Annual Report 2009

PACIFIC ANDES
INTERNATIONAL HOLDINGS LIMITED

STOCK CODE: 1174

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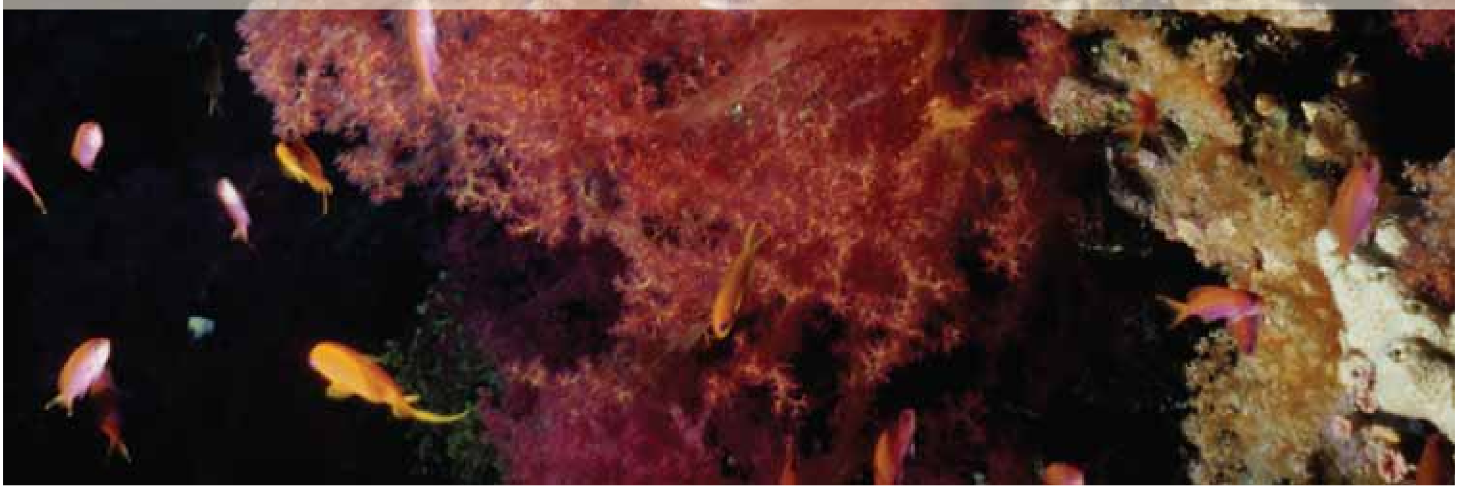
CORPORATE PROFILE

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" or the "Company"). 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 Resources Development Limited ("PARD") 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. It also owns fishmeal processing facilities onshore in Peru.

Frozen Fish Supply Chain Management Division

- Resource development
- Global sourcing & supply
- Transportation & shipping agency

The Group's frozen fish supply chain management ("frozen fish SCM") division offers a full range of logistical services to fishing vessels, and distributes frozen ocean-caught fish to wholesalers or re-processors around the world. The division owns 3 reefer vessels.

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 value-added seafood products for both in-house labels as well as customers' brands in processing plants located in the PRC, Japan and USA. Its distribution network spans across the world's continents; selling to leading food processors and retailers worldwide.

INDUSTRIAL FISHING

To further secure access to under-utilised and abundant ocean resources, our largest single project during the period is the expansion of our fishing fleet for the South Pacific fishing operations. We expanded our fishing fleet in the South Pacific, adding seven catcher vessels and a factory trawler to the five super-trawlers that were re-deployed from North Pacific operations.


GEseaco
YANG MING
陕汽重卡

FROZEN FISH SUPPLY CHAIN MANAGEMENT

During the period under review, the frozen fish SCM division expanded its market share and enhanced profitability by taking full advantage of economies of scale, meeting changing customer demands, adjusting product mix and diversifying geographical markets. Success in our established markets was amplified by significant expansion of our geographical reach to the burgeoning growth regions of Eastern Europe and Africa.

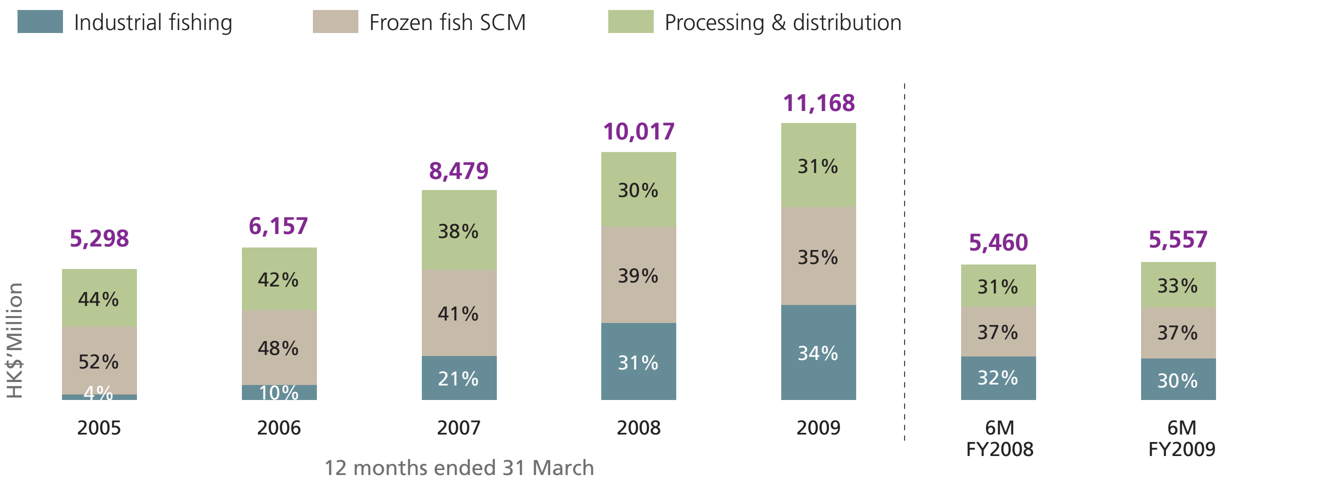
PROCESSING & GLOBAL DISTRIBUTION

Over the years, Pacific Andes has dedicated significant resources to increasing the production capacity of the processing and distribution division, while at the same time creating greater product and customer diversification. Our state-of-the art, 333,000 square metre Hongdao processing complex in Qingdao commenced trial operations in February 2009. The new plant exemplifies our commitment to setting the highest standards for the industry. It enhances our service to our customers with fully traceable products, provide higher economies of scale and supports sustainable growth of the business. This division has helped the Group maintain its position as the world's largest white fish fillet producer.

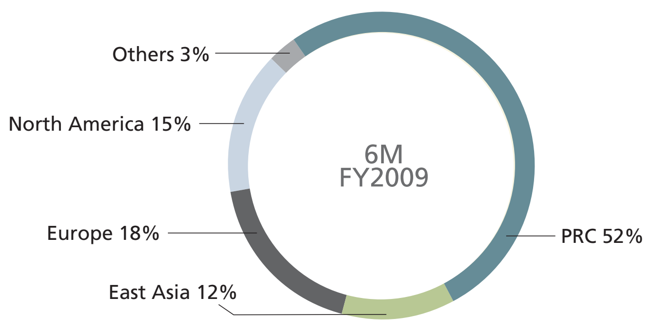
FINANCIAL HIGHLIGHTS

As a result of the change in financial year end date of the Company and its subsidiaries (the "Group" or "Pacific Andes Group"), the current financial period for the Group covers the six-month period from 1 April 2009 to 28 September 2009 ("6MFY2009"). Accordingly, the comparative figures for the corresponding period of the immediately preceding year for the six-month period ended 30 September 2008 ("6MFY2008") are presented in the diagrams below.

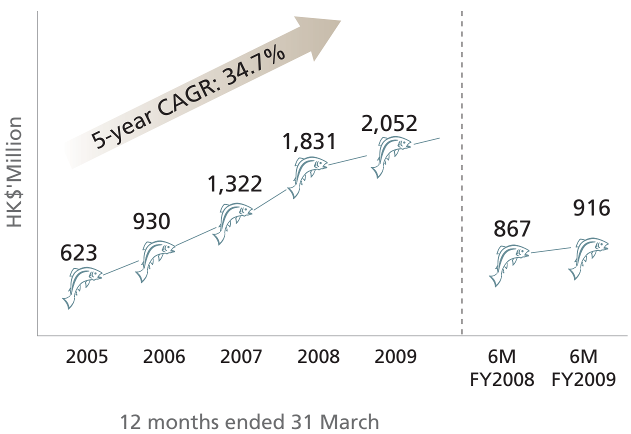
Revenue



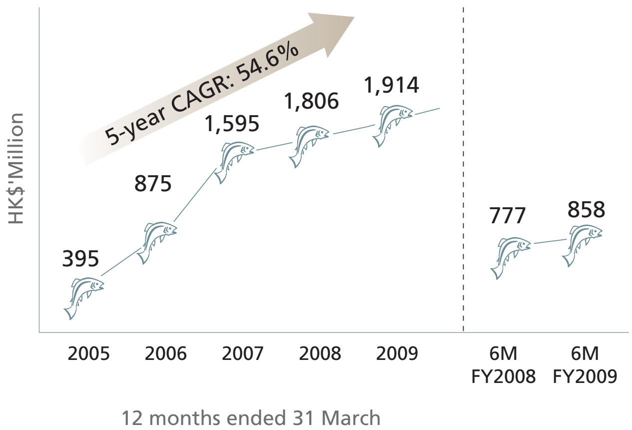
Performance by Markets



Gross Profit



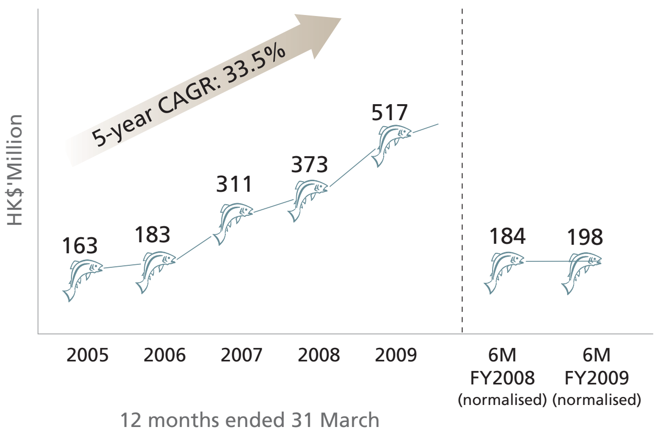
EBITDA



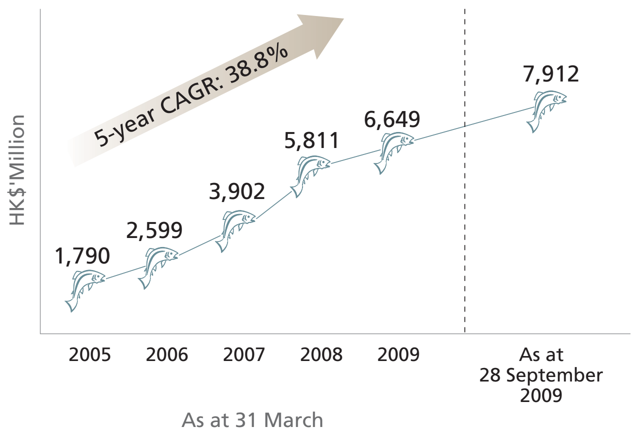
Net Profit Margin

Gross Profit Margin

Profit Attributable to Owners of the Company



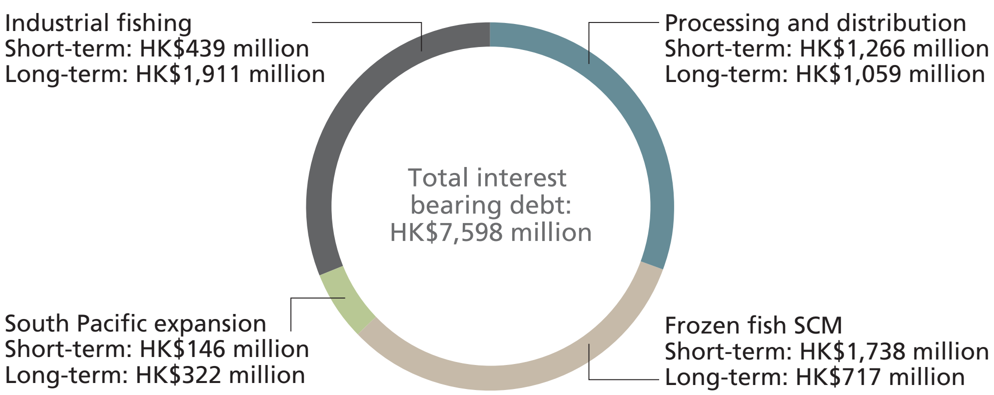
Total Equity



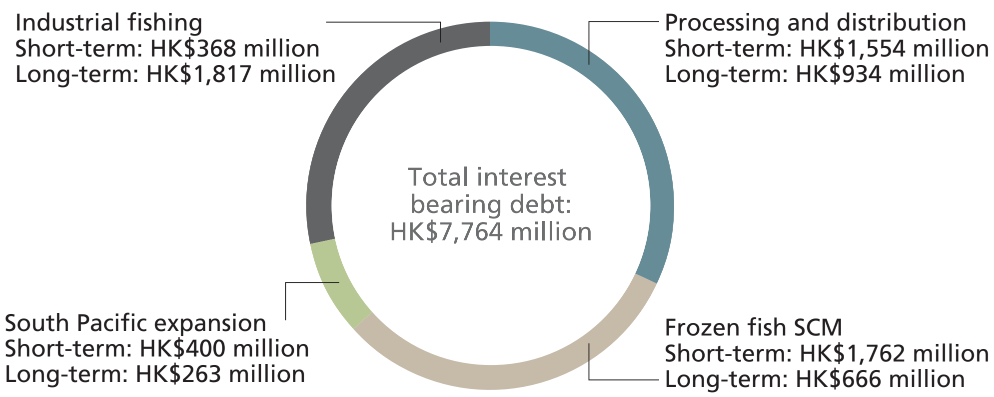
Inventory Turnover Days

Net Debtor Turnover Days

Debt Maturity Profile



As at 31 March 2009



As at 28 September 2009

MANAGING DIRECTOR'S REPORT

Dear Valued Investors,

I am pleased to report on a successful six months for Pacific Andes with significant progress in developing the business, coupled with satisfactory revenue growth across most sectors of the business, driven by rising global demand for fish.

Combining this with a strong focus on efficiency enhancement and cost management resulted in meaningful margin improvements for the Group. In spite of a challenging global economic environment, our business has proven to be resilient and we are now in an even stronger financial position than at the beginning of the period under review.

To ensure sustained long-term growth, the Group is committed to ongoing investment and development. This period was highlighted by the successful implementation of two major projects. First, our world class processing complex in Hongdao near Qingdao was completed and trial production commenced in February 2009. Full commercial production began in August 2009 after the plant successfully obtained its EU export certificate. Second, trial fishing started in the South Pacific in July 2009. A fleet of seven catcher vessels and one factory trawler were added to the Group's South Pacific trawling operations towards the end of 2009.

The key to our long-term success is a solid financial foundation. The Rights Issue completed in July 2009 provided a sound financial structure to support future expansion strategies. Results confirm that the growth strategies which have guided us in prior years have created a strong foundation which will help Pacific Andes to further capitalise on its strengths and secure long-term success.

Financial Results

Despite uncertain economic conditions during the period, we achieved satisfactory growth on all fronts for the period ended 28 September 2009. Turnover increased by 1.8% to HK$5,556.8 million (approximately US$712.4 million). Gross profit grew 5.6% to HK$915.6 million (approximately US$117.4 million) while EBITDA rose 10.4% to HK$857.7 million (approximately US$110.0 million). Net profit decreased by 2.8% to HK$359.6 million (approximately US$46.1 million). Excluding the one-off expenses associated with the Rights Issue of its subsidiary of PARD, net profit attributable to shareholders went up 7.8% to HK$198.3 million (approximately US$25.4 million). Basic earnings per share were HK 7.1 cents (6MFY2008: HK 9.6 cents).

The Board has recommended a final dividend of HK1.7 cents per share, subject to approval by shareholders at the forthcoming annual general meeting. Shareholders are provided with an option to receive the final dividend in the form of Scrip Shares in lieu of cash. The Board has also proposed a bonus warrants issue of 5 existing shares for 1 bonus warrant, to subscribe for shares of the Company at HK$1.80 per share. The proceeds from the bonus warrants issue enable the Company to subscribe for the warrants of PARD which will expire in July 2011.

Business Review

Over the years, the Group has dedicated significant resources to increasing the production capacity of the processing and distribution division, while at the same time creating greater product and customer diversification. The Group's state-of-the art, 333,000 square metre Hongdao processing complex in Qingdao commenced trial operations in February 2009. The new plant exemplifies our commitment to setting the highest standards for the industry. It enhances our service to our customers with fully traceable products, provides higher economies of scale and supports sustainable growth of the business. This division has helped the Group maintain its position as the world's largest white fish fillet producer.

During the period under review, our frozen fish SCM division expanded its market share and enhanced profitability by taking full advantage of economies of scale, meeting changing customer demands, adjusting product mix and diversifying geographical markets. Success in our established markets was amplified by significant expansion of our geographical reach to the burgeoning growth regions of Eastern Europe and Africa.

To further secure access to under-utilised and abundant ocean resources, our largest single project during the period is the expansion of our fishing fleet for the South Pacific fishing operations. We expanded our fishing fleet in the South Pacific, adding seven catcher vessels and a factory trawler to the five super-trawlers that were re-deployed from North Pacific operations.

The implementation of the Individual Transferable Quota fishing system in Peru has allowed the Group to add to its fleet and enhance plant utilisation, improve product quality and achieve better product yield rates. All these validate our strategic decision to invest in the Peruvian fishmeal business. Although fishmeal prices softened during the period, the Group is now witnessing a significant rebound in price due to stronger market demand since October 2009.

Responsibilities in the Community

As one the world's largest integrated frozen seafood enterprises, the Group believes strongly in taking an active role in making improvements to our products, the livelihood of our employees, our environment, and the society in which we live.

Commitment to sustainable development

Sustainable development is a responsibility shared in common by every entity within the Group. As an integrated seafood company with worldwide operations all around the world, we are keenly aware of our social, environmental, and corporate responsibilities to ensure the sustainability of fisheries. We are constantly examing ways to reduce our carbon and energy footprint in each of our operations.

The new Hongdao processing complex, with its modern, eco-friendly processing facilities, have enabled the Group to develop an integrated sustainability strategy aimed at constantly improving efficiency across areas ranging from carbon to energy, water, waste, socio-economic issues and biodiversity.

In keeping with our commitment to improve the work-life balance of our Hongdao employees and encourage the development of a meaningful lifestyles, we have built a dedicated 6-floor recreational complex with comprehensive facilities including gymnasium, internet café, library and supermarket for all our employees in Hongdao.

Key features of the Hongdao processing complex

<table>
<tr><td>Computerised temperature control</td><td rowspan="2">• Improves material and product handling capacity
• Optimises process stability
• Allows a higher level of product safety/quality</td></tr>
<tr><td>Wireless inventory management system</td></tr>
<tr><td>Seawater & waste water treatment system</td><td>• Conserves freshwater resources
• Uses treated seawater in the initial washing/cleaning of raw materials
• Treats waste water based on international norms with disposal by specialist contractors</td></tr>
<tr><td>Energy-efficient equipment and centralised cooling system</td><td>• Reduces energy consumption e.g. lighting, electricity, air-conditioning and ventilation, hot water, freezers and refrigerators, central heating, etc.</td></tr>
<tr><td>Integrated by-product processing facilities</td><td>• Reduces waste levels
• Converts normally discarded fish parts into marketable by-products such as fishmeal</td></tr>
<tr><td>Modern and comprehensive employee facilities</td><td>• Provide a comfortable working environment, promote work/life balance, and enhance job satisfaction</td></tr>
</table>

Education for our future generations

At Pacific Andes, we believe that the competence and commitment of our employees are essential for the sustainability of the Group's success. Apart from offering a wide range of training and development programs for our production staff in the PRC, the Group initiated the "Pacific Andes Sunshine Education Program" in Qingdao at the end of 2009. Through this program, the Group is not only investing in the present but also in the promise of a better life for our future generations by awarding student aid to the siblings of eligible production workers. In addition, the Group will make donations to local secondary schools in the hometowns of our workers. In order to further enhance staff morale and pride, the donations will be made by the Group on behalf of the respective team of workers.

Looking Ahead into 2010

Market Outlook

Global demand for fish is expected to continue to increase steadily, supported by increasing population, rising affluence in developing countries, and growing health consciousness among consumers, leading to preference for more seafood-rich diets. Currently about one third of the world's ocean resources are under-utilised, with these resources being used to produce fishmeal for aquaculture and animal farming industries instead of for human consumption. As global consumption of fish is expected to continue to rise, there is a trend towards maximising the use of fish catch to satisfy the demand for human consumption.

In light of uncertain economic conditions, consumption of frozen ready-meals has risen across the global retail industry. Increasing food safety awareness, coupled with rising demand for environmentally-friendly products, has led to a rising preference for seafood products.

Such market trends are favorable for the Group and bode well for its core strategy of developing under-utilised fish species and providing affordable and quality frozen fish products with full traceability to consumers worldwide.

Company Outlook

Our outlook is encouraging. The strategies to explore new fishing grounds and to construct world-class production facilities have supported and reinforced our core strengths. By creating a stronger and more focused company, we have been able to optimise shareholders' return in the frozen seafood industry.

New revenue stream from South Pacific operations

In line with our core development strategy to tap and commercialise under-utilised fish resources for higher-value human consumption, we will commence our South Pacific fishing operations in 2010. The Group's South Pacific operations boast the most efficient fishing fleet, a comprehensive logistics support system, and a high caliber fishing crew and management.

Benefit from strong fishmeal price

Toward the end of the reporting period, stronger demand in the aquaculture industry and low inventory levels in the PRC had driven up prices for fishmeal products. With our continued efforts to optimise efficiency and enhance fleet and plant utilisation, we expect good performance from the Peruvian fishmeal operations in the coming year.

Breadth and depth our sales network

The frozen fish SCM division has a very strong presence in the PRC and is currently the country's largest supplier of imported frozen fish. We will continue to give priority to the important PRC market. In addition, we are expanding our market presence, particularly in Eastern Europe and Africa. For markets where we already have an established presence, we plan to drive product diversification with the aim of increasing market share.

Drive greater operating efficiency at the Hongdao processing complex

In the coming year, we will further optimise the operating efficiencies of our production plants in the PRC. We expect full-scale operations at the Hongdao processing complex within fiscal year 2010. Our modern and efficient production facilities as well as motivated employees point to constantly improving productivity at our processing plants. This gives the processing and distribution division good prospects to further solidify its leading position in the market.

Fortify capital structure to provide financial strength and flexibility

China Fishery intends to seek secondary listing of all of its ordinary shares on the Oslo Børs ASA of Norway. The listing is intended to further raise the profile and status of China Fishery within the global investment community and to better reflect its shareholder value.

In addition, we believe that the proposed secondary listing on Oslo Børs, a globally recognised exchange for the fishing and seafood industry, will:

- increase access to European institutional investors who have appetite and in depth knowledge of the fishing and seafood industry;
- increase China Fishery's ability to access international capital markets;
- provide additional liquidity for China Fishery's current and future shareholders; and
- help broaden the marketing reach of the Group.

As a result of our global orientation and vertically integrated operations, we are well-placed to exploit existing opportunities for growth in the highly fragmented fishing and seafood processing industry. Management will take advantage of opportunities in order to further extend our value chain.

In spite of the uncertain global economic climate, Pacific Andes enjoys robust health as it looks to the future. With a stronger equity base and infrastructure, the management is well-prepared and determined to continue the Group's growth and create fruitful returns to shareholders.

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.

Ng Joo Siang
Managing Director and Vice-chairman

21 January 2010

Financial Review

On 26 August 2009, the Group announced the change of its financial year-end date from 31 March to 28 September. The change brings the year-end of the Group's Singapore listed subsidiaries, namely Pacific Andes Resources Development Limited ("PARD") and China Fishery Group Limited ("China Fishery"), into line with the Group's year end, facilitating efficient preparation of the Company's consolidated accounts. This will minimise audit fees and other administrative costs.

For 6MFY2009, Group turnover increased 1.8% to HK$5,556.8 million (approximately US$712.4 million) from HK$5,460.1 million (approximately US$700.0 million) in the comparable period of 2008. The fishing division accounted for 30.1% of total turnover, the frozen fish SCM division for 37.0% and the processing division 32.6%.

In terms of geographical markets, with the exception of Europe and East Asia, sales to all major markets worldwide recorded positive underlying growth. The PRC was once again the main market for the Group, with sales growing 10.5% to reach HK$2,891.9 million, representing 52.0% of total turnover, on the back of continued rising demand for frozen fish products to meet domestic consumption and raw material needs. Sales to North America increased 18.7% to HK$830.6 million, accounting for 14.9% of total turnover. Sales to Europe decreased 12.2% to HK$1,008.0 million. Since the EU export license for the Group's new production facilities was only granted in August 2009, shipments to Europe during the period were temporarily delayed. Sales to East Asia decreased by 22.7% to HK$659.4 million as the Group reduced sales of higher-priced fish premium products in view of the challenging economic environment.

The fishing division, which operates through its Singapore-listed subsidiary China Fishery, recorded a drop in turnover of 4.5% to HK$1,670.4 million (approximately US$214.1 million). This was mainly attributable to the partial shift of fishing activities in the North Pacific from first quarter to the fourth quarter of calendar year 2009, and the softening of fishmeal prices during the period under review.

The frozen fish SCM division, which operates through its Singapore-listed subsidiary PARD, continued to deliver stable and consistent returns. In view of the lower purchasing power as a result of uncertain economic conditions, the Group increased sales of lower-priced fish. This led to level sales for the division with a 0.7% increase in turnover to HK$2,057.2 million (approximately US$263.7 million) despite an increase in trading volume.

The processing and distribution division recorded a 9.1% increase in turnover to HK$1,811.0 million (approximately US$232.2 million), due mainly to continuous increase in market demand for lower-priced fish fillets and portions. However, sales volume decreased during the period as shipments to Europe from the new processing plant were temporarily delayed due to the fact that the EU export license for the new production facilities were only granted in August 2009.

The Group's gross profit increased by 5.6% to HK$915.6 million and gross profit margin increased to 16.5% from 15.9%. This is due to a higher contribution from our fishing division.

Selling and distribution expenses increased 20.6% to HK$163.3 million due to higher sales volume of fishmeal products. Administrative expenses increased 24.7% to HK$200.7 million mainly due to higher operational expenses on the new production facilities. Other operating expenses were HK$26.3 million, compared with HK$7.4 million for the same period last year, which included one-off Rights Issue expenses of HK$24.5 million.

Finance costs decreased 15.5% to HK$214.9 million due to lower market interest rates and interest savings from the repurchase of convertible bonds and senior notes.

Including exceptional items, net profit after tax decreased 2.8% to HK$359.6 million (approximately US$46.1 million). If expenses of PARD's Rights Issue are excluded, profit after tax and minority interests actually increased 7.8% to HK$198.3 million from HK$184.0 million. Earnings per share were HK 7.1 cents, based on weighted average of 2,462.6 million shares after taking the effect of the Rights Issue (6MFY2008: HK 9.6 cents based on 1,980.5 million shares as restated for the Rights Issue).

Financial Position

Despite the global financial crisis, which created difficult economic conditions worldwide, the Group's financial and liquidity positions improved significantly and remains sound.

Net assets of the Group improved to HK$7,912.0 million as of 28 September 2009 compared to HK$6,648.6 million as of 31 March 2009.

Property, plant and equipment increased 17.8% to HK$4,654.2 million. During the period under review, the Group invested HK$522.1 million in the construction of a factory trawler and acquisition of several catcher vessels, and a further HK$67.6 million on the Hongdao processing complex.

Current assets increased 11.3% to HK$7,383.4 million. The increase was mainly the result of higher trade accounts receivables and inventories. Current liabilities increased 10.7% to HK$5,228.6 million. The increase in trade payables and short term bank borrowings was in line with the increase in trade receivables and inventories. Non-current liabilities decreased 6.9% to HK$3,996.2 million, due mainly to the repurchase of senior notes and convertible bonds.

As at 28 September 2009, total equity increased 19.0% to HK$7,912.0 million mainly attributable to the Rights Issue completed in July 2009.

Liquidity and Capital Resources

During the period, the Group further improved its financial position. The Company completed an issue of 944 million new ordinary shares at HK$0.6 each by way of rights to raise net proceeds of HK$555 million (approximately US$71 million). The proceeds were primarily used for the pro rata subscription of rights shares of PARD in July 2009.

PARD's Rights Issue in July 2009 raised a total of HK$1,092.0 million, with proceeds used for:

1. increasing its stake in the Group's upstream fishing division – China Fishery (HK$37.0 million) from 41.7% to 42.1%;

2. the repurchase of convertible bonds and senior notes (HK$72.0 million);

3. the balance of payment for the acquisition of China Fishery (HK$416.5 million) in 2007;

4. the balance is to be used for general working capital.

As of 28 September 2009, total borrowings of the Group amounted to HK$7,764.3 million, of which 47% were long term borrowings. The net debt-to-equity ratio, defined as a percentage of net interest bearing borrowings over shareholders' equity, improved from 108% to 93% as at the end of the reporting period.

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 risk.

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.

Employees and Remuneration

As at 28 September 2009, the Group had a total of approximately 12,000 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, PARD 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, 74, 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, 49, 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, 47, 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. She is an active member of the young business leaders' community, having served on the board of the Entrepreneurs' Organization Hong Kong chapter for the past 6 years and was the first Chapter Chairlady in 2008/09.

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., 54, 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. He has also completed the Advanced Management Program at the Harvard Business School. 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.

Tao Kwok Lau, Clement, B.B.S. J.P., 61, is presently the Managing Director of Associated Advisers Limited, a licensed corporation of the Securities & Futures Commission and a member of the Hong Kong Confederation of Insurance Brokers. He has been with Associated Advisers Limited since 1988. Mr. Tao is a fellow member of The Hong Kong Institute of Directors, a Registered Investment Adviser registered with the Securities and Futures Commission and a Chartered Financial Consultant. Mr. Tao is currently holding the positions of Chairman of the Appeal Panel (The Estate Agents Ordinance) and the Chairman of the Investment Committee of The Life Underwriters Association of Hong Kong Limited. He is also a member of the Witness Protection Review Board and the Standing Committee on Young Offenders. Mr. Tao received a Bachelor of Social Science with major in Economics from the University of Hong Kong in 1971. Mr. Tao was awarded with a Badge of Honour in 1993 and Bronze Bauhinia Star in 1999; and was appointed Justice of Peace in 1995.

CORPORATE INFORMATION

Board of Directors

Executive

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

Lew V Robert
Kwok Lam Kwong, Larry
Tao Kwok Lau, Clement *(appointed on 6 August 2009)*

Audit Committee

Lew V Robert *(Chairman)*
Kwok Lam Kwong, Larry
Tao Kwok Lau, Clement *(appointed on 6 August 2009)*

Remuneration Committee

Kwok Lam Kwong, Larry *(Chairman)*
Lew V Robert
Tao Kwok Lau, Clement *(appointed on 6 August 2009)*
Ng Joo Siang
Ng Joo Puay, Frank

Company Secretary

Chan Tak Hei

Solicitors

Baker & McKenzie

Auditors

Deloitte Touche Tohmatsu

Principal Bankers

CITIC Ka Wah Bank Limited
Fortis Bank, Hong Kong Branch
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
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REPORT OF THE DIRECTORS

The directors present their annual report and the audited consolidated financial statements for the six-month period ended 28 September 2009. The financial period covers the period from 1 April 2009 to 28 September 2009. The Group changed its financial year end to 28 September 2009 to be co-terminous with that of its subsidiaries.

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 processing, the operation of 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 28 September 2009 are set out in notes 49, 50 and 28 respectively to the consolidated financial statements.

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

Customers and Suppliers

The five largest customers of the Group together accounted for less than 30% (31 March 2009: 30%) of the Group's turnover. The five largest suppliers of the Group together accounted for approximately 41% (31 March 2009: 42%) of the Group's total purchases, with the largest supplier accounting for 16% (31 March 2009: 16%).

At no time during the period 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 six-month period ended 28 September 2009 are set out in the consolidated income statement on page 32.

The directors recommend the payment of a final dividend of HK1.7 cents per share to the shareholders whose names appear on the Register of Members of the Company at the close of business on 15 March 2010 amounting to HK$51,564,000 and the retention of the remaining profit for the period of HK$122,229,000. The Group will also continue to offer a scrip alternative for shareholders to elect to receive such final dividend wholly or partly by allotment of new shares credited as fully paid in lieu of cash.

The directors also recommend a bonus issue of warrants to the shareholders whose names appear on the Register of Members of the Company at the close of business on 15 March 2010 on the basis of 1 bonus warrants for every 5 shares held by shareholders.

Property, Plant and Equipment

During the period, the Group spent approximately HK$673,163,000 on the acquisition of property, plant and equipment.

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

Investment Properties

The Group has revalued its investment properties at 28 September 2009.

Details of movements during the period in investment properties of the Group are set out in note 17 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 period.

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 36, 40 and 41 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 34 and 35 to the consolidated financial statements respectively.

Interest of HK$14,358,000 was capitalised by the Group during the period.

Senior Notes

Details of the senior notes are set out in note 37 to the consolidated financial statements.

Directors

The directors of the Company during the period 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	
Tao Kwok Lau, Clement	*(appointed on 6 August 2009)*

In accordance with the provisions of the Company's bye-laws, Ng Puay Yee, Lew V Robert and Kwok Lam Kwong, Larry 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 28 September 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	–	2,140,786 [Note (a)]	0.08%
Ng Puay Yee	1,610,583	–	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 41 to the consolidated financial statements.

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

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 28 September 2009.

(iii) Share award plan

Particulars of the share award plan is set out in note 41 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 Kwok Lam Kwong, Larry, Lew V Robert, Tao Kwok Lau, Clement, 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) 6,799,587 share awards remained outstanding as at 28 September 2009, 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.

Directors' and Chief Executives Interests – Continued

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 28 September 2009.

Arrangements to Purchase Shares or Debentures

Other than as disclosed above, at no time during the period 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 period or at any time during the period.

Substantial Shareholders

As at 28 September 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Name of shareholder	Capacity	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the Company
N.S. Hong Investment (BVI) Limited	Beneficial owner	1,527,067,272 (Note 1)	53.92%
Leung Hok Pang	Beneficial owner	238,466,724 (Note 2)	8.42%

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 28 September 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 Resources Development Limited ("PARD") and its subsidiaries in which the Group has a 65% attributable interest as at 28 September 2009:

	HK$'000
Sales to Kyoshoku and its subsidiary	27,913
Interest income received from Kyoshoku and its subsidiary	1,146
Interest paid to NFS and its subsidiary	713
Administrative income received from PARD and its subsidiaries	11,062
Interest income received from PARD and its subsidiaries	67

Transactions with Non-wholly Owned Subsidiaries – Continued

The interest income was calculated at interest rates ranging from 2.25% to 2.44% per annum on the outstanding amounts due from PARD and its subsidiaries and the outstanding amounts due from Kyoshoku and its subsidiaries respectively. The interest expense was calculated at interest rates ranging from 2.67% to 3.45% per annum or the outstanding amounts due to NFS and its subsidiary respectively. The administrative income received from PARD and its subsidiaries was calculated in accordance with the management agreement signed on 3 September 1996 upon the listing of the shares of PARD 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 period, the Company executed guarantees to certain banks in respect of banking facilities in the amount of HK$468,000,000 granted to NFS and its subsidiary and in the amount of HK$43,855,000 to Kyoshoku and its subsidiaries. These guarantees given by the Company were in the ordinary and usual course of business.

Donations

During the period, the Group made charitable and other donations amounting to HK$160,000.

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 period ended 28 September 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 six-month period ended 28 September 2009.

Events After the Reporting Period

Details of significant events occurring after the reporting period are set out in note 51 to the consolidated financial statements.

Auditor

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

On behalf of the Board

Ng Joo Siang
Managing Director and Vice-Chairman

21 January 2010

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

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

The Company has adopted the code provisions set out in the Code of Corporate Governance (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with all the applicable code provisions in the CG Code throughout the six-month period ended 28 September 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 with effect from 16 August 2008. On 6 August 2009, Tao Kwok Lau, Clement has been appointed as an independent non-executive director to fill the vacancy. He has also been appointed as a member of the Audit Committee and Remuneration Committee.

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

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

Board meetings are scheduled to be held at regular interval and meets more frequently as and when required. The attendance of the directors at the Board meetings for the six-month period ended 28 September 2009 is as follows:

Name of Directors	**Number of attendance**
Executive:	
Teh Hong Eng *(Chairperson)*	1/1
Ng Joo Siang *(Managing Director and Vice-Chairman)*	1/1
Ng Joo Kwee	1/1
Ng Joo Puay, Frank	1/1
Ng Puay Yee	1/1
Independent non-executive:	
Lew V Robert	1/1
Kwok Lam Kwong, Larry	1/1
Tao Kwok Lau, Clement *(appointed on 6 August 2009)*	0/0

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 six-month period ended 28 September 2009.

Auditors' Remuneration

For the six-month period ended 28 September 2009, the auditors of the Group received approximately HK$6,269,000 and HK$2,500,000 for audit services and non-audit services rendered to the Group respectively.

Audit Committee

The Audit Committee currently comprises three independent non-executive directors, Lew V Robert (Chairman), Kwok Lam Kwong, Larry and Tao Kwok Lau, Clement. A meeting was held before the appointment date of Tao Kwok Lau, Clement during the six-month period ended 28 September 2009. The attendance of the directors at the Audit Committee Meeting for the six-month period ended 28 September 2009 is as follows:

Name of Directors	**Number of attendance**
Lew V Robert	1/1
Kwok Lam Kwong, Larry	1/1
Tao Kwok Lau, Clement *(appointed on 6 August 2009)*	0/0

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 period and up to the date of this report, the works performed by the Audit Committee are mainly set out below:

- reviewed the annual results for the six-month period ended 28 September 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 annual financial statements
- reviewed the connected transactions entered into by the Group during the period
- reviewed and discussed with external auditors the financial reporting of the Company
- reviewed, recommended and approved the retirement and re-appointment of external auditors
- reviewed, recommended and approved the remuneration of external auditors

Remuneration Committee

The Remuneration Committee has been established by the Company in accordance with the requirement of the CG Code. The Remuneration Committee currently comprises five members, three independent non-executive directors, Kwok Lam Kwong, Larry (Chairman), Lew V Robert and Tao Kwok Lau, Clement, 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 period 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 six-month period ended 28 September 2009.

The attendance of the directors at the Remuneration Committee Meeting for the six-month period ended 28 September 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
Tao Kwok Lau, Clement *(appointed on 6 August 2009)*	0/0

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 six-month period ended 28 September 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 32 to 101, which comprise the consolidated statement of financial position as at 28 September 2009, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period ended 28 September 2009 and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 28 September 2009 and of the Group's profit and cash flows for the six-month period ended 28 September 2009 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
21 January 2010

CONSOLIDATED INCOME STATEMENT

For the six-month period ended 28 September 2009

	NOTES	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 30.9.2008 HK$'000 (unaudited)	1.4.2008 to 31.3.2009 HK$'000
Revenue	6	5,556,761	5,460,116	11,167,773
Cost of sales		(4,641,175)	(4,592,791)	(9,115,695)
Gross profit		915,586	867,325	2,052,078
Other income	7	82,571	62,915	170,779
Selling and distribution expenses		(163,325)	(135,473)	(304,923)
Administrative expenses		(200,667)	(160,944)	(373,679)
Other expenses	8	(26,278)	(7,426)	(21,192)
Gain on deemed acquisition/discount on acquisition of additional interests in subsidiaries	9	–	5,805	12,863
Finance costs	10	(214,856)	(254,311)	(508,469)
Share of results of associates	22	724	(625)	(731)
Profit before taxation	11	393,755	377,266	1,026,726
Taxation	13	(34,118)	(7,091)	(878)
Profit for the period/year		359,637	370,175	1,025,848
Profit for the period/year attributable to:				
Owners of the Company		173,793	189,795	516,794
Minority interests		185,844	180,380	509,054
		359,637	370,175	1,025,848

		1.4.2009 to 28.9.2009 HK cents	1.4.2008 to 30.9.2008 HK cents (restated)	1.4.2008 to 31.3.2009 HK cents (restated)
Earnings per share				
Basic	15	7.1	9.6	25.7
Diluted	15	7.0	9.6	25.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 28 September 2009

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 30.9.2008 HK$'000 (unaudited)	1.4.2008 to 31.3.2009 HK$'000
Profit for the period/year	359,637	370,175	1,025,848
Other comprehensive income			
Surplus on revaluation of properties	181,525	12,935	20,586
Deferred tax liability arising on revaluation of properties	(35,841)	(7)	(4,404)
Exchange differences arising on translation of foreign operations	1,199	(13,069)	(26,559)
Other comprehensive income (expense) for the period/year	146,883	(141)	(10,377)
Total comprehensive income for the period/year, net of tax	506,520	370,034	1,015,471
Total comprehensive income attributable to:			
Owners of the Company	312,970	183,946	502,881
Minority interests	193,550	186,088	512,590
	506,520	370,034	1,015,471

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 28 September 2009

	NOTES	28.9.2009 HK$'000	31.3.2009 HK$'000
Non-current assets			
Property, plant and equipment	16	4,654,180	3,951,752
Investment properties	17	292,229	211,079
Prepaid lease payments	18	47,058	47,687
Goodwill	19	2,730,035	2,712,746
Deferred charter hire	20	1,404,960	1,490,320
Available-for-sale investment	21	7,800	–
Interests in associates	22	13,520	12,796
Other intangible assets	23	602,634	602,634
Other long term receivable		928	928
		9,753,344	9,029,942
Current assets			
Inventories	24	1,847,387	1,774,356
Trade, bills and other receivables	25	4,641,463	4,078,176
Trade receivables with insurance coverage	26	277,451	223,153
Trade receivables from associates	27	138,139	69,464
Amounts due from associates	27	6,291	–
Amount due from a jointly-controlled entity	28	1,421	1,369
Held-for-trading investments	29	3,224	–
Derivative financial instruments	30	–	11,743
Tax recoverable		46,661	73,883
Pledged deposits	31	59,491	67,329
Bank balances and cash	32	361,888	335,489
		7,383,416	6,634,962
Current liabilities			
Trade, bills and other payables	33	822,330	542,239
Bank advances drawn on discounted trade receivables with insurance coverage and discounted bills	26	309,669	419,902
Derivative financial instruments	30	7,512	–
Dividend payable		167,093	–
Deferred consideration payable	39	39,839	494,633
Taxation		107,444	98,284
Obligations under finance leases – due within one year	34	37,491	36,533
Bank borrowings – due within one year	35	3,737,225	3,132,102
		5,228,603	4,723,693
Net current assets		2,154,813	1,911,269
Total assets less current liabilities		11,908,157	10,941,211

Consolidated Statement of Financial Position

At 28 September 2009

	NOTES	28.9.2009 HK$'000	31.3.2009 HK$'000
Non-current liabilities			
Obligations under finance leases – due after one year	34	81,302	100,778
Bank borrowings – due after one year	35	1,345,739	1,587,927
Convertible bonds	36	591,666	612,772
Senior notes	37	1,661,208	1,707,592
Deferred taxation	38	316,258	283,549
		3,996,173	4,292,618
Net assets		7,911,984	6,648,593
Capital and reserves			
Share capital	40	283,209	188,806
Share premium and reserves		4,368,186	3,762,054
Equity attributable to owners of the Company		4,651,395	3,950,860
Equity component of convertible bonds of a listed subsidiary	36	37,445	39,710
Minority interests		3,223,144	2,658,023
Total equity		7,911,984	6,648,593

The financial statements on pages 32 to 101 were approved and authorised for issue by the Board of Directors on 21 January 2010 and are signed on its behalf by:

Ng Joo Siang	**Ng Joo Puay, Frank**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 28 September 2009

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Properties revaluation reserve 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 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 difference arising on translation of foreign operations	–	–	–	(27,474)	–	–	–	–	(27,474)	–	915	(26,559)
Other comprehensive income (expense)	–	–	13,561	(27,474)	–	–	–	–	(13,913)	–	3,536	(10,377)
Profit for the year	–	–	–	–	–	–	–	516,794	516,794	–	509,054	1,025,848
Total comprehensive 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
Dividend 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
Surplus on revaluation of properties	–	–	176,631	–	–	–	–	–	176,631	–	4,894	181,525
Deferred tax liability arising on revaluation of properties	–	–	(35,841)	–	–	–	–	–	(35,841)	–	–	(35,841)
Exchange difference arising on translation of foreign operations	–	–	–	(1,613)	–	–	–	–	(1,613)	–	2,812	1,199
Other comprehensive income (expense)	–	–	140,790	(1,613)	–	–	–	–	139,177	–	7,706	146,883
Profit for the period	–	–	–	–	–	–	–	173,793	173,793	–	185,844	359,637
Total comprehensive income (expense) for the period	–	–	140,790	(1,613)	–	–	–	173,793	312,970	–	193,550	506,520
Issue of rights shares	94,403	472,014	–	–	–	–	–	–	566,417	–	–	566,417
Transaction costs attributable to issue of rights shares	–	(11,759)	–	–	–	–	–	–	(11,759)	–	–	(11,759)
Decrease in equity component of convertible bonds of a listed subsidiary on repurchase	–	–	–	–	–	–	–	–	–	(2,265)	–	(2,265)
Deemed disposal of interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	72	72
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	(19,732)	(19,732)
Contribution from minority shareholders	–	–	–	–	–	–	–	–	–	–	391,231	391,231
Dividend recognised as distribution	–	–	–	–	–	–	–	(167,093)	(167,093)	–	–	(167,093)
At 28 September 2009	283,209	2,303,497	330,341	68,499	(52,655)	(135,913)	9,800	1,844,617	4,651,395	37,445	3,223,144	7,911,984

The retained profits of the Group include accumulated losses of HK$100,000 (31 March 2009: HK$824,000) and an accumulated profit of HK$27,925,000 (31 March 2009: HK$27,419,000) attributable to associates and a jointly-controlled entity of the Group, respectively.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 28 September 2009

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000
Operating activities		
Profit before taxation	393,755	1,026,726
Adjustments for:		
Interest income	(654)	(1,162)
Interest expense	214,856	508,469
Allowance for doubtful debts	–	154
Release of deferred charter hire	85,360	172,640
Share of results of associates	(724)	731
Amortisation of prepaid lease payments	462	925
Depreciation of property, plant and equipment	139,524	189,676
Allowance for amounts due from associates recognised	–	14,872
(Reversal of revaluation decrease) revaluation decrease on revaluation of land and buildings	(2,795)	2,512
Fair value changes on investment properties	(37,237)	(17,193)
Fair value change on held-for-trading investments	(1,761)	–
Fair value change on derivative financial instruments	9,560	(11,743)
Gain on deemed acquisition/discount on acquisition of additional interest in subsidiaries	–	(12,863)
Gain on repurchase of convertible bonds	(12,680)	(20,168)
Gain on purchase of senior notes	(3,919)	–
Loss on deemed disposal of interest in a subsidiary	72	–
Loss on disposal of property, plant and equipment	1,755	3,130
Operating cash flows before movements in working capital	785,574	1,856,706
(Increase) decrease in inventories	(73,031)	174,003
Increase in trade, bills and other receivables	(564,708)	(420,247)
Increase in trade receivables with insurance coverage	(54,298)	(26,801)
(Increase) decrease in trade receivables with associates	(68,675)	8,469
(Increase) decrease in amounts due from associates	(6,291)	10,884
Increase in amount due from a jointly-controlled entity	(52)	(51)
Increase in held-for-trading investments	(1,463)	–
Decrease in derivative financial instruments	9,695	–
Increase (decrease) in trade, bills and other payables	289,847	(193,740)
Decrease in amounts due to associates	–	(10,138)
Cash generated from operations	316,598	1,399,085
Tax paid	(2,054)	(42,639)
Interest paid	(200,807)	(475,504)
Net cash from operating activities	113,737	880,942

Consolidated Statement of Cash Flows

For the six-month period ended 28 September 2009

	NOTES	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000
Investing activities			
Interest received		654	1,162
Proceed on disposal of property, plant and equipment		2,534	9,758
Proceed on disposal of investment properties		–	3,606
Addition to property, plant and equipment		(672,996)	(950,617)
Addition to prepaid lease payments		–	(15,428)
Addition to investment properties		(17,761)	(11,278)
Addition to available-for-sale investment		(7,800)	–
Decrease (increase) in pledged deposits		7,838	(66,790)
Acquisition of additional interest of a subsidiary		(37,021)	(3,409)
Acquisition of subsidiaries	42	–	(119,569)
Net cash used in investing activities		(724,552)	(1,152,565)
Financing activities			
Proceeds from shares issued by a subsidiary		391,231	1,902
Issue of rights shares		566,417	–
Share issue expenses		(11,759)	–
Purchase of senior notes	37	(47,385)	–
Repurchase of convertible bonds		(24,570)	(21,118)
Dividend paid to minority shareholders		–	(115,609)
Dividend paid		–	(45,488)
Repayments of obligations under finance leases		(18,518)	(68,262)
Payment of deferred consideration		(454,794)	(54,487)
Repayments of mortgage loans		(7,226)	(22,508)
Syndicated loans (repaid) raised		(120,000)	728,000
Net bank advances drawn on discounted trade receivables with insurance coverage and discounted bills (repaid) raised		(110,233)	153,316
(Decrease) increase in bank overdrafts		(15,380)	13,240
Bank borrowings raised		312,000	468,000
Repayment of bank borrowings		(175,891)	(117,764)
Additions (repayments) of trust receipt loans, net		365,847	(668,240)
Net cash from financing activities		649,739	250,982
Net increase (decrease) in cash and cash equivalents		38,924	(20,641)
Cash and cash equivalents at beginning of the period/year		335,489	376,025
Effect of foreign exchange rate changes		(12,525)	(19,895)
Cash and cash equivalents at end of the period/year		361,888	335,489
Representing by:			
Bank balances and cash		361,888	335,489

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, 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 49, 50 and 28 respectively.

During the period, the Company has changed its financial year end date from 31 March to 28 September. The reason for the change is set out in the Company's announcement dated 26 August 2009. The Group's subsidiaries, Pacific Andes Resources Development Limited (formerly known as Pacific Andes (Holdings) Limited) ("PARD") and China Fishery Group Limited ("China Fishery"), also simultaneously changed their financial year end date to 28 September. Hence, the consolidated financial statements for the current period cover the six-month period from 1 April 2009 to 28 September 2009. The corresponding amounts shown for the audited consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes covered a twelve-month period from 1 April 2008 to 31 March 2009 and therefore may not be comparable with amounts shown for the current period.

The unaudited comparative amounts covered a six-month period from 1 April 2008 to 30 September 2008 were shown for consolidated income statement and consolidated statement of comprehensive income because the directors of the Company considered that this is relevant to an understanding to the current period's performance.

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

In the current period, the Group has applied, for the first time, the following new or revised standards, amendments and new interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial period beginning on 1 April 2009.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers

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

– Continued

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods except for the impact as described below.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes and has resulted in a number of changes in presentation and disclosure, and the consolidated financial statements have been prepared under the revised disclosure requirements.

HKFRS 8 Operating Segments

HKFRS 8, which will replace HKAS 14 "Segment Reporting", specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. HKFRS 8 has not resulted in a redesignation of the Group's reportable segments (see note 6).

HKFRS 7 Improving Disclosures about Financial Instruments

The amendments to HKFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk (see note 5(b)(vi)). The Group has elected not to provide comparative information for these expanded disclosures in the current period in accordance with the transitional reliefs offered in these amendments.

During the period, the Group has early adopted the HKAS 32 (Amendment) "Classification of Rights Issues" which is effective for the annual periods beginning on or after 1 February 2010.

HKAS 32 (Amendment) addresses the accounting for rights issues (rights, options, or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. The amendment requires that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount of any currency are equity instruments, regardless of the currency in which the exercise price is denominated if the entity offers the rights, options, or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

With this adoption, the Group recognised its 944,027,844 rights shares issued on 24 June 2009 as equity instruments rather than derivative liabilities. Accordingly, the Group does not recognise the total fair value gain on the rights shares of HK$94 million in the Group's other comprehensive income. Hence, had the Group not early adopted the Amendments to HKAS 32, the Group's profit and total comprehensive income for the period would have increased by HK$94 million.

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

– Continued

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs Issued in 2008[1]
HKFRS (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for annual periods beginning on or after 1 January 2011
[5] Effective for annual periods beginning on or after 1 July 2010
[6] Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the consolidated financial statements.

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 period/year are included in the consolidated income statement and consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

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

Business combinations

The acquisition of businesses 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 that meet the conditions for recognition under HKFRS 3 "Business Combinations" 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 of net assets and operations of another entity or a jointly controlled entity prior to 1 January 2001 continues to be held in reserves, and will be charged to the retained profits at the time when the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

Goodwill arising on an acquisition of a business or a jointly controlled entity (which is accounted for using proportionate consolidation) is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition 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 profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit 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 statement of financial position. 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.

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.

3. Significant Accounting Policies – Continued

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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 statement of financial position 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 including land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated 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 end of the reporting period.

Any revaluation increase arising on revaluation of land and buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus 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 and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the leasehold land and buildings are in the course of development for production, 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 – 10 years
Office equipment	$2\frac{1}{2}$ – 10 years
Motor vehicles	$2\frac{1}{2}$ – 20 years
Plant and machinery	$2\frac{1}{2}$ – 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 profit or loss in the period 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 cost 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 end of the reporting period, 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 for 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 statement of financial position 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 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 accrue.

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 20). As the fixed portions of charter hire cost are payable during the charter hire period regardless of whether the vessels are deployed (save for certain exceptions during the earlier part of the charter hire), the Group expenses fixed charter hire cost on a time proportionate basis in the consolidated income statement and does not include this cost in deferred expenses. Variable charter hire costs are determined when the net profit derived from operating the 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, which are assets that necessarily take a substantial period of time to get ready for their intended use of sale, are added to the cost of those assets until such time as 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 in the consolidated statement of financial position 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, loans and receivables and available-for-sale investments. 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 to the net carrying amount on initial recognition.

Interest income is recognised 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.

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss and loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

3. Significant Accounting Policies – Continued

Financial instruments – Continued

Financial assets – Continued

Impairment of financial assets

Financial assets are assessed for indicators of impairment at end of the reporting period. 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.

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 days, 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated cashflows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent period.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, bills receivables and trade receivables with insurance coverage, 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, bills and other payables, bank advances and borrowings, derivative financial instruments, obligations under finance leases, convertible bonds, deferred consideration payable, dividend payable and senior notes) are subsequently measured at amortised cost, using the effective interest rate method.

3. Significant Accounting Policies – Continued

Financial instruments – Continued

Financial liabilities and equity – Continued

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of 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 number of the Group's own equity instruments is an equity component of convertible bonds. Such convertible bonds issued by the 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.

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 end of each reporting period. 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 and receivable 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 and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at end of the reporting period, 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.

3. Significant Accounting Policies – Continued

Share-based payment transactions

Equity-settled share-based payment transactions

Share options/Share awards granted to employees

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

At the end of the reporting period, the Group revised its estimates of the number of share options or share awards 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 options reserve or share awards reserve.

At the time when the share options or share awards are exercised, the amount previously recognised in share options reserve or share awards reserve will be transferred to share premium. When the share options or share awards are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve or share awards 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 the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that 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 statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, 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 in other comprehensive income and accumulated in equity.

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 end of the reporting period. Exchange differences arising are recognised in the translation reserve.

Taxation

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

The tax currently payable is based on taxable profit for the period/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 profit or loss 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 end of the reporting period.

3. Significant Accounting Policies – Continued

Taxation – Continued

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. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at end of the reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

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 profit or loss 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 statement of financial position 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.

Operating leases payments are recognised as an expense 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.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under fair value model.

3. Significant Accounting Policies – Continued

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 form 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.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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 a 28 September 2009, the carrying amount of deferred charter hire (note 20) was HK$1,577,600,000 (31 March 2009: HK$1,662,960,000). The operation of vessels under the operating vessel agreements with the Arrangers (as defined in note 20) 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 amounts of vessels and fishing permits

The carrying amounts of vessels and fishing permits totalled HK$575,537,000 and HK$578,671,000, respectively, as at 28 September 2009 (31 March 2009: HK$599,045,000 and HK$578,671,000 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 view 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 that 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 19.

Goodwill arising from acquisition of additional interests in a subsidiary during the period amounting to HK$17,289,000 in aggregate (31 March 2009: acquisition of subsidiaries amounting to HK$42,207,000), is provisionally determined based on management's assessment of the fair value of assets and liabilities acquired and is subject to changes. Based on management's assessment, management is of the view that the carrying amount of goodwill of HK$2,730,035,000 (31 March 2009: HK$2,712,746,000) is not impaired. Information relating to the carrying amount and management's assessment of goodwill is provided in note 19.

4. Key Sources of Estimation and Uncertainty – Continued

Useful lives of property, plant and equipment

The carrying amount of property, plant and equipment amounting to HK$4,654,180,000 (31 March 2009: HK$3,951,752,000) 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 16.

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

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 end of the reporting period:

	28.9.2009 HK$'000	31.3.2009 HK$'000
Financial assets		
Held-for-trading investments	3,224	–
Derivative financial instruments	–	11,743
Available-for-sale investment	7,800	–
Loans and receivables (including cash and cash equivalents)	2,467,823	2,545,896
	2,478,847	2,557,639
Financial liabilities		
Amortised cost	8,775,992	8,622,163
Derivative financial instruments	7,512	–
	8,783,504	8,622,163

b. Financial risk management policies and objective

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, other price risk, credit qualities of counterparties and liquidity.

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

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

b. Financial risk management policies and objective – Continued

(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 Nuevo Soles, Chinese Renminbi, Hong Kong dollars, Euro and Japanese Yen.

At the end of the reporting period, 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	
	28.9.2009	31.3.2009	28.9.2009	31.3.2009
	HK$'000	HK$'000	HK$'000	HK$'000
Peruvian Nuevo Soles	45,635	42,435	47,928	149,238
Chinese Renminbi	1,124	1,665	11,303	2,790
Hong Kong dollars	13,004	15,580	4,063	4,762
Euro	3,856	8,282	13,828	12,648
Singapore dollars	5,616	3	2,740	332
British pounds	–	–	8,873	204
Japanese Yen	–	–	36	28,991
Norwegian Krone	38	–	226	–
Danish Krone	63	66	–	–

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 end of the reporting period for a 10% change in foreign currency rates.

If Peruvian Nuevo Soles, the major foreign currency, weakens or strengthens by 10% against the functional currency of each Group's entity, Group's profit for the period will decrease or increase by HK$229,000 (1.4.2008 to 31.3.2009: decrease or increase HK$10,680,000), respectively.

In addition, the Group has entered into foreign currency forward contracts with banks to reduce its exposure to currency fluctuation risk of contracted sales 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 end of the reporting period, which therefore exposes the Group to other price risk.

The foreign currency forward contracts amounted to HK$7,512,000 (31 March 2009: HK$11,743,000) is exposed to the forward exchange rate of the relevant foreign currencies against the functional currencies of each group entity.

If Japanese Yen, the major foreign currencies on the foreign currency forward contracts, strengthens or weakens by 10% against the functional currency of each Group's entity, the Group's profit/loss will increase/decrease by HK$798,000 (1.4.2008 to 31.3.2009: HK$805,000).

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

b. Financial risk management policies and objective – Continued

(ii) Interest rate risk management

Interest-earning financial assets comprise pledged deposits, bank balances and fixed deposits (notes 31 and 32). 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 35). The Group balance its exposure to changes in interest rates by locking in fixed rate borrowings through issue of convertible bonds (note 36) and senior notes (note 37), certain bank borrowings (note 35) and use of finance leases for which rates are fixed at inception of the finance leases (note 34). 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 favorable 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 end of the reporting period 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 post-tax profit for the period would decrease/increase by HK$11,220,000 (1.4.2008 to 31.3.2009: increase/decrease by HK$23,478,000). This is mainly attributable to the Group's 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 receivables 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 the end of each reporting period and allowance is made for estimated irrecoverable amount.

The Group has concentration of credit risk as 12% (31 March 2009: 16%) and 43% (31 March 2009: 47%) 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 Group has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics.

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 objective – 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 detail the contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative 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 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
28.9.2009						
Non-derivative financial liabilities						
Non-interest bearing	–	971,853	–	–	971,853	971,853
Obligations under finance leases	8.88	40,817	102,359	–	143,176	118,793
Variable interest rate instruments	2.31	4,109,245	1,355,318	13,796	5,478,359	5,374,816
Fixed interest rate instruments	7.93	230,953	2,807,308	–	3,038,261	2,310,530
		5,352,868	4,264,985	13,796	9,631,649	8,775,992
31.3.2009						
Non-derivative financial liabilities						
Non-interest bearing	–	529,924	–	–	529,924	529,924
Obligations under finance leases	8.15	39,511	126,653	–	166,164	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
		4,876,763	4,759,445	14,282	9,650,490	8,622,163

Derivative financial liabilities

At 28 September 2009, the undiscounted contractual net cash outflows on foreign exchange forward contracts that settle on a net basis within 9 months from the end of the reporting date were HK$7,512,000 (31 March 2009: HK$11,743,000). The carrying amount of financial derivatives in the consolidated statement of financial position has been determined by reference to the quoted forward rates and yield curves derived from quoted interest rates at the end of the reporting period.

(v) Other risk management

The Group is exposed to equity security price risk arising from equity instruments. The management will monitor the price movements and take appropriate actions when it is required. The management considered that the Group's exposure to equity security price risk arising from equity investments is minimal as the amount involved is insignificant.

The Group prepaid HK$2,225 million (31 March 2009: HK$2,225 million) of charter hire fees for 17 (31 March 2009: 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 20.

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

b. Financial risk management policies and objective – Continued

(vi) Fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities (excluding held-for-trading investments and 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 Group has listed equity securities which are measured at fair value. Fair value of listed equity securities is determined based on the quoted market bid price available on the relevant stock exchange.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow anaylsis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forwards contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at faire value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	28 September 2009			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Held-for-trading investments	3,224	–	–	3,224
Liabilities				
Derivative financial Instruments	–	7,512	–	7,512

There were no transfers between Level 1 and Level 2 in the period.

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 in the consolidated financial statements approximate to their fair values.

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

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 34, 35, 36, 37 and 39, cash and cash 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 repayment of existing debt.

The Group's overall strategy remains unchanged from the last year.

6. Revenue and Segment Information

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the board of directors) in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 "*Segment Reporting*") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The adoption of HKFRS 8 has changed the basis of measurement of segment profit. Previously under HKAS 14, the Group included certain administrative and other expenses as well as certain other income as segment result, without allocation of gain on deemed acquisition/discount on acquisition of additional interest in a subsidiary and share of results of associates, which is different from the measurement under HKFRS 8. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

The Group's reportable segments under HKFRS 8 are based on different business divisions which are summarised 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
Others	–	property leasing and food testing service income

These divisions are on the basis on which the Group reports its segment information to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance.

Segment sales and expenses: Segment sales and expense are the sales and operating expense reported in the Group's consolidated income statement that are directly attributable to a segment and the relevant portion of such sales and expense that can be allocated on a reasonable basis to a segment.

6. Revenue and Segment Information – Continued

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, prepayments, advances, inventories, deferred charter hire, investment properties, property, plant and equipment and intangible assets. Additions to non-current assets are the total costs incurred during the period/year to acquire segment assets that are expected to be used for more than one year and comprises purchase of property, plant and equipment, prepayment of deferred charter hire and intangible assets directly attributable to the segment. Segment liabilities include all liabilities and consist principally of accounts payable and accrued expenses.

Inter-segment transfers: Segment sales and expenses include transfers between operating segments. These transfers are eliminated on consolidation.

Investments in associates: Income from associates is allocated as they are specifically attributable to operating segments, and correspondingly the investments in associates are included in segment assets of the Group.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by each segment without the allocation of administrative expenses, gains and losses on revaluation of properties, repurchase of convertible bonds and purchase of senior notes, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

Six-month period ended 28 September 2009

Income Statement

	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
REVENUE						
External sales	2,057,218	1,811,003	1,670,366	18,174	–	5,556,761
Inter-segment sales	–	–	20,681	–	(20,681)	–
	2,057,218	1,811,003	1,691,047	18,174	(20,681)	5,556,761
RESULT						
Segment result	190,649	127,870	444,306	10,242	–	773,067
Unallocated corporate income						62,489
Unallocated corporate expenses						(226,945)
Finance costs						(214,856)
Profit before taxation						393,755
Taxation						(34,118)
Profit for the period						359,637

6. Revenue and Segment Information – Continued

Statement of financial position

	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	4,085,339	3,957,745	8,695,494	124,227	16,862,805
Unallocated corporate assets					273,955
Total assets					17,136,760
LIABILITIES					
Segment liabilities	119,320	705,875	199,076	4,991	1,029,262
Unallocated corporate liabilities					8,195,514
Total liabilities					9,224,776

Other segment information

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing and fishmeal HK$'000	Others HK$'000	Consolidated HK$'000
Additions to non-current assets*	1,530	104,979	598,927	2,777	708,213
Depreciation of property, plant and equipment	16,680	53,317	66,916	2,611	139,524
Amortisation of prepaid lease payments	–	462	–	–	462
Release of deferred charter hire	–	–	85,360	–	85,360

* Non-current assets excluding available-for-sale investment.

6. Revenue and Segment Information – Continued

Year ended 31 March 2009

Income Statement

	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
REVENUE						
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	389,772	447,772	1,018,065	16,054	–	1,871,663
Unallocated corporate income						58,403
Unallocated corporate expenses						(394,871)
Finance costs						(508,469)
Profit before taxation						1,026,726
Taxation						(878)
Profit for the year						1,025,848

6. Revenue and Segment Information – Continued

Statement of financial position

	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	3,386,298	3,506,414	8,434,473	103,520	15,430,705
Unallocated corporate assets					234,199
Total assets					15,664,904
LIABILITIES					
Segment liabilities	508,168	208,656	317,078	2,970	1,036,872
Unallocated corporate liabilities					7,979,439
Total liabilities					9,016,311

Other segment information

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing and fishmeal HK$'000	Others HK$'000	Consolidated HK$'000
Additions to non-current assets	4,607	376,905	1,019,569	31,512	1,432,593
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

Geographical information

The Group's entities' country of domicile which principally comprises Hong Kong and other regions in the People's Republic of China ("PRC"), North America, South America, Europe, East Asia, and other parts of the world.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding interests in associates and other long term receivable) by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000	28.9.2009 HK$'000	31.3.2009 HK$'000
Hong Kong and other regions in the PRC	2,891,874	5,834,945	3,516,896	3,360,102
North America	830,551	1,605,458	33,506	35,461
South America	–	–	3,717,230	3,282,644
Europe	1,007,976	2,320,013	2,376,405	2,247,162
East Asia	659,351	1,278,887	94,859	90,849
Others	167,009	128,470	–	–
	5,556,761	11,167,773	9,738,896	9,016,218

Analysis on revenue from external customers and non-current assets other than financial instruments attributable to the entity's country of domicile and attributable to all foreign countries in total is not presented as the necessary information is not available and the cost to develop it would be excessive.

Information about major customers

There is no customers with revenue more than 10% of the Group's total revenue.

7. Other Income

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000
Other income comprises of:		
Gross rental income	5,204	8,137
Agency income	4,163	6,560
Compensation received from suppliers of fish (note)	3,959	81,553
Fair value changes on investment properties	37,237	17,193
Interest income	654	1,162
Exchange gain, net	3,628	18,245
Gain on repurchase of convertible bonds	12,680	20,168
Gain on purchase of senior notes	3,919	–
Fair value change on held-for-trading investments	1,761	–
Reversal of revaluation decrease of land and buildings previously charged to consolidated income statement	2,795	–
Sundry income	6,571	17,761
	82,571	170,779

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

8. Other Expenses

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000
Other expenses comprises of:		
Transaction costs attributable to issue of right shares of a listed subsidiary	24,451	–
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	1,755	3,130
Others	72	678
	26,278	21,192

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

In July 2008, PARD, 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 PARD was increased from 63.82% to 64.85%, resulting in a gain on deemed acquisition of additional interest in PARD 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, PARD and 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 costs of acquisitions of HK$7,058,000 was credited to the consolidated income statement.

10. Finance Costs

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000
Interest on bank borrowings		
– wholly repayable within five years	113,871	281,215
– not wholly repayable within five years	206	950
Interest on finance leases	6,140	11,116
Interest on convertible bonds not wholly repayable within five years	25,391	55,442
Interest on senior notes not wholly repayable within five years	80,030	172,319
Interest on deferred consideration payable wholly repayable within five years	3,576	3,534
Total finance costs	229,214	524,576
Less: Capitalised in construction in progress	(14,358)	(16,107)
	214,856	508,469

11. Profit Before Taxation

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	6,269	6,864
Depreciation of property, plant and equipment	139,524	189,676
Amortisation of prepaid lease payments (included in administrative expenses)	462	925
Cost of inventories included in cost of sales	4,468,534	8,692,522
Directors' emoluments (note 12)	9,260	23,805
Staff costs	85,710	163,647
Crew wages	235,338	433,856
Retirement benefits scheme contributions	5,571	9,285
Total staff cost	326,619	606,788
and after crediting:		
Net rental income after outgoings of HK$2,767,000 (1.4.2008 to 31.3.2009: 6,643,000)	7,913	13,981

12. 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
Six-month period ended 28 September 2009						
Executive Directors						
Teh Hong Eng	–	1,024	795	–	–	1,819
Ng Joo Siang	–	1,819	801	–	72	2,692
Ng Joo Kwee	–	1,526	481	–	72	2,079
No Joo Puay, Frank	–	808	401	–	58	1,267
Ng Puay Yee	–	707	368	–	48	1,123
Independent Non-Executive Directors						
Lew V Robert	120	–	–	–	–	120
Kwok Lam Kwong, Larry	120	–	–	–	–	120
Tao Kwok Lau, Clement	40	–	–	–	–	40
	280	5,884	2,846	–	250	9,260

12. Directors' Emoluments – Continued

	Fees HK$'000	Salaries and other benefits-In-kind-cash HK$'000	Benefits in-kind HK$'000	Performance related incentive payment HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 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
No Joo Puay, Frank	–	1,830	765	480	115	3,190
Ng Puay Yee	–	1,914	672	400	96	3,082
Independent Non-Executive Directors						
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

None of the directors waived any emoluments during the period/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.

The five highest paid individuals of the Group for the six-month period ended 28 September 2009 and the year ended 31 March 2009 are all directors of the Company.

13. Taxation

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000
The charge comprises:		
Profit for the period/year		
– Hong Kong	1,480	2,907
– other jurisdictions	37,148	59,734
	38,628	62,641
(Over)underprovision in prior period/year		
– Hong Kong	2,317	968
– other jurisdictions	(2,509)	(33,941)
	(192)	(32,973)
Deferred taxation (note 38)	(4,318)	(28,790)
Tax charge for the period/year	34,118	878

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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.

13. Taxation – Continued

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

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000 (restated)
Profit before taxation	393,755	1,026,726
Tax at average income tax rate of 27.7% (1.4.2008 to 31.3.2009: 27.7%)	109,070	284,403
Tax effect of expenses not deductible for tax purpose	45,078	89,665
Tax effect of income not taxable for tax purpose	(132,076)	(352,570)
Overprovision in respect of prior year	(192)	(32,973)
Tax effect of tax losses not recognised	13,911	12,011
Utilisation of tax losses previously not recognised	(2,369)	(53)
Tax effect of other deductible temporary differences not recognised	220	518
Tax effect of share of results of associates	(119)	121
Others	595	(244)
Tax charge for the period/year	34,118	878

Note: The average income tax rate for the six-month period ended 28 September 2009 represents the weighted average tax rate of the operations in different jurisdictions on the basis of the relative amounts of net profit before taxation and the relevant statutory rates.

14. Dividends

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000
Dividends:		
Proposed final dividend of HK1.7 cents (1.4.2008 to 31.3.2009: HK5.90 cents) per share	51,564	167,093

The final dividend for the six-month period ended 28 September 2009 of HK1.7 cents has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

On 8 September 2009, the Company declared a final dividend of HK5.9 cents per share for the year ended 31 March 2009 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. Subsequent to the end of the reporting period, 201,095,180 shares of HK$0.10 each in the Company were issued at HK$0.74 per share as scrip dividend and cash dividend of HK$18,282,000 were paid.

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$45,430,000 were paid.

15. Earnings Per Share

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

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000
Earnings attributable to the owners of the Company for the purposes of calculation of basic earnings per share	173,793	516,794
Effect of dilution arising on potential conversion of convertible bonds issued by a subsidiary	–	(9,025)
Earnings for the purpose of calculation of diluted Earnings per share	173,793	507,769
Weighted average number of ordinary shares for the purposes of calculation of basic earnings per share	2,462,643,539	2,008,763,466
Effect of dilutive potential ordinary shares in respect of – share award	3,371,850	1,560,401
Weighted average number of ordinary shares for the purposes of calculation of diluted earnings per share	2,466,015,389	2,010,323,867

The weighted average number of ordinary shares outstanding during the current period and prior year have been adjusted for the effect of rights issue in June 2009.

For the six-month period ended 28 September 2009, the computation of diluted earnings per share does not assume the conversion of the Group's outstanding convertible bonds since their exercise would result an increase in profit per share.

16. Property, Plant and Equipment

	Leasehold land and buildings HK$'000	Freehold land HK$'000	Freehold building HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Vessels HK$'000	Fishing nets HK$'000	Construction in progress HK$'000	Total HK$'000
COST OF VALUATION												
At 1 April 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
Disposals	–	(285)	(563)	(15)	(349)	(4,961)	(1,321)	(25,132)	(45,684)	–	–	(78,310)
Reclassification	882,382	–	–	1,814	–	–	–	37,742	–	–	(921,938)	–
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
Additions	38,673	–	–	3,958	419	15,577	1,007	77,234	7,591	–	528,704	673,163
Disposals	–	–	–	–	(18)	(1,386)	(10,996)	(1,991)	(1,725)	–	–	(16,116)
Reclassification	(49,790)	(1,419)	4,953	–	–	2,521	–	114,871	2,210	–	(73,346)	–
Reclassification to investment properties	(17,390)	–	–	–	–	–	–	–	–	–	–	(17,390)
Adjustment on revaluation	155,120	–	–	–	–	–	–	–	–	–	–	155,120
Exchange realignment	5,358	–	–	44	147	954	129	807	–	–	83	7,522
At 28 September 2009	1,555,546	41,423	152,401	98,659	24,878	104,135	48,867	1,461,154	705,504	54,671	1,036,948	5,284,186
Comprising:												
28 September 2009												
At cost	–	41,423	152,401	98,659	24,878	104,135	48,867	1,461,154	705,504	54,671	1,036,948	3,728,640
At valuation	1,555,546	–	–	–	–	–	–	–	–	–	–	1,555,546
	1,555,546	41,423	152,401	98,659	24,878	104,135	48,867	1,461,154	705,504	54,671	1,036,948	5,284,186
31 March 2009												
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	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 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
Provided for the period	29,200	–	2,451	10,183	1,383	5,302	2,801	55,473	31,965	766	–	139,524
Eliminated on disposals	–	–	–	–	(12)	(655)	(10,363)	(414)	(383)	–	–	(11,827)
Adjustment on revaluation	(29,200)	–	–	–	–	–	–	–	–	–	–	(29,200)
Exchange realignment	–	–	–	21	98	806	112	337	–	–	–	1,374
At 28 September 2009	–	–	9,866	66,114	18,988	66,441	30,577	278,386	129,967	29,667	–	630,006
CARRYING VALUES												
At 28 September 2009	1,555,546	41,423	142,535	32,545	5,890	37,694	18,290	1,182,768	575,537	25,004	1,036,948	4,654,180
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

16. Property, Plant and Equipment – Continued

The carrying amount of the Group's property, plant and equipment include an amount of HK$356,694,000 (31 March 2009: HK$362,747,000) in respect of assets held under finance leases.

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

	28.9.2009 HK$'000	31.3.2009 HK$'000
Land and building in Hong Kong held under long leases	429,950	346,210
Land and buildings outside Hong Kong held under medium-term leases	1,125,596	1,077,365
	1,555,546	1,423,575

The leasehold land and buildings of the Group in Hong Kong and the PRC, Singapore, Japan and Russia were revalued at 28 September 2009 on a basis of a valuation carried out on that date by BMI Appraisals Limited and LCC 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$184,320,000 (31 March 2009: HK$18,074,000) in which HK$181,525,000 (31 March 2009: HK$20,586,000) have been credited to property revaluation reserve and HK$2,795,000 have been credited to consolidated income statement as a reversal of loss previously recognised on revaluation (31 March 2009: HK$2,512,000 have been charged to consolidated income statement).

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	1,279,102
Accumulated depreciation	(126,659)
Carrying value	
At 28 September 2009	1,152,443
At 31 March 2009	1,187,182

17. Investment Properties

	28.9.2009 HK$'000	31.3.2009 HK$'000
FAIR VALUE		
At beginning of the period/year	211,079	213,522
Exchange realignment	8,762	(27,308)
Additions	17,761	11,278
Transferred from property, plant and equipment	17,390	–
Increase in fair value recognised to consolidated income statement	37,237	17,193
Disposal during the year	–	(3,606)
At end of the period/year	292,229	211,079

(a) The Group's property interests of approximately HK$218,552,000 (31 March 2009: HK$143,749,000) 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 situated in Hong Kong and outside of Hong Kong as follows:

	28.9.2009 HK$'000	31.3.2009 HK$'000
Land and buildings in Hong Kong held under long leases	73,210	62,540
Land and buildings outside Hong Kong held under medium-term leases	8,911	6,532
Land and buildings outside Hong Kong held under long leases	136,431	74,677
Freehold land outside Hong Kong	73,677	67,330
	292,229	211,079

(c) The investment properties of the Group were revalued at 28 September 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$37,237,000 (31 March 2009: HK$17,193,000) which has been recognised in other income in the consolidated income statement.

18. Prepaid Lease Payments

	28.9.2009 HK$'000	31.3.2009 HK$'000
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong:		
Medium-term lease	48,317	48,946
Analysed for reporting purposes as:		
Non-current asset	47,058	47,687
Current asset (included in trade, bills and other receivables in note 25)	1,259	1,259
	48,317	48,946

19. Goodwill

	HK$'000
GROSS AMOUNT	
At 1 April 2008	2,678,804
Arising on the acquisition of subsidiaries (note 42)	42,207
Adjustment to goodwill provisionally determined	5,090
At 31 March 2009	2,726,101
Arising on the acquisition of additional interests in a subsidiary	17,289
At 28 September 2009	2,743,390
IMPAIRMENT	
Impairment loss balance at 1 April 2008, 31 March 2009 and 28 September 2009	(13,355)
CARRYING AMOUNTS	
At 28 September 2009	2,730,035
At 31 March 2009	2,712,746

From 17 August 2009 to 28 September 2009, the Group acquired, in aggregate, an additional 0.6264% of the issued share capital of a subsidiary, China Fishery, at a consideration of HK$37,021,000, while the fair value of the Group's share of the identifiable assets and liabilities of the subsidiary at the date of acquisition attributable to the acquired interest, in aggregate, amounted to HK$19,732,000. The goodwill arising on the acquisition of additional interests in a subsidiary is HK$17,289,000.

During the year ended 31 March 2009, the Group completed the valuation of the Peruvian operations acquired during the financial year ended 31 March 2008. The provisional fair values assigned to the net assets acquired decreased by HK$5,090,000 resulting in an increase in goodwill of HK$5,090,000.

19. Goodwill – Continued

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 impairment as at 28 September 2009 allocated to the units are as follows:

	28.9.2009 HK$'000	31.3.2009 HK$'000
Frozen Fish SCM operation – PARD	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")	1,780,068	1,766,267
Peruvian fishing and fishmeal operations – CFG Investment S.A.C. ("CFGI")	921,128	917,640
	2,730,035	2,712,746

The recoverable amounts of these CGUs have been determined based on a 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 six-month period ended 28 September 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 20% (31 March 2009: 18.25%) for the fish fillets CGU and 20% (31 March 2009: 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 expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not caused the aggregate carrying amount of goodwill to exceed the aggregate recoverable amount.

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 28 September 2009. Based on the report of the valuer dated 11 December 2009 and management's assessment of business prospects, management expects that carrying amount of respective 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 (31 March 2009: 2018) and projection of terminal value using the perpetuity method;

(ii) growth rate of 3.3% per annum during the forecast period (31 March 2009: 3.3%); and

(iii) use of 15.5% (31 March 2009: 16.0%) for Pacific Ocean fishing operations and use of 16.5% (31 March 2009: 17.0%) 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.

20. Deferred Charter Hire

	28.9.2009 HK$'000	31.3.2009 HK$'000
Deferred charter hire expense	2,224,560	2,224,560
Less: accumulated amortisation	(646,960)	(561,600)
	1,577,600	1,662,960
Included as current assets in trade, bills and other receivables (note 25)	(172,640)	(172,640)
Included as non-current assets	1,404,960	1,490,320
Cost:		
At beginning of period/year and at end of period/year	2,224,560	2,224,560
Accumulated amortisation:–		
At beginning of period/year	561,600	388,960
Amortisation during the period/year	85,360	172,640
At end of period/year	646,960	561,600

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

A subsidiary, CFIL, entered into the vessel operating agreements ("VOA") with two companies, (known as "Arrangers") for 10 to 18 years (31 March 2009: 10 to 18 years) to charter hire 17 vessels (31 March 2009: 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 to ensure that the counterparties comply with their obligations under the VOA, the counterparties 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 the Arrangers.

21. Available-for-sale Investment

During the period, the Group made a capital contribution of HK$7.8 million in 2.4% unquoted equity interest of a company. The investment is carried at cost, less impairment as no fair value can be determined. In the opinion of management, no impairment is considered necessary.

22. Interests in Associates

	28.9.2009 HK$'000	31.3.2009 HK$'000
Cost of investments – unlisted	13,620	13,620
Share of post-acquisition results	(100)	(824)
	13,520	12,796

Particulars of the Group's principal associates as at 28 September 2009 are set out in note 50.

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

	28.9.2009 HK$'000	31.3.2009 HK$'000
Total assets	136,508	101,138
Total liabilities	(161,686)	(114,688)
Net liabilities	(25,178)	(13,550)
Group's share of associates' net assets	13,520	12,796

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000
Revenue	359,699	580,296
Profit (loss) for the period/year	1,387	(3,552)
Group's share of result of associates for the period/year	724	(731)

23. Other Intangible Assets

	Fishing permits HK$'000	Club memberships HK$'000	Total HK$'000
Cost:			
At 1 April 2008	469,931	23,963	493,894
From acquisition of subsidiaries (note 42)	81,312	–	81,312
Reclassification from property, plant and equipment (note 16)	27,428	–	27,428
At 31 March 2009 and 28 September 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. For the year ended 31 March 2009, the cost of purchase of a fishing vessel with the attached fishing permit and the cost of acquiring the subsidiary which owns the fishing vessels and fishing permits (note 42) 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 prepared by J.R.Z. Adjustadores y Peritos de Seguros S.A.C., an independent third party valuer in Peru.

Management has obtained legal advice that the fishing permits do not have a finite term and remain in full force and good standing as long as the applicable legal requirements are complied with. Accordingly, the cost of fishing permits are not amortised.

As stated in note 19, the Group has engaged an independent financial advisor located in Hong Kong to determine the value in use of the fishing and fishmeal CGUs. 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 19. 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

	28.9.2009 HK$'000	31.3.2009 HK$'000
Inventories, at cost, consists of the following:		
Frozen fish	852,339	982,341
Fillets and portions	899,610	630,466
Fishmeal	33,326	67,676
Supplies	29,331	58,838
Fuel	8,595	4,260
Packing materials	24,186	30,775
	1,847,387	1,774,356

Fishmeal with carrying amounts of HK$28,197,000 (31 March 2009: HK$37,217,000) have been pledged as security for the revolving inventory financing facilities obtained from banks (note 47).

25. Trade, Bills and Other Receivables

	28.9.2009 HK$'000	31.3.2009 HK$'000
Trade receivables	1,325,124	1,543,804
Bills receivables	29,787	107,168
Current portion of prepaid lease payments (note 18)	1,259	1,259
Current portion of deferred charter hire (note 20)	172,640	172,640
Balance with Arrangers	185,047	160,838
Tax certificate	3,455	3,455
Deferred expenditure	255,182	158,126
Prepayments for fish	2,401,666	1,733,694
Other receivables and prepayments	267,303	197,192
	4,641,463	4,078,176

The balance with Arrangers represents advance payments of variable rate charter hire under the vessel operating agreements for the Group's fishing operations in the Pacific Ocean (see Note 20 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 20.

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 based on the invoice date at the end of the reporting period is as follows:

	28.9.2009 HK$'000	31.3.2009 HK$'000
Less than 30 days	742,200	961,076
31 – 60 days	199,164	312,814
61 – 90 days	64,056	60,465
91 – 120 days	174,667	37,071
Over 120 days	174,824	279,546
	1,354,911	1,650,972

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$10,722,000 (31 March 2009: HK$18,471,000) has been determined by reference to management's estimation of irrecoverable amounts. The Group has provided fully for receivables over 180 days based on historical experience.

Included in the trade receivables of HK$1,354,911,000 (31 March 2009: HK$1,650,972,000) is an amount of HK$24,001,000 (31 March 2009: nil) which is past due but not 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 the end of each reporting period is of 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.

25. Trade, Bills and Other Receivables – Continued

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

	28.9.2009 HK$'000	31.3.2009 HK$'000
United States dollars	3,149	3,018
Peruvian Nuevo Soles	41,453	145,735
Chinese Renminbi	8,413	–
Hong Kong dollars	1,079	83
Euro	6,442	3,197
Singapore dollars	2,013	71
British pounds	202	202
Japanese Yen	–	28,988
Norwegian Krone	226	–

Movement in the allowance for doubtful debts

	28.9.2009 HK$'000	31.3.2009 HK$'000
Balance at beginning of the period/year	18,471	18,317
Increase in allowance recognised in consolidated income statement	–	154
Written off against trade receivables during the period	(7,749)	–
Balance at end of the period/year	10,722	18,471

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 based on the invoice date at the end of the reporting period is as follows:

	28.9.2009 HK$'000	31.3.2009 HK$'000
Less than 30 days	185,179	145,305
31 – 60 days	65,579	59,331
61 – 90 days	16,674	9,817
91 – 120 days	8,475	6,262
Over 120 days	1,544	2,438
	277,451	223,153

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

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

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

	28.9.2009 HK$'000	31.3.2009 HK$'000
Hong Kong dollars	672	1,355
Euro	2,524	7,021
British pounds	8,668	–

The bank advances drawn on discounted trade receivable with insurance and discounted bills carried an average effective interest rate of approximately 2.7% (31 March 2009: 3.5%) per annum and are repayable within one year.

27. Trade Receivables from Associates and Amounts due from Associates

The amounts due from associates are unsecured, interest-free and are repayable on demand and the directors expect to recover these amounts within twelve months from the end of the reporting period.

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 the end of each reporting period are all less than 30 days and they are neither past due nor impaired. The directors of the Company are of the opinion that the credit quality of the trade receivables from associates 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 within one year.

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

Name of jointly–controlled entity	Principal activity/country of incorporation/place of business	Effective equity interest held by Group 28.9.2009	Effective equity interest held by Group 31.3.2009
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.

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

	28.9.2009 HK$'000	31.3.2009 HK$'000
Non-current assets	74,330	67,933
Current assets	3,245	2,013
Current liabilities	(6,942)	(6,255)
Non-current liabilities	(17,858)	(17,259)
Net assets	52,775	46,432

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000
Revenue	5,476	12,481
Cost of sales	(4,236)	(6,669)
Other income	60	9,675
Finance costs	(766)	(1,798)
Profit before taxation	534	13,689
Taxation	(28)	(2,913)
Profit for the period/year	506	10,776

29. Held-for-trading Investments

Held for trading investments represents equity securities listed outside Hong Kong.

30. Derivative Financial Instruments

During the period/year, the Group has entered into foreign currency forward contracts with banks to reduce its exposure to currency fluctuation risk of contracted sales which are denominated in foreign currencies. This derivative is not accounted for under hedge accounting. At 28 September 2009, the fair value of the foreign currency forward contracts is HK$7,512,000 (31 March 2009: HK$11,743,000), which is settled on a net basis. The major terms of the foreign currency forward contracts are as follows:

Aggregate principal amounts	Maturity dates	Contracted exchange rates
At 28 September 2009		
Sell JPY 4,003,950,000	From March 2010 to May 2010	US$1 at JPY 90.50 to JPY 91.19
Sell GBP 1,008,600	From October 2009 to December 2009	US$1 at GBP 1.6424 to GBP 1.6427
At 31 March 2009		
Sell JPY 1,074,390,000	From April 2009 to May 2009	US$1 at JPY 89.52 to JPY 89.57
Sell Euro 690,400	From April 2009 to May 2009	Euro 1 at US$1.2806 to US$1.2808
Buy US$30,000,000	July 2009	US$1 at RMB6.4670 to RMB6.4930
Sell US$30,000,000	July 2009	US$1 at RMB6.5870 to RMB6.6080

31. Pledged Deposits

Deposits are pledged to the banks to secure discounting advances drawn on trade receivables with insurance coverage and a term loan granted to the Group. The interest rates on the deposits ranged from nil to 0.40% (31 March 2009: nil to 1.42%) per annum.

32. 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 0.25% (31 March 2009: nil to 2.50%) per annum.

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

	28.9.2009 HK$'000	31.3.2009 HK$'000
United States dollars	83,286	38,582
Peruvian Nuevo Soles	6,475	3,503
Chinese Renminbi	2,890	2,790
Hong Kong dollars	2,312	3,324
Euro	4,862	2,430
Singapore dollars	727	261
British pounds	3	2
Japanese Yen	36	3

33. Trade, Bills and Other Payables

Included in trade, bills and other payables are trade payables of HK$515,903,000 (31 March 2009: HK$252,582,000). The average credit period on purchase of goods is 30 days (31 March 2009: 30 days). The age analysis of trade and bills payables based on the invoice date at the end of the reporting period is as follows:

	28.9.2009 HK$'000	31.3.2009 HK$'000
Less than 30 days	496,699	186,022
31 – 60 days	7,981	39,961
61 – 90 days	3,036	11,193
Over 90 days	8,187	15,406
	515,903	252,582

33. Trade, Bills and Other Payables – Continued

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

	28.9.2009 HK$'000	31.3.2009 HK$'000
United States dollars	82,025	1,133
Peruvian Nuevo Soles	45,635	42,435
Chinese Renminbi	1,124	1,665
Hong Kong dollars	5,732	9,226
Euro	3,856	3,946
Singapore dollars	5,616	3
Danish Krone	63	66
Norwegian Krone	38	–

34. Obligations under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	28.9.2009 HK$'000	31.3.2009 HK$'000	28.9.2009 HK$'000	31.3.2009 HK$'000
Amounts payable under finance leases:				
Within one year	40,817	39,511	37,491	36,533
In more than one year but not more than two years	45,516	44,347	38,398	37,915
In more than two years but not more than three years	38,902	46,770	30,143	36,973
In more than three years but not more than four years	17,941	33,978	12,761	24,837
In more than four years but not more than five years	–	1,558	–	1,053
	143,176	166,164	118,793	137,311
Less: future finance charges	(24,383)	(28,853)	–	–
Present value of lease obligations	118,793	137,311	118,793	137,311
Less: Amount due within one year shown under current liabilities			(37,491)	(36,533)
Amount due after one year			81,302	100,778

As at 28 September 2009, the effective borrowing rate is 8.88% (31 March 2009: 8.15%) 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 lease obligations are denominated in United States dollars, the functional currency of the relevant group entities.

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

35. Bank Borrowings

	28.9.2009 HK$'000	31.3.2009 HK$'000
Bank borrowings comprise:		
Trust receipt and bank loans	3,889,993	3,388,037
Syndicated loans	1,128,000	1,248,000
Mortgage loans	72,106	79,332
Bank overdrafts	4,872	20,252
	5,094,971	4,735,621
Less: upfront fee of syndicated loans	(12,007)	(15,592)
	5,082,964	4,720,029
Analysed as:		
Secured	1,681,368	1,956,125
Unsecured	3,401,596	2,763,904
	5,082,964	4,720,029
The maturity of bank borrowings is as follows:		
Within one year	3,737,225	3,132,102
In the second year	487,977	488,037
In the third year	835,636	545,713
In the fourth year	8,282	537,216
In the fifth year	1,551	4,087
Over five years	12,293	12,874
	5,082,964	4,720,029
Amount due within one year shown under current liabilities	(3,737,225)	(3,132,102)
Amount due after one year	1,345,739	1,587,927

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

	28.9.2009 HK$'000	31.3.2009 HK$'000	28.9.2009	31.3.2009
Effective interest rate:				
Fixed-rate borrowings	57,656	10,989	7.08% to 13.50%	11.50% to 13.50%
Variable-rate borrowings	5,025,308	4,709,040	1.29% to 6.32%	2.25% to 10.32%

35. 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$40,794,000 (31 March 2009: HK$95,430,000) bear interest at 3 months London Inter-Bank Offering Rate per annum and are secured over the Group's inventories of HK$28,197,000 (31 March 2009: HK$37,217,000).

A term loan amounting to HK$234,000,000 (31 March 2009: HK$312,000,000) bear interest at 3% above the 3 months London Interbank Offer Rate per annum and are secured over a vessel, fixed deposits and shares of a subsidiary of the Group.

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 Inter-Bank Offer Rate plus 1.25% per annum, are secured over the shares of certain subsidiaries of the Group. At 28 September 2009 and 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:

	28.9.2009 **HK$'000**	**31.3.2009** **HK$'000**
United States dollars	163,800	179,400
Hong Kong dollars	7,272	6,354
Euro	–	4,336

36. Convertible Bonds

On 18 April 2007, PARD issued convertible bonds of the principal amount of US$93,000,000 (approximately HK$725,400,000), at par, which are listed on the Singapore Exchange Securities Trading Limited and 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 18 April 2012. The conversion price was subsequently adjusted to S$0.6785 pursuant to the rights issue of PARD effective from 24 July 2009. 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. PARD has an early redemption option to redeem in whole and not in part of the notes at any time on or after 18 April 2009, at the pre-determined redemption amounts set out in the bond agreement. The fair value of such early redemption option at the date of issue and subsequent balance sheet dates is insignificant.

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 from market at a consideration of US$2,708,000 (approximately HK$21,122,000) and extinguished by PARD resulting a gain on repurchase of convertible bonds of HK$20,168,000.

In April 2009, a total principal amount of US$4,500,000 (approximately HK$35,100,000) was purchased from market at a consideration of US$3,150,000 (approximately HK$24,570,000) and extinguished by PARD resulting a gain on repurchase of convertible bonds of HK$12,680,000.

36. Convertible Bonds – Continued

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
Balance at 1 April 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
Interest expenses	25,391	–
Interest paid	(11,512)	–
Repurchased	(34,985)	(2,265)
Balance at 28 September 2009	591,666	37,445

The interest charged for the period/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 28 September 2009 to be approximately HK$587,255,000 (31 March 2009: HK$527,060,000). This fair value has been calculated by using effective interest rate of 10.18% (31 March 2009: 15.71%) per annum with reference to the US Treasury Zero Coupon Bond and credit risk margin.

37. 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, the 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.

37. Senior Notes – Continued

As the risk and characteristics of the early redemption option are not closely related to the host contract, it is separately accounted for as financial derivatives and measured at fair value with changes in fair value recognised in profit and loss. The directors consider that the fair value of the redemption option is immaterial as at 31 March 2009 and 28 September 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).

On 30 June 2009 and 2 July 2009, a total principal amount of US$6,750,000 (approximately HK$52,650,000) was purchased from market at a consideration of US$6,075,000 (approximately HK$47,385,000).

Management estimates the fair value of the Notes at 28 September 2009 to be approximately HK$1,868,104,000 (31 March 2009: HK$1,649,860,000) based on quoted 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 5.15% to 7.51% per annum (31 March 2009: 10.34% to 12.12%) with reference to the US Treasury Zero Coupon Bonds and the credit risk margin.

38. 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 2008	276,315	(14,211)	(6,361)	255,743
Acquisitions of subsidiaries (note 42)	51,178	–	–	51,178
Charge (credit) to profit or loss	5,516	(34,306)	–	(28,790)
Charge to other comprehensive income	4,404	–	–	4,404
Arising on adjustment to assets which value was previously provisionally determined	4,673	–	–	4,673
Exchange realignment	(3,659)	–	–	(3,659)
At 31 March 2009	338,427	(48,517)	(6,361)	283,549
(Credit) charge to profit or loss	(23,166)	32,485	(13,637)	(4,318)
Charge to other comprehensive income	35,841	–	–	35,841
Exchange realignment	1,186	–	–	1,186
At 28 September 2009	352,288	(16,032)	(19,998)	316,258

38. Deferred Taxation – Continued

At the end of the reporting period, the Group has unutilised estimated tax losses of HK$226,943,000 (31 March 2009: HK$285,414,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$93,444,000 (31 March 2009: HK$194,165,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$133,499,000 (31 March 2009: HK$91,249,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$65,823,000 (31 March 2009: HK$154,338,000 gradually expire until 2015) that will gradually expire until 2016. During the period, no unutilised tax losses expired (31 March 2009: HK$18,392,000 expired). Other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$7,355,000 (31 March 2009: HK$7,355,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be 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 accumulated 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.

39. 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$5,108,000 (approximately HK$39,839,000), which has not been settled as at 28 September 2009 (31 March 2009: US$10,014,000 (approximately HK$78,113,000)) and shall be paid by the end of 2009. The 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 the fishmeal processing plants with carrying amounts totaling US$16,981,000 (approximately HK$132,452,000) (31 March 2009: US$17,975,000 (approximately HK$140,205,000)) (note 47).

As at 31 March 2009, the balance also included US$53,400,000 (approximately HK$416,520,000) in respect of the acquisition of an additional interest in a subsidiary during the year ended 31 March 2008. The amount has been settled during the period.

40. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 31 March 2009 and 28 September 2009	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 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
Issue of shares as a result of rights issue	944,027,844	94,403
At 28 September 2009	2,832,083,533	283,209

On 24 June 2009, the Company issued 944,027,844 rights shares at the issue price of HK$0.60 each on the basis of one rights share for every two existing shares held. Net proceeds were approximately HK$555,000,000 and were used to raise sufficient funding to subscribe for its entitlement under the rights issue of PARD, a listed subsidiary of the Company.

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.

41. Share Option Scheme and Share Award Plan

Share option scheme

On 9 September 2004, the Company adopted a share option scheme (the "Scheme"). The 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 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 Scheme will be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the option, which must be a business day; (b) the average closing price of the Share 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 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% of shares in issue as at the proposed grant date.

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

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, Tao Kwok Lau, Clement, 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, at the discretion of the employer, the participant may receive any or a combination of the following:

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

41. Share Option Scheme and Share Award Plan – Continued

Share award plan – Continued

At 31 March 2009, the number of shares in respect of which share award had been granted under the Plan, to the employees of the Group was 7,009,801, representing 0.4% of the shares of the Company in issue at that date. During the period, the number of shares forfeited as a result of termination of employees was 210,214. The remaining outstanding was 6,799,587, representing 0.2% of the shares of the Company in issue at 28 September 2009. The total number of shares in respect of which award may be granted under the Scheme 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.

42. Acquisition of Subsidiaries

The Group acquired the following subsidiaries during the year ended 31 March 2009 and accounted for these acquisitions using the purchase method of accounting:

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

The acquisition of these subsidiaries resulted in inclusion of post-acquisition revenue of approximately HK$28,910,000 and loss after income tax of HK$6,837,000 in the consolidated financial statements for the year ended 31 March 2009.

It was 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 the financial statements prior to the acquisitions have not been prepared under Hong Kong Financial Reporting Standards.

42. Acquisition of Subsidiaries – Continued

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)
Obligation under finance leases	(23,608)	–	(23,608)
Deferred taxation	(24,976)	(26,202)	(51,178)
	169,319	50,362	219,681
Goodwill arising on acquisitions (note 19)			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 acquisitions:			
Cash paid			(127,254)
Cash paid for expenses in connection with acquisition			(2,034)
Cash and cash equivalents acquired			9,719
			(119,569)

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

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000
Minimum lease payments paid under operating leases during the period/year:		
Amortisation of deferred charter hires	85,360	172,640
Fixed charter hire	101,650	204,984
Rental of premises	1,518	9,234
	188,528	386,858
Contingent lease payments paid under operating leases during the period/year:		
Variable charter hire	87,281	250,532
	275,809	637,390

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

	28.9.2009 HK$'000	31.3.2009 HK$'000
Within one year	209,452	211,316
In the second to fifth years inclusive	61,057	163,093
After five years	4,560	1,474
	275,069	375,883

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

(b) At 28 September 2009, the Group has ongoing commitments to pay variable charter hire for 17 (31 March 2009: 17) fishing vessels under the first, second and third (31 March 2009: first, second and third) vessel operating agreements entered into with Perun and Alatir for a 10 to 18 years up to 31 December 2025 (31 March 2009: 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 28 September 2009, the Group has ongoing commitments to pay fixed and variable charter hire for 6 (31 March 2009: 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 (HK$93,600) (31 March 2009: US$12,000 (HK$93,600)) for each vessel per day.

44. Operating Lease Arrangements – Continued

The Group as lessee – Continued

(c) – Continued

Fixed charter hire payables under the fourth vessel operating agreement are as follows:

	28.9.2009 HK$'000	31.3.2009 HK$'000
Within one year	204,984	204,984
In the second to fifth years inclusive	52,790	154,440
	257,774	359,424

The Group as lessor

Rental income earned during the period/year was HK$5,204,000 (1.4.2008 to 31.3.2009: HK$8,137,000). 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 end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments in respect of investment properties which fall due as follows:

	28.9.2009 HK$'000	31.3.2009 HK$'000
Within one year	6,514	4,883
In the second to fifth years inclusive	5,214	4,320
	11,728	9,203

45. Capital Commitments

	28.9.2009 HK$'000	31.3.2009 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	215,251	273,642

46. Contingent Liabilities

At the end of the reporting period, the Group has the 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 PARD, 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 PARD'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. The case was heard in the Court in April 2009. On 24 September 2009, Feoso voluntarily discontinued the action against the Company and the Employees and agreed to pay the legal costs incurred by the Company and the Employees in the amount of HK$775,000.

(b) Certain subsidiaries of the Group are parties to legal processes in Peru with potential claims amounting to US$5,722,000 (approximately HK$44,628,000) (31 March 2009: US$4,962,000 (approximately HK$38,703,000)). These relate to employment disputes and miscellaneous claims. The Group's legal advisor has advised that US$2,253,000 (approximately HK$17,570,000) (31 March 2009: 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$3,469,000 (approximately HK$27,058,000) (31 March 2009: 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.

At the end of the reporting period, the Group had made a provision of US$2,253,000 (approximately HK$17,570,000) (31 March 2009: US$1,579,000 (approximately HK$12,315,000)) for these claims where the outcome is likely to be unfavourable to the Group. The additional provision made during the period amounted to US$674,000 (approximately HK$5,255,000).

Saved as disclosed above, no member of the Group is 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 28 September 2009, the Group has pledged land and buildings and investment properties with aggregate carrying values of approximately HK$383,867,000 (31 March 2009: HK$307,300,000) and HK$83,406,000 (31 March 2009: HK$75,500,000) respectively, as collateral for mortgage loans granted to the Group by certain banks. In addition to the above, property, plant and equipment and inventories of a subsidiary in the United States of America of HK$Nil (31 March 2009: HK$2,800,000) and HK$194,379,000 (31 March 2009: HK$148,800,000), respectively, were pledged as security for general banking facilities arranged for that subsidiary.

(b) At 28 September 2009, deposits amounting to HK$15,198,000 (31 March 2009: HK$23,298,000) are pledged to a bank to secure an export invoice discounting facility granted to the Group.

(c) At 28 September 2009, inventories of fishmeal of HK$28,197,000 (31 March 2009: HK$37,217,000) were also pledged as security for the revolving inventory financing facilities obtained from banks.

(d) At 28 September 2009, a fishing vessel under construction with net carrying amount of HK$677,040,000 (31 March 2009: HK$392,032,000), fixed deposits of HK$44,293,000 (31 March 2009: HK$44,031,000) and shares of a subsidiary were pledged as security for a term loan granted to the Group. The fixed deposits pledged bear interest at 0.40% (31 March 2009: 1.42%) per annum.

47. Pledge of Assets – Continued

(e) At 28 September 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$356,694,000 (31 March 2009: HK$362,747,000).

(f) At 28 September 2009, certain plant and machinery installed in fishmeal processing plants and freehold land with carrying amounts totaling US$16,981,000 (approximately HK$132,452,000) (31 March 2009: US$17,975,000 (approximately HK$140,205,000)) have been mortgaged and pledged respectively in connection with the deferred consideration payable of US$5,108,000 (approximately HK$39,839,000) (31 March 2009: US$10,014,000 (approximately HK$78,113,000)) on acquisition of a subsidiary.

(g) At 28 September 2009, shares and net assets amounted to HK$191,358,000 (31 March 2009: HK$254,883,000) of certain subsidiaries were also pledged as securities for revolving inventory financing and syndicated bank loan facilities.

(h) At 28 September 2009, certain bank advances were secured by bills receivables of HK$29,787,000 (31 March 2009: HK$107,168,000).

48. Related Party Transactions

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

	1.4.2009 to 28.9.2009 HK$'000	1.4.2008 to 31.3.2009 HK$'000
Sales of frozen seafood	300,286	461,723
Purchases of frozen seafood	7,610	12,175
Agency income	4,163	6,560
Purchase of property, plant and equipment	–	5,272
Transfer of property, plant and equipment	–	2,357

(b)

	28.9.2009 HK$'000	31.3.2009 HK$'000
Bank advance drawn by the Group on discounted trade receivables with insurance coverage of:		
– associates of the Group	45,304	36,051
The above advances are secured by trade receivables of:		
– associates of the Group	50,338	40,057

49. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 28 September 2009 and 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 %		Proportion of nominal value of issued capital attributable to the Group %		Principal activities
			28.9.2009	31.3.2009	28.9.2009	31.3.2009	
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
CFG Investment S.A.C.	Peru	Registered US$1,000	79	78	42	42	Fishing and fishmeal processing
Champion Shipping Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	65	65	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$43,014,000	79	78	42	42	Investment holding
China Fisheries International Limited	Samoa/Worldwide	Ordinary US$1,000	79	78	42	42	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 holding
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

49. 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 % 28.9.2009	31.3.2009	attributable to the Group % 28.9.2009	31.3.2009	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	65	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	65	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 Resources Development Limited (Note c)	Bermuda/Singapore	Ordinary S$139,125,506	65	65	65	65	Investment holding

49. 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 % 28.9.2009	31.3.2009	attributable to the Group % 28.9.2009	31.3.2009	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	65	65	Trading of frozen seafood products
Paco Alpha Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	65	65	Vessel holding
Paco Beta Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	65	65	Trading of marine fuel
Parkmond Group Limited	British Virgin Islands/ Worldwide	Ordinary US$1	100	100	65	65	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) Company Ltd	PRC (note a)	Registered US$910,000	100	100	100	100	Seafood processing
青島太平洋恩利國際貿易有限公司	PRC (note a)	Registered RMB30,000,000	100	100	100	100	Trading of seafood products

Notes:

(a) The subsidiaries are wholly foreign owned enterprises registered in the PRC.

(b) The non-voting deferred shares carrying 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 period/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 Resources Development Limited and CFGI, which has issued convertible bonds (note 36) and senior notes (note 37) respectively, none of the subsidiaries had any debt securities outstanding at the end of the period/year.

50. Particulars of Principal Associates

Particulars of the Group's principal associates as at 28 September 2009 and 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 % 28.9.2009	% 31.3.2009	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 PARD, and Pacos Trading Limited (Cayman) issuable to exercise significant influence to these associates.

51. Event after the Reporting Period

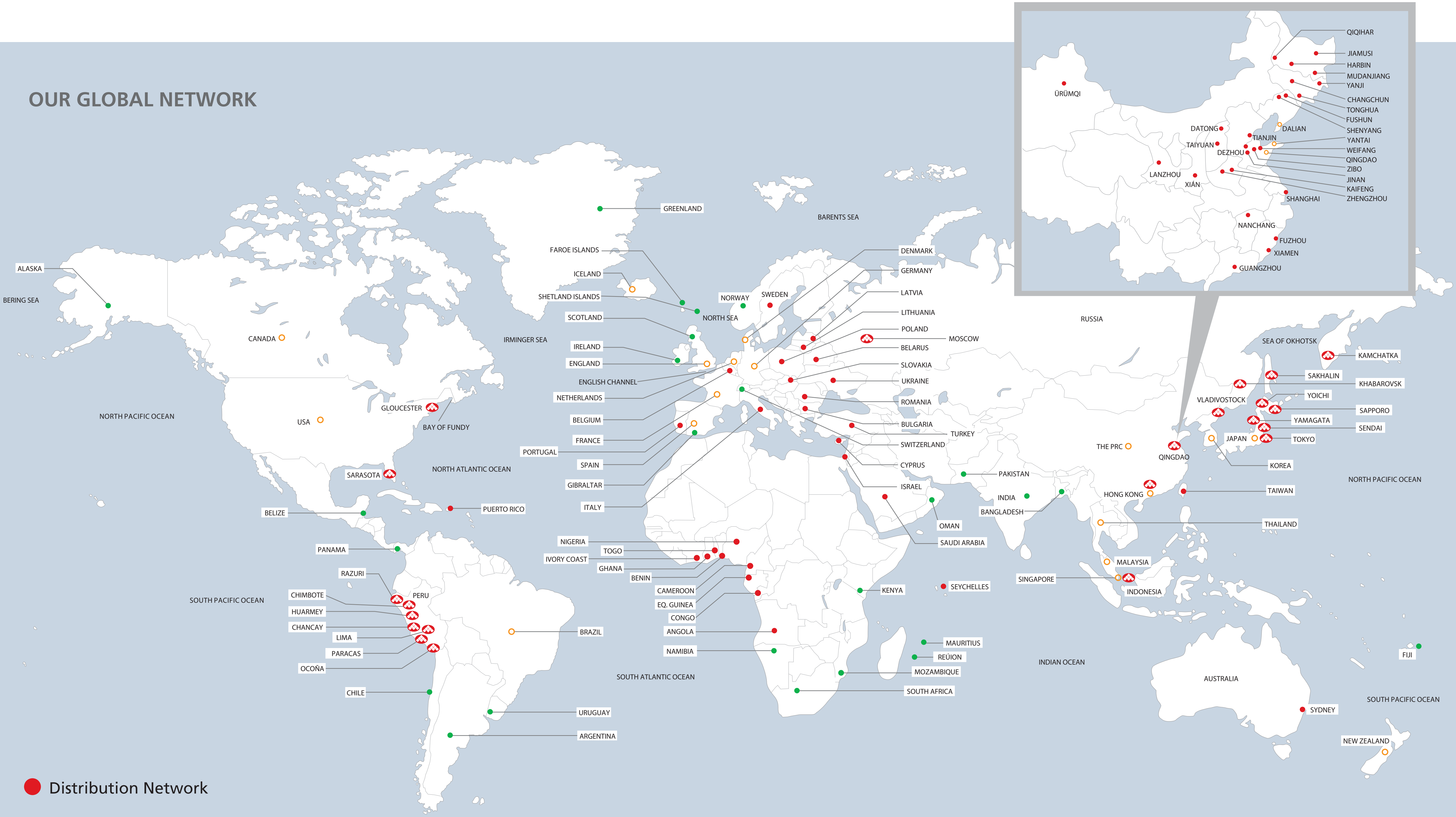
On 21 January 2010, China Fishery announces the proposed secondary listing on the Oslo Børs of Norway ("Oslo Børs") of all its ordinary shares. The listing application documents to the Oslo Børs were submitted on 20 January 2010, Norway time. China Fishery proposes to carry out an offering of new shares in connection with proposed secondary listing, but the size of the public offering has not been decided yet.

FINANCIAL SUMMARY

	Year ended 31 March				
					1.4.2009 to
	2006	2007	2008	2009	28.9.2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
REVENUE	6,156,997	8,478,584	10,017,372	11,167,773	5,556,761
OPERATING PROFIT	564,868	1,012,198	920,985	1,027,457	393,031
SHARE OF RESULTS OF ASSOCIATES	(378)	376	361	(731)	724
	564,490	1,012,574	921,346	1,026,726	393,755
TAXATION	(14,286)	(19,276)	(37,078)	(878)	(34,118)
PROFIT FOR THE YEAR/PERIOD	550,204	993,298	884,268	1,025,848	359,637
MINORITY INTERESTS	(367,146)	(682,525)	(511,359)	(509,054)	(185,844)
	183,058	310,773	372,909	516,794	173,793

	At 31 March				
	2006	2007	2008	2009	28.9.2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
TOTAL ASSETS	6,532,323	10,135,001	14,196,864	15,664,904	17,136,760
TOTAL LIABILITIES	(3,933,272)	(6,233,396)	(8,385,759)	(9,016,311)	(9,224,776)
TOTAL EQUITY	2,599,051	3,901,605	5,811,105	6,648,593	7,911,984
EQUITY COMPONENT OF CONVERTIBLE BONDS OF A LISTED SUBSIDIARY	–	–	(42,226)	(39,710)	(37,445)
MINORITY INTERESTS	(1,018,652)	(1,759,219)	(2,275,412)	(2,658,023)	(3,223,144)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,580,399	2,142,386	3,493,467	3,950,860	4,651,395

OUR GLOBAL NETWORK



- Distribution Network
- Sourcing Network
- Distribution & Sourcing Network
- Subsidiary / Branch

* 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.