
COMPARISON OF BUSINESS OBJECTIVE WITH ACTUAL BUSINESS PROGRESS

The following is a summary of the Group's actual business progress to date compared with the business objectives set out in the Company's prospectus dated 21st February, 2006 (the "Prospectus") for the period from the date of commencement of dealings in the Shares on GEM to 30th June, 2007.

Business objectives disclosed in the Prospectus	Actual business progress made by the Company
<i>Expanding the markets in the PRC and developing the international markets</i>	
To establish a sales centre and carry out marketing in Ningxia	Finished the establishment of the sales centre, and such sales centre has commenced operations
To establish a demonstration centre with an aggregate planned area of approximately 387 hectares	Completed
To establish a drip demonstration zone in Liaoning, Ningxia	Completed
To accomplish the service implemented for demonstration base in 2005	Completed
To establish a demonstration zone in Jing Tai County, Gansu Province	Completed
To undertake site inspection and data collection for the demonstration bases to be set up in the second half of 2006	Completed
To establish a demonstration zone for irrigation system in Regiment 135, No. 8 Division	Completed
To seek for sales talents for the expansion of the Middle Asia and Middle East markets	Completed and recruited in the open market
To establish drip demonstration zone in Middle Asia and Middle East	Completed and provided the Group's products and services to a agricultural services company in Pakistan for establishing drip demonstration zone
To set up four demonstration centres with an aggregate planned area of approximately 653 hectares	Completed
To set up drip demonstration zone in Ningxia	Completed

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Business objectives disclosed in the Prospectus	Actual business progress made by the Company
To set up demonstration base in Hebei	Completed
To set up tomato drip demonstration base for irrigation system in Regiment 135, No. 8 Division	Completed
To establish sales points and carry out marketing in Hebei and Shaanxi	Completed
To establish sales points and carry out marketing in Middle Asia and Middle East	The scale in Middle Asia and Middle East still have not been established and the Company decided to continue to carry out marketing and market development by the departmental staff of the Company, and suspends the establishment of points sales
To accomplish the service implemented for demonstration base in 2006	Completed
To undertake site inspection and data collection for four demonstration bases to be set up in the second half of 2007	Completed
<i>Strengthening of the R&D of new innovative products</i>	
R&D of agricultural PVC pipes	Mass production
R&D of co-extruded drip films	Mass production
R&D of irrigation system in open fields	Conducting cost-optimisation project and is preparing for mass production
<i>Upgrading, reforming and expanding existing production facilities</i>	
Automation and reforming of production lines of drip films	Completed
New production facilities in Alaer	As the development of water-saving irrigation market in Alaer region is slower than expected, the Company reallocated the proceeds from the original plan for setting up new production facilities in Alaer region to the establishment of new capacity in Xinjiang Kuitun region. The construction of new production line is in progress and is anticipated to be completed by 2007
New production facilities in Shihezi	Construction of new production lines is now in progress

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**COMPARISON BETWEEN PROPOSED APPLICATIONS AND ACTUAL APPLICATIONS
OF THE NET PROCEEDS RAISED FROM THE PLACING OF THE COMPANY'S H SHARES
ON GEM**

Business objectives	Proposed applications up to 30th June, 2007 as set out in the Prospectus RMB million	Actual amount of proceeds used up to 30th June, 2007 RMB million
To expand production capacity for drip films	22.66	22.66
To acquire new production facilities in Alaer (<i>Note 1</i>)	57.58	9.60
To acquire new production facilities in Shihezi	65.30	65.30
Repay bank loans (<i>Note 2</i>)	<u>30.78</u>	<u>30.78</u>
Total	<u>176.32</u>	<u>128.34</u>

As at 30th June, 2007, unused proceeds were deposited with banks in the PRC and Hong Kong.

Notes:

1. As the development of water-saving irrigation market in Alaer region is slower than expected, the Company reallocated the proceeds from the original plan of setting up new production facilities in Alaer region to the establishment of new production lines in Xinjiang Kuitun region. As there is a change in the location of the plan, the project is currently carrying out civil construction and most of the proceeds have not been used.
2. The remaining amount of the net proceeds of approximately RMB1,780,000 raised from the issue of the over-allotment shares was used to repay part of the principal of bank loans of RMB20,000,000, which was due on 11th December, 2006, as stated in the Prospectus.