



PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED

太平洋恩利國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1174)

**ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 MARCH 2008**

FINANCIAL HIGHLIGHTS

	2008	2007	Change
Turnover (<i>HK\$'million</i>)	10,017	8,479	+18.1%
Gross profit (<i>HK\$'million</i>)	1,831	1,322	+38.5%
Profit attributable to shareholders (<i>HK\$'million</i>)	373	311	+20.0%
Dividend per share (<i>HK cents</i>)	5.5	4.1	+34.1%

The Board of Directors (“the Directors”) of Pacific Andes International Holdings Limited (“PAIH” or the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2008 as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	2008 HK\$'000	2007 <i>HK\$'000</i>
Turnover	3	10,017,372	8,478,584
Cost of sales		(8,186,101)	(7,156,549)
Gross profit		1,831,271	1,322,035
Other income		210,114	132,405
Selling and distribution expenses		(229,235)	(138,268)
Administrative expenses		(350,400)	(321,248)
Other expenses		(32,322)	(10,531)
Gain on dilution of interest in a subsidiary		24,721	385,063
Finance costs		(533,164)	(357,258)
Share of results of associates		361	376
Profit before taxation	4	921,346	1,012,574
Taxation	5	(37,078)	(19,276)
Profit for the year		884,268	993,298
Attributable to:			
Equity holders of the Company		372,909	310,773
Minority interests		511,359	682,525
		884,268	993,298
Dividend			
Final dividend proposed		100,548	73,872
Earnings per share	6		
Basic		HK21.6 cents	HK23.7 cents
Diluted		HK21.5 cents	HK23.6 cents

CONSOLIDATED BALANCE SHEET

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	2,864,425	1,566,472
Investment properties	213,522	118,129
Prepaid lease payments	33,438	32,153
Goodwill	2,729,782	498,761
Deferred charter hire	1,662,960	1,835,600
Interests in associates	13,527	1,466
Loan to a jointly-controlled entity	–	11,050
Deposit paid for acquisition of a property	–	21,345
Other intangible assets	493,894	276,996
Other long term receivable	928	928
	<hr/>	<hr/>
	8,012,476	4,362,900
	<hr/>	<hr/>
Current assets		
Inventories	1,933,488	1,927,579
Trade, bills and other receivables	3,633,602	3,162,092
Trade receivables with insurance coverage	196,352	216,192
Trade receivables from associates	77,933	109,492
Amounts due from associates	25,756	14,862
Loan receivables	–	33,163
Advances to suppliers	–	18,605
Amount due from a jointly-controlled entity	1,318	1,127
Tax recoverable	3,708	751
Pledged deposits	539	312
Bank balances and cash	376,025	287,926
	<hr/>	<hr/>
	6,248,721	5,772,101
	<hr/>	<hr/>
Current liabilities		
Trade and other payables	696,616	775,988
Bank advances drawn on discounted trade receivables with insurance coverage and discounted bills	266,586	353,449
Amounts due to associates	10,138	6,905
Taxation	40,181	54,548
Obligations under finance leases – due within one year	22,706	17,970
Bank borrowings – due within one year	3,898,642	1,989,245
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	4,934,869	3,198,105
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Net current assets	1,313,852	2,573,996
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Total assets less current liabilities	9,326,328	6,936,896
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	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current liabilities		
Obligations under finance leases – due after one year	44,599	31,994
Bank borrowings – due after one year	414,509	1,050,404
Amount due to a joint venture partner of a jointly-controlled entity	–	11,050
Statutory employees' profit share	64,043	50,242
Convertible bonds	622,199	–
Senior notes	1,697,610	1,687,558
Deferred taxation	255,743	204,043
Deferred consideration payable	416,520	–
	<u>3,515,223</u>	<u>3,035,291</u>
Net assets	<u>5,811,105</u>	<u>3,901,605</u>
Capital and reserves		
Share capital	182,814	120,173
Share premium and reserves	3,310,653	2,022,213
	<u>3,493,467</u>	<u>2,142,386</u>
Equity attributable to equity holders of the Company	3,493,467	2,142,386
Equity component of convertible bonds of a listed subsidiary	42,226	–
Minority interests	2,275,412	1,759,219
	<u>5,811,105</u>	<u>3,901,605</u>
Total equity	<u>5,811,105</u>	<u>3,901,605</u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain properties, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. 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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are either effective for the Group’s financial year beginning on 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new or revised standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 and HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 12	Service Concession Arrangements ³
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 January 2008

⁴ Effective for annual periods beginning on or after 1 July 2008

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The Directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

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

Business segments

For management purposes, the Group is currently organised into four operating divisions – frozen fish supply chain management ("SCM"), fish fillets processing and distribution, fishing and fishmeal and others. These divisions are on the basis on which the Group reports its primary segment information.

Year ended 31 March 2008

	Frozen fish SCM <i>HK\$'000</i>	Fish fillets processing and distribution <i>HK\$'000</i>	Fishing and fishmeal <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER					
External sales	<u>3,855,088</u>	<u>3,000,965</u>	<u>3,150,271</u>	<u>11,048</u>	<u>10,017,372</u>
RESULT					
Segment result	<u>236,047</u>	<u>141,254</u>	<u>1,005,956</u>	<u>15,600</u>	1,398,857
Unallocated corporate income					98,516
Unallocated corporate expense					(67,945)
Gain on dilution of interest in a subsidiary	–	24,721	–	–	24,721
Finance costs					(533,164)
Share of result of associates					<u>361</u>
Profit before taxation					921,346
Taxation					<u>(37,078)</u>
Profit for the year					<u>884,268</u>

Year ended 31 March 2007

	Frozen Fish SCM <i>HK\$'000</i>	Fish fillets processing and distribution <i>HK\$'000</i>	Fishing and fishmeal <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER					
External sales	<u>3,496,749</u>	<u>3,176,678</u>	<u>1,789,342</u>	<u>15,815</u>	<u>8,478,584</u>
RESULT					
Segment result	<u>286,004</u>	<u>144,111</u>	<u>521,294</u>	<u>252</u>	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 result of associates					<u>376</u>
Profit before taxation					1,012,574
Taxation					<u>(19,276)</u>
Profit for the year					<u>993,298</u>

Geographical segments

The Group's operations are located in the People's Republic of China (the "PRC"), North America, Europe, East Asia, South America and others.

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
PRC	5,258,177	4,149,495
North America	1,482,469	1,677,982
Europe	1,852,338	1,470,105
East Asia	1,322,878	986,466
South America	45,282	22,626
Other	56,228	171,910
	<u>10,017,372</u>	<u>8,478,584</u>

4. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Auditors' remuneration	6,277	6,368
Depreciation of property, plant and equipment	146,245	101,576
Amortisation of prepaid lease payments (included in administrative expenses)	281	281
Amortisation of deferred charter hire (included in cost of sales)	172,640	123,890
Operating lease rentals in respect of :		
– rented premises	5,643	5,802
– charter hire	453,097	201,690
– fishing vessels and fishmeal processing plants	–	13,346
Cost of inventories	7,767,220	6,830,969
Directors' emoluments	23,467	23,335
Staff costs	131,188	134,203
Crew wages	334,322	178,333
Retirement benefits scheme contributions	1,717	1,423
Total staff costs	490,694	337,294
and after crediting:		
Net rental income after outgoings of HK\$724,000 (2007: HK\$503,000)	<u>9,231</u>	<u>4,299</u>

5. TAXATION

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
The charge comprises:		
Profit for the year		
– Hong Kong	7,184	7,817
– Other jurisdictions	48,570	9,689
Underprovision in prior year		
– Hong Kong	512	1,282
	<u>56,266</u>	<u>18,788</u>
Deferred tax		
– current year	(19,188)	488
	<u>37,078</u>	<u>19,276</u>

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) of the estimated assessable profits for the year.

Taxation in other jurisdictions are calculated at the rates 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.

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Earnings for the purpose of calculation of basic earnings per share	372,909	310,773
Effect of dilution of shares of a subsidiary arising on potential conversion of convertible bonds	<u>(1,752)</u>	<u>–</u>
Earnings for the purpose of calculation of basic earnings per share	<u>371,157</u>	<u>310,773</u>
Weighted average number of ordinary shares for the purposes of calculation of basic earnings per share	1,725,923,488	1,308,640,698
Effect of dilutive potential ordinary shares in respect of warrants	<u>–</u>	<u>10,022,216</u>
Weighted average number of ordinary shares for the purposes of calculation of diluted earnings per share	<u>1,725,923,488</u>	<u>1,318,662,914</u>

The weighted average number of ordinary shares outstanding during the current and prior year have been adjusted for the effect of rights issue in June 2007.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK5.5 cents (2007: HK4.1 cents) per share for the year ended 31 March 2008 payable to the shareholders of the Company whose names appear on the register of members of the Company (the “Register of Members”) as at the close of business on 5 September 2008, with a scrip alternative to offer the right to shareholders to elect to receive such final dividend wholly or partly by allotment of new shares credited as fully paid in lieu of cash (the “2008 Final Scrip Dividend Scheme”). The final dividend is expected to be paid on 23 October 2008.

The 2008 Final Scrip Dividend Scheme is conditional upon (i) the approval of the proposed final dividend at the Company’s annual general meeting proposed to be held on 5 September 2008; (ii) the issue price of each new share to be issued pursuant thereto to be not less than HK\$0.10, being the nominal value of the shares of the Company; and (iii) the granting of the approval by the Listing Committee of The Stock Exchange of Hong Kong Limited for the listing of and permission to deal in such new shares to be issued pursuant thereto. In the unlikely event that either of the conditions set out in (ii) or (iii) above is not satisfied, shareholders will receive the final dividend for the year ended 31 March 2008 wholly in cash. The issue price of the new shares to be issued under the 2008 Final Scrip Dividend Scheme will be fixed after the Company’s annual general meeting. Thereafter, a press announcement setting out the basis of allotment of new shares and the issue price of new shares under the 2008 Final Scrip Dividend Scheme will be published. A circular containing details of 2008 Final Scrip Dividend Scheme together with the relevant election form, where applicable, will be sent to each shareholder of the Company on or about 24 September 2008.

The Company will make enquiries with legal counsels where its overseas shareholders, if any, are based regarding legal and regulatory restrictions in allowing such overseas shareholders to participate in the 2008 Final Scrip Dividend Scheme as required by Rule 13.36(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and may only exclude such overseas shareholders on the basis that, having made such enquiries, it would be necessary or expedient to do so.

Business Review

In FY2008, the Group witnessed the following key developments:

Industrial Fishing Division

Consistent with the management’s efforts to increase access to sustainable fish resources, the Group has adopted a three-pronged approach involving the securing of vessel operating agreements, seeking strategic acquisitions in major fishing nations, and exploring untapped fishing grounds and fish species.

During the year, the Group operated 23 supertrawlers under four Vessel Operating Agreements (“VOAs”) in the Pacific Ocean for fishing operations. To further enhance fleet utilisation, the Group has commenced upgrading selected supertrawlers for redeployment to new fishing operations in the South Pacific Ocean, a move that will enable the Group to establish an early mover advantage in a relatively untapped fish resource and also generate new income streams. As at the date of this announcement, the Group has deployed 2 supertrawlers to the South Pacific and is completing upgrading works for another 3 vessels for deployment later in FY2009.

In its Peruvian fishmeal processing operations, the Group further rode on opportunities in the market to expand its presence in Peru – the world’s top producer nation of fishmeal. In FY2008, the division acquired 11 purse seine fishing vessels and three fishmeal plants, bringing its total Peruvian fleet to 34 vessels and number of fishmeal processing plants to seven as at the end of the financial year. These acquisitions were aimed at boosting fishing capacity and improving operating efficiencies, the most important of which is fishing turnaround time. As at the date of announcement, the division has further acquired another 3 purse seine fishing vessels and one fishmeal plant. It currently has 37 vessels and eight fishmeal plants in Peru.

Frozen Fish Supply Chain Management Division

In its frozen fish supply chain management (“frozen fish SCM”) business, the Group leveraged its expansive sourcing network and established expertise to once again maintain its position as a market leader by capturing a 13% share of the imported frozen fish market in the People’s Republic of China (“the PRC”). The division also acquired two smaller and more fuel-efficient reefer vessels in October 2007 with the intention of replacing one of its existing reefer vessels, which was just disposed of in July 2008. The division currently owns 3 reefer vessels.

Processing and Distribution Division

The division continued to run at tight capacity as demand outstretched supply. As the division is completing its new fish processing plant in Hongdao, it did not take on more sub-contracted processing facilities to increase its production capacity. The division also recorded lower sales in the North American market as it optimised its product mix in FY2008 to focus on better-margin products. The step-up in import and export control checks on Chinese seafood products implemented jointly by the United States Food and Drug Administration and the PRC Entry-Exit Inspection and Quarantine Bureau have also resulted in a slowdown in shipment in the first half of FY2008, a situation which has gradually eased over the second half of FY2008.

In the first half of FY2008, flashfloods in Qingdao affected one of the Group's fish processing facilities, disrupting production activities. Normal production at this facility has since resumed.

Growing demand for value-added and environmentally sustainable seafood products have emerged as an important trend in the industry in recent years. The Group's new processing plant in Hongdao has been designed to handle such demand. The new plant will have an initial processing capacity of 60,000 tonnes of fish fillets per annum, and on-site cold storage capacity of 41,000 tonnes. These integrated facilities, along with several energy and water-conserving features, were designed to help the Group optimise its profit margins for this business segment. Although there has been a protracted delay in the issue of the title deed by the government, the Group expects to begin trial operations in the fourth quarter of calendar year 2008.

Performance Review

Results

In late-July 2007, the Group increased its effective stake in Singapore-listed China Fishery Group Limited ("China Fishery") from 18.8% to 40.8%, which was realised through the Group's Singapore-listed subsidiary, Pacific Andes (Holdings) Limited ("PAH"). This enabled the Group to harness more benefits from the significant growth of China Fishery, which helms the Group's industrial fishing division.

As a result, for the year ended 31 March 2008, the Group recorded a year-on-year rise of 18.1% in total turnover to HK\$10,017 million (FY2007: HK\$8,479 million). Industrial fishing division accounted for 31.4% of total turnover (FY2007: 21.1%), frozen fish SCM division accounted for 38.5% (FY2007: 41.2%), while the processing division accounted for the balance 30.0% (FY2007: 37.5%).

With rapidly increased contribution from the upstream industrial fishing division and improved cost efficiencies, the Group's gross profit grew 38.5% to HK\$1,831 million (FY2007: HK\$1,322 million). Gross profit margin improved from 15.6% to 18.3% over the financial year.

Finance expenses increased by 49.2% to HK\$533 million mainly on interest expenses attributable to US\$225 million (approximately HK\$1,755 million) in 7-year senior notes issued by China Fishery in December 2006, as well as interest expenses attributable to US\$93 million (approximately HK\$725 million) in convertible bonds issued by PAH in April 2007 (the proceeds of which were used to partially finance the stake increase in China Fishery). Selling and distribution expenses increased 65.8% to HK\$229 million as the industrial fishing division expanded its fishmeal operations in Peru.

At the same time, the Group recorded an exceptional gain of HK\$25 million in FY2008 on the deemed dilution of interest in PAH, arising from the conversion of some PAH convertible bonds into PAH shares. In FY2007, the Group also reported a gain of HK\$385 million on a deemed dilution of interest due to China Fishery's new share placement.

Excluding these gains in the two respective years, normalised profit for the year surged 41.3% to HK\$860 million in FY2008 from HK\$608 million in FY2007, reflecting a strong improvement in the Group's fundamental financial performance.

Profit attributable to equity holders also surged by 20.0% to HK\$373 million, as the stake increase in China Fishery resulted in a higher proportion of its profits being attributable to PAIH. Normalised profit attributable to equity holders of PAIH leapt more significantly by 59.5% to HK\$348 million from HK\$218 million.

Performance by Markets

To meet the increased demand for fish products, the PRC is turning towards boosting domestic aquaculture production and increasing fish imports. Reflecting such increasing reliance, the PRC remained as the Group's most significant market, accounting for HK\$5,258 million or 52.5% of total sales in FY2008, 26.7% more than in FY2007.

Europe was the Group's second largest market during the financial year, accounting for 18.5% of total sales. Recording HK\$1,852 million, this represented a 26.0% year-on-year rise. Sales to North America contracted by 11.7% to HK\$1,482 million due to product optimisation efforts and a temporary slowdown in shipment in the first half of the financial year and accounted for 14.8% of total sales.

The Group's East Asian sales achieved significant growth, recording a year-on-year rise of 34.1% to HK\$1,323 million, accounting for 13.2% of the Group's total sales in FY2008. The sharp increase was due in large part to increased selling prices of premium fish products.

Liquidity, Financial Resources and Capital Structure

In FY2008, PAIH significantly increased Group total equity by 48.9% to HK\$5,811 million (FY2007: HK\$3,902 million). This was principally achieved through a chain rights issue carried out on both PAIH and PAH levels over June and July 2007 respectively, which have enlarged PAIH's Group equity base significantly, and also increased its balance sheet capacity for future development. PAIH had issued these rights to fund its subscription of rights shares offered by PAH, which had carried out the exercise along with the convertible bonds issue to finance its stake increase in China Fishery.

Total liabilities rose by 35.6% to HK\$8,450 million (FY2007: HK\$6,233 million), owing mainly to:

- i) increased working capital needs that are in line with a larger scope of operations;
- ii) convertible bonds issued by PAH; and
- iii) a deferred portion of the consideration payable for the increased stake in China Fishery, which will be fully paid off by July 2009.

Total assets increased by 40.7% to HK\$14,261 million (FY2007: HK\$10,135 million), owing mainly to:

- i) fixed asset investment in the new Hongdao processing plant;
- ii) asset acquisitions in Peru; and
- iii) goodwill arising from the stake purchase in China Fishery.

Under a financial covenant contained within the syndicated loan facility signed in 2006, the Group is required to maintain a minimum amount of consolidated net tangible assets. During FY2008, China Fishery utilised a significant portion of its cash resources to make acquisitions in Peru. These purchases included fixed assets of vessels and plants, as well as their attached licences, which carry significant value as intangible assets. As a result, the Group reported a slight shortfall in its consolidated net tangible assets.

Subsequent to the end of FY2008, in May 2008, the Group successfully refinanced the existing syndicated loan facility with a new US\$160 million (approximately HK\$1,248 million) 4-year facility, subscribed by a group of 11 banks and financial institutions from Asia and Europe.

In spite of tightening global credit conditions, the Group secured this new facility at a more favourable interest margin of 1.25% over LIBOR due to its strengthening balance sheet and improving financial performance on greater contribution from China Fishery.

The Group's gearing ratio, being total debt to total assets, as at 31 March 2008 remained relatively stable at approximately 48.9%, as compared to 50.6% a year earlier.

As at 31 March 2008, the Group held HK\$377 million in cash and bank balances.

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

EMPLOYEES AND REMUNERATION

As at 31 March 2008, the Group had a total of approximately 10,000 employees. Remuneration packages offered to employees are in line with industry standards and reviewed annually. The award of bonuses is discretionary and based on the performance of, firstly, the individual employee, and secondly, the Group.

The Company and its non-wholly owned subsidiaries, PAH and CFGL, each has an employee share option scheme and an employee share award plan to allow for granting of share options and share awards to eligible employees based on their contribution to the Group.

OUTLOOK

Fish, being a consumer staple product, will continue to be in demand in the years ahead, even in times of economic slowdown. In particular, rising consumption in the PRC will help fuel the growth of the Group's businesses. As the nation continues to import more frozen fish and intensifies aquaculture production, it will also continue to play a leading role as a global seafood processing base. Accordingly, the Group is ideally placed to capitalise on the opportunities presented by leveraging its strengths in fishmeal processing, fishing, supply chain management and processing.

The management believes that the rapidly consolidating industry is presenting excellent opportunities for the Group to further augment its market position as a leading global player. As such, the management will continue to extend the Group's access to fish resources through such methods as increasing its fishing capacities and executing appropriately-priced acquisitions that will strengthen its presence in key fishing nations. The Group will also continue to focus on cost management and boosting operating efficiencies, so as to optimize profits under prevailing operating conditions. To illustrate, even with the recent spike in oil price, the Group has managed to contain bunker costs at 18% of its sales for trawling operations, which compares with 15% historically. This is attributable to, firstly, rising fish prices as demand exceeds supply, and secondly, the economies of scale which the Group enjoys due to its extensive operations.

The key growth plans in FY2009 are:

New Fishing Operations in South Pacific Ocean

The Group's industrial fishing division is upgrading and redeploying selected supertrawlers to the South Pacific Ocean for new fishing operations. This is aimed at improving the utilization of its supertrawler fleet and generating new streams of income. One unique feature of this upgrading work encompasses the refitting of the supertrawlers with an enhanced fuel-efficient engine that can significantly improve the Group's fuel cost efficiency.

Continued Expansion in Peru

In June 2008, Peru passed a change in legislation that will transform its fishing system from an "Olympic" style system to a quota fishing system. This is aimed at improving the efficiency and performance of the Peruvian fishmeal industry. Quotas, which are represented as a fixed percentage of the Total Allowable Catch of a fish species, will be issued to eligible fishing companies based on their operating track record and existing fishing capacity owned. The system is expected to be implemented in 2009.

The Group has been actively acquiring fishing companies in Peru since May 2006 in anticipation of this change. In the year ahead, it will continue to expand its footprint in Peru by way of more purse seine vessel acquisitions, so as to establish a greater competitive edge under such a fishing system change.

Moving into Higher Value-Added Seafood Processing

To address demand for higher value-added and more environmentally sustainable seafood products, the Group is strengthening its downstream processing facilities through the construction of its new plant in Hongdao. The new facility will enable the Group to rationalise production, optimise output, minimise wastage and efficiently utilise resources.

In addition, it will also allow for better traceability reporting, which is increasingly gaining importance in the global food industry as a result of growing concerns on food safety.

PURCHASE, SALE OR REDEMPTION

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 to the Hong Kong Listing Rules (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 2008.

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 2008.

The members of the Audit Committee are Mr. Lew V Robert (Chairman), Mr. Kwok Lam Kwong, Larry and Mr. Yeh Man Chun, Kent, the independent non-executive directors of the Company.

CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31 March 2008 with the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules, 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 Mr. 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 Madam Teh Hong Eng provisionally assumed the role of Chairperson from 17 September 2006 to 18 April 2007.

On 19 April 2007, Madam Teh Hong Eng was formally appointed as Chairperson of the Company to succeed the late Mr. Ng Swee Hong. Mr. 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.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 2 September 2008 to Friday, 5 September 2008 both days inclusive, during which period no share will be registered. In order to establish the entitlement of shareholders to vote at the 2008 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch registrar in Hong Kong, Tricor Secretaries Limited of the 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Monday, 1 September 2008.

PUBLICATION OF ANNUAL REPORT

A full text of the Company's Annual Report for the year ended 31 March 2008 will be sent to the shareholders and published on the website of The Stock Exchange of Hong Kong Limited and the Company in due course.

As at the date of this announcement, the executive directors of the Company are Madam Teh Hong Eng, Mr. Ng Joo Siang, Mr. Ng Joo Kwee, Mr. Ng Joo Puay, Frank and Ms. Ng Puay Yee whilst the independent non-executive directors of the Company are Mr. Lew V Robert, Mr. Kwok Lam Kwong, Larry and Mr. Yeh Man Chun, Kent.

By Order of the Board
Ng Joo Siang
Managing Director and Vice-Chairman

Hong Kong, 24 July 2008