

Contingent liabilities

As at 30 June 2003, the Group had no material contingent liability not yet provided for. As at 31 December 2002, except for certain guarantees amounting to HK\$293,000 granted by the Company's subsidiaries to third parties in their ordinary course of businesses, the Group had no other contingent liability.

SHARE CONSOLIDATION

At the annual general meeting of the Company held on 30 May 2003, the resolutions regarding the consolidation of every 10 issued and unissued shares of HK\$0.10 each in the capital of the Company into 1 consolidated share of HK\$1.00 each ("Share Consolidation") were approved by the shareholders of the Company. Since 2 June 2003, the effective date of the Share Consolidation, the authorized share capital of the Company has become HK\$100 million divided into 100 million shares of HK\$1.00 each, of which 52,624,248 shares were issued and fully paid.

EMPLOYEES

As at 30 June 2003, the Group had approximately 110 full-time employees and 260 crew (31 December 2002: 140 full-time employees and 289 crew). The Group remunerated its employees in accordance with their performances, experiences and prevailing market practices and provided them with usual fringe benefits.

OUTLOOK

In general, there is modest growth in the world economy with increasing positive signs. Looking ahead, the freight rates are expected to be firm in the coming months. Given the apparent control over SARS and the possible rebound of Hong Kong economy, we expect that there should be improvement in the Group's trading business for the rest of 2003. While focusing on the core shipping business, the Group will continue taking efforts to improve efficiency, reduce the operating costs and remain conscious to the changing market conditions in mapping out its business and investment strategies.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

As at 30 June 2003, the directors of the Company had the following interests and long positions in shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited

(the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"):

Name	Type of interests	No. of shares in the Company	No. of shares in Jinhui Shipping and Transportation Limited
Ng Siu Fai	Interests other than personal, family and corporation	Note	Note
Ng Kam Wah Thomas	Interests other than personal, family and corporation	Note	Note
Ng Ki Hung Frankie	Interests other than personal, family and corporation	Note	Note
So Wing Hung Peter	Family interests	250,000	15,000

Note: Lorimer Limited, in its capacity as trustee of the Ng Hing Po 1991 Trust, is the legal owner of the entire issued share capital of Fairline Consultants Limited which is the legal and beneficial owner of 30,385,628 shares of the Company and 494,049 shares of Jinhui Shipping and Transportation Limited as at 30 June 2003. The Ng Hing Po 1991 Trust is a discretionary trust, the eligible beneficiaries of which include members of the Ng family. Both Messrs. Ng Siu Fai and Ng Kam Wah Thomas are directors of Fairline Consultants Limited.

Save as disclosed above, as at 30 June 2003, none of the directors, chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable any director or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor chief executive of the Company or any of their spouses or children under the age of 18 had any interest in, or had been granted, any right to subscribe for the shares in or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), or had exercised any such right during the period.