REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

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, trading of marine fuel, the provision of shipping and agency services and the cultivation, processing and supply of vegetables. Its associates are principally engaged in trading of processed and frozen fish products and its jointly-controlled entity is engaged in fishing and the provision of fishing management services to fishing vessels.

Details of the Company's principal subsidiaries, associates and jointly-controlled entity at 31 March 2005 are set out in notes 44, 45 and 27 to the financial statements, respectively.

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 less than 30% of the Group's turnover. The five largest suppliers of the Group together accounted for approximately 46.0% of the Group's total purchases, with the largest supplier accounting for 13.2%.

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 suppliers.

Results and Appropriations

The results of the Group for the year ended 31 March 2005 are set out in the consolidated income statement on page 24.

The directors recommend the payment of a final dividend of HK5.4 cents per share to the shareholders whose names appear on the Register of Members of the Company at the close of business on 8 September 2005 amounting to HK$54,409,000 and the retention of the remaining profit for the year of HK$108,819,000.

Property, Plant and Equipment

During the year, the Group spent approximately HK$96,375,000 on the acquisition of property, plant and equipment.

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 2005.

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

Purchase, Sale or Redemption of the Company's Listed Shares

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

Share Capital, Share Options and Warrants

Details of movements in the share capital, share options and warrants are set out in notes 32, 33 and 34 to the financial statements respectively.

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 of the Group are set out in note 30 to the financial statements.

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	*(Chairman)*
Ng Joo Siang	*(Managing Director)*
Teh Hong Eng	
Ng Joo Kwee	
Ng Joo Puay, Frank	
Ng Puay Yee	
Cheng Nai Ming	

Independent non-executive directors:

Lew V Robert	
Kwok Lam Kwong, Larry	
Yeh Man Chun, Kent	(appointed on 30 September 2004)

In accordance with the provisions of the Company's bye-laws, Ng Swee Hong, Ng Joo Siang, Ng Puay Yee and Yeh Man Chun, Kent 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 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 by either party giving at least one year's written notice, except for 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 and Warrants

At 31 March 2005, the interests of the directors and their associates in the shares and warrants of the Company, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

	Number of ordinary shares held (long positions)			
Name of directors	**Personal interests**	**Family interests**	**Corporate interests**	**Percentage of the issued share capital of the Company**
Ng Swee Hong				
– shares	–	–	509,263,438 (note b)	50.96%
– warrants	–	–	101,157,087 (note b)	10.12%
Ng Joo Siang				
– shares	–	422,000 (note a)	–	0.04%
– warrants	–	84,400 (note a)	–	0.01%
Ng Puay Yee				
– shares	1,176,000	–	–	0.12%
– warrants	235,200	–	–	0.02%
Cheng Nai Ming				
– shares	1,745,280	–	–	0.17%
– warrants	349,056	–	–	0.03%

Note:

(a) These shares and warrants are held under the name of the spouse of Ng Joo Siang.

(b) These shares and warrants are registered in the name of N. S. Hong Investment (BVI) Limited, representing approximately 50.96% and 10.12% respectively of the issued share capital of the Company, 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 direction.

Directors' and Chief Executive's Interests – Continued

(ii) Share option schemes

Particulars of the share option schemes are set out in note 33 to the financial statements.

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

	Vesting period	Period during which option are exercisable	Subscription price per share HK$	Date of grant	Number of share options and underlying share held Outstanding at 1.4.2004	Exercised during the year	Outstanding at 31.3.2005
Category 1: Directors							
Ng Puay Yee	10.7.1997 to 10.7.1999	11.7.1999 to 10.7.2004	1.1168	10.7.1997	600,000	(600,000)	–
Cheng Nai Ming	21.2.2000 to 20.8.2000	21.8.2000 to 20.8.2005	0.3336	21.2.2000	4,000,000	–	4,000,000
Total number of share options held by directors					4,600,000	(600,000)	4,000,000

Category 2: Employees

There is no share option outstanding for employees during the year.

The closing price of the Company's share immediately before the date on which the options were exercised was HK$1.25.

No share option was granted by the Company during the year.

Other than as disclosed above, none of the directors or chief executives or their respective associates had any personal, family, corporate or other interests or short positions in any securities of the Company or any of its associated corporations as defined in the SFO as at 31 March 2005.

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

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

As at 31 March 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of relevant interests in the issued share capital of the Company:

Name of shareholder	Capacity	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the Company
Ng Swee Hong	Beneficial owner	509,263,438(1)	50.96%
Cheah Cheng Hye	Beneficial owner	99,863,836(2)	9.99%

Notes:

(1) 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 direction.

(2) Cheah Cheng Hye holds a total of 99,863,836 shares by virtue of his deemed interest in the shares held by Value Partners Limited.

Other than disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2005.

Transactions with Non-wholly Owned Subsidiaries

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 65% attributable interest:

	HK$'000
Interest income received from NFS and its subsidiary	880
Administrative income received from PAH and its subsidiaries	14,340
Interest income received from PAH and its subsidiaries	206

The interest income was calculated at interest rates ranging from 1.20% to 2.96% per annum on the outstanding amounts due from PAH and its subsidiaries and outstanding amounts due from NFS and its subsidiary respectively. The administrative income received from PAH and its subsidiaries was calculated in accordance with the management agreement signed on 3 September 1996 upon the listing of the shares of PAH on The Singapore Exchange Securities Trading Limited and updated by a supplemental agreement dated 22 July 2003. Sales and purchases 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 banks in respect of banking facilities in the amount of HK$193,479,000 granted to NFS and its subsidiary and in the amount of HK$450,940,000 to PAH and its subsidiaries. These guarantees given by the Company were in the ordinary and usual course of business.

Besides, PAH and its subsidiaries executed guarantees to certain banks in respect of banking facilities in the amount of HK$60,975,000 granted to the Group and the Company.

Donations

During the year, the Group made charitable and other donations amounting to HK$549,000.

Corporate Governance

The Company has complied throughout the year ended 31 March 2005 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") except that its non-executive directors are not appointed for a specific terms. Pursuant to the bye-laws of the Company, the directors, including non-executive directors of the Company will retire by rotation on an average of every three years and their appointments will be reviewed when they are due for re-election which, in the opinion of the Company, meets the same objective as the guidelines, set out in the Code of Best Practice.

Public Float

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

Model Code for Securities Transactions

The Company has adopted the Model Code of the Listing Rules as the code for dealing in securities of the Company by the directors. Specific enquiry has been made with all directors and the directors have complied with the required standard set out in the Model code for the year ended 31 March 2005.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited consolidated financial statements for the year ended 31 March 2005.

The members of the Audit Committee are Lew V Robert (chairman), Kwok Lam Kwong, Larry, and Yeh Man Chun, Kent, the independent non-executive directors of the Company.

Post Balance Sheet Events

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

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

25 July 2005