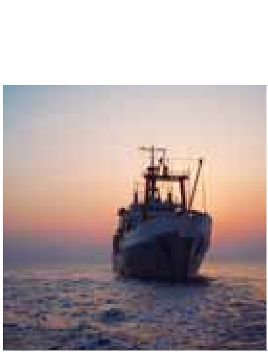
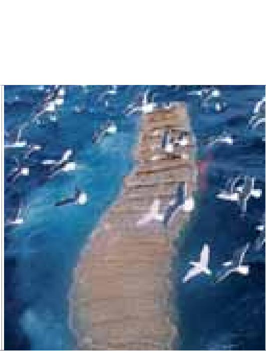
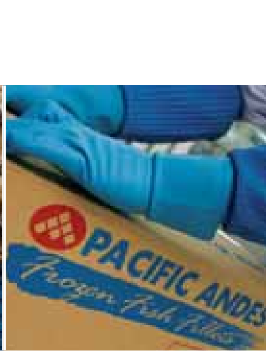
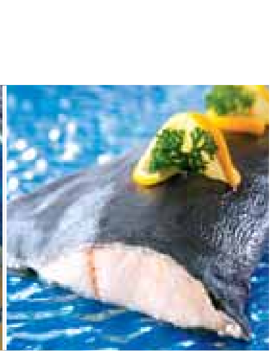
PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED

STOCK CODE: 1174


PACIFIC ANDES
Frozen Fish Fillets


CONTENTS

02 Corporate Profile

04 Environmental Responsibility

05 Business Structure

12 Managing Director's Report

17 Tribute to Late Chairman

18 Management Discussion and Analysis

23 Directors' Profile

24 Corporate Information

25 Report of the Directors

31 Corporate Governance Report

34 Report of the Auditors

35 Consolidated Income Statement

36 Consolidated Balance Sheet

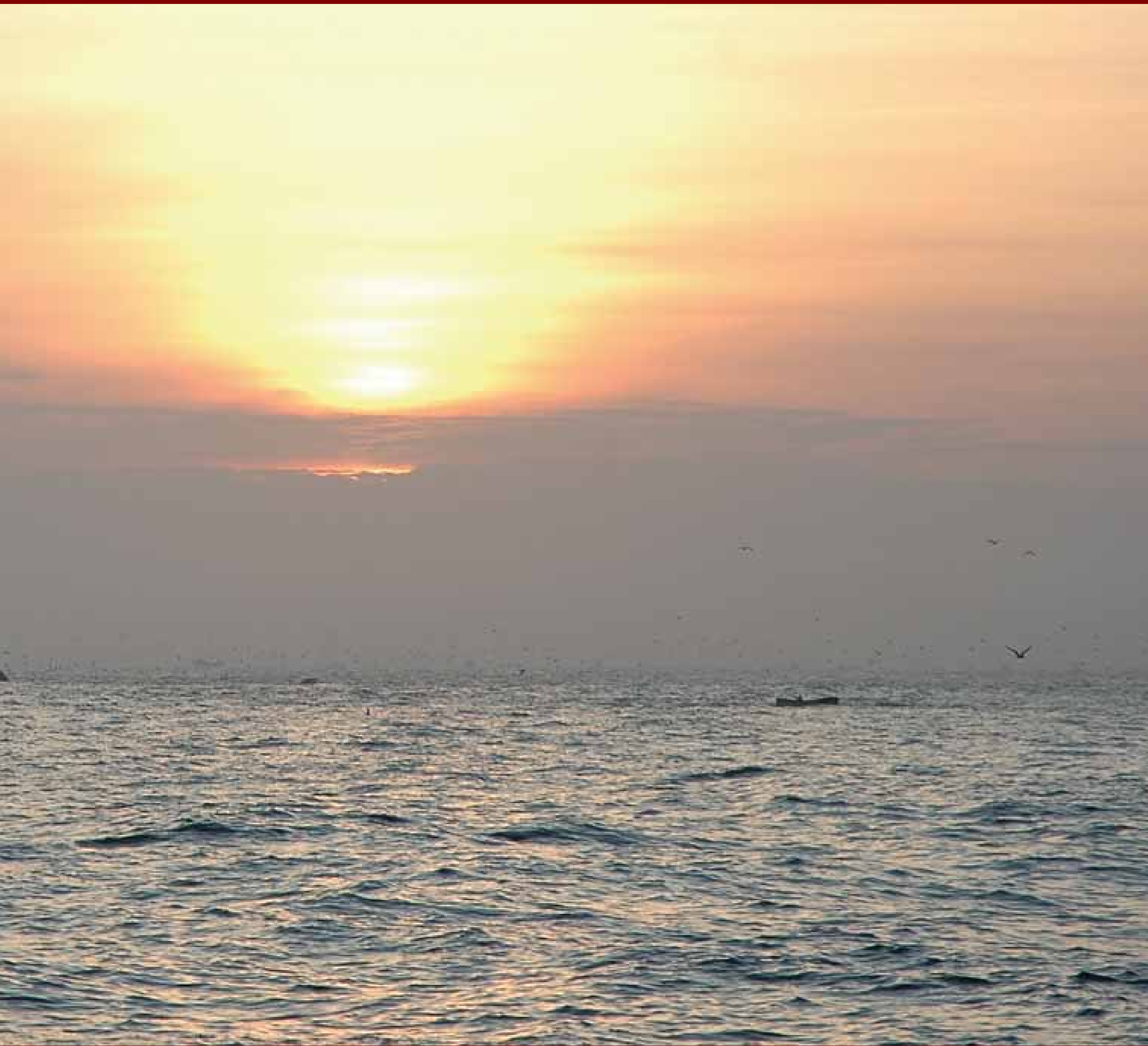
38 Consolidated Statement of Changes in Equity

40 Consolidated Cash Flow Statement

42 Notes to the Financial Statements

102 Financial Summary

Corporate Profile



As one of the world's largest integrated seafood companies, the Pacific Andes Group has been providing frozen seafood products since 1986 to an international clientele that demands just-in-time supplies of high quality and responsibly derived seafood. With a fully extended set of capabilities across harvesting, sourcing, processing, testing and distribution, we are uniquely positioned to capture the ever-increasing global demand for fish and seafood.

Headquartered in Hong Kong and with operations worldwide, the Group is held under Hong Kong Stock Exchange-listed Pacific Andes International Holdings Limited ("PAIH"). The Group's upstream fishing division and midstream supply chain management division are also listed on the Singapore Exchange as China Fishery Group Limited ("CFGL") and Pacific Andes (Holdings) Limited ("PAH") respectively.

Environmental Responsibility

As a company dependent on the long-term well-being of global fishery reserves, the Pacific Andes Group is keenly aware of its responsibility as a steward of marine resources. Sustainability is an issue that we take serious view of. We respect fishing quotas, regulations and any effort to protect fishing grounds, as we believe these actions are the means to ensure the long-term sustainability of the world's fishery resources. We support a responsible and efficient fishing industry that recognises the importance of striking a balance between consumer demand and conservation of fish stocks for the future.

Business Structure

PACIFIC ANDES
INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

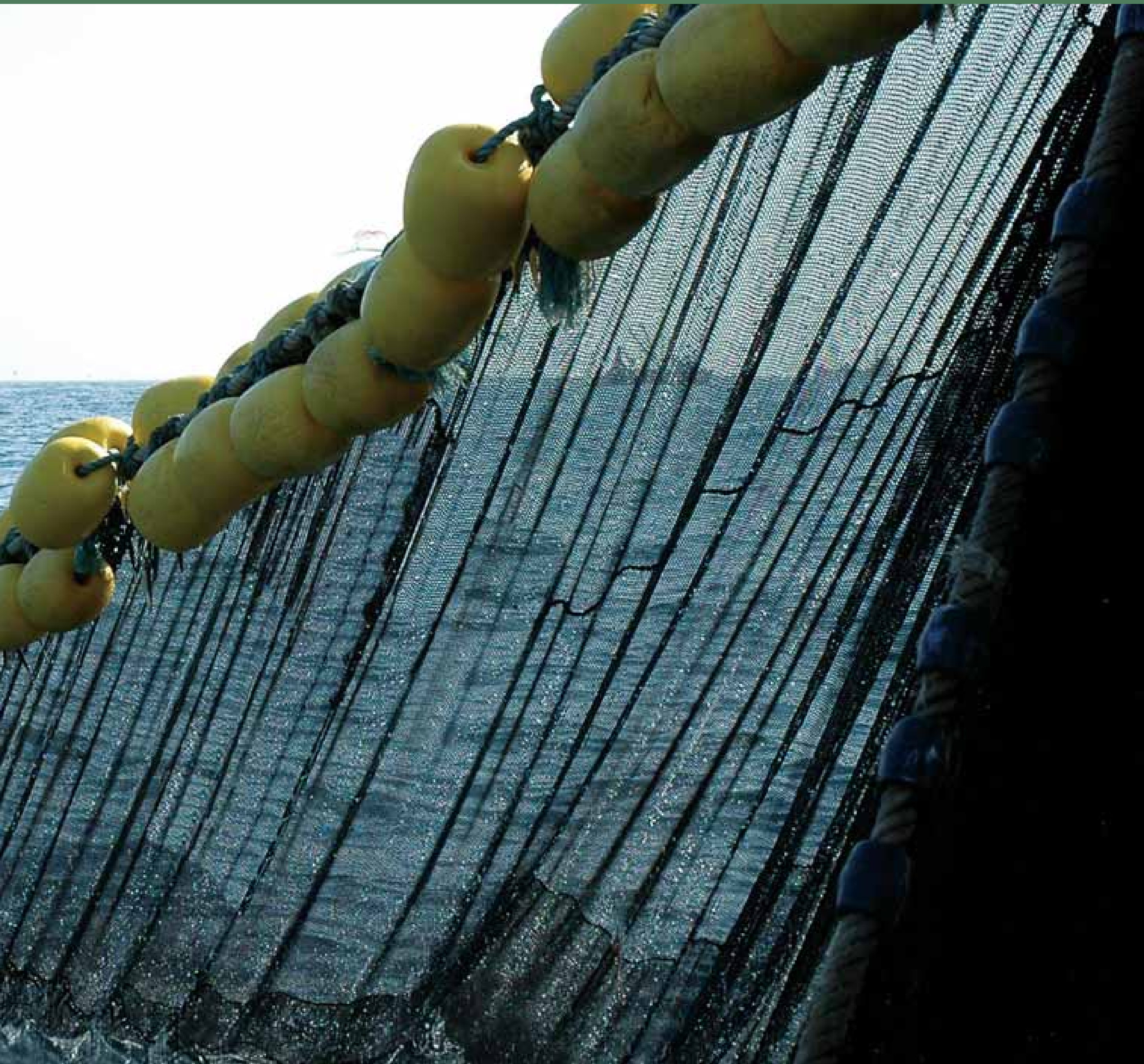
INDUSTRIAL FISHING DIVISION	FROZEN FISH SUPPLY CHAIN MANAGEMENT DIVISION	PROCESSING & DISTRIBUTION DIVISION
Ocean Trawling	Resource Development	Seafood Processing (China, USA, Japan, Thailand)
Fishmeal Processing	Global Sourcing & Supply	Global Marketing & Distribution
	Transportation & Shipping Agency	Food Testing

The Group's industrial fishing division currently operates 57 vessels across Pacific Ocean, harvesting some of the most important ocean fish species of the world and supplying them to customers worldwide. Our trawling fleet is outfitted with comprehensive onboard processing technology and storage facilities, such that our catch can be promptly processed on harvest into various product forms. We also have fishmeal processing facilities both onboard and onshore in Peru.

Our frozen fish supply chain management division offers a full range of logistical services to fishing vessels, as well as global sourcing and distribution services in frozen ocean-caught fish to wholesalers or reprocessors from around the world.

The Group's processing and distribution division produces a wide range of frozen fish fillets, portions and other customised value-added seafood products for both our in-house labels as well as customers' brands. Currently, we have a total of 28 seafood processing facilities in China, Japan, Thailand and the United States – all certified to international food safety and quality standards.

Industrial Fishing



In FY2007, the Group's upstream fishing division expanded its trawling fleet from 14 to 23 through new vessel operating agreements. This has enabled us to increase our long-term access to precious resources in regulated fishing grounds. Over the year, the fishing division also established fishmeal processing operations in Peru – one of the world's most important fishing nations. It now ranks as one of the leading fishmeal operators in Peru.

Frozen Fish
Supply Chain Management

Driven by a growing population, increasing affluence and shifting dietary habits, our frozen fish supply chain management division continued to maintain its market leading position with a close to one-fifth share in China's frozen fish import market in FY2007.

Processing & Distribution

We are taking our processing operations to a new paradigm with the imminent completion of our new 333,000 square-metre Hongdao Processing Complex in Qingdao, the PRC, built at a cost of US$85 million (approximately HK$663 million). Featuring state-of-the-art facilities and equipment, we aim to lead the way in bringing seafood processing in China to a new level of efficiency, quality and safety standards.

Managing Director's Report

Dear Valued Investors,

With the close of the financial year ended 31 March 2007 ("FY2007"), Pacific Andes International Holdings Limited ("PAIH" or the "Company") and its subsidiaries (together "Pacific Andes" or "the Group") once again record a fruitful year in our corporate development history.

Bolstered by the ever-increasing global demand for seafood, complemented by an effective growth strategy that has enabled the Group to capture all market opportunities, we continued to register significant financial growth for the 8th consecutive year in FY2007:

- 37.7% increase in Group revenue to HK$8.5 billion
- 83.2% increase in Group earnings before interest, tax, depreciation and amortisation of HK$1.6 billion
- 80.5% increase in Group profit for the period to HK$993.3 million
- 69.8% increase in net profit attributable to shareholders of the Company to HK$310.8 million
- Group gross profit margin improved from 15.1% to 15.6%
- Group net profit (before minority interests) margin improved from 8.9% to 11.7%
- Net debtor turnover improved from 76 days to 63 days
- Inventory turnover improved from 117 days to 99 days

The key drivers to the Group's performance in FY2007 were:

- Increased earnings contribution from our **upstream fishing division**, which stepped up on its growth initiatives;
- The continued rise of the Chinese market, which augured well for our **midstream frozen fish supply chain management division**; and
- Increased demand from the European and American markets for our value-added seafood products, as our **downstream processing and distribution division** worked tirelessly to constantly update our product and service offerings to meet increasingly stringent consumer requirements.

For FY2007, the Board of Directors ("the Board") is recommending a final dividend of HK4.1 cents per PAIH ordinary share held. This year, the Board is proposing a new cash and/or scrip dividend scheme. Such a scheme will offer greater flexibility to our increasingly diversified base of investors, who can assess the tax consequences most appropriate to their context.

KEY DEVELOPMENTS

In the year past, we implemented several strategic growth plans that were aimed at achieving further integration of the Group's operations along the entire industry value chain. Accordingly, we enjoy significant presence as one of the few truly integrated seafood conglomerates of the world today. Investors worldwide have similarly demonstrated their growing appreciation of Pacific Andes' unique proposition, and as a result, we now stand as one of the largest seafood groups in the world.

For FY2007, management efforts have been focused on two principal areas – one, on the upstream side, where we sought to secure more long-term access to limited fishery resources and two, on the downstream end, where we embarked on enhancing our processing capabilities, so as to more effectively address market trends for processed seafood.

To this end, key developments undertaken by the Group in FY2007 included:

Increased Vessel Operating Agreements

The Group's fishing division signed its 3rd and 4th Vessel Operating Agreements ("VOAs") in January 2007, thereby expanding its trawling fleet size from 14 to 23. This increased our deepsea harvesting and onboard processing capacities significantly, and ensured our long-term access to regulated fish resources.

Established operations in Peru

Through a series of acquisitions made over FY2007, the Group established operations in Peru – the world's most productive wild-catch fishery and top producer country of fishmeal. In the immediate term, this allowed the Group to capture robust global demand for fishmeal – which is an essential component of feeds – from the aquaculture and animal farming industries. Given Peru's proximity to rich ocean resources in the South Pacific Ocean, this also complements the Group's overarching strategy of securing more long-term access to precious fishery resources.

We began Peruvian Anchovy harvesting in May 2006 and fishmeal processing operations in November 2006. As at the end of FY2007, our fishing division owned 4 fishmeal processing plants and 23 purse seine fishing vessels in Peru, and ranks as one of Peru's leading fishmeal operators.

Strengthened food safety and traceability reporting systems

Pacific Andes has always been committed to leading the seafood processing industry by best practice. Our facilities in the People's Republic of China ("the PRC") were amongst the first to implement the HACCP system in the early 1990s, as well as other leading standards such as the EFSIS-British Retailer Consortium Global Standards and Marine Stewardship Council's Chain of Custody in subsequent years. In February 2007, three of Pacific Andes' plants once again became the first seafood processing facilities in the PRC to receive accreditation under the ISO22000 international food safety standard. In light of growing concerns over food safety, this initiative has helped Pacific Andes differentiate itself from many other seafood processors in the marketplace. As an integrated seafood company, we are also better placed to offer traceability reporting capabilities, which are increasingly being demanded by customers of our processed fish and seafood products.

KEY DEVELOPMENTS – CONTINUED

Construction of Hongdao Processing Complex

In meeting increasing customer orders and enhancing our capabilities in high value-added seafood processing, the Group launched construction of a new state-of-the-art fish processing plant in the Hongdao peninsula of Qingdao, the PRC, at a capital expenditure of approximately US$85 million (approximately HK$663 million). This new plant will have a fish fillet and portion processing capacity of 60,000 tonnes per annum. It is also capable of producing surimi, fishmeal and various other value-added seafood products.

Construction of the plant has been completed, and we are currently awaiting completion of infrastructural works in the vicinity by the municipal government. We expect to commence trial operations at the new plant before the end of 2007.

Optimised financing strategy

Over FY2007, we successfully completed two key corporate financing projects, in a continual effort to optimise the Group's financing strategies. We have also broadened our capital base, paving the way for further development ahead. The positive responses we received under these exercises bear testament to bankers and investors' confidence in the Group's prospects.

In July 2006, the Group secured a US$160 million (approximately HK$1,248 million) term loan facility from an esteemed group of 20 international and local banks, in order to fund the construction of the Hongdao Processing Complex, as well as to refinance part of our short term loans so as to reduce interest expenses due under our working capital facilities.

In December 2006, China Fishery Group Limited ("CFGL"), which heads our industrial fishing division, issued US$225 million (approximately HK$1,755 million) in 7-year senior notes to global investors through its Peruvian subsidiary CFG Investment S.A.C. to fund its acquisitions in Peru. We believe that this was the most optimal way of financing the Group's investments in Peru, while enhancing returns on shareholders' equity.

I am pleased to report that through these developments, the Group has benefited from the synergies of integration and further consolidated our position in the industry. We also generated strong growth in our financial performance.

OUTLOOK

We see favourable market conditions to extend into the years ahead for all of our business segments, which span across the entire industry value chain.

Globally speaking, consumption of seafood has continued to rise steadily. In developed markets, greater health consciousness is driving the increase in demand for seafood, whereas in emerging markets, improvements in purchasing power and standards of living are similarly encouraging people to consume more seafood in their daily diets. With ocean fish harvest volumes remaining relatively stable in the last twenty years, the rising consumption has brought about an upward trend in the prices of wild-caught fish. This augurs well for the Group, which currently focuses on ocean-harvested fish species.

Our vertically integrated strategy has enabled Pacific Andes to effectively capture every segment of the market and benefit strongly from the abovementioned trends. Building on this growth momentum, we have outlined the following plans for the current financial year:

Securing more long-term access to fishery resources

The Group's fishing division will continue to maintain a lookout for equitably-priced opportunities to acquire licensed fishing vessels, or enter into new VOAs. Subsequent to the end of FY2007, we acquired an additional 11 licensed purse seine fishing vessels, 2 fishmeal plants and 1 canning factory in Peru. These acquisitions brought the total current size of our purse seine fleet to 34, and our number of fishmeal plants to 6, thus further consolidating our competitive position in Peru and allowing us to enjoy greater economies of scale. Strategically, this also ensures that the Group secures its long-term access to more fish resources.

OUTLOOK – CONTINUED

Achieving higher yields and cost-savings in our processing operations

By integrating a complete suite of processing facilities onto one site, and incorporating an optimal degree of automation, the Group will achieve yet higher levels of cost-effectiveness and improved product quality though better-controlled material and production flow at our new Hongdao Processing Complex, for which we expect to commence trials in late-2007.

Integrated within the facility are 41,000 tonnes of coldstorage capacity, a wireless warehouse management system, as well as environmentally geared features such as energy-saving equipment, advanced seawater purification, air and waste treatment systems, and programmable logic-controlled central cooling systems, amongst others. These features will enable us to enforce our quality, food safety and traceability systems with greater ease and efficiency.

Through our enhanced processing capabilities, we are now better placed to meet the demand for value-added seafood products, particularly from the American and European markets. We can also expect to rationalise production, optimise output, minimise raw material wastages and use water and energy resources more efficiently.

Developing underutilised fish species

Pacific Andes is now looking at developing the mid- to long-term value of other underutilised fish species. We believe that this will create new market opportunities and may help to diffuse pressure on overexploited fish species.

With the establishment of our Peruvian base, we intend to deploy vessels to the South Pacific Ocean in 2008 to harvest the Chilean Jack Mackerel, which enjoys a good market in Africa, and also immense potential in the PRC. We also have plans to market Peruvian Anchovy, which is principally used for fishmeal production currently, as a species for human consumption.

Raising effective stake in China Fishery Group Limited

CFGL has consistently registered strong growth after Pacific Andes made its first investment in the company in 2004. Since listing in January 2006, CFGL has more than tripled its market capitalisation, reflecting investors' sentiment on its growth prospects. Currently, it stands as one of the largest industrial fishing companies in the world in terms of market capitalisation[1].

In March 2007, we announced the proposed increase of our effective stake in CFGL from 18.4% to 40.8%. This will be executed through our 64%-owned subsidiary Pacific Andes (Holdings) Limited ("PAH"), which will pay US$356 million (approximately HK$2,777 million) for the additional stake. Through this exercise, we aim to crystallise more of the value being generated by our fishing division. The effects of this stake increase will be reflected in our FY2008 Group performance.

To fund the stake increase, PAH has completed the issuance of rights and a convertible bond subsequent to the financial year-end. To subscribe for the PAH rights, PAIH itself completed a 2-for-1 rights issue on 12 June 2007, raising approximately HK$909 million. I am pleased to report that PAIH's rights were 2.3 times subscribed.

1 Bloomberg, as at 27 July 2007

OUTLOOK – CONTINUED

Playing a part in ensuring the long-term sustainability of the global seafood industry

Consumers' evolving lifestyles reflect an increasingly sophisticated preference for fish and seafood products. In many markets, environmentally-friendly seafood is fast becoming the flavour of the day. Responding to these trends not merely reaps commercial benefits for us; they are essential to contributing towards the long-term health and sustainability of the seafood industry as a whole.

We recognise and continually endeavour to incorporate such thinking into our operational strategy. Last year, we embarked voluntarily on the quarterly independent review of our procurement processes, undertaken by an international audit firm, so as to ensure that only legitimately derived and safe fish supplies enter the Group's supply chain. I am pleased to inform that we have received satisfactory reports for all reviews thus far.

Alongside the aforementioned plans, the management will maintain a constant lookout for other quality opportunities to enrich the Group's business portfolio.

The Board is in consensus that prospects for the Group remain bright. With the favourable market conditions and a comprehensive development roadmap, we are optimistic about sustaining our growth in the coming year and beyond.

PASSING OF THE LATE CHAIRMAN

Mr Ng Swee Hong, Founder and late Chairman of the PAIH, passed away peacefully on 16 September 2006 at the age of 72.

In his place, Madam Teh Hong Eng has been appointed the new Group Chairperson with effect from 19 April 2007. Under her guidance, I am positive that the Pacific Andes Group will continue to grow upon the solid foundation laid by the late Mr Ng.

APPRECIATION

On behalf of the Board, I would like to express our heartfelt gratitude towards all customers, suppliers, bankers, business partners, investors, management members and staff. Your loyal support through these years has helped us ride through the troughs and crests of times.

An exciting phase awaits us ahead, and I invite you to continue your journey with us.

Ng Joo Siang
Managing Director

27 July 2007

Mr Ng Swee Hong (1934 – 2006)

Tribute to Late Chairman

Mr Ng Swee Hong, Founder and late Chairman of the Pacific Andes Group, passed away peacefully on 16 September 2006 at the age of 72. Through his forty years in the seafood, shipping and food trading industries, the late Mr Ng had developed a vision that defines the unique position of the Pacific Andes Group today. In his time, he created an enterprising culture within the company. An outstanding leader, the late Mr Ng's work ethic, spirit and vision shall continue to guide the Group towards new paradigms ahead. He will be remembered by all whose lives he has touched.

Management Discussion and Analysis

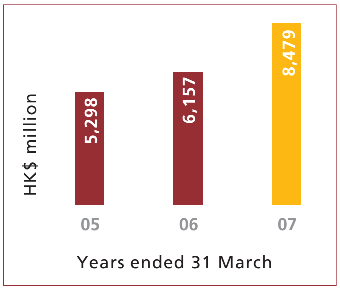
BUSINESS REVIEW

Year	Growth Events	Corporate Financing Events
2006	Jan – CFGL listed on Singapore Exchange	Jan – CFGL raised US$41 million (approximately HK$320 million) from IPO
	Feb – Signed 10-year (with another 10 year renewal option) 2nd vessel operating agreement (VOA); doubled trawling fleet to 14	Jul – PAIH secured US$160 million (approximately HK$1,248 million) syndicated loan facility for funding construction of Hongdao Processing Complex and refinancing loans
	Mar – Set up investment holding company in Peru for fishing and fishmeal operations	Dec – CFGL issued US$225 million (approximately HK$1,755 million) in 7-year senior notes due 2013
	May – Acquired 3 purse seiners in Peru	
	Oct – Acquired 100% interest in leading Peruvian fishmeal processor Alexandra SAC, including assets of 13 purse seiners and 4 fishmeal plants	
	Dec – Acquired 2 purse seiners in Peru	
2007	Jan – Signed 18-year 3rd VOA; trawling fleet increased to 17	Feb – CFGL raised US$75 million (approximately HK$585 million) through new share placement
	Jan – Signed 4th VOA; trawling fleet increased to 23	Apr – PAH issued US$93 million (approximately HK$725 million) in 5-year convertible bonds due 2012
	Feb – Acquired 1 purse seiner in Peru	Jun – PAIH raised US$116 million (approximately HK$905 million) from a rights issue
	Mar – Acquired 4 purse seiners in Peru	Jul – PAH raised US$226 million (approximately HK$1,763 million) from a rights issue
	May – Acquired 3 purse seiners in Peru	
	Jun – Acquired 8 purse seiners, 2 fishmeal plants and 1 canning plant in Peru	

Definitions

PAIH Pacific Andes International Holdings Limited
PAH Pacific Andes (Holdings) Limited
CFGL China Fishery Group Limited

FINANCIAL REVIEW



Turnover

The Group's turnover reached HK$8,479 million in FY2007, representing a 37.7% increase against the previous year. The strong growth was supported by increased sales contribution from the industrial fishing division which significantly enlarged its scope of operations, stable growth registered by the frozen fish supply chain management ("SCM") division due to strong demand from the Chinese market and increased sales of fish fillets, portions and processed seafood produced under the processing and distribution division.

Performance by Business Divisions

Industrial Fishing Division

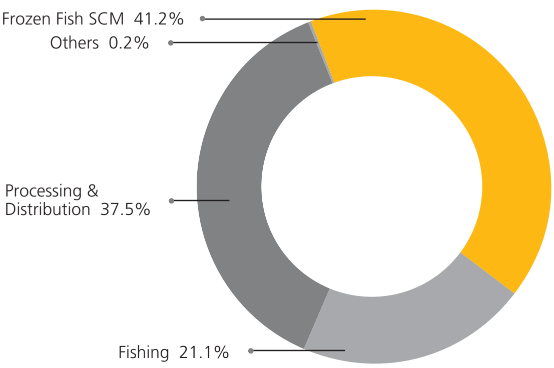
Led by CFGL, the Group's industrial fishing division benefited from a series of strategic expansion plans undertaken during the year under review. In FY2007, the fishing division benefited from a series of new Vessel Operating Agreements ("VOAs") that increased its deepsea harvesting and onboard processing capabilities significantly. In February 2006, CFGL signed its 2nd Vessel Operating Agreement ("VOA"), which doubled its trawling fleet size to 14. In January 2007, it signed its 3rd and 4th VOAs, which further brought its trawling fleet size to 23. Also in FY2007, through various acquisitions, the industrial fishing division established fishmeal operations in Peru. As at the end of the financial year, CFGL owned 4 fishmeal processing plants strategically located along the Peruvian coast, and 23 licensed purse seine fishing vessels. As a result of these expansion efforts, the division recorded a 188.5% year-on-year rise in revenue to HK$1,789 million, accounting for 21.1% of the Group's total revenue for FY2007.

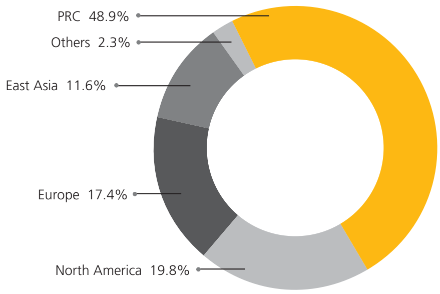
Frozen Fish SCM Division

Supported by growing consumption of frozen fish worldwide, in particular the People's Republic of China ("PRC"), the division achieved consistently stable growth for the year. It posted a 17.3% year-on-year rise in revenue to HK$3,497 million, accounting for 41.2% of the Group's total FY2007 revenue.

Processing & Distribution Division

Along with increasing global demand for processed seafood such as fish fillets, portions and various other value-added fish and seafood products, as well as more intensive marketing efforts undertaken by the Group, revenue from this business segment grew 25.2% to HK$3,177 million, accounting for 37.5% of the total Group revenue for the year.





Performance by Markets

As one of the fastest-growing consumers of seafood products in the world, the PRC has seen its per capita consumption of seafood rise from 10.9kg in 1994 to 25.8kg currently. To meet domestic demand, the PRC is actively nurturing its aquaculture industry, which already is the world's largest, and at the same time importing an increasingly large volume of frozen fish from around the world. Its fish imports have grown at an average annual growth rate of 13.8% between 1994 and 2004[1].

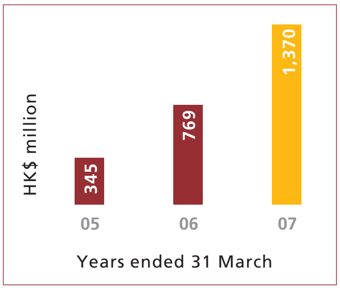
As such, the PRC remained as Pacific Andes' most significant market, accounting for HK$4,150 million or 48.9% of FY2007 total sales, 35.2% more than in FY2006.

North America overtook Europe to become the Group's second largest market during the financial year, accounting for 19.8% of the Group's total sales. Sales to the market totaled HK$1,678 million, a 39.3% growth when compared with the previous year. Sales to Europe increased by 14.3% to HK$1,470 million and accounted for 17.4% of total sales.

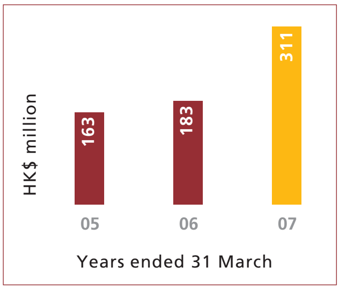
Sales to East Asia recorded a year-on-year rise of 97.0% to HK$987 million, representing 11.6% of the Group's total sales in FY2007, due to the increased sales of premium products such as fish roe.

With the establishment of its Peruvian operations, the Group also expanded sales to other markets of the world, including South America, Vietnam and Taiwan. These accounted for the balance HK$194 million or 2.3% of total sales.

Earnings before Interest and Tax



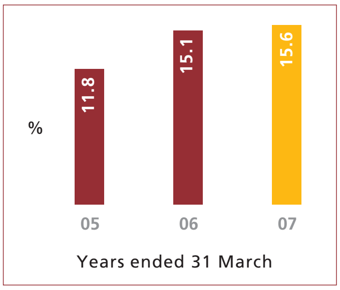
Profit Attributable to Shareholders



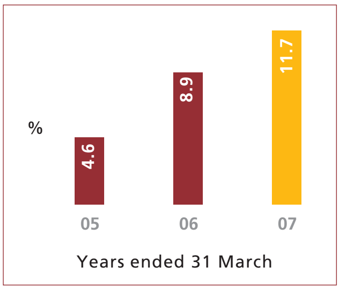
On significantly increased contribution from its industrial fishing division, an exceptional gain on the dilution of PAIH's effective interest in CFGL due to a placement of new CFGL shares, as well as efficiencies of scale derived from successful integration of the Group's activities, PAIH's operating profit increased 78.2% from HK$769 million in FY2006 to HK$1,370 million in FY2007. Corresponding to this increase, offset by a dilution of PAIH's effective interest in CFGL, profit attributable to shareholders of the Company increased 69.8% from HK$183 million in FY2006 to HK$311 million in FY2007.

1 The State of World Fisheries and Aquaculture 2006, Food & Agriculture Organization

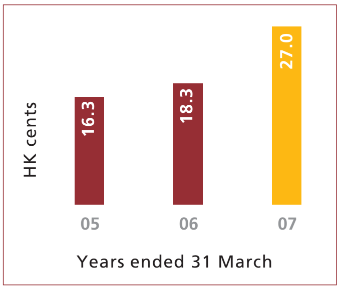
Gross Profit Margin



Net Profit (Before Minority Interests) Margin

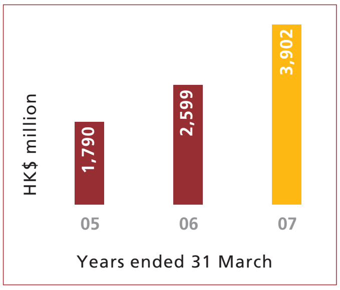


The Group's gross profit margin improved to 15.6% in FY2007 from 15.1% in FY2006. Group net profit (before minority interests) margin rose from 8.9% in FY2006 to 11.7% in FY2007, due to significantly increased contribution from the industrial fishing division.



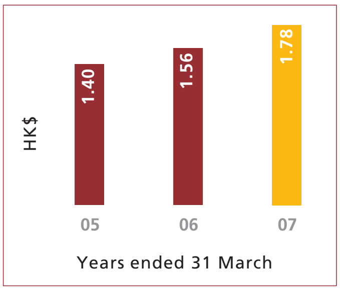
Earnings Per Share

Earnings per share for the year increased by 47.5% from HK18.3 cents in FY2006 to HK27.0 cents in FY2007.



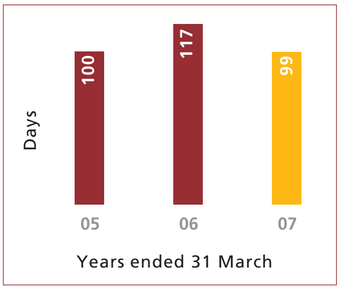
Total Shareholders' Equity

Total equity increased 50.1% to HK$3,902 million on exercise of warrants during FY2007, a share placement by CFGL and retention of profits.



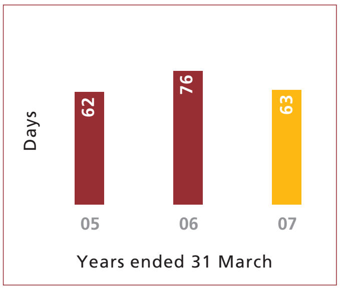
Net Assets Per Share

Net assets per share increased 15% to HK$1.78 on increased assets from an expanded scope of operations, in particular in the fishing division.



Inventory Turnover Days

Inventory turnover days improved from 117 days in FY2006 to 99 days in FY2007, as a greater part of Group sales was derived from the fishing division, which holds a relatively minimal level of inventory as is characteristic of its business.



Net Debtor Turnover Days

Debtor turnover days improved from 76 days in FY2006 to 63 days in FY2007 as the fishing division typically does not extend credit terms to its customers.

Liquidity and Financial Resources

As at the end of FY2007, the Group maintained a positive working capital position. It held HK$287.9 million in cash and bank balances as at 31 March 2007.

To fund the construction of the Hongdao Processing Complex, as well as to convert a part of the Group's short-term facilities into long-term ones so as to reduce interest expenses by about HK$15 million per annum, the Group secured a US$160 million (approximately HK$1,248 million) syndicated term loan facility from a group of 20 international and local banks in July 2006. Subsequently, in December 2006, the Group through CFGL issued US$225 million (approximately HK$1,755 million) in 7-year senior notes. The proceeds from the notes issue were mainly used in funding CFGL's Peruvian acquisitions.

Due to the syndicated term loan facility, the Group saw its current borrowings decrease by 29%, and its total interest-bearing borrowings excluding the senior notes decreased from HK$3.5 billion to HK$3.4 billion. Gearing, being net debt to total shareholders' equity, improved to 81% as at 31 March 2007, from 122% one year earlier. Including the effects of the senior notes, the Group's gearing increased to 124%. On the whole, the Group's interest expenses amounted to HK$357.3 million for FY2007 versus HK$204.2 million last year, as a result of interest payable under the senior notes.

The Group's major borrowings are in US Dollars and HK Dollars and carry LIBOR plus rates. As the Group's revenue is mainly denominated in US Dollars and major payments are either in US Dollars or HK Dollars, it faces relatively low currency risks.

Employees and Remuneration

As at 31 March 2007, the Group had a total of approximately 9,000 employees. Remuneration packages offered to employees are in line with industry standards and reviewed annually. The award of bonuses is decided based on the performance of individual employees as well as the Group's performance. Other staff benefits include medical allowance and mandatory provident fund. The Company and its non-wholly owned subsidiaries, PAH and CFGL, each has an employee share option/award scheme to allow for granting of share options/ awards to eligible employees, depending on their contribution to the company.

Directors' Profile

Executive Directors

Teh Hong Eng, 71, is the Executive Director and Chairperson of the Company responsible for general administration and strategic planning. She joined the Group in 1986 and has over 30 years' experience in administration and financial investments.

Ng Joo Siang, 48, is the Managing Director and Vice-Chairman of the Company. He is responsible for overall corporate policy making, strategic planning, development, investment and management of the Group. Mr. Ng graduated from Louisiana State University, Baton Rouge, Louisiana in the USA, majoring in international trade and finance, and has over 20 years' experience in the trading of seafood products. Prior to joining the Company in 1986, Mr. Ng was in the ship agency business, overseeing the chartering and operation of ocean-going vessels calling at various Asian ports.

Ng Joo Kwee, 46, is the Executive Director of the Company responsible for all production of frozen seafood and vegetable products in the PRC. Mr. Ng studied in the USA at Southeastern Louisiana University in Hammond, Louisiana. From 1983 to 1989, Mr. Ng was president of a fish trading company in Taiwan. In 1989, Mr. Ng joined the Group as general manager of PRC operations, responsible for daily operations, trading activities and the sourcing of frozen seafood products from South America, India, the PRC and Russia. In 1994, Mr. Ng resigned from the Company, but rejoined in March 1996.

Ng Joo Puay, Frank, 45, is the Executive Director of the Company. He is responsible for international sales and marketing of the Group's frozen seafood products outside the PRC. Mr. Ng graduated from Loyola University in New Orleans, Louisiana, in the USA, majoring in business administration. He has over 20 years experience in the seafood trading business. Prior to joining the Company in 1987, Mr. Ng was the trading manager of a fish trading company in Taiwan for three years.

Ng Puay Yee, 34, is the Executive Director of the Company, where she oversees international sales and marketing of the Group's processed fish and seafood products. She is also responsible for international procurement and production matters, and chairs the Group's task committee on sustainability and environmental affairs. Graduated from the Indiana University of Bloomington, USA, Ms. Ng joined the Group in 1995. An active member of the young business leaders' community, she currently serves as Vice-Chairperson of the Entrepreneurs' Organization Hong Kong.

Cheng Nai Ming, 44, is the Finance Director and company secretary for the Group. He is responsible for all corporate finance matters, including overall financial management and planning. Mr. Cheng graduated from the University of Hong Kong majoring in social science and is an associate member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company in early 1994, Mr. Cheng was with an international accounting firm in Hong Kong for over 6 years.

Independent Non-Executive Directors

Lew V Robert, 51, is currently Independent Chairman of Pak Tak International Limited and Independent Non-Executive Director of Sincere Watch HK Limited. Both companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Lew is also currently Director of a corporation of certified public accountants in Hong Kong. He has over 20 years of experience in corporate assurance advisory, taxation and business consultation. Mr. Lew graduated from the University of British Columbia in Canada in 1979. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Alberta Institute of Chartered Accountants.

Kwok Lam Kwong, Larry, J.P., 51, is a solicitor practising in Hong Kong, and is currently the Managing Partner, China of Mallesons Stephen Jaques. Mr. Kwok is also qualified to practise in Australia, England and Wales and Singapore. He is a fellow of the Hong Kong Institute of Certified Public Accountants and CPA Australia respectively. He is also a member of The Institute of Chartered Accountants in England & Wales. Mr. Kwok graduated from the University of Sydney, Australia, with a Bachelor's Degree in economics and laws respectively, and a Master's Degree in laws. Mr. Kwok is currently the Vice-Chairman of the Consumer Council, Chairman of the Traffic Accident Victims Assistance Advisory Committee and a member of the Hospital Governing Committee of Kwai Chung Hospital/Princess Margaret Hospital. He is also a member of the Political Consultative Committee of Guangxi in the People's Republic of China.

Yeh Man Chun, Kent, 53, is presently the Senior Vice President of Robina Wood Limited, a company involved in the manufacturing and distribution of wood flooring products, with facilities based in Shanghai. Prior to commencing his business activities in Shanghai, Mr. Yeh had also been the managing director of Tai Ping Carpets International Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Yeh received a Bachelor of Science degree in Industrial Engineering from the University of California, Berkeley, USA in 1976. Subsequently, he received a Master of Business Administration degree from the Wharton School of the University of Pennsylvania in 1980.

Corporate Information

Board of Directors

EXECUTIVE:

Teh Hong Eng, *Chairperson*
Ng Joo Siang, *Vice-Chairman and Managing Director*
Ng Joo Kwee
Ng Joo Puay, Frank
Ng Puay Yee
Cheng Nai Ming

INDEPENDENT NON-EXECUTIVE:

Lew V Robert
Kwok Lam Kwong, Larry
Yeh Man Chun, Kent

Audit Committee

Lew V Robert *(Chairman)*
Kwok Lam Kwong, Larry
Yeh Man Chun, Kent

Remuneration Committee

Yeh Man Chun, Kent *(Chairman)*
Lew V Robert
Kwok Lam Kwong, Larry
Ng Joo Siang
Ng Joo Puay, Frank

Company Secretary

Cheng Nai Ming

Solicitors

Baker & McKenzie

Auditors

Deloitte Touche Tohmatsu

Principal Bankers

CITIC Ka Wah Bank Limited
HSBC
Landsbanki Islands hf.
Rabobank International
Standard Chartered Bank (HK) Ltd

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Office

Rooms 3201-3210
Hong Kong Plaza
188 Connaught Road West
Hong Kong

Principal Registrars & Transfer Office in Bermuda

The Bank of Bermuda Limited
6 Front Street
Hamilton HM11
Bermuda

Branch Registrars & Transfer Office in Hong Kong

Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Stock Code

1174

Website

http://www.pacificandes.com

Report of the Directors

The directors present their annual report and the audited financial statements for the year ended 31 March 2007.

Principal Activities

The Company acts as an investment holding company and provides corporate management services to group companies. Its subsidiaries are principally engaged in fishing and fishmeal production, the provision of fishing management services to fishing vessels, global sourcing, processing onshore and international distribution of a variety of frozen seafood products, trading of marine fuel, the provision of shipping and agency services and the cultivation, processing and supply of vegetables. Its associates are principally engaged in trading of processed and frozen fish products and its jointly-controlled entity is engaged in property holding.

Details of the Company's principal subsidiaries, associates and jointly-controlled entity at 31 March 2007 are set out in notes 55, 56 and 30 to the financial statements, respectively.

An analysis of the Group's turnover and contribution to profit by principal activities and geographical markets is set out in note 6 to the financial statements.

Customers and Suppliers

The five largest customers of the Group together accounted for less than 30% of the Group's turnover. The five largest suppliers of the Group together accounted for approximately 31.8% of the Group's total purchases, with the largest supplier accounting for 12.2%.

At no time during the year did a director, an associate of a director or a shareholder of the Company which, to the knowledge of the directors of the Company, own more than 5% of the Company's share capital, or have an interest in any of the Group's five largest customers or suppliers.

Results and Appropriations

The results of the Group for the year ended 31 March 2007 are set out in the consolidated income statement on page 35.

The directors recommend the payment of a final dividend of HK4.1 cents per share to the shareholders whose names appear on the Register of Members of the Company at the close of business on 11 September 2007 amounting to HK$73,872,000 and the retention of the remaining profit for the year of HK$236,901,000.

Property, Plant and Equipment

During the year, the Group spent approximately HK$1,068,608,000 on the acquisition of property, plant and equipment.

Details of these and other movements in the property, plant and equipment of the Group are set out in note 16 to the financial statements.

Investment Properties

The Group has revalued its investment properties on 31 March 2007.

Details of movements in investment properties of the Group are set out in note 17 to the financial statements.

Purchase, Sale or Redemption of the Company's Listed Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year.

Share Capital, Share Options and Warrants

Details of movements in the share capital, share options and warrants are set out in notes 40, 41 and 42 to the financial statements respectively.

Senior Notes

Details of the senior notes are set out in note 38 to the financial statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws in Bermuda.

Borrowings

Details of bank borrowings of the Group are set out in notes 34, 35, 36 and 38 to the financial statements.

No interest was capitalised by the Group during the year.

Directors

The directors of the Company during the year and up to the date of this report are:

Executive directors:

Ng Swee Hong	*(Chairman and deceased on 16 September 2006)*
Teh Hong Eng	*(appointed as Chairperson on 19 April 2007)*
Ng Joo Siang	*(Managing Director and appointed as Vice-Chairman on 19 April 2007)*
Ng Joo Kwee	
Ng Joo Puay, Frank	
Ng Puay Yee	
Cheng Nai Ming	

Independent non-executive directors:

Lew V Robert
Kwok Lam Kwong, Larry
Yeh Man Chun, Kent

In accordance with the provisions of the Company's bye-laws, Ng Joo Puay, Frank, Cheng Nai Ming and Yeh Man Chun, Kent retire and, being eligible, offer themselves for re-election. All remaining directors continue in office.

The term of office for each non-executive director is the period up to his retirement by rotation in accordance with the Company's bye-laws.

Directors' Service Contracts

Teh Hong Eng, Ng Joo Siang, Ng Joo Kwee, Ng Joo Puay, Frank and Cheng Nai Ming has each entered into a service agreement with the Company's subsidiary. These service agreements shall be valid unless terminated by either party giving at least one year's written notice, except for the service agreement of Cheng Nai Ming which requires at least six months' written notice.

Other than as disclosed above, none of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

Directors' and Chief Executive's Interests

(a) Shares

At 31 March 2007, the interests of the directors and their associates in the shares of the Company, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

	Number of ordinary shares held (long position)		
Director	**Personal Interest**	**Family Interest**	**Percentage of the issued share capital of the Company**
Ng Joo Siang	–	706,400 Note (a)	0.06%
Ng Puay Yee	1,411,200	–	0.12%
Cheng Nai Ming	4,094,336	–	0.34%

Note:

(a) These shares are held under the name of the spouse of Ng Joo Siang.

(b) Share option scheme

Particulars of the share option scheme are set out in note 41 to the financial statements.

There is no share option outstanding during the year. No share option was granted by the Company during the year.

(c) Share award plan

Particulars of the share award plan are set out in note 41 to the financial statements.

(i) The Company adopted a share award plan ("Plan") on 28 October 2006 for the benefit of the directors and the employees of the Group.

(ii) The Plan is administered by the Remuneration Committee of the Company, currently comprising Lew V Robert, Kwok Lam Kwong, Larry, Yeh Man Chun, Kent, Ng Joo Siang and Ng Joo Puay, Frank.

(iii) The Remuneration Committee may determine in its sole discretion to grant shares to participants of the Plan. The shares will be vested only after satisfactory completion of time-based targets and/or time-and-performance-based targets and shall not be more than 10 years from the date of the grant of the shares. Upon vesting, the participant may receive any or a combination of the following:

(a) new ordinary shares credited as fully paid up;

(b) existing shares repurchased from open market; and

(c) cash equivalent value of such shares.

Directors' and Chief Executive's Interests – Continued

(c) Share award plan – Continued

(iv) No share has been granted to participants under the Plan as at 31 March 2007.

(v) The aggregate number of ordinary shares which may be issued under the Plan shall not exceed 5% of the issued share capital of the Company from time to time.

Other than as disclosed above, none of the directors or chief executives or their respective associates had any personal, family, corporate or other interests or short positions in any securities of the Company or any of its associated corporations as defined in the SFO as at 31 March 2007.

Arrangements to Purchase Shares or Debentures

Other than as disclosed above, at no time during the year was the Company or its holding company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of share in, or debentures of, the Company or any other body corporate.

Directors' Interest in Contracts of Significance

No contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Substantial Shareholders

As at 31 March 2007, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Name of shareholder	Capacity	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the Company
N. S. Hong Investment (BVI) Limited	Beneficial owner	617,384,525 Note (1)	51.37%
Cheah Cheng Hye	Beneficial owner	106,551,836 Note (2)	8.87%
Leung Hok Pang	Beneficial owner	96,118,000 Note (3)	8.00%

Notes:

1. N. S. Hong Investment (BVI) Limited directly holds such shares.

2. Cheah Cheng Hye holds a total of 106,551,836 shares by virtue of his deemed interest in the shares held by Value Partners Limited.

3. Leung Hok Pang directly hold such shares.

Other than disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2007.

Transactions with Non-wholly Owned Subsidiaries

The Group had also entered into the following transactions with National Fish & Seafood Inc. ("NFS") and its subsidiary, and Kyoshoku Co., Ltd ("Kyoshoku") and its subsidiary, in which the Group has a 60% attributable interest, respectively, and Pacific Andes (Holdings) Limited ("PAH") and its subsidiaries in which the Group had a 65% attributable interest as at 31 March 2007:

	HK$'000
Sales to Kyoshoku and its subsidiary	45,517
Interest income received from NFS and its subsidiary	35
Interest income received from Kyoshoku and its subsidiary	1,180
Administrative income received from PAH and its subsidiaries	19,467
Interest income received from PAH and its subsidiaries	247

The interest income was calculated at interest rates ranging from 7.00% to 7.38% per annum on the outstanding amounts due from PAH and its subsidiaries, and outstanding amounts due from NFS and its subsidiary and outstanding amounts due from Kyoshoku and its subsidiary respectively. The administrative income received from PAH and its subsidiaries was calculated in accordance with the management agreement signed on 3 September 1996 upon the listing of the shares of PAH on the Singapore Exchange Securities Trading Limited and updated by a supplemental agreement dated 22 July 2003. Sales of frozen seafood were carried out at market price or, where no market price was available, at cost plus a percentage profit mark-up. These transactions were in the ordinary and usual course of business.

During the year, the Company executed guarantees to certain banks in respect of banking facilities in the amount of HK$255,645,000 granted to NFS and its subsidiary, in the amount of HK$24,651,000 granted to Kyoshoku and its subsidiary. These guarantees given by the Company were in the ordinary and usual course of business.

Donations

During the year, the Group made charitable and other donations amounting to HK$1,472,000.

Public Float

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

Model Code for Securities Transactions

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Hong Kong Listing Rule (the "Model Code") to regulate the directors' securities transactions. Specific enquiry has been made with all directors and the directors have complied with the required standard set out in the Model Code for the year ended 31 March 2007.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited consolidated financial statements for the year ended 31 March 2007.

Post Balance Sheet Events

Details of the post balance sheet events are set out in note 53 to the financial statements.

Auditors

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Ng Joo Siang
MANAGING DIRECTOR

27 July 2007

Corporate Governance Report

Corporate Governance Practices

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

The Company has adopted the code provisions set out in the Code of Corporate Governance (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with all the applicable code provisions in the CG Code throughout the year ended 31 March 2007, except for the following deviations:

CG Code Provision A.2 provides the role of the Chairman with respect to the management of the Board. The late Ng Swee Hong, founder of the Company, was Chairman of the Board until he passed away on 16 September 2006. As a transitional arrangement, Executive Director Teh Hong Eng provisionally assumed the role of Chairperson from 17 September 2006 to 18 April 2007.

On 19 April 2007, Teh Hong Eng was formally appointed as Chairperson of the Company to succeed the late Ng Swee Hong. Ng Joo Siang, who has been the Managing Director of the Company, was appointed as the Vice-Chairman of the Company.

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

Board of Directors

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

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

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

Board meetings are scheduled to be held at regular interval and meets more frequently as and when required. The attendance of the directors at the Board meeting for the year ended 31 March 2007 is as follows:

Name of Directors	**Number of attendance**
Executive:	
Ng Swee Hong *(Chairman and deceased on 16 September 2006)*	0/4
Teh Hong Eng (*appointed as Chairperson on 19 April 2007)*	3/4
Ng Joo Siang *(Managing Director and appointed as Vice-chairman on 19 April 2007)*	4/4
Ng Joo Kwee	4/4
Ng Joo Puay, Frank	4/4
Ng Puay Yee	4/4
Cheng Nai Ming	4/4
Independent non-executive:	
Lew V Robert	4/4
Kwok Lam Kwong, Larry	4/4
Yeh Man Chun, Kent	4/4

Chairman and Managing Director

The Chairman of the Company is responsible for the leadership and effective running of the Board and ensuring that all significant and key issues are discussed and where required, resolved by the Board timely and contructively.

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

Directors' Securities Transactions

The Company has adopted the Model Code of the Listing Rules as the code for dealing in securities of the Company by the directors. Specific enquiry has been made with all directors and the directors have complied with the required standard set out in the Model code for the year ended 31 March 2007.

Auditors' Remuneration

For the year ended 31 March 2007, the auditors of the Company received approximately HK$6,368,000 and HK$7,783,000 for audit services and non-audit services rendered to the Group respectively.

Audit Committee

The Company has an Audit Committee comprising three independent non-executive directors, Lew V Robert (Chariman), Kwok Lam Kwong, Larry and Yeh Man Chun, Kent. Two meetings were held during the year ended 31 March 2007. The attendance of the directors at the Audit Committee Meeting for the year ended 31 March 2007 is as follows:

Name of Directors	**Number of attendance**
Lew V Robert	2/2
Kwok Lam Kwong, Larry	1/2
Yeh Man Chun, Kent	2/2

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

During the year, the works performed by the Audit Committee are mainly set out below:

– reviewed the interim results for the period ended 30 September 2006 and annual results for the year ended 31 March 2007 of the Group

– discussed with the management of the Company the fairness and adequacy of accounting standards and policies of the Group in the preparation of the interim and annual financial statements

– discussed all acquisition of Peruvian subsidiaries and the proposed acquisition of 45% interest in Super Investment Limited

– reviewed the connected transactions entered into by the Group during the year

– reviewed and discussed with external auditors the financial reporting of the Company

– reviewed, recommended and approved the retirement and re-appointment of external auditors

– reviewed, recommended and approved the remuneration of external auditors

Remuneration Committee

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

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

During the year and up to the date of the Annual Report, the Remuneration Committee reviewed the Group's remuneration policy and reviewed the remuneration package of the executive directors and senior management for the year ended 31 March 2007.

The attendance of the directors at the Remuneration Committee Meeting for the year ended 31 March 2007 is as follows:

Name of Directors	Number of attendance
Lew V Robert	1/1
Kwok Lam Kwong, Larry	0/1
Yeh Man Chun, Kent	1/1
Ng Joo Siang	0/1
Ng Joo Puay, Frank	0/1

Nomination of Directors

The Company has not established any nomination committee and is now considering to establish a nomination committee. The appointment of a new director is a collective decision of the Board, taking into consideration the expertise, experience, integrity and commitment of the appointee to the relevant principal division, the Company and the Group.

Accountability

The directors are responsible for the preparation of the financial statements of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cashflow of the Group. The directors ensure that the financial statements for the year ended 31 March 2007 were prepared in accordance with statutory requirements and applicable accounting standards, and have been prepared on a going concern basis.

Internal Controls

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

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

Report of the Auditors

Deloitte.
德勤

TO THE SHAREHOLDERS OF
PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Pacific Andes International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 101, which comprise the consolidated balance sheet as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
27 July 2007

Consolidated Income Statement

For the year ended 31 March 2007

	NOTES	2007 HK$'000	2006 HK$'000
Turnover	6	8,478,584	6,156,997
Cost of sales		(7,156,549)	(5,226,505)
Gross profit		1,322,035	930,492
Other income	7	132,405	49,969
Selling and distribution expenses		(138,268)	(145,834)
Administrative expenses		(321,248)	(240,001)
Other expenses	8	(10,531)	(32,850)
Gain on dilution of interest in a subsidiary	9	385,063	220,041
Loss on deemed disposal of interest in a subsidiary		–	(12,729)
Finance costs	10	(357,258)	(204,220)
Share of results of associates		376	(378)
Profit before taxation	11	1,012,574	564,490
Taxation	13	(19,276)	(14,286)
Profit for the year		993,298	550,204
Attributable to:			
Equity holders of the Company		310,773	183,058
Minority interests		682,525	367,146
		993,298	550,204
		2007 HK cents	2006 HK cents
Earnings per share	15		
Basic		27.0	18.3
Diluted		26.8	18.2

Consolidated Balance Sheet

At 31 March 2007

	NOTES	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	16	1,566,472	578,205
Investment properties	17	118,129	104,835
Prepaid lease payments	18	32,153	28,039
Goodwill	19	498,761	129,500
Deferred charter hire	20	1,835,600	604,890
Interests in associates	21	1,466	1,090
Loan to a jointly-controlled entity	22	11,050	11,050
Loan receivables	23	–	33,163
Deposit paid for acquisition of a property		21,345	–
Other intangible assets	24	276,996	22,763
Other long term receivable		928	928
		4,362,900	1,514,463
Current assets			
Inventories	25	1,927,579	1,951,465
Trade, bills and other receivables	26	3,162,092	2,329,681
Trade receivables with insurance coverage	27	216,192	252,893
Trade receivables from associates	28	109,492	119,988
Amounts due from associates	28	14,862	23,074
Loan receivables	23	33,163	–
Advances to suppliers	29	18,605	–
Amount due from a jointly-controlled entity	30	1,127	575
Tax recoverable		751	1,124
Pledged deposits	31	312	1,789
Bank balances and cash	32	287,926	337,271
		5,772,101	5,017,860
Current liabilities			
Trade and other payables	33	775,988	362,928
Bank advances drawn on discounted trade receivables with insurance coverage and discounted bills		353,449	437,189
Amount due to an associate	28	6,905	7,847
Taxation		54,548	13,924
Obligations under finance leases – due within one year	34	17,970	–
Bank borrowings – due within one year	35	1,989,245	2,865,340
		3,198,105	3,687,228
Net current assets		2,573,996	1,330,632
Total assets less current liabilities		6,936,896	2,845,095

	NOTES	2007 HK$'000	2006 HK$'000
Non-current liabilities			
Obligations under finance leases – due after one year	34	31,994	–
Bank borrowings – due after one year	35	1,050,404	208,504
Amount due to a joint venture partner of a jointly – controlled entity	36	11,050	11,050
Statutory employees' profit share	37	50,242	–
Senior notes	38	1,687,558	–
Deferred taxation	39	204,043	26,490
		3,035,291	246,044
Net assets		3,901,605	2,599,051
Capital and reserves			
Share capital	40	120,173	101,586
Share premium and reserves		2,022,213	1,478,813
Equity attributable to equity holders of the Company		2,142,386	1,580,399
Minority interests		1,759,219	1,018,652
Total equity		3,901,605	2,599,051

The financial statements on pages 35 to 101 were approved and authorised for issue by the Board of Directors on 27 July 2007 and are signed on its behalf by:

NG JOO PUAY, FRANK
DIRECTOR

CHENG NAI MING
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Revaluation reserve – properties HK$'000	Translation reserve HK$'000	Goodwill reserve HK$'000	Special reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2005	99,942	633,908	64,126	2,869	(135,913)	9,800	738,671	1,413,403	396,654	1,810,057
Surplus on revaluation of properties	–	–	25,365	–	–	–	–	25,365	–	25,365
Deferred tax liability arising on revaluation of properties	–	–	(1,309)	–	–	–	–	(1,309)	–	(1,309)
Exchange differences arising on translation of foreign operations	–	–	–	(4,439)	–	–	–	(4,439)	(1,301)	(5,740)
Net income (expense) recognised directly in equity	–	–	24,056	(4,439)	–	–	–	19,617	(1,301)	18,316
Profit for the year	–	–	–	–	–	–	183,058	183,058	367,146	550,204
Total recognised income and expense for the year	–	–	24,056	(4,439)	–	–	183,058	202,675	365,845	568,520
Acquisition for subsidiaries	–	–	–	–	–	–	–	–	11,487	11,487
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	(22,418)	(22,418)
Consolidation of former jointly-controlled entities	–	–	–	–	–	–	–	–	135,959	135,959
Proceeds from shares issued by a subsidiary	–	–	–	–	–	–	–	–	355,977	355,977
Gain on dilution of interests in a subsidiary	–	–	–	–	–	–	–	–	(220,041)	(220,041)
Loss on deemed disposal of interest in a subsidiary	–	–	–	–	–	–	–	–	12,729	12,729
Dividends paid	–	–	–	–	–	–	(54,187)	(54,187)	(17,540)	(71,727)
Shares issued at premium	1,644	17,099	–	–	–	–	–	18,743	–	18,743
Transaction costs attributable to issue of new shares	–	(235)	–	–	–	–	–	(235)	–	(235)
At 31 March 2006	101,586	650,772	88,182	(1,570)	(135,913)	9,800	867,542	1,580,399	1,018,652	2,599,051

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Revaluation reserve – properties HK$'000	Translation reserve HK$'000	Goodwill reserve HK$'000	Special reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 31 March 2006	101,586	650,772	88,182	(1,570)	(135,913)	9,800	867,542	1,580,399	1,018,652	2,599,051
Surplus on revaluation of properties	–	–	45,283	–	–	–	–	45,283	1,692	46,975
Deferred tax liability arising on revaluation of properties	–	–	(7,336)	–	–	–	–	(7,336)	–	(7,336)
Realised on disposal of a property	–	–	(6,843)	–	–	–	6,843	–	–	–
Exchange differences arising on translation of foreign operations	–	–	–	15,542	–	–	–	15,542	(1,254)	14,288
Net income recognised directly in equity	–	–	31,104	15,542	–	–	6,843	53,489	438	53,927
Profit for the year	–	–	–	–	–	–	310,773	310,773	682,525	993,298
Total recognised income and expense for the year	–	–	31,104	15,542	–	–	317,616	364,262	682,963	1,047,225
Proceeds from shares issued by a subsidiary	–	–	–	–	–	–	–	–	568,934	568,934
Gain on dilution of interests in a subsidiary	–	–	–	–	–	–	–	–	(385,063)	(385,063)
Dividends paid	–	–	–	–	–	–	(62,490)	(62,490)	(126,267)	(188,757)
Shares issued at premium	18,587	241,628	–	–	–	–	–	260,215	–	260,215
At 31 March 2007	**120,173**	**892,400**	**119,286**	**13,972**	**(135,913)**	**9,800**	**1,122,668**	**2,142,386**	**1,759,219**	**3,901,605**

The retained profits of the Group include losses of HK$454,000 (2006: losses of HK$830,000) and a profit of HK$8,050,000 (2006: loss of HK$609,000) attributable to associates and a jointly-controlled entity of the Group, respectively.

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

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	2007 HK$'000	2006 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	1,012,574	564,490
Adjustments for:		
Interest income	(79,643)	(29,413)
Interest expense	357,258	204,220
Amortisation of deferred charter hire	123,890	54,417
Share of results of associates	(376)	378
Amortisation of prepaid lease payments	281	280
Depreciation of property, plant and equipment	101,576	51,705
Impairment loss on property, plant and equipment	–	6,162
Impairment loss on goodwill	–	13,355
Allowance for amounts due from associates	8,000	574
Revaluation decrease on revaluation of land and buildings	1,885	1,610
Fair value changes on investment properties	(6,524)	(4,188)
Loss on deemed disposal of interests in subsidiaries	–	12,729
Gain on dilution of interests in subsidiaries	(385,063)	(220,041)
(Gain) loss on disposal of property, plant and equipment	(1,978)	793
Loss on disposal of a subsidiary	29	–
Statutory employees' profit share	6,749	–
Operating cash flows before movements in working capital	1,138,658	657,071
Decrease (increase) in inventories	41,030	(508,595)
Increase in trade, bills and other receivables	(660,780)	(465,485)
Decrease in trade receivables with insurance coverage	36,701	61,530
Decrease (increase) in trade receivables with associates	10,496	(52,610)
(Increase) decrease in advances to suppliers	(18,605)	31,386
Decrease (increase) in amounts due from associates	212	(14,791)
(Increase) decrease in amount due from a jointly-controlled entity	(552)	41,241
Increase (decrease) in trade and other payables	181,538	(335,033)
Decrease in amount due to associates	(942)	(16)
Cash from (used in) operations	727,756	(585,302)
Tax paid	(10,723)	(5,405)
Interest paid	(316,379)	(169,223)
Net cash from (used in) operations	400,654	(759,930)

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	NOTES	2007 HK$'000	2006 HK$'000
INVESTING ACTIVITIES			
Interest received		79,643	29,413
Proceed on disposal of investment properties		–	5,500
Proceed on disposal of property, plant and equipment		28,848	953
Addition to property, plant and equipment		(364,212)	(161,218)
Addition to prepaid lease payments		(4,256)	(1,225)
Addition to investment properties		–	(1,212)
Deposit paid for acquisition of property		(21,345)	–
Payment of charter hire		(1,419,600)	(390,000)
Purchase of fishing permits		(26,420)	–
Purchase of club membership		(1,200)	–
Decrease in pledged deposits		1,477	12,056
Loan to a jointly controlled entity		–	(11,050)
Loan receivables		–	(33,163)
Proceeds from shares issued by a subsidiary		568,934	355,977
Acquisition of additional interest of a subsidiary		–	(26,490)
Acquisition of subsidiaries	43	(930,257)	(8,048)
Cash inflow arising on consolidation of former jointly-controlled entity	44	–	78,888
Acquisition of a jointly-controlled entity	45	–	(31,682)
Disposal of a subsidiary	46	(59)	–
Net cash used in investing activities		(2,088,447)	(181,301)
FINANCING ACTIVITIES			
Proceeds from issuing senior notes		1,685,134	–
Issue of ordinary share capital		260,215	18,743
Share issue expenses		–	(235)
Dividend paid to minority shareholders		(126,267)	(17,540)
Dividend paid		(62,490)	(54,187)
Repayments of obligations under finance leases		(1,095)	–
Mortgage loans raised		47,131	–
Mortgage loans repaid		(20,659)	(13,477)
Syndicated loans raised		728,000	–
Net bank (repayment) advances drawn on discounted trade receivables with insurance coverage and discounted bills raised		(83,740)	150,961
Net bank borrowings (repaid) raised		(768,680)	889,590
Advance from joint venture partner of a jointly-controlled entity		–	11,050
(Decrease) increase in bank overdrafts		(23,637)	18,189
Net cash from financing activities		1,633,912	1,003,094
Net (decrease) increase in cash and cash equivalent		(53,881)	61,863
Cash and cash equivalent at beginning of the year		337,271	282,442
Effect of foreign exchange rate changes		4,536	(7,034)
Cash and cash equivalent at end of the year		287,926	337,271
Representing:			
Bank balances and cash		287,926	337,271

Notes to the Financial Statements

For the year ended 31 March 2007

1. General

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is N.S. Hong Investment (BVI) Limited ("NSH"), a company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The financial statements are presented in Hong Kong dollars, which is different from the functional currency of the Company, which is United States dollars, as the directors of the Company control and monitor the performance and financial position of the Company by using Hong Kong dollars.

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 55, 56, and 30 respectively.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2007. The adoption of the new HKFRSs had no material effect on how the Group's results and financial positions for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised 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 results and interpretations will have no material impact on the results and financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 23 (Revised)	Borrowing Costs[2]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-INT 8	Scope of HKFRS 2[3]
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment[5]
HK(IFRIC)-INT 11	HKFRS 2 – Group and Treasury Share Transactions[6]
HK(IFRIC)-INT 12	Service Concession Arrangements[7]

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 May 2006
4 Effective for annual periods beginning on or after 1 June 2006
5 Effective for annual periods beginning on or after 1 November 2006
6 Effective for annual periods beginning on or after 1 March 2007
7 Effective for annual periods beginning on or after 1 January 2008

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 entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. Significant Accounting Policies – Continued

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.

Previously capitalised goodwill arising on acquisitions after 1 April 2001 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 is accounted for as goodwill.

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.

3. Significant Accounting Policies – Continued

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of subsidiary (see above).

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.

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.

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

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.

3. Significant Accounting Policies – Continued

Property, plant and equipment

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

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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).

Depreciation is provided to write off the cost or valuation of items of property, plant and equipment other than land and building and construction in progress over their estimated useful lives, after taking into account the residual values, using the straight-line method as follows:

Leasehold land and buildings	25 years or lease term, of shorter
Freehold buildings	33 years
Leasehold improvements	3 – 10 years
Furniture and fixtures	3 years
Office equipment	$2\frac{1}{2}$ – 7 years
Motor vehicles	$2\frac{1}{2}$ – 7 years
Plant and machinery	$2\frac{1}{2}$ – 10 years
Vessels	5 – 17 years
Fishing nets	4 years

3. Significant Accounting Policies – Continued

Property, plant and equipment – Continued

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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 as charter hire expense pro-ratably over the period for which the prepayment is made and the benefits are expected to accrue.

Impairment

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

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

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

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses below).

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

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 consolidated income statement when the asset is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses below).

Impairment

Intangible assets with indefinite useful lives and intangible assets not yet available for use are 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.

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired.

3. Significant Accounting Policies – Continued

Deferred expenditure

Expenses incurred in catching fish and other marine catches during voyages are deferred in the balance sheet and released to the income statement as expenses when the fish and marine catches are sold and revenue is recognized for the sale. Expenses on each voyage are deferred to the extent that there is reasonable probability of recovery from sale of fish and other marine catches from that voyage. When it is probable that the costs incurred or to be incurred on a voyage will exceed the estimated value of the catches, the expected loss is recognised as an expense in the income statement immediately.

The Group pays charter hire fees based on fixed rates and variable rates based on contracted percentages of the operating profit attributable to the vessels procured by counterparties (Note 20). As the fixed portions of charter hire cost are payable during the charter hire period regardless of whether the vessels are deployed (save for certain exceptions during the earlier part of the charter hire), the Group expenses fixed charter hire cost on a time proportionate basis in the income statement and does not include this cost in deferred expenses. Variable charter hire costs are determined when the revenue from the sale of fish and marine products can be determined. Variable charter hire cost is accrued as an expense at the same time when revenue is recognised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are 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

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 receivables, trade, bills and other receivables, trade receivable with insurance coverage, trade receivables from associates amounts due from associates, advances to suppliers, amount due from a jointly-controlled entity and loan to a jointly-controlled entity, pledged deposits and bank balances) 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.

3. Significant Accounting Policies – Continued

Financial instruments – Continued

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 trade and other payables, bank advances and borrowings, amount due to an associate, amount due to a joint venture partner of a jointly-controlled entity, obligations under finance leases and senior notes 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.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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.

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. Taxable profit differs from 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 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 is 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.

3. Significant Accounting Policies – Continued

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 a 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.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined balance sheet as a finance lease obligations. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term 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 when employee have rendered service entitling them to the contributions.

4. 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.

Carrying amount 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 the calculate present value. The directors are of the opinion that goodwill is not impaired. Details of the impairment loss calculated are provided in note 19.

Estimated allowance of doubtful debts

The Group makes allowance for doubtful trade, bills and other receivables where there is objective evidence of impairment. The identification of doubtful debts requires the use of judgment and estimates. 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.

5. Financial Instruments

a. Financial risks management objectives and policies

The Group's major financial instruments include loan to a jointly-controlled entity, loan receivables, other long term receivable, trade, bills and other receivables, trade receivables with insurance coverage, trade receivables from associates, amounts due from associates, amount due from a jointly-controlled entity, pledged deposits, bank balances, trade and other payables, bank advances drawn on discounted trade receivables with insurance coverage and discounted bills, amount due to an associate, obligations under finance leases, bank borrowings and amount due to a joint venture partner of a jointly controlled entity. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties in relation to each class of recognized financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk by geographical locations is mainly in the People's Republic of China ("the PRC"). The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Market risk

Foreign exchange risk

The Group have foreign currency sales and purchases and certain trade receivables, trade payables and bank loans of the Group are denominated in foreign currencies which expose the Group to foreign currency risk. The foreign exchange risk is 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.

Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate bank borrowings. The Group will take action to hedge against any foreseeable interest rate exposure, if necessary.

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings. The Group's treasury policy is in place to monitor and manage its exposure to fluctuation in interest rates.

5. Financial Instruments – Continued

a. Financial risks management objectives and policies – Continued

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on bank borrowings as a significant source of liquidity. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

b. Fair value

The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their corresponding fair values.

6. Turnover and Segment Information

An analysis of the Group's turnover and results by principal activity and geographical market is as follows:

Business segments

In the previous financial year, the Group was organised into five operating divisions, frozen fish, fillets and portions, fishing, shipping services and others. During the year ended 31 March 2007, following the expansion of the Group's fishing and fishmeal/ fish oil operations, the Group reorganised its segment to include all its activities under frozen fish supply chain management ("SCM") which now includes shipping services and sale of frozen seafood products. These divisions are on the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Frozen fish SCM	–	sales of fish and other seafood products and shipping services
Fish fillets processing and distribution	–	selling and processing of frozen seafood products
Fishing	–	income from fishing activities and the production and sale of fishmeal and fish oil
Others	–	trading and processing of frozen vegetables and other operations

6. Turnover and Segment Information – Continued

Business segments – Continued

Segment information about these businesses is presented below.

Year ended 31 March 2007

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing HK$'000	Others HK$'000	Consolidated HK$'000
TURNOVER					
External sales	3,496,749	3,176,678	1,789,342	15,815	8,478,584
RESULT					
Segment result	286,151	147,986	522,074	(4,550)	951,661
Unallocated corporate income					86,167
Unallocated corporate expenses					(53,435)
Gain on dilution of interest in a subsidiary	–	–	385,063	–	385,063
Finance costs					(357,258)
Share of results of associates	861	(485)	–	–	376
Profit before taxation					1,012,574
Taxation					(19,276)
Profit before minority interests					993,298

6. Turnover and Segment Information – Continued

Business segments – Continued

Year ended 31 March 2006

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
TURNOVER						
External sales	2,981,934	2,537,169	620,172	17,722	–	6,156,997
Inter-segment sales	17,956	–	139,160	–	(157,116)	–
Total	2,999,890	2,537,169	759,332	17,722	(157,116)	6,156,997
RESULT						
Segment result	200,469	106,086	275,602	(22,329)	–	559,828
Unallocated corporate income						33,187
Unallocated corporate expenses						(31,239)
Gain on dilution of interest in a subsidiary	–	–	220,041	–	–	220,041
Loss on deemed disposal of interest in a subsidiary	(12,729)	–	–	–	–	(12,729)
Finance costs						(204,220)
Share of results of associates	(310)	(68)	–	–	–	(378)
Profit before taxation						564,490
Taxation						(14,286)
Profit before minority interests						550,204

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

6. Turnover and Segment Information – Continued

Business segments – Continued

2007

BALANCE SHEET AT 31 MARCH 2007

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	2,721,561	2,831,602	4,191,972	63,470	9,808,605
Interests in associates	921	545	–	–	1,466
Unallocated corporate assets					324,930
Total assets					10,135,001
LIABILITIES					
Segment liabilities	284,468	262,900	233,486	2,039	782,893
Unallocated corporate liabilities					5,450,503
Total liabilities					6,233,396

OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2007

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	4,889	266,205	1,908,350	1,249	2,180,693
Depreciation of property, plant and equipment	12,564	45,673	37,020	6,319	101,576
Amortisation of prepaid lease payments	–	281	–	–	281
Amortisation of deferred charter hire	–	–	123,890	–	123,890
Allowance for amounts due from associates	–	8,000	–	–	8,000
Inventories written off	–	469	–	–	469

6. Turnover and Segment Information – Continued

Business segments – Continued

2006

BALANCE SHEET AT 31 MARCH 2006

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	2,374,841	2,434,715	1,194,887	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	19,507	266,266	82,174	2,828	370,775
Unallocated corporate liabilities					3,562,497
Total liabilities					3,933,272

OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2006

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	72,473	138,848	405,081	853	617,255
Depreciation of property, plant and equipment	10,799	36,495	655	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 disposal of property plant and equipment	–	793	–	–	793
Impairment loss on goodwill	–	12,062	–	1,293	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

6. Turnover and Segment Information – Continued

Geographical segments

The Group's operations are located in the PRC, North America, Europe, East Asia, South America and others. During the year ended 31 March 2007, for management reporting purposes, following the expansion of the group's operation in South America, the group merged Western Europe and Eastern Europe into a single geographical segment.

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	
	2007	2006
	HK$'000	HK$'000
PRC	4,149,495	3,069,442
North America	1,677,982	1,204,834
South America	22,626	–
Europe	1,470,105	1,286,501
East Asia	986,466	500,870
Others	171,910	95,350
	8,478,584	6,156,997

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	
	2007	2006	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000
PRC	6,198,207	4,525,549	260,872	91,458
North America	407,679	267,398	3,727	6,209
Europe	1,190,356	1,101,836	1,424,489	460,325
East Asia	332,161	221,364	2,813	58,137
South America	1,633,624	–	488,750	–
Other	46,578	6,998	42	1,126
	9,808,605	6,123,145	2,180,693	617,255

7. Other Income

	2007 HK$'000	2006 HK$'000
Other income comprises of:		
Gross rental income	4,802	3,590
Agency income	6,067	6,254
Fair value changes on investment properties	6,524	4,188
Interest income	79,643	29,413
Exchange gain, net	25,397	3,741
Gain on disposal at property, plant and equipment	1,978	–
Sundry income	7,994	2,783
	132,405	49,969

8. Other Expenses

	2007 HK$'000	2006 HK$'000
Other expenses comprise of:		
Allowance for amount due from an associate	8,000	574
Bad debts written off	–	3,627
Impairment loss on goodwill	–	13,355
Impairment loss on property, plant and equipment	–	6,162
Inventories written off	469	6,093
Loss on disposal of property, plant and equipment	–	793
Revaluation decrease on revaluation of land and buildings	1,885	1,610
Loss on disposal of a subsidiary	29	–
Others	148	636
	10,531	32,850

9. Gain on Dilution of Interest in a Subsidiary

In January 2007, China Fishery Group Limited ("CFGL") issued 29,000,000 new placement shares at S$3.98 (HK$20.12) each. The interest in CFGL, attributable to Pacific Andes (Holdings) Limited ("PAH"), a non-wholly owned subsidiary of the Company was diluted from 31.12% to 28.81% resulting in a gain on dilution of interest in a subsidiary of HK$385,063,000. The gain on dilution of interest in subsidiary for 2006 pertained to the dilution of the Group's interest in CFGL from 36.93% to 31.12% on the Initial Public Offering of CFGL and issue of new shares to the public.

The Group records such gain in the consolidated income statement.

10. Finance Costs

	2007 HK$'000	2006 HK$'000
Interest on bank borrowings		
– wholly repayable within five years	304,869	199,710
– not wholly repayable within five years	7,375	4,234
Interest on advances from third parties	554	276
Interest on finance leases	1,414	–
Interest on senior notes	43,046	–
	357,258	204,220

11. Profit Before Taxation

	2007 HK$'000	2006 HK$'000
Profit before taxation has been arrived at after charging:		
Auditors' remuneration	6,368	4,565
Depreciation of property, plant and equipment	101,576	51,705
Amortisation of prepaid lease payments (included in administrative expenses)	281	280
Cost of inventories	6,830,969	5,085,624
Staff costs	134,203	103,654
Crew wages	178,333	84,056
Retirement benefits scheme contributions	1,423	1,075
Total staff costs excluding directors' remunerations	313,959	188,785
and after crediting:		
Net rental income after outgoings of HK$503,000 (2006: HK$399,000)	4,299	3,191

12. Directors' Emoluments

	Fees	Salaries and other benefits-in-kind -cash	Benefits in-kind	Performance related incentive payment	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2007						
Executive Directors						
Ng Swee Hong	–	125	–	–	–	125
Teh Hong Eng	–	2,108	1,110	600	–	3,818
Ng Joo Siang	–	3,307	1,110	600	126	5,143
Ng Joo Kwee	–	3,701	348	600	126	4,775
Ng Joo Puay, Frank	–	1,640	593	400	84	2,717
Ng Puay Yee	–	1,530	536	400	84	2,550
Cheng Nai Ming	–	2,461	–	900	126	3,487
Independent Non-Executive Directors						
Lew V Robert	240	–	–	–	–	240
Kwok Lam Kwong, Larry	240	–	–	–	–	240
Yeh Man Chun, Kent	240	–	–	–	–	240
	720	14,872	3,697	3,500	546	23,335

12. Directors' Emoluments – Continued

	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
Year ended 31 March 2006						
Executive Directors						
Ng Swee Hong	–	124	–	40	–	164
Teh Hong Eng	–	1,305	1,014	320	–	2,639
Ng Joo Siang	–	2,038	1,014	400	88	3,540
Ng Joo Kwee	–	2,129	324	400	87	2,940
Ng Joo Puay, Frank	–	1,315	459	320	69	2,163
Ng Puay Yee	–	1,267	–	320	69	1,656
Cheng Nai Ming	–	1,855	–	400	87	2,342
Independent Non-Executive Directors						
Lew V Robert	240	–	–	–	–	240
Kwok Lam Kwong, Larry	240	–	–	–	–	240
Yeh Man Chun, Kent	240	–	–	–	–	240
	720	10,033	2,811	2,200	400	16,164

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.

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

The five highest paid individuals of the Group for the years ended 31 March 2007 and 31 March 2006 are all directors of the Company.

13. Taxation

	2007 HK$'000	2006 HK$'000
The charge comprises:		
Profit for the year		
– Hong Kong	7,817	4,910
– other jurisdictions	9,689	7,297
Under(over)provision in prior year		
– Hong Kong	1,282	(1,292)
	18,788	10,915
Deferred taxation (note 39)		
– current year	488	3,371
Tax charge for the year	19,276	14,286

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 jurisdictions.

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.

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

	2007 HK$'000	2006 HK$'000
Profit before taxation	1,012,574	564,490
Tax at Hong Kong Profits Tax rate of 17.5%	177,200	98,786
Tax effect of expenses not deductible	105,892	43,707
Tax effect of income not taxable	(272,231)	(128,901)
Overprovision in respect of prior year	1,282	(1,292)
Tax effect of tax losses not recognised	594	2,868
Utilisation of tax losses previously not recognised	(685)	(5,524)
Tax effect of other deductible temporary differences not recognised	(624)	3,883
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,814	(425)
Tax effect of share of results of associates	(66)	66
Others	5,100	1,118
Tax charge for the year	19,276	14,286

14. Dividend

	2007 HK$'000	2006 HK$'000
Dividends:		
Proposed final dividend of HK4.1 cents (2006: HK5.2 cents) per share	73,872	55,874

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

15. Earnings Per Share

The calculation of the basic and diluted earnings per share for the two years ended 31 March 2007 are based on the following data:

	2007 HK$'000	2006 HK$'000
Earnings for the purposes of calculation of basic and diluted earnings per share	310,773	183,058
Weighted average number of ordinary shares for the purposes of calculation of basic earnings per share	1,151,820,119	1,002,744,584
Effect of dilutive potential ordinary shares in respect of		
– warrants	8,821,207	1,602,534
– share options	–	1,117,205
Weighted average number of ordinary shares for the purposes of calculation of diluted earnings per share	1,160,641,326	1,005,464,323

16. Property, Plant and Equipment

	Leasehold Land and buildings	Freehold land	Freehold building	Leasehold improve-ments	Furniture and fixtures	Office equipment	Motor vehicles	Plant and machinery	Vessels	Fishing nets	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST OR VALUATION												
At 1 April 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 consolidation 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	9,650	–	–	–	–	–	–	–	–	–	–	9,650
Exchange realignment	–	–	–	260	(105)	238	207	1,375	–	–	282	2,257
At 31 March 2006	370,591	–	–	43,441	18,680	56,341	30,478	140,862	115,011	–	32,607	808,011
Additions	44,449	–	14,998	13,380	4,138	15,200	8,329	29,136	45,207	2,516	186,859	364,212
Acquisition of subsidiaries	–	18,893	72,615	–	295	2,590	1,449	344,861	242,302	17,556	3,835	704,396
Transfer	3,588	–	809	788	57	(408)	(165)	4,461	–	–	(9,130)	–
Disposals	(25,700)	–	–	(139)	(4,304)	(36)	(517)	(2,032)	–	–	–	(32,728)
Transfer to investment properties	(3,430)	–	–	–	–	–	–	–	–	–	–	(3,430)
Transfer from prepaid lease payments	–	–	–	–	–	–	–	–	–	–	562	562
Surplus on revaluation	28,214	–	–	–	–	–	–	–	–	–	–	28,214
Exchange realignment	2,791	–	–	791	26	680	674	2,818	–	–	1,497	9,277
At 31 March 2007	420,503	18,893	88,422	58,261	18,892	74,367	40,248	520,106	402,520	20,072	216,230	1,878,514
Comprising:												
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
At cost	–	18,893	88,422	58,261	18,892	74,367	40,248	520,106	402,520	20,072	216,230	1,458,011
At valuation – 2007	420,503	–	–	–	–	–	–	–	–	–	–	420,503
	420,503	18,893	88,422	58,261	18,892	74,367	40,248	520,106	402,520	20,072	216,230	1,878,514

16. Property, Plant and Equipment – Continued

	Leasehold Land and buildings HK$'000	Freehold land HK$'000	Freehold building HK$'000	Leasehold improve-ments HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Vessels HK$'000	Fishing nets HK$'000	Construction in progress HK$'000	Total HK$'000
DEPRECIATION AND IMPAIRMENT												
At 1 April 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 consolidation 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
At 31 March 2006	–	–	–	20,202	14,810	35,566	23,741	89,130	46,357	–	–	229,806
Provided for the year	17,295	–	1,289	9,076	3,079	9,199	3,572	31,632	23,787	2,647	–	101,576
Eliminated on disposals	(428)	–	–	(124)	(4,126)	(36)	(441)	(703)	–	–	–	(5,858)
Adjustment on revaluation	(16,876)	–	–	–	–	–	–	–	–	–	–	(16,876)
Exchange realignment	9	–	–	366	21	503	562	1,933	–	–	–	3,394
At 31 March 2007	–	–	1,289	29,520	13,784	45,232	27,434	121,992	70,144	2,647	–	312,042
CARRYING VALUES												
At 31 March 2007	420,503	18,893	87,133	28,741	5,108	29,135	12,814	398,114	332,376	17,425	216,230	1,566,472
At 31 March 2006	370,591	–	–	23,239	3,870	20,775	6,737	51,732	68,654	–	32,607	578,205

The carrying amount of the Group's property, plant and equipment include an amount of HK$209,058,000 in respect of assets held under finance leases.

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

	2007 HK$'000	2006 HK$'000
Land in Hong Kong held under long leases	334,898	286,068
Land outside Hong Kong held under medium-term leases	85,605	84,523
	420,503	370,591

The leasehold land and buildings of the Group in Hong Kong and the PRC were revalued at 31 March 2007 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$45,090,000 (2006: HK$23,755,000) in which HK$46,975,000 (2006: HK$25,365,000) have been credited to asset revaluation reserve and HK$1,885,000 (2006: HK$1,610,000) have been charged to income statement.

16. Property, Plant and Equipment – Continued

Certain land and buildings have been pledged to secure mortgage loans of the Group.

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	358,722
Accumulated depreciation	(67,474)
Carrying value	
At 31 March 2007	291,248
At 31 March 2006	273,181

In 2006, the Group carried out a review of the recoverable amounts of its vegetable processing plant and equipment consequent to the Group's reducing 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$6,162,000 that has been recognised in the income statement.

In 2006, 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 ended 31 March 2006.

17. Investment Properties

	2007 HK$'000	2006 HK$'000
FAIR VALUE		
At beginning of the year	104,835	90,700
Exchange realignment	3,340	–
Acquisition of a jointly-controlled entity	–	30,775
Additions	–	1,212
Disposals	–	(5,500)
Increase in fair value recognised to income statement	6,524	4,188
Transferred from (to) property, plant and equipment	3,430	(16,540)
At end of the year	118,129	104,835

(a) The Group's property interests of approximately HK$118,129,000 (2006: HK$104,835,000) 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.

17. Investment Properties – Continued

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

	2007 HK$'000	2006 HK$'000
Land in Hong Kong held under long leases	35,300	30,000
Land outside Hong Kong held under medium-term leases	6,050	8,100
Land outside Hong Kong held under long leases	76,779	66,735
	118,129	104,835

(c) The investment properties of the Group were revalued at 31 March 2007 on an open market value basis by BMI Appraisals Limited, an independent property valuer. BMI Appraisals Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to the Hong Kong Institute of Surveyors Valuation Standards on Properties (1st Edition) published by the Hong Kong Institute of Surveyors was based on rental yield. The revaluation gave rise to a revaluation increase of HK$6,524,000 (2006: HK$4,188,000) which has been credited to income statement.

18. Prepaid Lease Payments

	2007 HK$'000	2006 HK$'000
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong:		
Medium-term lease	32,995	28,746
Analysed for reporting purposes as:		
Non-current asset	32,153	28,039
Current asset (included in trade, bills and other receivable in note 26)	842	707
	32,995	28,746

19. Goodwill

	HK$'000
GROSS AMOUNT	
At 1 April 2005	120,189
Arising on the acquisition of subsidiaries (note 43)	12,460
Arising on the acquisition of a jointly-controlled entity (note 45)	497
Arising on the acquisition of additional interest in a subsidiary	9,709
At 31 March 2006	142,855
Arising on the acquisition of subsidiaries (note 43)	369,261
At 31 March 2007	512,116
IMPAIRMENT	
Impairment loss recognised in the year ended 31 March 2006 and balance at 31 March 2006 and 31 March 2007	(13,355)
CARRYING AMOUNTS	
At 31 March 2007	498,761
At 31 March 2006	129,500

During the year ended 31 March 2006, 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 has 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 2007 allocated to the units as follows:

	HK$'000
Frozen fish SCM operation – PAH	13,245
Fish fillets processing and distribution operation – National Fish and Seafood Inc.	15,594
Pacific Ocean fishing operation – China Fisheries International Limited ("CFIL")	100,661
Peruvian fishing and fishmeal operations – CFG Investment S.A.C.	369,261
	498,761

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.

19. Goodwill – Continued

That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discount rate of 19.2% to 20% (2006: ranged from 6.97% to 7.38%) for these CGUs. The 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 2007, 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 to fifthteen years. Subsequent to the impairment review, the directors determined that there are impairments on the goodwill of any of its CGUs containing goodwill.

During the year ended 31 March 2006, 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 CGU of others - rental was fully written off as at year end. 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.

During the year ended 31 March 2006, 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. During the year ended 31 March 2006, 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.

The assessment of recoverability of the carrying amount of goodwill includes:

(i) forecast projected cash flows up to 2011 and projection of terminal value using the perpetuity method;

(ii) growth rate of 2%; and

(iii) use of 19.2% to discount the projected cash flows to net present values.

20. Deferred Charter Hire

	2007 HK$'000	2006 HK$'000
Deferred charter hire expense	2,224,560	804,960
Less: accumulated amortisation	(216,320)	(92,430)
	2,008,240	712,530
Included as current assets in trade, bills and other receivables (note 26)	(172,640)	(107,640)
Included as non-current assets	1,835,600	604,890
Cost:		
At beginning of year	804,960	214,928
Consolidation of a former jointly-controlled entity	–	200,032
Additions during the year	1,419,600	390,000
At end of year	2,224,560	804,960
Accumulated amortisation:		
At beginning of year	92,430	16,566
Consolidation of a former jointly-controlled entity	–	21,447
Amortisation during the year	123,890	54,417
At end of year	216,320	92,430

A subsidiary, CFIL, entered into vessel operating agreements ("VOA") with two companies (collectively known as "Arrangers") for 10 to 18 years (2006: 10 years) to prepay fixed charter hire for 17 vessels (2006: 14 vessels) together with the allocated fish quotas. 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 vessel operating agreements.

If an event of default occurs, CFIL shall, pursuant to the terms of the Charges and the Debentures, 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.

21. Interests in Associates

	2007 HK$'000	2006 HK$'000
Cost of investments - unlisted	1,920	1,920
Share of post-acquisition results	(454)	(830)
	1,466	1,090

Particulars of the Group's principal associates as at 31 March 2007 are set out in note 56.

The summarised financial information in respect of the Group's associates is set out below:

	2007 HK$'000	2006 HK$'000
Total assets	128,791	136,806
Total liabilities	(120,485)	(132,546)
Net assets	8,306	4,260
Group's share of associates' net assets	1,466	1,090
Revenue	552,183	547,322
Profit (loss) for the year	1,882	(1,865)
Group's share of result of associates for the year	376	(378)

22. 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.

23. Loan Receivables

Loans to third parties are unsecured, bear interest at 29.2% per annum and are repayable on 31 December 2007. Accordingly, the amount has been reclassified to current assets during the year.

24. Other Intangible Assets

	Fishing permits HK$'000	Club memberships HK$'000	Total HK$'000
Cost:			
At 1 April 2005 and 31 March 2006	–	22,763	22,763
From acquisition of subsidiaries (Note 43)	226,613	–	226,613
Additions	26,420	1,200	27,620
At 31 March 2007	253,033	23,963	276,996

Fishing permits are granted by the relevant authority in Peru. The fishing permits are attached to fishing vessels and are transferable to other vessels of no bigger capacity should the original vessels become obsolete or sink. The cost of purchase of a fishing vessel with the attached fishing permit and the cost of acquiring the subsidiary which owns the fishing vessels and attached fishing permits (Note 43) are allocated to the respective component of assets acquired on the basis of valuation reports dated 2 November 2006 and 10 November 2006 prepared by an independent third party valuer in Peru, Invalsa Ingenieriay Valuaciones S. A. and 15 February 2007 prepared by Peritos de Seguros S.A.C., independent third party valuers in Peru.

Management has obtained legal advice that the fishing permits do not have a finite term and remain in full force and good standing as long as the applicable legal requirements are complied with. Accordingly, the cost of fishing permits are not amortised. As stated in Note 19, the Group has engaged an independent financial advisor located in Peru to determine the value of the businesses acquired in Peru. Based on that report, and management's assessment of business prospects, management expects the carrying amount of fishing permits to be recoverable and there is no impairment in value of the fishing permits.

Club memberships have infinite life and are not amortised.

For the purpose of impairing testing, the recoverable amounts of the fishing permits are determined based on the estimation of the value in use of the fishing permits. The estimated cashflows for 5 years are discounted at 19.2% to calculate the present value. Key assumptions for the value in use calculations are on catch quantities, prices of catch and operating cost after considering efficiencies that can be achieved when the operations become part of the Group's larger operations. Based on these evaluations, management is of the view that the recoverable amounts of the fishing permits exceed their carrying amounts.

25. Inventories

	2007 HK$'000	2006 HK$'000
Inventories, at cost, consists of the following:		
Frozen fish	1,398,147	1,510,241
Fillets and portions	386,590	434,864
Fishmeal	83,380	–
Supplies	12,904	–
Fuel	21,158	1,767
Packing materials	25,400	3,668
Seeds and vegetables	–	925
	1,927,579	1,951,465

26. Trade, Bills and Other Receivables

	2007 HK$'000	2006 HK$'000
Trade receivables	1,528,073	1,355,559
Bills receivables	70,405	107,618
Current portion of prepaid lease payments (note 18)	842	707
Current portion of deferred charter hire (note 20)	172,640	107,640
Arrangers	108,697	126,649
Deferred expenditure	118,032	45,024
Prepayments for fish	894,390	481,630
Other receivables	269,013	104,854
	3,162,092	2,329,681

The balance with Arrangers represents advance payments of variable charter hire under the vessel operating agreements for the Group's fishing operations in the North Pacific Ocean. This is stated net of amounts payable to vessels owners in respect of payments made by the vessels owners on behalf of the Group. This offset has been effected on the basis of arrangement amongst members of the Group, the vessel owners and the Arrangers. The amount is interest-free and is covered by the security arrangements as disclosed in Note 20.

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:

	2007 HK$'000	2006 HK$'000
Less than 30 days	954,138	518,420
31 – 60 days	358,598	367,987
61 – 90 days	138,023	384,081
91 – 120 days	80,315	192,689
Over 120 days	67,404	–
	1,598,478	1,463,177

Included in the bills receivables are amounts of HK$68,632,000 (2006: HK$107,210,000) in respect of bills discounted to certain banks under the receivable discounting advance facilities.

The Group's trade, bills and other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	2007 HK$'000	2006 HK$'000
United States dollars	3,647	3,016
Chinese Renminbi	1,769	18,090
Euro	68	–
Peruvian Nuevo Soles	82,957	–
Singapore dollars	3,673	161
Hong Kong dollars	3,503	176

27. Trade Receivables with Insurance Coverage

Included in the trade receivables with insurance coverage are discounted trade receivables of HK$213,044,000 (2006: HK$231,858,000) and factored trade receivable of HK$3,148,000 (2006: HK$21,035,000) 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 and discounted bills carried an average effective interest rate of approximately 7.50% (2006: 7.38%) 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:

	2007 HK$'000	2006 HK$'000
Less than 30 days	116,525	168,711
31 – 60 days	89,012	62,710
61 – 90 days	5,425	20,793
91 – 120 days	2,736	524
Over 120 days	2,494	155
	216,192	252,893

The Group's trade receivables with insurance coverage that are not denominated in the functional currencies of the respective entities are as follows:

	2007 HK$'000	2006 HK$'000
United States dollars	–	88
Euro	1,521	–
British pounds	3,490	1,864

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

The amounts due from/to associates are unsecured, interest-free and are repayable on demand and the directors expect to recover these amounts within twelve 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 receivables from associates at balance sheet date are all less than 30 days for both years.

29. Advances to Suppliers

The Group's advances to suppliers were unsecured, interest-free and repayable on demand. Except for an amount of HK$15,600,000 (2006: nil) which was carrying interest at 10% per annum and compound monthly, the remaining advances were interest free.

30. 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 details of the jointly-controlled entity are as follows:

Name of jointly-controlled entity	Principal activities/Country of incorporation/Place of business	Effective equity interest held by group	
		2007	2006
Able Team Investments Limited ("Able Team")	Property holding/Hong Kong/Russia	33.3%	33.3%
China Fisheries International Limited ("CFIL")	Operation of fishing vessels and sales of fish and other marine catches/ Samoa/Worldwide	–	– (note b)

Notes:

(a) The Group incorporated a jointly-controlled entity with 33.3% equity interest in Able Team during the year ended 31 March 2006. 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.

	2007 HK$'000	2006 HK$'000
Non-current assets	68,279	32,124
Current assets	2,120	6,762
Current liabilities	(3,426)	(6,142)
Non-current liabilities	(41,410)	(16,575)
Net assets	25,563	16,169
Turnover	8,910	4,238
Cost of sales and operating expenses	(5,414)	(2,854)
Other income	12,337	–
Finance costs	(2,742)	–
Profit before taxation	13,091	1,384
Taxation	(6,104)	(322)
Profit for the year	6,987	1,062

(b) In conjunction with the listing of CFIL, CFIL were restructured in an exercise where a new holding company, CFGL was set up to acquire the entire issued share capital of CFIL and CFGL 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 CFGL.

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

Upon the listing of CFGL with new shares issued to the public on 24 January 2006, the Group's beneficial interest in the issued shares of CFGL was diluted and resulted in a gain on dilution of interest of HK$220,041,000 which has been recognised in the consolidated income statement for the year ended 31 March 2006.

(c) As mentioned in note (b) 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 a result of proportionate consolidation of the jointly-controlled entity. The results of the jointly-controlled entity have been proportionately accounted for since 12 July 2004, the effective date of acquisition of joint control, and ceased on 30 June 2005, the effective date CFIL became a subsidiary of the Company.

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

	2006 HK$'000
Non-current assets	158,779
Current assets	154,152
Current liabilities	(26,900)
Non-current liabilities	(150,072)
Net assets	135,959
Turnover	88,864
Cost of sales and operating expenses	(65,771)
Profit before taxation	23,093
Taxation	–
Profit for the year	23,093

31. 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 1.85% to 2.80% (2006: 0.25% to 2.75%) per annum.

32. Bank Balances and Cash

Bank balances and cash comprises cash held by the Group.

The interest rates on cash placed with financial institutions ranged from Nil% to 3.00% (2006: 0.25% to 2.75%) per annum.

Included in bank balances and cash is an amount of HK$6,169,000 placed in an escrow account. The escrow account is held in the name of a subsidiary in connection with the acquisition of Pesquera Isla Blanca S.A. and its subsidiaries in December 2006. This amount can be applied against contingent costs arising from events occurring prior to or existing as at the date of acquisition and is claimable within a period of twelve months from the date of acquisition. The cost of acquisition includes this amount and a liability for this amount is included in other payables.

The Group's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	2007 HK$'000	2006 HK$'000
United States dollars	32,102	11,431
Chinese Renminbi	162	63
Euro	1,034	456
Hong Kong dollars	857	955
Peruvian Nuevo Soles	337	–

33. Trade and Other Payables

Included in trade and other payables are trade payables of HK$510,010,000 (2006: HK$226,405,000). The age analysis of trade payables at the balance sheet date is as follows:

	2007 HK$'000	2006 HK$'000
Less than 30 days	178,494	107,980
31 – 60 days	20,785	19,859
61 – 90 days	282,830	66,465
Over 90 days	27,901	32,101
	510,010	226,405

The Group's trade and other payables that are not denominated in the functional currencies of the respective entities are as follows:

	2007 HK$'000	2006 HK$'000
United States dollars	527	1,035
Chinese Renminbi	1,492	1,641
Euro	1,714	581
Hong Kong dollars	1,401	2,905
Peruvian Nuevo Soles	70,218	–
Singapore dollars	–	4,578

34. Obligation under Finance Leases

	Minimum lease payments 2007 HK$'000	Minimum lease payments 2006 HK$'000	Present value of minimum lease payments 2007 HK$'000	Present value of minimum lease payments 2006 HK$'000
Amounts payable under finance leases:				
Within one year	21,048	–	17,970	–
In more than one year but not more than two years	14,348	–	12,439	–
In more than two years but not more than three years	9,439	–	8,340	–
In more than three years but not more than four years	7,889	–	7,411	–
In more than four years but not more than five years	3,852	–	3,804	–
	56,576	–	49,964	–
Less: future finance charges	(6,612)	–	–	–
Present value of lease obligations	49,964	–	49,964	–
Less: Amount due within one year shown under current liabilities			(17,970)	–
Amount due after one year			31,994	–

For the year ended 31 March 2007, the effective borrowing rate ranged from 7.75% to 11.50% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All financial lease obligations that are denominated in United States dollars.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (note 16).

35. Bank Borrowings

	2007 HK$'000	2006 HK$'000
Bank borrowings comprise:		
Trust receipt and bank loans	2,218,447	2,420,266
Inventory loans	–	530,863
Other term loans	–	11,662
Syndicated loans	728,000	–
Mortgage loans	110,229	83,757
Bank overdrafts	3,659	27,296
	3,060,335	3,073,844
Less: upfront fee of syndicated loans	(20,686)	–
	3,039,649	3,073,844
Analysed as:		
Secured	1,116,002	700,924
Unsecured	1,923,647	2,372,920
	3,039,649	3,073,844
The maturity of bank borrowings is as follows:		
Within one year	1,989,245	2,865,340
In the second year	346,053	149,001
In the third year	338,053	12,662
In the fourth year	235,970	13,034
In the fifth year	105,169	13,449
Over five years	25,159	20,358
	3,039,649	3,073,844
Amount due within one year shown under current liabilities	(1,989,245)	(2,865,340)
Amount due after one year	1,050,404	208,504

35. Bank Borrowings – Continued

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2007	2006
Effective interest rate:		
Fixed-rate borrowings	7.10% to 18.00%	–
Variable-rate borrowings	2.18% to 14.00%	5.96% to 7.76%

The mortgage loans bear interest at 2.25% below the Hong Kong Dollar Prime lending rate in Hong Kong and are repriced on a monthly basis. Short-term bank borrowings amounting to HK$64,916,000 (2006: Nil) bear interest at 6 months London Interbank Offer Rate plus 1.52% per annum and are secured over the Group's inventories (Note 25). The remaining borrowings are unsecured and bear interest at variable rates ranging from 2.18% to 14.00% (2006: 5.96% to 7.76%) per annum and repriced quarterly to semi-annually.

The Group has signed an agreement with a group of 20 international and local banks for a syndicated loan of US$160 million (approximately HK$1.25 billion). The syndicated loans, comprising two tranches, has a tenure of 4 years (US$100 million (approximately HK$780 million)) and 5 years (US$60 million (approximately HK$468 million), which carries an annual interest margin of London Interbank Offer Rate plus 1.5% per annum and London Interbank Offer Rate plus 1.45% per annum respectively, are secured over the shares of certain subsidiaries of the Group. At 31 March 2007, the Group had drawn down the first tranche of syndicated loans.

The Group's bank borrowings that are not denominated in the functional currencies of the respective entities are as follows:

	2007 HK$'000	2006 HK$'000
United States dollars	140,400	217,761

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.

36. 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.

37. Statutory Employees' Profit Share

In accordance with Peruvian labour laws, employees of the Group's Peruvian subsidiaries are entitled to 10% share of the taxable profit of the Peruvian subsidiaries. The movements of the balance during the year are as follows:

	2007 HK$'000	2006 HK$'000
Arising on acquisition of subsidiaries	45,530	–
Charge to income statement	6,749	–
Balance at end of year	52,279	–
Less: Current portion (included in trade and other payables)	(2,037)	–
Non-current portion	50,242	–

38. Senior Notes

On 19 December 2006, the Group, through its subsidiary, CFG Investment S.A.C., issued guaranteed senior fixed rate notes with aggregate nominal value of US$225,000,000 (the "Notes") which carry fixed interest of 9.25% per annum and will be fully repayable by 19 December 2013.

The Notes are listed on the Singapore Exchange Securities Trading Limited. They are unsecured and guaranteed by CFGL and certain subsidiaries of CFGL. The guarantees are effectively subordinated to secured obligations of each guarantor, to the extent of the value of assets serving as security.

At any time prior to 19 December 2010, CFG Investment S.A.C. may redeem the Notes in whole or in part at the principal amount of the Notes plus an applicable premium and accrued interest provided that any partial redemption shall not result in less than US$100 million of outstanding Notes. At any time prior to and up to 19 December 2009, CFG Investment S.A.C. may redeem up to 35% of the Notes, with net cash proceeds from issue of ordinary shares of CFGL or sale of ordinary shares of CFG Investment S.A.C., at the redemption price equal to 109.25% of the principal amount of the Notes plus accrued and unpaid interests, if any, as of the redemption date.

As the risk and characteristics of the early redemption option are not closely related to the host contract. It is separately accounted for as financial derivatives and measured at fair value with changes in fair value recognised in profit and loss. The directors consider that the fair value of the redemption option is immaterial as at 31 March 2007.

The Notes contain certain covenants that limit CFGL's ability and the ability of certain subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred shares;
- declare dividends or purchase or redeem shares;
- make investments or other specified restricted payments;
- issue or sell shares of certain subsidiaries;
- sell assets or create any lien; and
- enter into sale and leaseback transactions.

The effective interest rates (after the consideration of issuing expenses of HK$69,865,000) on the Group's borrowing is 9.26%.

Management considers that the carrying amount of the Notes approximates their fair value at the end of the financial year as the interest charged approximates the market rate at the end of the financial year.

39. 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 HK$'000	Revaluation of properties HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 April 2005	3,368	26,004	(7,546)	–	21,826
Charge (credit) to income statement for the year	3,120	990	(739)	–	3,371
Charge to asset revaluation reserve	–	1,309	–	–	1,309
Exchange differences	(16)	–	–	–	(16)
At 31 March 2006	6,472	28,303	(8,285)	–	26,490
Acquisitions of subsidiaries	169,422	–	–	–	169,422
Charge (credit) to income statement for the year	9,510	1,484	(4,145)	(6,361)	488
Charge to asset revaluation reserve	–	7,336	–	–	7,336
Exchange differences	–	307	–	–	307
At 31 March 2007	185,404	37,430	(12,430)	(6,361)	204,043

At the balance sheet date, the Group has unutilised estimated tax losses of HK$149,156,000 (2006: HK$125,145,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$68,292,000 (2006: HK$47,344,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$80,864,000 (2006: HK$77,801,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$129,454,000 (2006: HK$22,966,000) that will gradually expire until 2011. During the year, unutilised tax losses of HK$7,108,000 (2006: 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$23,489,000 (2006: HK$27,052,000). 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.

40. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 31 March 2006	2,000,000,000	200,000
Increase on 7 September 2006	2,000,000,000	200,000
At 31 March 2007	4,000,000,000	400,000
Issued and fully paid:		
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
Exercise of warrants	185,868,069	18,587
At 31 March 2007	1,201,727,753	120,173

41. Share Option Scheme and Share Award Plan

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.

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.

41. Share Option Scheme and Share Award Plan – Continued

At 31 March 2007, the following options to subscribe for shares were outstanding under the Company's share option scheme:

2007

Category 1 and 2: Directors and employees

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

No share option was granted by the Company during the year ended 31 March 2007.

2006

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

Category 1: Directors

				Number of share options held		
Exercisable period	Vesting period	Date of grant	Subscription price per share HK$	Outstanding of 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.

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 expire 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.

41. Share Option Scheme and Share Award Plan – Continued

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.

Share award scheme

The Company adopted a share award plan ("Plan") on 28 October 2006 for the benefit of the directors and the employees of the Group.

The Plan is administered by the Remuneration Committee of the Company, currently comprising Lew V Robert, Kwok Lam Kwong, Larry, Yeh Man Chun, Kent, Ng Joo Siang and Ng Joo Puay, Frank.

The Remuneration Committee may determine in its sole discretion to grant shares to participants of the Plan. The shares will be vested only after satisfactory completion of time based targets and/or time-and-performance-based targets and shall not be more than 10 years from the date of the grant of the shares. Upon vesting, the participant may receive any or a combination of the following:

(a) new ordinary shares credited as fully paid up;
(b) existing shares repurchased from open market; and
(c) cash equivalent value of such shares.

No share has been granted to participants under the Plan as at 31 March 2007.

The aggregate number of ordinary shares which may be issued under the Plan shall not exceed 5% of the issued share capital of the Company from time to time.

42. Warrants

	2006 Warrants Warrants with subscription price of HK$1.40	
	Number	HK$'000
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
Exercised during the year	(185,868,069)	(260,215)
Lapsed during the year	(1,577,852)	(2,209)
Balance in issue at 31 March 2007	–	–

42. Warrants – Continued

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.

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, 185,868,069 (2006: 12,434,127) 2006 Warrants were exercised to subscribe for ordinary shares. At 31 March 2007, the Company had no outstanding (2006: 187,445,921) 2006 Warrants outstanding).

43. Acquisition of Subsidiaries

During the year ended 31 March 2007, the Group acquired following subsidiaries and accounted for these acquisitions using the purchase method of accounting:

Subsidiaries incorporated in Peru	Date of acquisition
Procesadora del Carmen S.A. (note a & b)	4 May 2006
Alexandra S.A.C. (note a & b)	26 October 2006
Pesquera Victor S.A.C. (note a)	26 October 2006
Empresa Pesquera Flor llo S.R.L. (note a)	26 October 2006
Pesquera Isla Blanca S.A. (note b)	22 December 2006
Negociacion Pesquera Continental S.A.C. (note b)	22 December 2006
Yaviza S.A.C. (note b)	14 March 2007

Subsidiary incorporated in Panama	Date of acquisition
Skatfeld Overseas Inc. (note b)	22 December 2006
Grenadine Bay Inc. (note b)	14 March 2007

Subsidiaries incorporated in British Virgin Islands	Date of acquisition
Hills Cosmos International Ltd. (note c)	4 January 2007
Ocean Export International Ltd. (note c)	24 January 2007

The Group currently operates and manages 23 fishing vessels and four fishmeal processing plants in the Pacific Ocean with a total tonnage of approximately 104,641 gross tons in Peru acquired from May 2006 to March 2007 and through the acquisition of the above subsidiaries. The directors believe that the acquisition will generate substantial cost saving and profit margin enhancement which offers short term and mid-term opportunities and commercial benefits to the Group as a whole.

43. Acquisition of Subsidiaries – Continued

During the year ended 31 March 2007, the net assets acquired in the transaction, and the goodwill arising are as follows:

	Acquirees' carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Property, plant and equipment	335,050	369,346	704,396
Fishing permits	–	226,613	226,613
Inventories	17,144	–	17,144
Trade, bills and other receivables	106,496	–	106,496
Bank balances and cash	32,947	–	32,947
Trade and other payables	(196,747)	–	(196,747)*
Taxation	(32,932)	–	(32,932)
Obligations under finance leases	(51,059)	–	(51,059)
Statutory employee's profit share – non-current	–	(43,493)	(43,493)
Deferred taxation	(16,932)	(152,490)	(169,422)
	193,967	399,976	593,943
Goodwill arising on acquisition (note d)			369,261
Total consideration, satisfied by cash			963,204
Net cash outflow arising on acquisition:			
Cash consideration			963,204
Cash and cash equivalents acquired			(32,947)
			930,257

* Inclusive of current portion of statutory employees' profit share of HK$2,037,000.

Notes:

(a) Subsequent to their acquisitions by CFG Investment S.A.C., a company incorporated during the financial year, the entities incorporated in Peru, namely Procesadora del Carmen S.A., Alexandra S.A.C., Pesquera Victor S.A.C. and Empresa Pesquera Flor Ilo S.R.L. were merged into CFG Investment S.A.C..

(b) The acquisition of these subsidiaries resulted in inclusion of post-acquisition revenue of approximately HK$154,813,000 and losses after income tax of approximately HK$13,717,000 in the Group's financial statements.

It is not practicable to estimate the change in revenue and operating results for the Group had the above acquisitions being effected at the beginning of the financial year as financial statements prior to the acquisitions have not been prepared under International Financial Reporting Standards or Hong Kong Financial Reporting Standards.

43. Acquisition of Subsidiaries – Continued

Notes:

(c) These subsidiaries were acquired to act as procurement agents for fishing vessel bunkers and other supplies as well as sales agents for frozen fish. No disclosure is made of the contribution to the Group's revenue and profits had these subsidiaries been acquired at the beginning of the financial year as these numbers pertained to operations which ceased upon their acquisition by the Group. Upon their acquisition by the Group, the activities of these subsidiaries were restricted to acting as procurement and sales agents for the Group.

(d) The goodwill is arisen from the acquisition of the Peruvian operations. The purchase consideration of all other subsidiaries are not significant. The assets and liabilities of these other subsidiaries acquired during the financial year are insignificant and are included in the aggregate numbers presented above.

During the year ended 31 March 2006, 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.

During the year ended 31 March 2006, the Group also acquired 100% of shares in PT Andes Agro Investama ("PT Andes"), a dormant subsidiary in Indonesia at a cost of 500 million Indonesian Rupiah (approximately HK$427,000).

During the year ended 31 March 2006, the group also acquired 100% of the issued share capital of Champion Maritime Limited, Fortress Agents Limited, and Pioneer Logistics Limited for cash consideration of US$6 (HK$47). These transactions were also accounted for by purchase method of accounting.

During the year ended 31 March 2006, 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)
	53,441	(24,695)	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 tax for the period between the date of acquisition and the balance sheet date.

44. Consolidation of a Former Jointly-controlled Entity

As mentioned in note 30, CFIL became the subsidiary of the Company in 2006 pursuant to the restructuring of CFIL and in conjunction with the initial public offering of CFGL. 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

45. Acquisition of Joint-controlled Entity

During the year ended 31 March 2006, the Group, through Able Team acquired an effective interest of 33.3% in the issued share capital of Central Department Store LLC. The goodwill and net cash outflow arising from acquisition of interest in jointly-controlled entity has been determined as follows:

	Fair value HK$'000
Net assets acquired:	
Investment properties	30,775
Property, plant and equipment	629
Trade, bills and other receivables	806
Bank balances and cash	350
Trade and other payables	(1,025)
	31,535
Goodwill arising on consolidation	497
Total consideration, satisfied by cash	32,032
Net cash outflow arising on acquisition:	
Cash consideration	(32,032)
Bank balances and cash acquired	350
	(31,682)

46. Disposal of a Subsidiary

The net assets of PT Andes at the date of disposal in June 2006 were as follows:

	HK$'000
NET ASSETS DISPOSED OF	
Other payables	(30)
Bank balances and cash	59
Loss on disposal	29
Total consideration, satisfied by cash	–*
Net cash outflow arising on disposal:	
Cash consideration	–*
Bank balances and cash disposed of	(59)
	(59)

* Less than HK$1,000

47. 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.

48. Operating Lease Arrangements

The Group as lessee

	2007 HK$'000	2006 HK$'000
Minimum lease payments paid under operating leases during the period:		
Amortisation of deferred charter hires	123,890	54,417
Variable charter hire	201,690	86,464
Rental of fishing vessels and fishmeal processing plants	13,346	–
Rental of premises	5,802	2,263
	344,728	143,144

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:

	2007 HK$'000	2006 HK$'000
Within one year	7,532	6,006
In the second to fifth years inclusive	8,763	13,100
After five years	–	27,372
	16,295	46,478

(a) At 31 March 2007, the Group has ongoing commitments to pay variable charter hire for 17 (2006: 14) fishing vessels under the first, second and third (2006: first and second) vessel operating agreements entered into with Perun and Alatir for a period of 10 to 18 years up to 31 December 2025 (2006: period of 10 years up to 31 December 2015). Variable charter hire is calculated at 20% of the net profit derived from operating the fishing vessels before deduction of amortisation of fixed deferred chartered hire which has been prepaid.

(b) As at 31 March 2007, the Group has ongoing commitments to pay variable charter hire for 6 (2006: Nil) fishing vessels under the fourth vessel operating agreement entered into with Perun up to 31 December 2011. Variable charter hire is calculated at 20% of the net profit derived from operating the fishing vessels after deduction of amortisation of fixed charter hire payable annually.

(c) The Group also entered into two agreements to lease three fishing vessels and two fishmeal processing plants for six months from October 2006. These agreements are automatically renewable for an additional six months unless prior notice of termination is served by any of two parties to the agreements. Rental payable is based on an agreed formula relating to operating profit generated from operating the three fishing vessels and two fishmeal processing plants.

(d) Leases for premises are negotiated for a term of 2 years and rentals are fixed for an average of 2 years.

48. Operating Lease Arrangements – Continued

The Group as lessor

Property rental income earned during the year was HK$4,802,000 (2006: HK$3,590,000). Certain of the Group's investment properties and a portion of its freehold building in Peru held have committed tenants ranging from one to five years.

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

	2007 HK$'000	2006 HK$'000
Within one year	4,882	1,981
In the second to fifth years inclusive	3,897	560
After five years	–	744
	8,779	3,285

49. Capital Commitments

	2007 HK$'000	2006 HK$'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	221,246	27,538

50. 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 2006 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 (equivalent to 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 and the Employees filed a Defence on 2 September 2005. The Company has, through its solicitors, requested Feoso to put up a security for the PAH's legal cost of proceedings in case Feoso's claim fails. The Company request for security is still under negotiation by the relevant parties. On 11 April 2007, the court issued an order for the directors to provide a timetable for the parties to exchange lists of documents and written statements.

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

50. Contingent Liabilities – Continued

(b) Certain members of the Group are parties to legal processes in Peru amounting to US$2,424,000 (approximately HK$18,907,600). These relate to environmental matters, former employees and miscellaneous claims. The Group's legal advisor has advised the Group that US$1,485,000 (approximately HK$11,583,000) of these claims is likely to have unfavourable outcome for the Group and the outcome for claims of US$939,000 (approximately HK$7,324,000) cannot be reasonably ascertained. Additionally, there are claims which the legal advisor has opined to have remote chances of resulting in unfavourable outcomes for the Group.

The Group had made a provision of US$1,485,000 (approximately HK$11,583,000) (2006: nil) for these claims where the outcome is likely to be unfavourable to the Group. Saved as disclosed above, no member of the Group in engaged in any litigation or claims of material importance known to the Directors to be pending and threatened against any members of the Group.

51. Pledge of Assets

(a) At 31 March 2007, the Group has pledged land and buildings and investment properties with aggregate carrying values of approximately HK$297,747,000 (2006: HK$257,467,000) and HK$32,100,000 (2006: HK$27,000,000) 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$8,472,000 (2006: HK$11,296,000) and HK$234,001,000 (2006: HK$124,055,000), respectively, were pledged as security for general banking facilities arranged for that subsidiary.

(b) At 31 March 2007, inventories of fishmeal of HK$83,380,000 (2006: nil) were also pledged as security for the revolving inventory financing facilities obtained from banks.

(c) At 31 March 2006, inventories of frozen fish of HK$758,970,000 were pledged as securities for revolving inventory financing facilities obtained from banks.

(d) At 31 March 2006, shares of certain subsidiaries were pledged as securities for revolving inventory financing facilities obtained from banks.

52. Related Party Transactions

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

	2007 HK$'000	2006 HK$'000
Sales of frozen seafood (note i)	506,671	558,124
Purchases of frozen seafood (note i)	32,534	10,368
Agency income (note ii)	6,067	6,254

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) At 31 March 2007, included in the discounting advances drawn on trade receivables with insurance coverage is an amount of HK$43,029,000 (2006: HK$75,099,000) which were drawn from discounting trade receivables with insurance coverage of an associates of HK$47,810,000 (2006: HK$83,443,000).

53. Post Balance Sheet Events

Subsequent to 31 March 2007, the following post balance sheet events took place:

(a) The Company's 65%-owned subsidiary, Golden Target Pacific Limited entered into a conditional sale and purchase agreement with Jade China Investments Limited for the acquisition of 450 shares of US$1.00 each in the share capital of Super Investment Limited ("Super Investment"), representing 45.0% of the entire issued share capital of Super Investment, for an aggregate consideration of US$356 million (approximately HK$2,776.8 million) on 20 March 2007 ("Proposed Acquisition"). The Group intends to fund the Proposed Acquisition through (i) the issue of US$93 million (approximately HK$725.4 million) 4% convertible bonds due 2012 convertible into fully-paid new shares of S$0.20 each in the capital of Pacific Andes (Holdings) Limited ("PAH") ("Convertible Bonds Issue"); (ii) the underwritten issue of 662,215,616 new shares of PAH at the issue price of S$0.52 per share by way of rights on the basis of 1 new share of PAH for each existing share of PAH to raise approximately S$344 million (approximately US$226 million) ("PAH Rights Issue"); and (iii) internal resources and/or external bank financing.

The Company has undertaken to subscribe for its entitlement from the PAH Rights Issue and intends to fund such subscription by an underwritten issue of 600,863,876 new Shares at the issue price of HK$1.55 per Share by way of rights on 1 new Share for each 2 existing Shares to raise approximately HK$909 million ("PAIH Rights Issue").

As at the date of annual report, the Convertible Bonds Issue and the PAIH Rights Issue and the PAH Rights Issue and the Proposed Acquisition have been completed.

(b) On 4 April 2007, a subsidiary of the Company, CFGL which is listed on the Mainboard of the Singapore Exchange Trading Limited ("SGX-ST"), received in-principle approval from SGX-ST for the sub-Division of every existing ordinary share in the capital of the Company into two (2) ordinary shares ("Sub-Division"). The Sub-Division was approved by the shareholders of CFGL in an Extraordinary General Meeting held on 30 April 2007.

(c) On 21 May 2007, Pesquera Isla Blanca S.A. ("Isla Blanca"), a subsidiary of the Company entered into a conditional share purchase agreement to acquire 100% of the issued capital of Pesquera Pocoma S.A.C. ("Pocoma"). Pocoma is incorporated in Peru and engaged in extraction and commercialisation of hydrobiological resources like fishing. It owns three (3) vessels with total authorised fish hold capacity of 691.59 M^3. The cash consideration for this acquisition is US$10,465,000 (approximately HK$81,627,000) subject to the completion of due diligence. Completion of the acquisition is subject to certain precedent conditions.

The net identifiable assets and goodwill arising from the acquisition are currently under assessment.

(d) On 1 June 2007, Isla Blanca entered into a sales and purchase agreement with individual shareholders to acquire 100% interest of two Panamanian companies, namely Inversionista La Candelaria S.A. and Altoreal S.A.. These two companies own 100% capital stock in Pesquera El Pilar S.A.C. ("El Pilar") and Pesquera Maru S.A.C. ("Maru"). The El Pilar and Maru are duly organised and existed under the laws and regulations of the Republic of Peru, and engaged in the extraction, production, transformation, industrialisation and commercialisation of hydrobiological resources and related products. The consideration of the acquisition is US$26,000,000 (approximately HK$202,800,000) subject to the reduction by the amount of the net liability of El Pilar and Maru in the sum of US$5,544,000 (approximately HK$43,243,000) and the completion of due diligence exercise. Completion of the acquisition is subject to certain precedent conditions.

(e) On 8 June 2007, the Group acquired five fishing vessels and the fishing licences in Peru for approximately US$19,500,000 (approximately HK$152,100,000).

54. Comparative Figures

The gain on dilution of interest in a subsidiary for 2006 was presented net of the minority shareholders' share of the gain of HK$81,261,000. In current year, the gain on dilution of interest in a subsidiary and profit for the year attributable to minority interests had been regressed by HK$138,780,000 to conform with current year's presentation as follows:

	31 March 2006 as previously reported HK$'000	31 March 2006 as restated HK$'000
Gain on dilution of interest in a subsidiary	81,261	220,041
Profit for the year	411,424	550,204
Profit for the year attributable to minority interests	228,366	367,146

55. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2007 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 (Qingdao) 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
CFG Investment S.A.C.	Peru	Ordinary US$1,000	52	19	Fishing and fishmeal processing
Chasterton Group Limited	British Virgin Islands/Hong Kong	Ordinary US$1	100	100	Property holding
China Fishery Group Limited (note c)	Cayman Islands	Ordinary US$39,104,000	52	19	Investment holding
China Fisheries International Limited	Samoa/Worldwide	Ordinary US$1,000	52	19	Management and operation of fishing vessels and sales of fish and other marine catches

55. 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
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
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	Property holding, 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

55. 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
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/ Hong Kong	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 (Hong Kong) Company Limited	Hong Kong/ Worldwide	Ordinary HK$10,000	100	65	Trading of frozen seafood products
Pacific Andes Food Limited	PRC (note a)	Registered US$27,000,000	100	100	Seafood processing
Pacific Andes Food (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100	100	Investment holding
Pacific Andes (Holdings) Limited (note c)	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
Pacific Andes Treasury Management Limited	Hong Kong/ Hong Kong	Ordinary HK$10,000,000	100	100	Provision of treasury services and trading of frozen seafood products
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

55. 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
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	65	Trading of frozen seafood products
Paco Alpha Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	65	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/ Hong Kong	Ordinary US$100	100	100	Investment holding
Qingdao Canning Foodstuff Co. Ltd.	PRC (note a)	Registered US$12,100,000	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	Seafoods 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.

(c) The subsidiaries are listed on the Singapore Exchange Securities Trading Limited.

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.

Except for CFG Investment S.A.C., which has issued senior notes (note 38), none of the subsidiaries had any debt securities outstanding at the end of the year.

56. Particulars of Principal Associates

Particulars of the Group's principal associates as at 31 March 2007 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 for testing services

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

Financial Summary

	Year ended 31 March				
	2003	2004	2005	2006	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
TURNOVER	3,849,254	4,393,427	5,298,276	6,156,997	8,478,584
OPERATING PROFIT	123,510	151,056	247,006	564,868	1,012,198
SHARE OF RESULTS OF ASSOCIATES	1,219	(1,380)	(746)	(378)	376
	124,729	149,676	246,260	564,490	1,012,574
TAXATION	(1,067)	(1,446)	(3,265)	(14,286)	(19,276)
PROFIT BEFORE MINORITY INTERESTS	123,662	148,230	242,995	550,204	993,298
MINORITY INTERESTS	(28,948)	(36,600)	(79,767)	(367,146)	(682,525)
PROFIT FOR THE YEAR	94,714	111,630	163,228	183,058	310,773

	At 31 March				
	2003	2004	2005	2006	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
TOTAL ASSETS	2,383,769	3,267,036	4,682,270	6,532,323	10,135,001
TOTAL LIABILITIES	(1,343,895)	(1,669,074)	(2,890,367)	(3,933,272)	(6,233,396)
	1,039,874	1,597,962	1,791,903	2,599,051	3,901,605
MINORITY INTERESTS	(268,616)	(366,484)	(396,654)	(1,018,652)	(1,759,219)
SHAREHOLDERS' FUNDS	771,258	1,231,478	1,395,249	1,580,399	2,142,386

Our Global Network