under the Share Option Scheme to allow him to subscribe for an aggregate of 60,000,000 Shares, which is in excess of the Specified Limit (being 19,150,620 Shares) and the Aggregate Limit (being 1,915,062 Shares).

Madam Chiu, an executive Director and an associate (the spouse) of Mr. Kwok (who is a substantial shareholder of the Company). The Board now proposes that, having considered Madam Chiu's continuing contribution to the Group and her dedication towards its development and growth, an option shall be granted to Madam Chiu under the Share Option Scheme to allow her to subscribe for an aggregate of 5,000,000 Shares, which is in excess of the Aggregate Limit (being 1,915,062 Shares).

As at the Latest Practicable Date, no options have been granted to Mr. Kwok or to Madam Chiu by the Company under the Share Option Scheme and any other share option schemes of the Company except for, on a conditional basis, the Director Option and the Associate Option.

As at the Latest Practicable Date, no Directors are trustees of the Share Option Scheme.

Pursuant to the Note to Rule 17.03(4) of the Listing Rules, the total number of securities issued and to be issued upon exercise of the options granted to each participant (including exercised and outstanding options) under any share option scheme of a listed issuer in any 12-month period must not exceed 1% of the relevant class of securities of such listed issuer in issue. If any further grant of options to a participant would result in the securities issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of securities in issue, such further grant must be separately approved by shareholders of the listed issuer in general meeting with such participant and his associates abstaining from voting.

Pursuant to Rule 17.04 of the Listing Rules, where any grant of options to a substantial shareholder or any of his/her associates, would result in the securities issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% of the relevant class of securities in issue; and

(b) (where the securities are listed on the Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK$5,000,000;

such further grant of options must be approved by shareholders of the listed issuer. All connected persons of the listed issuer must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular.

If the Director Option is exercised in full by Mr. Kwok, the number of Shares held by Mr. Kwok will increase from 1,046,000,000 Shares (all being held through Kailey Investment Ltd. which is owned as to 90% by Mr. Kwok) to 1,106,000,000 Shares, that is, from approximately 54.62% of the issued share capital of the Company as at the Latest Practicable Date to approximately 55.99% of the enlarged share capital of the Company after the exercise in full of the Director Option (and assuming that the issued share capital of the Company of 1,915,062,000 Shares has not otherwise been increased). Further, the aggregate value of the number of Shares to be issued upon the exercise in full of the Director Option, on the basis of the closing price of the Shares quoted on the Exchange on the Date of Grant, exceeds HK$5,000,000. On such basis, the grant of the Director Option to Mr. Kwok is required to be approved by the shareholders of the Company in accordance with Rule 17.03(4) and 17.04 of the Listing Rules.

Madam Chiu is the spouse of Mr. Kwok and is, therefore, his associate within the meaning of the Listing Rules. If the Associate Option is exercised in full by Madam Chiu, the number of Shares held by Madam Chiu will increase from nil Shares (while Madam Chiu is a shareholder in Kailey Investment Ltd., she only holds a 10% shareholding and Mr. Kwok holds the remaining 90% and hence, she is not regarded as interested in the 1,040,000,000 Shares held by Kailey Investment Ltd.) to 5,000,000 Shares, that is, from 0% of the issued share capital of the Company as at the Latest Practicable Date to approximately 0.26% of the enlarged share capital of the Company after the exercise in full of the Associate Option (and assuming that the issued share capital of the Company of 1,915,062,000 Shares has not otherwise been increased). Further, the aggregate value of the number of Shares to be issued upon the exercise in full of the Associate Option, on the basis of the closing price of the Shares quoted on the Exchange on the Date of Grant, exceeds HK$5,000,000. On such basis, the grant of the Associate Option to Madam Chiu is required to be approved by the shareholders of the Company in accordance with Rule 17.04 of the Listing Rules.

The Extraordinary General Meeting has been convened for the purposes of approving the grant of the Director Option to Mr. Kwok and the Associate Option to Madam Chiu. In accordance with the requirements of Rule 17.03(4) and 17.04 of the Listing Rules, Mr. Kwok and his associates and all other connected persons will abstain from voting at the Extraordinary General Meeting.

Particulars of the Director Option

Condition

The grant of the Director Option, which was determined by the Board and approved by the independent non-executive Directors on January 28, 2003, is conditional upon obtaining the approval of the Shareholders at the Extraordinary General Meeting in accordance with the Note to Rule 17.03(4) and Rule 17.04 of the Listing Rules with Mr. Kwok and his associates and all other connected persons abstaining from voting.

Underlying Shares and exercise period

The grant of the Director Option, if approved at the Extraordinary General Meeting by the Shareholders, will entitle Mr. Kwok to subscribe for an aggregate of 60,000,000 Shares. The Director Option may be exercised in respect of such number of Shares over such period of time as is set out below:

Option Period	**Option Limit**
From July 1, 2003 up to the close of business on the last day of the period of ten (10) years from the Date of Grant	20,000,000 Shares
From January 1, 2004 up to the close of business on the last day of the period of ten (10) years from the Date of Grant	20,000,000 Shares
From January 1, 2005 up to the close of business on the last day of the period of ten (10) years from the Date of Grant	20,000,000 Shares

Exercise price

The price payable by Mr. Kwok to the Company when he exercises the subscription rights attaching to the Director Option is HK$1.66 per Share, being equal to the higher of:

(a) HK$1.66, the closing price of the Shares on the Stock Exchange as stated in the daily quotations sheet issued by the Stock Exchange on January 28, 2003, which is the day on which the Director Option was conditionally granted to Mr. Kwok by the Board; and

(b) HK$1.644, the average closing price of the Shares on the Stock Exchange as stated in its daily quotations sheets for the five trading days immediately preceding the Date of Grant (that is, the average closing price of the Shares on January 21, 2003, January 22, 2003, January 23, 2003, January 24, 2003 and January 27, 2003 of HK$1.64, HK$1.64, HK$1.72, HK$1.64 and HK$1.58 respectively).

Particulars of the Associate Option

Condition

The grant of the Associate Option, which was determined by the Board and approved by the independent non-executive Directors on January 28, 2003, is conditional upon obtaining the Shareholders' approval of such grant at the Extraordinary General Meeting in accordance with the Note to Rule 17.04 of the Listing Rules with all connected persons of the Company abstaining from voting.

Underlying Shares and exercise period

The grant of the Associate Option, if approved at the Extraordinary General Meeting by the Shareholders, will entitle Madam Chiu to subscribe for an aggregate of 5,000,000 Shares, during the period commencing on July 1, 2003 and expiring at the close of business on the last day of the period of ten (10) years from the Date of Grant.

Exercise price

The price payable by Madam Chiu to the Company when she exercises the subscription rights attaching to the Associate Option is HK$1.66 per Share, being equal to the higher of:

(a) HK$1.66, the closing price of the Shares on the Stock Exchange as stated in the daily quotations sheet issued by the Stock Exchange on January 28, 2003, which is the day on which the Associate Option was conditionally granted to Madam Chiu by the Board; and

(b) HK$1.644, the average closing price of the Shares on the Stock Exchange as stated in its daily quotations sheets for the five trading days immediately preceding the Date of Grant (that is, the average closing price of the Shares on January 21, 2003, January 22, 2003, January 23, 2003, January 24, 2003 and January 27, 2003 of HK$1.64, HK$1.64, HK$1.72, HK$1.64 and HK$1.58 respectively).

EXTRAORDINARY GENERAL MEETING

The notice of the Extraordinary General Meeting is set out on pages 12 to 13 of this circular. At the Extraordinary General Meeting, an ordinary resolution will be proposed to approve the grant of the Director Option and the Associate Option.

A form of proxy for use by Shareholders at the Extraordinary General Meeting is enclosed with this circular. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and returned, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, to the Company's principal office in Hong Kong at Room 2705, 27th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Extraordinary General Meeting (or any adjournment thereof). Completion and delivery of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting or any adjourned meeting if you so wish.

Mr. Kwok, Madam Chiu and all other connected persons of the Company will abstain from voting in respect of the ordinary resolutions set out in the notice convening the Extraordinary General Meeting to approve the grant of the Director Option and the Associate Option.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

RECOMMENDATION

The Board believes that the proposed grant of the Director Option to Mr. Kwok which exceeds the Specified Limit and the Aggregate Limit and the Associate Option to Madam Chiu which exceeds the Aggregate Limit will serve to provide incentive to Mr. Kwok and Madam Chiu for their continuing contribution to the Group. Your attention is drawn to the "Letter from the Independent Board Committee" set out on page 11 of this circular, which sets out the recommendation by the Independent Board Committee to the Shareholders as to voting in relation to the ordinary resolutions to be proposed at the Extraordinary General Meeting for the approval of the proposed grant of the Director Option to Mr. Kwok and the Associate Option to Madam Chiu.

Accordingly, the Board recommends you to vote in favour of the ordinary resolution in relation to the grant of the Director Option and the Associate Option to be proposed at the Extraordinary General Meeting.

Yours faithfully,
For and on behalf of the Board
Ip Chi Ming
Director

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)

February 19, 2003

To the Shareholders,

PROPOSED GRANT OF OPTION TO MR. KWOK HO ("MR. KWOK") AND MADAM CHIU NA LAI ("MADAM CHIU")

We refer to the circular of Chaoda Modern Agriculture (Holdings) Limited dated February 19, 2003 to the Shareholders (the "Circular") of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

This letter sets out our recommendation to the Shareholders as to voting in relation to the ordinary resolutions to be proposed at the Extraordinary General Meeting for the approval of the proposed grant of the Director Option to Mr. Kwok and the Associate Option to Madam Chiu under the Share Option Scheme. Details of the terms of the proposed grant of the Director Option and the Associate Option are contained in the letter from the Board set out on pages 5 to 10 of the Circular.

Having considered Mr. Kwok's continuing contribution to the Group as Chairman and executive Director and Madam Chiu's continuing contribution to the Company as executive Director, their dedication of great efforts towards the development and growth of the Group, and also the terms of the proposed grant of the Director Option to Mr. Kwok and the Associate Option to Madam Chiu, we recommend the Shareholders to vote in favour of the ordinary resolutions set out in the notice convening the Extraordinary General Meeting to approve the proposed grant of the Director Option and the Associate Option.

Yours faithfully,
the Independent Board Committee
WONG Kong Chi **LIN Shunquan**
Independent Non-Executive Directors

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CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED
超大現代農業(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Chaoda Modern Agriculture (Holdings) Limited (the "Company") will be held at Room 2705, 27th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Wednesday, March 5, 2003 at 11 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. **"THAT** the grant of an option to Mr. Kwok Ho, Chairman and an executive director of the Company, pursuant to the share option scheme of the Company adopted on June 19, 2002 entitling him to subscribe for an aggregate of 60,000,000 shares of the Company in excess of the Specified Limit and the Aggregate Limit (as such term is defined in a circular of the Company dated February 19, 2003 ("**Circular**"), a copy of which marked "A" is produced to this meeting and for the purposes of identification signed by the Chairman hereof), details of which were set out in the Circular, be and is hereby approved, confirmed and ratified and the directors of the Company be and are authorized to do all such things and acts as may be necessary or expedient in order to give full effect to such grant of option."

2. **"THAT** the grant of an option to Madam Chiu Na Lai, an executive director and associate of Mr. Kwok Ho of the Company, pursuant to the share option scheme of the Company adopted on June 19, 2002 entitling her to subscribe for an aggregate of 5,000,000 shares of the Company in excess of the Aggregate Limit, details of which were set out in the Circular, be and is hereby approved, confirmed and ratified and the directors of the Company be and are authorized to do all such things and acts as may be necessary or expedient in order to give full effect to such grant of option."

By Order of the Board
Lee Yuet Wor
Company Secretary

Hong Kong, February 19, 2003

Principal place of business in Hong Kong:
Room 2705, 27th Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

* *for identification purpose only*

Notes:

1. A form of proxy for use at the meeting is being despatched to the shareholders of the Company together with a copy of this notice.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorized to sign the same.

3. Any shareholder entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.

4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

5. Completion and deposit of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.

6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.

7. Mr. Kwok Ho together with his associates, will abstain from voting in relation to the ordinary resolution as set out in the notice convening this meeting.