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CHINA GREEN (HOLDINGS) LIMITED

中國綠色食品(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 904)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 APRIL 2009

RESULTS

The board (the “Board”) of directors (the “Directors”) of China Green (Holdings) Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 April 2009 together with the comparative figures for the corresponding year of 2008 as follows:

Consolidated Income Statement

For the year ended 30 April 2009

	<i>Note</i>	2009 RMB'000	2008 RMB'000
Turnover	3	1,547,659	1,267,094
Cost of sales		<u>(747,545)</u>	<u>(590,450)</u>
Gross profit		800,114	676,644
Other revenue and other net income	4	23,228	58,282
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets		19,489	19,942
Selling and distribution expenses		(152,277)	(125,157)
General and administrative expenses		<u>(141,503)</u>	<u>(119,367)</u>
Profit from operations		549,051	510,344
Finance costs	6(a)	<u>(53,714)</u>	<u>(26,598)</u>
Profit before taxation		495,337	483,746
Income tax	7	<u>(40,412)</u>	<u>(12,794)</u>
Profit attributable to equity shareholders of the Company		<u>454,925</u>	<u>470,952</u>

* *for identification purposes only*

	<i>Note</i>	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Dividends payable to equity shareholders of the Company attributable to the year:			
Interim dividend declared during the year	8	56,829	53,793
Final dividend proposed after the balance sheet date		56,829	71,315
		113,658	125,108
Earnings per share			
– Basic	9	<u>RMB51.5 cents</u>	<u>RMB53.8 cents</u>
– Diluted		<u>RMB51.3 cents</u>	<u>RMB50.6 cents</u>

Consolidated Balance Sheet

As at 30 April 2009

	<i>Note</i>	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Non-current assets			
Fixed assets			
– Property, plant and equipment		895,918	523,390
– Interests in leasehold land held for own use under operating leases		229,400	152,330
Long-term prepaid rentals		856,672	113,078
		1,981,990	788,798
Current assets			
Financial assets at fair value through profit or loss		–	138,913
Inventories		21,626	26,158
Biological assets		50,434	43,059
Current portion of long-term prepaid rentals		43,197	38,175
Trade and other receivables	10	49,696	34,732
Bank deposits matured over 3 months		90,173	–
Cash and cash equivalents		1,344,330	2,097,974
		1,599,456	2,379,011
Current liabilities			
Due to directors		1,744	6,046
Trade and other payables	11	82,059	24,056
Tax payable		10,432	54,902
		94,235	85,004
Net current assets		1,505,221	2,294,007
Total assets less current liabilities		3,487,211	3,082,805

	<i>Note</i>	2009 RMB'000	2008 <i>RMB'000</i>
Non-current liabilities			
Convertible bonds		896,899	843,185
Deferred tax liabilities		17,483	–
		<hr/> 914,382 <hr/>	<hr/> 843,185 <hr/>
NET ASSETS		<u><u>2,572,829</u></u>	<u><u>2,239,620</u></u>
CAPITAL AND RESERVES			
Share capital		92,236	92,105
Reserves		2,480,593	2,147,515
		<hr/> 2,572,829 <hr/>	<hr/> 2,239,620 <hr/>
TOTAL EQUITY		<u><u>2,572,829</u></u>	<u><u>2,239,620</u></u>

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

- biological assets; and
- financial assets at fair value through profit or loss.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following new Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group:

- HK(IFRIC) – Int 11 “HKFRS 2 – Group and Treasury Share Transactions”
- HK(IFRIC) – Int 12 “Service Concession Arrangements”
- HK(IFRIC) – Int 14 “HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction”
- Amendment to HKAS 39 “Financial Instruments: Recognition and Measurement”, and HKFRS 7 “Financial Instruments: Disclosures” – Reclassification of Financial Assets

These HKFRS developments have had no material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. TURNOVER

The Group is principally engaged in the growing and sales of agricultural products.

Turnover represents sales value of agricultural products supplied to customers, which is net of value-added tax and other sales taxes, less returns and discounts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of agricultural products		
Fresh produce	410,560	360,109
Processed products	353,681	278,260
Pickled products	274,822	196,631
Rice products	90,079	88,268
Rice flour products	98,260	95,260
Beverage products	234,880	184,765
Instant noodles	85,377	63,801
	<hr/> 1,547,659 <hr/>	<hr/> 1,267,094 <hr/>

4. OTHER REVENUE AND OTHER NET INCOME

	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Other revenue		
Total interest income on financial assets not at fair value through profit or loss – interest income from bank	21,661	28,976
Handling income	–	704
Other trading income	892	–
Sundry income	127	185
	<hr/> 22,680 <hr/>	<hr/> 29,865 <hr/>
Other net income		
Net gain on disposal of property, plant and equipment	–	26
Net foreign exchange gain	–	28,391
Gain on disposal of financial assets at fair value through profit or loss	548	–
	<hr/> 23,228 <hr/>	<hr/> 58,282 <hr/>

5. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segments

During the year under review, the Group principally operates a single business segment which is growing and sales of agricultural products. Accordingly, no business segment information is presented.

The analysis of the turnover and result of each category of agricultural products is as follows:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Turnover arising from sales of agricultural products		
Fresh produce	410,560	360,109
Processed products	353,681	278,260
Pickled products	274,822	196,631
Rice products	90,079	88,268
Rice flour products	98,260	95,260
Beverage products	234,880	184,765
Instant noodles	85,377	63,801
	<u>1,547,659</u>	<u>1,267,094</u>
Gross profit of agricultural products		
Fresh produce	209,750	186,090
Processed products	194,444	161,148
Pickled products	143,885	114,342
Rice products	26,408	26,336
Rice flour products	49,690	51,144
Beverage products	137,182	108,822
Instant noodles	38,755	28,762
	<u>800,114</u>	<u>676,644</u>

(b) Geographical segments

The Group's operations are principally located in Hong Kong and the PRC. The Group's administrative function is carried out in Hong Kong and the PRC, and the operating activities are carried out mainly in the PRC.

An analysis of the Group's turnover and result by geographical location of customers for the year is as follows:

	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover from external customers		
Japan	329,942	348,388
PRC	815,974	671,468
Other Asian countries	170,798	95,782
Europe	175,481	124,596
Australia	7,343	4,207
America	23,308	11,408
Africa	24,813	11,245
	<hr/> 1,547,659 <hr/>	<hr/> 1,267,094 <hr/>
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Segment result		
Japan	182,079	205,678
PRC	404,767	331,208
Other Asian countries	89,217	54,153
Europe	94,751	70,497
Australia	4,100	2,402
America	12,531	6,340
Africa	12,669	6,366
	<hr/> 800,114 <hr/>	<hr/> 676,644 <hr/>

Over 90% of the Group's assets are principally located in the PRC. Accordingly, no geographical analysis of segment assets and capital expenditure is presented.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging/(crediting) the following:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
a) Finance costs		
Interest on borrowings wholly repayable within 5 years		
– interest on convertible bonds	53,714	26,598
	<u>53,714</u>	<u>26,598</u>
b) Staff costs		
Contributions to defined contribution retirement plans	1,378	505
Equity-settled share-based payment expenses	10,324	33,593
Salaries, wages and other benefits	150,151	130,667
	<u>161,853</u>	<u>164,765</u>
c) Other items		
Amortisation of land lease premium	3,986	1,643
Amortisation of long-term prepaid rentals	44,654	37,174
Depreciation of property, plant and equipment	79,327	55,397
Operating lease charges: minimum lease payments		
– property rentals	5,237	2,228
Research and development expenses	52,257	31,862
Auditors' remuneration		
– audit services	748	860
Cost of inventories sold	747,545	590,450
Net foreign exchange loss	6,599	–
Loss on disposal of property, plant and equipment	15	–
Loss on changes in fair value of financial assets		
at fair value through profit or loss	–	558
	<u>–</u>	<u>558</u>

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Income tax in the consolidated income statement represents:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Current tax – PRC Enterprise Income Tax		
Provision for the year	62,825	31,196
Over-provision in respect of prior years	(39,896)	(18,402)
Deferred tax		
Origination and reversal of temporary differences	17,483	–
	<u>40,412</u>	<u>12,794</u>

(a) *PRC Enterprise Income Tax*

The provision for PRC Enterprise Income Tax for the Company's subsidiaries in the PRC is based on PRC Enterprise Income Tax rates of 33% of the taxable income as determined in accordance with the relevant income tax rules and regulations of the PRC on or before 31 December 2007.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which takes effect on 1 January 2008. As a result of the New Tax Law, the PRC Enterprise Income Tax rate applicable to the Company's subsidiaries in the PRC is reduced from 33% to 25%.

In accordance with the relevant PRC tax rules and regulations, certain of the Company's PRC subsidiaries are exempt from PRC Enterprise Income Tax for two consecutive years from their profit making year, and are entitled to a 50% relief on the PRC Enterprise Income Tax for the following three years ("Tax Holidays"). Pursuant to the transitional arrangement under the New Tax Law, certain PRC subsidiaries will continue to enjoy the tax-exemption or 50% relief on the applicable PRC Enterprise Income tax rate under the New Tax Law until the expiry of the Tax Holidays previously granted, and thereafter they are subject to the unified rate of 25%. For those enterprises whose preferential tax treatment had not commenced due to lack of taxable profit, such preferential tax treatment would commence from 1 January 2008.

(b) *Hong Kong Profits Tax*

No provision for Hong Kong Profits Tax for the years ended 30 April 2009 and 2008 has been made as the Group has no estimated assessable profits arising in Hong Kong for both years.

(c) *Other Income Tax*

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax in Bermuda and the British Virgin Islands.

(d) *Deferred tax on undistributed profits of foreign controlled entities ("Withholding Tax")*

Pursuant to the new Corporate Income Tax Law of the PRC which took effect from 1 January 2008, a 10% withholding tax was levied on dividends declared to foreign enterprise investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors. On 22 February 2008, Caishui (2008) No.1 was promulgated by the PRC tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 determined based on the relevant PRC tax laws and regulations are exempted from the withholding tax.

As at 30 April 2009, deferred tax liabilities of approximately RMB17,483,000 (2008: Nil) have been recognised in respect of the tax that would be payable on the distribution of the retained profits of the Company's PRC subsidiaries. Deferred tax liabilities of approximately RMB40,794,000 have not been recognised, as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that certain of the profits earned by the Company's PRC subsidiaries for the year from 1 January 2008 to 30 April 2009 will not be distributed in the foreseeable future.

8. DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the year

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Interim dividend declared and paid of HK\$0.073 (equivalent to approximately RMB0.064) (2008: HK\$0.068) per ordinary share	56,829	53,793
Final dividend proposed of HK\$0.073 (equivalent to approximately RMB0.064) (2008: HK\$0.090) per ordinary share	<u>56,829</u>	<u>71,315</u>
	<u>113,658</u>	<u>125,108</u>

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB454,925,000 (2008: RMB470,952,000) and the weighted average number of 883,807,707 ordinary shares (2008: 875,537,254 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2009	2008
	Number of ordinary shares	Number of ordinary shares
Issued ordinary shares at 1 May	882,550,543	847,028,433
Effect of issuance of shares under share option scheme	1,257,164	10,223,342
Effect of issuance of shares upon conversion of convertible bonds	–	18,285,479
	<hr/>	<hr/>
Weighted average number of ordinary shares at 30 April	<u>883,807,707</u>	<u>875,537,254</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB454,925,000 (2008: RMB497,550,000) and the weighted average number of 887,625,499 ordinary shares (2008: 983,063,788 ordinary shares), calculated as follows:

(i) *Profit attributable to ordinary equity shareholders of the Company (diluted)*

	2009	2008
	RMB'000	RMB'000
Profit attributable to ordinary equity shareholders	454,925	470,952
After tax effect of effective interest on liability component of convertible bonds	–	26,598
	<hr/>	<hr/>
Profit attributable to ordinary equity shareholders (diluted)	<u>454,925</u>	<u>497,550</u>

(ii) *Weighted average number of ordinary shares (diluted)*

	2009	2008
	Number of ordinary shares	Number of ordinary shares
Weighted average number of ordinary shares at 30 April	883,807,707	875,537,254
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	3,817,792	8,778,908
Effect of conversion of convertible bonds	–	98,747,626
	<hr/>	<hr/>
Weighted average number of ordinary shares at 30 April	<u>887,625,499</u>	<u>983,063,788</u>

During the year ended 30 April 2009, the computation of diluted earnings per share did not assume the conversion of the Company's outstanding convertible bonds since such conversion would result in an increase in diluted earnings per share.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables with the following ageing analysis as of the balance sheet dates:

	The Group	
	2009	2008
	RMB'000	RMB'000
Within 1 month	13,197	13,666
	<hr/>	<hr/>

Trade receivables are due within 30 days from the date of billing.

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the following ageing analysis as of balance sheet date:

	The Group	
	2009	2008
	RMB'000	RMB'000
Within 1 month	2,308	1,795
	<hr/>	<hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

China is considered one of the most important contributors to the world's supply of agricultural output. Over the past year, the Chinese government has stepped up measures to facilitate the development of the agricultural sector in China. In early 2009, the land reform proposal announced entailing plans to consolidate landholdings, and boost rural incomes by enabling more efficient farming. China Green, one of the pioneers in developing China's modernized agricultural industry, has been engaged in improving the income and living standard of its employed farmers while developing advanced cultivation technology for the nation since 1998. Overtime, the Group has built strong partnerships with its farmers and an effective alliance with the provincial government bodies.

For over a decade, China Green has committed to becoming a fully-integrated global green food supplier and continues to have complete control on its production, as to preserve freshness and ensure safety of its agricultural products. With the swift recovery of the world's demand for food supplied by China, the Group was proud to experience continuous demand from overseas markets and sustained a remarkable growth rate during the year under review.

In addition, with China's new Enterprise Income Tax Law taking effect on 1 January 2008, the Group's upstream business, including sales of fresh and part of its processed products, is entitled to the benefits brought by the new regulations. The Group made encouraging progress with local tax authorities in finalizing the specific benefits to be received. The effective tax rate for the financial year 2009 is 8%, as a result of the Group's effort.

BUSINESS AND MARKET REVIEW

Export Markets

Although imports and exports of most agricultural products dropped year-on-year for the period under review, China's exports of fruits and vegetables showed strong support. The China Green model, strengthened by international standardized management strategies, is designed to promote its "green" concept throughout the world. With enhanced efforts of promotion and quality products to offer, the Group secured outstanding growth in the number of exports agencies and overseas trading partners. The Group's expansion strategy focuses on two initiatives: To increase market share within existing markets and to explore new markets.

During the year under review, growth in exports of the Group's fresh produce and other relevant processed products businesses continued to be well received. Total turnover from exports was RMB731 million, representing a 22% growth against the previous recorded year. The Group succeeded in expanding its export volume of the markets such as South Korea, Taiwan and the United Kingdom. By exercising tight control throughout its production from seeding to harvesting, packaging to distribution, the Group established solid relationship with its overseas customers. Armed with thriving advantages, the Group extended its coverage in Europe and South & Central America regions, conducive to its goal of achieving a balanced global business footprint. Simultaneously the Group leveraged its strong track record with its Japanese customers to ensure overall marginal profit to be retained at a respectable level with other export markets.

Domestic Market

Rising per capita income in major emerging economies such as China has resulted in driving growth in the consumption of more fresh and processed vegetable products, a trend that is likely to prevail. As China's economy is becoming more affluent, the demand and expenditure on healthier food are prone to rise. China Green was able to ride on this trend and achieved encouraging results in the domestic market and reported a total turnover of RMB816 million during the recorded period, representing a 22% growth as compared to the results of 2008.

The Group focused on its growth initiatives by expanding its sales channels and improving supply chain management within China. By powering its existing platform in provinces such as Fujian and Jiangxi, the Group further enhanced its distribution capacity along with the development of its downstream business. The "green" food logistics and distribution business located in Shanghai commenced operations during the year under review and allowed the Group to efficiently utilize its plantation and processing platforms, taking the Group one step closer yet to becoming the best fresh green food supply chain in China.

FINANCIAL REVIEW

During the year under review, the Group achieved promising result with total revenue of RMB1,548 million. The gross profit margin of the Group sustained at a decent level of 51.7%, among which the gross profit margins for sales of fresh produce and processed products were 51% and 53% respectively. The gross profit margin from branded food and beverage products was stable at around 49%. Meanwhile, the brand strategy of the Group facilitated the achievement of remarkable results, with the pricing of various branded food and beverage products being well accepted by the market. Following the fall of oil prices, the pressure from costs of raw materials, namely fertilizers as well as packaging materials, were stabilized. Hence, the Group's operating profit was RMB549 million, representing a 7.6% growth as compared to that of the previous year.

SEGMENTS REVIEW

Fresh Produce

In 2009, the Group recorded exciting growth across all product segments. Turnover from the sale of fresh produce totaled RMB410 million, accounting for approximately 26% of the Group's total turnover. Within this segment, the products which brought in the utmost revenue were leeks, sweet corn, broccoli, and radish, which contributed to approximately RMB116 million, representing approximately 28% of turnover from fresh produce. Fresh food produce experienced growing demand largely from South Korea and Taiwan.

Processed Products

Processed food has been a fast growing segment in the agricultural industry due to the combination of China's low-cost environment, growing market, and government's policy favoring agricultural processing as a means to help farmers. Low labor cost is a key cost-saving factor for processors and growers as well.

During the year under review, turnover from the sale of processed products totaled RMB628 million, accounting for approximately 41% of the Group's total revenue, representing an increase of approximately 32% as compared to the same period in 2008. Among the four categories of processed products, namely water-boiled products, quick-frozen products, pickled products and canned products, quick-frozen and canned products grew at faster pace, catering for the increased orders from European countries. Turnover from quick-frozen products and canned products were approximately RMB172 million and RMB189 million respectively, representing approximately 27% and 30% of the total revenue from processed products.

Branded Food and Beverage Products

One of the Group's core missions is to develop and deliver "green" consumer products across China. As a result of the Group's continuous efforts in solidifying its brand, China Green was honored as the "Famous Brand in Fujian Province" in 2009. With definite industrial networks and determined distribution channels, the Group's highly competitive branded products including beverage products, non-fried instant noodles, rice and rice flour products have reported consistently strong sale in 2009. During the year under review, turnover from the sale of branded food and beverage products totaled RMB508 million. The contribution from this category of products increased to about 33% of the Group's turnover, representing a year-on-year increase of approximately 18%.

Among branded products, the Group's turnover from beverage products totaled approximately RMB234 million, representing an increase of nearly 27% against RMB184 million from last year. Corn milk series, the Group's leading beverage product, has had its sales recovered smoothly from the slight affect of the melamine incident that occurred in late 2008, with a turnover totaled approximately RMB170 million. In addition, non-fried instant noodles have recorded a turnover totaled approximately RMB85 million. During the year under review, the turnover from rice products and rice flour products were approximately RMB90 million and RMB98 million respectively, accounting for approximately 17% and 19% of the total revenue from the branded food and beverage products.

CULTIVATION BASES AND PROCESSING FACILITIES

China Green's pace of growth lies in its ability to expand and procure optimal cultivation bases while preserving the quality of its farmland. During the year under review, the Group continued to have full control over its operations and sources of origin. Anticipating the inclination of higher land prices, the Group has consequently come to an agreement with several villages in Fujian to extend the leasing terms of its cultivation bases from the existing 20-year terms to 30-year terms. The extended terms for land leasing will allow the Group with stable land resources, hence ensuring its production sustainability of its cultivation bases. In addition to existing farmland, the Group has been in consistently progress of negotiating new leases. By the end of April 2010, the Group's number of cultivation bases will reach 42 across the nation, with a total area of approximately 90,100 mu supporting a cultivation capacity of up to 363,200 tons per year. Among these cultivation bases, 36 are devoted to vegetable cultivation, 5 to fruit cultivation and 1 to organic rice cultivation.

The Group has invested a significant amount of time and effort over the past decade in accumulating its cultivation bases. With persistent improvement of soil fertility, the Group currently owns some of the most fertile farmland for vegetable production in China. During the period under review, the Group achieved satisfactory growth in both the scope and size of cultivation. Meanwhile, the Group has been ameliorating the soil of Tianmen Cultivation Base for organic cultivation, which is expected to produce fresh organic produce by 2011.

As for the food processing operations, the Group currently owns 11 processing platforms it will continue to expand its production facilities with an enlarged capacity of 574,500 tons by the end of April 2010. The processing plants were built in accordance with international standards, and hygiene is strictly monitored to reinforce quality and safety.

QUALITY MAINTENANCE

During the fiscal year, the Group continued to comply with international quality and sanitation standards. With stringent control, the Group successfully secured the Safe Corp Certificate, the Green Food Certificate, and various certifications under ISO90001:2000 as well as HACCP. Furthermore, the Group lived up to the practices of “Good Agriculture Planning” (GAP) and “Good Manufacturing Planning” (GMP) as promised to brand and reputation. In addition, the water treatment facilities of the Group’s Changpu processing plant commenced operations to assure the satisfactory performance of its irrigation systems as required by standardized farming.

LOOKING AHEAD

China Green pledges to produce safer and better products in order to maintain its reputation and promise to its customers. In the foreseeable future, food production and processing industries will continue to emerge in China. Constant growth of the food consumption market in China also provides the Group with ample business opportunities. Based on the Group’s competitive advantages in terms of stable supply capacity, excellent brand management, stringent quality control, and strong research and development competence, the management believes that the Group is well-positioned to tap the vast demand of branded food and beverage products in the domestic market.

Moving forward, China Green will continue its journey to develop the global food markets by launching more value-adding products and by promoting the concept of healthier food to China. Armed with a premium brand name, the Group will strive to become the market leader and the symbol of green food with secured quality and safety.

GROUP’S LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 April 2009, the total shareholders’ fund of the Group was approximately RMB2,573 million (2008: RMB2,240 million). The Group had current assets of RMB1,599 million (2008: RMB2,379 million) and current liabilities of RMB94 million (2008: RMB85 million) and the current ratio was approximately 17 times (2008: 28 times).

The Group’s outstanding borrowing as at 30 April 2009 was the convertible bonds maturing on 29 October 2010. The Group’s net debt-to-equity ratio (calculated as total borrowings net of cash and cash equivalents over shareholders’ equity) was not applicable as at 30 April 2009 and 2008 since the Group’s cash and cash equivalents exceeded its borrowings. The Group’s gearing ratio (calculated as total borrowings over shareholders’ equity) as at 30 April 2009 was 34.9% (2008: 37.6%).

As of 30 April 2009, the Group had cash and cash equivalents of approximately RMB1,344 million (2008: RMB2,098 million). The majority of the Group’s funds was deposited in banks in the PRC and licensed banks in Hong Kong and the Group possesses sufficient cash and bank balances to meet its commitment and working capital requirement in the coming financial year.

The Group continues to implement a prudent financial management policy and monitor its capital structure based on the ratio of total liabilities over total assets. As at 30 April 2009, the ratio of total liabilities over total assets was 28.2% (2008: 29.3%).

STAFF AND REMUNERATION POLICIES

As at 30 April 2009, the Group had a total of over 8,000 employees, of which approximately 4,100 are workers at the Group's cultivation bases. The aggregate staff costs and Directors' remuneration for the year ended 30 April 2009 totaled approximately RMB162 million (2008: approximately RMB165 million). Employees are paid at a competitive level, taking into account individual performance, experience and their positions. Other benefits included mandatory provident funds, year-end bonus and share options granted to selected employees based on the individual performance.

FUTURE PLANS FOR MATERIAL INVESTMENTS/CAPITAL ASSETS & SOURCE OF FUND

As at 30 April 2009, the Group maintained sufficient funds for the capital investment and operations in the coming year. In view of the possible redemption required on the maturity of the convertible bonds due October 2010, the management continues to assess the impact of redemption on the Group's operations and finance needs.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

Final dividend

The Board has resolved to recommend to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 30 September 2009 ("2009 AGM") a final dividend of HK\$0.073 (approximately RMB0.064) (2008: HK\$0.090 (approximately RMB0.081) per share to be paid on or about 14 October 2009 to those shareholders whose names appear on the register of members of the Company on 30 September 2009. Taking into account of the interim dividend of HK\$0.073 per share (2008: HK\$0.068) and the proposed final dividend, total dividends for the year will amount to of HK\$129,069,000 (approximately RMB113,658,000) (2008: HK\$139,577,000 (approximately RMB125,108,000)).

Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 28 September 2009 to Wednesday, 30 September 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and to attend the 2009 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 25 September 2009.

Holders of the zero coupon convertible bonds (the “Bonds”) of the Company due 2010 should lodge the conversion notice together with the relevant document evidencing the title of the Bonds to the conversion agent of the Bonds not later than 3:00 p.m. on Wednesday, 23 September 2009 in order to qualify for the proposed final dividend and to attend the 2009 AGM.

CODE ON CORPORATE GOVERNANCE PRACTICES

Corporate governance practice

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”), which came into effect on 1 January 2005.

During the year ended 30 April 2009, the Company was in compliance with code provisions set out in the CG Code except that code provision A.2.1 of the CG Code provides that the responsibilities between the chairman (“Chairman”) and chief executive officer (“CEO”) should be divided. The Company does not have a CEO and Mr. Sun Shao Feng currently performs these two roles. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive directors.

Besides, code provision E.1.2 of the CG Code provides that the Chairman of the Board should attend the annual general meeting of the Company. Mr. Sun Shao Feng, the Chairman of the Board, did not attend the 2008 annual general meeting of the Company by the reason of his business trip, and the Chairman has set aside time to attend the 2009 annual general meeting of the Company to be held on 30 September 2009.

Save as the aforesaid and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code for the year ended 30 April 2009.

PURCHASE, SALE AND REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year ended 30 April 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding directors’ securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) of the Listing Rules. All the Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) on 12 December 2003, and currently comprising of three independent non-executive Directors, Mr. Huang Zhigang, Mr. Hu Ji Rong and Mr. Zheng Baodong. The primary duties of the Audit Committee are to review the financial reporting process of the Group. During the year ended 30 April 2009, the Audit Committee held two meetings to review with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters. In addition, the Audit Committee has reviewed the final results of the Group for the year ended 30 April 2009.

RETIREMENT OF DIRECTOR

The Board announces that Mr. Leung Kwok Fai Ben Rich (“Mr. Leung”), an executive Director of the Company, will retire from office as Director by rotation pursuant to Bye-law 87(1) of the Company’s Bye-laws. Mr. Leung confirmed to the Company that he will not offer himself for re-election at the 2009 AGM due to pursuance of his own business.

Mr. Leung confirmed that he has no disagreement with the Board and there is no other matter relating to his retirement that needs to be brought to the attention of the shareholders of the Company.

CHANGE OF COMPANY SECRETARY, FINANCIAL CONTROLLER AND AUTHORISED REPRESENTATIVE

The Board also announces that Mr. Kung Sze Wai (“Mr. Kung”) has tendered his resignation as company secretary of the Company and will also cease to be the financial controller of the Company all with effect from 24 August 2009. Mr. Kung remains as an executive Director of the Company.

The Board also announces that Mr. Ip Siu Kay (“Mr. Ip”), an executive Director has been appointed as company secretary and financial controller in place of Mr. Kung and an authorised representative of the Company in place of Mr. Leung all with effect from 24 August 2009. Mr. Ip is a fellow member of the Association of Certified Chartered Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

By Order of the Board
China Green (Holdings) Limited
Sun Shao Feng
Chairman

Hong Kong, 24 August 2009

As at the date of this announcement, the Board comprises Mr. Sun Shao Feng (Chairman), Mr. Nie Xing, Mr. Kung Sze Wai, Mr. Ip Siu Kay, Mr. Leung Kwok Fai Ben Rich as executive Directors, and Mr. Huang Zhigang, Mr. Hu Ji Rong and Mr. Zheng Baodong as independent non-executive Directors.