

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

1. General

The Company is an exempted company incorporated in Bermuda with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). Its ultimate holding company is N.S. Hong Investment (BVI) Limited ("NSH"), a company incorporated in the British Virgin Islands.

The Company acts as an investment holding company and provides corporate management services to group companies. Details of the principal activities engaged in by the principal subsidiaries and associates are set out in notes 44 and 45 respectively.

2. Adoption of Statements of Standard Accounting Practice/Changes in Accounting Policies

In the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants. Adoption of these Standards has led to a number of changes in the Group's accounting policies. The revised accounting policies are set out in note 3. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts and disclosures for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs have resulted in the following changes to the Group's accounting policies that have affected the amounts and disclosures reported for the current or prior periods.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) "Events after the Balance Sheet Date", dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the notes to financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior period adjustment of an increase in the retained profits as at 31 March 2001 by HK\$19,703,000.

Goodwill

In the current year, the Group has adopted SSAP 30 "Business Combinations" and has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, goodwill arising on acquisitions prior to 1 April 2001 is held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary or associate, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1 April 2001 will be credited to income at the time of disposal of the relevant subsidiary or associate.

Goodwill arising on acquisitions after 1 April 2001 is capitalised and amortised over its useful economic life. Negative goodwill arising on acquisitions after 1 April 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

Segment reporting

In the current year, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 "Segment Reporting". Segment disclosures for the year ended 31 March 2001 have been amended so that they are presented on a consistent basis.

3. Significant Accounting Policies

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and under the historical cost convention, as modified for the revaluation of land and buildings, investment properties and investments in securities. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill arising on acquisitions prior to 1 April 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary or at such time as the goodwill is determined to be impaired.

Goodwill arising on acquisitions after 1 April 2001 is capitalised and amortised on a straight-line basis over its useful economic life. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary, the attributable amount of unamortised goodwill/goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisitions prior to 1 April 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary.

Negative goodwill arising on acquisitions after 1 April 2001 is presented as deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

3. Significant Accounting Policies – Continued

Negative goodwill – *continued*

To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

Investments in subsidiaries

A subsidiary is an enterprise in which the Company has control either directly or indirectly. Control is the power to govern the financial and operating policies of another enterprise so as to obtain benefits from its activities.

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Interests in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decision.

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates, less any identified impairment loss.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Shipping service income is recognised upon the completion of the contracts for shipping services.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Rental income, including rentals invoiced in advance from properties held under operating leases, is recognised on a straight line basis over the terms of the relevant leases.

3. Significant Accounting Policies – Continued

Property, plant and equipment

Property, plant and equipment other than land and buildings and construction in progress are stated at cost less depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

Land and buildings are stated in the balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the asset revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Construction in progress is stated at cost which includes all development expenditure and the direct costs including borrowing costs capitalised attributable to such projects. Construction in progress is not depreciated until the completion of construction. Cost of completed construction work is transferred to the appropriate category of property, plant and equipment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, as follows:

	<i>Rates</i>	<i>Method</i>
Freehold land	Nil	–
Leasehold land	Over the term of the lease	straight line
Buildings	4%	straight line
Leasehold improvements	30%	reducing balance
Furniture and fixtures	30%	reducing balance
Office equipment	40%	reducing balance
Motor vehicles	40%	reducing balance
Plant and machinery	20%–40%	reducing balance
Vessels	20%	straight line

3. Significant Accounting Policies – Continued

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net profit or loss for the period.

3. Significant Accounting Policies – Continued

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the impairment loss is treated as revaluation decrease under that accounting standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other accounting standard.

Preliminary set up costs for vessels

Preliminary set up costs for vessels are charged as expenses and when incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

Foreign currencies

Transactions in currencies other than Hong Kong dollar are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollar are re-translated to Hong Kong dollar at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

On consolidation the financial statements of subsidiaries operated outside Hong Kong which are denominated in currencies other than Hong Kong dollar are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in the translation reserve.

3. Significant Accounting Policies – Continued

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Operating leases

Rentals under operating leases are charged to the income statement on a straight-line basis over the relevant terms of leases.

Retirement benefits scheme

The retirement benefit costs charged in the income statement represent the contributions payable in respect of the current year to the Group's defined contribution scheme and mandatory provident fund scheme.

Cash equivalents

Cash equivalents represent short term, highly liquid investments which are readily convertible into known amounts of cash and which are within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advance.

4. Turnover and Segment Information

An analysis of the Group's turnover and contribution to profit from operations by principal activity and geographical market is as follows:

Business segments

For management purposes, the Group is currently organised into four operating divisions—frozen fish, fillet and portions, shipping services and vegetables. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Frozen fish – trading of frozen seafood products
- Fillet and portions – trading and processing seafood products
- Shipping services – trading of marine fuel at sea and provision of shipping and agency services
- Vegetables – trading and processing of frozen vegetable

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

4. Turnover and Segment Information – Continued

YEAR ENDED 31 MARCH 2002

	<i>Frozen fish HK\$'000</i>	<i>Fillet and portions HK\$'000</i>	<i>Shipping services HK\$'000</i>	<i>Vegetables HK\$'000</i>	<i>Consolidated HK\$'000</i>
REVENUE					
External sales (<i>Note</i>)	<u>2,034,003</u>	<u>1,454,575</u>	<u>23,447</u>	<u>34,980</u>	<u>3,547,005</u>
RESULT					
Segment result	<u>154,379</u>	<u>146,416</u>	<u>274</u>	<u>4,014</u>	305,083
Unallocated corporate expenses					<u>(114,585)</u>
Profit from operations					190,498
Interest expenses					(82,780)
Share of results of associates					<u>2,177</u>
Profit before taxation					109,895
Taxation					<u>(3,721)</u>
Profit before minority interests					<u>106,174</u>

Note: There is no inter-segment sales between different business segments for the year ended 31 March 2002.

4. Turnover and Segment Information – Continued

YEAR ENDED 31 MARCH 2001

	<i>Frozen fish HK\$'000</i>	<i>Fillet and portions HK\$'000</i>	<i>Shipping services HK\$'000</i>	<i>Vegetables HK\$'000</i>	<i>Consolidated HK\$'000</i>
REVENUE					
External sales (<i>Note</i>)	<u>1,565,411</u>	<u>1,049,042</u>	<u>43,981</u>	<u>12,951</u>	<u>2,671,385</u>
RESULT					
Segment result	<u>135,598</u>	<u>116,787</u>	<u>(84)</u>	<u>1,534</u>	253,835
Unallocated corporate expenses					<u>(92,201)</u>
Profit from operations					161,634
Interest expenses					<u>(81,742)</u>
Share of results of associates					479
Profit before taxation					80,371
Taxation					<u>(3,576)</u>
Profit before minority interests					<u>76,795</u>

Note: There is no inter-segment sales between different business segments for the year ended 31 March 2001.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

4. Turnover and Segment Information – Continued

BALANCE SHEET AT 31 MARCH 2002

	<i>Frozen fish HK\$'000</i>	<i>Fillet and portions HK\$'000</i>	<i>Shipping services HK\$'000</i>	<i>Vegetables HK\$'000</i>	<i>Unallocated assets/ liabilities HK\$'000</i>	<i>Consolidated HK\$'000</i>
ASSETS						
Segment assets	1,338,489	389,754	39,643	45,825	–	1,813,711
Investments in associates	–	150,053	–	–	7,599	157,652
Unallocated corporate assets	–	–	–	–	364,697	364,697
Consolidated total assets						<u>2,336,060</u>
LIABILITIES						
Segment liabilities	32,312	227,767	7,119	968	–	268,166
Unallocated corporate liabilities	–	–	–	–	1,123,187	1,123,187
Consolidated total liabilities						<u>1,391,353</u>

OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2002

	<i>Frozen fish HK\$'000</i>	<i>Fillet and portions HK\$'000</i>	<i>Shipping services HK\$'000</i>	<i>Vegetables HK\$'000</i>	<i>Unallocated assets/ liabilities HK\$'000</i>	<i>Consolidated HK\$'000</i>
ASSETS						
Capital additions	5,264	6,525	–	2,148	–	13,937
Depreciation and amortisation	8,190	8,760	19,867	2,780	–	39,597

4. Turnover and Segment Information – Continued

BALANCE SHEET AT 31 MARCH 2001

	<i>Frozen fish HK\$'000</i>	<i>Fillet and portions HK\$'000</i>	<i>Shipping services HK\$'000</i>	<i>Vegetables HK\$'000</i>	<i>Unallocated assets/ liabilities HK\$'000</i>	<i>Consolidated HK\$'000</i>
ASSETS						
Segment assets	824,326	404,264	61,623	37,988	–	1,328,201
Investments in associates	–	153,554	–	–	4,644	158,198
Unallocated corporate assets	–	–	–	–	336,819	336,819
Consolidated total assets						<u>1,823,218</u>
LIABILITIES						
Segment liabilities	166,653	49,879	6,312	435	–	223,279
Unallocated corporate liabilities	–	–	–	–	728,825	728,825
Consolidated total liabilities						<u>952,104</u>

OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2001

	<i>Frozen fish HK\$'000</i>	<i>Fillet and portions HK\$'000</i>	<i>Shipping services HK\$'000</i>	<i>Vegetables HK\$'000</i>	<i>Unallocated assets/ liabilities HK\$'000</i>	<i>Consolidated HK\$'000</i>
ASSETS						
Capital additions	5,686	7,081	–	2,532	–	15,299
Depreciation and amortisation	7,508	11,364	14,367	1,935	–	35,174

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

4. Turnover and Segment Information – Continued

Geographical segments

The Group's operations are located in Mainland China, North America, Western Europe, Eastern Europe and Japan.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	<i>Sales revenue by geographical market</i>		<i>Contribution to profit from operations</i>	
	<i>2002 HK\$'000</i>	<i>2001 HK\$'000</i>	<i>2002 HK\$'000</i>	<i>2001 HK\$'000</i>
Mainland China	1,815,875	1,371,494	178,377	127,075
North America	867,826	629,790	69,298	63,299
Western Europe	656,758	436,836	44,914	49,169
Eastern Europe	23,728	43,597	(1,570)	(104)
Japan	154,322	164,398	13,906	13,942
Other	28,496	25,270	158	454
	<u>3,547,005</u>	<u>2,671,385</u>		
Unallocated corporate expenses			(114,585)	(92,201)
Profit from operations			<u>190,498</u>	<u>161,634</u>

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	<i>Carrying amount of segment assets</i>		<i>Additions to property, plant and equipment</i>	
	<i>2002 HK\$'000</i>	<i>2001 HK\$'000</i>	<i>2002 HK\$'000</i>	<i>2001 HK\$'000</i>
Mainland China	1,518,788	1,242,987	12,965	14,190
North America	195,258	116,743	972	1,109
Western Europe	177,088	66,731	–	–
Eastern Europe	371,975	227,819	–	–
Japan	3,711	1,759	–	–
Other	69,240	167,179	–	–
	<u>2,336,060</u>	<u>1,823,218</u>	<u>13,937</u>	<u>15,299</u>

5. Other Revenue

Other revenue comprises of:

	2002 HK\$'000	2001 HK\$'000
Agency fee income	12,000	17,000
Interest income	2,507	3,712
Net rental from property	4,266	2,521
Gain on disposal of property, plant and equipment	5	12
Release of negative goodwill	34	-
Sundry income	485	1,869
Exchange gain, net	2,786	-
	<u>22,083</u>	<u>25,114</u>

6. Other Operating Expenses

Revaluation decrease arising on revaluation of:

	2002 HK\$'000	2001 HK\$'000
- Land and buildings	2,219	622
- Investment properties	1,500	-
Impairment loss on amounts due from associates	3,923	-
	<u>7,642</u>	<u>622</u>

7. Profit from Operations

Profit from operations has been arrived at after charging:

	2002 HK\$'000	2001 HK\$'000
Auditors' remuneration		
- current year	2,034	2,097
- underprovision in respect of prior year	-	73
Depreciation	39,597	35,174
Operating lease rentals in respect of rented premises	5,781	3,390
Retirement benefits scheme contributions, net of forfeited contributions of HK\$Nil (2001: HK\$91,000)	1,274	536
Staff costs including directors' remuneration	<u>67,874</u>	<u>49,272</u>

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8. Interest Expenses

	2002 HK\$'000	2001 HK\$'000
Interest on bank borrowings		
– wholly repayable within five years	74,262	75,414
– not wholly repayable within five years	2,190	–
Interest on promissory note	6,328	6,328
	<u>82,780</u>	<u>81,742</u>

9. Directors' Emoluments

	2002 HK\$'000	2001 HK\$'000
Directors' fees		
– executive	–	–
– independent non-executive	480	480
	<u>480</u>	<u>480</u>
Other emoluments—executive directors		
Salaries and other benefits in kind		
– cash	7,965	6,348
– benefits-in-kind	4,621	3,739
Performance related incentive payment	2,120	1,840
	<u>14,706</u>	<u>11,927</u>
	<u>15,186</u>	<u>12,407</u>

Benefits-in-kind mainly represent the estimated monetary value of accommodation provided to certain directors of the Company.

9. Directors' Emoluments – Continued

Emoluments of the directors were within the following bands:

	2002 No. of Directors	2001 No. of Directors
HK\$ nil to HK\$1,000,000	4	2
HK\$1,500,001 to HK\$2,000,000	–	2
HK\$2,000,001 to HK\$2,500,000	2	–
HK\$2,500,001 to HK\$3,000,000	1	2
HK\$3,000,001 to HK\$3,500,000	1	1
HK\$3,500,001 to HK\$4,000,000	1	–
	<u>9</u>	<u>7</u>

The five highest paid individuals of the Group for the years ended 31 March 2002 and 31 March 2001 are all directors.

10. Taxation

	2002 HK\$'000	2001 HK\$'000
The charge comprises:		
Profit for the year		
– Hong Kong	2,950	3,832
– other jurisdictions	16	–
Under (over) provision in prior year		
– Hong Kong	91	(256)
	<u>3,057</u>	<u>3,576</u>
Tax attributable to the Company and its subsidiaries	3,057	3,576
Share of taxation attributable to associates	664	–
	<u>3,721</u>	<u>3,576</u>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profits for the year.

Taxation in other jurisdictions are calculated at the rates prevailing in the respective jurisdiction.

As a substantial portion of the Group's profit neither arises in, nor is derived from, Hong Kong and accordingly it is not subject to Hong Kong Profits Tax.

Details of deferred taxation are set out in note 30.

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For the year ended 31 March 2002

11. Net Profit for the Year

Of the Group's net profit for the year of HK\$80,128,000 (2001: HK\$56,703,000), a net profit of HK\$3,935,000 (2001: HK\$6,696,000) has been dealt with in the financial statements of the Company.

12. Dividend

	2002 HK\$'000	2001 HK\$'000
Final dividend:		
Proposed final dividend of HK4 cents (2001: HK3 cents) per share	<u>26,276</u>	<u>19,703</u>

The final dividend has been proposed by the directors and is subject to approval by the shareholders in forthcoming general meeting.

13. Earnings Per Share

The calculation of the basic and diluted earnings per share for the year ended 31 March 2002 is based on the following data:

	HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<u>80,128</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	656,492,225
Effect of dilutive potential ordinary shares in respect of:	
Share options	<u>10,357,949</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>666,850,174</u>

The calculation of the basic earnings per share for the year ended 31 March 2001 is based on the net profit for the year of HK\$56,703,000 and on the weighted average number of 657,211,441 ordinary shares in issue during the year.

Diluted earnings per share for the year ended 31 March 2001 has not been presented as the exercise prices of the Company's outstanding share options are higher than the average market price per share.

14. Property, Plant and Equipment

	<i>Land and buildings</i> HK\$'000	<i>Leasehold improvements</i> HK\$'000	<i>Furniture and fixtures</i> HK\$'000	<i>Office equipment</i> HK\$'000	<i>Motor vehicles</i> HK\$'000	<i>Plant and machinery</i> HK\$'000	<i>Vessels</i> HK\$'000	<i>Construction in progress</i> HK\$'000	<i>Total</i> HK\$'000
THE GROUP									
COST OR VALUATION									
At 1.4.2001	236,434	13,477	14,980	22,064	20,004	85,954	94,087	6,427	493,427
Additions	196	133	40	3,515	2,656	6,728	-	669	13,937
Disposals	-	-	-	-	(982)	(190)	-	(551)	(1,723)
Reclassification	66	-	(66)	(165)	146	32	-	(13)	-
Revaluation decrease	(17,296)	-	-	-	-	-	-	-	(17,296)
At 31.3.2002	219,400	13,610	14,954	25,414	21,824	92,524	94,087	6,532	488,345
Comprising:									
At cost	-	13,610	14,954	25,414	21,824	92,524	94,087	6,532	268,945
At valuation-1999	4,134	-	-	-	-	-	-	-	4,134
At valuation-2002	215,266	-	-	-	-	-	-	-	215,266
	219,400	13,610	14,954	25,414	21,824	92,524	94,087	6,532	488,345
DEPRECIATION									
At 1.4.2001	66	4,989	10,726	13,851	15,065	28,639	47,829	-	121,165
Provided for the year	5,418	2,087	1,214	2,670	1,834	6,507	19,867	-	39,597
Eliminated on disposals	-	-	-	-	(917)	(93)	-	-	(1,010)
Reclassification	-	-	-	(10)	9	1	-	-	-
Adjustment on revaluation	(5,385)	-	-	-	-	-	-	-	(5,385)
At 31.3.2002	99	7,076	11,940	16,511	15,991	35,054	67,696	-	154,367
NET BOOK VALUES									
At 31.3.2002	219,301	6,534	3,014	8,903	5,833	57,470	26,391	6,532	333,978
At 31.3.2001	236,368	8,488	4,254	8,213	4,939	57,315	46,258	6,427	372,262

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

14. Property, Plant and Equipment – Continued

The net book value of land and buildings shown above comprises:

	<i>THE GROUP</i>	
	<i>2002</i> <i>HK\$'000</i>	<i>2001</i> <i>HK\$'000</i>
Land in Hong Kong held under long leases	163,666	180,700
Land in Mainland China held under long leases	2,500	2,500
Land in Mainland China held under medium-term leases	49,100	49,100
Freehold land in the United States of America ("USA")	4,035	4,068
	<u>219,301</u>	<u>236,368</u>

The leasehold land and buildings of the Group in Hong Kong and Mainland China were revalued at 31 March 2002 on an open market value basis by Messrs. BMI Appraisals Limited, an independent property valuer.

The directors engaged Messrs. D.J. Brown Associates, independent property valuers, to provide a valuation of the land and building situated in the USA on 2 June 1999. The valuation of this land and building is US\$530,000 (approximately HK\$4,134,000). The directors consider that the carrying value of this property at 31 March 2002 is not materially different from its fair value.

If leasehold land and buildings of the Group had not been revalued, they would have been included on a historical cost basis at the following amounts:

	<i>HK\$'000</i>
Cost	241,432
Accumulated depreciation	<u>(31,928)</u>
Net book value at 31 March 2002	<u>209,504</u>
Net book value at 31 March 2001	<u>213,652</u>

15. Investment Properties

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
AT VALUATION		
At beginning of the year	63,400	59,400
Revaluation decrease arising on revaluation	(2,000)	–
Reclassified from land and buildings	–	4,000
	<u>61,400</u>	<u>63,400</u>
At end of the year	<u>61,400</u>	<u>63,400</u>

The carrying value of investment properties shown above comprises:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Land in Hong Kong held under long leases	24,000	25,500
Land in Mainland China held under long leases	37,400	37,900
	<u>61,400</u>	<u>63,400</u>

The investment properties are rented out under operating leases.

The investment properties of the Group in Hong Kong and Mainland China were revalued at 31 March 2002 on an open market value basis by Messrs. BMI Appraisals Limited, an independent property valuer.

16. Negative Goodwill

	HK\$'000
THE GROUP	
GROSS AMOUNT	
Arising on the acquisition of additional interest in a subsidiary during the year and balance at 31 March 2002	1,358
RELEASED TO THE INCOME STATEMENT	
Released during the year and balance at 31 March 2002	<u>(34)</u>
CARRYING AMOUNT	
At 31 March 2002	<u>1,324</u>

The negative goodwill arose on the Group's acquisition of additional 0.33% of equity interest of Pacific Andes (Holdings) Limited in September 2001. At the date of acquisition, HK\$1.36 million of the negative goodwill was identified. The negative goodwill is released to the income statement on a straight-line basis of 5 years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

17. Interests in Subsidiaries

	THE COMPANY	
	2002 HK\$'000	2001 HK\$'000
Unlisted shares	41,926	41,926
Amounts due from subsidiaries	400,451	416,389
	<u>442,377</u>	<u>458,315</u>

Particulars of the Company's principal subsidiaries at 31 March 2002 are set out in note 44.

The amounts due from subsidiaries are unsecured and will not be repayable within twelve months of the balance sheet date. Except for an amount of HK\$390,451,000 (2001: HK\$401,885,000) which bears interest at 6.05% (2001: 8.25%) per annum, the remaining amounts are interest-free.

18. Interests in Associates

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Share of net assets	<u>1,522</u>	<u>60</u>

Particulars of the Group's associates as at 31 March 2002 are set out in note 45.

19. Investments in Securities

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
THE GROUP				
Non-current equity securities:				
Listed in Hong Kong	8,031	2,891	-	-
Unlisted	21,053	11,213	5,100	5,100
	<u>29,084</u>	<u>14,104</u>	<u>5,100</u>	<u>5,100</u>
Market value of listed securities	<u>8,031</u>	<u>2,891</u>		

In 1997, the Company issued 12,354,864 shares of the Company to National Fish and Seafood Inc. ("NFS") for the issue of 60% of the enlarged share capital in NFS to the Group. NFS holds the Company's shares as non-current investments.

20. Non-current Receivable

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Consideration receivable for sale of a vessel	<u>15,803</u>	<u>21,691</u>
Repayable as follows:		
Within one year	9,368	9,528
More than one year but less than five years	<u>6,435</u>	<u>12,163</u>
	15,803	21,691
Less: Amount due within one year included under trade and other receivables	<u>(9,368)</u>	<u>(9,528)</u>
Amount due after one year	<u><u>6,435</u></u>	<u><u>12,163</u></u>

The receivable is secured by the vessel and bears interest at 12% (2001: 12%) per annum.

21. Inventories

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Inventories, at cost, consist of the following:		
Frozen fish	632,313	212,912
Fillets and portions	156,774	164,897
Fuel	7,459	1,975
Seeds and vegetables	5,501	3,261
Packing materials	<u>947</u>	<u>2,413</u>
	<u><u>802,994</u></u>	<u><u>385,458</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

22. Trade and Other Receivables

Included in trade and other receivables are trade receivables of HK\$463,309,000 (2001: HK\$574,468,000). The Group maintains a defined credit policy. For sales of goods, the Group allows an average credit period of 30 days to 120 days to its trade customers. The aged analysis of trade receivables at the balance sheet date is as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Less than 30 days	244,584	416,548
31-60 days	132,175	80,779
61-90 days	78,971	76,159
91-120 days	2,120	496
over 120 days	5,459	486
	<u>463,309</u>	<u>574,468</u>

23. Trade Receivables with Insurance Coverage

Trade receivables with credit insurance coverage have been pledged to certain banks under the receivable discounting facilities. The aged analysis at balance sheet date is as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Less than 30 days	97,405	80,711
31-60 days	34,417	28,892
61-90 days	27,780	32,471
91-120 days	-	538
over 120 days	-	-
	<u>159,602</u>	<u>142,612</u>

24. Advances to Suppliers

THE GROUP

The amounts are unsecured and are interest free. (2001: included amounts of HK\$4,160,000 which are secured by the vessels of the suppliers and are interest free. The remaining balances are unsecured and are interest free.)

25. Trade Receivables from an Associate and Amounts due from Associates

THE GROUP

Trade receivables from an associate and amounts due from associates are secured, interest free and are repayable on demand.

26. Pledged Deposits

THE GROUP

The pledged deposits represented settlement of trade receivables with insurance coverage held by the discounting institutions for repayment of discounting advances.

27. Trade and Other Payables

Included in trade and other payables are trade payables of HK\$221,657,000 (2001: HK\$185,660,000). The aged analysis of trade payables at the balance sheet date is as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Less than 30 days	197,935	124,336
31-60 days	262	21,453
61-90 days	23,216	20,456
Over 90 days	244	19,415
	<u>221,657</u>	<u>185,660</u>

28. Bank Borrowings

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Bank borrowings comprise:		
Inventory loans	138,796	17,782
Trust receipt and short term bank loans	623,352	430,705
Mortgage loans	77,075	55,917
Bank overdrafts	15,332	6,858
	<u>854,555</u>	<u>511,262</u>
Analysed as:		
Secured	215,871	73,699
Unsecured	638,684	437,563
	<u>854,555</u>	<u>511,262</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

28. Bank Borrowings – Continued

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
The maturity of bank borrowings is as follows:		
Within one year	785,600	474,582
Between one and two years	8,144	14,256
Between two and five years	19,712	22,424
Over five years	41,099	–
	<u>854,555</u>	<u>511,262</u>
Amount due within one year classified as current liabilities	(785,600)	(474,582)
	<u>68,955</u>	<u>36,680</u>

29. Other Borrowing

THE GROUP

The amount represents a promissory note issued upon the Group's acquisition of the remaining 30% interest in Pelican Food Limited and its subsidiaries in August 1999. The promissory note is unsecured, carries interest at 10% per annum and due for repayment on 17 August 2002.

30. Deferred Taxation

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Balance at beginning and at end of year	<u>2,995</u>	<u>2,995</u>

The amounts mainly represent the tax effect in respect of timing difference attributable to the excess of depreciation allowances claimed for tax purposes over depreciation charged in the financial statements.

Deferred taxation has not been provided on the revaluation increase or decrease arising on the valuation of investment properties and land and buildings as profits or losses arising on the disposal of these assets would not be subject to taxation. Accordingly, the valuation increase or decrease does not constitute a timing difference for tax purpose.

There is no significant unprovided deferred taxation of the Group and the Company at 31 March 2002 and 31 March 2001.

31. Share Capital

	<i>Number of shares</i>	<i>Amount HK\$'000</i>
<i>Ordinary shares of HK\$0.10 each</i>		
Authorised:		
At 31 March 2001 and 31 March 2002	2,000,000,000	200,000
Issued and fully paid:		
At 1 April 2000	657,591,266	65,759
Repurchase of shares by the Company	(826,000)	(82)
At 31 March 2001	656,765,266	65,677
Repurchase of shares by the Company	(560,000)	(56)
Exercise of share options	700,000	70
At 31 March 2002	656,905,266	65,691

During the year ended 31 March 2002, the Company repurchased 560,000 of its owned shares through the Hong Kong Stock Exchange and subsequently cancelled them. The directors considered that, as the Company's shares were trading at a discount to the net asset value per share, the repurchases would increase the net asset value per share of the Company. Details of such repurchases are set out as follows:

<i>Month of repurchase</i>	<i>No. of shares of HK\$0.10 each</i>	<i>Price per share</i>		<i>Aggregate consideration paid HK\$'000</i>
		<i>Highest HK\$</i>	<i>Lowest HK\$</i>	
April 2001	200,000	0.231	0.230	46
October 2001	290,000	0.310	0.310	90
December 2001	70,000	0.450	0.450	32

32. Share Option Scheme

At 31 March 2002, the following options to subscribe for shares were outstanding under the Company's share option scheme.

<i>Exercisable period</i>	<i>Adjusted option price HK\$</i>	<i>Number of shares option</i>
25 October 1997 – 24 October 2002	0.9440	100,000
25 October 1998 – 24 October 2003	0.9440	5,250,000
11 July 1999 – 10 July 2004	1.1168	300,000
25 October 1999 – 24 October 2004	0.9440	400,000
25 October 2000 – 24 October 2005	0.9440	600,000
21 August 2000 – 20 August 2005	0.3336	48,000,000
21 February 2001 – 20 February 2006	0.3336	4,000,000
21 February 2002 – 20 February 2007	0.3336	2,600,000
		61,250,000

No option was granted during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

33. Share Premium and Reserves

	<i>Investment revaluation reserve HK\$'000</i>	<i>Asset revaluation reserve HK\$'000</i>	<i>Share premium HK\$'000</i>	<i>Goodwill reserve HK\$'000</i>	<i>Special reserve HK\$'000</i>	<i>Contributed surplus HK\$'000</i>	<i>Retained profits HK\$'000</i>	<i>Total HK\$'000</i>
THE GROUP								
At 1 April 2000	(9,934)	33,844	281,444	(133,803)	9,800	-	307,704	489,055
Revaluation (decrease) increase arising on revaluation, net	(2,668)	986	-	-	-	-	-	(1,682)
Shares repurchased and cancelled	-	-	(105)	-	-	-	-	(105)
Negative goodwill arising on group reconstruction	-	-	-	24,192	-	-	-	24,192
Net profit for the year	-	-	-	-	-	-	56,703	56,703
At 1 April 2001	(12,602)	34,830	281,339	(109,611)	9,800	-	364,407	568,163
Revaluation increase (decrease) arising on revaluation, net	5,140	(6,668)	-	-	-	-	-	(1,528)
Shares repurchased and cancelled	-	-	(112)	-	-	-	-	(112)
Share issued at a premium	-	-	163	-	-	-	-	163
Net profit for the year	-	-	-	-	-	-	80,128	80,128
2001 final dividend paid	-	-	-	-	-	-	(19,326)	(19,326)
At 31 March 2002	<u>(7,462)</u>	<u>28,162</u>	<u>281,390</u>	<u>(109,611)</u>	<u>9,800</u>	<u>-</u>	<u>425,209</u>	<u>627,488</u>
THE COMPANY								
At 1 April 2000	-	-	281,444	-	-	39,225	70,802	391,471
Shares repurchased and cancelled	-	-	(105)	-	-	-	-	(105)
Net profit for the year	-	-	-	-	-	-	6,696	6,696
At 1 April 2001	-	-	281,339	-	-	39,225	77,498	398,062
Shares repurchased and cancelled	-	-	(112)	-	-	-	-	(112)
Share issued at a premium	-	-	163	-	-	-	-	163
Net profit for the year	-	-	-	-	-	-	3,935	3,935
2001 final dividend paid	-	-	-	-	-	-	(19,697)	(19,697)
At 31 March 2002	<u>-</u>	<u>-</u>	<u>281,390</u>	<u>-</u>	<u>-</u>	<u>39,225</u>	<u>61,736</u>	<u>382,351</u>

33. Share Premium and Reserves – Continued

The goodwill reserve comprises HK\$26,302,000 (2001: HK\$26,302,000) in respect of goodwill and HK\$135,913,000 (2001: HK\$135,913,000) in respect of negative goodwill.

The retained profits of the Group include HK\$1,997,000 (2001: HK\$484,000) retained by associates of the Group.

The special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries at the date on which they were acquired by the Company and the nominal value of the Company's shares issued for the exchange of shares under the group reorganisation in 1994.

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition under the group reorganisation in 1994 and after the distribution to the shareholders of the Company.

Under the applicable laws of Bermuda, the contributed surplus account of a company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company's reserves available for distribution to shareholders were as follows:

	2002 HK\$'000	2001 HK\$'000
Contributed surplus	39,225	39,225
Retained profits	61,736	77,498
	<u>100,961</u>	<u>116,723</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

34. Reconciliation of Profit Before Taxation to Net Cash (Outflow) Inflow from Operating Activities

	2002 HK\$'000	2001 HK\$'000
Profit before taxation	109,895	80,371
Share of results of associates	(2,177)	(479)
Loss on disposal of subsidiaries	-	1
Interest income	(2,507)	(3,712)
Interest expenses	82,780	81,742
Depreciation	39,597	35,174
Impairment loss on amounts due from associates	3,923	-
Revaluation decrease on revaluation of land and buildings	2,219	622
Revaluation decrease on revaluation of investment properties	1,500	-
Gain on disposal of property, plant and equipment	(5)	(12)
Release of negative goodwill	(34)	-
Increase in inventories	(417,536)	(84,734)
(Increase) decrease in trade and other receivables	(11,281)	69,067
Increase in trade receivables with insurance coverage	(16,990)	(25,795)
(Increase) decrease in advances to suppliers	(51,831)	42,368
Decrease (increase) in trade receivables from an associate	3,552	(153,127)
(Increase) decrease in amounts due from associates	(5,416)	22,323
Increase (decrease) in trade and other payables	47,551	(81,439)
Increase in discounting advances drawn on trade receivables with insurance coverage	48,224	26,431
	<hr/>	<hr/>
Net cash (outflow) inflow from operating activities	<u>(168,536)</u>	<u>8,801</u>

35. Disposal of Subsidiaries

	2002 HK\$'000	2001 HK\$'000
Net assets disposed of:		
Trade and other receivables	-	-
Tax recoverable	-	26
Bank balances and cash	-	255
Trade and other payables	-	(280)
	<hr/>	<hr/>
	-	1
Loss on disposal	-	(1)
	<hr/>	<hr/>
Total consideration	-	-
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the net cash inflow of cash and cash equivalents in respect of disposal of subsidiaries during the year:		
Bank balances and cash disposed of	-	(255)
	<hr/> <hr/>	<hr/> <hr/>

The subsidiaries disposed of during the year ended 31 March 2001 contributed HK\$2,818,000 to the Group's net operating cash flows, paid HK\$1,192,000 in respect of the net returns on investments and servicing of finance and paid HK\$201,000 in respect of taxation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

36. Analysis of Changes in Financing during The Year

	<i>Share capital and premium HK\$'000</i>	<i>Bank borrowings HK\$'000</i>	<i>Minority interests HK\$'000</i>
At 1 April 2000	347,203	162,079	240,633
Shares repurchased	(187)	-	-
Net cash inflow from financing	-	148,560	-
Disposal of wholly-owned subsidiaries to a non wholly-owned subsidiary credited to goodwill reserve	-	-	(24,192)
Share of profit for the year	-	-	20,092
Share of asset revaluation reserve	-	-	741
	<hr/>	<hr/>	<hr/>
At 31 March 2001	347,016	310,639	237,274
Issue of ordinary share	233	-	-
Shares repurchased	(168)	-	-
Net cash inflow from financing	-	463,403	-
Acquisition of additional interest in a subsidiary	-	-	(2,073)
Dividend paid by subsidiaries	-	-	(6,195)
Share of profit for the year	-	-	26,046
Share of asset revaluation reserve	-	-	(3,524)
	<hr/>	<hr/>	<hr/>
At 31 March 2002	<u>347,081</u>	<u>774,042</u>	<u>251,528</u>

37. Retirement Benefits Scheme

Prior to 1 December 2000, the Group operated a defined contribution pension scheme ("Defined Contribution Scheme") for all qualifying employees. The assets of the scheme were held separately from those funds of the Group under the control of trustees.

With effective from 1 December 2000, the Group has joined a Mandatory Provident Fund Scheme ("MPF Scheme") for all employees in Hong Kong and all the assets of the Defined Contribution Scheme have been transferred to the MPF Scheme. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those funds of the Group under the control of trustees. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the Scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the Scheme. No forfeited contribution is available to reduce the contribution payable in future years.

The pension cost charge represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

37. Retirement Benefits Scheme – Continued

The Mainland China employees of the subsidiaries in Mainland China are members of pension schemes operated by the Chinese local government. The subsidiaries are required to contribute a certain percentage of the relevant part of the payroll of these employees to the pension schemes to fund the benefits. The only obligation for the Group with respect to the pension schemes is the required contributions under the pension schemes.

38. Operating Lease Commitments

The Group as lessee

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2002 HK\$'000	2001 HK\$'000
Within one year	4,930	8,775
In the second to fifth years inclusive	8,114	10,411
After five years	28,170	29,418
	<u>41,214</u>	<u>48,604</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties, processing plants and farmland.

The Group as lessor

Property rental income earned during the year was approximately HK\$4,266,000 (2001: HK\$2,521,000). The investment properties of the Group are expected to generate rental yield of 7% on an ongoing basis. Certain of the Group's investment properties held have committed tenants ranging from one to five years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

38. Operating Lease Commitments – Continued

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments in respect of investment properties which fall due as follows:

	2002 HK\$'000	2001 HK\$'000
Within one year	1,950	2,653
In the second to fifth years inclusive	2,555	1,434
	<u>4,505</u>	<u>4,087</u>

39. Capital Commitments

At 31 March 2002, the Group had capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements which, net of deposit of approximately HK\$Nil (2001: HK\$30,000), amounted to HK\$6,283,000 (2001: HK\$948,000).

40. Contingent Liabilities

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
At the balance sheet date, the Group and the Company had contingent liabilities as follows:				
Bills discounted with recourse	253,937	256,485	-	-
Guarantees given to bankers in respect of banking facilities utilised by subsidiaries	-	-	802,718	638,755
	<u>253,937</u>	<u>256,485</u>	<u>802,718</u>	<u>638,755</u>

41. Pledge Of Assets

At 31 March 2002, the Group has pledged land and buildings and investment properties with aggregate carrying values of approximately HK\$164 million (2001: HK\$178 million) and HK\$24 million (2001: HK\$26 million) respectively, as collateral for mortgage loans granted to the Group by certain banks.

In addition to trade receivables with insurance coverage of HK\$60,099,000 (2001: HK\$66,201,000), mentioned in note 23 above, inventories of HK\$198,280,000 (2001: HK\$Nil) were also pledged as security for the working capital facilities obtained from bankers.

In addition, shares in a subsidiary was pledged as securities for credit facilities obtained from bankers.

42. Related Party Transactions

- (a) During the year, the Group and the Company entered into the following significant transactions with an associate of the Group.

	2002 HK\$'000	2001 HK\$'000
Sales of frozen seafood (<i>note i</i>)	550,566	475,089
Purchases of frozen seafood (<i>note i</i>)	18,480	9,876
Administrative income (<i>note ii</i>)	12,000	17,000
	<u>581,046</u>	<u>492,965</u>

Notes:

- (i) 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.
- (ii) Administrative income were charged to an associate on a cost allocation basis.
- (b) The associate also provides inventories and trade receivables as part of the security to a bank to secure the banking facilities of HK\$342,000,000 (2001:HK\$140,400,000) granted to the Group. At 31 March 2002, facilities amounting to HK\$56,367,000 (2001: HK\$76,381,000) were utilised by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

43. Post Balance Sheet Events

Subsequent to 31 March 2002, the following significant events took place:

- (a) On 11 December 2001, Pacific Andes International Holdings (BVI) Limited, a wholly-owned subsidiary of the Company, has agreed to acquire the entire issued share capital in Heng Holdings (BVI) Limited ("HHL"), a wholly-owned subsidiary of Pacific Andes (Holdings) Limited ("PAH"), a 63% owned subsidiary of the Company, from Richtown Development Limited ("RT"), also a wholly-owned subsidiary of PAH, for an aggregate consideration of HK\$47,888,000. The consideration will be satisfied by cash upon completion of the disposal by HHL to RT of its non-Hong Kong real property holding subsidiaries.
- (b) Subsequent to 31 March 2002, the Group acquired a land use right located at Qingdao in the Mainland China for a consideration of HK\$12,037,000 with a plan to construct a seafood processing plant.

44. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2002 are as follows:

Name	Place/ country of incorporation or registration/ operation	Issued and fully paid-up capital/ contributed capital	Proportion of nominal value of issued capital held by the Company*/ subsidiaries %	attributable to the Group %	Principal activities
Alliance Capital Enterprises Limited	Hong Kong/ Mainland China	Ordinary HK\$2	100	63	Property holding
Aqua Foods (Qingdao) Co., Ltd.	Mainland China	Registered RMB6,340,000	100	100	Seafood processing
Bonaire Developments Limited	British Virgin Islands/Hong Kong	Ordinary US\$1	100	63	Property holding
Chasterton Group Limited	British Virgin Islands/Hong Kong	Ordinary US\$1	100	63	Property holding
Clamford Holding Limited	British Virgin Islands/Hong Kong	Ordinary US\$1	100*	100	Investment holding
Concept China Investment Limited	Hong Kong/ Mainland China	Ordinary HK\$2	100	63	Property holding
Conred Limited	Hong Kong/ Mainland China	Ordinary HK\$2	100	63	Property holding
Davis Limited	Hong Kong/ Mainland China	Ordinary HK\$2	100	63	Property holding

44. Particulars of Principal Subsidiaries – Continued

Name	Place/ country of incorporation or registration/ operation	Issued and fully paid-up capital/ contributed capital	Proportion of nominal value of issued capital held by the Company*/ subsidiaries attributable to the Group		Principal activities
			%	%	
Fastact Group Limited	British Virgin Islands/Hong Kong	Ordinary US\$1	100	100	Property holding
Glorious Ocean Limited	Hong Kong	Ordinary HK\$2	100	63	Provision of treasury and administrative services
Join Power Assets Limited	British Virgin Islands/Hong Kong	Ordinary US\$1	100	100	Property holding
National Fish and Seafood Limited	Hong Kong	Ordinary HK\$2	100	60	Trading of frozen seafood products
National Fish & Seafood Inc.	United States of America	Ordinary US\$10,000	60	60	Trading and processing of frozen seafood products
New Millennium Group Holdings Limited	British Virgin Islands/Hong Kong	Ordinary US\$5,361,101	100	63	Trading of frozen vegetable
Nouvelle Foods International Limited	British Virgin Islands/Hong Kong	Ordinary US\$1	100	100	Trading of processed seafood products
Ocean Kingdom Enterprises Limited	Hong Kong	Ordinary HK\$2	100	100	Trading of frozen seafood products
Pacific Andes Enterprises (BVI) Limited	British Virgin Islands/Worldwide	Ordinary US\$1	100	63	Trading of frozen seafood products
Pacific Andes Enterprises (Hong Kong) Limited	Hong Kong	Ordinary HK\$200 Non-voting deferred HK\$10,000,000	100	63	Provision of treasury and administrative services
Pacific Andes Food (Hong Kong) Company Limited	Hong Kong	Ordinary HK\$10,000	100	63	Trading of frozen seafood products

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44. Particulars of Principal Subsidiaries – Continued

Name	Place/ country of incorporation or registration/ operation	Issued and fully paid-up capital/ contributed capital	Proportion of nominal value of issued capital held by the Company*/ subsidiaries %	attributable to the Group %	Principal activities
Pacific Andes (Holdings) Limited	Bermuda/Singapore	Ordinary US\$48,829,250	63	63	Investment holding
Pacific Andes International Holdings (BVI) Limited	British Virgin Islands/Hong Kong	Ordinary US\$1	100 *	100	Investment holding
Pacific Andes Treasury Management Limited	Hong Kong	Ordinary HK\$10,000,000	100	100	Provision of treasury services
Paco Alpha Limited	British Virgin Islands/Worldwide	Ordinary US\$1	100	63	Vessel holding
Paco Beta Limited	British Virgin Islands/Worldwide	Ordinary US\$1	100	63	Trading of marine fuel
Paco Delta Limited	British Virgin Islands/Worldwide	Ordinary US\$1	100	63	Vessel holding
Paco Gamma Limited	British Virgin Islands/Worldwide	Ordinary US\$1	100	63	Vessel holding
Parkmond Group Limited	British Virgin Islands/Hong Kong	Ordinary US\$1	100	63	Trading of frozen seafood products
Pelican Food Limited	British Virgin Islands/Hong Kong	Ordinary US\$100	100	100	Investment holding
Qingdao Canning Foodstuff Co. Ltd.	Mainland China	Registered US\$12,100,000	100	100	Trading and processing seafoods
Rawley Trading Limited	British Virgin Islands/USA	Ordinary US\$1	100	100	Property holding
Rich Reward Assets Limited	British Virgin Islands/Hong Kong	Ordinary US\$1	100	100	Property holding
Sevenseas Enterprises Limited	British Virgin Islands/Hong Kong	Ordinary US\$1	100	100	Property holding

44. Particulars of Principal Subsidiaries – Continued

<i>Name</i>	<i>Place/ country of incorporation or registration/ operation</i>	<i>Issued and fully paid-up capital/ contributed capital</i>	<i>Proportion of nominal value of issued capital held by the Company*/ subsidiaries %</i>	<i>attributable to the Group %</i>	<i>Principal activities</i>
Xinxing Foodstuffs (Qingdao) Company Limited	Mainland China	Registered US\$910,000	100	100	Seafood processing

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or constituted a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year.

45. Particulars Of Associates

Particulars of the Group's associates as at 31 March 2002 are as follows:

<i>Name</i>	<i>Place of incorporation</i>	<i>Attributable proportion of nominal value of issued registered capital held by the Company</i>	<i>Principal activities</i>
Global Research Group Inc.	British Virgin Islands	50%	Investment holding
Global Research Services Inc.	British Virgin Islands	50%	Provision of interactive electronic database
Helena Overseas Limited	Republic of Cyprus	20%	Trading of processed seafood products