

“The inevitable trend of China's agricultural development is to enhance the investment in knowledge and capital, that is the strategy of “Knowledge and Capital Oriented Agriculture””

**Dr. Hon Fong Ming, Perry**

*Chairman and Chief Executive*  
addressed at the 10th Chinese  
People's Political Consultative  
Conference held in March 2003



### REVIEW

2002 is a year of re-positioning of our Group's strategic direction.

In early 2002, our Group changed its name to “First Dragoncom Agro-Strategy Holdings Ltd.”. Our Group further set its mission to be “a strategic investor in large-scale, high-tech and industrialized agricultural businesses based in China” and adopted the “Knowledge and Capital Oriented Agriculture” strategy. Under this strategy, our Group reorganised the board composition to include many prominent experts in the field as its board members. Our Group further established its management philosophy and mode of operation based on the aforesaid strategy and consolidated our internal resources and competitive advantages for meeting challenging market demands.



To promulgate the “Knowledge and Capital Oriented Agriculture” strategy, the Board Meeting held in last September unanimously adopted the resolution on “Propelling the Knowledge and Capital Oriented Agriculture Strategy at full momentum”. At the Board Meeting, the establishment of an Executive Committee comprising executive directors and key senior executives to oversee the daily operation of the Group was also approved.

Last year, our Group completed its detachment from the old-fashioned aquatic feed business and started the injection of new businesses with enormous market potential and high technological requirements.

After intensive and cautious market research and screening, our Group posed the following directions:

- (1) to enter into the seedings plantation, organic fertilizers and animals and plants vaccine businesses, and to acquire related enterprises with

## Chairman's Statement



lucrative market potential and competitive advantages. Our latest move included last October's acquisition of the largest sand control plantation base in Asia, and the formation of the demonstration base for China National Sand Control and Desert Industry Society, which set the cornerstone for our Group's strategic development;

- (2) to set up strategic alliance with national agricultural research institutions for providing product and technology innovations for our newly acquired projects to enhance their competitive advantages; and
- (3) with the broadening of our Group's asset base and the improvement of our corporate governance structure, to effectively and selectively attract cross-border and solid investors so that our Group can maintain a sustainable development pace.

### PROSPECT

China is an agricultural giant and yet far from being a strong one, which is the area we need to work on and which also represents our hope for the future.

Solving the "sannong" (agriculture, rural economy and peasantry) issue is the key for building a modernized and "xiaokang" (stable and wealthy) China as well as

the focus of China's economic mission in the forthcoming future. As Chinese proverb says, "Every individual holds responsibility for the fortune of his motherland". We and each of our responsible and conscientious elites in our country should work hard and strive for our nation's peace and development, including those for our 900 million peasantry. Situated in this great reformation era of the Chinese people, we are armed with wisdom and courage, unwearied of hardship and challenges. We had identified our role in this great era and irrevocably immersed ourselves into the core of this "sannong" issue – the agricultural arena. We believe that the solution to the "sannong" issue is "to develop the agriculture industry". We were gratified that our enterprise and each of its personnel, in realising their individual values, can participate in our country's magnificent course of modernization and its setting of a foothold in the list of leading nations in the world.

Looking ahead, China's agricultural economy has a prosperous future. The debut of globalization and the era of know-how economy shall catalyze the modernization of the agricultural industry in China. We should run with time and proactively develop the competitive advantages of know-how and capital to their fullest, which together with our geographical and market strengths, will set a great leap forward for our country.

**Dr. Hon Fong Ming, Perry**

*Chairman*

28 April 2003

