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## **CHINA GREEN (HOLDINGS) LIMITED**

**中國綠色食品（控股）有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 904)

### **CLARIFICATION ANNOUNCEMENT IN RELATION TO ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2013**

Reference is made to the announcement relating to the audited consolidated results of the Group for the year ended 30 April 2013 (the “**Annual Results Announcement**”) issued by the Company on 31 July 2013. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Annual Results Announcement.

The Board would like to clarify that:

1. the paragraph in the sub-section headed “Selling, general expenses and finance costs” of the Summary of financial results (“Summary of Financial Results”) under MANAGEMENT DISCUSSION AND ANALYSIS section on page 19 of the Annual Results Announcement shall be read as follows (with amendment underlined):

“Selling and distribution expenses were approximately RMB297.0 million (2012: approximately RMB280.6 million), it mainly consists of transportation, marketing and promotional expenses as well as wages of sales executives and other various costs. The slight increase was mainly due to inflationary cost arising from advertisement, wages and transportation. General and administrative expenses were approximately RMB187.3 million (2012: approximately RMB162.8 million), it mainly consists of employee compensations, legal and professional fee, research and development and other daily operating costs. The increase was mainly attributable to amortization of land acquired in Baicheng, inflationary cost of wages and higher legal and professional fee as a result of the bond restructuring exercise during the financial year. Finance costs were approximately RMB101.8 million (2012: approximately RMB88.0 million) and the increase over those incurred in 2012 was mainly due to the increase in imputed interest of the convertible bond and the provision for default interest upon maturity of the convertible bond to the end of the financial year.”

2. the 3rd paragraph in the sub-section headed “Branded beverage business” of the Summary of Financial Results on page 20 of the Annual Results Announcement shall be read as follows (with amendment underlined):

“The gross profit margin of the branded beverage business was 43.2% (2012: 49.2%). The slight decline was due to increase in material, wages and other incidental costs which the Group found it difficult to pass onto the consumer amid the keen competitive and challenging economic and operating environment.”

3. the 5th paragraph in the sub-section headed “Branded beverage business” of the Summary of Financial Results on page 20 of the Annual Results Announcement shall be read as follows (with amendment underlined):

“Apart from widening the distribution channel, the Group has also put more resources in advertisement and promotional activities during the year. Traditional advertisements which include TV commercials, light board, moving advertisements on public transportation were going in line with sponsoring TV talent show for half a year as shown in Hubei satellite TV. These are effective and useful in gaining wider recognition of the brands “China Green” and “Cu Liang Wang” for consumers in China. The total marketing and advertising expenses accounted for approximately 8.2% (2012: 8.1%) of our branded product revenue during the year.”

4. the 2nd paragraph in the sub-section headed “Branded food business” of the Summary of Financial Results on page 21 of the Annual Results Announcement shall be read as follows (with amendment underlined):

“Revenue derived from rice and rice related products was RMB139.2 million (2012: RMB214.0 million) and it accounted for approximately 57.3% (2012: 74.1%) of our branded food revenue during the year under review. The decline in revenue was mainly due to the decline in revenue of rice related products. In order to diversify and for ease of recognizing the various branded food revenue stream, the Group currently launched a line of frozen hot-pot pack called “Cu Liang Dang Dao” (粗糧當道) and frozen food product called “Huang Jia Ma Tou” (皇家碼頭) and they contributed 42.6% in aggregate (2012: 25.9%) of our branded food revenue. Gross profit for branded food business decreased by 43.8% to RMB57.3 million (2012: RMB102.0 million), and the gross profit margin was down to 23.6% (2012: 35.3%) during the year under review. The decline was largely due to increase in material, wages and other incidental costs which the Group found it difficult to pass onto the consumer amid the keen competitive and challenging economic and operating environment.”

5. the 1st and the 2nd paragraphs in the sub-section headed “Processed products business” of the Summary of Financial Results on page 21 of the Annual Results Announcement shall be read as follows (with amendments underlined):

“The processed products segment recorded a revenue of RMB406.3 million (2012: RMB756.8 million) which represented a decline of 46.3% when compared to last year. Such significant decrease was mainly attributable to the poor sales performance of the export market, in particular the Japanese market. Nevertheless, the overseas market still accounted for approximately 57.8% of our total processed product sales (2012: 87.5%).

The gross profit margin was 23.0% (2012: 45.3%) during the year under review. As mentioned above, due to the unfavourable macroeconomic environment, the demand from overseas for our processed products declined, resulting in a fierce price competition among the industry, and subsequently eroded the margin. This was aggravated by the increase in production cost which explained the decline in the overall profit margin.”

6. the 1st paragraph in the sub-section headed “Fresh produce business” of the Summary of Financial Results on page 21 of the Annual Results Announcement shall be read as follows (with amendments underlined):

“The fresh produce business recorded a significant decline in revenue which was RMB254.4 million (2012: RMB443.4 million) during the year under review. The revenue was declined by 42.6%. Such decline was attributable to less crops planted and harvested during the second half of the year. This was driven by the change in business strategy of the Group by re-allocating resources to more sustainable, possibly higher growth potential multi-grain plantation which integrates with the rest of the Group’s production.”

7. the 2nd paragraph in the sub-section headed “Fresh produce business” of the Summary of Financial Results on page 22 of the Annual Results Announcement, details of which are stated below, shall be moved to the sub-section headed “Branded beverage business” of the Summary of Financial Results on page 20 of the Annual Results Announcement:

“Food safety has long been a critical concern among all the consumers and food manufacturers in China. This can be radically resolved by maintaining a high quality of source of raw material and monitoring from its seeding, planting and harvesting to processing and ultimately packaging into the ending branded products. In view of this from a long-vision angle, the Group further strengthened its reputed vertically-integrated business model by further entering into 150,000 mu of multi-grain long-term farmland lease and constructing ancillary facilities in Bai Cheng city of Jilin province during the year under review. With this scarce and non-renewable resources on hand, the Group is confident that it will be able to nurture and protect its brand value in the long run and also to be flexible and competitive in controlling the amount of supply, the production cost and the quality of its raw material for its mid and downstream business segments in the years to come.”

8. “Liquidity, financial resources and capital structure” under MANAGEMENT DISCUSSION AND ANALYSIS section on page 22 of the Annual Results Announcement shall be read as follows (with amendments underlined):

“As at 30 April 2013, the Group had total cash and cash equivalents which amounted to approximately RMB422.6 million (2012: RMB1,683.4 million) whilst the total assets and net assets were approximately RMB5,484.1 million (2012: RMB5,390.0 million) and RMB3,914.2 million (2012: RMB3,831.5 million) respectively. The Group had current assets of RMB756.3 million (2012: RMB1,984.6 million) and current liabilities of RMB1,499.0 million (2012: RMB1,482.4 million). The current ratio was 0.50 times (2012: 1.3 times).”

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

Hong Kong, 2 August 2013

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Sun Shao Feng (Chairman and Chief Executive Officer) and Mr. Nie Xing; and three independent non-executive Directors, namely Mr. Huang Zhigang, Mr. Hu Ji Rong and Mr. Zheng Baodong.*

*\* for identification purpose only*