



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 2008

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 2008 together with the comparative figures for the corresponding year of 2007 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 APRIL 2008

	Note	2008 RMB'000	2007 RMB'000
Turnover	2	1,267,094	954,149
Costs of sales		(590,450)	(456,223)
Gross profit		676,644	497,926
Other revenues and other net income	3	58,282	23,778
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets		19,942	15,173
Selling and distribution expenses		(125,157)	(92,896)
General and administrative expenses		(119,367)	(83,837)
Profit from operations		510,344	360,144
Finance costs		(26,598)	(14,394)
Profit before taxation	5	483,746	345,750
Income tax – (charge)/credit	6	(12,794)	245
Profit attributable to shareholders		470,952	345,995
Dividends payable to equity holders of the company attributable to the year:	7		
Interim dividend declared during the year		53,793	38,767
Final dividend proposed after the balance sheet date		71,315	52,516
		125,108	91,283
Earnings per share			
– Basic	8(a)	RMB53.8 cents	RMB44.8 cents
– Diluted	8(b)	RMB50.6 cents	RMB41.7 cents

* For identification purposes only

CONSOLIDATED BALANCE SHEET

AT 30 APRIL 2008

	<i>Note</i>	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		523,390	475,477
Interests in leasehold land held for own use under operating leases		152,330	82,965
Long-term prepaid rentals		113,078	93,806
		788,798	652,248
Current assets			
Financial asset at fair value through profit or loss		138,913	–
Inventories		26,158	14,320
Biological assets		43,059	39,337
Current portion of long-term prepaid rentals		38,175	33,941
Trade and other receivables	9	34,732	50,600
Cash and cash equivalents		2,097,974	1,050,537
		2,379,011	1,188,735
Current liabilities			
Due to directors		6,046	819
Trade and other payable	10	24,056	22,427
Tax payable		54,902	67,596
		85,004	90,842
Net current assets		2,294,007	1,097,893
Total assets less current liabilities		3,082,805	1,750,141
Non current liabilities			
Convertible bonds		843,185	64,605
NET ASSETS		2,239,620	1,685,536
CAPITAL AND RESERVES			
Share capital		92,105	88,921
Reserves		2,147,515	1,596,615
TOTAL EQUITY		2,239,620	1,685,536

1. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

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 and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the year presented as a result of these developments. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 April 2008 comprise the Company and its subsidiaries (together referred to as the “Group”).

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the biological assets and financial asset at fair value through profit or loss are stated at their fair value.

The functional currencies of the Company and its subsidiaries in the People’s Republic of China (the “PRC”) are Hong Kong dollars (“HK\$”) and Renminbi (“RMB”) respectively. For the purposes of presenting the consolidated financial statements, the Group adopted Renminbi as its presentation currency.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. TURNOVER

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

Turnover represents sales value of agricultural products supplied to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Sales of agricultural products		
Fresh produce	360,109	327,985
Processed products	278,260	183,031
Pickled products	196,631	135,314
Rice products	88,268	86,335
Rice flour products	95,260	88,401
Beverage products	184,765	114,598
Instant noodles	63,801	18,485
	<u>1,267,094</u>	<u>954,149</u>

3. OTHER REVENUE AND OTHER NET INCOME

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Other revenue		
Interest income from bank	28,976	14,837
Handling income	704	573
Sundry income	185	88
	<u>29,865</u>	<u>15,498</u>
Other net income		
Gain on disposal of property, plant and equipment	26	–
Foreign exchange gain	28,391	8,280
	<u>58,282</u>	<u>23,778</u>

4. 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 result of category of each agricultural product is as below:

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Sales of agricultural products		
Fresh produce	360,109	327,985
Processed products	278,260	183,031
Pickled products	196,631	135,314
Rice products	88,268	86,335
Rice flour products	95,260	88,401
Beverage products	184,765	114,598
Instant noodles	63,801	18,485
	<u>1,267,094</u>	<u>954,149</u>
Gross profit of agricultural products		
Fresh produce	186,090	176,255
Processed products	161,148	102,971
Pickled products	114,342	73,478
Rice products	26,336	23,110
Rice flour products	51,144	47,154
Beverage products	108,822	67,479
Instant noodles	28,762	7,479
	<u>676,644</u>	<u>497,926</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 gross profit by geographical location of customers for the year is as follows:

	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers		
Japan	348,388	300,513
PRC	671,468	508,417
Other Asian countries	95,782	48,421
Europe	124,596	91,121
Australia	4,207	4,548
America	11,408	–
Africa	11,245	1,129
	<hr/> 1,267,094 <hr/>	<hr/> 954,149 <hr/>
Segment result		
Japan	205,678	173,233
PRC	331,208	242,663
Other Asian countries	54,153	27,539
Europe	70,497	51,051
Australia	2,402	2,791
America	6,340	–
Africa	6,366	649
	<hr/> 676,644 <hr/>	<hr/> 497,926 <hr/>

Over 99% of the Group's assets are principal located in the PRC. Accordingly, no geographical analysis of segment assets and capital expenditure is presented.

5. PROFIT BEFORE TAXATION

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

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
a) Finance costs		
Interest on convertible bonds	<u>26,599</u>	<u>14,394</u>
b) Staff costs		
Contributions to defined contribution retirement plans	505	429
Equity-settled share-based payment expenses	33,593	26,660
Salaries, wages and other benefits	<u>130,667</u>	<u>96,697</u>
	<u>164,765</u>	<u>123,786</u>
c) Other items		
Amortisation of land lease premium	1,643	1,451
Amortisation of long-term prepaid rentals	37,174	29,382
Cost of inventories	590,450	456,223
Depreciation of property, plant and equipment	55,397	39,622
Operating lease charges – hire of other assets (including property rentals)	–	1,849
Research and development expenses	31,862	21,070
Auditors' remuneration – audit services	860	820
Loss on disposal of property, plant and equipment	–	246
Loss on changes in fair value of financial asset at fair value through profit or loss	<u>558</u>	<u>–</u>

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Current tax – PRC Enterprise Income Tax		
Provision for the year	31,196	11,345
Over-provision in respect of prior years	(18,402)	(11,074)
Deferred tax		
Origination and reversal of temporary differences	<u>–</u>	<u>(516)</u>
	<u>12,794</u>	<u>(245)</u>
(a) Hong Kong profits tax		

No Hong Kong profits tax has been provided for as the Group had no assessable profits arising in or derived from Hong Kong (2007: Nil).

(b) PRC enterprises income tax (“EIT”)

Zhonglu (Fujan) Agriculture Comprehensive Development Company Limited (“Zhonglu”), the principal wholly owned subsidiary 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. Commencing from 2007, four PRC subsidiaries are subject to tax at 50% of the standard tax rates and the remaining PRC subsidiaries are fully exempted from PRC enterprise income tax under the relevant tax rules and regulations.

On 16 March 2007, the People’s Republic of China promulgated the Law of the People’s Republic of China on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the People’s Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 24% to 25% for a subsidiary from 1 January 2008.

7. DIVIDENDS

(a) Dividends payable to equity holders of the Company attributable to the year

	2008	2007
	<i>RMB’000</i>	<i>RMB’000</i>
Interim dividend declared and paid of HK\$0.068 (equivalent to approximately RMB 0.063) (2007: HK\$0.048) per ordinary share	53,793	38,767
Final dividend proposed of HK\$0.090 (equivalent to approximately RMB0.081 (2007: HK\$0.063) per ordinary share	71,315	52,516
	<u>125,108</u>	<u>91,283</u>

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

(b) Dividends payable to equity holders of the Company attributable to the previous financial year, approved and paid during the year

	2008	2007
	<i>RMB’000</i>	<i>RMB’000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.063 (2007: HK\$0.062) per ordinary share	49,306	44,934

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company of RMB470,952,000 (2007: RMB345,995,000) and the weighted average of 875,537,254 ordinary shares (2007: 772,512,015 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2008	2007
Issued ordinary shares at 1 May	847,028,433	731,266,478
Effect of issuance of shares under share option scheme	10,223,342	6,805,479
Effect of issuance of shares upon conversion of convertible bonds	18,285,479	34,440,058
	<u>875,537,254</u>	<u>772,512,015</u>
Weighted average number of ordinary shares at 30 April	<u>875,537,254</u>	<u>772,512,015</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity holders of the Company of RMB497,550,000 (2007: RMB360,389,000) and the weighted average number of ordinary shares of 983,063,788 (2007: 864,792,174 shares), calculated as follows:

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

	2008	2007
	RMB'000	RMB'000
Profit attributable to ordinary equity holders	470,952	345,995
After tax effect of effective interest on liability component of convertible bonds	26,598	14,394
	<u>497,550</u>	<u>360,389</u>
Profit attributable to ordinary equity holders (diluted)	<u>497,550</u>	<u>360,389</u>

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

	2008	2007
Weighted average number of ordinary shares at 30 April	875,537,254	772,512,015
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	8,778,908	8,074,153
Effect of conversion of convertible bonds	98,747,626	84,206,006
	<u>983,063,788</u>	<u>864,792,174</u>
Weighted average number of ordinary shares at 30 April	<u>983,063,788</u>	<u>864,792,174</u>

9. TRADE AND OTHER RECEIVABLES

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Trade receivables	13,666	11,393
Interest receivable	6,670	5,117
Other receivables	47	33
	<hr/>	<hr/>
Loans and receivables	20,383	16,543
Deposits for acquisition of leasehold land	–	27,200
Rental and utility deposits	10,692	820
Trade deposits	105	1,424
Prepayments	3,552	4,613
	<hr/>	<hr/>
	34,732	50,600
	<hr/> <hr/>	<hr/> <hr/>

An aging analysis of trade receivables is as follows:

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Within 1 month	13,666	11,393
	<hr/> <hr/>	<hr/> <hr/>

10. TRADE AND OTHER PAYABLES

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Trade payables	1,795	1,236
Accrued salaries and wages	8,833	8,316
Other accruals and payables	9,890	4,715
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	20,518	14,267
Payable for the acquisition of property, plant and equipment	–	5,109
Value-added tax payable	3,538	3,051
	<hr/>	<hr/>
	24,056	22,427
	<hr/> <hr/>	<hr/> <hr/>

An aging analysis of trade payables is as follows:

	2008 <i>RMB'000</i>	2007 <i>RMB'000</i>
Within 1 month	1,795	1,144
Over 1 month but less than 3 months	–	89
Over 3 months but less than 6 months	–	3
	<hr/>	<hr/>
	1,795	1,236
	<hr/> <hr/>	<hr/> <hr/>

11. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with changes in disclosures in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

The PRC government continues to demonstrate support in the development of the agricultural sector. In January 2008, the State Council issued the No. 1 document related to supporting the agricultural industry in China. The document referred to the increased efforts of the state to place progress of agricultural modernisation and a numerous of approaches promoting developments, including to strengthen the construction of agricultural infrastructure, the production of high-quality agricultural products, development of fine processing agricultural goods and agricultural industrialization to be promoted along with technological research and development by leading enterprises. The respective policies are considered favourable to the above said advancements. While the Group has been conducting plantation and processing businesses based on standardization, modernisation and industrialisation, with the current scope and support from the government, it is expected that the operating environment of the Group will be optimised.

In late 2007, the State Council approved the new PRC Enterprise Income Tax Law and Implementation Regulations of PRC Enterprise Income Tax Law which took effect from 1 January 2008. Section 27(1) of the new tax law which targets at the agricultural industry states that enterprises engaging in plantation of vegetables, cereals, fruits and agricultural products initial processing are waived from enterprise income tax from 1 January 2008. The relevant new tax law has set a favourable factor to the upstream business and the sales of fresh and processed vegetables business of the Group. The Group is in close contact with local tax authorities regarding execution and procedures related to the new law so as to recognise the respective benefits as soon as possible.

BUSINESS REVIEW

During the period under review growth in exports of the Group's fresh vegetables, fruits and other relevant processed products business was higher than the average level in the industry, the Group succeeded in expanding its export volume with existing exports markets such as Korea, Taiwan, Egypt, Russia and U.K.. The Group had successfully seized the opportunities in domestic and overseas markets to expand its businesses and further implemented the parallel development strategies. During the period under review, performance of the Group was brilliant, with a 33% and 36% growth in turnover and profit respectively. The Group recorded a double-digit growth in profit from operations even under the pressure of ever growing costs of wages and raw materials. Such encouraging results depended on the vertical production models of the Group, its strong branding and efficient price adjustment which offset the counted pressure to ensure the Group's marginal profit can be maintained.

To further enhance the Group's distribution capacity and to strengthen the development of its downstream business, the green food logistics and distribution business located in Shanghai has commenced to operation, which allows the Group to efficiently utilise its own plantation and processing platforms in order to achieve its goal of becoming the best fresh green food supply chain in the PRC.

SEGMENT REVIEW

Fresh produce

In 2007, turnover from the sale of fresh produce totaled RMB360 million, accounting for approximately 28% of the Group's revenue. Among fresh produce, the highest sales were recorded from naganegi, radish, cauliflower and hairy bean which totaled approximately RMB113 million, representing approximately 31% of turnover 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 totaled RMB475 million, accounting for approximately 38% of the Group's total revenues, representing an increase of approximately 49% as compared with the same period in 2007.

There has been continuous and stable growth in the sale of water boiled products, turnover from such products totaled RMB 168 million, which accounted for approximately 35% of the total revenues from processed products. Water boiled radish was the leading product in the category, with turnover totaling RMB61 million. Quick frozen products and canned products recorded satisfactory growth and were recognised as the other growth drivers in processed products. Turnover of quick frozen products and canned products were approximately RMB111 million and RMB118 million respectively, representing an increase of approximately 150% and 80% as compared with the same period in 2007.

Branded food and beverage products

The Group's branded products include beverage products, instant noodles, rice products and rice flour products. During the period under review, turnover from the sale of branded food and beverage products totaled RMB432 million. The contribution from sales of these products to the Group's income increased to about 34% this year, representing an increase of approximately 40% as compared with the same period in 2007.

The Group's turnover from beverage products totaled approximately RMB185 million, representing an increase of approximately 61%, over RMB115 million recorded for the previous year. Within the category, corn milk was the leading product, with turnover totaling approximately RMB105 million. In addition, non-fried instant noodles continued to receive positive market response with a turnover totaling approximately RMB64 million.

During the period under review, turnover from rice products and rice flour products totaled approximately RMB88 million and RMB95 million respectively, accounting for approximately 20% and 22% of the total revenues from branded food and beverage products.

Gross profit and gross margins

During the period under review, the Group's gross profit margin subsisted at a comparatively high level, with overall gross profit margin reaching 53%. Among which, the gross profit margin for sales of fresh produce and processed products was 52% and 58% respectively. The gross profit margin from branded food and beverage products rose to 50%. Higher profit margins was led by the significant growth of sales in processed products, while the profit contribution from the lower margin rice products decreased further from the previous year. Meanwhile, the brand strategy of the Group achieved significant results, with pricing of various branded food and beverage products accepted by the market.

Cultivation bases and processing plants

During the period under review, the Group continued to actively control the operation and sources of its complete green food supply chain. Cultivation bases have been increased to 40 across the nation, with a total area of 79,100 mu supporting a cultivation capacity of up to approximately 324,200 tons per year, among which are 34 vegetable cultivation bases, 5 fruit cultivation bases and 1 organic rice cultivation base. Meanwhile, as the cultivation bases are rented by the Group on a long-term basis, the Group has been able to control production and product qualities in every single stage in cultivation so that it can be free from the effects of quality variation of goods supplied by partner manufacturers, thus significantly eliminating risks and cost fluctuations. The Group selects location of the bases strategically so that plantation and production of the Group can adapt to climatic changes, thus providing the Group with the most stable supply of agricultural products.

For processing, the Group currently owns 10 processing plants with an annual processing capacity of around 440,900 tons. As the group continues to expand its production line, its projected to increase its processing capacity is to 584,100 tons by the end of April 2009. The processing plants were built in accordance to international standards. The excellent hygiene environment allows the Group to produce high-quality and clean products with the state-of-the-art processing facility.

During the year under review, the Group recorded satisfactory growth in both the scope and size of cultivation.

Development of new products

As China's economy continued to develop, the consumption power of 1.3 billion people increased therewith and resulting in a huge market potential. With an expanding consumption market, consumers' taste and expectation have also rise to better and higher standard. To keep up with the market pace, China Green dedicates to develop new products and continues to improve its product mix to meet the appetite of consumers. During the year under review, the Group conducted various research and development projects in light of market diversification, and successfully launched products which were well received by the public, which demonstrated the Group's commitment to research and development, so as to improve the gross profit margin and maintain the competitive advantages of the Group. Currently, there is a collaboration relationship with Nanjing Agricultural University, Fujian Agriculture and Forestry University, Jimei University and Nanchang University.

Brand management

In the view of the management, brand culture represents not only the quality of branded products, but also fully personalized brand image, and a successful brand often is in a position to create a brand culture with affluent content through effective brand strategy. The Group fully aware that a brand is a major edge to the sustainable development and growth of an enterprise, therefore, during recent years; the Group has continued to engage a number of professional consultancy companies to formulate strategies for marketing and overall image, which has resulted in significant improvement in the Group's overall representation and the grading of some of its products. The Group also successfully integrated its existing brands as members of the China Green family. In the meantime, the Group placed significant emphasis on brand promotion and conducted a series of promotional activities in Fujian and Jiangxi as well as placing advertisements through various channels such as buses, billboards and television to enhance marketing in the Fujian and Jiangxi regions. In terms of brand building, the Group successfully executed its gradual market development strategy and explored the domestic market step by step by making breakthroughs in various provinces, one at a time. The Group started to promote its "China Green" brand in the Fujian and Jiangxi regions, and then spread its efforts to the Southern China region, including Guangdong, Hunan, Hubei, Zhejiang and Jiangsu provinces.

Quality maintenance

During the year under review, the Group continued to implement its international quality and sanitary standards. With stringent quality control, from planting to processing, the Group has obtained Safe Corp Certificate, Green Food Certificate, and certifications under ISO90001: 2000, ISO: 9002: 1994 and HACCP. Furthermore, Zhonglu (Fujian) Agriculture Comprehensive Development Company Limited, which is located in Huian, Fujian Province, maintained its status as a "State-Level Leading Agricultural Enterprise".

CORPORATE GOVERNANCE

The Group acknowledges its responsibilities to shareholders and investors, and has strictly complied with the requirements of relevant laws, regulations and rules of relevant securities regulatory authorities since the listing of the Company's shares in January 2004. The Group is committed to enhance the transparency of its corporate governance and disclosure and to continue to strengthen communication with stakeholders. During the year under review, the Group actively interacted with investors and announced its latest development projects and business development plans by means of road shows and conducting seminars or telephone conferences with institutional investors and analysts. The Board adheres to corporate governance principles, and continues to improve corporate management and enhance its standard of corporate governance, so as to safeguard and increase shareholders' value.

TREASURY POLICY

As of 30 April 2008, the Group had cash and cash equivalents of approximately RMB2.098 billion. The Group deposited funds in banks in the PRC and licensed banks in Hong Kong.

CAPITAL COMMITMENTS AND CONTINGENCIES

The Group was committed to the expansion of existing facilities to enhance its production capacity. As of 30 April 2008, the Group has contractual capital commitments of approximately RMB12 million. As of 30 April 2008, the Group had 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 year ended 30 April 2008, the Group conducted its business transactions principally in US dollars and Renminbi. The Group has not experienced any material difficulties or negative impact on its operations as a result of fluctuations in currency exchanges rates. The Directors considered that no hedging of exchange rate risk is required. Nevertheless, the management will continue to monitor the foreign exchange exposure and will take prudent measures when needed. After reasonable and cautious assessment, the Board considers the appreciation of the Renminbi during the period under review as insignificant 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.

PLEDGE OF ASSETS

As at 30 April 2008, the Group had not pledged any assets to its bankers to secure banking facilities granted to the Group.

STAFF AND REMUNERATION POLICIES

As at 30 April 2008, the Group had a total of over 8,000 employees, of which approximately 4,200 are workers at the Group's cultivation bases. The aggregate staff costs and Directors' remuneration for the year ended 30 April 2008 totaled approximately RMB165 million (2007: approximately RMB124 million). 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.

PROSPECT

In the foreseeable future, food production and processing industries will continue to develop and progress in China. As global consumers are becoming increasingly health-conscious, global demand for green food will increase therewith. Meanwhile, continued growth in the food consumption market in China also provides the Group with ample commercial development opportunities. Based on the Group's owned advantages, including its stable supply capacity, excellent brand management, stringent quality

control, strong research and development capacity and solid customer base, the management believes that the Group is well-positioned to meet the vast demand of branded food and beverage products in the domestic market.

Looking forward, China Green will continue to strive to develop domestic and overseas food markets on the one hand, on the other hand, we will continue to focus on R&D, launch more highly value-added products, and promote health food. With increasing awareness of China Green's brand name, the Group will develop further, and become the market leader in the health consumer food industry.

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 2008 ("2008 AGM") a final dividend of HK\$0.090 (approximately RMB0.081) (2007: HK\$0.063 (approximately RMB0.062)) per share to be paid on 16 October 2008 to those shareholders whose names appear on the register of members of the Company on 30 September 2008. Taking into account of the interim dividend of HK\$0.068 per share (2007: HK\$0.048) and the proposed final dividend, total dividends for the year will amount to of HK\$139,577,000 (approximately RMB125,108,000) (2007: HK\$90,091,000 (approximately RMB91,283,000)).

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 24 September 2008 to Tuesday, 30 September 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend and to attend the 2008 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 Tuesday, 23 September 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 3:00 p.m. on Tuesday, 16 September 2008 in order to qualify for the final dividend and to attend the 2008 AGM.

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 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 2008, 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 year ended 30 April 2008.

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 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the year ended 30 April 2008.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 12 December 2003 and adopted a new set of written terms of reference on 20 January 2006 in compliance with the CG Code. The Audit Committee comprises three independent non-executive Directors, Mr. Lin Chuan Bi, Mr. Hu Ji Rong 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. During the year ended 30 April 2008, the Audit Committee held 2 meetings with all members present 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 for the year ended 30 April 2008.

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

Hong Kong, 19 August 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. Lin Chuan Bi, Mr. Hu Ji Rong and Mr. Zheng Baodong as independent non-executive Directors.