



Corporate Governance Report

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

CORPORATE GOVERNANCE PRACTICE

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 2006, the Company was in compliance with the code provisions set out in the CG Code except for the following:

Deviation from the CG Code	Relevant CG Code provisions	Remedial steps has been taken to comply with the CG Code
1. The responsibilities between the chairman and chief executive officer have not been divided	A.2.1	The Company does not have a separate chairman and chief executive officer ("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.
2. Two independent non-executive Directors, namely Mr. Lin Chuan Bi and Mr. Hu Ji Rong are not appointed for specified term but are subject to the provision for retirement and rotation of Directors under the Bye-laws of the Company ("Bye-laws")	A.4.1	The Company has entered into letter agreement with these two independent non-executive Directors respectively on 12 December 2005 to fix the term of their appointment to two years and they are also subject to the retirement by rotation at least once every three years in accordance with the Bye-Laws.



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DIRECTORS' SECURITIES TRANSACTIONS

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") 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.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performance. The management was delegated the authority and responsibility by the Board for the management of the Group. In addition, the Board has also delegated various responsibilities to the Board Committees. Further details of these committees are set out in this report.

The Board currently consists of six Directors including three executive Directors and three independent non-executive Directors:

Executive Directors

Mr. Sun Shao Feng (*Chairman*)

Mr. Kung Sze Wai

Mr. Leung Kwok Fai Ben Rich

Independent non-executive Directors

Mr. Hu Ji Rong

Mr. Lin Chuan Bi

Mr. Zheng Baodong

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board and has met the recommended practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive Directors. The biographical details of Directors are set out on pages 23 to 24 under the section headed "Profiles of Directors and Senior Executives".

The Board decides on corporate strategies, approves overall business plans and evaluates the Company's financial performance and management. Specific tasks that the Board delegates to the Company's management include the implementation of strategies approved by the Board, the monitoring of operating budgets, the implementation of internal controls procedures, and the ensuring of compliance with relevant statutory requirements and other rules and regulations.



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Chairman and Chief Executive Officer

Up to the date of this Report, the Company does not have a separate chairman and chief executive officer (“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.

Non-executive Directors

The three independent non-executive Directors are persons of high caliber, with academic and professional qualifications in the fields of accounting and scientific research and development. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his independence to the Company, and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

The three independent non-executive Directors are appointed for a term of two years and are subject to retirement by rotation in accordance with the Bye-laws of the Company.

Board Meetings

During the financial year ended 30 April 2006, the Board held 7 meetings.

Name of Director	Number of attendance
Sun Shao Feng	7/7
Kung Sze Wai	7/7
Leung Kwok Fai Ben Rich	7/7
Lin Chuan Bi	7/7
Hu Ji Rong	7/7
Zheng Baodong*	4/7
Huang Hua**	3/7
Hu Bao Zheng**	3/7

* The Director was appointed on 20 January 2006 and four Board meetings of the Company were held after his appointment.

** These two Directors resigned on 20 January 2006. Three Board meetings of the Company were held before their resignation.

The Company planned in advance four scheduled Board meetings a year at approximately quarterly intervals in order to make sure all directors could plan in advance their availability to attend the scheduled Board meetings. Additional meetings will be held as and when required.



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Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

Appropriate insurance cover has been arranged in respect of relevant actions against its Directors.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee"), with written terms of reference, on 12 December 2003. The Audit Committee of the Company comprises three independent non-executive Directors, namely Mr. Hu Ji Rong (as chairman), Mr. Lin Chuan Bi and Mr. Zheng Baodong.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; reviewing the interim and annual reports and accounts of the Group; and overseeing the Company's financial reporting system and internal control procedures.

Terms of reference adopted by the Audit Committee are aligned with the code provisions set out in the CG Code.

The Audit Committee meets the external auditors at least two times a year to discuss any area of concern during the audits or review. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual reports. The Audit Committee noted the existing internal control policies of the Company and also noted that review of the same will be carried out and anticipate there may have further improvement to the said policies.

During the financial year ended 30 April 2006, the Audit Committee held 2 meetings.

Name of member	Number of attendance
Hu Ji Rong	2/2
Lin Chuan Bi	2/2
Zheng Baodong	2/2



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NOMINATION OF DIRECTORS

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the agricultural industry and/or other professional area.

The Company established a nomination committee ("Nomination Committee"), with written terms of reference and consists of three independent non-executive Directors, namely Mr. Hu Ji Rong (as chairman), Mr. Lin Chuan Bi and Mr. Zheng Baodong, and one senior executive, namely Mr. Nie Xing.

The functions of the Nomination Committee are to reviewing and supervising the structure, size and composition of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors.

COMPENSATION OF DIRECTORS

The Company established a compensation committee ("Compensation Committee"), with written terms of reference and consists of three independent non-executive Directors, namely Mr. Hu Ji Rong (as chairman), Mr. Lin Chuan Bi and Mr. Zheng Baodong, and one senior executive, namely Mr. Nie Xing.

The functions of the Compensation Committee are to establish and review the policy and structure of the compensation for the Directors and senior Executives.

The Company has adopted a share option scheme on 12 December 2003. The purpose of the share option scheme is to enable the Board to grant options to selected eligible participants to motivate them and to optimize their performance and efficiency for the benefit of the Group. Details of the share option scheme are set out in the Report of the Directors. The emolument payable to Directors will depend on their respective contractual terms under employment contracts, if any, and as recommended by the Compensation Committee. Details of the Directors' compensation are set out in note 13 to the financial statements.

AUDITORS' REMUNERATION

During the year under review, the remuneration paid/payable to the Company's auditors, CCIF CPA Limited, is set out below:

Services rendered	Fee paid/payable
	HK\$'000
Audit services	720
Non-audit services	50
	770



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DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board of Directors acknowledges its responsibility to prepare the Company's account for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 30 April 2006, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

