

Directors' Report

The directors submit herewith their annual report and the audited financial statements of the Group for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The Company is an investment holding company. The subsidiaries are principally engaged in the businesses of ship chartering, ship owning, trading, transportation and warehousing.

Segmental information of the Group for the year ended 31 December 2002 is set out in note 28 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2002 are set out in the consolidated income statement on page 15.

The Board does not recommend the payment of a dividend (2001: Nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 7.

FIXED ASSETS

Details of movements in fixed assets of the Group during the year are set out in note 11 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 35 to the financial statements.

SECURED BANK LOANS AND OVERDRAFTS

Details of the secured bank loans and overdrafts of the Company and the Group at balance sheet date are set out in note 21 to the financial statements.

RESERVES

Details of the movements in reserves of the Company and the Group during the year are set out in note 23 to the financial statements.

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MAJOR CUSTOMERS AND SUPPLIERS

Turnover attributable to the largest and the five largest customers accounted for approximately 7% and 28% respectively of the total turnover of the Group for the year.

Purchases attributable to the largest and the five largest suppliers accounted for approximately 21% and 54% respectively of the total purchases of the Group for the year.

None of the directors, their associates or any shareholders which to the best knowledge of the directors own more than 5% of the Company's share capital had interest in any of the five largest customers or the five largest suppliers.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to HK\$72,000.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Executive Directors:

- Mr. Ng Siu Fai
- Mr. Ng Kam Wah Thomas
- Mr. Ng Ki Hung Frankie
- Mr. Ho Kin Lung
- Ms. Ho Suk Lin

Non-executive Directors:

- Mr. So Wing Hung Peter
- Mr. Cui Jian Hua
- Mr. Tsui Che Yin Frank

In accordance with the Company's Articles of Association, Mr. Tsui Che Yin Frank will retire from office at the forthcoming Annual General Meeting and, being eligible, will offer himself for re-election.

None of the directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Report

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ng Siu Fai, *Chairman and Managing Director*

Aged 46. Appointed as a director of the Company in 1991 and the chairman of Jinhui Shipping and Transportation Limited ("Jinhui Shipping"), an approximately 50.9% owned subsidiary of the Company and with its shares listed on the Oslo Stock Exchange, in 1994. As one of the two original founders of the Group in 1987, his responsibility is to formulate strategic planning for the Group as well as oversee all aspects of the Group's operations. Mr. Ng has more than 20 years of experience in the shipping industry, of which over 10 years are in business management and China trade.

Mr. Ng is a brother of Messrs. Ng Kam Wah Thomas and Ng Ki Hung Frankie, both are directors of the Company (as disclosed hereinafter).

Mr. Ng Kam Wah Thomas, *Executive Director*

Aged 40. Appointed as a director of the Company in 1991 and the managing director of Jinhui Shipping in 1994. Mr. Ng is the other founder of the Group in 1987 and is responsible for the overall responsibility of Jinhui Shipping with particular emphasis in chartering. Mr. Ng holds a bachelor's degree in arts from the University of Guelph in Canada and a diploma in management studies, specializing in shipping, from the Plymouth Polytechnic in the United Kingdom.

Mr. Ng Ki Hung Frankie, *Executive Director*

Aged 49. Appointed as a director of the Company in 1991 and a director of Jinhui Shipping in 1994. Mr. Ng is responsible for the Group's investments in China as well as lighterage and feeder services. Mr. Ng has more than 20 years of working experience in the shipping industry particularly in areas of agency shipping, lighterage and feeder services between Hong Kong and China.

Mr. Ho Kin Lung, *Executive Director*

Aged 57. Joined the Group in 1987 and was appointed as a director of the Company in 1991. Mr. Ho is responsible for the ship management department. He has more than 20 years of working experience in shipping industry.

Ms. Ho Suk Lin, *Executive Director and Company Secretary*

Aged 39. Appointed as the company secretary of the Company in 1991, a director of the Company in 1993 and a director and the company secretary of Jinhui Shipping in 1994. Ms. Ho is responsible for the Group's financial controls and secretarial matters. Ms. Ho has over 17 years of working experience in finance and management. Prior to joining the Group in 1991, she worked in an international accounting firm. Ms. Ho is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants.

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BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Mr. So Wing Hung Peter, *Non-executive Director*

Aged 50. Appointed as a director of the Company and Jinhui Shipping in 1994. Mr. So has extensive experience in international finance gained from his senior management positions in major international banks and financial institutions in Hong Kong and London. He is currently an executive director and chief operating officer of Pacific Century Insurance Limited (Hong Kong listed) as well as a director of various other companies listed in Hong Kong and London. Mr. So is an associate member of the Chartered Institute of Management Accountants and the Institute of Financial Services.

Mr. Cui Jian Hua, *Independent Non-executive Director*

Aged 48. Appointed as an independent non-executive director of the Company in 1993. Mr. Cui has extensive experience gained from his management positions in various China related entities. He is currently the managing director of Poco International Company Limited and R.M.H. Limited. Mr. Cui holds a Master of Arts degree from McMaster University, Canada.

Mr. Tsui Che Yin Frank, *Independent Non-executive Director*

Aged 45. Appointed as an independent non-executive director of the Company in 1994. Mr. Tsui has extensive experience in direct investment and merchant banking with key management responsibilities for investments and operations in China. He is currently an executive director of Melco International Development Limited (Hong Kong listed) as well as a director of various other listed companies in Hong Kong. Mr. Tsui holds a Master of Business Administration degree from the Chinese University of Hong Kong and a law degree from the University of London. Mr. Tsui is a member of the Certified General Accountants' Association of Canada and the Hong Kong Securities Institute.

DIRECTORS' INTERESTS IN CONTRACTS

Other than as disclosed in note 31 to the financial statements, no other contracts of significance to which the Company, its holding company, a fellow subsidiary or a subsidiary 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.

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DIRECTORS' INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

At balance sheet date, the directors had the following interests in the share capital of the Company and its associated corporations which is required to be recorded in the Register of Directors' Interests pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies:

Name	Type of Interests	The Company No. of shares	Jinhui Shipping No. of shares
Mr. Ng Siu Fai	Interests other than personal, family and corporation	<i>Note</i>	<i>Note</i>
Mr. Ng Kam Wah Thomas	Interests other than personal, family and corporation	<i>Note</i>	<i>Note</i>
Mr. Ng Ki Hung Frankie	Interests other than personal, family and corporation	<i>Note</i>	<i>Note</i>
Mr. So Wing Hung Peter	Family interests	2,500,000	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 303,856,282 shares of the Company and 494,049 shares of Jinhui Shipping at balance sheet date. 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 herein, none of the directors or their associates had any interest either beneficially or non-beneficially in any shares of the Company, its holding company or any of its subsidiaries and associated corporations within the meaning of the SDI Ordinance at balance sheet date and at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors or any of their spouses or children under eighteen years of age to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

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SUBSTANTIAL SHAREHOLDERS

According to the register of substantial shareholders maintained under section 16(1) of the SDI Ordinance, at balance sheet date the following shareholder had an interest representing 10% or more of the issued share capital of the Company:

Name of shareholder	No. of shares in the Company
Fairline Consultants Limited	303,856,282

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the year.

AUDIT COMMITTEE

The Audit Committee has been established since 1998. The Committee meets regularly with the senior management and the Company's auditors to review the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters. The members of the Committee are Messrs. So Wing Hung Peter, Cui Jian Hua and Tsui Che Yin Frank, all of whom are non-executive directors of the Company.

CODE OF BEST PRACTICE

The Company has complied throughout the year 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 except that the non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the forthcoming Annual General Meeting of the Company in accordance with the Company's Articles of Association.

AUDITORS

A resolution will be submitted to the forthcoming Annual General Meeting to re-appoint the Messrs. Moores Rowland, *Chartered Accountants, Certified Public Accountants* as auditors.

On behalf of the Board
Ng Kam Wah Thomas
Executive Director

Hong Kong, 9 April 2003