



Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board" or the "Directors") of China Green (Holdings) Limited (the "Company"), I am pleased to present the Annual Report of the Company and its subsidiaries (collectively refer to as the "Group") for the year ended 30 April 2005.

RESULTS AND DIVIDENDS

For the year ended 30 April 2005, turnover for the Group increased by 25.3% to approximately RMB470.5 million over the past fiscal year 2004. Profit attributable to shareholders also increased by 21.9% to approximately RMB183.5 million. Due to additional shares were issued during the year, earnings per share slightly reduced to RMB27 cents. The Board recommends the payment of a final dividend of HK\$0.038 per ordinary share for the year ended 30 April 2005. Together with the interim dividend of HK\$0.028 per ordinary share paid during the year, total dividends for the year will amount to HK\$0.066. The total dividends represent approximately 27.3% of the Group's profit attributable to shareholders for the year.

OVERVIEW

The Group is a well established agricultural grower and processor in the People's Republic of China (the "PRC") by adopting the advanced cultivation method and well organised industrial management in production. The Group introduced advanced cultivation technologies from Japan and implemented a series of stringent safety production standards with reference to international experiences throughout the whole production process from seeds selection, cultivation, processing and preservation for domestic and export business. Moreover, apart from obtaining domestic recognized Harmless Food and Green Food certifications, the Group had also obtained and complied with the internationally recognised standard under the ISO9001:2000 certifications and the food safety procedures with HACCP certification to ensure the quality of the Group's product is coherent with the international quality and standards. The result can be proved by the increase in sale turnover and the enriched customer base of the Group both in overseas and domestic markets during the year under review.

BUSINESS REVIEW

During the year, on top of existing products, such as fresh vegetables, processed vegetables and pickled vegetables, the Group introduced new products, such as quick frozen vegetables, fruit and vegetable juices and rice, to broaden the range of products. Hence, the Group had fully utilized raw materials of fruit and vegetable products to minimize wastage of resources and enhance added values of products, thus achieving economic efficiency. Presently, the Group operates 7 processing factories with an annual production capacity up to 159,500 tons of fruits and vegetables and 49,500 tons of rice from the 22 vegetable and 5 fruit leased cultivation bases in Fujian Province, Zhejiang Province and Hubei Province with a total area of approximately 34,000 mu. In addition, the Group had also built up an asparagus cultivation base in Thailand with area of approximately 330 mu during the year. During the year under review, the Group was identified as the "State-Level Leading Industrialized Agricultural Enterprise" (農業產業化國家重點龍頭企業).

OUTLOOK

Looking forward, there are challenges and opportunities ahead. Found on its experience in modern agricultural industry development and its business model which integrates cultivation with sales and undertakes both domestic and export trades, I see the Group is growing on the right track to develop into a leading modern agricultural enterprise. Our business model also gradually realized the enormous development potential which can be proved in the growth of our sales turnover and profit attributable to shareholders in the past financial year. Leveraged on the Group's comprehensive industrial strength and years of operational experience, I firmly believe that, with our extraordinary endurance, the Group should be able to achieve greater achievements in the future.

APPRECIATION

On behalf of the Board, I would like to express my gratitude towards all shareholders, business partners and clients for their enduring support. I would also like to thank my fellow Directors, the management team and staff members for their continuous efforts to the Group. I believe that the concerted efforts of the Board, the management and staff members would enable the Group to achieve a solid prosperous growth in the future.

Sun Shao Feng

Chairman

Hong Kong, 26 August 2005