

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

1. General

The Company is an exempted company incorporated in Bermuda with limited liability. Its shares and warrants are listed on The Stock Exchange of Hong Kong Limited (the "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 42 and 43 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 ("SSAPs") issued by the Hong Kong Society of Accountants. Adoption of these SSAPs 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 adoption of these SSAPs has resulted in a change in the format of presentation of the consolidated cash flow statement and the inclusion of a consolidated statement of changes in equity in the financial statements. Comparative amounts 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.

Foreign currencies

The revisions to SSAP 11 "Foreign Currency Translation" have eliminated the choice of translating the income statements of overseas operations at the closing rate for the year, the policy previously followed by the Group. They are now required to be translated at an average rate. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods.

Cash flow statement

In the current year, the Group has adopted SSAP 15 (Revised) "Cash Flow Statements". Under SSAP 15 (Revised), cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest and dividend received is now classified as investing cash flows. Interest paid and dividends paid are now classified as operating cash flows and financing cash flows respectively. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities.

In addition, the amounts presented for cash and cash equivalents have been amended to exclude trust receipt and short term bank loans that are financing in nature. Cash flows of overseas operations have been re-translated at the rates prevailing at the dates of the cash flows rather than the rate of exchange prevailing on the balance sheet date. The re-definition of cash and cash equivalents has resulted in a restatement of the comparative amounts shown in the cash flow statement.

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

Employee benefits

In the current year, the Group has adopted SSAP 34 "Employee Benefits", which introduces measurement rules for employee benefits, including retirement benefit plans. Because the Group's participates only in defined contribution retirement benefit schemes, the adoption of SSAP 34 has not had any material impact on the financial statements of the Group for the current or prior accounting periods.

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.

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 acquisition of subsidiaries 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.

3. Significant Accounting Policies – Continued

Negative goodwill – *continued*

Negative goodwill arising on acquisitions after 1 April 2001 is presented separately in the balance sheet as a deduction from assets. To the extent that such 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.

Investments in subsidiaries

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

Interests in associates

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.

Property, plant and equipment

Property, plant and equipment other than land and buildings and construction in progress are stated at cost less accumulated depreciation and impairment losses.

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.

3. Significant Accounting Policies – Continued

Property, plant and equipment – *continued*

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.

Depreciation is provided to write off the cost or valuation of items of property, plant and equipment other than construction in progress 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

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.

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.

3. Significant Accounting Policies – Continued

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.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its 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 a 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 when incurred.

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.

3. Significant Accounting Policies – Continued

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 conditions, 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 initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollar are re-translated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are included in net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's overseas operations which are denominated in currencies other than Hong Kong dollar are translated at the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

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

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

Retirement benefits costs

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are charged as an expense as they fall due.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

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, fillets 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
- Fillets and portions – Selling and processing of frozen seafood products
- Shipping services – vessel charter-hire and trading of marine fuel
- Vegetables – trading and processing of frozen vegetables

Segment information about these businesses is presented below.

YEAR ENDED 31 MARCH 2003

	<i>Frozen fish HK\$'000</i>	<i>Fillets and portions HK\$'000</i>	<i>Shipping services HK\$'000</i>	<i>Vegetables HK\$'000</i>	<i>Consolidated HK\$'000</i>
TURNOVER					
External sales (<i>Note</i>)	<u>2,107,504</u>	<u>1,685,387</u>	<u>16,317</u>	<u>40,046</u>	<u>3,849,254</u>
RESULT					
Segment result	<u>151,367</u>	<u>157,111</u>	<u>680</u>	<u>4,943</u>	314,101
Unallocated corporate expenses					<u>(117,963)</u>
Profit from operations					196,138
Finance costs					(72,628)
Share of results of associates	-	1,219	-	-	<u>1,219</u>
Profit before taxation					124,729
Taxation					<u>(1,430)</u>
Profit before minority interests					<u>123,299</u>

Note: There is no inter-segment sales between different business segments for the year ended 31 March 2003.

4. Turnover and Segment Information – Continued

Business segments – *continued*

YEAR ENDED 31 MARCH 2002

	<i>Frozen fish HK\$'000</i>	<i>Fillets and portions HK\$'000</i>	<i>Shipping services HK\$'000</i>	<i>Vegetables HK\$'000</i>	<i>Consolidated HK\$'000</i>
TURNOVER					
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
Finance costs					(82,780)
Share of results of associates	-	2,177	-	-	<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.

2003

BALANCE SHEET AT 31 MARCH 2003

	<i>Frozen fish HK\$'000</i>	<i>Fillets 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	1,159,751	553,017	17,145	45,527	-	1,775,440
Investments in associates	-	137,309	-	-	5,548	142,857
Unallocated corporate assets	-	-	-	-	465,472	<u>465,472</u>
Consolidated total assets						<u>2,383,769</u>
LIABILITIES						
Segment liabilities	243,050	123,086	-	977	-	367,113
Unallocated corporate liabilities	-	-	-	-	963,940	<u>963,940</u>
Consolidated total liabilities						<u>1,331,053</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

4. Turnover and Segment Information – Continued

OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2003

	<i>Frozen fish HK\$'000</i>	<i>Fillets and portions HK\$'000</i>	<i>Shipping services HK\$'000</i>	<i>Vegetables HK\$'000</i>	<i>Consolidated HK\$'000</i>
Capital additions	33	15,501	–	1,966	17,500
Depreciation	2,491	16,874	10,516	5,734	35,615
Release of negative goodwill	(75)	–	–	–	(75)
Revaluation decrease arising on revaluation of					
– Land and buildings	–	759	–	–	759
– Investment properties	500	300	–	–	800

2002

BALANCE SHEET AT 31 MARCH 2002

	<i>Frozen fish HK\$'000</i>	<i>Fillets 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>

4. Turnover and Segment Information – Continued

OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2002

	<i>Frozen fish HK\$'000</i>	<i>Fillets and portions HK\$'000</i>	<i>Shipping services HK\$'000</i>	<i>Vegetables HK\$'000</i>	<i>Unallocated amount HK\$'000</i>	<i>Consolidated HK\$'000</i>
Capital additions	5,264	6,525	–	2,148	–	13,937
Depreciation	8,190	8,760	19,867	2,780	–	39,597
Release of negative goodwill	(34)	–	–	–	–	(34)
Revaluation decrease arising on revaluation of						
– Land and buildings	940	1,279	–	–	–	2,219
– Investment properties	–	1,500	–	–	–	1,500
Impairment recognised in the income statement	–	–	–	–	3,923	3,923

Geographical segments

The Group's operations are located in the People's Republic of China (the "PRC"), 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>Turnover by geographical market</i>	
	<i>2003 HK\$'000</i>	<i>2002 HK\$'000</i>
PRC	1,928,927	1,815,875
North America	905,795	867,826
Western Europe	791,161	656,758
Japan	172,277	154,322
Eastern Europe	19,912	23,728
Other	31,182	28,496
	<u>3,849,254</u>	<u>3,547,005</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

4. Turnover and Segment Information – Continued

Geographical segments – continued

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:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
PRC	1,574,400	1,518,788	15,526	12,965
North America	148,092	195,258	1,974	972
Western Europe	211,111	177,088	–	–
Eastern Europe	431,800	371,975	–	–
Japan	1,791	3,711	–	–
Other	16,575	69,240	–	–
	<u>2,383,769</u>	<u>2,336,060</u>	<u>17,500</u>	<u>13,937</u>

5. Other Operating Income

Other operating income comprises of:

	2003 HK\$'000	2002 HK\$'000
Agency fee income	7,199	12,000
Compensation on damages	692	–
Dividend income	494	–
Interest income	1,345	2,507
Gross rental from investment properties	8,365	4,266
Gain on disposal of property, plant and equipment	–	5
Release of negative goodwill	75	34
Sundry income	1,366	485
Exchange gain, net	–	2,786
	<u>19,536</u>	<u>22,083</u>

6. Other Operating Expenses

	2003 HK\$'000	2002 HK\$'000
Other operating expenses comprise of:		
Revaluation decrease arising on revaluation of:		
- Land and buildings	759	2,219
- Investment properties	800	1,500
Impairment loss on amounts due from associates	-	3,923
Loss on disposal of property, plant and equipment	806	-
	<u>2,365</u>	<u>7,642</u>

7. Profit from Operations

	2003 HK\$'000	2002 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration	2,452	2,034
Depreciation	35,615	39,597
Operating lease rentals in respect of rented premises	3,785	5,781
Retirement benefits scheme contributions	1,210	1,274
Other staff costs	59,063	67,874
	<u>60,273</u>	<u>69,148</u>
and after crediting:		
Net rental income after outgoings	<u>7,528</u>	<u>4,266</u>

8. Finance Costs

	2003 HK\$'000	2002 HK\$'000
Interest on bank borrowings		
- wholly repayable within five years	67,602	74,262
- not wholly repayable within five years	2,616	2,190
Interest on promissory note	2,410	6,328
	<u>72,628</u>	<u>82,780</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

9. Directors' Emoluments

	2003 HK\$'000	2002 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	8,775	7,673
- benefits-in-kind	3,376	4,621
Performance related incentive payment	2,120	2,120
Retirement benefit scheme contributions	317	292
	<u>14,588</u>	<u>14,706</u>
	<u>15,068</u>	<u>15,186</u>

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

Emoluments of the directors were within the following bands:

	2003 No. of Directors	2002 No. of Directors
HK\$ nil to HK\$1,000,000	3	4
HK\$1,000,001 to HK\$1,500,000	1	-
HK\$2,000,001 to HK\$2,500,000	2	2
HK\$2,500,001 to HK\$3,000,000	2	1
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>9</u>

The five highest paid individuals of the Group for the years ended 31 March 2003 and 31 March 2002 are all directors.

10. Taxation

	2003 HK\$'000	2002 HK\$'000
The charge comprises:		
Profit for the year		
– Hong Kong	1,490	2,950
– other jurisdictions	265	16
(Over) under provision in prior year		
– Hong Kong	(480)	91
Tax attributable to the Company and its subsidiaries	1,275	3,057
Deferred taxation	155	–
Share of taxation attributable to associates	–	664
Taxation charge for the year	<u>1,430</u>	<u>3,721</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.

11. Net Profit for the Year

Of the Group's net profit for the year of HK\$94,351,000 (2002: HK\$80,128,000), a net profit of HK\$7,615,000 (2002: HK\$3,935,000) has been dealt with in the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

12. Dividend

	2003 HK\$'000	2002 HK\$'000
Final dividend:		
Proposed final dividend of HK4.5 cents (2002: 4 cents) per share	31,999	26,276
Additional prior year's dividend paid on shares issued upon exercise of share options subsequent to year end	–	2,004
	<u>31,999</u>	<u>28,280</u>

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

13. Earnings per Share

The calculation of the basic and diluted earnings per share for the two years ended 31 March 2003 are based on the following data:

	2003 HK\$'000	2002 HK\$'000
Earnings for the purposes of calculation of basic and diluted earnings per share	<u>94,351</u>	<u>80,128</u>
Weighted average number of ordinary shares for the purposes of calculation of basic earnings per share	692,711,091	656,492,225
Effect of dilutive potential ordinary shares in respect of share options	<u>11,294,037</u>	<u>10,357,949</u>
Weighted average number of ordinary shares for the purposes of calculation of diluted earnings per share	<u>704,005,128</u>	<u>666,850,174</u>

Diluted earnings per share has not accounted for the conversion of the Company's outstanding warrants for the year as the exercise price of the Company's outstanding warrants is higher than the average market price per share.

14. Property, Plant and Equipment

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Plant and machinery HK\$'000	Vessels HK\$'000	Construction in progress HK\$'000	Total HK\$'000
THE GROUP									
COST OR VALUATION									
At 1.4.2002	219,400	13,610	14,954	25,414	21,824	92,524	94,087	6,532	488,345
Exchange realignment	927	114	9	140	170	1,209	-	121	2,690
Additions	-	5,359	1,884	2,459	1,352	5,131	-	1,315	17,500
Disposals	-	-	-	(20)	(748)	(1,657)	(47,043)	-	(49,468)
Transfer from investment properties	5,000	-	-	-	-	-	-	-	5,000
Reclassification	-	-	-	-	-	6	-	(6)	-
Revaluation decrease	(7,846)	-	-	-	-	-	-	-	(7,846)
At 31.3.2003	217,481	19,083	16,847	27,993	22,598	97,213	47,044	7,962	456,221
Comprising:									
At cost	-	19,083	16,847	27,993	22,598	97,213	47,044	7,962	238,740
At valuation - 1999	4,134	-	-	-	-	-	-	-	4,134
At valuation - 2003	213,347	-	-	-	-	-	-	-	213,347
	217,481	19,083	16,847	27,993	22,598	97,213	47,044	7,962	456,221
DEPRECIATION									
At 1.4.2002	99	7,076	11,940	16,511	15,991	35,054	67,696	-	154,367
Exchange realignment	-	37	6	92	137	311	-	-	583
Provided for the year	5,656	2,475	1,177	3,321	1,948	10,522	10,516	-	35,615
Eliminated on disposals	-	-	-	(15)	(298)	(700)	(38,123)	-	(39,136)
Adjustment on revaluation	(5,623)	-	-	-	-	-	-	-	(5,623)
At 31.3.2003	132	9,588	13,123	19,909	17,778	45,187	40,089	-	145,806
NET BOOK VALUES									
At 31.3.2003	217,349	9,495	3,724	8,084	4,820	52,026	6,955	7,962	310,415
At 31.3.2002	219,301	6,534	3,014	8,903	5,833	57,470	26,391	6,532	333,978

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

14. Property, Plant and Equipment – Continued

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

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Land in Hong Kong held under long leases	161,747	163,666
Land in the PRC held under long leases	–	2,500
Land in the PRC held under medium-term leases	51,600	49,100
Freehold land in the United States of America ("USA")	4,002	4,035
	<u>217,349</u>	<u>219,301</u>

The leasehold land and buildings of the Group in Hong Kong and the PRC were revalued at 31 March 2003 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 buildings situated in the USA on 2 June 1999. The valuation of this land and buildings was US\$530,000 (approximately HK\$4,134,000). The directors consider that the carrying value of this property at 31 March 2003 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:

	HK\$'000
Cost	246,432
Accumulated depreciation	<u>(36,649)</u>
Net book value at 31 March 2003	<u>209,783</u>
Net book value at 31 March 2002	<u>209,504</u>

15. Investment Properties

	<i>THE GROUP</i>	
	<i>2003</i> <i>HK\$'000</i>	<i>2002</i> <i>HK\$'000</i>
AT VALUATION		
At beginning of the year	61,400	63,400
Exchange realignment	330	-
Revaluation decrease arising on revaluation	(800)	(2,000)
Transferred to land and buildings	(5,000)	-
	<hr/>	<hr/>
At end of the year	<u>55,930</u>	<u>61,400</u>

The carrying value of investment properties shown above comprises:

	<i>THE GROUP</i>	
	<i>2003</i> <i>HK\$'000</i>	<i>2002</i> <i>HK\$'000</i>
Land in Hong Kong held under long leases	18,300	24,000
Land in the PRC held under long leases	37,630	37,400
	<hr/>	<hr/>
	<u>55,930</u>	<u>61,400</u>

The investment properties are rented out under operating leases.

The investment properties of the Group in Hong Kong and the PRC were revalued at 31 March 2003 on an open market value basis by Messrs. BMI Appraisals Limited, an independent property valuer.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

16. Negative Goodwill

	<i>HK\$'000</i>
THE GROUP	
GROSS AMOUNT	
At 1 April 2002	(1,358)
Arising on the acquisitions of additional interest in a subsidiary during the year	(1,300)
	<hr/>
At 31 March 2003	(2,658)
	<hr/>
RELEASED TO THE INCOME STATEMENT	
At 1 April 2002	34
Released during the year	75
	<hr/>
At 31 March 2003	109
	<hr/>
CARRYING AMOUNT	
At 31 March 2003	(2,549)
	<hr/> <hr/>
At 31 March 2002	(1,324)
	<hr/> <hr/>

The addition to negative goodwill during the year arose on the Group's acquisitions of additional 0.37% and 0.18% of equity interest of Pacific Andes (Holdings) Limited in January 2003 and March 2003 respectively. For the acquisitions in January 2003 and March 2003, negative goodwill amounting to HK\$845,000 and HK\$455,000 were identified respectively. The negative goodwill is released to income on a straight-line basis of 20 years, representing the estimated average useful life of the depreciable assets acquired.

17. Interests in Subsidiaries

	<i>THE COMPANY</i>	
	<i>2003 HK\$'000</i>	<i>2002 HK\$'000</i>
Unlisted shares	41,926	41,926
Amounts due from subsidiaries	399,446	400,451
	<hr/>	<hr/>
	441,372	442,377
	<hr/> <hr/>	<hr/> <hr/>

Particulars of the Company's principal subsidiaries at 31 March 2003 are set out in note 42.

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\$399,446,000 (2002: HK\$390,451,000) which bears interest at rates ranging from 1.43% to 5.42%, the remaining amounts are interest-free.

18. Interests in Associates

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Share of net assets	435	1,522

Particulars of the Group's principal associates as at 31 March 2003 are set out in note 43.

19. Investments in Securities

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Non-current other equity securities:				
Listed				
Hong Kong	11,737	8,031	-	-
Overseas	4,817	-	-	-
	16,554	8,031	-	-
Unlisted	11,213	21,053	5,100	5,100
	27,767	29,084	5,100	5,100
Market value of listed securities	16,554	8,031	-	-

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	
	2003 HK\$'000	2002 HK\$'000
Consideration receivable for sale of a vessel	15,803	15,803
Receivable as follows:		
Within one year	6,435	9,368
More than one year but less than five years	-	6,435
	6,435	15,803
Less: Amount due within one year included under trade and other receivables (note 22)	(6,435)	(9,368)
Amount due after one year	-	6,435

The receivable is secured by the vessel and bears interest at 12% (2002: 12%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

21. Inventories

Inventories, at cost, consist of the following:

	<i>THE GROUP</i>	
	<i>2003</i> <i>HK\$'000</i>	<i>2002</i> <i>HK\$'000</i>
Frozen fish	394,949	632,313
Fillets and portions	275,950	156,774
Fuel	681	7,459
Seeds and vegetables	5,968	5,501
Packing materials	7,620	947
	<u>685,168</u>	<u>802,994</u>

22. Trade and Other Receivables

Included in trade and other receivables are trade receivables of HK\$498,829,000 (2002: HK\$463,309,000) and bills receivables of HK\$55,617,000 (2002: HK\$nil) respectively. 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 and bills receivables at the balance sheet date is as follows:

	<i>THE GROUP</i>	
	<i>2003</i> <i>HK\$'000</i>	<i>2002</i> <i>HK\$'000</i>
Less than 30 days	492,717	244,584
31 – 60 days	39,195	132,175
61 – 90 days	12,480	78,971
91 – 120 days	8,722	2,120
Over 120 days	1,332	5,459
	<u>554,446</u>	<u>463,309</u>

23. Trade Receivables with Insurance Coverage

Included in the trade receivables with insurance coverage are discounted trade receivables of HK\$145,451,000 (2002: HK\$159,602,000) which have been discounted to certain banks under the receivable discounting advance facilities.

The aged analysis of the trade receivable with insurance coverage at balance sheet date is as follows:

	<i>THE GROUP</i>	
	<i>2003</i> <i>HK\$'000</i>	<i>2002</i> <i>HK\$'000</i>
Less than 30 days	108,118	97,405
31 – 60 days	83,282	34,417
61 – 90 days	8,729	27,780
91 – 120 days	3,920	–
Over 120 days	779	–
	<u>204,828</u>	<u>159,602</u>

24. Advances to Suppliers

THE GROUP

The amounts are secured by the vessels of the suppliers 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 amount represents settlement of trade receivables with insurance coverage held by the discounting institutions for repayment of discounting advances and deposits pledged to banks to secure banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

27. Trade and Other Payables

Included in trade and other payables are trade payables of HK\$312,470,000 (2002: HK\$221,657,000). The aged analysis of trade payables at the balance sheet date is as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Less than 30 days	122,295	197,935
31 – 60 days	110,209	262
61 – 90 days	60,515	23,216
Over 90 days	19,451	244
	<u>312,470</u>	<u>221,657</u>

28. Bank Borrowings

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Bank borrowings comprise:		
Inventory loans	225,909	138,796
Trust receipt and short term bank loans	453,957	623,352
Mortgage loans	78,079	77,075
Bank overdrafts	16,754	15,332
	<u>774,699</u>	<u>854,555</u>
Analysed as:		
Secured	303,988	215,871
Unsecured	470,711	638,684
	<u>774,699</u>	<u>854,555</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
The maturity of bank borrowings is as follows:		
Within one year	704,200	785,600
Between one and two years	7,598	8,144
Between two and five years	23,141	19,712
Over five years	39,760	41,099
	<u>774,699</u>	<u>854,555</u>
Amount due within one year classified as current liabilities	(704,200)	(785,600)
Amount due after one year	<u>70,499</u>	<u>68,955</u>

29. Other Borrowing

THE GROUP

As at 31 March 2002, the other borrowing represented 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 was unsecured, carried interest at 10% per annum and fully repaid during the year ended 31 March 2003.

30. Deferred Taxation

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Balance at beginning of the year	2,995	2,995
Charge for the year (note 10)	155	-
Balance at end of year	<u>3,150</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 land and buildings, investment properties and investment in securities as gains or losses arising on the disposal of these assets would not be subject to taxation. Accordingly, the revaluation 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 2003 and 31 March 2002.

31. Share Capital

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 31 March 2002 and 31 March 2003	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 April 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
Exercise of share options	53,950,000	5,395
Exercise of warrants	31,061	3
At 31 March 2003	<u>710,886,327</u>	<u>71,089</u>

32. Share Option Scheme

The purpose of the share option scheme is to provide incentive to the directors and employee of the Group. Under the terms of the share option scheme (the "Scheme") which was adopted on 9 September 1994 and will expire on 8 September 2004, the Board may grant options to directors and employees of the Company and its subsidiaries to subscribe for shares in the Company, at a price equal to the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of the grant of the options. The exercisable period will be determined by the Board and in any event not exceeding a period of 5 years commencing on and two years after the date of acceptance by the grantee and expiring on the last date of such period or 8 September 2004 whichever is earlier. The grantee is required to pay non refundable consideration of HK\$1.00 upon acceptance of the offer. The maximum entitlement of each participant shall not exceed 25% of the maximum number of shares in respect of which options may be granted under the Scheme.

At 31 March 2003, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 7,200,000, representing 1% of the shares of the Company (excluding any shares issued pursuant to the Scheme) in issue at that date. The number of shares issuable under the Scheme is not to exceed 10% of the issued share capital of the Company from time to time excluding any shares issued pursuant to the Scheme.

As the Scheme no longer complies with the amended Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") governing the share option schemes, no further option can be granted under the Scheme from 1 September 2001 unless the grant complies with the amended Chapter 17 of the Listing Rules. Nevertheless, options previously granted under the Scheme will continue to be exercisable in accordance with the Scheme.

At 31 March 2003, the following options to subscribe for shares were outstanding under the Company's share option scheme:

2003

Category 1: Directors

Exercisable period	Date of grant	Subscription price per share HK\$	Outstanding at 1 April 2002	Number of share options held		Outstanding at 31 March 2003
				Exercised during the year	Lapsed during the year	
25 October 1998 – 24 October 2003	24.10.1996	0.9440	2,000,000	–	–	2,000,000
11 July 1999 – 10 July 2004	10.7.1997	1.1168	600,000	–	–	600,000
21 August 2000 – 20 August 2005	21.2.2000	0.3336	48,000,000	(44,000,000)	–	4,000,000
21 February 2002 – 20 February 2007	21.2.2000	0.3336	2,000,000	(2,000,000)	–	–
Total number of share option held by directors			52,600,000	(46,000,000)	–	6,600,000

32. Share Option Scheme – Continued

2003 – continued

Category 2: Employees

Exercisable period	Date of grant	Subscription price per share HK\$	Outstanding at 1 April 2002	Number of share options held		Outstanding at 31 March 2003
				Exercised during the year	Lapsed during the year	
25 October 1997 – 24 October 2002	24.10.1996	0.9940	100,000	–	(100,000)	–
25 October 1998 – 24 October 2003	24.10.1996	0.9440	3,250,000	(2,650,000)	–	600,000
25 October 1999 – 24 October 2004	24.10.1996	0.9440	300,000	(300,000)	–	–
25 October 2000 – 24 October 2005	24.10.1996	0.9440	400,000	(400,000)	–	–
21 February 2001 – 20 February 2006	21.2.2000	0.3336	4,000,000	(4,000,000)	–	–
21 February 2002 – 20 February 2007	21.2.2000	0.3336	600,000	(600,000)	–	–
Total number of share options held by employees			8,650,000	(7,950,000)	(100,000)	600,000
Total number of share options			61,250,000	(53,950,000)	(100,000)	7,200,000

The average closing prices of the Company's share immediately before the dates of which the share options exercised during the year ended 31 March 2003 range from HK\$0.60 to HK\$1.13.

No share option was granted by the Company during the year ended 31 March 2003.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

32. Share Option Scheme – Continued

2002

Category 1: Directors

Exercisable period	Date of grant	Subscription price per share HK\$	Outstanding at 1 April 2001	Number of share options held		Outstanding at 31 March 2002
				Exercised during the year	Cancelled during the year	
25 October 1998 – 24 October 2003	24.10.1996	0.9440	2,000,000	–	–	2,000,000
11 July 1999 – 10 July 2004	10.7.1997	1.1168	600,000	–	–	600,000
21 August 2002 – 20 August 2005	21.2.2000	0.3336	48,000,000	–	–	48,000,000
21 February 2002 – 20 February 2007	21.2.2000	0.3336	2,000,000	–	–	2,000,000
Total number of share option held by directors			52,600,000	–	–	52,600,000

Category 2: Employees

Exercisable period	Date of grant	Subscription price per share HK\$	Outstanding at 1 April 2001	Number of share options held		Outstanding at 31 March 2002
				Exercised during the year	Cancelled during the year	
25 October 1997 – 24 October 2002	24.10.1996	0.9940	100,000	–	–	100,000
25 October 1998 – 24 October 2003	24.10.1996	0.9440	3,750,000	–	(500,000)	3,250,000
25 October 1999 – 24 October 2004	24.10.1996	0.9440	300,000	–	–	300,000
25 October 2000 – 24 October 2005	24.10.1996	0.9440	400,000	–	–	400,000
21 February 2001 – 20 February 2006	21.2.2000	0.3336	4,000,000	–	–	4,000,000
21 February 2002 – 20 February 2007	21.2.2000	0.3336	1,300,000	(700,000)	–	600,000
Total number of share options held by employees			9,850,000	(700,000)	(500,000)	8,650,000
Total number of share options			62,450,000	(700,000)	(500,000)	61,250,000

The average closing price of the Company's share immediately before the date of which the share options exercised during the year ended 31 March 2002 was HK\$0.59.

No share option was granted by the Company during the year ended 31 March 2002.

33. Warrants

	<i>Warrants with subscription price of HK\$0.85</i>	
	<i>Number</i>	<i>HK\$'000</i>
Balance at date of issue of warrants	141,401,053	120,191
Exercised during the year	(31,061)	(27)
	<u>141,369,992</u>	<u>120,164</u>
Balance in issue at 31 March 2003	<u>141,369,992</u>	<u>120,164</u>

On 16 September 2002, a bonus issue of 141,401,053 warrant ("2004 Warrants") was made on the basis of one 2004 Warrant for every five existing ordinary shares then held on 16 September 2002.

Each 2004 Warrant entitles the registered holder to subscribe in cash at an initial subscription price of HK\$0.85, subject to adjustment, for one ordinary share of HK\$0.10 each in the Company, at any time from 26 September 2002 to 25 March 2004 (both dates inclusive).

Subsequent to the date of issue, 31,061 2004 Warrants were exercised to subscribe for ordinary shares. At 31 March 2003, the Company had outstanding 141,369,992 2004 Warrants. Exercise in full of such 2004 Warrants would result in the issue to 141,369,992 additional shares.

34. Share Premium and Reserves

	<i>Share premium HK\$'000</i>	<i>Contributed surplus HK\$'000</i>	<i>Retained profits HK\$'000</i>	<i>Total HK\$'000</i>
THE COMPANY				
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)
	<u>281,390</u>	<u>39,225</u>	<u>61,736</u>	<u>382,351</u>
At 31 March 2002	281,390	39,225	61,736	382,351
Share issued at a premium	14,671	-	-	14,671
Net profit for the year	-	-	7,615	7,615
2002 final dividend paid	-	-	(28,280)	(28,280)
	<u>296,061</u>	<u>39,225</u>	<u>41,071</u>	<u>376,357</u>
At 31 March 2003	<u>296,061</u>	<u>39,225</u>	<u>41,071</u>	<u>376,357</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

34. Share Premium and Reserves – Continued

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:

	<i>2003</i> <i>HK\$'000</i>	<i>2002</i> <i>HK\$'000</i>
Contributed surplus	39,225	39,225
Retained profits	41,071	61,736
	<u>80,296</u>	<u>100,961</u>

35. Retirement Benefits Scheme

The Group operates Mandatory Provident Fund Scheme ("MPF Scheme") for all employees in Hong Kong. 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 MPF 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 MPF Scheme.

The retirement benefits scheme contributions represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

Employees of the subsidiaries in the PRC 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.

36. Operating Lease Commitments

The Group as lessee

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

	2003 HK\$'000	2002 HK\$'000
Within one year	8,930	4,930
In the second to fifth years inclusive	16,527	8,114
After five years	26,145	28,170
	<u>51,602</u>	<u>41,214</u>

Operating lease payments represent rentals payable by the Group for certain of its office premises, processing plants and farmland. Leases are negotiated for terms ranging from one to ten years.

The Group as lessor

Property rental income earned during the year was HK\$8,365,000 (2002: HK\$4,266,000). The investment properties of the Group are expected to generate rental yield of 8% (2002: 7%) on an ongoing basis. Certain of the Group's investment properties held have committed tenants ranging from one to five years.

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:

	2003 HK\$'000	2002 HK\$'000
Within one year	2,314	1,950
In the second to fifth years inclusive	748	2,555
	<u>3,062</u>	<u>4,505</u>

37. Capital Commitments

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
At 31 March 2003, the Group had commitment for capital expenditure in respect of the acquisition of property, plant and equipment as follows:				
Contracted for but not provided in the financial statements	<u>8,469</u>	<u>6,283</u>	<u>2,730</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

38. Major Non-Cash Transaction

During the year, dividend income amounting to HK\$1,400,000 (2002: nil) is received through the current account with an associate.

39. Contingent Liabilities

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
At the balance sheet date, the Group and the Company had contingent liabilities as follows:				
Bills discounted with recourse	420,900	253,937	–	–
Guarantees given to bankers in respect of banking facilities utilised by subsidiaries	–	–	881,721	802,718
	<u>420,900</u>	<u>253,937</u>	<u>881,721</u>	<u>802,718</u>

40. Pledge of Assets

At 31 March 2003, the Group has pledged land and buildings and investment properties with aggregate carrying values of approximately HK\$161,747,000 (2002: HK\$164,666,000) and HK\$18,300,000 (2002: HK\$24,000,000) respectively, as collateral for mortgage loans granted to the Group by certain banks.

In addition to trade receivables with insurance coverage of HK\$6,980,000 (2002: HK\$60,099,000), mentioned in note 23 above, inventories of HK\$338,691,000 (2002: HK\$198,280,000) were also pledged as security for the revolving inventory financing facilities obtained from banks.

In addition, shares of certain subsidiaries were pledged as securities for revolving inventory financing facilities obtained from banks.

41. Related Party Transactions

- (a) During the year, the Group had entered into the following significant transactions with an associate of the Group:

	2003 HK\$'000	2002 HK\$'000
Sales of frozen seafood (<i>note i</i>)	455,135	550,566
Purchases of frozen seafood (<i>note i</i>)	8,556	18,480
Administrative income (<i>note ii</i>)	7,199	12,000
	<u>462,890</u>	<u>581,046</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\$39,000,000 (2002: HK\$342,000,000) granted to the Group. At 31 March 2003, facilities amounting to HK\$nil (2002: HK\$56,367,000) were utilised by the Group. Including in the discounting advances drawn on trade receivables with insurance coverage is an amount of HK\$47,691,000 (2002: HK\$31,870,000) which were drawn from discounting trade receivables with insurance coverage of an associate of HK\$52,990,000 (2002: HK\$35,411,000).

42. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2003 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		Principal activities
			held by the Company*/ subsidiaries %	attributable to the Group %	
Alliance Capital Enterprises Limited	Hong Kong/PRC	Ordinary HK\$2	100	63	Property holding
Aqua Foods (Qingdao) Co., Ltd.	PRC (<i>note a</i>)	Registered RMB6,340,000	100	100	Seafood processing
Best Concept (Far East) Limited	Hong Kong	Ordinary HK\$2	100	100	Trading of frozen seafood products
Bonaire Developments Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	100	100	Property holding
Chasterton Group Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	100	100	Property holding
Clamford Holding Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	100 *	100	Investment holding
Concept China Investment Limited	Hong Kong/PRC	Ordinary HK\$2	100	63	Property holding
Conred Limited	Hong Kong/PRC	Ordinary HK\$2	100	63	Property holding

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42. 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
Davis Limited	Hong Kong/PRC	Ordinary HK\$2	100	63	Property holding
Fastact Group Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	100	100	Property holding
Glorious Ocean Limited	Hong Kong	Ordinary HK\$2	100	100	Provision of treasury and administrative services
Heng Holdings (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	100	100	Investment holding
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.	USA	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 (note b)	Ordinary HK\$200 Non-voting deferred HK\$10,000,000	100	100	Provision of and treasury administrative services
Pacific Andes Food (Hong Kong) Company Limited	Hong Kong	Ordinary HK\$10,000	100	63	Trading of frozen seafood products
Pacific Andes Foodstuff Co., Ltd.	PRC (note a)	Registered US\$1,800,000	100	100	Inactive
Pacific Andes (Holdings) Limited	Bermuda/Singapore	Ordinary S\$98,059,000	63	63	Investment holding

42. 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>
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 Beta Limited	British Virgin Islands/ Worldwide	Ordinary US\$1	100	63	Trading of marine fuel
Paco Gamma Limited	British Virgin Islands/ Worldwide	Ordinary US\$1	100	63	Vessel holding
Parkmond Group Limited	British Virgin Islands/ Worldwide	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.	PRC (note a)	Registered US\$12,100,000	100	100	Seafood processing
Rawley Trading Limited	British Virgin Islands/ USA	Ordinary US\$1	100	100	Property holding
Qingdao Yuxin Food Co., Ltd.	PRC (note a)	Registered US\$300,000	100	100	Inactive
Rich Reward Assets Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	100	100	Property holding
Sevensseas Enterprises Limited	British Virgin Islands/ Hong Kong	Ordinary US\$1	100	100	Property holding
Xinxing Foodstuffs (Qingdao) Company Limited	PRC (note a)	Registered US\$910,000	100	100	Seafood processing

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For the year ended 31 March 2003

42. Particulars of Principal Subsidiaries – Continued

Notes:

- (a) The subsidiaries are wholly foreign owned enterprises registered in the PRC.
- (b) The non-voting deferred shares carry practically no rights to dividends nor receive notice of nor to attend or vote at any general meeting of the relevant company nor to participate in any distribution on wind up.

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.

43. Particulars of Principal Associates

Particulars of the Group's principal associates as at 31 March 2003 are as follows:

<i>Name</i>	<i>Forms of business structure</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.	Incorporated	British Virgin Islands	50%	Investment holding
Global Research Services Inc.	Incorporated	British Virgin Islands	50%	Provision of interactive electronic data base
Helena Overseas Limited	Incorporated	Republic of Cyprus	20%	Trading of processed seafood products