ANNUAL REPORT 2009

CONTENTS


PACIFIC ANDES
Frozen Fish Fillets
Block
4X16.5LBS/4X7.50KGS
Shatterpack
4X14LBS/4X6.35KGS

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 quality and responsibly derived seafood. With a fully integrated production chain that spans across harvesting, sourcing, onboard and onshore processing, fishmeal production, food safety testing, and distribution – our committed and experienced team will continue to meet the growing needs of health and value-conscious consumers around the world.

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

ENVIRONMENTAL **RESPONSIBILITY**

Fish is a valuable source of food and protein for millions of people around the world. While it is a renewable resource, its habitats in the world's waters are delicate ecosystems that require concerted and uninterrupted efforts to ensure their sustainability.

As an integrated seafood company with extensive operations all around the world, we are keenly aware of our social, environmental and corporate responsibilities to protect the sustainability of fisheries. Hence, at all times, we resolve to respect regulations and lead by best practices. In all aspects of our operations, we are constantly looking into ways to further optimise the use of raw materials, reduce wastage and explore ideas for alternatives that may diffuse excessive pressure on resources.

BUSINESS **STRUCTURE**

PACIFIC ANDES

INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INDUSTRIAL FISHING DIVISION

- Ocean Trawling
- Fishmeal Processing

The Group's industrial fishing division currently operates over 60 vessels across the Pacific Ocean, harvesting some of the most abundant fish species of the world and supplying them to customers worldwide. Our trawling fleet is equipped with comprehensive onboard processing technology and storage facilities, so that our catch can be promptly processed on harvest into various product forms. We also have fishmeal processing facilities onshore in Peru.

FROZEN FISH SUPPLY CHAIN MANAGEMENT DIVISION

- Resource Development
- Global Sourcing & Supply
- Transportation & Shipping Agency

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

PROCESSING & DISTRIBUTION DIVISION

- Seafood Processing
  - The PRC
  - Japan
  - USA
- Global Marketing & Distribution
- Food Testing

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. We have over 20 seafood processing facilities in the PRC, Japan and the USA – all certified to international food safety and quality standards.

INDUSTRIAL **FISHING**

In FY2009, our industrial fishing division continued to deliver growth in its operating and financial performance. Additional vessels were deployed to the South Pacific Ocean to further enhance operations in this region, a move which has improved the overall fleet efficiency. At the same time, our past acquisition efforts in Peru has secured a 5% quota share of the total allowable catch of Peruvian Anchovy, which took effect in April 2009.

FROZEN FISH
SUPPLY CHAIN MANAGEMENT

The People's Republic of China ("PRC") continues to rely heavily on frozen fish imports to meet domestic consumption and raw material needs. Leveraging such growth, our frozen fish supply chain management division has continued to maintain its position as the largest supplier of frozen seafood products to the PRC in FY2009. In addition, as part of the Group's diversification strategy, the division has successfully expanded its existing sales network during the year.

PROCESSING & **GLOBAL DISTRIBUTION**

Our processing and global distribution division has continued to maintain its position as the world's largest white fish fillet producers by volume, and has recently increased its production capacity. With a brand new 333,000 square-metre Hongdao Processing Complex which began operations in February 2009, boasting large onsite cold storage plus traceability reporting, energy and water conservation capabilities – the division is now better positioned to serve a greater share of the ever-growing global demand for valued-added and environmentally sustainable seafood products.

MANAGING DIRECTOR'S **REPORT**

Dear Valued Investors,

I am pleased to announce that Pacific Andes International Holdings Limited ("Pacific Andes" or the "Company") and its subsidiaries ("Pacific Andes Group" and the "Group") reported sustained growth in its full-year results against a volatile global economic landscape. In FY2009, we witnessed global oil prices reaching historic highs in the first half of 2008 followed by a world financial crisis in the second half. Nevertheless, the Group was able to achieve an uninterrupted growth – a testament to the strength of our business model and financial structure.

During the year, the Group recorded an 11.5% increase of turnover to HK$11,167.8 million (approximately US$1,431.8 million). Profit for the year increased 16.0% to HK$1,025.8 million (approximately US$131.5 million) on higher contribution from our fishing division. Net profit attributable to equity holders surged 38.6% to HK$516.8 million (approximately US$66.3 million), due mainly to a full year contribution from the Group's initiative to increase its effective stake in China Fishery Group Limited ("China Fishery") from 18.8% to 40.8% in FY2008.

The Board has resolved to recommend to shareholders at the forthcoming FY2009 Annual General Meeting the payment of a final dividend of HK5.9 cents per share for the year ended 31 March 2009 (FY2008: HK5.5 cents per share), to be satisfied by way of cash with option for scrip to shareholders.

Business Review

Industrial Fishing Division

The industrial fishing division, which operates through its Singapore listed subsidiary China Fishery, recorded a turnover growth of 21.3% to HK$3,821.3 million (approximately US$489.9 million) . The growth was mainly attributable to higher catch volume and better product prices achieved during the year. Turnover contribution from this division accounts for 34.2% of the Group's turnover.

Our strategic decision in 2006 to diversify into the fishmeal business is bearing fruit. Our rapid expansion into Peru, the world's largest producing nation of fishmeal and fish-oil, has secured us a 5% quota share of the total allowable catch of Peruvian Anchovy. Our allocated quota share took effect at the start of the Individual Transferable Quota system in April 2009. Benefits of this new system is that we are able to focus on planned fishing activities rather than having to race for quantity. As a result, we will enjoy higher efficiency and yields, as well as being able to produce higher quality fishmeal.

During the year, we deployed two supertrawlers to harvest Chilean Jack Mackerel in the international waters of the South Pacific Ocean. This initiative will not only serve to enhance our overall fleet utilisation but will also provide us with a potential new income stream. In addition, we acquired and upgraded more vessels during the year to further enhance our operations in this region.

Frozen Fish Supply Chain Management Division

The frozen fish SCM division, which operates through its Singapore listed subsidiary Pacific Andes (Holdings) Limited ("PAH"), reported a 2.3% increase in total turnover to HK$3,944.0 million (approximately US$505.6 million). The stable yet consistent increase in turnover is driven mainly by our key market – the People's Republic of China ("PRC") and their continued reliance on frozen fish imports to meet domestic consumption and raw material needs. We have maintained our position as the largest supplier of frozen seafood products to the PRC. Turnover contribution from this division accounts for 35.3% of the Group's turnover.

Processing and Distribution Division

Our processing and distribution division is responsible for the Group's processing and global distribution of a wide range of frozen fish fillets, portions and other value-added seafood products. It has also maintained its position as the world's largest white fish fillet producer.

In an economically challenging year for consumers globally, we experienced a strong demand for our frozen seafood products from retailers and fast-food chains around the world, ultimately driven by increased preference towards home-dining and value-for-money fast food products. As such, sales from this division recorded a 12.4% increase to HK$3,374.3 million (approximately US$432.6 million) in FY2009, due mainly to higher sales volume and better selling prices, as well as an adjustment to our product mix to respond to shifting consumer demand towards lower cost fish species.

Our state-of-the-art, 333,000 square metre Hongdao Processing Complex in Qingdao, has commenced operations in February 2009. It boasts modern processing facilities, large cold storage, energy and water conservation capabilities, plus operating systems providing full traceability reporting. The new plant is yet another major investment in line with the Group's commitment to sustainable and quality products, and the pioneering role that we have played in setting higher standards for the industry. In parallel, it will offer us more flexibility to diversify our product mix and enhance our margins.

Subsequent Event – Rights Issue

Following various steps taken by the Group to improve its capital structure and liquidity position, Pacific Andes and its Singapore-listed subsidiary, PAH carried out a chain rights issue in May 2009. Pacific Andes issued these rights to fund its subscription of rights shares offered by PAH. The net proceeds of US$120 million (approximately HK$936 million) raised from the chain rights issue exercise will be used to enlarge the working capital and capital base of the Group.

The rights issue of Pacific Andes was 136.8% over-subscribed, while the rights issue of PAH was 33.8% over-subscribed, signifying strong investor confidence in the Group.

The enlarged capital base gives us flexibility ahead of the next upturn of the economy. It also ensures that we are able to respond quickly to the turning point in the economic cycle, particularly in relation to the future expansion and development of the business in future.

To better reflect PAH's core business strategies to focus on the development, marketing and distribution of marine resources, its company name will be changed from Pacific Andes (Holdings) Limited to Pacific Andes Resources Development Limited. This proposed name change is subject to approval by shareholders of PAH.

Outlook

Fish and seafood are staple food products offering an excellent source of protein as well as other important nutrients. As such, global demand for seafood is expected to steadily increase, supported by rising affluence in the world's fast developing countries, and growing health consciousness among consumers leading to preference for more seafood-rich diets. The Group stands to benefit from this continuing trend.

In addition, the aquaculture industry has grown rapidly to cater to the increasing global demand for fish. As a result of this trend, demand for fishmeal, being an important feed ingredient for the aquaculture as well as the livestock farming industry, will continue to grow.

The world financial crisis has created some notable trends. There has been a marked increase in consumption of frozen seafood ready-meals across the retail industry and the fast-food sector around the world, a trend we believe will continue. In addition, consumers are increasingly aware of food safety and eco-friendly products in recent years. These trends are favourable for our Group as we believe our affordable and quality products with full traceability will serve well in today's competitive environment.

The key development plans in FY2010 are:

Expansion of South Pacific fishing operations

In line with our core development strategy and to secure our potential quota share in future, we intend to deploy more vessels to the South Pacific Ocean.

Geographical diversification of frozen fish SCM operations

Despite a slowdown in global markets, the PRC remains as one of the fastest growing economies in the world. Although it is known as a huge food producer, it is an even larger consumer with a population size of 1.3 billion, accounting for approximately 20% of the world's population. Increasing demand for seafood and fish will be no exception, and as such we will continue to develop our existing market share in the PRC. The Group also sees potential growth in the African market, and will take steps to capitalise on this new area for the future.

Optimisation of operating efficiencies at the new Hongdao Processing Complex

With our recent opening of the Hongdao Processing Complex in Qingdao, we believe the Group is well-placed to meet the ever-growing global demands for value-added, eco-friendly and traceable seafood products. In the coming year, we will further consolidate and optimise the operating efficiencies of our production plants in the PRC and we expect full-scale operations of the Hongdao processing complex by FY2010.

Fortification of capital structure and strengthening of financial position

Whereas in FY2009 the focus was on expansion of our business, FY2010 will be characterised by efforts to fortify our capital structure and to strengthen our financial position. The recent rights issue is consistent with our objective to improve the Group's financial position and capital structure.

Appreciation

On behalf of the Group, I would like extend my gratitude to our shareholders, customers and business partners for their ongoing support and guidance, as well as my fellow Board members and colleagues for their contributions and diligence over the past year.

In spite of the global economic crisis, I am optimistic about the Group's future prospects. With a solid financial foundation and a strong income base, the management believes that the Group is well-positioned to reach new heights and creating greater value for our shareholders.

Ng Joo Siang
Managing Director and Vice-chairman

27 July 2009

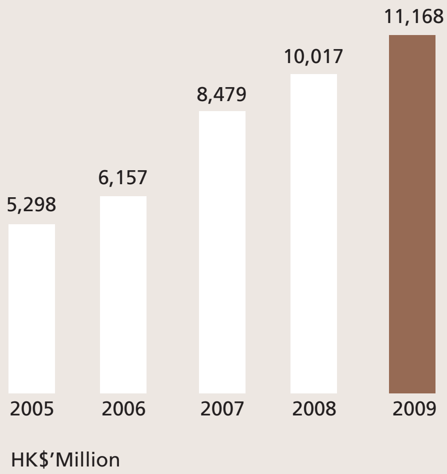
MANAGEMENT **DISCUSSION AND ANALYSIS**

FY2009 was yet another year of sustained growth across our entire integrated value chain which spans industrial fishing, frozen fish supply chain management, and processing and distribution.

FINANCIAL HIGHLIGHTS (YEARS ENDED MARCH 31)

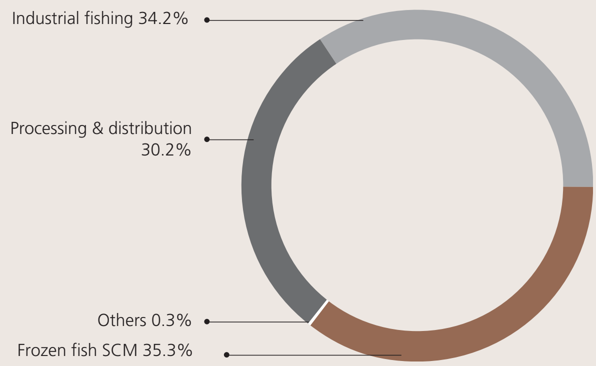
Turnover

For the financial year ended 31 March 2009, the Group's turnover increased 11.5% year-on-year to HK$11,167.8 million (approximately US$1,431.8 million) from HK$10,017.4 million (approximately US$1,284.3 million), supported by increased sales volume and higher overall product prices.



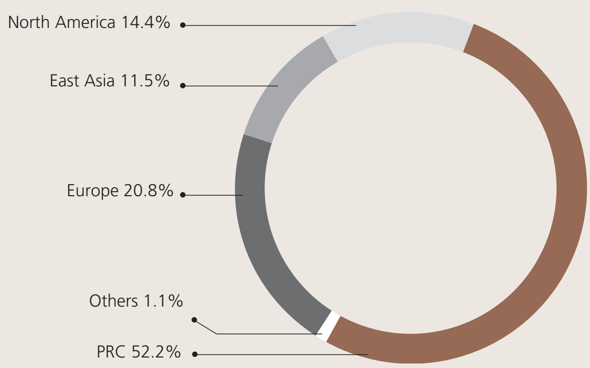
Performance by Business Divisions

The industrial fishing division accounted for 34.2% of total turnover in FY2009 (FY2008: 31.4%), the frozen fish SCM division accounted for 35.3% (FY2008: 38.5%), while the processing division accounted for the balance 30.2% (FY2008: 30.0%).



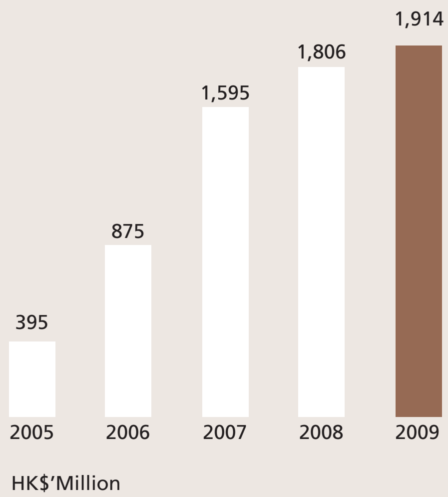
Performance by Markets

Geographically, the PRC continues to be the Group's key market, representing 52.2% of total turnover. Sales to the PRC grew by 11.0% to HK$5,834.9 million (approximately US$748.1 million), supported by continued rising demand for fishmeal and frozen fish. Sales to Europe and North America grew 25.2% and 8.3% respectively and accounted for 20.8% and 14.4% of the Group's turnover in FY2009.



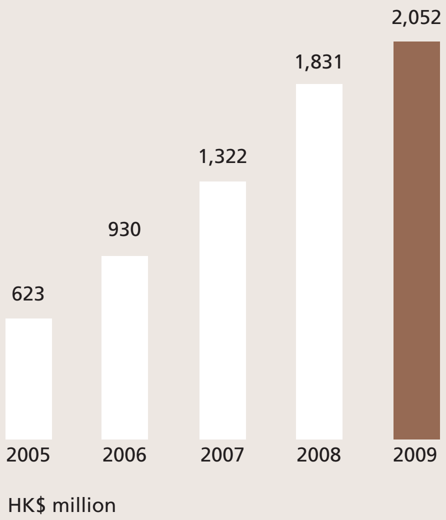
EBITDA

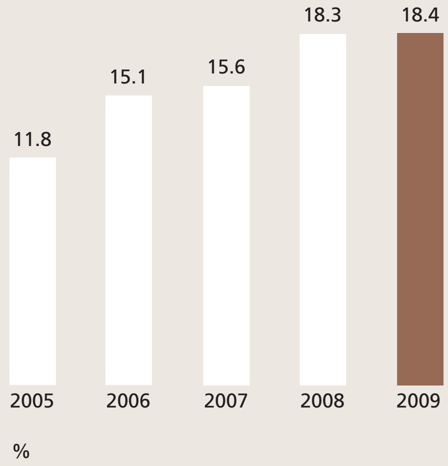
Earnings before interest, tax, depreciation and amortization ("EBITDA") increaased 6.0% to HK$1,914 million (approximately US$245 million).



Gross Profit and Gross Profit Margin

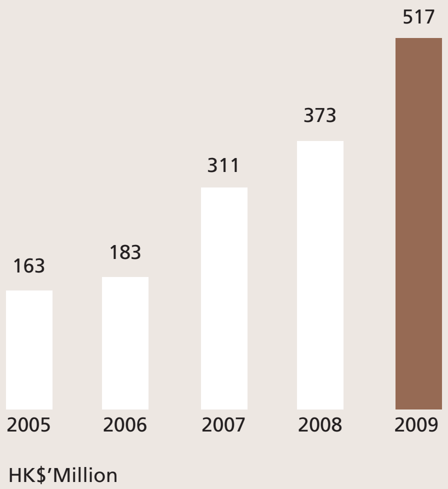
In line with the increase in sales, the Group's gross profit increased 12.1% to HK$2,052.1 million (approximately US$263.1 million). Despite higher cost of sales, most significant of which being the surge in fuel cost, gross profit margin remained stable at 18.4%. This is due to higher sales contribution from the industrial fishing division, which has higher gross margins than the other businesses in FY2009.





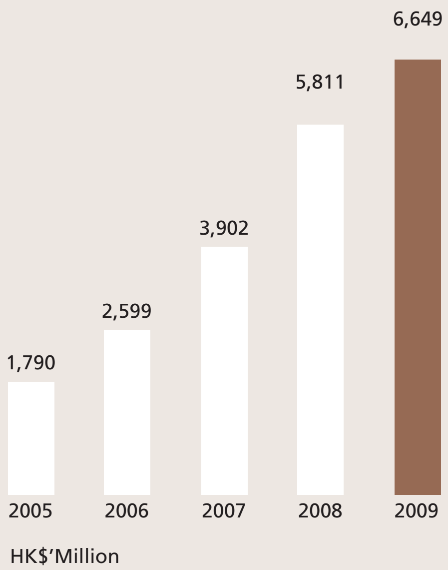
Profit Attributable to Shareholders

Profit attributable to shareholders surged 38.6% to HK$516.8 million (approximately US$66.3 million), attributable to a full year contribution from the Group's initiative to increase its effective stake in China Fishery from 18.8% to 40.8% in FY2008. Basic earnings per share increased 29.0% from HK21.6 cents in FY2008 to HK27.9 cents in FY2009.



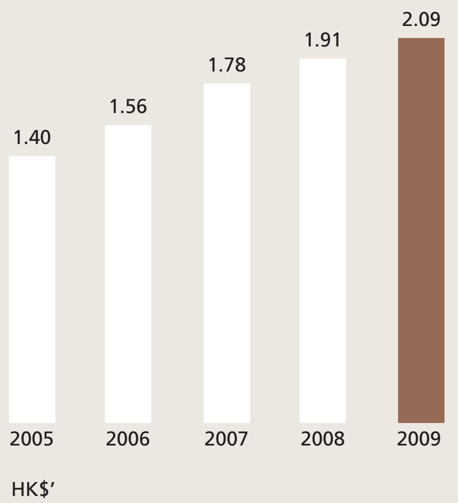
Total Equity

Equity of the Group increased 14.4% to HK$6,649 million (approximately US$852 million).



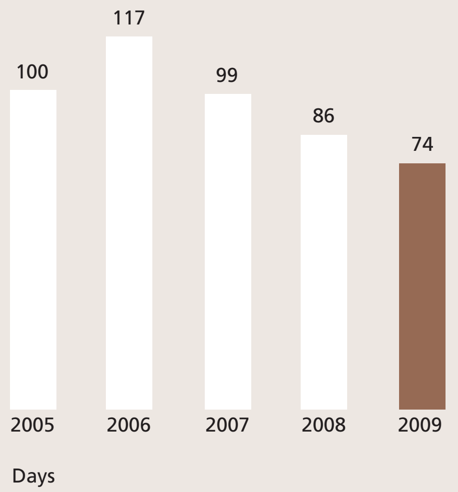
Net Assets Per Share

Net assets per share increased 9.9% to HK$2.09.



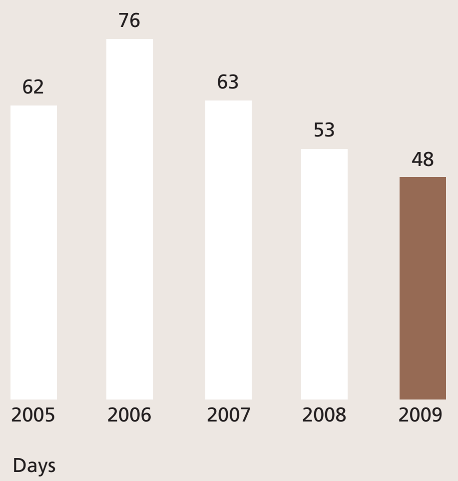
Inventory Turnover Days

Through continuous optimisation of the Group's supply chain and more effective inventory management, average inventory turnover cycle was shortened to 74 days from 86 days in FY2008.



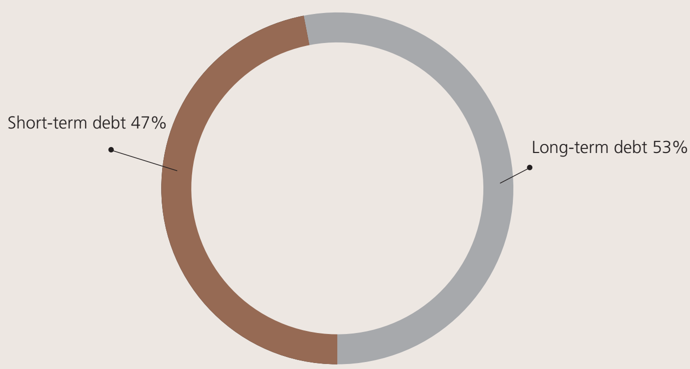
Net Debtor Turnover Days

During the year, the Group continued to exercise good credit control and improved the management of receivables, which resulted in the shortening of the average net debtor turnover cycle to 48 days from 53 days in FY2008.



Debt Maturity Profile

During the year, the Group was able to improve the maturity profile of the debt considerably. As of 31 March 2009, 53% of the Group's total borrowings were long term debt.



Liquidity, Financial Resources and Capital Structure

As at 31 March 2009, the Group's total assets increased by 10.3% to HK$15,664.9 million (approximately US$2,008.3 million). During the year, the Group spent HK$1,282.4 million (approximately US$164.4 million) in the acquisition of property, plant and equipment. This included HK$297.8 million (approximately US$38.2 million) in the construction of the new Hongdao processing complex, HK$623.6 million (approximately US$79.9 million) in upgrading vessels for the South Pacific Ocean expansion and HK$201.0 million (approximately US$25.8 million) in acquiring additional vessels and a fishmeal plant in Peru.

Despite a global credit crunch, the Group successfully received a new 3-year term loan of US$60.0 million (approximately HK$468.0 million) to finance its South Pacific expansion project. As a result, total interest bearing borrowings increased to HK$7,597.6 million (approximately US$974.1 million) from HK$6,966.9 million (approximately US$893.2 million). Furthermore, we were able to improve the maturity profile of the debt considerably during the year. In May 2008, the Group refinanced its syndicated loan facility of US$160.0 million (HK$1,248.0 million) with a new 4-year loan facility. As of 31 March 2009, 53% of the Group's total borrowings were long term debt and are predominantly due in 2012 and 2013.

Equity attributable to equity holders of the Company increased 13.1% to HK$3,950.9 million (approximately US$506.5 million).

Net debt-to-equity ratio, defined as a percentage of net interest bearing borrowings over shareholders' funds, improved from 113% to 108% as at the end of the reporting period.

As at 31 March 2009, the Group held HK$402.8 million (approximately US$51.6 million) in cash and bank deposits. The Board is confident that the Group has adequate financial resources to support its working capital and debt repayment needs.

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

Charges on Group Assets

Details of charges on assets of the Group are set out in note 47 to the consolidated financial statements.

Contingent Liabilities

Details of contingent liabilities of the Group are set out in note 46 to the consolidated financial statements.

Material Acquisitions and Disposal of Subsidiaries

Details of acquisition of subsidiaries and disposal of a subsidiary of the Group during the year are set out in notes 41 and 42 to the consolidated financial statements.

Employees and Remuneration

As at 31 March 2009, the Group had a total of approximately 13,000 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 China Fishery, 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.

DIRECTORS' **PROFILE**

Executive Directors

Teh Hong Eng, 73, 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.

Madam Teh is the mother of Ng Joo Siang, Ng Joo Kwee, Ng Joo Puay, Frank and Ng Puay Yee.

Ng Joo Siang, 50, 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.

Mr. Ng is the son of Teh Hong Eng. He is the brother of Ng Joo Kwee, Ng Joo Puay, Frank and Ng Puay Yee.

Ng Joo Kwee, 48, is the Executive Director of the Company responsible for all production of frozen seafood 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.

Mr. Ng is the son of Teh Hong Eng. He is the brother of Ng Joo Siang, Ng Joo Puay, Frank and Ng Puay Yee.

Ng Joo Puay, Frank, 46, 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.

Mr. Ng is the son of Teh Hong Eng. He is the brother of Ng Joo Siang, Ng Joo Kwee and Ng Puay Yee.

Ng Puay Yee, 37, 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 Chapter Chairlady of the Entrepreneurs' Organization Hong Kong.

Ms. Ng is the daughter of Teh Hong Eng. She is the sister of Ng Joo Siang, Ng Joo Kwee and Ng Joo Puay, Frank.

Independent Non-Executive Directors

Lew V Robert, 53, 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. 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, B.B.S. J.P., 53, is a solicitor practising in Hong Kong, and is currently the Managing Partner, Mainland China and Hong Kong of Mallesons Stephen Jaques. Mr. Kwok is also qualified to practise as a solicitor in Australia, England and Wales and Singapore. He is a fellow member 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 Chairman of the Traffic Accident Victims Assistance Advisory Committee, Chairman of the Finance Committee of Kwai Chung Hospital/Princess Margaret Hospital and a member of the Hong Kong Tourism Board. He is also a member of the Political Consultative Committee of Guangxi in the PRC.

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

INDEPENDENT NON-EXECUTIVE:
Lew V Robert
Kwok Lam Kwong, Larry
Yeh Man Chun, Kent *(resigned on 18 August 2008)*

Audit Committee

Lew V Robert *(Chairman)*
Kwok Lam Kwong, Larry
Yeh Man Chun, Kent *(resigned on 18 August 2008)*

Remuneration Committee

Kwok Lam Kwong, Larry *(Chairman)*
Lew V Robert
Ng Joo Siang
Ng Joo Puay, Frank
Yeh Man Chun, Kent *(resigned on 18 August 2008)*

Company Secretary

Chan Tak Hei

Solicitors

Baker & McKenzie

Auditors

Deloitte Touche Tohmatsu

Principal Bankers

CITIC Ka Wah Bank Limited
HSBC
Rabobank International
Standard Chartered Bank (Hong Kong) Limited

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

Tricor 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 consolidated financial statements for the year ended 31 March 2009.

Principal Activities

The Company acts as an investment holding company and provides corporate management services to group companies. The activities of its principal subsidiaries are fishing and fishmeal, the provision of fishing management services to fishing vessels, global sourcing, processing on shore and international distribution of a variety of frozen seafood products, trading of marine fuel and the provision of shipping and agency services. The activities of its principal associates are 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 2009 are set out in notes 51, 52 and 29 respectively to the consolidated financial statement.

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% (2008: 30%) of the Group's turnover. The five largest suppliers of the Group together accounted for approximately 42% (2008: 37%) of the Group's total purchases, with the largest supplier accounting for 16% (2008: 17%).

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 owns more than 5% of the Company's share capital) 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 2009 are set out in the consolidated income statement on page 30.

The directors recommend the payment of a final dividend of HK5.9 cents per share to the shareholders whose names appear on the Register of Members of the Company at the close of business on 8 September 2009 amounting to HK$167,093,000 and the retention of the remaining profit for the year of HK$349,701,000.

Property, Plant and Equipment

During the year, the Group spent approximately HK$1,081,384,000 on the acquisition of property, plant and equipment.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

Investment Properties

The Group has revalued its investment properties at 31 March 2009.

Details of movements during the year in investment properties of the Group are set out in note 18 to the consolidated 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.

Convertible Bonds, Share Capital, Share Options and Awards

Details of movements in the convertible bonds, share capital, share options and awards are set out in notes 35, 39 and 40 to the consolidated financial statements respectively.

Pre-emptive Rights

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

Obligations under Finance Leases and Borrowings

Details of obligations under finance leases and bank borrowings of the Group are set out in notes 33 and 34 to the consolidated financial statements respectively.

Interest of HK$16,107,000 was capitalised by the Group during the year.

Senior Notes

Details of the senior notes are set out in note 36 to the consolidated financial statements.

Directors

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

Executive directors:

Teh Hong Eng	(Chairperson)
Ng Joo Siang	(Managing Director and Vice-Chairman)
Ng Joo Kwee	
Ng Joo Puay, Frank	
Ng Puay Yee	

Independent non-executive directors :

Lew V Robert	
Kwok Lam Kwong, Larry	
Yeh Man Chun, Kent	*(resigned on 18 August 2008)*

In accordance with the provisions of the Company's bye-laws, Teh Hong Eng, Ng Joo Kwee and Ng Joo Puay, Frank retire and, being eligible, offer themselves for re-election. All remaining directors continue in office.

The terms 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

Each of Teh Hong Eng, Ng Joo Siang, Ng Joo Kwee and Ng Joo Puay, Frank has entered into a service agreement with the Company's subsidiary and Ng Puay Yee has entered into a service agreement with the Company. These service agreements shall be valid unless terminated by either party giving at least one year's written notice.

Other than as disclosed above, no director 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 Executives Interests

(i) Shares

At 31 March 2009, 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 share held (long Position)		
Name of director	Personal Interest	Family Interest	Percentage of the issued share capital of the Company
Ng Joo Siang	–	1,059,600 Note (a)	0.06%
Ng Puay Yee	1,056,389	–	0.06%

Note :

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

(ii) Share option schemes

Particulars of the share option schemes are set out in note 40 to the consolidated financial statements.

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

Other than as disclosed above, no director or chief executive or their respective associate 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 2009.

(iii) Shares award plan

Particulars of the share award plan is set out in note 40 to the consolidated 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, 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 as paid up;

(b) existing shares repurchased from open market; and

(c) cash equivalent value of such shares.

(iv) 7,009,801 share awards have been granted during the year, but no share award will vest until 15 January 2012.

(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 2009.

Arrangements to Purchase Shares or Debentures

Other than as disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangements 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, 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 Mach 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder 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	1,014,492,849 (Note 1)	53.73%
Leung Hok Pang	Beneficial owner	164,760,000 (Note 2)	8.73%

Notes :

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

2. 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 2009.

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 has a 65% attributable interest as at 31 March 2009:

	HK$'000
Sales to Kyoshoku and its subsidiary	53,000
Interest income received from Kyoshoku and its subsidiary	1,691
Interest paid to NFS and its subsidiary	1,750
Administrative income received from PAH and its subsidiaries	19,703
Interest income received from PAH and its subsidiaries	221

Transactions with Non-wholly Owned Subsidiaries – Continued

The interest income was calculated at interest rates ranging from 2.04% to 3.60% per annum on the outstanding amounts due from PAH and its subsidiaries and the outstanding amounts due from Kyoshoku and its subsidiaries respectively. The interest expense was calculated at interest rate of 7.50% per annum or the outstanding amounts due to NFS 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 a supplemental agreement dated 22 July 2003. Sales and purchases of frozen seafood were carried out at market price or, where no market price was available, a 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$474,630,000 granted to NFS and its subsidiary and in the amount of HK$39,812,000 to Kyoshoku and its subsidiaries. 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$11,692,000.

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 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 2009.

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 2009.

Post Balance Sheet Events

Details of the post balance sheet events are set out in note 50 to the consolidated financial statements.

Auditor

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

On behalf of the Board

Ng Joo Siang
Managing Director

27 July 2009

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 maximizing 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 2009, except for the following deviations:

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. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

CG Code Provision A.3 and B1.1 and Rule 3.10(1) of the Listing Rules, provides that every board of directors of the Company must include at least three independent non-executive directors and a majority of the members of the remuneration committee should be independent non-executive directors. The number of independent non-executive directors of the Company has fallen short by one due to the resignation of Mr. Yeh Man Chun, Kent as an independent non-executive director with effect from 16 August 2008. Despite the effort made during the period, the Board yet cannot find a right person to fill the vacancy. The Board will continue to make every effort to look for an appropriate person to meet such requirement as soon as possible in order to comply with the requirement.

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 currently comprises five executive directors and two 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 meetings for the year ended 31 March 2009 is as follows:

Name of Directors	**Number of attendance**
Executive:	
Teh Hong Eng *(Chairperson)*	2/2
Ng Joo Siang *(Vice-Chairman and Managing Director)*	2/2
Ng Joo Kwee	2/2
Ng Joo Puay, Frank	1/2
Ng Puay Yee	2/2
Independent non-executive:	
Lew V Robert	2/2
Kwok Lam Kwong, Larry	2/2
Yeh Man Chun, Kent *(resigned on 18 August 2008)*	1/1

Chairperson and Managing Director

The Chairperson 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 constructively.

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 2009.

Auditors' Remuneration

For the year ended 31 March 2009, the auditors of the Group received approximately HK$6,864,000 and HK$1,448,000 for audit services and non-audit services rendered to the Group respectively.

Audit Committee

The Audit Committee currently comprises two independent non-executive directors, Lew V Robert (Chairman) and Kwok Lam Kwong, Larry. Two meetings were held during the year ended 31 March 2009. The attendance of the directors at the Audit Committee Meeting for the year ended 31 March 2009 is as follows:

Name of Directors	Number of attendance
Lew V Robert	2/2
Kwok Lam Kwong, Larry	2/2
Yeh Man Chun, Kent *(resigned on 18 August 2008)*	1/1

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 2008 and annual results for the year ended 31 March 2009 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

– 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 four members, two independent non-executive directors, Lew V Robert and Kwok Lam Kwong, Larry, 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 2009.

The attendance of the directors at the Remuneration Committee Meeting for the year ended 31 March 2009 is as follows:

Name of Directors	Number of attendance
Kwok Lam Kwong, Larry *(Chairman)*	1/1
Lew V Robert	1/1
Ng Joo Siang	1/1
Ng Joo Puay, Frank	1/1
Yeh Man Chun, Kent *(resigned on 18 August 2008)*	1/1

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 2009 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 an internal audit department, which reports directly to the Audit Committee. The Audit Committee, on an annual basis, will assess the effectiveness of the internal audit department by examining the scope of the internal audit work and its independence of areas reviewed and the internal auditor's report. The Audit Committee is satisfied that the internal audit department has adequate resources and appropriate standing within the Company to undertake its activities independently and objectively.

The Audit Committee will also meet the internal auditor without the presence of the management annually.

INDEPENDENT **AUDITOR'S REPORT**

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 30 to 99, which comprise the consolidated balance sheet as at 31 March 2009, 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 statement are free from material misstatement.

An audit in 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 2009 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 2009

CONSOLIDATED **INCOME STATEMENT**

For the year ended 31 March 2009

	NOTES	2009 HK$'000	2008 HK$'000
Revenue	6	11,167,773	10,017,372
Cost of sales		(9,115,695)	(8,186,101)
Gross profit		2,052,078	1,831,271
Other income	7	170,779	210,114
Selling and distribution expenses		(304,923)	(229,235)
Administrative expenses		(373,679)	(350,400)
Other expenses	8	(21,192)	(32,322)
Gain on deemed acquisition/discount on acquisition of additional interests in subsidiaries	9	12,863	–
Gain on dilution of interest in a subsidiary	10	–	24,721
Finance costs	11	(508,469)	(533,164)
Share of results of associates	22	(731)	361
Profit before taxation	12	1,026,726	921,346
Taxation	14	(878)	(37,078)
Profit for the year		1,025,848	884,268
Attributable to :			
Equity holders of the Company		516,794	372,909
Minority interests		509,054	511,359
		1,025,848	884,268
		2009 HK cents	2008 HK cents
Earnings per share			
Basic	16	27.9	21.6
Diluted	16	27.4	21.5

CONSOLIDATED **BALANCE SHEET**

At 31 March 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	17	3,951,752	2,864,425
Investment properties	18	211,079	213,522
Prepaid lease payments	19	47,687	33,438
Goodwill	20	2,712,746	2,665,449
Deferred charter hire	21	1,490,320	1,662,960
Interests in associates	22	12,796	13,527
Other intangible assets	23	602,634	493,894
Other long term receivable		928	928
		9,029,942	7,948,143
Current assets			
Inventories	24	1,774,356	1,933,488
Trade, bills and other receivables	25	4,078,176	3,634,345
Trade receivables with insurance coverage	26	223,153	196,352
Trade receivables from associates	27	69,464	77,933
Amounts due from associates	27	–	25,756
Amount due from a jointly-controlled entity	28	1,369	1,318
Derivative financial instruments	29	11,743	–
Tax recoverable		73,883	2,965
Pledged deposits	30	67,329	539
Bank balances and cash	31	335,489	376,025
		6,634,962	6,248,721
Current liabilities			
Trade and other payables	32	542,239	696,326
Bank advances drawn on discounted trade receivables with insurance coverage and discounted bills	26	419,902	266,586
Amounts due to associates	27	–	10,138
Deferred consideration payable	38	494,633	–
Taxation		98,284	40,181
Obligations under finance leases – due within one year	33	36,533	22,706
Bank borrowings – due within one year	34	3,132,102	3,898,642
		4,723,693	4,934,579
Net current assets		1,911,269	1,314,142
Total assets less current liabilities		10,941,211	9,262,285

Consolidated Balance Sheet

At 31 March 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Obligations under finance leases – due after one year	33	100,778	44,599
Bank borrowings – due after one year	34	1,587,927	414,509
Convertible bonds	35	612,772	622,199
Senior notes	36	1,707,592	1,697,610
Deferred taxation	37	283,549	255,743
Deferred consideration payable	38	–	416,520
		4,292,618	3,451,180
Net assets		6,648,593	5,811,105
Capital and reserves			
Share capital	39	188,806	182,814
Share premium and reserves		3,762,054	3,310,653
Equity attributable to equity holders of the Company		3,950,860	3,493,467
Equity component of convertible bonds of a listed subsidiary	35	39,710	42,226
Minority interests		2,658,023	2,275,412
Total equity		6,648,593	5,811,105

The financial statements on pages 30 to 99 were approved and authorised for issue by the Board of Directors on 27 July 2009 and are signed on its behalf by:

Ng Joo Siang
DIRECTOR

Ng Joo Puay, Frank
DIRECTOR

CONSOLIDATED **STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March 2009

	Attributable to equity holders of the Company											
	Share capital HK$'000	Share premium HK$'000	Revaluation reserve – properties HK$'000	Translation reserve HK$'000	Other reserve HK$'000	Goodwill reserve HK$'000	Special reserve HK$'000	Retained profits HK$'000	Total HK$'000	Equity component of convertible bonds of a listed subsidiary HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 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
Surplus on revaluation of properties	–	–	66,699	–	–	–	–	–	66,699	–	7,957	74,656
Deferred tax liability arising on revaluation of properties	–	–	(13,623)	–	–	–	–	–	(13,623)	–	–	(13,623)
Effect of change in tax rate	–	–	3,628	–	–	–	–	–	3,628	–	–	3,628
Exchange differences arising on translation of foreign operation	–	–	–	83,614	–	–	–	–	83,614	–	445	84,059
Net income recognised directly in equity	–	–	56,704	83,614	–	–	–	–	140,318	–	8,402	148,720
Profit for the year	–	–	–	–	–	–	–	372,909	372,909	–	511,359	884,268
Total recognised income for the year	–	–	56,704	83,614	–	–	–	372,909	513,227	–	519,761	1,032,988
Issue of right shares	60,086	871,253	–	–	–	–	–	–	931,339	–	–	931,339
Transaction costs attributable to issue of rights shares	–	(22,375)	–	–	–	–	–	–	(22,375)	–	–	(22,375)
Recognition of equity component of convertible bonds of a listed subsidiary	–	–	–	–	–	–	–	–	–	46,806	–	46,806
Conversion of convertible bonds of a listed subsidiary	–	–	–	–	–	–	–	–	–	(4,580)	70,980	66,400
Gain on dilution of interests in a subsidiary	–	–	–	–	–	–	–	–	–	–	(24,721)	(24,721)
Acquisition of additional interest in a subsidiary	–	–	–	–	(52,655)	–	–	–	(52,655)	–	(650,791)	(703,446)
Winding up of a subsidiary	–	–	–	–	–	–	–	–	–	–	(754)	(754)
Contribution from minority shareholders	–	–	–	–	–	–	–	–	–	–	654,663	654,663
Issue of scrip dividend shares	2,555	52,896	–	–	–	–	–	–	55,451	–	–	55,451
Dividends paid	–	–	–	–	–	–	–	(73,906)	(73,906)	–	(52,945)	(126,851)
At 31 March 2008	182,814	1,794,174	175,990	97,586	(52,655)	(135,913)	9,800	1,421,671	3,493,467	42,226	2,275,412	5,811,105
Surplus on revaluation of properties	–	–	17,965	–	–	–	–	–	17,965	–	2,621	20,586
Deferred tax liability arising on revaluation of properties	–	–	(4,404)	–	–	–	–	–	(4,404)	–	–	(4,404)
Exchange differences arising on translation of foreign operations	–	–	–	(27,474)	–	–	–	–	(27,474)	–	915	(26,559)
Net income (expense) recognised directly in equity	–	–	13,561	(27,474)	–	–	–	–	(13,913)	–	3,536	(10,377)
Profit for the year	–	–	–	–	–	–	–	516,794	516,794	–	509,054	1,025,848
Total recognised income (expense) for the year	–	–	13,561	(27,474)	–	–	–	516,794	502,881	–	512,590	1,015,471
Decrease in equity component of convertible bonds of a listed subsidiary on repurchase	–	–	–	–	–	–	–	–	–	(2,516)	–	(2,516)
Deemed addition of interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	(5,805)	(5,805)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	(10,467)	(10,467)
Contribution from minority shareholders	–	–	–	–	–	–	–	–	–	–	1,902	1,902
Issue of scrip dividend shares	5,992	49,068	–	–	–	–	–	–	55,060	–	–	55,060
Dividends paid	–	–	–	–	–	–	–	(100,548)	(100,548)	–	(115,609)	(216,157)
At 31 March 2009	188,806	1,843,242	189,551	70,112	(52,655)	(135,913)	9,800	1,837,917	3,950,860	39,710	2,658,023	6,648,593

The retained profits of the Group include accumulated losses of HK$824,000 (2008: HK$93,000) and an accumulated profit of HK$27,419,000 (2008: HK$16,643,000) 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 share 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 reorganization in 1994.

CONSOLIDATED **CASH FLOW STATEMENT**

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
Operating Activities		
Profit before taxation	1,026,726	921,346
Adjustments for:		
Interest income	(1,162)	(55,086)
Interest expense	508,469	533,164
Allowance for doubtful debts	154	10,233
Release of deferred charter hire	172,640	172,640
Share of results of associates	731	(361)
Amortisation of prepaid lease payments	925	281
Depreciation of property, plant and equipment	189,676	146,245
Allowance for amounts due from associates recognised (write back)	14,872	(3,659)
Revaluation decrease (increase) on revaluation of land and buildings	2,512	(10,570)
Fair value changes on investment properties	(17,193)	(32,860)
Gain on deemed acquisition/discount on acquisition of additional interest in subsidiaries	(12,863)	–
Gain on repurchase of convertible bonds	(20,168)	–
Gain on dilution of interests in subsidiaries	–	(24,721)
Loss (gain) on disposal of property, plant and equipment	3,130	(3,116)
Loss on disposal of a subsidiary	–	108
Operating cash flows before movements in working capital	1,868,449	1,653,644
Decrease in inventories	174,003	4,677
Increase in trade, bills and other receivables	(420,247)	(333,825)
(Increase) decrease in trade receivables with insurance coverage	(26,801)	19,840
Decrease in trade receivables with associates	8,469	31,559
Decrease in advances to suppliers	–	18,605
Decrease (increase) in amounts due from associates	10,884	(7,235)
Increase in amount due from a jointly-controlled entity	(51)	(191)
Increase in derivative financial instruments	(11,743)	–
Decrease in trade and other payables	(193,740)	(211,316)
(Decrease) increase in amounts due to associates	(10,138)	3,233
Cash from operations	1,399,085	1,178,991
Tax paid	(42,639)	(75,222)
Interest paid	(475,504)	(461,275)
Net cash from operating activities	880,942	642,494

	NOTES	2009 HK$'000	2008 HK$'000
Investing Activities			
Interest received		1,162	55,086
Proceed on disposal of property, plant and equipment		9,758	2,559
Proceed on disposal of investment properties		3,606	–
Addition to property, plant and equipment		(950,617)	(1,150,167)
Addition to prepaid lease payments		(15,428)	–
Addition to investment properties		(11,278)	(14,192)
Purchase of fishing permits		–	(85,744)
Increase in pledged deposits		(66,790)	(227)
Acquisition of additional interest of a subsidiary		(3,409)	(2,370,182)
Acquisition of subsidiaries	41	(119,569)	(317,975)
Acquisition of an associate		–	(11,700)
Disposal of a subsidiary	42	–	(822)
Net cash used in investing activities		(1,152,565)	(3,893,364)
Financing Activities			
Proceeds from shares issued by a subsidiary		1,902	654,663
Issue of rights shares		–	931,339
Share issue expenses		–	(22,375)
Net proceeds from issurance of convertible bonds		–	707,948
Repurchase of convertible bonds		(21,118)	–
Dividend paid to minority shareholders		(115,609)	(52,945)
Dividend paid		(45,488)	(18,455)
Repayments of obligations under finance leases		(68,262)	(61,482)
Payment of deferred consideration		(54,487)	–
Net mortgage loans repaid		(22,508)	(8,389)
Syndicated loans raised (repaid)		728,000	(208,000)
Net bank advances drawn on discounted trade receivables with insurance coverage and discounted bills raised (repaid)		153,316	(86,863)
Increase in bank overdrafts		13,240	3,353
Net other bank borrowings (repaid) raised		(318,004)	1,465,852
Net cash from financing activities		250,982	3,304,646
Net (decrease) increase in cash and cash equivalents		(20,641)	53,776
Cash and cash equivalents at beginning of the year		376,025	287,926
Effect of foreign exchange rate changes		(19,895)	34,323
Cash and cash equivalents at end of the year		335,489	376,025
Representing:			
Bank balances and cash		335,489	376,025

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 consolidated 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 and the Group 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 51, 52, and 28 respectively.

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 amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 April 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs 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.

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

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligation Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods ending on or after 30 June 2009
6 Effective for annual periods beginning on or after 1 July 2008
7 Effective for annual periods beginning on or after 1 October 2008
8 Effective for transfers on or after 1 July 2009

HKAS 1 (Revised) has been revised to separate owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income: it presents all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. As a whole the revised standard has introduced a number of terminology changes and has resulted in a number of changes in presentation and disclosure. However, the revised standard has had no impact on the reported results or financial position of the Group, and the Group is still evaluating whether it will have one or two statements.

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 charges in a parent's ownership interest in a subsidiary that do no result in a loss of control, which will be accounted for as equity transactions, which is different from the current accounting treatment described in notes 9 and 10.

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. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain properties, investment properties and derivative financial instruments, which are measured at revalued amounts and 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 Hong Kong 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 on or after 1 January 2005

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.

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.

Acquisition of additional interest in a subsidiary

When the Group increases its interest in an entity that is already controlled by the Group, goodwill arising on such acquisition represents the difference between the cost of additional interest acquired and the increase in the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities acquired. No revaluation surplus or deficit on revaluing all of the identifiable assets, liabilities and contingent liabilities of the subsidiary is recognised in the consolidated balance sheet. The difference between the fair value and the book value of the identifiable assets, liabilities and contingent liabilities attributable to the additional interest acquired is recognised as a reserve movement (other reserve). This difference represents the portion of the revaluation difference that arose since the original acquisition date that is attributable to the Group's increased interest in the subsidiary. On the subsequent disposal of the subsidiary, the reserve is transferred to retained profits.

3. Significant Accounting Policies – Continued

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 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.

Interest 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 consolidated 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, 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 jointly controlled entity (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 sold and services provided in the normal course of business, net of discounts and sales related taxes.

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

Service income is recognised when services are provided.

Interest income from a 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 to that asset's net carrying amount.

Rental income from consolidated operating leases is recognised in the consolidated income statement 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 subsequent accumulated depreciation and accumulated impairment losses. Freehold land is stated at cost less any recognised impairment loss and is not depreciated. Leasehold land and buildings are stated in the consolidated balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to 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 consolidated 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 properties 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 includes 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 ad 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, 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. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

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

Leasehold land and buildings	25 years or lease term, whichever is shorter
Freehold buildings	33 years
Leasehold improvements	3 – 10 years
Furniture and fixtures	3 years
Office equipment	2½ – 7 years
Motor vehicles	2½ – 20 years
Plant and machinery	2½ – 10 years
Vessels	10 – 17 years
Fishing nets	4 years

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 consolidated income statement in the year in which the item is derecognised.

3. Significant Accounting Policies – Continued

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. For a transfer of an owner-occupied property to an investment property, the deemed cost of investment properties is the fair value of the owner-occupied property at the date of transfer. 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.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. 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 asset) is included in the consolidated income statement in the year in which the item is derecognised.

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.

Impairment losses on tangible and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an 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, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that 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 accounting standard.

Intangible assets

Intangible assets acquired separately

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 above).

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 above.

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.

3. Significant Accounting Policies – Continued

Intangible assets – Continued

Intangible assets acquired separately – Continued

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 on tangible and intangible assets above).

Deferred expenditure

Expenses incurred which are directly attributable to activities carried at for the purpose of catching fish and other marine catches during voyages are deferred in the consolidated balance sheet and released to the consolidated income statement as expenses when the fish and marine catches are sold and revenue is recognised 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 consolidated income statement immediately.

Charter hire

Deferred charter hire represents future fixed charter hire expense for fishing vessels which have been prepaid. They are recognised 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 accure.

The Group pays charter hire fees based on fixed rates and variable rates based on contracted percentages of the annual operating profit attributable to the vessels procured by counterparties (note 21). 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 consolidated income statement and does not include this cost in deferred expenditure as discussed above. Variable charter hire costs are determined when the net profit derived from operating fishing vessels 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 borrowings 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 or 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.

3. Significant Accounting Policies – Continued

Financial instruments – Continued

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss and loans and receivables. The accounting policies adopted in respect of which are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Interest income is recognized on an effective interest basis.

Financial assets at fair value through profit or loss

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

At each balance sheet date subsequent to initial recognition, financial assets held for trading are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the 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 other long term receivables, trade, bills and other receivables, trade receivable with insurance coverage, trade receivables from associates, amounts due from associates, amount due from a jointly-controlled entity, pledged deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. Significant Accounting Policies – Continued

Financial instruments – Continued

Financial assets – Continued

Impairment of financial assets – Continued

For certain categories of financial asset, such as trade receivables, bills receivables and trade receivables with insurance coverage, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days to 180 dates, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

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 Company 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, amounts due to associates, obligations under finance leases, convertible bonds, deferred consideration payable and senior notes are subsequently measured at amortised cost, using the effective interest rate method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and or allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Convertible notes

Conversion option embedded in convertible bonds that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed amount of cash or another financial asset for a fixed number of the Group's owner equity instruments is an equity component of convertible bonds. Such convertible bonds issued by a subsidiary of the Group containing liability component and equity component, are classified separately into respective items on initial recognition. At the date of issue, both the liability and equity component are recognised at the fair value.

3. Significant Accounting Policies – Continued

Financial instruments – Continued

Convertible notes – Continued

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity component in proportion to the allocation of the proceeds. Transaction costs relating to the liability and equity components are included in the carrying amounts of the liability and equity portion respectively. Transaction costs included in the carrying amounts of the liability portion is amortised over the period of the convertible bonds using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

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 is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of the transferred assets (including discounted trade receivables with insurance coverage and discounted bills), the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised 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 at the directors' 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.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options grated at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve.

3. Significant Accounting Policies – Continued

Share-based payment transactions – Continued

Equity-settled share-based payment transactions – Continued

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share option are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

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 the respective 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statement, the asset and liabilities of the Group's foreign operatings 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 retranslated at the rate of exchange prevailing at the balance sheet date. Exchange difference 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 consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes 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 consolidated 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.

3. Significant Accounting Policies – Continued

Taxation – Continued

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 to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

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 consolidated 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

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4. Key Sources of Estimation and Uncertainty – Continued

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Carrying amount of deferred charter hire

As at 31 March 2009, the carrying amount of deferred charter hire (note 21) was HK$1,662,960,000 (2008: HK$1,835,600,000). The operation of vessels under the operating vessel agreements with the Arrangers (as defined in note 21) have been profitable after deducting recognition of the deferred charter hire over the periods for which the charter hires have been prepaid. The directors expect the operations to remain profitable in the foreseeable future and the carrying amount of the deferred charter hire to be recoverable from future operations.

Carrying amount of fishing vessels and fishing permits

The carrying amounts of fishing vessels and fishing permits totaled HK$599,043,000 and HK$578,671,000, respectively, as at 31 March 2009 (2008: HK$594,476,000 and HK$469,931,000 respectively). Determining whether the carrying amounts of these assets can be recovered requires an estimation of the value in use of the cash-generating units and a suitable discount rate in order to calculate present value. Management has evaluated these projections using assumptions on catch quantities, prices of catch and operating cost of this cash-generating unit.

With effect from January 2009, the fishing system in Peru changed from the previous "Olympic" system to "Individual Transferable Quota ("ITQ")" system which entitles fishing companies holding valid licensed fishing vessels to a share of fishing quotas determined by the authorities. Management has evaluated the impact of the quota allocation under the ITQ system and included such consideration in the estimation of the value in use. Based on these evaluations, management is of the value that the carrying amounts of the fishing vessels and fishing permits are realisable through future operations.

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 to calculate present value. Details of the impairment loss calculated are provided in note 20.

Goodwill arising from acquisition of subsidiaries during the year amounting to HK$42,207,000 in aggregate (2008: acquisition of subsidiaries and acquisition of additional interest in a subsidiary amounting to HK$2,263,139,000), is provisionally determined based on management's assessment of the fair value of assets and liabilities acquired and is subject to change. Based on management's assessment, management is of the view that the carrying amount of goodwill of HK$2,712,746,000 (2008: HK$2,665,449,000) is not impaired. Information relating to the carrying amount and management's assessment of goodwill is provided in note 20.

Useful lives of property, plant and equipment

The carrying amount of property, plant and equipment amounting to HK$3,951,752,000 (2008: HK$2,864,425,000) have been determined after charging depreciation on a straight line basis over the estimated useful life of these assets.

Components of these carrying amounts are detailed in note 17.

Management reviews that the estimated useful lives of these assets at the end of each annual reporting period and determined that the useful lives as stated in note 3 remain appropriate.

4. Key Sources of Estimation and Uncertainty – Continued

Estimation of 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, Financial Risks and Capital Risks Management

a. Categories of financial instruments

The following table sets out the financial instruments as at the balance sheet date:

	2009 HK'000	2008 HK'000
Financial assets		
Derivative financial instruments	11,743	–
Loans and receivables (including cash and cash equivalents)	2,545,896	2,584,563
	2,557,639	2,584,563
Financial liabilities		
Amortised cost	8,622,163	8,077,540

b. Financial risk management policies and objectives

The Group's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Group.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, interest rates, credit qualities of counterparties and liquidity.

5. Financial Instruments, Financial Risks and Capital Risks Management – Continued

b. Financial risk management policies and objectives – Continued

There has been no change to the Group's exposure to these financial risks or the manner in which in manages and measures these risks. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign currency risk management

The Group entities transact largely in their functional currencies, which in most instances is the United States dollars. Foreign exchange risk arises largely from transactions denominated in currencies such as Peruvian Nuevos Soles, Chinese Renminbi, Hong Kong dollars, Euro and Japanese Yen.

At the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Liabilities		Assets	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Peruvian Nuevos Soles	42,435	72,947	149,238	32,262
Chinese Renminbi	1,665	7,783	2,790	6,917
Hong Kong dollars	15,580	2,216	4,762	3,556
Euro	8,282	20,323	12,648	27,679
Singapore dollars	3	1,975	332	374
British pounds	–	–	204	2,178
Japanese Yen	–	2,954	28,991	71,161
Denmark Kroner	66	2,403	–	–

Foreign currency sensitivity

The following details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate that represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If Peruvian Nuevos Soles, the major foreign currency, weakens or strengthens by 10% against the functional currency of each Group entity, Group profit will decrease or increase by HK$10,680,000 (2008: increase or decrease HK$4,069,000), respectively.

In addition, the Group has entered into foreign currency forward contracts with banks during the year ended 31 March 2009 to reduce its exposure to currency fluctuation risk of payment of operating expenses which are denominated in foreign currencies. The derivative is not accounted for under hedge accounting. The Group is required to estimate the fair value of the foreign currency forward contract at balance sheet date, which therefore exposes the Group to other price risk.

The foreign currency forward contracts amounted to HK$11,743,000 (2008: nil) is exposed to the forward exchange rate of the relevant foreign currencies against the functional currencies of each group entity. The management considered that the Group's exposure to the foreign currency risk on these contracts is minimal. Accordingly, no sensitivity analysis is presented.

5. Financial Instruments, Financial Risks and Capital Risks Management – Continued

b. Financial risk management policies and objectives – Continued

(ii) Interest rate risk management

Interest-earning financial assets comprise bank balances and fixed deposits (note 31). Summary quantitative data of the Group's interest-bearing financial liabilities can be found in section (iv) of this Note.

The Group is exposed to cash flow interest rate risk in relation to variable rate bank borrowings (note 34). The Group mitigates its exposure to changes in interest rates by locking in fixed rate borrowings through issue of convertible bonds (note 35), senior notes (note 36), certain bank borrowings (note 34) and use of finance leases for which rates are fixed at inception of the financial leases (note 33). Although the Group is also exposed to fair value interest rate risk in relation to fixed rate borrowings, the Group's policy is to obtain the most favourable interest rates available and also by reviewing the terms of the interest-bearing liabilities to minimise the adverse effects of changes in interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the balance sheet date and assuming the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's post tax profit for the year ended 31 March 2009 would decrease/increase by approximately HK$23,478,000 (2008: decrease/increase by HK$20,209,000). This is mainly attributable to the Group's increased exposure to interest rates on its variable rate borrowings.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Sales of goods, fishes and related products are made to companies which the Group assessed to be of good credit rating through their trading and payment history as well as such commercial information which the Group obtains from time to time. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. Limits and credit quality attributed to customers are reviewed periodically. Trade debtors that are neither past due not impaired are substantially companies with good collection track record with the Group. Management considers that the credit risk associated with the Group's trade receivables has been mitigated by the above risk management practices. The recoverable amount of each individual trade receivable is reviewed at each balance sheet date and allowance is made for estimated irrecoverable amount.

The Group has concentration of credit risk as 16% (2008: 10%) and 47% (2008: 44%) of the Group's trade receivables, bills receivables and trade receivables with insurance coverage was due from the Group's largest customer and the five largest customers respectively.

The credit risk on bank balances is limited because the counterparties are reputable financial institutions.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

5. Financial Instruments, Financial Risks and Capital Risks Management – Continued

b. Financial risk management policies and objectives – Continued

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents and obtains a mix of short-term and long-term external financing to fund its operations.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables details the contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. For derivative instruments (assets) settle on a gross basis, the undiscounted cash outflows are insignificant and therefore not presented.

	Weighted average effective interest rate %	On demand or within 1 year HK$'000	Within 2 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
2009						
Non-derivative financial liabilities						
Non-interest bearing	–	529,924	–	–	529,924	529,924
Obligations under finance leases	8.15	56,691	136,955	–	193,646	137,311
Variable interest rate instruments	3.16	4,116,194	1,646,646	14,282	5,777,122	5,623,575
Fixed interest rate instruments	7.90	191,134	2,986,146	–	3,177,280	2,331,353
		4,893,943	4,769,747	14,282	9,677,972	8,622,163
2008						
Non-derivative financial liabilities						
Non-interest bearing	–	694,169	–	–	694.169	694,169
Obligations under finance leases	9.94	30,158	61,009	–	91,167	67,305
Variable interest rate instruments	3.93	4,154,983	824,964	19,493	4,999,440	4,899,041
Fixed interest rate instruments	9.71	265,953	1,412,000	1,873,597	3,551,550	2,417,025
		5,145,263	2,297,973	1,893,090	9,336,326	8,077,540

(v) Other risk management

The Group prepaid HK$2,225 million (2008: HK$2,225 million) of charter hire fees for 17 (2008: 17) fishing vessels, the benefits of which are to be realised over 10 to 18 years up to 2025. The Group mitigates the risk relating to obligations of the counterparties in respect of the prepayment arrangements and the vessel operating agreements through the security documents described in note 21.

5. Financial Instruments, Financial Risks and Capital Risks Management – Continued

b. Financial risk management policies and objectives – Continued

(vi) Fair values of financial assets and financial liabilities

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

The fair values of derivative financial instruments are measured using quoted forward rates and discounted using applicable yield for the duration of the instruments.

Other than set out in the consolidated financial statements, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost is the consolidated financial statements approximate to their fair values.

c. Capital risk management policies and objectives

The Group's objectives in managing capital are to maintain an optimal capital structure so as to maximise the return to its shareholders, to protect the interests of its stakeholders, safeguard the Group's ability to continue as a going concern and to be able to service its debts when they are due. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, obtain various forms of borrowings in the market and issue new shares at an appropriate price when necessary.

The capital structure of the Group consists of net debts, which comprises the obligations under finance leases, bank borrowings, convertible bonds, senior notes and deferred consideration payable disclosed in Notes 33, 34, 35, 36 and 38, cash and equivalents and shareholders' equity.

Management constantly reviews the capital structure to achieve the aforementioned objectives. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from 2008.

6. Revenue and Segment Information

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

Business segments

For management purposes, the Group is currently organised into three operating divisions – frozen fish supply chain management ("Frozen fish 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.

Principal activities of the operating divisions are as follows:

Frozen fish SCM	–	sales of frozen fish and other seafood products and shipping services
Fish fillets processing and distribution	–	selling and processing of frozen seafood products
Fishing and fishmeal	–	sales of fish and other marine catches from fishing activities and the production and sale of fishmeal and fish oil

Segment information about these businesses is presented below.

Year ended 31 March 2009

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing and fishmeal HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
TURNOVER						
External sales	3,943,994	3,374,288	3,821,268	28,223	–	11,167,773
Inter-segment sales	–	–	135,838	–	(135,838)	–
	3,943,994	3,374,288	3,957,106	28,223	(135,838)	11,167,773
RESULT						
Segment result	325,956	287,208	943,670	5,714	–	1,562,548
Unallocated corporate income						38,523
Unallocated corporate expenses						(78,008)
Gain on deemed acquisition/discount on acquisition of additional interests in subsidiaries	12,758	–	105	–	–	12,863
Finance costs						(508,469)
Share of results of associates	(731)	–	–	–	–	(731)
Profit before taxation						1,026,726
Taxation						(878)
Profit for the year						1,025,848

Inter-segment sales are charged at prevailing market rates.

6. Revenue and Segment Information – Continued

Business segments – Continued

BALANCE SHEET AT 31 MARCH 2009

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing and fishmeal HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	3,368,929	3,312,108	8,238,281	242,049	15,161,367
Interest in associates	1,096	–	11,700	–	12,796
Unallocated corporate assets					490,741
Total assets					15,664,904
LIABILITIES					
Segment liabilities	91,648	208,656	238,965	2,970	542,239
Unallocated corporate liabilities					8,474,072
Total liabilities					9,016,311

OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2009

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing and fishmeal HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	4,607	365,627	977,362	31,512	1,379,108
Depreciation of property, plant and equipment	33,423	68,073	85,225	2,955	189,676
Amortisation of prepaid lease payments	–	925	–	–	925
Release of deferred charter hire	–	–	172,640	–	172,640

6. Revenue and Segment Information – Continued

Business segments – Continued

Year ended 31 March 2008

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

There are no inter-segment sales between different segments for the year ended 31 March 2008.

6. Revenue and Segment Information – Continued

BALANCE SHEET AT 31 MARCH 2008

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing and fishmeal HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	3,421,622	2,790,349	7,324,428	214,701	13,751,100
Interest in associates	929	898	11,700	–	13,527
Unallocated corporate assets					432,237
Total assets					14,196,864
LIABILITIES					
Segment liabilities	59,417	281,188	353,825	2,186	696,616
Unallocated corporate liabilities					7,689,143
Total liabilities					8,385,759

OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2008

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing and fishmeal HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	119,685	449,977	986,074	23,091	1,578,827
Depreciation of property, plant and equipment	15,609	42,453	88,058	125	146,245
Amortisation of prepaid lease payments	–	281	–	–	281
Release of deferred charter hire	–	–	172,640	–	172,640

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:

	Turnover by geographical market 2009 HK$'000	2008 HK$'000
PRC	5,834,945	5,258,177
North America	1,605,458	1,482,469
South America	–	45,282
Europe	2,320,013	1,852,338
East Asia	1,278,887	1,322,878
Others	128,470	56,228
	11,167,773	10,017,372

6. Revenue and Segment Information – Continued

Geographical segments – Continued

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

	Carrying amount of segment assets		Capital additions	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
PRC	6,768,430	6,352,510	384,650	447,587
North America	282,935	321,271	4,787	1,988
Europe	4,484,608	3,980,924	108,589	366,436
East Asia	167,929	206,595	3,380	956
South America	3,053,986	2,880,919	485,670	724,289
Other	403,479	8,881	392,032	37,571
	15,161,367	13,751,100	1,379,108	1,578,827

7. Other Income

	2009 HK$'000	2008 HK$'000
Other income comprises of:		
Gross rental income	8,137	9,955
Agency income	6,560	6,407
Compensation received from suppliers of fish (note)	81,553	–
Fair value changes on investment properties	17,193	32,860
Interest income	1,162	55,086
Exchange gain, net	18,245	17,742
Gain on repurchase of convertible bonds	20,168	–
Insurance compensation received, net	–	61,003
Reversal of revaluation decrease of land and building previously charged to consolidated income statement	–	10,570
Gain on disposal of property, plant and equipment	–	3,116
Write back of allowance for amount due from an associate	–	3,659
Sundry income	17,761	9,716
	170,779	210,114

Note: This relates to compensation for non-delivery of fish from suppliers within specified timeframe.

8. Other Expenses

	2009 HK$'000	2008 HK$'000
Other expenses comprises of:		
Transaction costs attributable to issue of right share of a listed subsidiary	–	32,214
Allowance for amount due from an associate	14,872	–
Revaluation decrease on revaluation of land and buildings	2,512	–
Loss on disposal of property, plant and equipment	3,130	–
Loss on disposal of a subsidiary	–	108
Others	678	–
	21,192	32,322

9. Gain on Deemed Acquisition/Discount on Acquisition of Additional Interests in Subsidiaries

In July 2008, Pacific Andes (Holdings) Limited ("PAH"), a non-wholly owned subsidiary of the Company announced the final results and recommended the payment of final dividend of 2.07 Singapore cents (approximately HK11.86 cents) per share with a scrip dividend alternative to offer the right to shareholders to elect to receive the final dividend wholly or partly by allotment of new shares credited as fully paid in lieu of cash dividend. In September 2008, the Group elected to receive the final dividend wholly by allotment of new shares credited as fully paid in lieu of cash dividend. Consequent to the allotment of new shares, the Company's interests in PAH was increased from 63.82% to 64.85%, resulting in gain on deemed acquisition of additional interest in PAH of HK$5,805,000.

In October 2008, the Group acquired, in aggregate, an additional 0.23% and 0.045% of the issued share capital of the subsidiaries, PAH and China Fishery Group Limited ("China Fishery") at a consideration of HK$2,393,000 and HK$1,016,000 respectively, while the carrying values of the Group's share of the identifiable assets and liabilities of the subsidiaries at the respective dates of acquisition attributable to the acquired interests, in aggregate, amounted to HK$9,346,000 and HK$1,121,000 respectively. The excess of the carrying values over the cost of acquisitions of HK$7,058,000 was credited to the consolidated income statement.

10. Gain on Dilution of Interest in a Subsidiary

In April 2007, PAH issued convertible bonds of the principal amount of US$93,000,000 (approximately HK$725,400,000). US$9,100,000 out of US$93,000,000 was converted into ordinary shares of PAH during the year ended 31 March 2008. The Company's interest in PAH was diluted from 65.07% to 63.82%, resulting in a gain on dilution of interest in PAH of HK$24,721,000 being recognised in the consolidated income statement in that year.

11. Finance Costs

	2009 HK$'000	2008 HK$'000
Interest on bank borrowings		
– wholly repayable within five years	281,215	286,134
– not wholly repayable within five years	950	5,512
Interest on finance leases	11,116	3,706
Interest on convertible bonds not wholly repayable within five years	55,442	50,742
Interest on senior notes not wholly repayable within five years	172,319	172,251
Interest on deferred consideration payable wholly repayable within five years	3,534	14,819
	524,576	533,164
Less: Capitalised in construction in progress	(16,107)	–
	508,469	533,164

12. Profit Before Taxation

	2009 HK$'000	2008 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	6,864	6,277
Depreciation of property, plant and equipment	189,676	146,245
Amortisation of prepaid lease payments (included in administrative expenses)	925	281
Cost of inventories	8,692,522	7,767,220
Directors' emoluments (note 13)	23,805	23,467
Staff costs	111,985	131,188
Crew wages	433,856	334,322
Retirement benefits scheme contributions	9,285	1,717
Total staff costs	578,931	490,694
and after crediting:		
Net rental income after outgoings of HK$833,000 (2008: HK$724,000)	7,304	9,231

13. Directors' Emoluments

	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 2009						
Executive Directors						
Teh Hong Eng	–	2,334	1,554	600	–	4,488
Ng Joo Siang	–	3,762	1,554	600	144	6,060
Ng Joo Kwee	–	4,777	893	600	144	6,414
Ng Joo Puay, Frank	–	1,830	765	480	115	3,190
Ng Puay Yee	–	1,914	672	400	96	3,082
Independent Non-executive Director						
Lew V Robert	240	–	–	–	–	240
Kwok Lam Kwong, Larry	240	–	–	–	–	240
Yeh Man Chun, Kent	91	–	–	–	–	91
	571	14,617	5,438	2,680	499	23,805

	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 2008						
Executive Directors						
Teh Hong Eng	–	2,403	1,206	600	–	4,209
Ng Joo Siang	–	4,490	210	600	144	5,444
Ng Joo Kwee	–	3,822	670	600	144	5,236
Ng Joo Puay, Frank	–	1,860	652	480	115	3,107
Ng Puay Yee	–	1,939	582	400	84	3,005
Cheng Nai Ming	–	1,674	–	–	72	1,746
Independent Non-executive Director						
Lew V Robert	240	–	–	–	–	240
Kwok Lam Kwong, Larry	240	–	–	–	–	240
Yeh Man Chun, Kent	240	–	–	–	–	240
	720	16,188	3,320	2,680	559	23,467

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 with reference to the ratable value of accommodation provided to certain directors of the Company.

Included in executive directors' emoluments of HK$23,234,000 (2008: HK$22,747,000) is an amount of HK$11,965,000 (2008: HK$11,336,000), which are the directors' emoluments of PAH and China Fishery.

The five highest paid individuals of the Group for the years ended 31 March 2009 and 31 March 2008 are all directors of the Company.

14. Taxation

	2009 HK$'000	2008 HK$'000
The charge comprises:		
Profit for the year		
– Hong Kong	2,907	7,184
– other jurisdictions	59,734	48,570
	62,641	55,754
(Over) underprovision in prior year		
– Hong Kong	968	512
– other jurisdictions	(33,941)	–
	(32,973)	512
Deferred taxation (note 37)		
– current year	(28,790)	(19,188)
Tax charge for the year	878	37,078

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

Taxation in other jurisdictions are calculated at the rate prevailing in the relevant 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:

	2009 HK$'000	2008 HK$'000
Profit before taxation	1,026,726	921,346
Tax at Hong Kong Profits Tax rate of 16.5% (2008:17.5%)	169,410	161,236
Tax effect of expenses not deductible for tax purpose	88,354	66,236
Tax effect of income not taxable for tax purpose	(242,845)	(197,784)
(Over)underprovision in respect of prior year	(32,973)	512
Tax effect of tax losses not recognised	10,103	986
Utilisation of tax losses previously not recognised	(70)	(6,080)
Tax effect of other deductible temporary differences not recognised	683	–
Utilisation of other deductible temporary differences previously not recognised	–	(3,548)
Effect of different tax rates of subsidiaries operating in other jurisdictions	8,230	16,148
Tax effect of share of results of associates	121	(63)
Effect of change in tax rate	–	(1,075)
Others	(135)	510
Tax charge for the year	878	37,078

15. Dividend

	2009 HK$'000	2008 HK$'000
Dividends:		
Proposed final dividend of HK5.9 cents (2009: HK5.5 cents) per share	167,093	100,548

The final dividend for the year ended 31 March 2009 of HK 5.9 cents has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

On 5 September 2008, the Company declared a final dividend of HK5.5 cents per share for the year ended 31 March 2008 with a scrip alternative to offer the right to shareholders to elect to receive the final dividend by allotment of new shares in lieu of cash. 59,910,479 shares of HK$0.10 each in the Company were issued at HK$0.92 per share as scrip dividend and cash dividend of HK$45,430,346 were paid.

On 19 September 2007, the Company declared a final dividend of HK4.1 cents (in aggregate HK$73,906,000) for the year ended 31 March 2007 with a scrip alternative to offer the right to shareholders to elect to receive the final dividend by allotment of new shares in lieu of cash. 25,553,581 shares of HK$0.10 each in the Company were issued at HK$2.17 per share as scrip dividend and cash dividend of HK$18,454,985 were paid.

16. 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:

	2009 HK$'000	2008 HK$'000
Earnings for the purposes of calculation of basic earnings per share	516,794	372,909
Effect of dilution arising on potential conversion of convertible bonds issued by a subsidiary	(9,025)	(1,752)
Earnings for the purposes of calculation of diluted earnings per share	507,769	371,157
Weighted average number of ordinary shares for the purposes of calculation of basic earnings per share	1,854,243,199	1,725,923,488
Effect of dilutive potential ordinary shares in respect of share award	1,440,370	–
Weighted average number of ordinary shares for the purposes of calculation of diluted earnings per share	1,855,683,569	1,725,923,488

17. Property, Plant and Equipment

	Leasehold land and buildings HK$'000	Freehold land HK$'000	Freehold building HK$'000	Leasehold improvement HK$'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
COST OR VALUATION												
AT 1 April 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
Additions	46,684	10,657	26,126	16,387	1,232	5,870	6,334	407,532	198,110	1,154	452,858	1,172,944
Acquisition of subsidiaries	–	3,240	12,144	–	55	1,175	228	35,495	105,798	19,767	–	177,902
Reclassification	–	–	–	–	–	–	–	377	–	–	(377)	–
Disposals	–	–	–	(453)	(2)	(22)	(352)	(16,207)	(11,881)	(1,264)	–	(30,181)
Transfer to investment properties	(15,876)	–	–	–	–	–	–	–	–	–	–	(15,876)
Adjustment on revaluation	66,694	–	–	–	–	–	–	–	–	–	–	66,694
Exchange realignment	11,384	–	–	2,560	211	3,433	2,128	5,923	–	–	21,015	46,654
At 31 March 2008	529,389	32,790	126,692	76,755	20,388	84,823	48,586	953,226	694,547	39,729	689,726	3,296,651
Additions	7,675	1,753	6,109	15,468	4,199	5,905	10,847	170,926	40,524	5,322	812,656	1,081,384
Acquisition of subsidiaries	–	8,584	15,210	–	117	–	164	131,820	35,469	9,620	–	200,984
Reclassification	882,382	–	–	1,814	–	–	–	37,742	–	–	(921,938)	–
Disposals	–	(285)	(563)	(15)	(349)	(4,961)	(1,321)	(25,132)	(45,684)	–	–	(78,310)
Reclassification to fishing permits (note 23)	–	–	–	–	–	–	–	–	(27,428)	–	–	(27,428)
Adjustment on revaluation	(10,570)	–	–	–	–	–	–	–	–	–	–	(10,570)
Exchange realignment	14,699	–	–	635	(25)	702	451	1,651	–	–	1,063	19,176
At 31 March 2009	1,423,575	42,842	147,448	94,657	24,330	86,469	58,727	1,270,233	697,428	54,671	581,507	4,481,887
Comprising:												
At cost	–	32,790	126,692	76,755	20,388	84,823	48,586	953,226	694,547	39,729	689,726	2,767,262
At valuation – 2008	529,389	–	–	–	–	–	–	–	–	–	–	529,389
	529,389	32,790	126,692	76,755	20,388	84,823	48,586	953,226	694,547	39,729	689,726	3,296,651
At cost	–	42,842	147,448	94,657	24,330	86,469	58,727	1,270,233	697,428	54,671	581,507	3,058,312
At valuation – 2009	1,423,575	–	–	–	–	–	–	–	–	–	–	1,423,575
	1,423,575	42,842	147,448	94,657	24,330	86,469	58,727	1,270,233	697,428	54,671	581,507	4,481,887
DEPRECIATION AND IMPAIRMENT												
At 1 April 2007	–	–	1,289	29,520	13,784	45,232	27,434	121,992	70,144	2,647	–	312,042
Provided for the year	18,469	–	3,816	8,554	1,756	7,321	4,655	62,892	30,989	7,793	–	146,245
Eliminated on disposals	–	–	–	(358)	–	(14)	(262)	(13,705)	(1,062)	(353)	–	(15,754)
Adjustment on revaluation	(18,532)	–	–	–	–	–	–	–	–	–	–	(18,532)
Exchange realignment	63	–	–	1,043	117	2,126	1,495	3,381	–	–	–	8,225
At 31 March 2008	–	–	5,105	38,759	15,657	54,665	33,322	174,560	100,071	10,087	–	432,226
Provided for the year	28,632	–	2,424	16,901	2,181	10,289	5,528	68,340	36,567	18,814	–	189,676
Eliminated on disposals	–	–	(114)	(14)	(325)	(4,464)	(1,079)	(21,173)	(38,253)	–	–	(65,422)
Adjustment on revaluation	(28,644)	–	–	–	–	–	–	–	–	–	–	(28,644)
Exchange realignment	12	–	–	264	6	498	256	1,263	–	–	–	2,299
At 31 March 2009	–	–	7,415	55,910	17,519	60,988	38,027	222,990	98,385	28,901	–	530,135
CARRYING VALUES												
At 31 March 2009	1,423,575	42,842	140,033	38,747	6,811	25,481	20,700	1,047,243	599,043	25,770	581,507	3,951,752
At 31 March 2008	529,389	32,790	121,587	37,996	4,731	30,158	15,264	778,666	594,476	29,642	689,726	2,864,425

17. Property, Plant and Equipment – Continued

The carrying amount of the Group's vessels include an amount of HK$362,747,000 (2008: HK$195,561,000) in respect of assets held under finance leases.

The net book values of leasehold land and buildings shown above comprises:

	2009 HK$'000	2008 HK$'000
Land and building in Hong Kong held under long leases	346,210	376,237
Land and buildings outside Hong Kong held under medium-term leases	1,077,365	153,152
	1,423,575	529,389

The leasehold land and buildings of the Group in Hong Kong, the PRC, Singapore, Japan and Russia were revalued at 31 March 2009 on a basis of a valuation carried out on that date by BMI Appraisals Limited and LLC Apex Group, independent property valuers. BMI Appraisals Limited and LLC Apex Group have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation gave rise to a net revaluation increase of HK$18,074,000 (2008: HK$85,226,000) in which HK$20,586,000 (2008: HK$74,656,000) have been credited to asset revaluation reserve and HK$2,512,000 have been charged to income statement (2008: HK$10,570,000 have been credited to income statement as a reversal of loss previously recognised on revaluation).

Certain land and building have been pledged to secure a mortgage loan of the Group (note 47).

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	1,288,495
Accumulated depreciation	(101,313)
Carrying value	
At 31 March 2009	1,187,182
At 31 March 2008	319,433

18. Investment Properties

	2009 HK$'000	2008 HK$'000
FAIR VALUE		
At beginning of the year	213,522	118,129
Exchange realignment	(27,308)	11,120
Additions	11,278	35,537
Increase in fair value recognised to consolidated income statement	17,193	32,860
Disposal during the year	(3,606)	–
Transferred from property, plant and equipment	–	15,876
At end of the year	211,079	213,522

(a) The Group's property interests of approximately HK$143,749,000 (2008: HK$127,347,000) which are held under operating leases to earn rentals or capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

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

	2009 HK$'000	2008 HK$'000
Land and buildings in Hong Kong held under long leases	62,540	68,250
Land and buildings outside Hong Kong held under medium-term leases	6,532	6,127
Land and buildings outside Hong Kong held under long leases	74,677	52,970
Freehold land outside Hong Kong	67,330	86,175
	211,079	213,522

(c) The investment properties of the Group were revalued at 31 March 2009 on a basis of a valuation carried out on that date by BMI Appraisals Limited and Bogeria Consulting Company, independent property valuers. BMI Appraisals Limited and Bogeria Consulting Company have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was based on investment approach by taking into account the current rents passing and the reversionary income potential of tenancies. The revaluation gave rise to a fair value gain of HK$17,193,000 (2008: HK$32,860,000) which has been recognised in other income in the consolidated income statement.

19. Prepaid Lease Payments

	2009 HK$'000	2008 HK$'000
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong:		
Medium-term lease	48,946	34,335
Analysed for reporting purposes as:		
Non-current asset	47,687	33,438
Current asset (included in trade, bills and other receivables in note 25)	1,259	897
	48,946	34,335

20. Goodwill

	HK$'000
GROSS AMOUNT	
At 1 April 2007	468,320
Arising on the acquisition of subsidiaries (note 41)	127,228
Arising on the acquisition of additional interest in a subsidiary (note a)	2,083,256
At 31 March 2008	2,678,804
Arising on the acquisition of subsidiaries (note 41)	42,207
Adjustment to goodwill provisionally determined (note b)	5,090
At 31 March 2009	2,726,101
IMPAIRMENT	
Impairment loss recognised in the year ended 1 April 2007 and balance at 31 March 2008 and 31 March 2009	(13,355)
CARRYING AMOUNTS	
At 31 March 2009	2,712,746
At 31 March 2008	2,665,449

20. Goodwill – Continued

Notes:

(a) During the year ended 31 March 2008, the Group acquired an additional 45% interest in a subsidiary for a cash consideration of US$356,000,000 (approximately HK$2,776,800,000). Included in the consideration is an amount of US$53,400,000 (approximately HK$416,520,000) which shall be paid on or before the second anniversary date of the completion of the acquisition. The subsidiary is the investment holding company of China Fishery, a listed subsidiary engaging in operating and managing fishing vessels for coastal and deep sea industrial fishing, and production of fishmeal. The difference between the fair value and the carrying amount of the net assets attributable to the additional interest acquired from minority interests is debited to "other reserve". The difference between the consideration paid and the fair value of the additional interest acquired is recognised as goodwill at an amount of HK$2,083,256,000.

The Group currently operates and manages a number of fishing vessels and fishmeal processing plants in the Pacific Ocean. The directors believe that the acquisition of the additional 45% interest will achieve greater cross-leverage with other businesses of the Group through further increased management control which offers short term and mid-term opportunities and commercial benefits to the Group as a whole. The goodwill represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised.

(b) During the year, the Group completed the valuation of the Peruvian operations acquired during the financial year ended 31 March 2008. The provisional fair value assigned to the net assets acquired decreased by HK$5,090,000 resulting in an increase in goodwill of HK$5,090,000.

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 four cash generating units (CGUs) before impairment. The carrying amounts of goodwill after impairments as at 31 March 2009 allocated to the units are as follows:

	2009 HK$'000	2008 HK$'000
Frozen fish SCM operation – PAH	13,245	13,245
Fish fillets processing and distribution – National Fish and seafood Inc.	15,594	15,594
Pacific Ocean fishing operation – China Fisheries International Limited ("CFIL")	1,766,267	1,766,267
Peruvian fishing and fishmeal operations – CFG Investment S.A.C. ("CFGI")	917,640	870,343
	2,712,746	2,665,449

The recoverable amounts of these CGUs have been determined based on value in use calculations. 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.

During the year ended 31 March 2009, management of the Group conducted impairment review on the goodwill which is based on the cash flow forecast derived from the most recent financial budgets for the next five years for frozen fish SCM and fish fillets processing and distribution operations.

That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and discount rates of 18.25% (2008: 15.25%) for the fish fillets CGU and 20% (2008: 20%) for the frozen fish CGU are estimated from the rate implicit in the weighted average cost of capital of a similar investment with similar risk. A 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 expectation 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.

20. Goodwill – Continued

In addition to the above, the Group has engaged an independent financial advisor, BMI Appraisals Limited, to determine the value in use of the Pacific Ocean fishing and Peruvian fishing and fishmeal operations at 31 March 2009. Based on the report of the valuer dated 8 June 2009 and management's assessment of business prospects, management expects that carrying amount of goodwill to be recoverable and there is no impairment in value of the goodwill.

The assessment of recoverability of the carrying amount of goodwill for the Pacific Ocean fishing and Peruvian fishing and fishmeal operations include:

(i) forecasted projected cash flows up to 2018 (2008: 2017) and projection of terminal value using the perpetuity method based on a growth rate of 2% for terminal value, which does not exceed the long term growth rate of the industry;

(ii) growth rate of 3.3% per annum during the forecast period (2008: 3.3%); and

(iii) use of 16.0% (2008: 10.9%) for Pacific Ocean fishing operations and use of 17.0% (2008: 14.0%) for Peruvian fishing and fishmeal operations to discount the projected cash flows to net present values.

Based on the above assessments, management expects the carrying amount of goodwill to be recoverable and there is no impairment in value of the goodwill.

21. Deferred Charter Hire

	2009 HK$'000	2008 HK$'000
Deferred charter hire expense	2,224,560	2,224,560
Less: accumulated amortisation	(561,600)	(388,960)
	1,662,960	1,835,600
Included as current assets in trade, bills and other receivables (note 25)	(172,640)	(172,640)
Included as non-current assets	1,490,320	1,662,960
Cost:		
At beginning of year and at end of year	2,224,560	2,224,560
Accumulated amortisation:		
At beginning of year	388,960	216,320
Amortisation during the year	172,640	172,640
At end of year	561,600	388,960

21. Deferred Charter Hire – Continued

Amortised deferred charter hire is charged to cost of sales in the income statement.

A subsidiary, CFIL entered into the vessel operating agreements ("VOA") with two companies (collectively known as "Arrangers") for 10 to 18 years (2008: 10 to 18 years) to charter hire 17 vessels (2008: 17 vessels) together with the allocated fish quotas in Pacific Ocean. Under the VOA, CFIL made prepayments of the fixed charter hire payments. Under the VOA, the Group is also required to pay variable rate charter hire fees for those 17 vessels based on contracted percentages of the annual operating profit attributable to the vessels procured by counterparties. To secure the prepayments and ensure that the counterparties comply with their obligations under the VOA, the counterparties have, inter alia, entered into entrusted management agreements and mortgage with each of the vessel owners for the above-mentioned vessels and executed the following documents (collectively referred to as "Security 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 each of Arrangers.

22. Interests in Associates

	2009 HK$'000	2008 HK$'000
Cost of investments – unlisted	13,620	13,620
Share of post-acquisition results	(824)	(93)
	12,796	13,527

Particulars of the Group's principal associates as at 31 March 2009 are set out in note 52.

22. Interests in Associates – Continued

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

	2009 HK$'000	2008 HK$'000
Total assets	101,138	153,787
Total liabilities	(114,688)	(156,281)
Net liabilities	(13,550)	(2,494)
Group's share of associates' net assets	12,796	13,527
Turnover	580,296	519,762
(Loss) profit for the year	(3,552)	1,805
Group's share of result of associates for the year	(731)	361

23. Other Intangible Assets

	Fishing permits HK$'000	Club memberships HK$'000	Total HK$'000
Cost:			
At 1 April 2007	253,033	23,963	276,996
From acquisition of subsidiaries (note 41)	131,154	–	131,154
Additions	85,744	–	85,744
At 31 March 2008	469,931	23,963	493,894
From acquisition of subsidiaries (note 41)	81,312	–	81,312
Reclassification from property, plant and equipment (note 17)	27,428	–	27,428
At 31 March 2009	578,671	23,963	602,634

Fishing permits are granted by the 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 and the attached fishing permit arising from acquiring the subsidiary (note 41) are allocated to the respective component of assets acquired on the basis of valuation reports dated 10 February 2008, 2 July 2008 and 3 July 2008 (2008: 25 June 2007) prepared by J.R.Z. Adjustadores y Peritos de Seguros S.A.C. (2008: 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.

23. Other Intangible Assets – Continued

As stated in note 20, the Group has engaged an independent financial advisor located in Hong Kong to determine the value in use of the fishing and fishmeal CGU. 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.

Since the cash inflows of the fishing permits are not largely independent of those from other group of assets in the CGU of Peruvian fishing and fishmeal operations, the recoverable amounts of the fishing permits are included in the assessment of impairment of goodwill for the CGU of Peruvian fishing and fishmeal operators. Key assumptions for the estimation are disclosed in note 20. Based on these evaluations, management is of the view that the recoverable amounts of the fishing permits exceed their carrying amounts.

Club memberships have infinite life and are not amortised.

24. Inventories

	2009 HK$'000	2008 HK$'000
Inventories, at cost, consists of the following:		
Frozen fish	982,341	1,240,978
Fillets and portions	630,466	470,359
Fishmeal	67,676	141,337
Supplies	58,838	40,027
Fuel	4,260	17,876
Packing materials	30,775	22,911
	1,774,356	1,933,488

Fishmeal with carrying amounts of HK$37,217,000 (2008: HK$59,280,000) have been pledged as security for the revolving inventory financing facilities obtained from banks (note 47).

25. Trade, Bills and Other Receivables

	2009 HK$'000	2008 HK$'000
Trade receivables	1,543,804	1,502,428
Bills receivables	107,168	19,011
Current portion of prepaid lease payments (note 19)	1,259	897
Current portion of deferred charter hire (note 21)	172,640	172,640
Balance with Arrangers	160,838	–
Tax certificate	3,455	743
Deferred expenditure	158,126	195,707
Prepayments for fish	1,733,694	1,358,646
Other receivables and prepayments	197,192	384,273
	4,078,176	3,634,345

25. Trade, Bills and Other Receivables – Continued

The balance with Arrangers represents advance payments of variable rate charter hire under the vessel operating agreement for the Group's fishing operations in the Pacific Ocean (see note 21 for details). This is stated net of amounts payable to vessels owners in respects 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 21.

The Group maintains a defined credit policy. For sales of goods, the Group generally allows a credit period of not exceeding 180 days to its trade customers. The aged analysis of trade and bills receivables at the balance sheet date is as follows:

	2009 HK$'000	2008 HK$'000
Less than 30 days	961,076	744,478
31 – 60 days	312,814	421,327
61 – 90 days	60,465	227,315
91 – 120 days	37,071	66,358
Over 120 days	279,546	61,961
	1,650,972	1,521,439

The bills receivables are discounted to certain banks under the recourse receivable discounting advance facilities, where the Group continues to recognise as the Group remains exposed to the credit risks of such assets.

An allowance for estimated irrecoverable amount from the sale of goods to third parties of HK$18,471,000 (2008: HK$18,317,000) has been determined by reference to management's estimation of irrecoverable amounts. The Group has provided fully for receivable over 180 days based on historical experience.

The remaining trade receivables of HK$1,650,972,000 (2008: HK$1,521,439,000) is neither past due nor impaired. The directors of the Company are of the opinion that the credit quality of the trade receivable balances that are neither past due nor impaired at each balance sheet date is good quality. Bills receivable are repayable on the pre-determined date and the counterparties are mainly banks with high credit rating, therefore, the directors of the Company consider these balances are not impaired.

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

	2009 HK$'000	2008 HK$'000
United States dollars	3,018	41,780
Chinese Renminbi	–	6,137
Euro	3,197	4,635
Peruvian Nuevo Soles	145,735	25,162
Singapore dollars	71	136
Hong Kong dollars	83	–
Japanese Yen	28,988	53,938
British pounds	202	220

Movement in the allowance for doubtful debts

	2009 HK$'000	2008 HK$'000
Balance at beginning of the year	18,317	8,084
Increase in allowance recognised in consolidated income statement	154	10,233
Balance at end of the year	18,471	18,317

26. Trade Receivables with Insurance Coverage/Bank Advances Drawn on Discounted Trade Receivables with Insurance Coverage and Discounted Bills

The trade receivables with insurance coverage are recourse discounted trade receivables which have been discounted to certain banks under the receivable discounting facilities, where the Group continues to recognise as the Group remains exposed to the credit risk.

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

	2009 HK$'000	2008 HK$'000
Less than 30 days	145,305	118,809
31 – 60 days	59,331	48,370
61 – 90 days	9,817	22,957
91 – 120 days	6,262	3,662
Over 120 days	2,438	2,554
	223,153	196,352

Trade receivables with insurance coverage is neither past due nor impaired.

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

	2009 HK$'000	2008 HK$'000
Hong Kong dollars	1,355	1,155
Euro	7,021	2,377
British pounds	–	1,955

The bank advances drawn on discounted trade receivable with insurance and discounted bills carried an average effective interest rate of approximately 3.5% (2008: 4.5%) per annum and are repayable within one year.

27. 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 each balance sheet date are all less than 30 days. The directors of the Company are of the opinion that the credit quality of the trade receivables from associates that are neither past due nor impaired at each balance sheet date is of good quality.

28. Amount due from a Jointly-controlled Entity

The amount due from a jointly-controlled entity is unsecured, interest-free and is repayable on demand.

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 2009	2008
Able Team Investments Limited ("Able Team")	Investment property holding/ Hong Kong/Russia	33.3%	33.3%

Notes:

The Group's jointly-controlled entity represents the 33.3% equity interest in Able Team. 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.

	2009 HK$'000	2008 HK$'000
Non-current assets	67,933	86,855
Current assets	2,013	1,890
Current liabilities	(6,255)	(6,378)
Non-current liabilities	(17,259)	(26,930)
Net assets	46,432	55,437
Turnover	12,481	11,049
Cost of sales	(6,669)	(6,123)
Other income	9,675	18,594
Finance costs	(1,798)	(2,608)
Profit before taxation	13,689	20,912
Taxation	(2,913)	(5,230)
Profit for the year	10,776	15,682

29. Derivative Financial Instruments

During the year, the Group has entered into foreign currency forward contracts with banks to reduce its exposure to currency fluctuation risk of payment of operating expenses which are denominated in foreign currencies. This derivative is not accounted for under hedge accounting. At 31 March 2009, the fair value of the foreign currency forward contracts is HK$11,743,000, of which HK$3,922,000 is settled on net basis and the remaining HK$7,821,000 is settled on gross basis. The major terms of the foreign currency forward contracts are as follows:

Notional amount	Maturity dates	Contracted exchange rates
Sell JPY 179,140,000	30 April 2009	US$1 = JPY89.57
Sell JPY 447,650,000	20 May 2009	US$1 = JPY89.53
Sell JPY 447,600,000	30 April 2009	US$1 = JPY89.52
Sell Euro 345,200	15 April 2009	Euro 1 = US$1.2808
Sell Euro 345,200	15 May 2009	Euro 1 = US$1.2806
Buy US$ 10,000,000	15 July 2009	US$1 =RMB6.4895
Buy US$ 5,000,000	17 July 2009	US$1 =RMB6.4930
Buy US$ 5,000,000	20 July 2009	US$1 =RMB6.4840
Buy US$ 10,000,000	21 July 2009	US$1 =RMB6.4670
Sell US$ 10,000,000	15 July 2009	US$1 = RMB6.6000
Sell US$ 5,000,000	17 July 2009	US$1 = RMB6.6080
Sell US$ 5,000,000	20 July 2009	US$1 = RMB6.5997
Sell US$ 10,000,000	21 July 2009	US$1 = RMB6.5870

30. Pledged Deposits

Deposits are pledged to the banks to secure discounting advances drawn on trade receivables with insurance coverage granted to the Group. The interest rates on the deposits ranged from nil to 1.42% (2008: nil to 1.85%) per annum.

31. Bank Balances and Cash

Bank balances and cash comprises cash at bank and on hand held by the Group.

The interest rates on cash placed with financial institutions ranged from nil to 2.50% (2008: nil to 1.85%) per annum.

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

	2009 HK$'000	2008 HK$'000
United States dollars	38,582	37,656
Chinese Renminbi	2,790	780
Euro	2,430	20,667
Peruvian Nuevo Soles	3,503	7,100
Hong Kong dollars	3,324	2,401
Japanese Yen	3	17,223
Singapore dollars	261	238
British pounds	2	3

32. Trade and Other Payables

Included in trade and other payables are trade payables of HK$252,582,000 (2008: HK$395,433,000). The average credit period on purchase of foods is 30 days (2008: 30 days). The age analysis of trade payables at the balance sheet date is as follows:

	2009 HK$'000	2008 HK$'000
Less than 30 days	186,022	251,440
31 – 60 days	39,961	119,649
61 – 90 days	11,193	11,619
Over 90 days	15,406	12,725
	252,582	395,433

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

	2009 HK$'000	2008 HK$'000
United States dollars	1,133	9,534
Chinese Renminbi	1,665	7,783
Euro	3,880	20,323
Hong Kong dollars	9,226	2,216
Peruvian Nuevo Soles	42,435	72,947
Singapore dollars	3	1,975
Japanese Yen	–	2,954
Denmark Kroner	66	2,403

33. Obligations under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000
Amounts payable under finance leases:				
Within one year	56,691	30,158	36,533	22,706
In more than one year but not more than two years	54,356	23,278	37,915	16,300
In more than two year but not more than three years	50,105	20,916	36,973	15,713
In more than three year but not more than four years	31,232	16,815	24,837	12,586
In more than four year but not more than five years	1,262	–	1,053	–
	193,646	91,167	137,311	67,305
Less: future finance charges	(56,335)	(23,862)	–	–
Present value of lease obligations	137,311	67,305	137,311	67,305
Less: Amount due within one year shown under current liabilities			(36,533)	(22,706)
Amount due after one year			100,778	44,599

At 31 March 2009, the effective borrowing rate is 8.15% (2008: 6.87% to 13.00%) 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 finance leases obligations are denominated in United States dollars.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (note 17).

34. Bank Borrowings

	2009 HK$'000	2008 HK$'000
Bank borrowings comprise:		
Trust receipt and bank loans	3,388,037	3,684,299
Syndicated loans	1,248,000	520,000
Mortgage loans	79,332	101,840
Bank overdrafts	20,252	7,012
	4,735,621	4,313,151
Less: upfront fee of syndicated loans	(15,592)	–
	4,720,029	4,313,151
Analysed as:		
Secured	1,956,125	874,296
Unsecured	2,763,904	3,438,855
	4,720,029	4,313,151
The maturity of bank borrowings is as follows:		
Within one year	3,132,102	3,898,642
In the second year	488,037	143,646
In the third year	545,713	136,934
In the fourth year	537,216	106,147
In the fifth year	4,087	10,818
Over five years	12,874	16,964
	4,720,029	4,313,151
Amount due within one year shown under current liabilities	(3,132,102)	(3,898,642)
Amount due after one year	1,587,927	414,509

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

	2009 HK$'000	2008 HK$'000	2009	2008
Effective interest rate:				
Fixed-rate borrowings	10,989	97,215	11.50% to 13.50%	7.00% to 14.00%
Variable-rate borrowings	4,709,040	4,215,936	2.25% to 10.32%	2.77% to 11.75%

34. Bank Borrowings – Continued

The mortgage loans bear interest at 2.25% below the Hong Kong dollars Prime lending rate in Hong Kong and are repriced on a monthly basis. Short-term bank borrowings amounting to HK$95,430,000 (2008: HK$95,006,000) bear interest at 3 months London Interbank Offering Rate per annum and are secured over the Group's inventories of HK$37,217,000 (2008: HK$59,280,000). A term loan amounting to HK$312,000,000 (2008: nil) bear interest at 3% above the 3 months and one year London Interbank Offering Rate per annum and are secured over a fishing vessel, fixed deposits and share of a wholly owned subsidiary of the Group. The remaining variable rate borrowings are unsecured and bear interest at variable rates ranging from 2.43% to 10.32% (2008: 2.77% to 11.75%) per annum and repriced quarterly or semi-annually.

On 20 May 2008, the Group has signed an agreement with a group of 11 international and Hong Kong banks for a syndicated loan of US$160 million (approximately HK$1.25 billion) and settled the original syndicated bank loans in full. The syndicated loans, comprising two tranches, has a tenure of 4 years (US$100 million (approximately HK$780 million)) and (US$60 million (approximately HK$468 million)), which carries an annual interest margin of London Interbank Offering Rate plus 1.25% per annum, are secured over the shares of certain subsidiaries of the Group. At 31 March 2009, the Group had fully drawn down the first and second tranches of syndicated loans.

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

	2009 HK$'000	2008 HK$'000
United States dollars	179,400	241,800
Euro	4,336	–
Hong Kong dollars	6,354	–

35. Convertible Bonds

On 18 April 2007, PAH issued convertible bonds of the principal amount of US$93,000,000 (approximately HK$725,400,000), which bear coupon interest rate at 4% per annum payable semi-annually in arrears. Each holder of the notes has the option to convert the notes into shares at an initial conversion price of S$1.0813 per share, subject to adjustment, at any time on or after 29 May 2007 up to close of business on 8 April 2012. The conversion price was subsequently adjusted to S$0.8553 pursuant to the rights issue of PAH in June 2007. The number of shares to be issued on conversion of a bond will be determined by dividing the principal amount of bond to be converted (using a fixed exchange rate of S$1.5265 = US$1.00) by the conversion price in effect at the conversion date. PAH has an early redemption option to redeem in whole and not in part of the notes on or after 18 April 2009 when the closing price of PAH meets certain requirements as set out in the bond agreement. The fair value of such early redemption option at the date of issue and subsequent balance sheet date is insignificant.

35. Convertible Bonds – Continued

The fair value of the liability component was determined at issuance of the notes. The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible note. The residual amount represents the value of the equity conversion component. The effective interest rate of the liability component is 8.85% per annum.

In March 2009, a total principal amount of US$5,000,000 (approximately HK$39,000,000) was purchased at a consideration of US$2,708,000 (approximately HK$21,122,000) and extinguished by PAH resulting a gain on repurchase of convertible bonds of HK$20,168,000.

In June 2007, a total principal amount of US$9,100,000 (approximately HK$70,980,000) was converted into ordinary shares of PAH.

If the bonds are not converted, they will be redeemed on 18 April 2012 at 116.04%. Interest of 4% per annum will be paid semi-annually in arrear until settlement date.

The net proceeds received from the issue of the convertible bonds have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Group, as follows:

	Liability component HK$'000	Equity conversion component HK$'000
Issue of convertible bonds	661,142	46,806
Interest expenses	50,742	–
Interest paid	(24,993)	–
Conversion	(64,692)	(4,580)
Balance at 31 March 2008	622,199	42,226
Interest expenses	55,442	–
Interest paid	(26,099)	–
Repurchased	(38,770)	(2,516)
Balance at 31 March 2009	612,772	39,710

The interest charged for the year is calculated by applying an effective interest rate of 8.85% to the liability component for the period since the bonds were issued.

The directors estimate the fair value of the liability component of the convertible bonds at 31 March 2009 to be approximately HK$527,060,000 (2008: HK$579,153,000). This fair value has been calculated by assuming the early redemption option of PAH attached in the convertible bonds, using effective interest rate of 15.71% (2008: 11.42%) per annum with reference to the US Treasury Zero Coupon Bond and credit risk margin.

36. Senior Notes

On 19 December 2006, the Group, through its subsidiary, CFGI, issued guaranteed senior fixed rate notes at par with aggregate nominal value of US$225,000,000 (approximately HK$1,755,000,000) (the "Notes") which carry fixed interest of 9.25% per annum (interest payable semi-annually in arrear) 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 China Fishery and certain subsidiaries of China Fishery. 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, CFGI may redeem the Notes in whole or in part at the principal amount of the Notes plus pre-determined premium and accrued interest provided that any partial redemption shall not result in less than US$100 million (approximately HK$780 million) of outstanding Notes. At any time prior to and up to 19 December 2009, CFGI may redeem up to 35% of the Notes, with net cash proceeds from issue of ordinary shares of China Fishery or sale of ordinary shares of CFGI 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 recognized in profit and loss. The directors consider that the fair value of the redemption option is immaterial as at 31 March 2008 and 2009.

The Notes contain certain covenants that limit the China Fishery's ability and the ability of certain of its 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 net carrying amount of the Notes is stated net of issue expenses totaling US$8,957,000 (approximately HK$69,865,000). Such expenses are amortised over the life of the Notes by charging the expenses to the consolidated income statement and increasing the net carrying amount of the Notes with the corresponding amount. As of 31 March 2009, accumulated amortisation amounted to HK$22,458,000 (2008: HK$12,476,000).

Management estimates the fair value of the Notes at 31 March 2009 to be approximately HK$1,649,860,000 (2008: HK$1,824,983,000) based on quote asked price of the Notes. The fair value of the redemption option has been calculated by assuming redemption on 19 December 2013, using effective interest rate of 10.34% to 12.12% (2008: 7.83% to 9.28%) per annum with reference to the US Treasury Zero Coupon Bonds and the credit risk margin.

37. Deferred Taxation

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

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 April 2007	222,834	(12,430)	(6,361)	204,043
Acquisitions of subsidiaries (note 41)	58,843	–	–	58,843
Credit to consolidated income statement for the year	(15,510)	(2,603)	–	(18,113)
Charge to asset revaluation reserve	13,623	–	–	13,623
Effect of change in tax rate				
– (credit) charge to the consolidated income statement	(1,897)	822	–	(1,075)
– charge to asset revaluation reserve	(3,628)	–	–	(3,628)
Exchange realignment	2,050	–	–	2,050
At 31 March 2008	276,315	(14,211)	(6,361)	255,743
Acquisitions of subsidiaries (note 41)	51,178	–	–	51,178
Charge (credit) to consolidated income statement for the year	5,516	(34,306)	–	(28,790)
Charge to asset revaluation reserve	4,404	–	–	4,404
Adjustment on provisionally fair values	4,673	–	–	4,673
Exchange realignment	(3,659)	–	–	(3,659)
At 31 March 2009	338,427	(48,517)	(6,361)	283,549

At the balance sheet date, the Group has unutilised estimated tax losses of HK$285,414,000 (2008: HK$134,963,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$194,165,000 (2008: HK$86,129,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$91,249,000 (2008: HK$48,834,000) due to the unpredictability of future profit streams. During the year, unutilised tax losses of HK$18,392,000 (2008: HK$2,919,000) expired. Other losses may be carried forward indefinitely.

At the balance sheet date, the Group has deductible temporary differences of HK$7,355,000 (2008: HK$3,214,000). 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.

Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to undistributed profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

38. Deferred Consideration Payable

During the year ended 31 March 2009, the Group acquired several subsidiaries for a cash consideration of US$33,576,000 (approximately HK$261,888,000). Included in the consideration is an amount of US$10,014,000 (approximately HK$78,113,000), which has not been settled as at 31 March 2009 and shall be paid within one year after the date of acquisition. This amount bears interest at 8.323% per annum and is secured by a mortgage over the freehold land and pledge over the plant and machinery installed in fishmeal processing plants with carrying amounts total US$17,795,000 (approximately HK$140,205,000) (note 47).

During the year ended 31 March 2008, the Group acquired an additional interest in a subsidiary for a cash consideration of US$356,000,000 (approximately HK$2,776,800,000). Included in the consideration is an amount of US$53,400,000 (approximately HK$416,520,000) which shall be paid on or before the second anniversary date of the completion of the acquisition. The early repayment of principal and interest is at the option of the Group. The amount bears interest at London Inter-Bank Offering Rate minus 2% per annum.

39. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.10 each		
At 31 March 2008 and 2009	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2007	1,201,727,753	120,173
Issue of shares as a result of rights issue	600,863,876	60,086
Issue of shares as scrip dividend	25,553,581	2,555
At 31 March 2008	1,828,145,210	182,814
Issue of shares as scrip dividend	59,910,479	5,992
At 31 March 2009	1,888,055,689	188,806

On 12 June 2007, the Company issued 600,863,876 rights shares at the issue price of HK$1.55 each on the basis of one share for every existing two shares held. Net proceeds were approximately HK$911,000,000 and were used to raise sufficient funding to subscribe for its entitlement under the rights issue of PAH, a listed subsidiary of the Company.

On 1 November 2007, 25,553,581 shares of HK$0.10 each in the Company were issued at HK$2.17 per share as scrip dividend.

On 23 October 2008, 59,910,479 shares of HK$0.10 each in the Company were issued at HK$0.92 per share as scrip dividend.

40. 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.

At 31 March 2009 and 31 March 2008, there are no share options outstanding for directors and employee under the Scheme.

No share option was granted by the Company during the years ended 31 March 2009 and 31 March 2008 under the Scheme.

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 sheet on the date of the grant of the option, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the option; and (c) the nominal value of the Shares.

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

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

40. Share Option Scheme and Share Award Plan – Continued

Share award plan

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, 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 participants 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.

At 31 March 2009, the number of shares in respect of which share awards had been granted under the Plan, to the employees of the Group during the year and remained outstanding was 7,009,801 (2008: Nil), representing 0.4% of the shares of the Company in issue at that date. The total number of shares in respect of which awards may be granted under the Plan is not permitted to exceed 5% of the shares of the Company in issue at any point in time. The first vesting date is on 16 January 2012. The estimated fair value of the award granted on 16 January 2009 is insignificant to the Group.

Expected volatility was determined by using the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

41. Acquisition of Subsidiaries

The Group acquired the following subsidiaries and accounted for these acquisitions using the purchase method of accounting:

2009

Subsidiaries incorporated in Peru	Date of acquisition
Epesca Pisco S.A.C. [(b)]	9 April 2008
Pesquera Ofelia SRL [(b)]	27 May 2008
Pesquera Mistral S.A.C. [(b)]	12 September 2008

2008

Subsidiaries incorporated in Peru	Date of acquisition
Pesquera Pocoma S.A.C. [(a)(b)]	21 May 2007
Pesquera El Pilar S.A.C. [(a)(b)]	1 June 2007
Pesquera Maru S.A.C. [(a)(b)]	1 June 2007
Pesquera Bari S.A.C. [(b)]	12 December 2007

Subsidiaries incorporated in Panama	Date of acquisition
Alto Real S.A. [(a)(b)]	1 June 2007
Inversionista La Candelaria S.A. [(a)(b)]	1 June 2007
Marco Capitales S.A. [(b)]	12 December 2007

Subsidiaries incorporated in the People's Republic of China	Date of acquisition
Powertech Engineering (Rongcheng) Co Limited [(c)]	1 April 2007

(a) Subsequent to their acquisitions, these entities were merged into CFGI, during the financial year ended 31 March 2008.

(b) The acquisition of these subsidiaries resulted in inclusion of post-acquisition revenue of approximately HK$28,910,000 (2008: HK$4,337,000) and loss after income tax of HK$6,837,000 (2008: HK$1,287,000) in the consolidated financial statements.

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

(c) It is not meaningful to present the revenue and operating results for the Group in relation to the acquisition of Powertech Engineering (Rongcheng) Co. Limited as it acts as the agent for vessel repair services for the Group's fishing vessels.

41. Acquisition of Subsidiaries – Continued

During the year ended 31 March 2009, the net assets acquired in the transaction, and the goodwill arising are as follows:

	Acquirees' carrying amount before combination HK$'000	Provisional fair value adjustments HK$'000	Provisional fair value HK$'000
Property, plant and equipment	205,732	(4,748)	200,984
Fishing permits	–	81,312	81,312
Inventories	14,871	–	14,871
Trade, bills and other receivables	8,404	–	8,404
Bank balances and cash	9,719	–	9,719
Trade and other payables	(20,667)	–	(20,667)
Taxation	(156)	–	(156)
Obligations under finance leases	(23,608)	–	(23,608)
Deferred taxation	(24,976)	(26,202)	(51,178)
	169,319	50,362	219,681
Goodwill arising on acquisition (note 20)			42,207
Total consideration			261,888
Satisfied by:			
Cash paid			127,254
Deferred consideration			132,600
Expenses in connection with acquisition			2,034
			261,888
Net cash outflow arising on acquisition:			
Cash consideration			(127,254)
Cash paid for expenses in connection with acquisition			(2,034)
Cash and cash equivalents acquired			9,719
			(119,569)

41. Acquisition of Subsidiaries – Continued

During the year ended 31 March 2008, 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	143,935	33,967	177,902
Fishing permits	19,733	111,421	131,154
Inventories	10,241	345	10,586
Trade, bills and other receivables	101,965	(1,424)	100,541
Bank balances and cash	2,337	–	2,337
Trade and other payables	(111,555)	–	(111,555)
Taxation	(2,375)	–	(2,375)
Obligations under finance leases	(56,663)	–	(56,663)
Deferred taxation	(15,227)	(43,616)	(58,843)
	92,391	100,693	193,084
Goodwill arising on acquisition (note 20)			127,228
Total consideration, satisfied by cash			320,312
Net cash outflow arising on acquisition:			
Cash consideration			320,312
Cash and cash equivalents acquired			(2,337)
			317,975

The provisional fair values for subsidiaries acquired during the year ended 31 March 2008 were finalised during the current year with the provisional fair values assigned to the net assets acquired decreasing by HK$5,090,000 resulting in an increase of goodwill of HK$5,090,000 (note 20).

42. Disposal of a Subsidiary

The net assets of the subsidiary disposed of at the date of disposal in May 2007 were as follows:

	HK$'000
Net assets disposed of:	
Other receivables	82
Bank balances and cash	2,481
Other payables	(42)
	2,521
Minority interests	(754)
	1,767
Loss on disposal	(108)
Total consideration, satisfied by cash	1,659
Net cash outflow arising on disposal:	
Cash consideration	1,659
Bank balances and cash disposed of	(2,481)
	(822)

43. 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, the United States, Singapore and Peru are members of pension schemes operated by the respective governments and private sectors. 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.

44. Operating Lease Arrangements

The Group as lessee

	2009 HK$'000	2008 HK$'000
Minimum lease payments paid under operating leases during the period:		
Amortisation of deferred charter hires	172,640	172,640
Fixed charter hire	204,984	206,856
Rental of premises	9,234	5,643
	386,858	385,139
Contingent lease payments paid under operating leases during the period:		
Variable charter hire	250,532	246,241
	637,390	631,380

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

	2009 HK$'000	2008 HK$'000
Within one year	211,316	212,637
In the second to fifth years inclusive	163,093	369,680
After five years	1,474	1,358
	375,883	583,675

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

(b) At 31 March 2009, the Group has ongoing commitments to pay variable charter hire for 17 (2008: 17) fishing vessels under the first, second and third (2008: first, second and third) vessel operating agreements entered into with Perun and Alatir for a period of 10 to 18 years up to 31 December 2025 (2008: period of 10 to 18 years up to 31 December 2025). 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.

(c) As at 31 March 2009, the Group has ongoing commitments to pay variable charter hire for 6 (2008: 6) 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. Fixed charter hire is calculated at US$12,000 (approximately HK$93,600) (2008: US$12,000 (approximately HK$93,600)) for each vessel per day.

44. Operating Lease Arrangements – Continued

The Group as lessor

Rental income earned during the year was HK$8,137,000 (2008: HK$9,955,000). Certain of the Group's investment properties and a portion of its freehold building and equipment 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:

	2009 HK$'000	2008 HK$'000
Within one year	4,883	4,120
In the second to fifth years inclusive	4,320	2,228
	9,203	6,348

45. Capital Commitments

	2009 HK$'000	2008 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	273,642	298,285

46. Contingent Liabilities

At the balance sheet date, the Group has following contingent liabilities:

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

The Company and the Employees filed a defence on 2 September 2005. The Company had, through its solicitors, requested Feoso to put up a security for PAH's legal cost of proceedings in case Feoso's claim fails. Feoso made payment of security of cost to the Court at a total amount of HK$2,000,000 pursuant to the High Court Order dated 18 January 2008.

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

46. Contingent Liabilities – Continued

(b) Certain members of the Group are parties to legal processes in Peru with potential claims amounting to US$4,962,000 (approximately HK$38,703,000). These relate to environmental matters, former employees and miscellaneous claims. The Group's legal advisor has advised that US$1,579,000 (approximately HK$12,315,000) of these claims is likely to have unfavourable outcome for the Group and the outcome for claims of US$3,383,000 (approximately HK$26,388,000) 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$1,579,000 (approximately HK$12,315,000) (2008: HK$12,295,000) 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 or threatened against any members of the Group.

47. Pledge of Assets

(a) At 31 March 2009, the Group has pledged land and buildings and investment properties with aggregate carrying values of approximately HK$307,300,000. (2008: HK$332,697,000) and HK$75,500,000 (2008: HK$89,170,000) 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 the United States of America of HK$2,800,000 (2008: 5,648,000) and HK$148,800,000 (2008: HK$170,522,000), respectively, were pledged as security for general banking facilities arranged for that subsidiary.

(b) At 31 March 2009, deposits amounting to HK$23,298,000 (2008: HK$539,000) are pledged to a bank to secure an export invoice discounting facility granted to the Group.

(c) At 31 March 2009, inventories of fish meal of HK$37,217,000 (2008: HK$59,280,000) were also pledged as security for the revolving inventory financing facilities obtained from banks.

(d) At 31 March 2009, a fishing vessel under construction with net carrying amount of HK$392,032,000, fixed deposits of HK$44,031,000 and shares of a wholly owned subsidiary (2008: nil) were pledged as security for a term loan granted to the Group. The fixed deposit pledged bear interest at 1.42% (2008: Nil) per annum.

(e) At 31 March 2009, the obligations under finance leases were secured by the lessors' title to the leased property, plant and equipment of a subsidiary in Peru with carrying values of HK$362,747,000 (2008: HK$195,651,000).

(f) At 31 March 2009, certain plant and machinery installed in fishmeal processing plants and freehold land with carrying amounts totalling US$17,975,000 (approximately HK$140,205,000) have been mortgaged and pledged respectively in connection with the deferred consideration payable of US$10,014,000 (approximately HK$78,113,000) on acquisition of a subsidiary.

(g) At 31 March 2009 and 31 March 2008, shares and net assets amounted to HK$254,883,000 (2008: HK$573,151,000) of certain subsidiaries were also pledged as securities for revolving inventory financing and syndicated bank loan facilities.

(h) At 31 March 2009, certain bank advances were secured by bills receivables of HK$107,168,000 (2008: HK$19,011,000).

48. Related Party Transactions

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

	2009 HK$'000	2008 HK$'000
Sales of frozen seafood	461,723	449,279
Purchases of frozen seafood	12,175	23,201
Agency income	6,560	6,407
Purchase of property, plant and equipment	5,272	–
Transfer of property, plant and equipment	2,357	–

(b)

	2009 HK$'000	2008 HK$'000
Bank advance drawn by the Group on discounted trade receivables with insurance coverage of:		
– associates of the Group	36,051	56,405
The above advances are secured by trade receivables of:		
– associates of the Group	40,057	62,672

49. Restatement and Comparative Figures

In respect of the acquisition of subsidiaries under the Peruvian operations during each of the years ended 2007 and 2008, fair value adjustments included deferred liabilities that had been recognised upon the acquisition of these subsidiaries which was calculated based on the temporary differences arising from the employees' entitlement of 10% share of the taxable profit of the Peruvian subsidiaries. During the year ended 31 March 2009, management determined that no such deferred liability should be recognised on acquisition of the Peruvian's subsidiaries. Accordingly, management of the Company reversed the deferred liabilities as at 31 March 2008 of HK$64,333,000 and a corresponding adjustment to goodwill which has been made retrospectively.

50. Post Balance Sheet Events

Subsequent to 31 March 2009, the following post balance sheet events took place:

(1) On 22 May 2009, the Company announced a proposed rights issue of up to 944,027,844 new shares at an issue price of HK$0.60 per Share by way of rights on 1 new share for each 2 existing shares ("PAIH Rights Issue").

On the same date, a subsidiary, PAH, announced a proposed rights issue of up to 1,523,974,852 new ordinary shares ("Rights Shares"), at an issue price of S$0.15 per share, with up to 304,794,970 free detachable warrants, each warrant carrying the right to subscribe for 1 new share of PAH at an exercise price of S$0.23 per share, on the basis of 1 Rights Share for each existing share of PAH and 1 warrant for every 5 Rights Shares subscribed ("PAH Rights Issue").

Gross proceeds of approximately HK$566 million and S$209 million (approximately HK$1,114 million) are received from full subscription of shares under the PAIH Rights Issue and the PAH Rights Issue respectively. The Company and PAH intend to utilise the net proceeds for general working capital purposes.

(2) On 30 April 2009 and 14 May 2009, a subsidiary, CFGI, acquired 100% equity interests in Sustainable Pelagic Fishery S.A.C. ("SPF") and Sustainable Fishing Resources S.A.C. ("SFR"), respectively, for cash consideration of approximately HK$2,600 each. SPF and SFR are incorporated in Peru and were inactive at the date of acquisition. They are acquired to carry out the operation of fishing vessels.

In June 2009, SFR entered into a contract to acquire a fishing vessel for approximately US$8 million (approximately HK$62,400,000).

51. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2009 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 % 2009	2008	attributable to the Group % 2009	2008	Principal activities
Aqua Foods (Qingdao) Co Ltd	PRC (note a)	Registered RMB6,340,000	100	100	100	100	Seafood processing
Best Concept Far East Limited	Hong Kong/ Worldwide	Ordinary HK$2	100	100	100	100	Trading of frozen seafood products
Bonaire Developments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100	100	100	100	Property holding
CFGI (as defined in note 20)	Peru	Registered US$1,000	78	78	42	41	Fishing and fishmeal processing
Champion Shipping Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	65	64	Vessel holding
Chasterton Group Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100	100	100	100	Property holding
China Fishery Group Limited (note c)	Cayman Islands	Ordinary US$39,104,000	78	78	42	41	Investment holding
China Fisheries International Limited	Samoa/Worldwide	Ordinary US$1,000	78	78	42	41	Management and operation of fishing vessels and sales of fish and other marine catches
Clamford Holding Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100	100	100	100	Investment holdings
Europaco Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	100	100	Trading of processed seafood products
Europaco (AP) Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	100	100	Trading of processed seafood products
Europaco (EP) Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	100	100	Trading of processed seafood products
Europaco (HP) Limited	Hong Kong/ Worldwide	Ordinary HK$2	100	100	100	100	Trading of processed seafood products

51. 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 % 2009	2008	attributable to the Group % 2009	2008	Principal activities
Europaco (QP) Limited	Samoa/Worldwide	Ordinary US$1	100	100	100	100	Trading of processed seafood products
Fastact Group Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100	100	100	100	Property holding
Glorious Ocean Limited	Hong Kong/ Hong Kong	Ordinary HK$2	100	100	100	100	Property holding, provision of treasury and administrative services
Grandluck Enterprises Limited	Hong Kong/ Hong Kong	Ordinary US$1	100	100	100	100	Property holding
National Fish and Seafood Limited	Hong Kong/ Worldwide	Ordinary HK$2	100	100	60	60	Trading of frozen Seafood products
National Fish & Seafood Inc.	USA/Worldwide	Ordinary US$10,000	60	60	60	60	Trading and processing of frozen seafood products
Nouvelle Foods International Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	100	100	Trading of processed seafood products
Pacific Andes Enterprises (BVI) Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	65	64	Trading of frozen seafood products
Pacific Andes Enterprises (Hong Kong) Limited	Hong Kong/ Hong Kong	Ordinary HK$200 Non-voting deferred HK$10,000,000 (note b)	100	100	100	100	Property holding, provision of treasury and administrative services
Pacific Andes Food (Hong Kong) Company Limited	Hong Kong/ Worldwide	Ordinary HK$10,000	100	100	65	64	Trading of frozen seafood products
Pacific Andes Food Limited	PRC (note a)	Registered US$77,000,000	100	100	100	100	Seafood processing
Pacific Andes Food (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100	100	100	100	Investment holding
Pacific Andes (Holdings) Limited (Note c)	Bermuda/Singapore	Ordinary S$278,237,833	65	64	65	64	Investment holding

51. 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 % 2009	2008	attributable to the Group % 2009	2008	Principal activities
Pacific Andes International Holdings (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100	100	100	100	Investment holding
Pacific Andes Treasury Management Limited	Hong Kong/ Hong Kong	Ordinary HK$10,000,000	100	100	100	100	Provision of treasury services
Pacos Processing Limited	Cayman Island/ Worldwide	Ordinary US$1	100	100	100	100	Trading of processed seafood products
Pacos Trading Limited	Cayman Island/ Worldwide	Ordinary US$1	100	100	100	100	Trading of frozen seafood products
Paco Alpha Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	65	64	Vessel holding
Paco Beta Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	65	64	Trading of marine fuel
Parkmond Group Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	65	64	Trading of frozen seafood products
Pelican Food Limited	British Virgin Islands/ Worldwide	Ordinary US$100	100	100	100	100	Investment holding
Qingdao Canning Foodstuff Co Ltd	PRC (note a)	Registered US$12,100,000	100	100	100	100	Seafoods processing
Sevenseas Enterprises Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100	100	100	100	Property holding
Xinxing Foodstuffs (Qingdao) Co Ltd	PRC (note a)	Registered US$910,000	100	100	100	100	Seafoods processing

Note:

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 Pacific Andes (Holdings) Limited and CFGI, which has issued convertible bonds (note 35) and senior notes (note 36) respectively, none of the subsidiaries had any debt securities outstanding at the end of the year.

52. Particulars of Principal Associates

Particulars of the Group's principal associates as at 31 March 2009 are as follows:

Name	Forms of business structure	Place of incorporation	Attributable proportion of nominal value of issued/ registered capital held by the Company 2009	2008	Principal activities
Global Research Group Inc	Incorporated	British Virgin Islands	50%	50%	Investment holding
Global Research Services Inc	Incorporated	British Virgin Islands	50%	50%	Provision of interactive electric data base
Pacos Processing Limited	Incorporated	Republic of Cyprus	20%	20%	Trading of processed seafood products
Paco-EP Limited	Incorporated	Republic of Cyprus	20%	20%	Trading of processed seafood products
Paco-GP Limited	Incorporated	Republic of Cyprus	20%	20%	Trading of processed seafood products
Paco-HP Limited	Incorporated	Republic of Cyprus	20%	20%	Trading of processed seafood products
Pacos (QP) Limited	Incorporated	Republic of Cyprus	20%	20%	Trading of processed seafood products
Pacos Trading Limited	Incorporated	Republic of Cyprus	13%*	13%*	Trading of frozen seafood products
Paco (ET) Limited	Incorporated	Republic of Cyprus	13%*	13%*	Trading of frozen seafood products
Paco (GT) Limited	Incorporated	Republic of Cyprus	13%*	13%*	Trading of frozen seafood products
Paco (HT) Limited	Incorporated	Republic of Cyprus	13%*	13%*	Trading of frozen seafood products

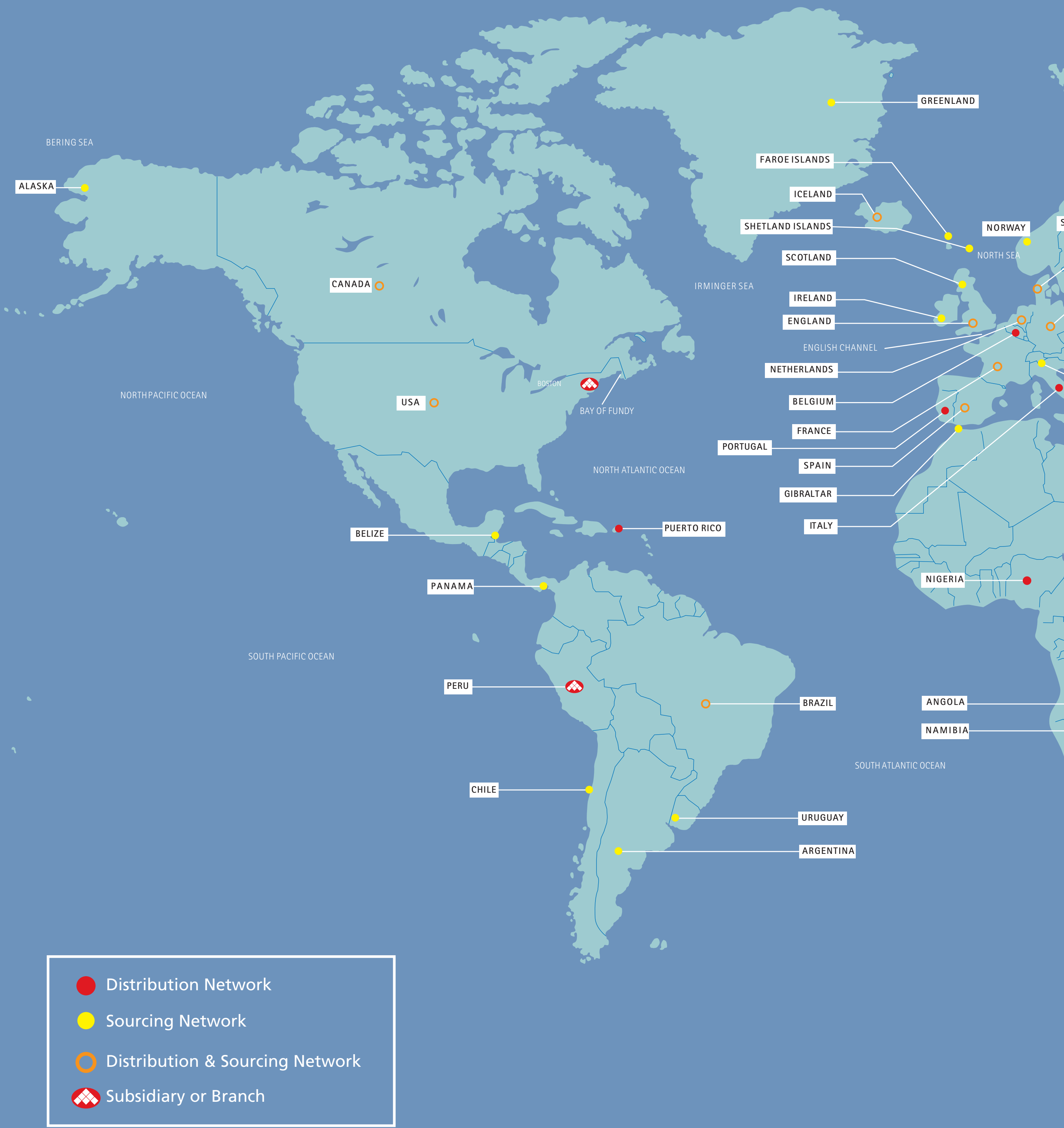
* The Group is able to exercise significant influence because these companies are associates of Pacos Trading Limited (Cayman), a wholly owned subsidiary of the Company, and Pacos Trading Limited (Cayman) issuable to exercise significant influence to these associates.

FINANCIAL SUMMARY

	Year ended 31 March				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000
RESULTS					
REVENUE	5,298,276	6,156,997	8,478,584	10,017,372	11,167,773
OPERATING PROFIT	247,006	564,868	1,012,198	920,985	1,027,457
SHARE OF RESULTS OF ASSOCIATES	(746)	(378)	376	361	(731)
	246,260	564,490	1,012,574	921,346	1,026,726
TAXATION	(3,265)	(14,286)	(19,276)	(37,078)	(878)
PROFIT FOR THE YEAR	242,995	550,204	993,298	884,268	1,025,848
MINORITY INTERESTS	(79,767)	(367,146)	(682,525)	(511,359)	(509,054)
	163,228	183,058	310,773	372,909	516,794

	At 31 March				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES					
TOTAL ASSETS	4,682,270	6,532,323	10,135,001	14,196,864	15,664,904
TOTAL LIABILITIES	(2,890,367)	(3,933,272)	(6,233,396)	(8,385,759)	(9,016,311)
TOTAL EQUITY	1,791,903	2,599,051	3,901,605	5,811,105	6,648,593
EQUITY COMPONENT OF CONVERTIBLE BONDS OF A LISTED SUBSIDIARY	–	–	–	(42,226)	(39,710)
MINORITY INTERESTS	(396,654)	(1,018,652)	(1,759,219)	(2,275,412)	(2,658,023)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	1,395,249	1,580,399	2,142,386	3,493,467	3,950,860

OUR **GLOBAL NETWORK**



* Please note, all locations are marked by major region / country only. For more information on cities & areas not shown on this map, please contact us directly for a more comprehensive list.