



Remuneration Policy for Executive Directors

The executive directors' salaries are determined at a competitive level. They are eligible for various components of total remuneration by reference to their duties and responsibilities with the Group and the market rate. These components include basic salaries, discretionary bonus and share option. The basic salaries will be reviewed by the Board from time to time with not more than 20% increment per annum.

A share option scheme ("Scheme") was adopted pursuant to a resolution passed at the extraordinary general meeting of the Company held on 19 June 2002. During the six months period ended 31 December 2004, no options were granted to the relevant participants under the Scheme. Options in respect of 159,717,500 shares (after adjustment) were granted to the relevant participants under the Scheme as at 31 December 2004.

The Group does not have, has never had, any long-term incentive schemes.

Remuneration Policy for Non-Executive Directors

The remuneration, comprising directors' fee, of non-executive directors is determined by the Board from time to time by reference to their duties and responsibilities with the Company and the market rate. Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties.

CHARGE ON ASSET

The Company has entered into an agreement relating to a loan facility of up to US\$21,000,000 (RMB173,431,440) (the "Loan") on 30 April 2004 with a syndicate of banks. The facility was secured by the shares of certain subsidiaries and will be repayable within 36 months after the drawdown date.

On 24 January 2005, the Loan was fully repaid by the Company.

USE OF SHARE ISSUE PROCEEDS

As at 15 January 2004, the Company had raised funds of approximately HK\$683,000,000 (approximately equivalent to RMB723,160,400) by placing 280,000,000 ordinary shares at HK\$2.50 per share (the "Share Issue"). It was the intention of the Group to use approximately HK\$50,000,000 (approximately equivalent to RMB52,940,000) of the net proceeds for land leasing costs in connection with the expansion of the Group's production bases, to use approximately HK\$350,000,000 (approximately equivalent to RMB370,580,000) of such net proceeds for the construction of irrigation systems and infrastructure facilities at the Group's production bases; and approximately HK\$283,000,000 (approximately equivalent to RMB299,640,400) of such net proceeds for general working capital.

As at 1 July 2004, the balance of unused share issue proceeds amounted to approximately HK\$633,000,000 (approximately equivalent to RMB670,220,400).

As at 31 December 2004, the Group had fully utilized the aforementioned unused share proceeds for the purposes as intended in the Share Issue.