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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)

#### **PROPOSED ISSUE OF RMB 1,000,000,000 US DOLLAR SETTLED ZERO COUPON GUARANTEED CONVERTIBLE BONDS DUE 2010 CONVERTIBLE INTO ORDINARY SHARES OF CHINA GREEN (HOLDINGS) LIMITED**

**AND**

#### **RESUMPTION OF TRADING**

The Board hereby announces that on 22 October 2007 the Company entered into the Purchase Agreement with Goldman Sachs, whereby Goldman Sachs agreed to subscribe and pay for the RMB denominated Bonds to be issued at 100% of the aggregate principal amount of RMB1,000,000,000 (approximately HK\$1,032,098,256). The Bonds are unconditionally and irrevocably guaranteed by the Guarantor Subsidiaries.

The initial conversion price is HK\$11.00. Assuming full conversion of the Bonds at the initial conversion price of HK\$11.00, the Bonds will be convertible into 93,827,114 Shares (subject to adjustment), representing approximately 10.75% of the issued share capital of the Company as at the date of the announcement and approximately 9.70% of the enlarged issued share capital of the Company.

The estimated net proceeds of the Bond Issue, after deduction of an initial purchase concession and other administrative expenses, are approximately RMB980,000,000 (approximately HK\$1,011,456,291). The net proceeds are currently intended to be used by the Company for investments in new cultivation bases and production plants in PRC and for general working capital purposes.

\* for identification purpose only

**Completion of the Purchase Agreement, which is expected to take place on 29 October 2007, is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Purchase Agreement may be terminated under certain circumstances. Please refer to the paragraph headed “PURCHASE AGREEMENT” below for further information.**

**As the Purchase Agreement may or may not complete, and therefore the Bonds may or may not be issued and/or the Conversion Shares may or may not be listed on the Stock Exchange, Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.**

The Conversion Shares will be issued and allotted by the Company pursuant to the general mandate granted to the Directors at the annual general meeting held on 10 October 2007. To date, there has been no issue of shares under the general mandate granted.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in the Conversion Shares.

**Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 am on 23 October 2007 pending release of this announcement. The Company has applied for a resumption of trading in its Shares with effect from 9:30 am on 24 October 2007.**

#### **THE PURCHASE AGREEMENT DATED 22 October 2007**

**Date:** 22 October 2007  
**Parties:** The Company  
Goldman Sachs

Subject to the fulfilment of the conditions set out below under the section headed “Conditions Precedent of the Purchase Agreement”, Goldman Sachs has agreed to subscribe and pay for RMB1,000,000,000 (approximately HK\$1,032,098,256) in principal amount of the Bonds at the aggregate consideration of US\$130,834,277 (approximately HK\$1,014,036,540). The Bonds are unconditionally and irrevocably guaranteed by the Guarantor Subsidiaries, each a wholly-owned subsidiary of the Company.

None of the Bonds will be offered to the public in Hong Kong nor will they be placed to any connected persons (as defined in the Listing Rules) of the Company.

Goldman Sachs is an independent party and is not a connected person (as defined in the Listing Rules) of the Company.

The Bonds shall be guaranteed by the Guarantor Subsidiaries under the Guarantee. The Guarantor Subsidiaries’ obligations under the Guarantee will, subject to the terms of the Guarantee, remain in full force and effect until no sum remains payable under or in respect of the Bonds.

As one of the conditions precedent of the Purchase Agreement (see below), the Company and HSBC shall enter into the Fiscal Agency Agreement by which HSBC shall be appointed as the fiscal agent, principal paying and conversion agent, transfer agent, and registrar in respect of the Bonds, and to exercise the powers and undertake the duties conferred and imposed upon it by the terms and conditions of the Fiscal Agency Agreement and the Bonds.

## **Undertaking**

The Company has, among other things, undertaken with Goldman Sachs that neither it nor any of its subsidiaries or other affiliates over which it exercises management or voting control, nor any person acting on its or their behalf will, for a period from the date of the Purchase Agreement to 90 days after the Closing Date, without prior written consent of Goldman Sachs, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, including equity swaps, forward sales and options representing the right to receive any Shares (whether or not such contract is to be settled by delivery of Shares or such other securities, in cash or otherwise) save for Shares issued; (i) pursuant to the conversion provisions of the Bonds; or (ii) pursuant to obligations in existence at the date of the Purchase Agreement, which have been disclosed to the Stock Exchange and Goldman Sachs in writing.

The Company has undertaken with Goldman Sachs that it will procure Mr. Sun, who as at the date hereof has interests (direct or indirect) and deemed interests in 413,697,000 Shares of the Company to execute a lock-up agreement, whereby he, subject to the terms thereof, undertakes that neither he nor any entities over which he exercises management or voting control nor any pledgee of Shares beneficially owned by Mr. Sun, nor any person acting on his or their behalf will, without the prior written consent of Goldman Sachs, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal), any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Share, including equity swaps, forward sales and options representing the right to receive any Shares (whether or not such contract is to be settled by delivery of Shares or such other securities, in cash or otherwise) save for Shares issued pursuant to obligations in existence at the date of the lock-up agreement which have been disclosed to Goldman Sachs in writing on or before the date of the lock-up agreement.

The Company has also undertaken with Goldman Sachs that it will procure each of the Guarantor Subsidiaries to execute the Guarantee, whereby subject to the terms thereof, it will unconditionally and irrevocably guarantee, on a joint and several basis, the due payment of all sums expressed to be payable by the Company under the Bonds.

## **Conditions Precedent of the Purchase Agreement**

Completion of the Purchase Agreement is conditional upon, among other things:

- (i) the execution of the Fiscal Agency Agreement by the Company and HSBC in a form reasonably satisfactory to Goldman Sachs on or prior to the Closing Date;
- (ii) an application to the Stock Exchange shall have been made to list the Conversion Shares issued upon the conversion of the Bonds on the Hong Kong Stock Exchange;
- (iii) the delivery to Goldman Sachs of legal opinions from PRC, Bermuda, BVI and English counsels on or prior to the Closing Date;
- (iv) the execution of a lock-up agreement by Mr. Sun on or prior to the Closing Date; and
- (v) the execution of the Guarantee by the Guarantor Subsidiaries on or prior to the Closing Date.

Goldman Sachs may at its discretion waive compliance with the whole or any part of the above conditions.

## **Termination**

Goldman Sachs may, by notice to the Company, which will take effect at the time of physical delivery or at the time of despatch if given by facsimile transmission, given at any time prior to payment of the net subscription monies for the Bonds to the Company, terminate the Purchase Agreement in any of the following circumstances:

- (i) if there shall have come to the notice of Goldman Sachs any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Purchase Agreement or any failure by the Company to perform any of its undertakings or agreements in the Purchase Agreement;
- (ii) if there shall have occurred any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls;
- (iii) if there shall have occurred a general moratorium on commercial banking activities in the PRC or the United Kingdom or United States or Hong Kong by any PRC, United Kingdom, New York State, United States Federal or Hong Kong authorities;
- (iv) if there shall have occurred an outbreak or escalation of hostilities or act of terrorism (which in the reasonable opinion of Goldman Sachs has an adverse effect on the purchase of the Bonds or the value of the Bonds or the Shares); or
- (v) if on or after the date of the Purchase Agreement there shall have occurred either of the following: (i) a suspension or material limitation of trading in securities generally on the New York Stock Exchange, the NASDAQ Stock Market, Inc., the London Stock Exchange plc or the Stock Exchange; or (ii) a suspension in trading in the Company's securities on the Stock Exchange (save in respect of any suspension in trading of the Shares on the Stock Exchange (a) for the purpose of clearing an announcement in respect of the issue of the Bonds pursuant to the Purchase Agreement; and (b) which in the Goldman Sachs' reasonable opinion is of a routine nature).

Subject to the foregoing, the Purchase Agreement is expected to be completed on the Closing Date. The Bonds are expected to be issued on the Closing Date.

## **Conversion**

The initial conversion price at HK\$11.00 per Share represents (i) a premium of 35.2% to the Volume Weighted Average Price of the Shares on 22 October 2007 of HK\$8.136; (ii) a premium of 35.0% to the closing price of the Shares on 22 October 2007 of HK\$8.15; (iii) a premium of 30.1% to the 5 day average closing price of the Shares over the 5 Trading Days up to and including 22 October 2007 of HK\$8.454; (iv) a premium of 29.9% to the 10 day average closing price of the Shares over the 10 Trading Days up to and including 22 October 2007 of HK\$8.466; and (v) a premium of 36.4% to the 20 day average closing price of the Shares over the 20 Trading Days up to and including 22 October 2007 of HK\$8.065.

The Conversion Shares (representing approximately 10.75% of the existing issued share capital as at the date of this announcement and approximately 9.70% of the enlarged issued share capital of the Company) will be issued and allotted by the Company pursuant to the 20% general mandate granted to the Directors at the annual general meeting held on 10 October 2007. As of the date of this announcement, no Share has been issued under such general mandate.

## **PRINCIPAL TERMS OF THE BONDS**

The principal terms of the Bonds are summarized as follows:

### **Company**

China Green (Holdings) Limited, a company incorporated with limited liability in Bermuda, the shares of which are listed on the Stock Exchange.

### **Guarantors**

Each Guarantor Subsidiary will unconditionally and irrevocably guarantee, on a joint and several basis, the due payment of all sums expressed to be payable by the Company under the Bonds.

### **Principal Amount**

The aggregate principal amount of the Bonds will be RMB1,000,000,000 (approximately HK\$1,032,098,256).

### **Issue Price**

100% of the aggregate principal amount of the Bonds.

### **Consideration**

Goldman Sachs shall pay to the Company in cash on the Closing Date the sum of US\$130,834,277 (approximately HK\$1,014,036,540).

### **Net Proceeds**

The estimated net proceeds of the Bonds Issue, after deduction of an initial purchase concession and other administrative expenses, are approximately RMB980,000,000 (approximately HK\$1,011,456,291).

### **Interest**

The Bonds do not bear any interest. Default interest at the rate of 7.5% is payable if the Company fails to pay any sum in respect of the Bonds when the same becomes due and payable.

## **Conversion Period**

Bondholder(s) will, subject to the Company's right to elect to pay converting Bondholders cash in lieu of Shares, have the right to convert their Bonds into Shares at any time during the period beginning on and after 9 December 2007 up to the close of business (at the place where the certificate evidencing such Bonds is deposited for conversion) on 22 October 2010 or, if such Bond shall have been called for redemption before the Maturity Date, then up to the close of business (at the place aforesaid) on the date no later than 7 business days (at the place aforesaid) prior to the date fixed for redemption thereof. The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted by the Conversion Price in effect at the date of Conversion.

## **Conversion Price**

The Bonds will be convertible into Shares at an initial Conversion Price of HK\$11.00. The Conversion Price will be subject to adjustment for, consolidation, subdivision or consolidation of Shares, issue of Shares by way of capitalization of profits or reserves, bonus issues, rights issues, distributions and other dilutive events of similar nature.

The overriding principle as set out in the Stock Exchange's letter dated 5 September 2005 is that no adjustment to the exercise price or number of Shares should be to the advantage of share option scheme participants without shareholders' approval. The adjustment will be made to the conversion price if and if in the event of, among other things, sub-division or consolidation of Shares, bonus issues, rights issues and other dilutive events. Nevertheless, the Directors believe that the adjustment considerations set out in the convertible bonds in general accord with the overriding principle.

## **Ranking of Conversion Shares**

Conversion Shares will rank pari passu in all respects with the Shares then in issue on the relevant date of registration of holders of such Shares on the register of members of the Company.

## **Transfer**

The Bonds are transferable without restrictions.

## **Maturity**

Unless previously redeemed, purchased and cancelled or converted, the Company will redeem each Bond at an amount equal to the US\$ Equivalent of its RMB principal amount multiplied by 104.6% on the Maturity Date.

## **Redemption at the Option of the Company**

On or at any time after 29 October 2009 and prior to the Maturity Date, the Company may, having given not less than 30 nor more than 60 days' notice to the Bondholders and the Paying Agent (which notice will be irrevocable), redeem the Bonds in whole or (if possible) in part at a redemption price equal to the US\$ Equivalent of their Early Redemption Amount in the event the closing price of the Shares for each of the 30 consecutive Trading Days, the last day of which falls within the five Trading Days prior to the date upon which notice of such redemption is given to the Bondholders was at least 130% of the applicable Early Redemption Amount for each Bond divided by the Conversion Ratio.

If at any time the aggregate principal amount of the Bonds outstanding is less than 10% of the aggregate principal amount of the Bonds issued, the Company may, having given at least 15 but not more than 60 days' notice, redeem such outstanding Bonds in whole but not in part at the US\$ Equivalent of their Early Redemption Amount.

### **Redemption for Taxation Reasons**

At any time the Company may, having given not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) redeem all, and not some only, of the Bonds at a redemption price equal to the US\$ Equivalent of their Early Redemption Amount on the redemption date if (i) the Company has or will become obliged to pay any additional amounts in respect of any payment by the Company under or in respect of the Bonds as a result of any change in, or amendment to, the laws or regulations of Bermuda or, as the case may be, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 22 October 2007 and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption for such purposes, the Company shall deliver to the HSBC (a) a certificate signed by two directors of the Company stating that the obligation referred to in (i) above cannot be avoided by the Company taking reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective).

Upon the Company giving such notice of redemption, the Bondholder will have the right to elect that his Bonds shall not be redeemed and that the tax gross-up provisions in the terms and conditions of the Bonds shall not apply in respect of any payment of principal or premium to be made in respect of such Bonds which fall due after the relevant redemption date whereupon no additional amounts shall be payable in respect thereof and payment of all amounts shall be made subject to the deduction or withholding of any tax required to be deducted or withheld.

### **Redemption for Delisting or Change of Control or Merger**

Each Bondholder shall have the right, at such Bondholder's option, to require the Company to redeem all or some only of such Bondholder's Bonds at a redemption price equal to the US\$ Equivalent of their Early Redemption Amount upon (i) the Shares ceasing to be listed or admitted to trading on the Stock Exchange or, if applicable, the Alternate Stock Exchange; or (ii) the occurrence of a Change of Control with respect to the Company; or (iii) when there is a Merger.

### **Form of the Bonds and Denomination**

The Bonds will be in registered form and in denominations of RMB5,000,000 (approximately HK\$5,160,491) each or integral multiples thereof.

### **Ranking of the Bonds**

The Bonds constitute direct, unsubordinated, unconditional and (subject to the terms and conditions of the Bonds) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds and of each Guarantor Subsidiary under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to the terms and conditions of the Bonds, at all times rank at least equally with all of their respective other present and future unsecured and unsubordinated obligations.

## Listing

No application will be made for the listing of the Bonds on the Stock Exchange or any other stock exchange. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

## EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF CONVERSION

Based on the initial conversion price of HK\$11.00 and assuming full conversion of the Bonds, the Bonds will be convertible into 93,827,114 Shares (subject to adjustment), representing approximately 10.75% of the issued share capital of the Company as at the date of this announcement and approximately 9.70% of the enlarged issued share capital of the Company.

The following table summarises the effects on the shareholding structure of the Company as a result of the Bonds Issue:

Name of Shareholder	Existing shareholding		Assuming full conversion of the Bonds at the Conversion Price	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
<u>Major shareholders</u>				
Capital Mate Limited <sup>1</sup>	405,282,000	46.42%	405,282,000	41.91%
<u>Public</u>				
Janus Capital Management LLC <sup>2</sup>	43,883,000	5.03%	43,883,000	4.54%
Other Public holders	423,969,345	48.56%	423,969,345	43.85%
Sub-total	467,852,345	55.58%	467,852,345	43.38%
Bondholders	–	–	93,827,114	9.70%
Total	873,134,345	100.00%	966,961,459	100.00%

Notes:

1. These 405,282,000 ordinary shares of the Company are held by Capital Mate Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Sun Shao Feng, the Chairman and Managing Director of the Company.
2. Janus Capital Management LLC is an investment manager.

## USE OF PROCEEDS

The estimated net proceeds of the Bond Issue, after deduction of an initial purchase concession and other administrative expenses, are approximately RMB980,000,000 (approximately HK\$1,011,456,291). The Company intends to use the proceeds primarily investments in new cultivation bases and processing plants in PRC (including Shanghai, Shandong, Jiangxi and Hubei).



The estimated costs of such investments is RMB900,000,000 (approximately HK\$928,888,430), of which RMB180,000,000 (approximately HK\$185,777,686) is for leasing and the infrastructure cost of cultivation bases, RMB200,000,000 (approximately HK\$206,419,651) is for the acquisition of land and processing plant, RMB200,000,000 (approximately HK\$206,419,651) is for construction and building costs, RMB220,000,000 (approximately HK\$227,061,616) is for the purchase of equipment and cost of installation and RMB100,000,000 (approximately HK\$103,209,826) is for the investment in the branded fresh produce supply chain business.

Approximately RMB80,000,000 (approximately HK\$ 82,567,860) of the proceeds is intended to be used for the Group's general working capital purposes.

## **REASONS FOR AND BENEFITS OF THE BONDS ISSUE**

The Bonds Issue will raise immediate funds for the Company which can be used for the purposes expanding its production capacity. The Company seeks to capitalize on the current interest rate environment and the current market environment for convertible bond issues to raise capital to facilitate further development and expansion of the Company. The Directors are of the view that the terms of the Bonds are fair and reasonable and are in the interest of the Group, and consider that the issue of the Bonds will provide the capital to facilitate the development and expansion of the Company and its investment in new project.

## **GENERAL**

The Company will promptly notify the Stock Exchange if it becomes aware of any dealings in the Bonds by any connected person (as defined in the Listing Rules) of the Company.

**Completion of the Purchase Agreement which is expected to take place on 29 October 2007, is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Purchase Agreement may be terminated under certain circumstances. Please refer to the paragraph headed "PURCHASE AGREEMENT" above for further information.**

**As the Purchase Agreement may or may not complete and, therefore the Bonds may or may not be issued and/or the Conversion Shares may or may not be listed on the Stock Exchange, Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.**

The Company has not raised any funds from any issue of equity securities in the last 12 months.

The Company is an investment holding company. Its subsidiaries are principally engaged in cultivating and processing fresh and processed vegetables and fruits in the PRC. Goldman Sachs is a leading global investment banking, securities and investment management firm. Goldman Sachs provides a wide range of services worldwide to a diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals.

To the best of the Directors' knowledge, information and belief, Goldman Sachs and the ultimate beneficial owners of Goldman Sachs is a third party independent of the Company and is not a connected person (as defined in the Listing Rules) of the Company.

On 10 October 2007, the Company granted a general mandate to the Directors at its annual general meeting to allot and issue up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the annual general meeting. To date, there has been no issue of shares granted under the general mandate.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 am on 23 October 2007 pending the release of this announcement. The Company has applied for a resumption of trading in its Shares with effect from 9:30 am on 24 October 2007.

## TERMS USED IN THIS ANNOUNCEMENT

<b>“Alternative Stock Exchange”</b>	at any time, in the case of the Shares, if they are not at that time listed and traded on the Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.
<b>“Board”</b>	the board of directors of the Company
<b>“Bondholder(s)”</b>	holder(s) of the Bonds from time to time
<b>“Bonds”</b>	the RMB1,000,000,000 (approximately HK\$1,032,098,256) in aggregate principal amount of zero coupon convertible bonds due on the Maturity Date convertible into the Shares of the Company
<b>“Bonds Issue”</b>	the subscription and issue of the Bonds
<b>“BVI”</b>	the British Virgin Islands
<b>“Change of Control”</b>	occurs when,  (i) any Person or Persons acting together acquires Control of the Issuer if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Company on 22 October 2007;  (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Company or the successor entity; or  (iii) one or more Persons (other than any Person referred to in subparagraph (i) above) acquires the legal or beneficial ownership of all or substantially all of the Company’s issued share capital; or  (iv) Mr. Sun’s shareholding (directly or indirectly) in the Company falling below 30% of the total issued and paid up Shares
<b>“Closing Date”</b>	the date (expected to be 29 October 2007) or such other date as the Company and Goldman Sachs may agree, on which the Bonds are issued
<b>“Company”</b>	China Green (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange

<b>“Control”</b>	the right to appoint and/or remove all or the majority of the members of the Company’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise
<b>“Conversion Price”</b>	the price per Share at which the Bonds may be converted into Shares which will initially be HK\$11.00, and which will be adjusted from time to time in accordance with the terms and conditions of the Bonds
<b>“Conversion Ratio”</b>	the RMB principal amount of each Bond (converted into HK\$ at the fixed exchange rate of HK\$1.00 = RMB0.9689) divided by the then Conversion Price
<b>“Conversion Right”</b>	the right of a Bondholder to convert any Bond into Shares
<b>“Conversion Shares”</b>	Shares to be allotted and issued by the Company upon conversion of the Bonds
<b>“Directors”</b>	directors of the Company
<b>“Early Redemption Amount”</b>	the price at which the Bonds may be redeemed under certain circumstances, and which will be determined, in accordance with the terms and conditions of the Bonds
<b>“Fiscal Agency Agreement”</b>	the fiscal agency agreement to be entered into between the Company and HSBC by which HSBC shall be appointed as the fiscal agent, principal paying and conversion agent, transfer agent and registrar in respect of the Bonds
<b>“Goldman Sachs”</b>	Goldman Sachs International
<b>“Group”</b>	the Company and its subsidiaries
<b>“Guarantee”</b>	the deed of guarantee to be entered into by the Guarantor Subsidiaries to unconditionally and irrevocably guarantee, on a joint and several basis, the due payment of all sums expressed to be payable by the Company under the Bonds
<b>“Guarantor Subsidiaries”</b>	Icatrad Enterprises Limited, China Green Harvest Enterprises Limited, Crop Harvest Enterprises Limited, Dragon Choice Enterprises Limited, Goldprosper Enterprises Limited and On Success Enterprises Limited, all of which are subsidiaries of the Company which are primarily investment holding companies that operate through subsidiaries. Each, a “Guarantor Subsidiary”
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“HSBC”</b>	The Hongkong and Shanghai Banking Corporation Limited

<b>“Independent Investment Bank”</b>	an independent investment bank of international repute (acting as an expert) selected by the Company and approved by the Bondholders
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Maturity Date”</b>	29 October 2010 or such other date as the Company and Goldman Sachs may agree, on which the Bonds mature
<b>“Merger”</b>	the consummation of a merger, consolidation, amalgamation or transfer of the assets of the Group substantially as an entirety to any corporation or the conveyance or transfer of the Group’s properties and assets substantially as an entirety to any person
<b>“Mr. Sun”</b>	Mr. Sun Shao Feng
<b>“Paying Agent”</b>	HSBC or any other paying agent appointed under the Fiscal Agency Agreement
<b>“Person”</b>	includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Company’s directors or any other governing board and does not include the Company’s wholly-owned direct or indirect subsidiaries
<b>“PRC”</b>	People’s Republic of China
<b>“Purchase Agreement”</b>	a conditional purchase agreement entered into between the Company and Goldman Sachs on 22 October 2007 in connection with the issue by the Company of the Bonds
<b>“Share(s)”</b>	ordinary shares of HK\$0.10 each in the share capital of the Company
<b>“Shareholder(s)”</b>	holder(s) of Shares
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Trading Day”</b>	a day on which the Stock Exchange is open for business
<b>“United States” “US”</b>	<b>or</b> the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
<b>“US Persons”</b>	any persons or entities deemed to be a US person for purposes of Regulation S
<b>“US\$”</b>	United States Dollars, the lawful currency of the United States
<b>“US\$ Equivalent”</b>	RMB or HK\$ amount (as the case may be) payable under the Bonds, converted into US\$ using the spot rate on the day which is two business days before the due date of such amount

**“Volume Weighted  
Average Price”**

means, in respect of a Share on any Trading Day, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg screen “TSM” or such other source as shall be determined to be appropriate by an Independent Investment Bank on such Trading Day, provided that on any such Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

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

Hong Kong SAR, 23 October 2007

*As at the date of this notice, the directors of the Company are Mr. Sun Shao Feng, Mr. Leung Kwok Fai Ben Rich, Mr. Kung Sze Wai, Mr. Lin Chuan Bi, Mr. Hu Ji Rong and Mr. Zheng Bao Dong.*