NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

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"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report. 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, associates and a jointly-controlled entity are set out in notes 50, 51 and 28 respectively.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. Application of Hong Kong Financial Reporting Standards and Changes In Accounting Policies

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting years are prepared and presented.

Business Combinations

For the year ended 31 March 2005, the Group has applied HKFRS 3 "Business Combinations", which is effective for business combinations for which the agreement date is on or after 1 January 2005. In the current year, the Group has applied the transitional provisions of HKFRS 3 and the principal effects of the application of the transitional provisions of HKFRS 3 to the Group are summarised below:

Goodwill

In previous periods, goodwill arising on acquisitions prior to 1 April 2001 was held in reserves, and goodwill arising on acquisitions after 1 April 2001 was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3. Goodwill previously recognised in reserves continues to be held in reserves and will be transferred to the retained profits of the Group at the time when the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired. With respect to goodwill previously capitalised on the balance sheet, the Group has discontinued amortising such goodwill from 1 April 2005 onwards and goodwill will be tested for impairment at least annually. Goodwill arising on acquisitions after 1 January 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current year. Comparative figures for 2005 have not been restated.

In the current year, the Group has also applied HKAS 21 "The Effects of Changes in Foreign Exchange Rates" which requires goodwill to be treated as assets and liabilities of the foreign operation and translated at closing rate at each balance sheet date. Previously, goodwill arising on a acquisition of foreign operations was reported at historical rate at each balance sheet date. The Group applied the requirement prospectively. In accordance with the relevant transitional provisions in HKAS 21, goodwill arising on acquisitions prior to 1 April 2005 is treated as a non-monetary foreign currency item of the Group. Therefore, no prior year adjustment has been made.

2. Application of Hong Kong Financial Reporting Standards and Changes In Accounting Policies – Continued

Business Combinations – Continued

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("discount on acquisition") is recognised immediately in profit or loss in the period in which the acquisition takes places. In previous years, negative goodwill arising on acquisitions prior to 1 April 2001 was held in reserves, and negative goodwill arising on acquisitions after 1 April 2001 was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted. In accordance with the relevant transitional provisions in HKFRS 3, the Group has derecognised all negative goodwill at 1 April 2005 (of which negative goodwill of HK$20,844,000 was previously recorded in reserves and of HK$20,399,000 was previously presented as a deduction from assets) with a corresponding increase to retained profits.

Share-based Payments

In the current year, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over share ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' and employees' share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised.

The Group has applied HKFRS 2 to share options granted on or after 1 April 2005. In relation to share options granted before 1 April 2005, the Group has not applied HKFRS 2 to share options granted on or before 7 November 2002 in accordance with the relevant transitional provisions. The Group is still required to apply HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not yet vested on 1 April 2005. However, share options of the Group were granted before 7 November 2002 and therefore no retrospective application of HKFRS 2 was made by the Group.

Financial Instruments

In the current year, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. The application of HKAS 32 has had no impact on how financial instrument of the Group are presented for current and prior accounting periods. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

2. Application of Hong Kong Financial Reporting Standards and Changes In Accounting Policies – Continued

Financial Instruments – Continued

Classification and measurement of financial assets and financial liabilities – Continued

By 31 March 2005, the Group classified and measured its investments in equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice ("SSAP") 24. Under SSAP 24, investments in equity securities of the Group are classified as "non-trading securities" and measured at fair value. Unrealised gains or losses on "non-trading securities' are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net profit and loss for that year. From 1 April 2005 onwards, the Group classifies and measures its investments in equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

On 1 April 2005, the Group classified and measured its investments in equity securities in accordance with the requirements of HKAS 39. Equity securities classified under other investments with carrying amount of HK$5,636,000 were reclassified to available-for-sale investments on 1 April 2005. In addition, the Group reassessed its club debentures in accordance with the requirements of HKFRS. Investment in club debentures, which was previously classified under other investments, were reclassified to intangible asset and other long term receivable with carrying amounts of HK$22,763,000 and HK$928,000, respectively.

Financial assets and financial liabilities other than equity securities

From 1 April 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method.

The adoption of the above transitional provisions in HKAS 39 has had no material impact on the results for the current year.

Derecognition

HKAS 39 provides more rigorous criteria for the derecognition of financial assets than the criteria applied in previous years. Under HKAS 39, a financial asset is derecognised, when and only when, either the contractual rights to the asset's cash flows expire, or the asset is transferred and the transfer qualifies for derecognition in accordance with HKAS 39. The decision as to whether a transfer qualifies for derecognition is made by applying a combination of risks and rewards and control tests. The Group has applied relevant transitional provisions and applied the revised accounting policy prospectively for transfers of financial assets on or after 1 April 2005. As a result, the Group's bills receivables with full recourse and trade receivables with insurance coverage factored to banks which were derecognised prior to 1 April 2005 have not been restated. As at 31 March 2006, the Group's bills receivables with full recourse and trade receivables with insurance coverage factored to banks have not been derecognised. Instead, the related borrowings of HK$126,049,000 have been recognised on the balance sheet date. This change has had no effect on the results for the current year.

2. Application of Hong Kong Financial Reporting Standards and Changes In Accounting Policies – Continued

Owner-occupied Leasehold Interest in Land

In previous years, owner-occupied leasehold land and buildings and leasehold interest in land under the construction in progress were included in property, plant and equipment and are stated at open market value and cost respectively. In the current year, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straightline basis. This change in accounting policy has been applied retrospectively. Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plants and equipment. In respect of the leasehold interest in land and under the construction in progress, the amount has been reclassified to prepaid lease payments under operating lease and applied retrospectively.

Investment Properties

In the current year, the Group has applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the period in which they arise. In previous years, investment properties under SSAP 13 were measured at open market values, with revaluation surplus or deficit credited or charged to asset revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the revaluation reserve was charged to the income statement.

Where a decrease had previously been charged to the income statement and revaluation increase subsequently arose, that increase was credited to the income statement to the extend of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 prospectively from 1 April 2005 onwards. The amount held in revaluation reserve at 1 April 2005 has been transferred to the Group's retained profits.

Deferred Taxes related to Investment Properties

In previous years, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current year, the Group has applied HKAS Int 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" which removes the presumption that the carrying amount of investment properties are to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflects the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HKAS Int 21, this change in accounting policy has been applied retrospectively. Comparative figures have been restated.

2. Application of Hong Kong Financial Reporting Standards and Changes In Accounting Policies – Continued

Summary of the effects of the changes in accounting policies

	2006 HK$'000	2005 HK$'000
Decrease in release of negative goodwill to income statement	(1,092)	–
Decrease in amortisation of goodwill	12,354	–
Gain arising from changes in fair value of investment properties	4,188	–
Decrease in depreciation of property, plant and equipment	280	280
Increase in deferred tax relating to investment properties	(990)	–
Increase in amortisation of prepaid lease payments	(280)	(280)
Increase in profit for the year	14,460	–

Analysis of increase in profit for the year by line items presented according to their functions.

	2006 HK$'000	2005 HK$'000
Increase in other income	3,096	–
Decrease in other expenses	12,354	–
Decrease in share of results of associates	–	(520)
(Increase) decrease in taxation	(990)	520
	14,460	–

2. Application of Hong Kong Financial Reporting Standards and Changes In Accounting Policies – Continued

Summary of the effects of the changes in accounting policies – Continued

The cumulative effect of the adoption of the new HKFRSs as at 31 March 2005 and 1 April 2005 are summarised below:

	As at 31 March 2005 (Originally stated)	Retrospective adjustments			As at 31 March 2005 (restated)	Adjustments on 1 April 2005			As at 1 April 2005 (restated)
		HKAS 1	HKAS 17	Int 21		HKAS 32 & 39	HKAS 40	HKFRS 3	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance sheet items									
Property, plant and equipment	419,502	–	(27,797)	–	391,705	–	–	–	391,705
Prepaid lease payments	–	–	27,797	–	27,797	–	–	–	27,797
Negative goodwill	(20,399)	–	–	–	(20,399)	–	–	20,399	–
Other investments	29,327	–	–	–	29,327	(29,327)	–	–	–
Intangible assets	–	–	–	–	–	22,763	–	–	22,763
Available-for-sale investments	–	–	–	–	–	5,636	–	–	5,636
Other long term receivable	–	–	–	–	–	928	–	–	928
Deferred taxation	(19,581)	–	–	(2,245)	(21,826)	–	–	–	(21,826)
Total effect on assets and liabilities	408,849	–	–	(2,245)	406,604	–	–	20,399	427,003
Retained profits	685,941	–	–	–	685,941	–	11,487	41,243	738,671
Revaluation reserve	77,858	–	–	(2,245)	75,613	–	(11,487)	–	64,126
Goodwill reserve	(115,069)	–	–	–	(115,069)	–	–	(20,844)	(135,913)
Minority interests	–	396,654	–	–	396,654	–	–	–	396,654
Total effects on equity	648,730	396,654	–	(2,245)	1,043,139	–	–	20,399	1,063,538
Minority interests	396,654	(396,654)	–	–	–	–	–	–	–

There is no financial effects on the application of the new HKFRSs to the Group's equity on 1 April 2004.

2. Application of Hong Kong Financial Reporting Standards and Changes In Accounting Policies – Continued

Summary of the effects of the changes in accounting policies – Continued

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the financial statements of the Group.

HKAS 1	Capital Disclosures[1]
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures[2]
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions[2]
HKAS 39 (Amendment)	The Fair Value Option[2]
HKAS 39 and HKFRS 4 (Amendment)	Financial Guarantee Contracts[2]
HKFRS 6	Exploration for and Evaluation of Mineral Resources[2]
HKFRS 7	Financial Instruments: Disclosures[1]
HK(IFRIC)-INT 4	Determining Whether an Arrangement Contains a Lease[2]
HK(IFRIC)-INT 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds[2]
HK(IFRIC)-INT 6	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment[3]
HK(IFRIC)-INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]
HK(IFRIC)-INT 8	Scope of HKFRS 2[5]
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives[6]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 January 2006.
3 Effective for annual periods beginning on or after 1 December 2005.
4 Effective for annual periods beginning on or after 1 March 2006.
5 Effective for annual periods beginning on or after 1 May 2006.
6 Effective for annual periods beginning on or after 1 June 2006.

3. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on acquisition of a subsidiary or a jointly-controlled entity for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary or jointly-controlled entity at the date of acquisition.

Goodwill arising on acquisitions prior to 1 April 2001 continues to be held in reserves, and will be transferred to retained profits at the time of disposal of the relevant subsidiary or at such time when a cash-generating unit to which the goodwill relates becomes impaired.

For previously capitalised goodwill arising on acquisitions after 1 April 2001, the Group has discontinued amortisation from 1 April 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired.

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on acquisition of a subsidiary is presented for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary or jointly-controlled entity at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary or a jointly-controlled entity (which is accounted for using proportionate consolidation) is presented separately in the balance sheet.

Additional interests in subsidiaries are measured at the aggregate of the carrying amounts of identified assets and liabilities of the subsidiaries and any excess of the consideration over the net assets acquired are accounted for as goodwill.

3. Significant Accounting Policies – Continued

Goodwill – Continued

For the purposes of impairment testing, goodwill arising from an acquisition of subsidiary is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary or a jointly-controlled entity, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Excess of an acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisitions")

A discount on acquisition arising on an acquisition of a subsidiary or a jointly-controlled entity for which an agreement date is on or after 1 January 2005 represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition is recognised immediately in profit or loss.

As explained in Note 2 above, all negative goodwill as at 1 April 2005 has been derecognised with a corresponding adjustment to the Group's retained earnings.

Interests in associates

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Jointly-controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The Group recognises its interests in jointly-controlled entities using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of the jointly-controlled entities are combined with the Group's similar line items, line by line, in the consolidated financial statements.

When a group entity transacts with a jointly-controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly-controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

3. Significant Accounting Policies – Continued

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sales of fishes and other marine catches is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

Shipping and agency service income is recognised when the shipping and agency services are rendered.

Interest income from financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset's net carrying amount.

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 accumulated 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. Land and building are depreciated over the term of the lease, or twenty-five years whichever is shorter, on a straight line basis. 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 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 revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation increase is transferred to retained profits.

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. in the location and condition necessary for them to be capable of operating in the manner intended).

3. Significant Accounting Policies – Continued

Property, plant and equipment – Continued

Depreciation is provided to write off the cost of items of property, plant and equipment other than land and building and construction in progress over their estimated useful lives, as follows:

	Rates	Method
Leasehold improvement	30%	reducing balance
Furniture and fixtures	30%	reducing balance
Office equipments	40%	reducing balance
Motor vehicles	40%	reducing balance
Plant and machinery	20% – 40%	reducing balance
Vessels	20%	straight-line

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Deferred charter hire

Deferred charter hire represents future charter hire expense for fishing vessels which have been prepaid or contractually agreed to be prepaid. They are amortised and charged to the consolidated income statement on a pro-rata basis over the hire period.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that 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 valued 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.

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.

3. Significant Accounting Policies – Continued

Intangible assets

On initial recognition, intangible assets acquired separately and from business combinations are recognised at cost and at fair value respectively. After initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Intangible assets with indefinite useful lives is tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. 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. An impairment loss is recognised as an expense immediately.

When 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.

Borrowing costs

All borrowing costs are expensed as incurred.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into available-for-sale investments and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated or not classified as any of the other categories under HKAS 39. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. Significant Accounting Policies – Continued

Financial instruments – Continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including loan receivables, other long term receivable, trade, bills and other receivables, trade receivables with insurance coverage, advances to suppliers, amounts due from associates, amount due from a jointly-controlled entity, loan to a jointly-controlled entity, pledged deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank as well as fixed deposits that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. They are stated net of bank overdrafts.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Group's financial liabilities including bank advances and borrowings, trade and other payables, amount due to an associate and amount due to joint venture partner of a jointly-controlled entity are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

3. Significant Accounting Policies – Continued

Foreign currencies – Continued

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 April 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

As mentioned in Note 2, goodwill and fair value adjustments arising on acquisitions of foreign operations prior to 1 April 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical exchange rate prevailing at the date of the acquisition.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxation profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the income statement on straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

3. Significant Accounting Policies – Continued

Leasing – Continued

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the terms of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

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.

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 five operating divisions – frozen fish, fillets and portions, fishing, shipping services and others. 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
Fishing	–	fishing and the provision of fishing management services to fishing vessels
Shipping services	–	vessel charter-hire and trading of marine fuel
Others	–	trading and processing of frozen vegetables and other operations

4. Turnover and Segment Information – Continued

Business segments – Continued

Segment information about these businesses is presented below:

Year ended 31 March 2006

	Frozen fish HK$'000	Fillets and portions HK$'000	Fishing HK$'000	Shipping services HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
TURNOVER							
External sales	2,921,000	2,537,169	620,172	60,934	17,722	–	6,156,997
Inter-segment sales	–	–	139,160	17,956	–	(157,116)	–
Total	2,921,000	2,537,169	759,332	78,890	17,722	(157,116)	6,156,997
RESULT							
Segment result	238,378	106,086	275,602	(37,909)	(22,329)	–	559,828
Unallocated corporate income							33,187
Unallocated corporate expenses							(31,239)
Gain on dilution of interest in a subsidiary							81,261
Loss on deemed disposal of interest in a subsidiary							(12,729)
Finance costs							(204,220)
Share of results of associates	(310)	(68)	–	–	–	–	(378)
Profit before taxation							425,710
Taxation							(14,286)
Profit before minority interests							411,424

Inter-segment sales are charged at cost plus a percentage profit mark up.

4. Turnover and Segment Information – Continued

Business segments – Continued

Year ended 31 March 2005

	Frozen fish HK$'000	Fillets and portions HK$'000	Fishing HK$'000	Shipping services HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
TURNOVER							
External sales	2,729,929	2,320,141	191,884	31,312	25,010	–	5,298,276
Inter-segment sales	–	–	79,730	5,838	–	(85,568)	–
Total	2,729,929	2,320,141	271,614	37,150	25,010	(85,568)	5,298,276
RESULT							
Segment result	223,096	73,941	70,762	2,065	(10,091)	–	359,773
Unallocated corporate income							628
Unallocated corporate expenses							(14,468)
Loss on deemed disposal of interest in a subsidiary							(1,196)
Finance costs							(97,731)
Share of results of associates	293	(1,039)	–	–	–	–	(746)
Profit before taxation							246,260
Taxation							(3,265)
Profit before minority interests							242,995

Inter-segment sales are charged at cost plus a percentage profit mark up.

2006

BALANCE SHEET AT 31 MARCH 2006

	Frozen Fish HK$'000	Fillets and portions HK$'000	Fishing HK$'000	Shipping services HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS						
Segment assets	2,303,779	2,434,715	1,194,887	71,062	118,702	6,123,145
Interests in associates	60	1,030	–	–	–	1,090
Unallocated corporate assets						408,088
Total assets						6,532,323
LIABILITIES						
Segment liabilities	132,164	585,599	82,174	5,199	2,828	807,964
Unallocated corporate liabilities						3,125,308
Total liabilities						3,933,272

4. Turnover and Segment Information – Continued

Business segments – Continued

OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2006

	Frozen fish HK$'000	Fillets and portions HK$'000	Fishing HK$'000	Shipping services HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	1,806	116,182	15,081	70,667	853	204,589
Depreciation of property, plant and equipment	2,492	36,495	655	8,307	3,756	51,705
Amortisation of prepaid lease payments	–	280	–	–	–	280
Amortisation of deferred charter hire	–	–	54,417	–	–	54,417
Allowance for amounts due from associates	–	574	–	–	–	574
Loss on deemed disposal of a subsidiary	12,729	–	–	–	–	12,729
Loss on disposal of property, plant and equipment	–	793	–	–	–	793
Gain on dilution of interest in a subsidiary	–	–	(81,261)	–	–	(81,261)
Impairment loss on goodwill	–	12,460	–	–	895	13,355
Impairment loss on property, plant and equipment	–	–	–	–	6,162	6,162
Inventories written off	–	764	–	–	5,329	6,093
Bad debts written off	–	3,627	–	–	–	3,627
Fair value changes in investment properties	–	–	–	–	(4,188)	(4,188)

2005

BALANCE SHEET AT 31 MARCH 2005

	Frozen fish HK$'000	Fillets and portions HK$'000	Fishing HK$'000	Shipping services HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS						
Segment assets	2,224,342	1,591,762	401,801	16,186	120,605	4,354,696
Interests in associates	370	1,098	–	–	–	1,468
Unallocated corporate assets						326,106
Total assets						4,682,270
LIABILITIES						
Segment liabilities	334,463	409,574	85,990	601	2,906	833,534
Unallocated corporate liabilities						2,059,078
Total liabilities						2,892,612

4. Turnover and Segment Information – Continued

Business segments – Continued

OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2005

	Frozen fish HK$'000	Fillets and portions HK$'000	Fishing HK$'000	Shipping services HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	5,623	90,311	104	–	340	96,378
Depreciation of property, plant and equipment	2,013	21,958	12	74	4,092	28,149
Amortisation of goodwill	–	1,163	4,233	–	–	5,396
Amortisation of prepaid lease payments	–	280	–	–	–	280
Amortisation of deferred charter hire	–	–	16,566	–	–	16,566
Release of negative goodwill	(1,157)	–	–	–	–	(1,157)
Allowance for amounts due from associates	–	–	–	–	5,000	5,000
Loss on deemed disposal of a subsidiary	1,196	–	–	–	–	1,196
Loss on disposal of property, plant and equipment	132	–	–	–	1,762	1,894
Impairment loss on unlisted equity securities	–	200	–	–	–	200
Bad debts written off	–	911	–	–	–	911

Geographical segments

The Group's operations are located in the PRC, North America, Western Europe, Eastern Europe and East Asia.

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

	Turnover by geographical market 2006 HK$'000	2005 HK$'000
PRC	3,069,442	2,811,822
North America	1,204,834	1,046,583
Western Europe	1,199,982	1,095,356
Eastern Europe	86,519	28,856
East Asia	500,870	256,689
Other	95,350	58,970
	6,156,997	5,298,276

4. Turnover and Segment Information – Continued

Geographical segments – Continued

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

	Carrying amount of segment assets		Capital additions	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
PRC	4,525,549	3,434,944	81,749	81,696
North America	267,398	206,453	6,209	14,219
Western Europe	160,873	155,385	–	463
Eastern Europe	940,963	444,704	70,325	–
East Asia	221,364	102,080	45,677	–
Other	6,998	11,130	629	–
	6,123,145	4,354,696	204,589	96,378

5. Other Income

	2006 HK$'000	2005 HK$'000
Other income comprises of:		
Gross rental from investment properties	3,590	2,863
Agency income	6,254	3,392
Revaluation increase on revaluation of land and buildings	–	257
Fair value changes on investment properties	4,188	–
Interest income	29,413	2,294
Exchange income, net	3,741	–
Release of negative goodwill	–	1,157
Sundry income	2,783	538
	49,969	10,501

6. Other Expenses

	2006 HK$'000	2005 HK$'000
Other expenses comprises of:		
Allowance for amount due from an associate	574	5,000
Impairment loss on goodwill	13,355	–
Impairment loss on property, plant and equipment	6,162	–
Loss on disposal of property, plant and equipment	793	1,894
Revaluation decrease on revaluation of land and buildings	1,610	–
Amortisation of goodwill	–	5,396
Compensation on early termination of lease agreement	–	3,113
Inventories written off	6,093	–
Bad debts written off	3,627	911
Others	636	–
	32,850	16,314

7. Finance Costs

	2006 HK$'000	2005 HK$'000
Interest on bank borrowings		
– wholly repayable within five years	199,710	94,108
– not wholly repayable within five years	4,234	2,339
Interest on advances from third parties	276	1,284
	204,220	97,731

8. Profit Before Taxation

	2006 HK$'000	2005 HK$'000
Profit before taxation has been arrived at after charging:		
Auditors' remuneration	4,565	2,758
Depreciation of property, plant and equipment	51,705	28,149
Amortisation of prepaid lease payments	280	280
Amortisation of deferred charter hire included in cost of sales	54,417	16,566
Operating lease rentals in respect of:		
– rented premises	4,341	6,122
– charter hire	139,571	69,938
Exchange loss, net	–	27
Impairment loss on unlisted equity securities	–	200
Cost of inventories included in cost of sales	4,722,799	4,490,595
Staff costs excluding directors remuneration	103,654	94,135
Crew wages	84,056	28,177
Retirement benefits scheme contributions (excluding directors)	1,075	966
Total staff costs	188,785	123,278
And after crediting:		
Net rental income after outgoings of HK$399,000 (2005: HK$246,000)	3,191	2,617

9. Directors' Emoluments

Year ended 31 March 2006

	Fees HK$'000	Salaries and other benefits-in-kind – cash HK$'000	Benefits-in-kind HK$'000	Performance related incentive payment HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive Directors						
Mr Ng Swee Hong	–	124	–	40	–	164
Mr Ng Joo Siang	–	2,038	1,014	400	88	3,540
Mdm Teh Hong Eng	–	1,305	1,014	320	–	2,639
Mr Ng Joo Kwee	–	2,129	324	400	87	2,940
Mr Ng Joo Puay, Frank	–	1,315	459	320	69	2,163
Ms Ng Puay Yee	–	1,267	–	320	69	1,656
Mr Cheng Nai Ming	–	1,855	–	400	87	2,342
Independent Non-Executive Directors						
Mr Lew V Robert	240	–	–	–	–	240
Mr Kwok Lam Kwong, Larry	240	–	–	–	–	240
Mr Yeh Man Chun, Kent	240	–	–	–	–	240
	720	10,033	2,811	2,200	400	16,164

Year ended 31 March 2005

	Fees HK$'000	Salaries and other benefits-in-kind – cash HK$'000	Benefits-in-kind HK$'000	Performance related incentive payment HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive Directors						
Mr Ng Swee Hong	–	122	–	40	–	162
Mr Ng Joo Siang	–	1,810	949	400	72	3,231
Mdm Teh Hong Eng	–	1,228	949	320	–	2,497
Mr Ng Joo Kwee	–	1,578	549	400	72	2,599
Mr Ng Joo Puay, Frank	–	1,244	398	320	58	2,020
Ms Ng Puay Yee	–	1,067	–	320	54	1,441
Mr Cheng Nai Ming	–	1,800	–	400	72	2,272
Non-Executive Directors						
Mr Lew V Robert	240	–	–	–	–	240
Mr Kwok Lam Kwong, Larry	240	–	–	–	–	240
Mr Yeh Man Chun, Kent	120	–	–	–	–	120
	600	8,849	2,845	2,200	328	14,822

None of the directors waived any emoluments during the year.

Performance related incentive payment is determined having regard to the performance of individuals and market trends.

9. Directors' Emoluments – Continued

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:

	2006 No. of Directors	2005 No. of Directors
HK$nil to HK$1,000,000	4	4
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	1	–
HK$2,000,001 to HK$2,500,000	2	3
HK$2,500,001 to HK$3,000,000	2	1
HK$3,000,001 to HK$3,500,000	–	1
HK$3,500,001 to HK$4,000,000	1	–
	10	10

The five highest paid individuals of the Group for the years ended 31 March 2006 and 31 March 2005 are all directors of the Company.

10. Taxation

	2006 HK$'000	2005 HK$'000 (restated)
The charge comprises:		
Profit for the year		
– Hong Kong	4,910	7,130
– other jurisdictions	7,297	606
Overprovision in prior year		
– Hong Kong	(1,292)	(477)
	10,915	7,259
Deferred taxation (note 34)		
– current year	3,371	(3,994)
Tax charge for the year	14,286	3,265

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profits for the year.

Taxation in other jurisdictions are calculated at the rate 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 that portion of profit is not subject to Hong Kong Profits Tax.

10. Taxation – Continued

The tax charge for the year can be reconciled to the profit before taxation as follows:

	2006 HK$'000	2005 HK$'000 (restated)
Profit before taxation	425,710	246,260
Tax at Hong Kong Profits Tax rate of 17.5%	74,499	43,096
Tax effect of expenses not deductible	43,707	10,848
Tax effect of income not taxable	(104,614)	(49,610)
Overprovision in respect of prior year	(1,292)	(477)
Tax effect of tax losses not recognised	2,868	815
Utilisation of tax losses previously not recognised	(5,524)	(4,681)
Tax effect of other deductible temporary differences not recognised	3,883	123
Effect of different tax rates of subsidiaries operating in other jurisdictions	(425)	312
Tax effects of share of results of associates	66	131
Others	1,118	2,708
Tax charge for the year	14,286	3,265

11. Dividend

	2006 HK$'000	2005 HK$'000
Dividend:		
Proposed final dividend of HK5.2 cents (2005: HK5.4 cents) per share	55,874	54,409

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

12. Earnings Per Share

The calculation of the basic and diluted earnings per share for the two years ended 31 March 2006 are based on the following data:

	2006 HK$'000	2005 HK$'000
Earnings for the purposes of calculation of basic and diluted earnings per share	183,058	163,228
Weighted average number of ordinary shares for the purposes of calculation of basic earnings per share	1,002,744,584	999,268,913
Effect of dilutive potential ordinary shares in respect of:		
– share options	1,117,205	2,950,694
– warrants	1,602,534	–
Weighted average number of ordinary shares for the purposes of calculation of diluted earnings per share	1,005,464,323	1,002,219,607

The following table summarise the impact on both basis and diluted earnings per share as a result of:

	Impact on basic earnings per share		**Impact on diluted earnings per share**	
	2006 HK cents	2005 HK cents	2006 HK cents	2005 HK cents
Reported figures before adjustments	16.8	16.3	16.7	16.3
Adjustments arising from changes in accounting policies (see note 2)	1.5	–	1.5	–
Restated	18.3	16.3	18.2	16.3

13. 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
COST OR VALUATION									
As at 1 April 2004	223,167	19,732	17,462	36,593	23,404	109,694	47,044	21,823	498,919
Effect on Adoption of HKAS 17	(10,937)	–	–	–	–	–	–	(17,533)	(28,470)
As at 1 April 2004 as restated	212,230	19,732	17,462	36,593	23,404	109,694	47,044	4,290	470,449
Additions	50,462	9,585	332	4,794	3,448	15,990	–	11,764	96,375
Acquisition of a jointly-controlled entity	–	–	3	–	–	–	–	–	3
Disposals	–	–	(1,993)	(182)	(1,431)	(3,328)	–	(2,006)	(8,940)
Transfer to investment properties	(21,000)	–	–	–	–	–	–	–	(21,000)
Transfer from prepaid lease payments	–	–	–	–	–	–	–	393	393
Transfer	–	2,276	–	67	–	(188)	–	(2,155)	–
Surplus on revaluation increase	39,618	–	–	–	–	–	–	–	39,618
As at 31 March 2005	281,310	31,593	15,804	41,272	25,421	122,168	47,044	12,286	576,898
Additions	30,188	10,141	1,365	10,685	3,507	12,050	70,200	23,082	161,218
Additions arising from consolidated of a former jointly-controlled entity	–	–	788	–	461	–	–	–	1,249
Acquisition of subsidiaries	32,903	–	736	5,121	767	1,966	–	–	41,493
Acquisition of a jointly-controlled entity	–	–	118	42	178	291	–	–	629
Disposals	–	(13)	(26)	(484)	(63)	(958)	–	(806)	(2,350)
Transfer from investment properties	16,540	–	–	–	–	–	–	–	16,540
Transfer from prepaid lease payments	–	–	–	–	–	–	–	427	427
Transfer	–	1,460	–	(533)	–	3,970	(2,233)	(2,664)	–
Surplus on revaluation increase	9,650	–	–	–	–	–	–	–	9,650
Exchange realignment	–	260	(105)	238	207	1,375	–	282	2,257
As at 31 March 2006	370,591	43,441	18,680	56,341	30,478	140,862	115,011	32,607	808,011
Comprising:									
At cost	–	31,593	15,804	41,272	25,421	122,168	47,044	12,286	295,588
At valuation – 2005	281,310	–	–	–	–	–	–	–	281,310
	281,310	31,593	15,804	41,272	25,421	122,168	47,044	12,286	576,898
At cost	–	43,441	18,680	56,341	30,478	140,862	115,011	32,607	437,420
At valuation – 2006	370,591	–	–	–	–	–	–	–	370,591
	370,591	43,441	18,680	56,341	30,478	140,862	115,011	32,607	808,011

13. Property, Plant and Equipment – Continued

	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
DEPRECIATION AND IMPAIRMENT									
As at 1 April 2004	–	11,984	14,413	24,272	18,040	55,051	40,200	–	163,960
Provided for the year	2,985	3,838	1,011	5,324	2,901	12,016	74	–	28,149
Eliminated on disposals	–	–	(1,783)	(130)	(683)	(1,335)	–	–	(3,931)
Transfer	–	98	–	16	–	(114)	–	–	–
Transfer to investment properties	(128)	–	–	–	–	–	–	–	(128)
Adjustment on revaluation	(2,857)	–	–	–	–	–	–	–	(2,857)
As at 31 March 2005	–	15,920	13,641	29,482	20,258	65,618	40,274	–	185,193
Provided for the year	14,105	4,140	1,143	6,971	3,281	13,895	8,170	–	51,705
Additions arising from consolidated of a former jointly-controlled entity	–	–	36	–	8	–	–	–	44
Eliminated on disposals	–	(10)	–	(111)	(1)	(482)	–	–	(604)
Impairment loss recognised	–	–	–	–	–	6,162	–	–	6,162
Transfer	–	–	–	(988)	–	3,075	(2,087)	–	–
Adjustment on revaluation	(14,105)	–	–	–	–	–	–	–	(14,105)
Exchange realignment	–	152	(10)	212	195	862	–	–	1,411
As at 31 March 2006	–	20,202	14,810	35,566	23,741	89,130	46,357	–	229,806
CARRYING VALUES									
As at 31 March 2006	370,591	23,239	3,870	20,775	6,737	51,732	68,654	32,607	578,205
As at 31 March 2005	281,310	15,673	2,163	11,790	5,163	56,550	6,770	12,286	391,705

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

	2006 HK$'000	2005 HK$'000
Land in Hong Kong held under long leases	286,068	240,267
Land outside Hong Kong held under medium-term leases	84,523	41,043
	370,591	281,310

The leasehold land and buildings of the Group were revalued at 31 March 2006 on an open market value basis by BMI Appraisals Limited, an independent property valuer. The valuation gave rise to a net revaluation increase of HK$23,755,000 (2005: HK$42,475,000) in which HK$25,365,000 (2005: HK$42,218,000) have been credited to revaluation reserve and HK$1,610,000 have been charged to income statement (2005: HK$257,000 have been credited to income statement).

13. Property, Plant and Equipment – Continued

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	328,867
Accumulated depreciation	(55,686)
Carrying value	
At 31 March 2006	273,181
At 31 March 2005	218,312

During the year, the Group carried out a review of the recoverable amounts of its vegetable processing plant and equipment used in the Group's other business segment upon the Group's scale down of cultivation and processing of vegetables to concentrate on the sourcing and distribution of vegetable products. The review led to the recognition of impairment loss of HK$6,612,000 that has been recognised in the income statement.

During the period, the management reassessed and revised the useful lives of its leasehold land and buildings. The change in estimate has been applied prospectively and the effect of this change resulted in additional depreciation charge of approximately HK$8,961,000 during the year.

14. Investment Properties

	2006 HK$'000	2005 HK$'000
FAIR VALUE		
At beginning of the year	90,700	55,900
Acquisition of a jointly-controlled entity	30,775	–
Additions	1,212	–
Disposals	(5,500)	–
Increase in fair value recognised to income statement	4,188	–
Revaluation increase arising on revaluation	–	13,928
Transferred (to) from property, plant and equipment	(16,540)	20,872
At end of the year	104,835	90,700

(a) The Group's property interests of approximately HK$104,835,000 (2005: HK$90,700,000) which are held under operating leases to earn rentals or capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

(b) The carrying amount of investment properties includes land situated in Hong Kong and outside Hong Kong as follows:

	2006 HK$'000	2005 HK$'000
Land in Hong Kong held under long leases	30,000	52,000
Land outside Hong Kong held under medium-term leases	8,100	6,900
Land outside Hong Kong held under long leases	66,735	31,800
	104,835	90,700

(c) The investment properties of the Group were revalued at 31 March 2006 on an open market value basis by BMI Appraisals Limited, an independent property valuer. The revaluation gave rise to a revaluation increase of HK$4,188,000 which has been credited to income statement (2005: revaluation increase of HK$13,928,000 have been credited to revaluation reserve).

15. Prepaid lease payments

	2006 HK$'000	2005 HK$'000
The Group's prepaid lease payment comprise:		
Leasehold land outside Hong Kong:		
Medium-term lease	28,746	27,797
Analysed for reporting purposes as:		
Non-current asset	28,039	27,124
Current asset (include in trade, bills and other receivables in note 24)	707	673
	28,746	27,797

16. Goodwill

	HK$'000
GROSS AMOUNT	
At 1 April 2004	17,435
Arising on the acquisition of a jointly-controlled entity (note 40)	105,293
Arising on the acquisition of additional interest in a subsidiary	3,535
At 31 March 2005	126,263
Eliminated of accumulated amortisation upon the application of HKFRS 3	(6,074)
Arising on the acquisition of subsidiaries (note 38)	12,460
Arising on the acquisition of a jointly-controlled entity (note 40)	497
Arising on the acquisition of additional interest in a subsidiary	9,709
At 31 March 2006	142,855
AMORTISATION	
At 1 April 2004	(678)
Provided for the year	(5,396)
At 31 March 2005	(6,074)
Elimination of accumulated amortisation upon the application of HKFRS 3	6,074
At 31 March 2006	–
IMPAIRMENT	
Impairment loss recognised in the year ended 31 March 2006 and balance at 31 March 2006	(13,355)
CARRYING AMOUNTS	
At 31 March 2006	129,500
At 31 March 2005	120,189

Until 31 March 2005, the goodwill is amortised on a straight-line basis ranging from 10 to 20 years.

16. Goodwill – Continued

During the year, the Group purchased shares of its listed subsidiary from the market and also purchased and subsequently exercised the warrants of its listed subsidiary. The purchase of shares and the exercise of warrants resulted in goodwill arising on acquisition of additional interest in a subsidiary of HK$9,709,000. The minority shareholders also exercised the warrants of the listed subsidiary which resulted in a loss on deemed disposal of interest in a subsidiary of HK$12,729,000 and had been charged to the consolidated income statement.

The Group uses business segments as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill with indefinite useful lives have been allocated to three cash generating units ("CGUs") before impairment. The carrying amounts of goodwill after impairment as at 31 March 2006 allocated to the units as follows:

	HK$'000
Frozen fish – Pacific Andes (Holdings) Limited	13,245
Fillets and portions – National Fish and Seafood Inc.	15,594
Fishing – China Fisheries International Limited	100,661
	129,500

The recoverable amounts of these CGUs have been determined based on a value in use calculation. The CGUs operates in a related and similar business environment. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and the expected changes to selling prices and direct costs. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecast. Changes in selling prices and direct costs are based on past practices and expectations of the future changes in the market.

That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discount rates ranging from 6.97% to 7.38%. This discount rates are estimated from the rate implicit in the weighted average cost of capital of a similar investment with similar risk. Key assumption for the value in use calculations is the budgeted gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of goodwill to exceed the aggregate recoverable amount.

During the year ended 31 March 2006, management of the Group conducted impairment review on the goodwill which is based on the cash flow forecast derived from the most recent financial budgets for the next five years. Subsequent to the impairment review, the directors determined that there are impairments on the goodwill of certain CGUs, and decided to impair such goodwill.

Accordingly, the Group recognised impairment losses of HK$12,460,000 and HK$895,000 in relation to goodwill allocated to the CGU of fillets and portions and others - rental, respectively. The above impairment is recognised in the segment of fillets and portions and others, respectively. The impairment losses are determined based on the future profitability and cash flows of the respective operations. The CGU of others – rental was fully written off as at year end.

As mentioned in note 38, the Group acquired a subsidiary in Japan which resulted in a goodwill of HK$12,460,000. This goodwill was allocated to the fillets and portions segment. As at year end, the directors performed an annual impairment test on this investment. Due to the high fixed costs and the unfavourable future profitability of the subsidiary, the directors decided to write off the whole amount of goodwill.

17. Negative Goodwill

	HK$'000
GROSS AMOUNT	
At 1 April 2004	(3,444)
Arising on the acquisition of additional interest in a subsidiary	(18,390)
At 31 March 2005	(21,834)
RELEASED TO THE INCOME STATEMENT	
At 1 April 2004	278
Released during the year	1,157
At 31 March 2005	1,435
CARRYING AMOUNTS	
At 31 March 2005	(20,399)
Derecognised upon the application of HKFRS 3	20,399
At 1 April 2005	–

The addition of HK$18,390,000 in negative goodwill in 2005 arose on the Group's acquisition of an additional 7.58% of equity interest in Pacific Andes (Holdings) Limited ("PAH").

Until 31 March 2005, the negative goodwill is released to income statement on a straight-line basis of 20 years, representing the estimated average useful life of the depreciable assets acquired.

18. Deferred Charter Hire

	2006 HK$'000	2005 HK$'000
Deferred charter hire expenses	804.960	214,928
Less: accumulated amortisation	(92,430)	(16,566)
	712,530	198,362
Included as current assets in trade, bills and other receivables (note 24)	(107,640)	(22,670)
Included as non-current assets	604,890	175,692
Cost:		
At beginning of year	214,928	–
Consolidation of a former jointly-controlled entity	200,032	–
Additions during the year	390,000	–
Acquisition of a jointly-controlled entity	–	214,928
At end of year	804,960	214,928
Accumulated amortisation:		
At beginning of year	16,566	–
Consolidation of a former jointly-controlled entity	21,447	–
Amortisation during the year	54,417	16,566
At end of year	92,430	16,566

A subsidiary, China Fisheries International Limited ("CFIL"), entered into vessel operating agreements ("VOA") with two companies (2005: one company) to prepay fixed charter hire for 14 vessels (2005: 7 vessels) together with the allocated fish quotas for a period of 10 years. To secure the prepayments and to ensure that the counterparties comply with their obligations under the VOA, the counterparties executed the following documents in favour of CFIL:

(i) a charge of all the issued shares of the counterparties (the "Charges");

(ii) a debenture over all the present and future assets of the counterparties (the "Debentures"); and

(iii) an entrusted management agreement to vest upon the nominee of CFIL, the management and control of the counterparties in respect of and limited to the performance and obligations of the VOA.

If an event of default occurs, pursuant to the terms of the Charges and the Debentures, CFIL shall be entitled to exercise its rights over the security created by those security documents. Such events of default include, among others:

(i) any default by the counterparties in the due performance of any undertaking, condition or obligation to be performed and observed in the VOA, the Charges, the Debentures or any other instruments or agreements entered for the benefit of CFIL; and

(ii) any failure of the counterparties to pay any sum payable from time to time to CFIL on the due date whether in connection with the VOA, the Charges, the Debentures or any other security granted in favour of CFIL by the counterparties.

19. Interests in Associates

	2006 HK$'000	2005 HK$'000
Cost of investments – unlisted	1,920	1,920
Share of post-acquisition results	(830)	(452)
	1,090	1,468

Particulars of the Group's principal associates as at 31 March 2006 are set out in note 51.

20. Loan to a Jointly-controlled Entity

Loan to a jointly-controlled entity is unsecured, carries interest at 5% per annum and repayable in March 2009. The directors consider the amount of the loan to a jointly-controlled entity approximates its fair value.

21. Loan Receivables

Loans to third parties are unsecured, bear interest at 29.2% per annum and are repayable on 31 December 2007. The directors consider the amount of the loans to third parties approximates its fair value.

22. Intangible Assets/Other Long Term Receivable/Other Investments

	2006 HK$'000	2005 HK$'000
Intangible assets - club debentures	22,763	–
Other long term receivable - club debentures	928	–
Other equity securities listed overseas	–	5,636
Club debentures	–	23,691
	23,691	29,327
Market value of listed securities	–	5,636

Upon adoption of HKAS 32 and HKAS 39, an amount of HK$22,763,000 and HK$928,000 classified as other investments in 2005 is now reclassified to intangible assets and other long term receivable, respectively.

Intangible assets are not amortised because their useful lives are determined to be infinite. During the year ended 31 March 2006, the directors determined that there is no impairment to the intangible assets with reference to the market value of the intangible assets.

23. Inventories

	2006 HK$'000	2005 HK$'000
Inventories, at cost, consists of the following:		
Frozen fish	1,510,241	969,279
Fillets and portions	434,864	405,145
Fuel	1,767	4,585
Seeds and vegetables	925	7,440
Packing materials	3,668	17,495
	1,951,465	1,403,944

24. Trade, Bills and Other Receivables

	2006 HK$'000	2005 HK$'000
Trade receivables	1,355,559	753,643
Bills receivables	107,618	123,081
Current portion of prepaid lease payments (note 15)	707	673
Current portion of deferred charter hire (note 18)	107,640	22,670
Other receivables	758,157	801,814
	2,329,681	1,701,881

Included in other receivables are amounts of HK$491,648,000 (2005: HK$762,447,000) in respect of prepayments made for the purchase of frozen fish inventories. These amounts are unsecured and interest free.

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:

	2006 HK$'000	2005 HK$'000
Less than 30 days	518,420	594,241
31 – 60 days	367,987	190,493
61 – 90 days	384,081	82,518
91 – 120 days	192,689	7,465
Over 120 days	–	2,007
	1,463,177	876,724

The fair value of the Group's trade, bills and other receivables approximates to the corresponding carrying amount.

Included in the bills receivables are amounts of HK$107,210,000 (2005: HK$Nil) in respect of bills discounted to certain banks under the receivable discounting advance facilities.

25. Trade Receivables with Insurance Coverage

Included in the trade receivables with insurance coverage are discounted trade receivables of HK$231,858,000 (2005: HK$280,707,000) and factored trade receivable of HK$21,035,000 (2005: HK$Nil) which have been discounted and factored to certain banks under the receivable discounting and factoring advance facilities. The bank advances drawn on discounted trade receivable with insurance coverage and discounted bills carried an average effective interest rate of approximately 7.38% (2005: 4.96%) per annum and are repayable within one year.

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

	2006 HK$'000	2005 HK$'000
Less than 30 days	168,711	178,864
31 – 60 days	62,710	115,066
61 – 90 days	20,793	16,547
91 – 120 days	524	2,155
Over 120 days	155	1,791
	252,893	314,423

The directors consider the trade receivables with insurance coverage and the bank advances drawn on discounted trade receivables with insurance coverage and discounted bills approximate their fair values.

26. Trade Receivables from Associates and Amounts due from/to Associates

The amounts due from/to associates are unsecured, interest-free, repayable on demand and the directors expect to recover these amounts within 12 months from the balance sheet date.

For trade receivables from associates on sales of goods, the Group allows an average credit period of 30 days to 60 days. The age of trade receivable from associates at balance sheet date are all less than 30 days for both years.

The directors consider the trade receivables from associates and the amounts due from/to associates approximate to their fair values.

27. Advances to Suppliers

The Group's advances to suppliers were unsecured and repayable on demand within one year. In 2005, except for an amount of HK$15,627,000 which was carrying interest at 10% per annum and compound monthly, the remaining advances were interest free.

28. Amount due from a Jointly-controlled Entity

The amount due from a jointly-controlled entity is unsecured, interest-free and is repayable within one year. The directors consider the amount due from a jointly-controlled entity approximate its fair value.

The details of the jointly-controlled entity acquired during the year are as follows:

Name of jointly-controlled entity	Principal activities/Country of incorporation/Place of business	Effective equity interest held by group	
		2006	2005
Able Team Investments Limited ("Able Team")	Property holding/Hong Kong/Russia	33.3%	–
China Fisheries International Limited ("CFIL")	Operation of fishing vessels and sales of fish and other marine catches/ Samoa/Worldwide	– (note a)	24%

Notes:

a) On 30 June 2005, CFIL were restructured in an exercise where a new holding company China Fishery Group Limited ("China Fishery") was set up to acquired the entire share capital of CFIL and China Fishery was subsequently listed on The Singapore Exchange Securities Trading Limited. The corporate exercises involved the cancellation of the shareholders' agreement governing the joint control of CFIL. Upon termination of the joint control and the restructuring exercise of CFIL, the Group controlled China Fishery.

Effective from 1 July 2005, the Group consolidated the financial statements of China Fishery and its subsidiaries into the Group's financial statements. All revenue, expenses, assets and liabilities of China Fishery and its subsidiaries are included in the Group's financial statements.

Upon the listing of China Fishery with new shares issued to the public on 24 January 2006, the Group's beneficial interest in the issued shares of China Fishery was diluted and resulted in a gain on dilution of interest of HK$81,261,000 which has been recognised in the consolidated income statement.

28. Amount due from a Jointly-controlled Entity – Continued

b) The Group incorporated a jointly-controlled entity with 33.3% equity interest in Able Team during the year. The following amounts are included in the financial statements of the Group as a result of proportionate consolidation of the jointly-controlled entity, Able Team.

	HK$'000
Non-current assets	32,124
Current assets	6,762
Current liabilities	(6,142)
Non-current liabilities	(16,575)
Net assets	16,169
Turnover	4,238
Cost of sales and operating expenses	(2,854)
Profit before taxation	1,384
Taxation	(322)
Profit for the year	1,062

c) As mentioned in note (a) above, CFIL became a subsidiary of the Company on 30 June 2005. The following amounts of assets and liabilities of CFIL are included in the financial statements of the Group as at 30 June 2005, the date in which CFIL became a subsidiary of the Company as at 31 March 2005 as a result of proportionate consolidation of the jointly-controlled entity. The results of CFIL have been proportionately accounted for since 12 July 2004, the effective date of acquisition of joint control, and cease on 30 June 2005, the effective date CFIL became a subsidiary of the Company.

	2006 HK$'000	2005 HK$'000
Non-current assets	158,779	175,780
Current assets	154,152	102,762
Current liabilities	(26,900)	(131,110)
Non-current liabilities	(150,072)	–
Net assets	135,959	147,432
Turnover	88,864	271,614
Cost of sales and operating expenses	(65,771)	(190,019)
Profit before taxation	23,093	81,595
Taxation	–	–
Profit for the year	23,093	81,595

29. Pledged Deposits

Deposits pledged to a bank comprised proceeds from customers on export invoices discounted to secure discounting advances drawn on trade receivables with insurance coverage granted to the Group. The interest rates on the deposits ranged from 0.25% to 2.75% (2005: 0.50% to 2.25%) per annum.

The directors considered that the pledged deposits approximates its fair value.

30. Bank balances and cash

Bank balances and cash comprises cash held by the Group. The carrying amounts of these assets approximate their fair values.

The interest rates on cash placed with financial institutions ranged from 0.25% to 2.75% (2005: 0.50% to 2.25%) per annum.

31. Trade and Other Payables

Included in trade and other payables are trade payables of HK$226,405,000 (2005: HK$347,187,000). The age analysis of trade payables at the balance sheet date is as follows:

	2006 HK$'000	2005 HK$'000
Less than 30 days	107,980	263,015
31 – 60 days	19,859	84,098
61 – 90 days	66,465	74
Over 90 days	32,101	–
	226,405	347,187

Included in other payables as at 31 March 2005 were advances from third parties of HK$16,790,000 which carried interest at the average effective rate of approximately 4.96% per annum and were secured by inventories of HK$22,386,000.

32. Bank Borrowings

	2006 HK$'000	2005 HK$'000
Bank borrowings comprise:		
Inventory loans	530,863	466,713
Trust receipt and short term bank loans	2,420,266	1,442,022
Other term loans	11,662	14,394
Mortgage loans	83,757	97,234
Bank overdrafts	27,296	9,107
	3,073,844	2,029,470
Analysed as:		
Secured	700,924	563,947
Unsecured	2,372,920	1,465,523
	3,073,844	2,029,470
The maturity of bank borrowings is as follows:		
Within one year	2,865,340	1,936,607
In the second year	149,001	21,978
In the third year	12,662	12,533
In the fourth year	13,034	12,720
In the fifth year	13,449	12,906
Over five years	20,358	32,726
	3,073,844	2,029,470
Amount due within one year shown under current liabilities	(2,865,340)	(1,936,607)
Amount due after one year	208,504	92,863

Bank borrowings carried variable interest at the average effective rate of approximately 7.38% (2005: 4.96%) per annum.

The fair value of the Group's borrowings which was approximate to the carrying amount was estimated by discounting their future cash flows at prevailing market rate as at the balance sheet date.

33. Amount due to a Joint Venture Partner of a Jointly-controlled Entity

The amount is unsecured, bears interest at 5% per annum and repayable in March 2009. The directors consider the amount due to joint venture partner of a jointly-controlled entity approximates its fair value.

34. Deferred Taxation

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation	**Revaluation of properties**	**Tax losses**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2004	3,001	16,057	(3,108)	15,950
Charge (credit) to income statement for the year	367	77	(4,438)	(3,994)
Charge to revaluation reserve	–	9,870	–	9,870
At 31 March 2005, as restated	3,368	26,004	(7,546)	21,826
Charge (credit) to income statement for the year	3,120	990	(739)	3,371
Charge to revaluation reserve	–	1,309	–	1,309
Exchange differences	(16)	–	–	(16)
At 31 March 2006	6,472	28,303	(8,285)	26,490

At the balance sheet date, the Group has unutilised estimated tax losses of HK$125,145,000 (2005: HK$143,245,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$47,344,000 (2005: HK$43,053,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$77,801,000 (2005: HK$100,192,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are loses of HK$22,966,000 (2005:HK$23,734,000) that will gradually expire until 2011. During the year, unutilised tax losses of HK$7,215,000 expired. Other losses may be carried forward indefinitely.

At the balance sheet date, the Group has deductible temporary differences of HK$27,052,000 (2005: HK$4,863,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will available against which the deductible temporary differences can be utilised.

35. Share Capital

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 31 March 2005 and 31 March 2006	2,000,000,000	200,000
Issued and fully paid:		
At 31 March 2004	998,821,338	99,882
Exercise of share options	600,000	60
Exercise of warrants	4,219	–
At 31 March 2005	999,425,557	99,942
Exercise of share options	4,000,000	400
Exercise of warrants	12,434,127	1,244
At 31 March 2006	1,015,859,684	101,586

36. Share Option Scheme

Under the terms of the share option scheme (the "Scheme") which was adopted on 9 September 1994 and expired on 8 September 2004, the Board of Directors (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 purpose of the share option scheme is to provide incentive to the directors and employees of the Group. 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 2005, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 4,000,000, representing 0.4% 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 (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.

36. Share Option Scheme – Continued

At 31 March 2006, the following options to subscribe for shares were outstanding under the Company's share option scheme:

2006

Category 1: Directors

Exercisable period	Vesting period	Date of grant	Subscription price per share HK$	Number of share options held: Outstanding at 1 April 2005	Exercised during the year	Outstanding at 31 March 2006
21 August 2000 – 20 August 2005	21.2.2000 to 20.8.2000	21.2.2000	0.3336	4,000,000	(4,000,000)	–

Category 2: Employees

There are no share options outstanding for employees during the year.

Details of the options exercised are as follows:

Date	Number of options	Closing price of Company's shares
4 August 2005	2,000,000	1.36
19 August 2005	2,000,000	1.41
	4,000,000	

No share option was granted by the Company during the year ended 31 March 2006.

2005

Category 1: Directors

Exercisable period	Vesting period	Date of grant	Subscription price per share HK$	Number of share options held: Outstanding at 1 April 2004	Exercised during the year	Outstanding at 31 March 2005
11 July 1999 – 10 July 2004	10.7.1997 to 11.7.1999	10.7.1997	1.1168	600,000	(600,000)	–
21 August 2000 – 20 August 2005	21.2.2000 to 20.8.2000	21.2.2000	0.3336	4,000,000	–	4,000,000
Total number of share option held by directors				4,600,000	(600,000)	4,000,000

The share options were exercised on 2 July 2004. The closing price of the Company's shares on the date on which the share options were exercised was HK$1.29.

36. Share Option Scheme – Continued

Category 2: Employees

There are no share options outstanding for employees during the year.

No share option was granted by the Company during the year ended 31 March 2005.

On 9 September 2004, the Company adopted a new share option scheme (the "New Scheme"). The New Scheme is to provide incentives to any participant to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group. Under the terms of the New Scheme, which was adopted on 9 September 2004 and will expired on 8 September 2014, the Board may grant options to any individual being an employee, officer, agent, consultant or representative of the Company or any other members of the Group (including any executive, non-executive and independent non-executive director of any member of the Group) based on his work experience, knowledge in the industry and other relevant factors to subscribe for the shares in the Company (the "Shares"). The subscription price for the Shares under the options to be granted under the New Scheme will be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the option, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the option; and (c) the nominal value of the Shares.

The exercisable period will be determined by the Board and in any event must not be more than 10 years from the date of the grant of the option. The total number of Shares issued and which may be issued upon exercise of all options (whether exercised, cancelled or outstanding) granted under the New Scheme and any other share option scheme(s) of any member of the Group in any 12-month period immediately preceding any proposed date of the grant of options to each participant must not exceed 1 per cent. of the number of shares in issue as at the proposed grant date.

No option has been granted since the adoption of the New Scheme.

37. Warrants

	2006 Warrants Warrants with subscription price of HK$1.40 Number	HK$'000
Issue of warrants	199,884,267	279,838
Exercised during the year	(4,219)	(6)
Balance in issue at 31 March 2005	199,880,048	279,832
Exercised during the year	(12,434,127)	(17,408)
Balance in issue at 31 March 2006	187,445,921	262,424

On 1 February 2005, a bonus issue of 199,884,267 warrants ("2006 Warrants") was made on the basis of one 2006 Warrants for every five existing ordinary shares then held on 1 February 2005.

37. Warrants – Continued

Each 2006 Warrants entitles the registered holder to subscribe in cash at an initial subscription price of HK$1.40, subject to adjustment, for one ordinary share of HK$0.10 each in the Company, at any time from 1 February 2005 to 31 July 2006 (both dates inclusive).

During the year, 12,434,127 (2005: 4,219) 2006 Warrants were exercised to subscribe for ordinary shares. At 31 March 2006, the Company had outstanding 187,445,921 (2005: 199,880,048) 2006 Warrants. Exercise in full of such 2006 Warrants would result in the issue of 187,445,921 (2005: 199,880,048) additional shares.

38. Acquisition of Subsidiaries

On 22 April 2005, the Group entered into an agreement to subscribe 60% of shares in Kyoshoku Co. Ltd ("Kyoshoku"), a company incorporated in Japan for cash consideration of 400 million yen (approximately HK$29,292,000). Kyoshoku and its subsidiary are principally engaged in processing, selling and distribution of seafood products in Japan. This transaction has been accounted for using the purchase method of accounting.

The Group also acquired 100% of shares of PT Andes Argo Investama ("PT Andes"), a dormant subsidiary in Indonesia at a cost of 500 million Indonesian Rupiah (approximately HK$427,000).

The net assets acquired in the transactions, and the goodwill arising, are as follows:

	Carrying amount before combination	**Adjustments**	**Fair value**
	HK$'000	HK$'000	HK$'000
Property, plant and equipment	46,796	(5,303)	41,493
Inventories	40,836	(1,910)	38,926
Trade and other receivables	32,168	(9,915)	22,253
Bank balances and cash	21,671	–	21,671
Trade and other payables	(31,718)	(7,567)	(39,285)
Bank loans	(56,312)	–	(56,312)
			28,746
Goodwill arising on consolidation			12,460
Minority interests			(11,487)
Total consideration, satisfied by cash			29,719
Net cash outflow arising on acquisition:			
Cash consideration			(29,719)
Bank balances and cash acquired			21,671
			(8,048)

Kyoshoku and PT Andes, contributed HK$254 million revenue and a loss of HK$52 million to the Group's profit before taxation for the period between the date of acquisition and the balance sheet date.

39. Consolidation of a former Jointly-controlled Entity

As mentioned in note 28, CFIL became the subsidiary of the Company during the year pursuant to the restructuring of CFIL and in conjunction with the Initial Public Offering of China Fishery. The net assets consolidated in the financial statement of the Group and the minority interest arising, are as follow:

	HK$'000
Property, plant and equipment	1,205
Deferred charter hire	178,585
Trade, bills and other receivables	35,558
Amount due from a jointly-controlled entity	18,695
Bank balances and cash	78,888
Trade and other payables	(26,900)
Bank borrowings	(150,072)
Minority interests	(135,959)
Total consideration	–
Cash inflow arising on acquisition:	
Bank balances and cash	78,888

40. Acquisition of a Joint-controlled Entity

On 13 October 2005, the Group, through Able Team acquired an effective interest of 33.3% in the issued share capital of Central Department Store LLC. In 2005, the Group acquired 51.9% interest in the share capital of CFIL, the Group's interest in CFIL is 24% effectively. The goodwill and net cash outflow arising from acquisition of interest in jointly-controlled entity has been determined as follows:

	Fair Value	
	2006	2005
	HK$'000	HK$'000
Net assets acquired:		
Investment properties	30,775	–
Property, plant and equipment	629	3
Deferred charter hire	–	214,928
Trade, bills and other receivables	806	46,560
Bank balances and cash	350	30,056
Trade and other payables	(1,025)	(225,244)
Amount due to a jointly-controlled entity	–	(463)
	31,535	65,840
Goodwill arising on consolidation	497	105,293
Total consideration, satisfied by cash	32,032	171,133
Net cash outflow arising on acquisition:		
Cash consideration	(32,032)	(171,133)
Bank balances and cash acquired	350	30,056
	(31,682)	(141,077)

41. Retirement Benefits Scheme

The Group operates a 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 to the MPF Scheme is to make the required contributions under the MPF Scheme.

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.

42. Operating Lease Arrangements

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:

	2006 HK$'000	2005 HK$'000
Within one year	6,006	8,982
In the second to fifth years inclusive	13,100	16,391
After five years	27,372	29,566
	46,478	54,939

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 thirty years.

The Group as lessor

Property rental income earned during the year was HK$3,590,000 (2005: HK$2,863,000). Certain of the Group's investment properties held have committed tenants ranging from one to seven 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:

	2006 HK$'000	2005 HK$'000
Within one year	1,981	2,767
In the second to fifth years inclusive	560	1,311
After five years	744	826
	3,285	4,904

43. Capital Commitments

	2006 HK$'000	2005 HK$'000
At the balance sheet date, 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	27,538	19,934
Authorised but not contracted for	–	14,838

44. Contingent Liabilities

(a) Feoso (Singapore) Private Limited ("Feoso") has issued a writ of summons against the Company, two employees (the "Employees") of the Company and Ever Bright Energy Co. Ltd. ("Ever Bright") on 21 June 2005 in relation to a dispute over supply of oil products by Ever Bright to Feoso in November 1999. The amount claimed in the writ approximates US$3,709,000 (approximately HK$28,930,000) plus interest, costs and other ancillary relief. Ever Bright was formerly an indirectly wholly-owned subsidiary of PAH, a subsidiary of the Company with its shares listed on The Singapore Exchange Securities Trading Limited. The Group disposed its interest in Ever Bright on 31 January 2000.

The Company's legal advisors are still at the preliminary stage of investigating the claim and in the process of instructing counsel to advise on the matter. However, their preliminary view is that the Company has a good defence and the case is likely to be resolved in the Company's favour.

In the opinion of the directors, the Company has valid grounds to defend the claim and as such, no provision for this claim has been made in the financial statements.

(b) At 31 March 2005, the Group had contingent liabilities in respect of bills discounted with recourse amounting to HK$154,686,000.

45. Pledge of Assets

At 31 March 2006, the Group has pledged land and buildings and investment properties with aggregate carrying values of approximately HK$257,467,000 (2005: HK$240,267,000) and HK$27,000,000 (2005: HK$46,500,000) respectively, as collateral for mortgage loans granted to the Group by certain banks. In addition to the above, property, plant and equipment and inventories of a subsidiary in United States of HK$11,296,000 (2005: HK$14,120,000) and HK$124,055,000 (2005: HK$97,206,000), respectively, were pledged as security for general banking facilities arranged for that subsidiary.

Inventories of frozen fish of HK$758,970,000 (2005: HK$451,149,000) 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 for both years.

46. Related Party Transactions

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

	2006 HK$'000	2005 HK$'000
Sales of frozen seafood (note i)	558,124	409,928
Purchases of frozen seafood (note i)	10,368	24,166
Agency income (note ii)	6,254	3,392

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) Agency income were charged to associates on a cost allocation basis.

(b) Included in the discounting advances drawn on trade receivables with insurance coverage is an amount of HK$75,099,000 (2005: HK$33,591,000) which were drawn from discounting trade receivables with insurance coverage of an associate of HK$83,443,000 (2005: HK$37,323,000).

47. Key Sources of Estimation and Uncertainty

The Group makes estimates and assumptions concerning the future in preparing accounting estimates. The resulting accounting estimates may not equal to the actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as below.

Estimation impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with the relevant accounting policies. The recoverable amounts of property, plant and equipment and land use rights have been determined based on value-in-use calculations. These calculations and valuations require the use of judgment and estimates on future operating cash flows and discount rates adopted.

Impairment of goodwill

The Group in determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. The directors are of the opinion that goodwill is not impaired. Details of the impairment loss calculated are provided in note 16.

Estimated allowance of doubtful debts

The Group makes allowance for doubtful trade, bills and other receivables where there is objective evidence of impairment. Where the future discounted cash flow of trade, bills and other receivables is lower than the carrying amount, such difference represents allowance for doubtful debts recognised as expense in the consolidated income statement.

48. Financial Risks Management Objectives and Policies

(a) Credit risk

The Group's credit risk is primarily attributable to its bank balances, trade, bills and other receivables, trade receivable from associates, amount due from associates, amount due from a jointly-controlled entity, loan to a jointly-controlled entity and loan receivable. Cash is placed with creditworthy financial institutions. The trade, bills and other receivables, trade receivable from associates, amounts due from associates, amount due from a jointly-controlled entity, loan to a jointly-controlled entity and loan receivable presented in the balance sheet are net of allowances for doubtful receivables, if any, estimated based on prior year experience.

The credit risk for pledged deposits and bank balances exposed is considered minimal as such amounts are placed with banks with good credit ratings.

The Group manages credit risk by arranging for credit insurance when appropriate.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

(b) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing bank borrowings, loan to a jointly-controlled entity and loan receivables. The Group will continue to maintain a reasonable mix of floating rate and fixed rate borrowings and take actions to hedge against any foreseeable interest rate exposure, if necessary.

The interest rates and the interest-bearing debts and loans and receivables of the Group are disclosed in note 20, 21 and 32 respectively.

(c) Foreign currency risk

The Group has exposure to foreign currency risk on the Group's sales denominated in currencies other than the functional currencies of the respective entities and are managed as far as possible by natural hedges of matching assets and liabilities. The Group is exposed to the translation risk on its investment in foreign subsidiaries. This is regularly monitored. The Group does not enter into the financial derivative instruments to hedge its foreign currency risk. However, management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(d) Liquidity risk

The Group has sufficient funds to finance its ongoing working capital requirements, and when necessary, draws on its available credit facilities.

49. Post Balance Sheet Events

Subsequent to 31 March 2006, the following post balance sheet events took place:

a) The Group acquired 100% of the issued capital of Procesadora Del Carmen S.A., a company incorporated in Peru which principally engaged in fishing operations in the Peruvian waters for cash consideration of HK$34,710,000 (US$4,450,000); and entered into a conditional share purchase agreement to acquire 100% of the issued capital of Alexandra S.A.C. and its subsidiaries, Pesquera Victor S.A.C. and Pesquera Flor de Ilo S.R.L.. These three entities are all incorporated in Peru and are engaged in the extraction, production, transformation, industrialisation and commercialisation of hydrobiological resources and related products such as fishmeal and oil. The cash consideration for this transaction is US$100 million (approximately HK$780 million) subject to the completion of due diligence. Completion of the transactions is subject to certain precedent conditions.

   Although the consideration for the acquisition of Procesadora Del Carmen S.A. has been determined, management is in the process of preparing the financial information of Procesadora Del Carmen S.A. as at the completion date to determine the fair value of the identifiable net assets acquired. Since the fair value of the identifiable net assets of Procesadora Del Carmen S.A. have not yet been finalised, in the opinion of the directors of the Company, it is impracticable to disclose the relevant information.

b) The Group have acquired several staff quarters properties with total consideration amounted to HK$37,393,000.

c) The Group has signed an agreement with a group of 20 international and local banks for a US$160 million (approximately HK$1.25 billion) Term Loan Facility (the "Facility").

   The Facility, comprising two tranches, has a tenure of 5 years (US$60 million (approximately HK$468 million)) and 4 years (US$100 million (approximately HK$780 million)), which carries an annual interest margin of LIBOR + 1.5% and LIBOR + 1.45% respectively. The proceeds from the US$60 million (approximately HK$468 million) tranche will be used to finance the construction of the Group's new processing plant in Hongdao of Qingdao, the PRC, while the US$100 million (approximately HK$780 million) tranche will be used to refinance the Group's short term borrowings and as general working capital.

d) Land and buildings and plant and machinery of 95.5 million Yen (approximately HK$6,334,000) of a Japanese subsidiary of the Group have been sold to an independent third party for cash consideration of 100 million Yen (approximately HK$6,633,000).

50. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2006 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 %	Proportion of nominal value of issued capital attributable to the Group %	Principal activities
Aqua Foods (Qinqdao) Co., Ltd.	PRC (note a)	Registered RMB6,340,000	100	100	Seafood processing
Best Concept (Far East) Limited	Hong Kong/Worldwide	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
China Fishery Group Limited	Cayman Islands	Ordinary US$36,204,000	52	20	Investment holding
China Fisheries International Limited	Samoa/Worldwide	Ordinary US$1,000	52	20	Management and operation of fishing vessels and sales of fish and other marine catches
Clamford Holding Limited	British Virgin Islands/Hong Kong	Ordinary US$1	100*	100	Investment holding
Europaco Limited	British Virgin Islands/Worldwide	Ordinary US$1	100	100	Trading of processed seafood products
Europaco (AP) Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	Trading of processed seafood products
Europaco (BP) Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	Trading of processed seafood products
Europaco (EP) Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	Trading of processed seafood products
Europaco (GP) Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	Trading of processed seafood products
Europaco (HP) Limited	Hong Kong/Worldwide	Ordinary HK$2	100	100	Trading of processed seafood products
Europaco (QP) Limited	Samoa/Worldwide	Ordinary US$1	100	100	Trading of processed seafood products

50. 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 %	Proportion of nominal value of issued capital 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/Hong Kong	Ordinary HK$2	100	100	Provision of treasury and administrative services
Grandluck Enterprises Limited	Hong Kong/Hong Kong	Ordinary US$1	100	100	Property holding
National Fish and Seafood Limited	Hong Kong/Worldwide	Ordinary HK$2	100	60	Trading of frozen seafood products
National Fish & Seafood Inc.	USA/Worldwide	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	65	Trading of frozen vegetable
Nouvelle Foods International Limited	British Virgin Islands/Worldwide	Ordinary US$1	100	100	Trading of processed seafood products
Pacific Andes Enterprises (BVI) Limited	British Virgin Islands/Worldwide	Ordinary US$1	100	65	Trading of frozen seafood products
Pacific Andes Enterprises (Hong Kong) Limited	Hong Kong/ Worldwide	Ordinary HK$200 Non-voting deferred HK$10,000,000 (note b)	100	100	Provision of treasury and administrative services
Pacific Andes Food (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100	100	Investment holding
Pacific Andes Food (Hong Kong) Company Limited	Hong Kong/ Hong Kong	Ordinary HK$10,000	100	65	Trading of frozen seafood products
Pacific Andes (Holdings) Limited	Bermuda/Singapore	Ordinary S$132,443,000	65	65	Investment holding
Pacific Andes International Holdings (BVI) Limited	British Virgin Islands/Hong Kong	Ordinary US$1	100*	100	Investment holding

50. 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 %	Proportion of nominal value of issued capital attributable to the Group %	Principal activities
Pacific Andes Treasury Management Limited	Hong Kong/ Hong Kong	Ordinary HK$10,000,000	100	100	Provision of treasury services
Pacific Andes (Europe) Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	Trading of processed seafood products
Pacific Andes (HP) Limited	British Virgin Islands/Worldwide	Ordinary HK$2	100	100	Trading of processed seafood products
Pacos Processing Limited	Cayman Island/ Worldwide	Ordinary US$1	100	100	Trading of processed seafood products
Pacos Trading Limited	Cayman Island/ Worldwide	Ordinary US$1	100	100	Trading of frozen seafood products
Paco Alpha Limited	British Virgin Islands/Worldwide	Ordinary US$1	100	100	Vessel holding
Paco Beta Limited	British Virgin Islands/Worldwide	Ordinary US$1	100	65	Trading of marine fuel
Paco Gamma Limited	British Virgin Islands/Worldwide	Ordinary US$1	100	65	Vessel holding
Parkmond Group Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	65	Trading of frozen seafood products
Pelican Food Limited	British Virgin Islands/Worldwide	Ordinary US$100	100	100	Investment holding
Qingdao Canning & Foodstuff Co. Ltd.	PRC (note a)	Registered US$12,100,000	100	100	Seafoods processing
Pacific Andes Food Limited	PRC (note a)	Registered US$14,900,000	100	100	Seafoods processing
Sevenseas 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

Notes:

a) The subsidiaries are wholly foreign owned enterprises registered in 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 winding up.

50. Particulars of Principal Subsidiaries – Continued

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.

51. Particulars of Principal Associates

Particulars of the Group's principal associates as at 31 March 2006 are as follows:

Name	Forms of business structure	Place of incorporation	Attributable proportion of nominal value of issued registered capital held by the Company	Principal activities
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
Pacos Processing Limited	Incorporated	Republic of Cyprus	20%	Trading of processed seafood products
Paco-EP Limited	Incorporated	Republic of Cyprus	20%	Trading of processed seafood products
Paco-GP Limited	Incorporated	Republic of Cyprus	20%	Trading of processed seafood products
Paco-HP Limited	Incorporated	Republic of Cyprus	20%	Trading of processed seafood products
Pacos (QP) Limited	Incorporated	Republic of Cyprus	20%	Trading of processed seafood products
Pacos Trading Limited	Incorporated	Republic of Cyprus	13%*	Trading of frozen seafood products
Paco (ET) Limited	Incorporated	Republic of Cyprus	13%*	Trading of frozen seafood products
Paco (GT) Limited	Incorporated	Republic of Cyprus	13%*	Trading of frozen seafood products
Paco (HT) Limited	Incorporated	Republic of Cyprus	13%*	Trading of frozen seafood products
Sino Analytica	Incorporated	PRC	49%	Provision of testing services

* The Group is able to exercise significant influence because these companies are associates of Pacos Trading Limited (Cayman).