

**FIRST DRAGONCOM AGRO-STRATEGY HOLDINGS LTD:
WHO IS, REALLY, MINDING THE STORE, THESE DAYS ?**

So, who is conducting that purported, independent investigation into the affairs of First Dragoncom Agro-Strategy Holdings Ltd (第一龍浩農業策略控股有限公司), now?

Last Wednesday, it was announced by First Dragoncom Agro-Strategy Holdings Ltd (Code: 875, Main Board, The Stock Exchange of Hongkong Ltd) that the following gentlemen had all resigned as Independent Non-Executive Directors of the company with effect from the previous day, September 6.

The 3 'retiring' gentlemen of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were:

Mr Patrick Ng Wing Hang
Mr Victor Chan Chung Yin
Mr Chan Kam Man

Messrs Patrick Ng Wing Hang and Victor Chan Chung Yin had been appointed to their positions on July 14, 2005, and Mr Cham Kam Man had been appointed on August 26, 2005.

So, Messrs Patrick Ng Wing Hang and Victor Chan Chung Yin had lasted exactly 54 days in office while Mr Cham Kam Man had lasted just 12 days in his position.

Subscribers will recall [TARGET Intelligence Report, Volume VII, Number 171](#), published on September 9, 2005, in which this medium put First Dragoncom Agro-Strategy Holdings Ltd under its microscope in the report, headlined:

**'FIRST DRAGONCOM AGRO-STRATEGY HOLDINGS LTD:
ERNST AND YOUNG DETERMINE TO WAIT NO LONGER'**

While this exclusive report zeroed in on the fact that Ernst and Young had sued this former manufacturer and purveyor of shrimp food, as well as a nurturer and sales agent for tree seedlings, included in this report were some of the facts, leading up to that lawsuit.

At Page 2 of this report, **TARGET** wrote, inter alia:

'Trading in the shares of this company has been suspended since April 29, 2005, 'pending the release of an announcement relating to price-sensitive information by the Company'.

'On August 4, 2005, First Dragoncom Agro-Strategy Holdings Ltd made a report to the Hongkong Police Force.

'That followed a report, having been made to The Stock Exchange of Hongkong Ltd on July 29, 2005.

'On day prior to making a report to The Stock Exchange of Hongkong Ltd, Mr Han Ji De, then, an Executive Director of the company, along with Mr Liu Shu Huai, the company's Legal Adviser, made a report to the Shangyi County Police (尚義縣) in the PRC, proper.

'Those reports stemmed from what must have been a rather damning draft report of the company's auditors: CCIF CPA Ltd.

'The company claims that, on reading this draft report, 'an independent investigation committee ... comprising Mr. Ng Wing Hang, Patrick and Mr. Chan Chung Yin, Victor, who are the independent non-executive directors of the Company, was established by the board of directors ... on 20 July 2005 to conduct a full review and investigation on the annual accounts of the Group for the year ended 31 December 2004, in particular, the scope limitation as set out in the draft auditors' report ... '.

'The details of the scope limitations were:

Two deposits, amounting to about \$HK126 million, alleged to have been placed in a PRC trust co-operatives union.

'First Dragoncom Agro-Strategy Holdings Ltd claimed, in its announcement of August 5, 2005, that:

'The Deposits were allegedly created by means of two deposits amounting to RMB54,389,500 (approximately HK\$51,000,000) and RMB80,000,000 (approximately HK\$75,000,000) respectively received by (河北壩上林木種苗有限公司) (Hebei Bashang Plant Seeds Company Limited), a 70%-owned subsidiary of the Company ("Subsidiary") on behalf of the Company in June 2004.'

'The auditors of First Dragoncom Agro-Strategy Holdings Ltd were not satisfied with the purported documentation, given to the firm, and, thus, the result was a damning draft audit report – which minority shareholders have yet to view.'

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