

The directors have pleasure in presenting their annual report and the audited financial statements of the Company and of the Group for the year ended 30 April 2003.

CHANGE OF COMPANY NAME

Pursuant to a special resolution of the Company passed on 4 April 2003, the name of the Company was changed from Quality Food International Limited to Oriental Investment Corporation Limited effective from 5 May 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries have been shifted from the business of manufacture and trading of processed eels and eel feed products into property investment and environmental protection businesses.

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activity and geographical area of operations for the year ended 30 April 2003 is set out in note 4 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 30 April 2003 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 17 to 57.

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the combined/consolidated results of the Group for the last five financial years and its assets, liabilities and minority interests as at 30 April 2000, 2001, 2002 and 2003, prepared on the basis set out in the notes below.

SUMMARY FINANCIAL INFORMATION (continued)
RESULTS

	Year ended 30 April				
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
TURNOVER	289,288	370,533	469,698	435,260	351,983
(LOSS)/ PROFIT AFTER FINANCE COSTS	(70,271)	(46,895)	(23,701)	52,726	41,784
GAIN ON DISPOSAL OF INTEREST IN A SUBSIDIARY COMPANY	60,101	–	–	–	–
SHARE OF PROFIT OF A JOINT VENTURE	5,200	–	–	–	–
SHARE OF (LOSS)/PROFIT OF AN ASSOCIATE	–	(6,391)	3,762	2,653	1,478
(LOSS)/ PROFIT BEFORE TAX	(4,970)	(53,286)	(19,939)	55,379	43,262
TAX	–	(199)	(2,422)	(2,368)	(3,574)
(LOSS)/ PROFIT BEFORE MINORITY INTERESTS	(4,970)	(53,485)	(22,361)	53,011	39,688
MINORITY INTERESTS	3	176	5,115	(2,594)	(7,277)
NET (LOSS)/ PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	(4,967)	(53,309)	(17,246)	50,417	32,411

SUMMARY FINANCIAL INFORMATION (continued)

ASSETS, LIABILITIES AND MINORITY INTERESTS

	2003	30 April		
		2002	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Restated)</i>
NON-CURRENT ASSETS	53,052	47,240	102,848	69,668
CURRENT ASSETS	82,310	147,876	116,050	176,516
TOTAL ASSETS	135,362	195,116	218,898	246,184
CURRENT LIABILITIES	(21,469)	(99,542)	(96,999)	(82,684)
MINORITY INTERESTS	–	–	–	(11,119)
NET ASSETS	113,893	95,574	121,899	152,381

Notes:

1. Prior to 1 September 1999, the Group had a 100% equity interest in Fu Qing Sanhua Forage Co., Ltd. ("Fu Qing Sanhua") and a 99% equity interest in Fuqing Qixiang Food Co., Ltd. ("Fuqing Qixiang"). Pursuant to a Group reorganisation, on 9 September 1999, the Group disposed of a 51% equity interest in Fu Qing Sanhua and a 29% equity interest in Fuqing Qixiang to Great Global Limited ("GGL") for an aggregate consideration of approximately US\$2,465,000 (equivalent to HK\$19,080,000) computed based on the unaudited net asset value of the relevant equity interests of Fu Qing Sanhua and Fuqing Qixiang disposed of as at 1 September 1999, the effective date of the disposal.

The above summary of the combined results of the Group for each of the two years ended 30 April 2000 was prepared on a pro forma basis to reflect the Group reorganisation, as set out above, as if the Group structure as at 5 October 1999, when the Company became the holding company of the companies now comprising the Group, had been in existence throughout these financial years. The results of the Group for the two years ended 30 April 2003 are set out on page 17 of the annual report.

2. As the Company was incorporated on 27 July 1999, only the audited consolidated/combined balance sheets of the Group as at 30 April 2000, 2001, 2002 and 2003 have been presented.
3. The assets, liabilities and minority interests of the Group for the year ended 30 April 2000 have been adjusted for the effect of the retrospective changes in accounting policy affecting proposed dividends, as detailed in note 2 to the financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Company and of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL, WARRANTS AND SHARE OPTIONS

Details of movements in the Company's share capital during the year, together with the reasons therefor, and details of the warrants and share option scheme of the Company are set out in note 25 and 26 to the financial statements respectively and disclosed under the heading "Share Option Schemes" below.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 27 to the financial statements.

DISTRIBUTABLE RESERVES

At 30 April 2003, the Company had no reserves available for distribution.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for approximately 85% of the total sales for the year and sales to the largest customer included therein amounted to approximately 31% of the total sales.

Purchases from the Group's five largest suppliers accounted for approximately 45% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 17% of the total purchases.

As far as the directors are aware, none of the directors of the Company or their associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")), nor any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

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

Executive directors:

Mr. Lai Leong (*chairman*)

Mr. Zhu Yi Cai

Mr. Wang Hao

Non-executive directors:

Mr. Kwok Chi Sun, Vincent (appointed on 23 December 2002)

Mr. Li Siu Lok, Albert (appointed on 23 December 2002)

Ms. Wan Choi Ha (appointed on 23 December 2002)

Independent non-executive directors:

Dr. Chow King Wai (appointed on 23 December 2002)

Mr. Chu Kar Wing (appointed on 23 December 2002)

Mr. Kong Shan, David (appointed on 5 June 2002 and
resigned on 23 December 2002)

Mr. Choi Tat Ying, Jacky (resigned on 5 June 2002)

Ms. Chiu Wang (resigned on 23 December 2002)

In accordance with clause 87 of the Company's bye-laws, Mr. Wang Hao will retire by rotation and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES

Directors

Mr. Lai Leong, aged 39, is the Chairman of the Company. Mr. Lai has worked for several property and trading companies in the People's Republic of China (the "PRC") and has over 12 years of experience in corporate management for companies in Hong Kong and in the PRC.

Mr. Zhu Yi Cai, aged 39, is an executive director of the Company. Mr. Zhu graduated from a university in the PRC and has over 16 years of experience in managing food manufacturing and processing companies in the PRC.

Mr. Wang Hao, aged 40, is an executive director of the Company. Mr. Wang is engaged as investment consultant in several listed companies in the PRC and has over 11 years of experience in investment management for companies in the PRC.

Mr. Kwok Chi Sun, Vincent, aged 40, is a Non-Executive Director of the Company. Mr. Kwok is the proprietor of Vincent Kwok & Co. Certified Public Accountants and has over 18 years' experience in audit and finance.

Mr. Li Siu Lok, Albert, aged 43, is a Non-Executive Director of the Company. Mr. Li graduated from the University of Hong Kong with Bachelor of Science (Engineering) in 1985 and The Chinese University of Hong Kong with a Master Degree in Business Administration in 1997. Mr. Li has more than 14 years of business management experience in multi-national corporations.

Ms. Wan Choi Ha, aged 35, a non-executive Director of the Company. Ms Wan is a solicitor qualified in Hong Kong, and has been practising in Hong Kong for about 10 years. She is a principal partner of a law firm. She holds a Bachelor's degree in laws from The University of Hong Kong.

Dr. Chow King Wai, aged 48, is an independent Non-Executive Director of the Company. Dr. Chow holds a doctorate conferred by the University of Texas. He has substantial experience in strategic development and management, and has published widely in the field of administrative science. He is currently setting up a center of excellence in strategic development.

Mr. Chu Kar Wing, aged 46, is an independent Non-Executive Director of the Company. Mr. Chu holds a bachelor degree in social science majoring in economics. Mr. Chu has extensive experiences in banking and finance sector for many years. He is also the independent non-executive director of another listed company in Hong Kong. He now acts as the general manager of a leading stationery company.

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES (continued)

Senior management

Mr. Hsieh Kuan Jen, aged 50, is the vice-general manager of Fuqing Qixiang. Mr. Hsieh is a graduate of Taiwan National Ping Dong School of Agriculture. He was engaged in the processed eel industry in Taiwan prior to joining the Group in March 1994 and has more than 23 years of experience in the technical aspects of eel processing and sales of processed eels.

Mr. Lu Yu Fei, aged 44, is the general manager of the PRC operations of the Group's eel feeds segments. Mr. Lu graduated from the Northwestern Textile Institute of the PRC. He joined the Group in January 1995 and has more than 12 years of experience in foreign trade.

Ms. Lin Qin, aged 38, is the vice-general manager of Fuqing Qixiang and the manager of its production department. She joined the Group in March 1994 and has 9 years of experience in the technical aspects and quality control of eel processing.

Mr. Chen Zeng He, aged 44, is the general manager of Fuzhou Development Zone Sanhua Feed Co., Ltd. and Sanhua Feed Co., Ltd. Longyan. He joined the Group in February 1993 and has over 12 years of experience in the management of eel feeds production.

Mr. Chow Wai Kit, aged 35, is the deputy general manager of the Company. Mr. Chow holds a Master of Finance degree from Australia. Mr. Chow is a fellow member of the Hong Kong Society of Accountants and The Association of Chartered Certified Accountants, The United Kingdom. He is also an associate member of The Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries & Administrators, The United Kingdom. Mr. Chow has over 13 years' experience in auditing, accounting, corporate finance and corporate management.

Ms. Chan Yim Kum, aged 39, is the company secretary of the Company. Ms. Chan holds a Bachelor's Degree (Honours) in Business Administration from the United Kingdom and a Master's Degree in Professional Accountancy from Hong Kong. Ms. Chan is a member of The Institute of Chartered Secretaries and Administration of the United Kingdom; The Hong Kong Institute of Company Secretaries; and The Taxation Institute of Hong Kong. Ms. Chan has more than 14 years of experience in corporate management and administration.

DIRECTORS' SERVICE CONTRACTS

All of the executive directors entered into service contracts with the Company for terms of 3 years commencing from 4 February 2002 which are determinable by either party giving not less than 6 months' written notice.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 29 to the financial statements, no director had a material interest in any contract of significance to the business of the Group to which the Company, its holding company any of its subsidiaries a party during the year.

CONNECTED AND RELATED PARTY TRANSACTIONS

Details of the connected and related party transactions of the Group are set out in note 29 to the financial statements. The Company's independent non-executive directors have reviewed the connected and related party transactions, as detailed in note 29 to the financial statements, and consider that these transactions were carried out in the ordinary and usual course of business of the Group on normal commercial terms and on an arm's length basis and that these transactions were also carried out on terms that were fair and reasonable so far as the shareholders of the Company are concerned.

DIRECTORS' INTERESTS IN SHARES

At 30 April 2003, the interests of the directors in the securities of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Director	Nature of interest	Number of shares held	Number of warrants held
Mr. Lai Leong	Corporate (<i>Note</i>)	980,020,000	–
Mr. Zhu Yi Cai	Corporate (<i>Note</i>)	980,020,000	–

Note: These shares were held through Wealth Success Limited ("Wealth Success"), a company beneficially owned by Mr. Zhu Yi Cai and Mr. Lai Leong as to 72% and 28%, respectively.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interest in the equity securities of the Company or any of its associated corporations, as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the head in "Directors' interests in shares " above, at no time during the year was the Company, its holding company any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEMES

Pursuant to an annual general meeting of the Company held on 31 October 2002, the share option scheme adopted by the Company on 19 October 1999 (the “Old Scheme”) was terminated and a new scheme (the “New Scheme”) was adopted by the Company. As a result, the Company can no longer grant any further options under the Old Scheme. However, no option was granted prior to the termination of the Old Scheme. The purpose of the New Scheme is to enable the Company to grant options to eligible participants, thereby as an incentive or rewards for their contribution to the Group. Eligible participants of the New Scheme include the directors, employees, suppliers, customers and shareholders of the Group. Unless otherwise terminated or amended, the New Scheme will remain in force for ten years from date of adoption to 31 October 2012.

Pursuant to the New Scheme, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and options granted and yet to be exercised under any other schemes shall not exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period must not exceed 1% of the issued share capital of the Company at any time. The offer of a grant of options may be accepted within 21 days from the date of the offer with signed acceptance letter comprising consideration of HK\$1.00 received by the Company. The exercise period of the share options granted is determinable by the Directors, but no later than 10 years from the date of the offer. The subscription price for the shares in respect of which options are granted is determinable by the Directors, but in any case must be the highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheet on the date of the grant; (ii) the average closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company’s shares. As at 30 April 2003, no option has been issued under the New Scheme.

As at this report date, no share is granted under both the Old and New Schemes.

SUBSTANTIAL SHAREHOLDERS

Other than the shares held by Wealth Success, as disclosed under the heading “Directors’ interests in share” above, no other person had registered an interest of 5% or more in the issued share capital of the Company that was required to be recorded in the register of interests pursuant to Section 16(1) of the SDI Ordinance.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the annual report, except that an independent non-executive director of the Company was not appointed for specific terms as required by paragraph 7 of the Code, but resigned as independent non-executive director of the Company on 5 June 2002.

AUDIT COMMITTEE

In accordance with the requirements of the Code, as set out in Appendix 14 of the Listing Rules, the Company set up an audit committee (the "Committee") in 2000 with written terms of reference for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Committee comprises Dr. Chow King Wai and Mr. Chu Kar Wing, two independent non-executive directors and Ms. Chan Yim Kum, the company secretary of the Company. The Group's financial statements for the year ended 30 April 2003 have been reviewed by the Committee.

AUDITORS

The financial statements for the year ended 30 April 2002 were audited by Ernst & Young. Ernst & Young resigned as the auditors of the Company on 17 February 2003 and Charles Chan, Ip & Fung CPA Ltd. ("CCIF") were then appointed as auditors to fill the causal vacancy. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint CCIF as auditors of the Company.

ON BEHALF OF THE BOARD

Lai Leong

Chairman

Hong Kong

28 August 2003