

The directors of the Company present this report together with the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The Company is a holding company. The principal activities of its subsidiaries are set out in note 21 of the financial statements.

The Group has disposed of its entire interest in Qionghai Juhau Feed Co., Ltd., the principal activities of which was manufacturing and sale of shrimp feed products, in June 2004. Details of the disposal were set out in an announcement made by the Company dated 29 June 2004.

During the year ended 31 December, 2004, the Group principally carried out its operation through, 河北壩上林木種苗有限公司 (Hebei Bashang Nursery Company Limited) (“Hebei Bashang”), its 70% owned subsidiary.

TURNOVER AND CONTRIBUTION

The Group's revenue, profit/(loss) for the year ended 31 December 2004 analysed by business category, are as follows:

	Continuing operations		Discontinued operations		Consolidated	
	Tree seedlings and seeds		Shrimp feeds		(As restated)	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Segment revenue	47,334	74,630	–	5,463	47,334	80,093
Segment results	(193,332)	27,097	–	(24,203)	(193,332)	2,894
Gain on disposal of discontinued operations					5,290	4,943
Gain on disposal of subsidiary					997	–
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets					5,461	4,460
Interest income and other unallocated revenue/gains					1,791	4
Unallocated expenses					(17,749)	(9,636)
(Loss)/profit from operating activities					(197,542)	2,665
Finance costs					(14)	–
(Loss)/profit before tax					(197,556)	2,665
Tax					–	–
(Loss)/profit before minority interests					(197,556)	2,665
Minority interests					33,126	(10,149)
Net loss from ordinary activities attributable to shareholders					(164,430)	(7,484)

FINANCIAL RESULTS

The results for the Group for the year ended 31 December 2004, are set out in the financial statements of the Group on pages 26 to 82.

CASH FLOW POSITION

The cash flow position of the Group for the year ended 31 December 2004 is set out and analysed in the consolidated cash flow statement on pages 30 and 31.

DIVIDEND

The directors of the Company have resolved not to declare any dividend (2003: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the current year and the last four financial year is set out on pages 3 and 4.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 31 December 2004 are set out in note 37 to the financial statements.

FIXED ASSETS

The movements of fixed assets of the Group for the year ended 31 December 2004 are set out in note 16 to the financial statements.

SUBSIDIARIES AND UNCONSOLIDATED SUBSIDIARIES

Particulars of the subsidiaries and unconsolidated subsidiaries are set out in notes 21 and 22 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the Company's share capital and share options as of 31 December 2004 are set out in notes 34 and 36 to the financial statements.

The Company has adopted a share option scheme on 21 June 2002 (the "Scheme"). No options have been granted under the Scheme during the year ended 31 December 2004.

Details of the share options outstanding as at 31 December 2004 under the Scheme are set out in note 36 to the financial statements.

During the year ended 31 December 2004, none of the above share options had been exercised. Accordingly the weighted average closing price of the shares immediately before the dates on which the share options were exercise is not disclosed herein.

The directors consider that it is not appropriate to state the value of the outstanding share options given that the variables which are critical for the calculation of the value of such outstanding share options cannot be determined. The variables which are critical for the determination of the value of such share options include the subscription price for the shares upon the exercise of the subscription rights attaching to the share options, which may be adjusted under certain circumstances, and whether or not such share options will be exercised by the grantees. The directors are of the view that the value of the share options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions, and accordingly, believe that any calculation of the value of the share options will not be meaningful.

DIRECTORS

The directors of the Company who held office during the year ended 31 December, 2004 and up to the date of this report are:

Executive directors:

Mr. Jiang Guoan (<i>Chairman</i>)	(appointed on 31 October 2005)
Dr. Cheng Chuange	(appointed on 31 October 2005)
Mr. Ding Jiangyong	(appointed on 31 October 2005)
Ms. Zhao Ping	(appointed on 31 October 2005)
Mr. Gong Zeng Li	(appointed on 30 December 2005)
Mr. Ho Kit Man	(appointed on 31 October 2005 and resigned on 30 December 2005)
Mr. Shen Jiantai	(appointed on 31 October 2005 and resigned on 15 December 2005)
Mr. Yu Chinshih	(appointed on 7 September 2005 and resigned on 31 October 2005)
Mr. Lau Man Kin	(appointed on 29 July 2005 and resigned on 30 December 2005)
Mr. Huang Jianhua	(appointed on 20 August 2004 and resigned on 26 August 2005)
Mr. Han Jide	(appointed on 26 August 2004 and resigned on 26 August 2005)
Mr. Zhang Xiaoxiong	(appointed on 31 March 2005 and resigned on 15 July 2005)
Mr. Chen Gang, Gordon	(appointed on 5 January 2004 and resigned on 20 August 2004)
Dr. Qian Keming	(resigned on 29 July 2005)
Dr. Hon Fong Ming, Perry	(resigned on 31 March 2005)
Mr. Zhang Jiebin	(resigned on 31 March 2005)
Mr. Ke Yinbin	(resigned on 26 August 2004)
Mr. Fei Phillip	(resigned on 26 August 2004)

Non-executive directors:

Mr. Qin Qing Yun	(appointed on 31 March 2005 and resigned on 26 August 2005)
Ms. Shing Fong	(resigned on 20 August 2004)
Professor Zhu Junfeng	(resigned on 23 September 2004)

Independent Non-executive directors:

Mr. Chen Bin	(appointed on 7 September 2005)
Mr. Qin Li	(appointed on 7 September 2005)
Ms. Lee Chunxiu	(appointed on 1 November 2005)
Mr. Chu Cheong Kit, Raymond	(appointed on 9 September 2005 and resigned on 31 October 2005)
Mr. Chan Kam Man	(appointed on 26 August 2005 and resigned on 6 September 2005)
Mr. Zhao Cai Yuan	(appointed on 31 March 2005 and resigned on 26 August 2005)
Mr. Huang San Xing	(appointed on 23 September 2004 and resigned on 26 August 2005)
Ms. Lau Ha	(appointed on 31 March 2005 and resigned on 15 July 2005)
Mr. Ng Wing Hang, Patrick	(appointed on 14 July 2005 and resigned on 6 September 2005)
Mr. Chan Chung Yin, Victor	(appointed on 14 July 2005 and resigned on 6 September 2005)
Mr. Yu Enguang	(resigned on 31 March 2005)
Professor Ma Qingguo	(resigned on 31 March 2005)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 31 December 2004, so far as is known to the directors or chief executives of the Company, the following persons other than a director or chief executive of the Company had an interest or a short position of 5% or more in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"):

Name of shareholder	Number of shares held/Approximate shareholding percentage					
	Long Position	%	Short Position	%	Lending Pool	%
Dragoncom (Hong Kong) Limited <i>(note)</i>	530,530,000	24.87	–	–	–	–
Dragoncom Group Limited <i>(note)</i>	530,530,000	24.87	–	–	–	–
Dragon Delta Limited <i>(note)</i>	530,530,000	24.87	–	–	–	–

Note: The 530,530,000 shares were held by Dragon Delta Limited, which is wholly and beneficially owned by Dr. Hon Fong Ming, Perry through Dragoncom Group Limited and Dragoncom (Hong Kong) Limited.

Save as disclosed herein, as at 31 December 2004, there was no other person so far as known to the directors or chief executive of the Company, other than a director or chief executive of the Company as having an interest or a short position of 5% or more in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2004, the interests and short positions of each director, chief executive and their respective associates in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which her was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange, are set out below:

Name of director	Type of interests	Number of shares held		Approximate shareholding percentage	Number of share options granted
		Long Position	Short Position		
Dr. Hon Fong Ming, Perry	Ordinary shares	530,530,000 (note)	–	24.87	8,900,000
Dr. Qian Keming	Ordinary shares	–	–	–	864,000
Mr. Zhang Jiebin	Ordinary shares	–	–	–	900,000
Mr. Ke Yinbin	Ordinary shares	–	–	–	900,000
Mr. Shang Qingling	Ordinary shares	–	–	–	864,000
Mr. Yu Enguang	Ordinary shares	–	–	–	864,000
Prof. Lang Hsien Ping	Ordinary shares	–	–	–	1,000,000
Prof. Ma Qingguo	Ordinary shares	–	–	–	864,000

Note: The 530,530,000 shares were held by Dragon Delta Limited, which is wholly and beneficially owned by Dr. Hon Fong Ming, Perry through Dragoncom Group Limited and Dragoncom (Hong Kong) Limited.

Save as disclosed above, as at 31 December 2004, none of the other directors, and their respective associates had any interests in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which her was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year ended 31 December 2004 was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate; and none of the directors, or their spouses or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the year.

DIRECTORS' INTEREST IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries or associates was a party and in which any director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with members of the Group that is not determinable by the employer within one year without payment of compensation, other than statutory compensation.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year under review.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which oblige the Company to offer new shares on a pro-rata basis to existing shareholders. Such obligations are provided for in the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately the total sales for the year and sales to the largest customer included therein amounted to approximately 24%. The largest supplier accounted for approximately 96% of the total purchases for the year.

None of the directors, their associates or any shareholders that, to the knowledge of the directors, own more than 5% of the Company's issued share capital, has any interest in the share capital of any of the five largest customers or the largest supplier of the Group.

CONNECTED TRANSACTIONS

In the opinion of the directors of the Company, the transactions disclosed as related party transactions in note 42 to the financial statements constitute connected transactions as defined under the Listing rules in force at the time of the entering into of the relevant transactions

CORPORATE GOVERNANCE

During the year ended 31 December 2004, in so far as the current directors are aware, the Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules in force during the year under review, except that the non-executive directors of the Company (including the independent non-executive directors of the Company) were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the provision of the Company's bye-laws.

With effect from 1 January 2005, all listed companies are expected to comply with the code provisions set out in the Code on Corporate Governance Practice set out in the amended Appendix 14 to the Listing Rules (the “New Code”). As the current directors of the Company were newly appointed to the Board, the directors are still reviewing the affairs of the Company to ascertain whether or not the Company has adopted the New Code. To the extent that actions have not been taken to comply with the code provisions of the New Code, the Board will take appropriate actions to ensure compliance in due course.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”). As the directors who were directors during the year ended 31 December 2004 have resigned, the Company cannot contact them to make enquiry as to whether or not they have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The audit committee of the Company comprises Mr. Chen Bin, Mr. Qin Li and Ms. Lee Chunxiu, all of whom are independent non-executive directors of the Company. The audit committee has reviewed the audited financial statements of the Company for the year ended 31 December 2004 before they were tabled for the Board’s review and approval.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed the independence of all the independent non-executive directors and is satisfied with their independence.

AUDITORS

The financial statements for the years ended 31 December 2002 and 2003 were audited by Ernst & Young. Ernst & Young resigned as auditors of the Company with effect from 8 April 2005. CCIF CPA Limited was appointed as auditors of the Company on 12 April 2005. A resolution for the re-appointment of CCIF CPA Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board

Jiang Guoan

Chairman

Hong Kong

30 December 2005