

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 March 2002.

Principal Activities

The Company acts as an investment holding company and provides corporate management services to group companies. Its subsidiaries are principally engaged in global sourcing, processing on shore and international distribution of a variety of frozen seafood products, fuel-trading-at-sea, and the provision of shipping and agency services.

An analysis of the Group's turnover and contribution to operating profit for each of its principal activities and geographical markets is set out in note 4 to the financial statements.

Customers and Suppliers

The five largest customers of the Group together accounted for approximately 50.5% of the Group's turnover, with the largest customer accounting for 19.6%. The five largest suppliers of the Group together accounted for less than 34.4% of the Group's total purchases, with the largest supplier accounting for 11.6%.

At no time during the year did a director, an associate of a director or a shareholder of the Company which, to the knowledge of the directors of the Company owns more than 5% of the Company's share capital, have an interest in any of the Group's five largest customers or supplies.

Results and Appropriations

The results of the Group for the year ended 31 March 2002 are set out in the consolidated income statement on page 30.

The directors recommend the payment of a final dividend of HK4 cents per share to the shareholders whose names appear on the Register of Members of the Company at the close of business on 16 September 2002 amounting to HK\$26,276,000 and the retention of the remaining profit for the year of HK\$53,852,000.

The directors also propose a bonus issue of warrants to shareholders whose names appear on the Register of Members of the Company at the close of business on 16 September 2002 on the basis of one warrant for every five shares then held by the such shareholders. The bonus warrants will be issued in registered form and will be exercisable at any time from 26 September 2002 until 25 March 2004, both days inclusive. Each bonus warrant will entitle the holder thereof to subscribe for one new share at an initial subscription price of HK\$0.85, subject to adjustment in accordance with the terms of the new warrants.

Share Premium and Reserves

Movements in the share premium and reserves of the Group and the Company during the year are set out in note 33 to the financial statements.

Financial Summary

A financial summary of the Group is set out on page 74.

Property, Plant and Equipment

During the year, the Group spent approximately HK\$6,728,000 on plant and equipment principally for the purpose of expansion of production capacity for the factories situated in the People's Republic of China ("Mainland China").

Details of these and other movements in the property, plant and equipment of the Group are set out in note 14 to the financial statements.

Investment Properties

The Group has revalued its investment properties at 31 March 2002.

Details of movements in investment properties of the Group are set out in note 15 to the financial statements.

Subsidiaries and Associates

Details of the Company's principal subsidiaries and the Group's associates as at 31 March 2002 are set out in notes 44 and 45 to the financial statements respectively.

Share Capital and Share Options

During the year, the Company repurchased 560,000 of its owned shares through The Stock Exchange of Hong Kong Limited and these shares were eventually cancelled. The directors considered that, as the Company's shares were trading at a discount to the net asset value per share, the repurchases would increase the net asset value per share of the Company.

Details of this and other movements in the share capital and share options of the Company are set out in notes 31 and 32 to the financial statements respectively.

Other than as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws in Bermuda.

Borrowings

Details of bank borrowings and other borrowing of the Group are set out in notes 28 and 29 to the financial statements respectively.

No interest was capitalised by the Group during the year.

Directors

The directors of the Company during the year and up to the date of this report are:

Executive directors:

Ng Swee Hong (<i>Chairman</i>)	(Appointed on 18 December 2001)
Ng Joo Siang (<i>Managing Director</i>)	
Teh Hong Eng	
Ng Joo Kwee	
Ng Joo Puay, Frank	
Ng Puay Yee	(Appointed on 18 December 2001)
Cheng Nai Ming	

Independent non-executive directors:

Lew V Robert
Kwok Lam Kwong, Larry

In accordance with the provisions of the Company's bye-laws, Ng Swee Hong, Ng Joo Kwee and Cheng Nai Ming retire and, being eligible, offer themselves for re-election. All remaining directors continue in office.

The term of office for each non-executive director is the period up to his retirement by rotation in accordance with the Company's bye-laws.

Directors' Service Contracts

Each of Ng Joo Siang, Teh Hong Eng, Ng Joo Kwee, Ng Joo Puay, Frank and Cheng Nai Ming has entered into a service agreement with the Company's subsidiary. These service agreements shall be valid unless terminated for cause or by either party giving at least one year's written notice, (other than the service agreement of Cheng Nai Ming which requires at least six months' written notice).

Other than as disclosed above, none of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' and Chief Executive's Interests

(i) Shares

At 31 March 2002, the interests of the directors and their associates, within the meaning of the Securities (Disclosure of interests) Ordinance of Hong Kong (the "SDI Ordinance"), in the share capital of the Company, as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance were as follows:

<i>Name of director</i>	<i>Type of interests</i>	<i>Number of shares</i>
Ng Swee Hong (<i>note a</i>)	Corporate interest	373,128,665
Ng Joo Siang (<i>note b</i>)	Family interest	422,000
Cheng Nai Ming	Personal interest	1,454,400
Ng Puay Yee	Personal interest	480,000

Notes:

- (a) These shares are registered in the name of N.S. Hong Investment (BVI) Limited and Ng Swee Hong is deemed to be interested in these shares by virtue of the fact that N.S. Hong Investment (BVI) Limited, a corporation, is accustomed to act in accordance with his directors.
- (b) These shares are held under the name of the spouse of Ng Joo Siang.

(ii) Share option scheme

Under the terms of the share option scheme (the "Scheme") which was adopted on 9 September 1994 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 8 September 2004, the Board may grant options to directors and employees of the Company and its subsidiaries to subscribe for shares in the Company, at a price equal to the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of the grant of the options. The exercisable period will be determined by the Board and in any event not exceeding a period of 5 years commencing on the date of acceptance by the grantee and expiring on the last date of such period. The grantee is required to pay non refundable consideration of HK\$1.00 upon acceptance of the offer.

The number of shares issuable under the Scheme is not to exceed 10% of the issued share capital of the Company from time to time excluding any shares issued pursuant to the Scheme. At the date of this report, the total number of options available for issue under the Scheme is approximately 4,441,000 which represented 0.7% of the issued share capital of the Company (excluding any shares issued pursuant to the Scheme) at the same date.

Directors' and Chief Executive's Interests – Continued

(ii) Share option scheme – *continued*

The following table discloses directors' personal interests and employees' interests in share options to subscribe for shares in the Company:

	Period during which option are exercisable	Subscription price per share HK\$	Outstanding at 1.4.2001	Number of share options held			Outstanding at 31.3.2002
				Exercised during the year	Cancelled during the year		
Category 1: Directors							
Teh Hong Eng	21.8.2000 to 20.8.2005	0.3336	10,000,000	-	-	-	10,000,000
Ng Joo Siang	21.8.2000 to 20.8.2005	0.3336	16,000,000	-	-	-	16,000,000
Ng Joo Kwee	21.8.2000 to 20.8.2005	0.3336	10,000,000	-	-	-	10,000,000
Ng Joo Puay, Frank	21.8.2000 to 20.8.2005	0.3336	8,000,000	-	-	-	8,000,000
Ng Puay Yee	11.7.1999 to 10.7.2004	1.1168	600,000	-	-	-	600,000
	21.2.2002 to 20.2.2007	0.3336	2,000,000	-	-	-	2,000,000
Cheng Nai Ming	25.10.1998 to 24.10.2003	0.9440	2,000,000	-	-	-	2,000,000
	21.8.2000 to 20.8.2005	0.3336	4,000,000	-	-	-	4,000,000
Total number of share options held by directors			52,600,000	-	-	-	52,600,000
Category 2: Employees							
	25.10.1997 to 24.10.2002	0.9440	100,000	-	-	-	100,000
	25.10.1998 to 24.10.2003	0.9440	3,750,000	-	(500,000)	-	3,250,000
	25.10.1999 to 24.10.2004	0.9440	300,000	-	-	-	300,000
	25.10.2000 to 24.10.2005	0.9440	400,000	-	-	-	400,000
	21.2.2001 to 20.2.2006	0.3336	4,000,000	-	-	-	4,000,000
	21.2.2002 to 21.2.2007	0.3336	1,300,000	(700,000)	-	-	600,000
Total number of share options held by employees			9,850,000	(700,000)	(500,000)	-	8,650,000
Total number of share options granted			62,450,000	(700,000)	(500,000)	-	61,250,000

Directors' and Chief Executive's Interests – Continued

(ii) Share option scheme – *continued*

During the year, 700,000 shares options to subscribe for 700,000 ordinary shares in the Company at an exercise prices of HK\$0.3336 per share were exercised and 500,000 share options to subscribe for shares of the Company were cancelled.

Other than as disclosed above, none of the directors or chief executives or their respective associates had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors or chief executives or their respective 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.

Arrangements to Purchase Shares or Debentures

Other than as disclosed above, at no time during the year was the Company or its holding company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interest in Contracts of Significance

Save as disclosed in note 42 to the financial statements, no contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a 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.

Substantial Shareholders

Other than the interests disclosed above in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no person as having an interest of 10% or more in the issued share capital of the Company as at 31 March 2002.

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 31 March 2002.

Connected Transactions

The Group had also entered into the following transactions with National Fish & Seafood Inc. ("NFS") and its subsidiary, in which the Group has a 60% attributable interest, and Pacific Andes (Holdings) Limited ("PAH") and its subsidiaries in which the Group has a 63% attributable interest:

	<i>HK\$'000</i>
Interest income received from PAH and its subsidiaries	4,104
Dividend paid to NFS	371
Interest expenses paid to NFS and its subsidiary	75
Administrative expenses paid to PAH and its subsidiaries	12,456
Sales of frozen seafood to NFS and its subsidiary	2,317
Purchases of frozen seafood from NFS and its subsidiary	<u>3,429</u>

The interest income and interest expenses were calculated at 6.05% per annum on the outstanding amounts due from PAH and its subsidiaries and outstanding amounts due to NFS and its subsidiary respectively. The administrative expenses were calculated in accordance with the management agreement signed on 3 September 1996 upon the listing of the shares of PAH on Singapore Exchange Securities Trading Limited. Sales of frozen seafood were carried out at market price or, where no market price was available, at cost plus a percentage profit mark-up. These transactions were in the ordinary and usual course of business.

During the year, the Company executed guarantees to certain bankers in respect of banking facilities in the amount of HK\$132,834,000 granted to NFS and its subsidiary. The guarantees given by the Company were in the ordinary and usual course of business.

Donations

During the year, the Group made charitable and other donations amounting to HK\$172,000.

Post Balance Sheet Events

Details of the significant post balance sheet events are set out in note 43 to the financial statements.

Corporate Governance

The Company has complied throughout the year ended 31 March 2002 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Code of Best Practice").

Auditors

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Ng Joo Siang
MANAGING DIRECTOR
15 July 2002