



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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2007

INTERIM RESULTS

The Board of Directors (the “Board”) of China Green (Holdings) Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (together the “Group”) for the six months ended 31 October 2007. The consolidated interim financial statements are unaudited and condensed, together with selected explanatory notes, are set out below and have been reviewed by the Company’s Audit Committee.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 October 2007

		Unaudited Six months ended 31 October	
	Note	2007 RMB'000	2006 RMB'000
Turnover	3	533,703	387,179
Cost of sales		<u>(258,273)</u>	<u>(189,723)</u>
Gross profit	3	275,430	197,456
Other revenue		8,318	7,716
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets		34,055	23,148
Selling and distribution expenses		(51,355)	(40,014)
General and administrative expenses		(32,216)	(33,068)
Other operating expenses		<u>(15,777)</u>	<u>(7,286)</u>
Profit from operations		218,455	147,952
Finance cost		<u>(1,127)</u>	<u>(6,430)</u>
Profit before taxation	4	217,328	141,522
Income tax	5	<u>(9,546)</u>	<u>—</u>
Profit attributable to equity shareholders of the Company		<u>207,782</u>	<u>141,522</u>
Dividends	6	<u>55,312</u>	<u>37,781</u>
Earnings per share			
–Basic	7(a)	<u>RMB24 cents</u>	<u>RMB19 cents</u>
–Diluted	7(b)	<u>RMB21 cents</u>	<u>RMB18 cents</u>

* for identification purpose only

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 October 2007

	<i>Note</i>	At 31 October 2007 <i>RMB'000</i> (Unaudited)	At 30 April 2007 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment		481,802	475,477
Interests in leasehold land held for own use under operating leases		82,128	82,965
Long-term prepaid rentals		84,356	93,806
		648,286	652,248
Current assets			
Inventories		42,331	14,320
Biological assets		70,592	39,337
Trade receivables	8	17,868	11,393
Prepayments, deposits and other receivables		8,252	39,207
Current portion of long-term prepaid rentals		39,044	33,941
Cash and cash equivalents		2,198,294	1,050,537
		2,376,381	1,188,735
Current liabilities			
Due to a director		817	819
Trade and other payables	9	20,708	22,427
Tax payable		67,313	67,596
		88,838	90,842
Net current assets		2,287,543	1,097,893
Total assets less current liabilities		2,935,829	1,750,141
Non-current liabilities			
Convertible bonds		865,228	64,605
Net assets		2,070,601	1,685,536
Represented by:			
Capital and reserves		2,070,601	1,685,536

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2007

	Share capital	Share premium	PRC statutory reserves	Merger reserve	Share based compensation reserve	Convertible bonds reserve	Exchange reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 May 2006 (audited)	77,507	300,627	79,985	14,694	5,682	16,430	(2,243)	639,948	1,132,630
Equity settled share-based transactions	-	-	-	-	15,112	-	-	-	15,112
Share issued under conversion of convertible bonds	3,842	97,907	-	-	-	(5,116)	-	-	96,633
Profit for the period	-	-	-	-	-	-	-	141,522	141,522
Dividends paid	-	-	-	-	-	-	-	(46,483)	(46,483)
Exchange realignment	-	-	-	-	-	-	(1,363)	-	(1,363)
As at 31 October 2006 (unaudited)	<u>81,349</u>	<u>398,534</u>	<u>79,985</u>	<u>14,694</u>	<u>20,794</u>	<u>11,314</u>	<u>(3,606)</u>	<u>734,987</u>	<u>1,338,051</u>
As at 1 May 2007 (audited)	88,921	592,241	101,011	14,694	18,866	4,067	(15,480)	881,216	1,685,536
Equity settled share-based transactions	-	-	-	-	16,389	-	-	-	16,389
Share issued under conversion of convertible bonds	2,360	64,964	-	-	-	(4,067)	-	-	63,257
Share issued under exercise of share options	1,064	46,154	-	-	(9,970)	-	-	-	37,248
Recognition of equity components of convertible bonds	-	-	-	-	-	116,788	-	-	116,788
Profit for the period	-	-	-	-	-	-	-	207,782	207,782
Profit appropriation to PRC statutory reserves	-	-	11,255	-	-	-	-	(11,255)	-
Dividends paid	-	-	-	-	-	-	-	(53,027)	(53,027)
Exchange differences on translation into presentation currency	-	-	-	-	-	-	(3,372)	-	(3,372)
As at 31 October 2007 (unaudited)	<u>92,345</u>	<u>703,359</u>	<u>112,266</u>	<u>14,694</u>	<u>25,285</u>	<u>116,788</u>	<u>(18,852)</u>	<u>1,024,716</u>	<u>2,070,601</u>

Notes:

1. GENERAL INFORMATION

The Company was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “HKSE”).

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICY

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006/07 annual financial statements. In the current interim period, the Group has applied, for the first time, certain new standards and amendments issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2007. The adoption of these new standards and amendments has no material effect on how the results for the current and/or prior accounting periods are prepared and presented.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

3. SEGMENTAL REPORTING

a) Business segments

The Group is principally engaged in the growing and sales of agricultural products. An analysis of the Group's turnover and gross profit by product categories for the six months ended 31 October 2007 and 2006 are as follows:

	Unaudited	
	Six months	
	ended 31 October	
	2007	2006
	RMB'000	RMB'000
Turnover		
Fresh produce	140,381	111,933
Processed products	138,018	98,940
Pickled products	70,885	54,185
Beverage products	89,292	53,638
Rice products	34,773	38,172
Rice flour products	32,741	30,311
Instant noodle products	27,613	—
	533,703	387,179
	=====	=====
Gross profit		
Fresh produce	67,250	52,943
Processed products	78,841	56,721
Pickled products	37,709	29,818
Beverage products	52,285	31,876
Rice products	9,786	10,272
Rice flour products	17,217	15,826
Instant noodle products	12,342	—
	275,430	197,456
	=====	=====

b) Geographical segments

An analysis of the Group's result of operation by geographical locations for the six months ended 31 October 2007 and 2006 are as follows:

	Unaudited	
	Six months	
	ended 31 October	
	2007	2006
	RMB'000	RMB'000
Turnover		
PRC	293,385	209,834
Japan	172,160	126,572
Other Asian countries	27,968	12,842
Europe	35,765	37,545
Australia	562	386
South America	2,813	–
Africa	1,050	–
	<hr/>	<hr/>
	533,703	387,179
	<hr/> <hr/>	<hr/> <hr/>
Gross profit		
PRC	141,582	95,959
Japan	96,520	71,812
Other Asian countries	15,284	7,478
Europe	19,682	21,989
Australia	270	218
South America	1,519	–
Africa	573	–
	<hr/>	<hr/>
	275,430	197,456
	<hr/> <hr/>	<hr/> <hr/>

No analysis of assets and additions to property, plant and equipment by geographical locations is presented as over 99% of the Group's assets in terms of net book value at each respective balance sheet dates are located in the People's Republic of China (the "PRC").

4. PROFITS BEFORE TAXATION

Profits before taxation is arrived after crediting and charging the following:

	Unaudited Six months ended 31 October	
	2007	2006
	RMB'000	RMB'000
Crediting		
Interest income	7,639	7,437
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	<u>34,055</u>	<u>23,148</u>
Charging		
Depreciation of owned property, plant and equipment (net of amount capitalised in inventories)	27,621	15,355
Staff costs (including directors emoluments)	79,492	53,560
Research and development expenses	14,292	9,393
Interest expenses on convertible bonds	1,127	6,430
Amortisation of long-term prepaid rentals included in cost of goods sold (net of amount capitalised in inventories)	19,347	11,370
Loss on disposal of property, plant and equipment	–	106
Net foreign exchange loss	<u>1,310</u>	<u>608</u>

5. INCOME TAX

	Unaudited Six months ended 31 October	
	2007	2006
	RMB'000	RMB'000
Hong Kong profits tax (note a)	–	–
PRC enterprise income tax (note b)	<u>9,546</u>	–
	<u>9,546</u>	–

a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong.

b) PRC Enterprise Income Tax

Zhonglu (Fujian) Agriculture Comprehensive Development Company Limited (“Zhonglu”), the principal wholly-owned subsidiary of the Group is subject to PRC Enterprise Income Tax at a rate of 24%. However, in September 2005, Zhonglu was awarded as “State-Level Industrialized Agricultural Leading Enterprise” of the nation by the central government of the PRC. According to the circular Nong Jing Fa 2005 No. 5, domestic PRC State-Level Industrialized Agricultural Leading Enterprises are entitled to certain tax benefits including full exemption of PRC Enterprise Income Tax. Taxation for other PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the PRC. During the period, certain PRC subsidiaries are subject to tax at 50% of the standard tax rates or fully exempt from PRC Enterprise Income Tax under the relevant tax rules and regulations.

6. DIVIDENDS

At a Board meeting held on 22 January 2008, the Board has resolved to declare an interim dividend of RMB0.063 (equivalent to HK\$0.068) per share for the six months ended 31 October 2007 (2006: RMB0.048).

7. 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 RMB207,782,000 (2006: RMB141,522,000) and the weighted average of 868,518,312 ordinary shares (2006: 736,609,145 ordinary shares) in issue during the period.

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 RMB208,909,000 (2006: RMB147,952,000) and the weighted average number of ordinary shares of 980,162,456 shares (2006: 825,699,978 ordinary shares).

8. TRADE RECEIVABLES

Credit terms granted by the Group to customers are generally less than one month.

An ageing analysis of trade receivables is as follows:

	At 31 October 2007 <i>RMB'000</i> (Unaudited)	At 30 April 2007 RMB'000 (Audited)
Within 1 month	12,998	11,393
Over 1 month but within 3 months	4,870	—
	<u>17,868</u>	<u>11,393</u>

9. TRADE AND OTHER PAYABLES

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

	At 31 October 2007 RMB'000 (Unaudited)	At 30 April 2007 RMB'000 (Audited)
Within 1 month	1,807	1,144
Over 1 month but within 3 months	771	89
Over 3 months but within 6 months	–	3
	<hr/> 2,578 <hr/>	<hr/> 1,236 <hr/>

10. COMPARATIVE FIGURES

Certain comparative figures in the interim results have been reclassified to conform to the current year's presentation.

REPORT OF THE BOARD

Interim Dividend

The Board resolved to declare an interim dividend of RMB0.063 (equivalent to HK\$0.068) per share for the six months ended 31 October 2007 to be payable on Friday, 22 February 2008 to those shareholders whose names appear on the register of members of the Company on Thursday, 14 February 2008.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 13 February 2008 to Thursday, 14 February 2008, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer accompanies 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, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Tuesday, 12 February 2008.

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 Monday, 4 February 2008 in order to qualify for the interim dividend.

BUSINESS REVIEW

During the period under review, the PRC economy maintained its stable and rapid growth. During the first three quarters of 2007, the GDP growth was about 12% and the total sales of social consumer goods increased by 16% to RMB6,382.7 billion compared to those of the first three quarters in 2006. With increasing wealth and health consciousness of Chinese population, the demand for green and healthy food continued to grow.

In recent years, consumers around the world are becoming increasingly health-conscious, and as a result, demand for green food in overseas markets has been increasing. The export of China's agricultural products have a very positive outlook and have maintained a growing trend for five consecutive years. Vegetable, fruit and related processed food, which the Company are exporting, grew at a relatively higher than industry average rate of more than 20% over the last 2 years. The Group has successfully captured opportunities in both domestic and overseas markets and has continued to expand its export and domestic sales business with a view to further implementing its two-pronged strategy of developing both domestic sales and export. During the period under review, the Group achieved satisfactory results, with growth rates of approximately 38% and 47% in its turnover and profit respectively.

During the period under review, our export sales increased 36% to RMB240,318,000, accounting for 45% of the total sales. By region, Japan was still our largest export market, representing approximately 72% of export sales, while the European markets contributed approximately 15%. The major sales markets in Europe were Germany, Belgium, etc. We also made satisfactory progress in developing new markets including South America and Africa. For domestic market, the Group successfully carried out gradual market development strategy by making breakthroughs in various provinces, one at a time. As a result, revenue from domestic sales increased by approximately 40% to RMB293,385,000, accounting for 55% of the total turnover. The strong growth of domestic sales was mainly attributable to the encouraging sales of branded beverage products and instant noodle products.

Cultivation bases and processing plants

As at 31 October 2007, the Group had 36 cultivation bases throughout the country. The Group has adopted a national location strategy in an effort to strictly monitor the operation of the whole supply chain and the sources of its green food products, as well as to eliminate risk factors and cost fluctuation. During the period under review, the Group newly leased a total area of approximately 14,000 mu of cultivation bases in Hubei province, Hebei province and Jiangxi province. As at 31 October 2007, the Group's aggregate area of cultivation bases reached 66,100 mu, including 30 vegetable cultivation bases, 5 fruit cultivation bases and 1 organic rice cultivation base, which were able to produce about 273,000 tons of crops annually. The national cultivation bases fully leveraged different climates and conditions of various places in order to ensure a stable supply of agricultural products for the Group. Besides, the Group owned 10 processing plants with an annual processing capacity of around 440,000 tons during the period under review. Such a large production capacity can meet the increasing demand for exports, as well as provide strong support to the Group's branded food and beverage products.

Sales performance

Benefiting from the huge demand of branded food and beverage products in the domestic markets and the consumers' increased recognition of the Group's brand, sales from fresh produce and processed products showed stable development, while sales from branded food and beverage products recorded a rapid growth. For the six months ended 31 October 2007, the sales of fresh produce, processed products, branded food and beverage products accounted for approximately 26%, 39% and 35% of the total sales respectively.

Fresh produce

During the period under review, the overall sales of fresh produce increased approximately 25% and reached approximately RMB140,381,000 over the same period in 2006. Such increase was mainly contributed by sustained robust demand for fresh fruit and vegetables in the domestic and the overseas markets. Among all the fresh produce, soya beans accounted for largest sales and the sales reached approximately RMB21,552,000, accounting for approximately 15% of the total sales of fresh produce.

Processed products

The Group's processed products include water boiled products, quick frozen products, pickled products and canned products. During the period under review, turnover from the sale of processed products totalled RMB208,903,000, representing a growth of approximately 36% over the same period of 2006. There has been stable growth in water boiled products, which accounted for approximately 46% of the total revenue from processed products. Water boiled radish was the leading product in the category, with turnover totalling approximately RMB38,834,000. Quick frozen products and canned products recorded satisfactory growth and were recognized as the growth drivers in processed products. Turnover of quick frozen products and canned products were approximately RMB42,176,000 and RMB36,358,000 respectively, accounting for approximately 20% and 17% of the total revenue from processed products.

Branded food and beverage products

The Group's branded food and beverage products include beverage products, instant noodle products, rice products and rice flour products. During the period under review, turnover from the sales of branded food and beverage products was approximately RMB184,419,000, representing a significant growth of approximately 51% over the same period of 2006. During the period under review, the Group's turnover from beverage products totalled approximately RMB89,292,000. Within the category, corn milk product series was the leading product, with turnover totalling approximately RMB72,952,000. In addition, the new products, non-fried instant noodles, continued to receive positive market response. Turnover from non-fried instant noodles totalled approximately RMB27,613,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group recorded a satisfactory growth in turnover and profit attributable to shareholders during the six months ended 31 October 2007. During the first half of this financial year, the Group's turnover grew approximately 38% to approximately RMB533,703,000. Approximately 16% of the growth of the total sales was contributed by the increase of sales from the export market, while approximately 22% of the growth of the total sales was contributed by the increase of sales from the domestic market.

During the period under review, the overall gross profit margin of the Group increased slightly to approximately 52% as compared to approximately 51% of prior period. The gross profit margin of the sales of fresh produce slightly increased to approximately 48% as compared to approximately 47% of prior period while the gross profit margin of processed products decreased slightly to approximately 56% as compared to approximately 57% of prior period. Such decrease was mainly due to the drop in the

gross profit margin of the sales of canned products in Europe. On the other hand, the gross profit margin of branded food and beverage products increased to approximately 50% as compared to approximately 47% of prior period. Such increase was mainly due to the significant increase in the sales of beverage products with higher gross profit margin which further enhanced the average gross profit margin.

During the period under review, the net profit margin was approximately 39%, as compared to approximately 37% for the same period last year. It was mainly attributable to the continuous implementation of stringent cost control.

Liquidity and financial resources

As at 31 October 2007, the Group had fixed deposits and cash and cash equivalents of approximately RMB2,198,294,000. The Group deposited funds in various banks in the PRC and licensed banks in Hong Kong.

As at 31 October 2007, the zero coupon convertible bonds of the Company due 2010 issued on 29 October 2007 (the “Bonds”) with an aggregate principal amount of RMB1,000,000,000 were still outstanding. The Group’s gearing ratio as at 31 October 2007, calculated by dividing net borrowing of approximately RMB865,228,000 by total equity of approximately RMB2,070,601,000 was approximately 42%.

Capital commitments and contingencies

During the period under review, the Group was committed to the expansion of existing facilities to enhance its production capacity. As at 31 October 2007, the Group has contractual capital commitments of approximately RMB12,863,000. As at 31 October 2007, the Group has not provided any form of guarantee for any company outside the Group and has not been involved in any material legal proceedings for which provision for contingent liabilities was required.

Exposure to fluctuation in exchange rates

For the six months ended 31 October 2007, the Group conducted its business transactions principally in US dollars and Renminbi. The Group has not experienced any material difficulties or negative impacts on its operations as a result of fluctuations in currency exchange rates. The Board considered that no hedging of such exchange rate risk is required. Nevertheless, the management will continue to monitor the foreign exchange exposure and will take prudent measures as and when appropriate. After reasonable and cautious assessment, the Directors consider the appreciation of Renminbi in the year has had insignificant impact on the Group’s export business.

Significant investments and acquisitions

During the period under review, the Group made no significant investments, nor had it made any material acquisition or disposal of subsidiaries.

Charge on assets

As at 31 October 2007, the Group had not pledged any assets to its bankers to secure banking facilities granted to the Group.

Staff and remuneration policies

As at 31 October 2007, the Group had a total of over 7,000 employees, of which approximately 3,700 were workers at the Group's cultivation bases. The aggregate staff costs and Directors' remuneration for the six months ended 31 October 2007 totalled approximately RMB79,492,000 (same period of year 2006: approximately RMB53,560,000). Employees are paid at a competitive level, taking into account individual performance and experience. Other benefits include mandatory provident funds and year-end bonus based on individual performance.

Capital structure

During the period under review, the Company issued 24,482,107 ordinary shares due to the conversion of the 2% bonds of the Company with a total principal amount of HK\$65,000,000 at a conversion price of HK\$2.655 per share, and issued 11,040,000 shares due to the exercise of share options at an exercise price of HK\$3.50 per share granted under the share option scheme of the Company.

FUTURE PROSPECTS

Looking forward, as global consumers are becoming increasingly health-conscious, market's demand for green food will remain high. The Group will take advantage of emerging opportunities, so as to sustain growth for years to come.

In the year ahead, the Group's development will be underpinned by four major thrusts:

The paragon of standardized plantation of green food in the PRC

The Group implemented comprehensive green controls on its cultivation in order to ensure food safety and to continue to supply green food to consumers. The Group introduced advanced cultivation technology within and outside the PRC, and implemented an industrialized management operating model, which includes adopting a "Sales Driven Model" Policy so as to utilize the resources more effectively. China Green's goal is to become the paragon of standardized plantation of green food.

The largest scale of green food production and processing platform in the PRC

The Group is planning to enhance processing capacity and expand processing categories. With the application of advanced technologies to enhance its processing business, the Group will be able to use residual fruit and vegetables from the fresh produce distribution business and further process them into value-added foods so as to significantly enhance the Group's profitability.

The leading brand for instant green food in the PRC

In order to expand the market share of the green consumer food market, the Group will explore more varieties of its domestic brands and develop various green food categories. The Group will continue its gradual market development strategy by making breakthroughs in provinces one at a time. This will spread from Jiangxi and Fujian provinces to other regions in southern China and then to the whole country, so as to build the “China Green” brand as the leading brand for instant green food in the PRC.

The best fresh green food supply chain in the PRC

The Group is planning to further develop its downstream businesses in the coming year so as to seize the market emerging opportunities as a result of the rapid growth of the PRC’s consumer market. Apart from starting green food logistics and distribution operations in the trial points like Xiamen, Fuzhou, Quanzhou etc, the green food logistics and distribution centre located in Shanghai will also come into operation, so that the Group can utilize its own plantation and processing platforms more efficiently to achieve its goal of becoming the best fresh green food supply chain in the PRC.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the six months ended 31 October 2007.

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 Listing Issuers (“Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 period under review.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 Listing Rules, which came into effect on 1 January 2005.

During the six months ended 31 October 2007, 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.

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 period ended 31 October 2007.

AUDIT COMMITTEE

The Company established an Audit Committee on 12 December 2003 with written terms of reference in compliance with the CG Code, and currently comprising of three independent non-executive Directors, Mr. Hu Ji Rong, Mr. Lin Chuan Bi and Mr. Zheng Baodong. The primary duties of the Audit Committee are to review the financial reporting process and internal control system of the Group. The Audit Committee has reviewed the unaudited interim financial statements for the six months ended 31 October 2007.

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

Hong Kong, 22 January 2008

As at the date of this announcement, the Board comprises Mr. Sun Shao Feng (Chairman), Mr. Kung Sze Wai and Mr. Leung Kwok Fai Ben Rich as executive Directors, and Mr. Hu Ji Rong, Mr. Lin Chuan Bi and Mr. Zheng Baodong as independent non-executive Directors.