

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the “Board”) is committed to maintaining a high standard of corporate governance. The Board believes that sound and reasonable corporate practices are essential for the growth of the Group and for safeguarding and maximizing shareholders’ interests.

The Company has adopted the code provisions set out in the Code of Corporate Governance (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Company has complied with all the applicable code provisions in the CG Code throughout the year ended 31 March 2006, except for the following deviations:

CG Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive directors of the Company were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Company’s bye-laws.

CG Code Provision B.1.1 provides that a remuneration committee with specific written terms of reference should be established. A majority of the members of the remuneration committee should be independent non-executive directors. The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.

On 20 December 2005, the Board established the remuneration committee with specific written terms of reference. The details of the remuneration committee refer to the paragraph of “Remuneration Committee” below.

## BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Group’s business, strategic decisions and financial performances. The Board delegates to the management team the day-to-day management of the Company’s business including the preparation of annual and interim reports, and for implementation of internal control, business strategies and plans developed by the Board.

The Board comprises seven executive directors and three independent non-executive directors. The executive directors have extensive experience in the frozen seafood and shipping industry and the independent non-executive directors possess appropriate legal, professional accounting qualifications and financial management expertise.

The independent non-executive directors also serve the important function of ensuring and monitoring the basis of effective corporate governance framework. The Board considers that each independent non-executive director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive director an annual confirmation or confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive directors are explicitly identified in all of the Company’s corporate communications.

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Board meetings are scheduled to be held at regular interval and meets more frequently as and when required. The attendance of the directors at the Board meeting for the year ended 31 March 2006 is as follows:

Name of Directors	Number of attendance
<i>Executive:</i>	
Mr Ng Swee Hong ( <i>Chairman</i> )	2/2
Mr Ng Joo Siang ( <i>Managing Director</i> )	2/2
Madam Teh Hong Eng	2/2
Mr Ng Joo Kwee	2/2
Mr Ng Joo Puay, Frank	2/2
Ms Ng Puay Yee	1/2
Mr Cheng Nai Ming	2/2
<i>Independent non-executive:</i>	
Mr Lew V Robert	1/2
Mr Kwok Lam Kwong, Larry	1/2
Mr Yeh Man Chun, Kent	1/2

## CHAIRMAN AND MANAGING DIRECTOR

Mr Ng Swee Hong, who is the Chairman of the Company, is responsible for the leadership and effective running of the Board and ensuring that all significant and key issue are discussed and where required, resolved by the Board timely and constructively.

Mr Ng Joo Siang, who is the Managing Director of the Company, is delegated with the authority and responsibility to manage the Group's business in all aspects effectively, implement major strategies, make day-to-day decision and coordinate overall business operation.

## DIRECTORS' 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 2006.

## AUDITORS' REMUNERATION

For the year ended 31 March 2006, the auditors of the Company received approximately HK\$4,283,000 and HK\$3,255,000 for audit services and non-audit services rendered to the Group respectively.

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### AUDIT COMMITTEE

The Company has an Audit Committee comprising three independent non-executive directors, Mr Lew V Robert (Chairman), Mr Kwok Lam Kwong, Larry and Mr Yeh Man Chun, Kent. Two meetings were held during the year ended 31 March 2006. The attendance of the directors at the Audit Committee meeting for the year ended 31 March 2006 is as follows:

Name of Directors	Number of attendance
Mr Lew V Robert	2/2
Mr Kwok Lam Kwong, Larry	2/2
Mr Yeh Man Chun, Kent	2/2

The primary duties of the Audit Committee include review of the effectiveness of financial reporting processes and internal control systems of the Group, review the Group's financial information and compliance, making recommendation to the Board on the appointment and removal of external auditors and assessing their independence and performance.

During the year and up to the date of this report the works performed by Audit Committee were mainly set out below:

- reviewed the interim results for the period ended 30 September 2005 and annual results for the years ended 31 March 2005 and 2006 of the Group
- discussed with the management of the Company over the fairness and adequate accounting standards and policies of the Group in the preparation of the interim and annual financial statements
- reviewed the connected transactions entered into by the Group during the year
- reviewed and discussed with external auditors over the financial reporting of the Company
- reviewed, recommended and approved the retirement and re-appointment of external auditors
- reviewed, recommended and approved the remuneration of external auditors

### REMUNERATION COMMITTEE

The Remuneration Committee has been established by the Company in accordance with the requirement of the CG Code. The Remuneration Committee currently comprises five members, three independent non-executive directors, Mr Lew V Robert (Chairman), Mr Kwok Lam Kwong, Larry and Mr Yeh Man Chun, Kent, and two executive directors, Mr Ng Joo Siang and Mr Ng Joo Puay, Frank.

The Remuneration Committee is responsible for reviewing and recommending the remuneration of the executive directors and senior management. The remuneration of the non-executive directors are determined by the Board.

The Remuneration Committee was established on 20 December 2005 and met once during the year to review and adopt the terms of reference. Up to the date of the Annual Report, the Remuneration Committee reviewed the Group's remuneration policy and reviewed the remuneration package of the executive directors and senior management for the year ended 31 March 2006.

### NOMINATION OF DIRECTORS

The Company has not established any nomination committee and would not consider establishing a nomination committee owing to the small size of the Board. The appointment of a new director is a collective decision of the Board, taking into consideration the expertise, experience, integrity and commitment of the appointee to the relevant principal division, the Company and the Group.

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### **ACCOUNTABILITY**

The directors are responsible for the preparation of the financial statements of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cashflow of the Group. The directors ensure that the financial statements for the year ended 31 March 2006 were prepared in accordance with statutory requirements and applicable accounting standards, and have been prepared on a going concern basis.

### **INTERNAL CONTROLS**

The Board reviews the internal control system of the Company annually and will take any necessary and appropriate action to maintain an adequate internal control system to safeguard shareholders' investments and the Company's assets. The effectiveness of the internal control system was discussed on an annual basis with the Audit Committee.

The Company has set up its own internal audit department in June 2006.