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 ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2010 AND PROPOSED CHANGE OF AUDITOR

ANNUAL 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 (together the "Group") for the year ended 30 April 2010 together with the comparative figures for the corresponding year of 2009 as follows:

Consolidated Income Statement

For the year ended 30 April 2010

	Notes	**2010** *RMB'000*	2009 *RMB'000*
Turnover	3	**1,900,784**	1,547,659
Cost of sales		**(900,410)**	(747,545)
Gross profit		**1,000,374**	800,114
Other revenue and other net income	4	**10,158**	23,228
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets		**39,269**	19,489
Selling and distribution expenses		**(170,873)**	(152,277)
General and administrative expenses		**(126,268)**	(141,503)
Profit from operations		**752,660**	549,051
Finance costs	5(a)	**(61,540)**	(53,714)
Profit before taxation	5	**691,120**	495,337
Income tax	6	**(115,124)**	(40,412)
Profit attributable to equity shareholders of the Company		**575,996**	454,925
Earnings per share	8		
– Basic		**RMB65.2 cents**	RMB51.5 cents
– Diluted		**RMB64.3 cents**	RMB51.3 cents

Details of dividends payable and proposed for the year are set out in note 7.

* *For identification purpose only*

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2010

	2010	2009
	RMB'000	*RMB'000*
Profit for the year	**575,996**	454,925
Other comprehensive income for the year (after tax and reclassification adjustments)		
Exchange differences on translation of financial statements of overseas subsidiaries (net of nil tax)	**(1,385)**	(9,724)
Total comprehensive income attributable to Equity Shareholders of the Company for the year	**574,611**	445,201

Consolidated Balance Sheet
As at 30 April 2010

	Notes	**2010** **RMB'000**	2009 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment		**1,039,831**	895,918
– Interests in leasehold land held for own use under operating leases		**224,409**	229,400
Long-term prepaid rentals		**837,309**	856,672
		2,101,549	1,981,990
Current assets			
Inventories		**20,632**	21,626
Biological assets		**67,068**	50,434
Current portion of long-term prepaid rentals		**46,443**	43,197
Trade and other receivables	10	**83,331**	49,696
Bank deposits with maturity over 3 months		**704,121**	90,173
Cash and cash equivalents		**2,326,516**	1,344,330
		3,248,111	1,599,456
Current liabilities			
Due to directors		**2,488**	1,744
Trade and other payables	11	**40,070**	82,059
Tax payable		**21,258**	10,432
Convertible Bonds 2010		**902,809**	–
		966,625	94,235
Net current assets		**2,281,486**	1,505,221
Total assets less current liabilities		**4,383,035**	3,487,211
Non-current liabilities			
Convertible Bonds 2010		**–**	896,899
Convertible Bonds 2013		**1,258,720**	–
Deferred tax liabilities		**53,891**	17,483
		1,312,611	914,382
NET ASSETS		**3,070,424**	2,572,829
CAPITAL AND RESERVES			
Share capital		**92,236**	92,236
Reserves		**2,978,188**	2,480,593
TOTAL EQUITY		**3,070,424**	2,572,829

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"). A summary of the significant accounting policies adopted by the Group is set out below.

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. Note 2 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group and the Company for the current and prior accounting periods reflected in these financial statements.

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 April 2010 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 following assets and liabilities are stated at their fair value as explained in the accounting policies set out below.

– biological assets; and

– financial assets at fair value through profit or loss.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"). Most of the companies comprising the Group are operating in a Renminbi environment. The functional currency of most of the companies comprising the Group is RMB. All financial information presented in RMB has been rounded to the nearest thousand.

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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to HKFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, *Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*
- HKAS 23 (revised 2007), *Borrowing costs*
- Amendments to HKFRS 2, *Share-based payment – vesting conditions and cancellations*

The amendments to HKAS 23, HKFRS 2 and the Improvements to HKFRSs (2008) have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the Group's financial statements. The impact of the remainder of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in additional reportable segments being identified and presented. Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

3. TURNOVER

The Group is principally engaged in the growing, processing and sales of agricultural products and consumer food and beverage products.

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

	2010	2009
	RMB'000	*RMB'000*
Fresh produce	**460,451**	410,560
Processed products	**749,358**	628,503
Beverage products	**409,082**	234,880
Rice and related products	**193,642**	188,339
Instant noodles	**88,251**	85,377
	1,900,784	1,547,659

4. OTHER REVENUE AND OTHER NET INCOME

	2010	2009
	RMB'000	*RMB'000*
Other revenue		
Total interest income on financial assets not at fair value through profit or loss – interest income from bank	**8,524**	21,661
Other trading income	**1,634**	892
Sundry income	**–**	127
	10,158	22,680
Other net income		
Gain on disposal of financial assets at fair value through profit or loss	**–**	548
	10,158	23,228

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging the following:

	2010	2009
	RMB'000	*RMB'000*
a) Finance costs		
Interest on borrowings wholly repayable within five years		
– interest on Convertible Bonds 2010	**56,586**	53,714
– interest on Convertible Bonds 2013	**4,954**	–
	61,540	53,714
b) Staff costs		
Contributions to defined contribution retirement plans	**1,815**	1,378
Equity-settled share-based payment expenses	**767**	10,324
Salaries, wages and other benefits	**159,936**	150,151
	162,518	161,853
c) Other items		
Amortisation of land lease premium	**4,991**	3,986
Amortisation of long-term prepaid rentals	**46,028**	44,654
Depreciation of property, plant and equipment	**103,009**	79,327
Operating lease charges: minimum lease payments		
– property rentals	**5,817**	5,237
Research and development expenses	**49,538**	52,257
Auditor's remuneration		
– audit services	**1,098**	748
Cost of inventories sold	**900,410**	747,545
Net foreign exchange loss	**2,394**	6,599
Loss on disposal of property, plant and equipment	**126**	15
Loss on redemption of convertible bonds	**842**	–

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	2010	2009
	RMB'000	*RMB'000*
Current tax – PRC Enterprise Income Tax		
Provision for the year	**94,822**	62,825
Over-provision in respect of prior years	**–**	(39,896)
Deferred tax		
Origination and reversal of temporary differences	**20,302**	17,483
	115,124	40,412

(i) PRC Enterprise Income Tax

The provision for PRC Enterprise Income Tax for the Company's subsidiaries in the PRC is based on PRC Enterprise Income Tax rates of 25% of the taxable income as determined in accordance with the relevant income tax rules and regulations of the PRC.

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

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax for the years ended 30 April 2010 and 2009 has been made as the Group has no estimated assessable profits arising in Hong Kong for the both years.

(iii) Other Income Tax

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

7. DIVIDENDS

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

	2010	2009
	RMB'000	*RMB'000*
Interim dividend declared and paid of HK$0.090 (equivalent to approximately RMB0.079) (2009: HK$0.073) per ordinary share	**69,912**	56,829
Final dividend proposed of HK$0.090 (equivalent to approximately RMB0.079) (2009: HK$0.073) per ordinary share	**69,801**	56,829
	139,713	113,658

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 shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2010	2009
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.073 (2009: HK$0.090) per ordinary share	**56,707**	70,064

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 shareholders of the Company of RMB575,996,000 (2009: RMB454,925,000) and the weighted average number of 884,035,543 ordinary shares (2009: 883,807,707 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2010	2009
	Number of ordinary shares	Number of ordinary shares
Issued ordinary shares at 1 May	**884,035,543**	882,550,543
Effect of issuance of shares under share option scheme	**–**	1,257,164
Weighted average number of ordinary shares at 30 April	**884,035,543**	883,807,707

(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 RMB637,536,000 (2009: RMB454,925,000) and the weighted average number of 990,943,764 ordinary shares (2009: 887,625,499 ordinary shares), calculated as follows:

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

	2010	2009
	RMB'000	*RMB'000*
Profit attributable to ordinary equity shareholders	**575,996**	454,925
After tax effect of effective interest on liability component of convertible bonds	**61,540**	–
Profit attributable to ordinary equity shareholders (diluted)	**637,536**	454,925

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

	2010	2009
	Number of ordinary shares	Number of ordinary shares
Weighted average number of ordinary shares at 30 April	**884,035,543**	883,807,707
Effect of deemed issue of shares under the Company's share option scheme	**6,282,565**	3,817,792
Effect of conversion of convertible bonds	**100,625,656**	–
Weighted average number of ordinary shares at 30 April	**990,943,764**	887,625,499

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

9. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by a mixture of both products and geography. On first-time adoption of HKFRS 8 "Operating Segments" and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Fresh produce and processed products: this segment grows and processes the agricultural produce and sells the products to domestic and overseas customers. Currently the Group's activities in this regard are carried out in Mainland China.

- Beverage products: this segment manufactures the beverage products and sells the products to domestic customers. Currently the Group's activities in this regard are carried out in Mainland China.

- Rice and related products: this segment processes the rice and rice flour products and sells the products to domestic customers. Currently the Group's activities in this regard are carried out in Mainland China.

- Instant noodles: this segment manufactures the instant noodles and sells the products to domestic customers. Currently the Group's activities in this regard are carried out in Mainland China.

(a) Segment Results, Assets and Liabilities

For the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and current assets with the exception of investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade and other payables attributable to the sales activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted operating profit". To arrive at "adjusted operating profit", the Group's profit is further adjusted for items not specifically attributable to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs. Taxation charge is not allocated to reportable segment profit. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 30 April 2010 and 2009 is set out below.

	Fresh produce and processed products		Beverage products		Rice and related products		Instant noodles		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**1,209,809**	1,039,063	**409,082**	234,880	**193,642**	188,339	**88,251**	85,377	**1,900,784**	1,547,659
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**1,209,809**	1,039,063	**409,082**	234,880	**193,642**	188,339	**88,251**	85,377	**1,900,784**	1,547,659
Reportable segment profit	**520,820**	425,231	**189,725**	101,586	**70,727**	68,826	**20,877**	9,614	**802,149**	605,257
Finance income	**2,472**	6,118	**589**	956	**206**	545	**94**	247	**3,361**	7,866
Depreciation and amortisation for the year	**111,743**	104,573	**11,667**	1,691	**8,658**	8,642	**3,809**	3,799	**135,877**	118,705
Income tax	**62,136**	12,850	**29,225**	15,345	**19,282**	9,697	**5,719**	2,520	**116,362**	40,412
Reportable segment assets	**2,555,678**	2,154,933	**402,666**	204,455	**195,534**	124,593	**84,840**	64,500	**3,238,718**	2,548,481
Additions to non-current segment assets during the year	**205,661**	952,744	**63,049**	66,669	**–**	36,000	**–**	–	**268,710**	1,055,413
Reportable segment liabilities	**23,590**	19,742	**14,273**	16,832	**607**	395	**106**	643	**38,576**	37,612

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2010	2009
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**1,900,784**	1,547,659
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**1,900,784**	1,547,659
Profit or loss		
Reportable segment profit	**802,149**	605,257
Elimination of inter-segment profits	**–**	–
Reportable segment profit derived from Group's external customers	**802,149**	605,257
Finance costs	**(61,540)**	(53,714)
Corporate finance income	**5,163**	13,795
Other revenue and other net income	**1,634**	1,567
Unallocated depreciation and amortization	**(18,151)**	(9,262)
Unallocated head office and corporate expenses	**(37,293)**	(62,306)
Loss on redemption of convertible bonds	**(842)**	–
Consolidated profit before taxation	**691,120**	495,337

	2010	2009
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**3,238,718**	2,548,481
Unallocated head office and corporate assets	**2,110,942**	1,032,965
Consolidated total assets	**5,349,660**	3,581,446

	2010	2009
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**38,576**	37,612
Convertible Bonds 2010	**902,809**	896,899
Convertible Bonds 2013	**1,258,720**	–
Income tax payable	**21,258**	10,432
Deferred tax liabilities	**53,891**	17,483
Unallocated head office and corporate liabilities	**3,982**	46,191
Consolidated total liabilities	**2,279,236**	1,008,617

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets and long-term prepaid rentals ("specified non-current assets"). The geographical location of customers is based on the location at which the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated.

	Revenues from external customers		**Specified non-current assets**	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Mainland China (place of domicile)	**1,045,956**	815,974	**2,101,549**	1,981,990
Japan	**354,701**	329,942	**–**	–
Other Asian countries	**203,859**	170,798	**–**	–
Europe	**195,205**	175,481	**–**	–
Australia	**7,970**	7,343	**–**	–
America	**41,800**	23,308	**–**	–
Africa	**51,293**	24,813	**–**	–
	854,828	731,685	**–**	–
	1,900,784	1,547,659	**2,101,549**	1,981,990

(d) Information about major customer

For the years ended 30 April 2010 and 2009, revenue from any customer of the Group does not exceed 10% of the Group's total turnover.

10. TRADE AND OTHER RECEIVABLES

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

	2010	2009
	RMB'000	*RMB'000*
Within 1 month	**29,319**	13,197

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

11. TRADE AND OTHER PAYABLES

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

	2010	2009
	RMB'000	*RMB'000*
Within 1 month	**8,239**	2,308

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Industry Overview

Over the past year, the uncertainty in Europe has cast shadow on the global economic recovery. In addition, a rising Renminbi and difficult weather conditions in China have also posed challenges to the business environment. In spite of the unfavorable conditions, the Group was able to sustain business growth and achieve satisfactory results during the year, as our robust vertically integrated business platform continued to strengthen our competitive edge and our position as a leading supplier of healthy food and beverages.

In spite of the global economic crisis in 2008, China's economy recorded a strong rebound last year and GDP per capita continued to grow. China's GDP in 2009 was RMB33,535 billion, representing an increase of 8.7% year-on-year. Buoyed by a robust economic growth, GDP per capita in China continued to rise steadily in 2009. It is expected that the pace of growth of China's consumption sector will be sustained, backed by strong drivers including rising personal disposable income and rising living standards.

Growth in urban population and disposable income in China has in turn boosted consumption of healthy food and beverages. According to the National Bureau of Statistics of China, disposable income of urban households per capita in 2009 was RMB17,175, or an increase of 9.8% compared to last year, of which 43% were spent on food. Evidently, food consumption accounts for a large portion of urban household consumption in China and will continue to accelerate.

As China's economy is becoming more affluent, the demand and expenditure on healthier food are set to rise. According to market statistics, the growth rate of vegetable and fruit juice sales outpaced the overall GDP growth from 2005 to 2008, another strong indication of growing demand of health beverage products in China. China Green is able to ride on this trend to achieve remarkable growth in the domestic and export markets.

Results Overview

Driven by strong growth in the branded food and beverage segment, the Group's turnover increased by 22.8% to approximately RMB1,901 million year-on-year. Gross profit was up 25.0% to approximately RMB1,000 million (2009: RMB800 million). Gross profit margin was maintained at a healthy 52.6% (2009: 51.7%) thanks to an optimized product mix and stable direct costs.

Processed products generated the largest turnover for the Group, contributing 39.4% of the total turnover, while branded food and beverages and fresh produce accounted for the remaining 36.3% and 24.3% respectively. Branded beverage products, including mixed grain beverages, vegetable & fruit juice, and corn milk were the major growth drivers of this segment, contributing about 21.5% of the Group's total turnover.

During the year under review, the Group achieved optimistic growth in both export and domestic sales, which were increased approximately 16.8% and 28.2% respectively. Revenue from domestic sales amounted to RMB1,046 million (2009: RMB816 million), representing 55.0% of the Group's total turnover, while export sales amounted to RMB854 million (2009: RMB731 million).

Japan and Asia ex-Japan remained two of the Group's major export markets, accounting for 41.5% and 23.9% of export sales, representing a steady growth of 7.5% and 19.4% respectively. Despite the recent debt crisis in Europe, European market grew 11.2% year-on-year, contributing 22.8% of total export sales, while those to other regions such as South and Central Americas, and Africa accounted for the remaining 11.8%.

Driven by growth in branded beverage business, profit attributable to equity shareholders for the year ended 30 April 2010 reached RMB575 million, representing a year-on-year increase of 26.6% (2009: RMB455 million). Basic earnings per share was RMB65.2 cents, compared to RMB51.5 cents in 2009.

The Board proposed to declare a final dividend of HK$0.090 (equivalent to RMB0.079) per ordinary share (2009: HK$0.073 per share) which, together with an interim dividend of HK$0.090 (equivalent to RMB0.079) per ordinary share, represents a payout ratio of over 24% of the profit attributable to equity shareholders for the year.

Vertically Integrated Platform

The Group has been able to maintain its unique standards in product quality, variety and safety as a result of its vertically integrated business model which ensures full control in cultivation (seeding, growing, irrigating, fertilizing and harvesting), production (sterilizing, processing and packaging) and distribution (storage and logistics).

Branded Food and Beverage Products

Revenue from the branded food and beverage products segment surged 35.9% to approximately RMB691 million (2009: RMB509 million). Revenue from beverage products surged 74.2% year-on-year and accounted for RMB409 million in revenue for the year ended 30 April 2010.

The growth in sales was mainly driven by growth of sales for new products and higher penetration in markets such as Fujian, Jiangxi and Guangdong as well as the development of other new markets such as Hubei, Zhejiang and Jiangsu.

During the year under review, the Group successfully launched a new series of mixed grain beverages and vegetable & fruit juice products, offering choices of red bean, green bean, black bean drinks and more. Currently, the Group has over 12 product categories and over 30 different flavors and packaging of beverage products under the "China Green" brand.

With the Group's marketing and channel expansion efforts, the "China Green" brand is increasingly recognized by health-conscious consumers as a leader in green food and beverages. The Group's mixed grain beverages, corn milk and vegetable & fruit juice have become increasing popular. In addition, the Group has built a strong sales and marketing team to oversee distribution management and promotional activities, while partnership with regional and local distributors for selling its products to supermarkets and other retailers.

The "China Green" brand is well recognized in Southern and Eastern China, particularly in the provinces of Fujian, Jiangxi and Guangdong, and is gradually amassing higher awareness in other regions and key cities in China. In view of China's growing healthy beverage market, China Green has striven to strengthen its distribution network and product variety, and ultimately become one of the most famous healthy beverages with strong and nationwide coverage in China. In turn the growing branded business will further drive the development of the Group's upstream business and strengthen its vertically integrated business model in future.

Processed Products

The processed vegetables segment reported a turnover of RMB749 million during the year under review, representing a year-on-year growth of 19.2%. The export market accounted for 95% of total processed products revenue (2009: 95%). Driven by growing demand in Asia ex-Japan, along with fast growth markets such as the Middle East, South and Central Americas, and Africa, export sales of processed products also experienced healthy growth. The processed vegetables has recorded a gross profit margin of 55.2%.

Sweet corn and mushroom were one of the best-selling products in the processed products segment. Among all the processed products, the demand for sweet corn products increased at a faster pace which also drove domestic sales. The management expected sweet corn, including pickled, canned, frozen and water-boiled corn products, to continue to drive revenue growth in future.

In order to meet growing demand from health-conscious consumers, the Group will further expand its processing facilities in China. As a leading provider of fresh produce and processed vegetables, the Group will build a new processing centre in Shanghai, as a replacement to the current rental factory, to offer quality food and vegetable products to leading restaurant chains in the nearby regions.

Fresh Produce

Fresh produce continued to deliver healthy growth during the year under review, with revenue of RMB460 million, representing a year-on-year growth of 12.2%, and maintained an average yield of approximately 4-5 tons per mu. With steady growth in the domestic Chinese market, and stable export orders from Japan and other Asian countries, the segment achieved a gross profit margin of 49.4%.

Domestic market accounted for 69% of total fresh produce revenue (2009: 65%). Sweet corn, radish, leeks and perilla remained the best-selling products of this segment, contributing approximately 16% of revenue from fresh produce.

Extreme weather conditions such as droughts, heavy rain and floods can affect the quality of farmlands and produce. However, the Group's planned infrastructure and irrigation and drainage systems are able to keep any negative impact on its business operation to the minimum. The Group's cultivation bases span across the provinces of Fujian, Hubei, Hebei, Jiangxi and Zhejiang, effectively minimizing the risk of relying on any single cultivation base. The Group will continue to pay close attention to weather conditions in future in order to put in place measures where necessary. Since the Company was founded, we have not experienced any significant impact to the business operation caused by extreme weather conditions.

Outlook for the domestic consumer market in China continues to be promising as the living standard and health consciousness of Chinese consumers continue to rise. Leveraging its track record in the World Expo 2010 Shanghai China, extensive distribution network as well as the strong cultivation capacity, the Group is confident that it will capture growing opportunity in domestic green and fresh vegetable market in China.

Cultivation Bases and Production Facilities

By the end of April 2010, the Group has 43 cultivation bases with a total area of approximately 92,700 mu, supporting a cultivation capacity of about 380,000 tons per year. Among these cultivation bases, 37 are devoted to vegetable cultivation, 5 to fruit cultivation and 1 to organic rice cultivation.

During the year, the Group has established new cultivation bases in Hubei and Hebei, with a total area of approximately 13,600 mu, providing an additional cultivation capacity of 50,200 tons per year to meet growing customers' orders. With an average rental price of RMB500-600 per mu, the Group will continue to maintain its 5-10 years lease payment terms for its future farmland acquisitions and has no plan to make any long term lump-sum prepayment.

As of the end of April 2010, the Group owned and operated 12 advanced processing plants with a total capacity of approximately 580,800 tons. During the year, the production plants ran at an average utilization rate of about 75%. The Group has planned to expand its processing capacity by around 10-15% in the coming year to meet growing demand for its processed products. Coupled with a new processing centre in Shanghai, the Group is well-positioned to further expand its processed products and fresh produce businesses to more new cities and provinces in the coming year, including Jiangsu and Hubei.

Awards and Recognition

The Group has attained a variety of international management and safety standards including ISO9001: 2000, HACCP and Safe Crop Certifications. It is also recognized as one of the "National Key and Leading Agricultural Enterprises" by the Ministry of Agriculture of the People's Republic of China and a "Nationally Excellent & Leading Enterprise in Food Industry" by the China Food Industry Association.

In 2010, the Group was also recognized as a "Famous Brand in China" for its branded beverage products.

Outlook and Prospects

Looking ahead, the global economy is expected to recover. Riding on the gradual recovery in the world economy, China Green will focus on developing new business opportunities to achieve long term growth.

Recent floods and droughts in China had pushed the prices of certain kinds of vegetables significantly higher with reduced supply. Although the supply of vegetables will be under pressure in coming months, we are confident that the government will ensure stable supply and prices of vegetables.

Moreover, it is expected that China will introduce policies that will strengthen its economy and support growth in food and agricultural industries. To take advantage of that trend, China Green will continue to focus on the long term development of its branded business while at the same time working toward its goal of becoming a premier cultivator, producer and supplier in the green food industry.

China remains a key producer and consumer of food products in the global market and is expected to maintain its growth momentum in 2010. The Group aims to take the market advantage to drive growth in its fresh produce, processed products and branded food and beverage businesses in China and globally.

The Group signed a strategic cooperation agreement with the World Expo 2010 Shanghai China as one of the authorized fresh produce and processed food suppliers during the World Expo in Shanghai. Such cooperation will not only enhance China Green's brand reputation and market position as a leading green food supplier, but also extend its sales networks of fresh produce and processed food businesses to hotel groups, large restaurant chains and other major events. The Group will further explore business opportunities in the domestic market by offering high quality fresh produce and processed vegetables.

2010 will be a significant year for China Green to develop its premium and healthy food brand. With the support of a vertically-integrated model to ensure food quality and safety, China Green is forging ahead towards its goal of becoming a global leader in green food, and in so doing, promoting China as a leader in the green food industry worldwide.

Group's Liquidity, Financial Resources and Capital Structure

As at 30 April 2010, the total shareholders' fund of the Group was approximately RMB3,070 million (2009: RMB2,573 million). The Group had current assets of RMB3,248 million (2009: RMB1,599 million) and current liabilities of RMB967 million (2009: RMB94 million) and the current ratio was 3 times (2009: 17 times).

The Group's outstanding borrowing as at 30 April 2010 was the two convertible bonds amounted to RMB903 million (2009: RMB897 million) and RMB1,259 million (2009: Nil) maturing on 29 October 2010 and 11 April 2013 respectively. The Group's net debt-to-equity ratio (calculated as total borrowings net of cash and cash equivalents over shareholders' equity) was not applicable as at 30 April 2010 and 2009 since the Group's cash and cash equivalents exceeded its borrowings. The Group's gearing ratio (calculated as total borrowings over shareholders' equity) as at 30 April 2010 was 70.4% (2009: 34.9%).

As of 30 April 2010, the Group had cash and cash equivalents of approximately RMB2,327 million (2009: RMB1,344 million). The majority of the Group's funds was deposited in banks in the PRC and licensed banks in Hong Kong, and the Group possesses sufficient cash and bank balances to meet its commitment and working capital requirement in the coming financial year.

The Group continues to implement a prudent financial management policy and monitor its capital structure based on the ratio of total liabilities over total assets. As at 30 April 2010, the ratio of total liabilities over total assets was 42.6% (2009: 28.2%).

Capital Commitments and Contingent Liabilities

The Group was committed to the expansion of existing facilities and building of new facilities to enhance its production capacity. As at 30 April 2010, the Group has contractual capital commitments of approximately RMB94 million (2009: RMB68 million).

As of 30 April 2010, 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.

Fluctuations in Exchange Rates

For the year ended 30 April 2010, 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 fluctuation in currency exchange rates. Accordingly, the Directors considered that the foreign exchange exposure is relatively limited and no hedging of exchange risk is required.

As an internal policy, the Group continues to implement a prudent policy on financial management policy and does not participate in any high risk speculative activities.

Nevertheless, the management will continue to monitor the foreign exchange exposure and will take prudent measures when needed.

During the year under review, the exchange loss was approximately RMB2.4 million (2009: RMB6.6 million).

Staff and Remuneration Policies

As at 30 April 2010, the Group had a total of over 10,000 employees, of which approximately 5,000 are workers at the Group's cultivation bases. The aggregate staff costs and Directors' remuneration for the year ended 30 April 2010 totaled approximately RMB163 million (2009: approximately RMB162 million). Employees are paid at a competitive level, taking into account individual performance, experience and their positions. Other benefits included mandatory provident funds, year-end bonus and share options granted to selected employees based on the individual performance.

Future Plans for Material Investments/Capital Assets & Source of Fund

As at 30 April 2010, the Group maintained sufficient funds for the capital investment and operations in the coming year. In view of the possible redemption required on the maturity of the convertible bonds due October 2010, the management has already reserved sufficient financial resource to meet the redemption on maturity. The management will continue to assess the impact on the Group's operation after the redemption and further finance needs for expansion.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

Final Dividend

The Board resolved to recommend to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 12 October 2010 ("2010 AGM") a final dividend of HK$0.090 (approximately RMB0.079) (2009: HK$0.073 (approximately RMB0.064)) per share to be paid on or about Wednesday, 27 October 2010 to those shareholders whose names appear on the register of members of the Company on 12 October 2010. Taking into account of the interim dividend of HK$0.090 per share (2009: HK$0.073) and the proposed final dividend, total dividends for the year will amount to of HK$159,126,000 (approximately RMB139,713,000) (2009: HK$129,069,000 (approximately RMB113,658,000)).

Closure of Register of Members

The Register of Members of the Company will be closed from Friday, 8 October 2010 to Tuesday, 12 October 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and to attend the 2010 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 1702-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 7 October 2010.

Holders of the zero coupon convertible bonds of the Company due 2010 and holders of the 3% guaranteed convertible bonds of the Company due 2013 should lodge the respective conversion notice together with the relevant documents evidencing the title of the bonds to the respective conversion agent not later than 3:00 p.m. on Tuesday, 5 October 2010 in order to qualify for the proposed final dividend and to attend the 2010 AGM.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 April 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All the Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

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 year ended 30 April 2010, the Company was in compliance with code provisions set out in the CG Code except for the deviations from code provision A.2.1, A.4.1 and E.1.2 which are explained below.

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 the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Code provision A.4.1 of the CG Code provides that non-executive director should be appointed for a specific term and subject to re-election. The independent non-executive Directors (except Mr. Huang Zhigang) are not appointed for a specific term but they are subject to retirement by rotation in accordance with the Bye-laws of the Company.

Code provision E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting. Mr. Sun Shao Feng, the Chairman of the Board, did not attend the 2009 annual general meeting of the Company by the reason of his business trip.

Save as the aforesaid and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the year ended 30 April 2010.

AUDIT COMMITTEE

The Company established an Audit Committee (the "Audit Committee") on 12 December 2003, and currently comprises of three independent non-executive Directors, Mr. Huang Zhigang, Mr. Hu Ji Rong and Mr. Zheng Baodong. The primary duties of the Audit Committee are to review the financial reporting process of the Group. During the year ended 30 April 2010, the Audit Committee held two 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 of the Group for the year ended 30 April 2010.

PROPOSED CHANGE OF AUDITOR

CCIF CPA Limited ("CCIF") has merged their business with PCP CPA Limited resulting in Crowe Horwath (HK) CPA Limited ("Crowe Horwath") operating as the merged firm from 13 October 2009. In this regard, the Company proposed that upon the expiration of the term of appointment of CCIF as auditor of the Company at the conclusion of the 2010 AGM, to appoint Crowe Horwath as auditor of the Company.

CCIF has confirmed that there is no matters which need to be brought to the attention of the shareholders and the creditors of the Company in relation to their cessation as auditor of the Company. Apart from the reason set out in the above paragraph, the Board also confirms that there are no matters in respect of the above change of auditor that should be brought to the attention of the Shareholders shareholders or creditors of the Company or its subsidiaries.

A resolution will be proposed at the 2010 AGM to appoint Crowe Horwath as auditor of the Company.

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

Hong Kong, 29 August 2010

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Sun Shao Feng (Chairman and Managing Director), Mr. Nie Xing, Mr. Ip Siu Kay and Mr. Kung Sze Wai; and three independent non-executive Directors, namely, Mr. Huang Zhigang, Mr. Hu Ji Rong and Mr. Zheng Baodong.