全球可追溯性先驅

2010 年報

太平洋恩利
國際控股有限公司

股票編號：1174

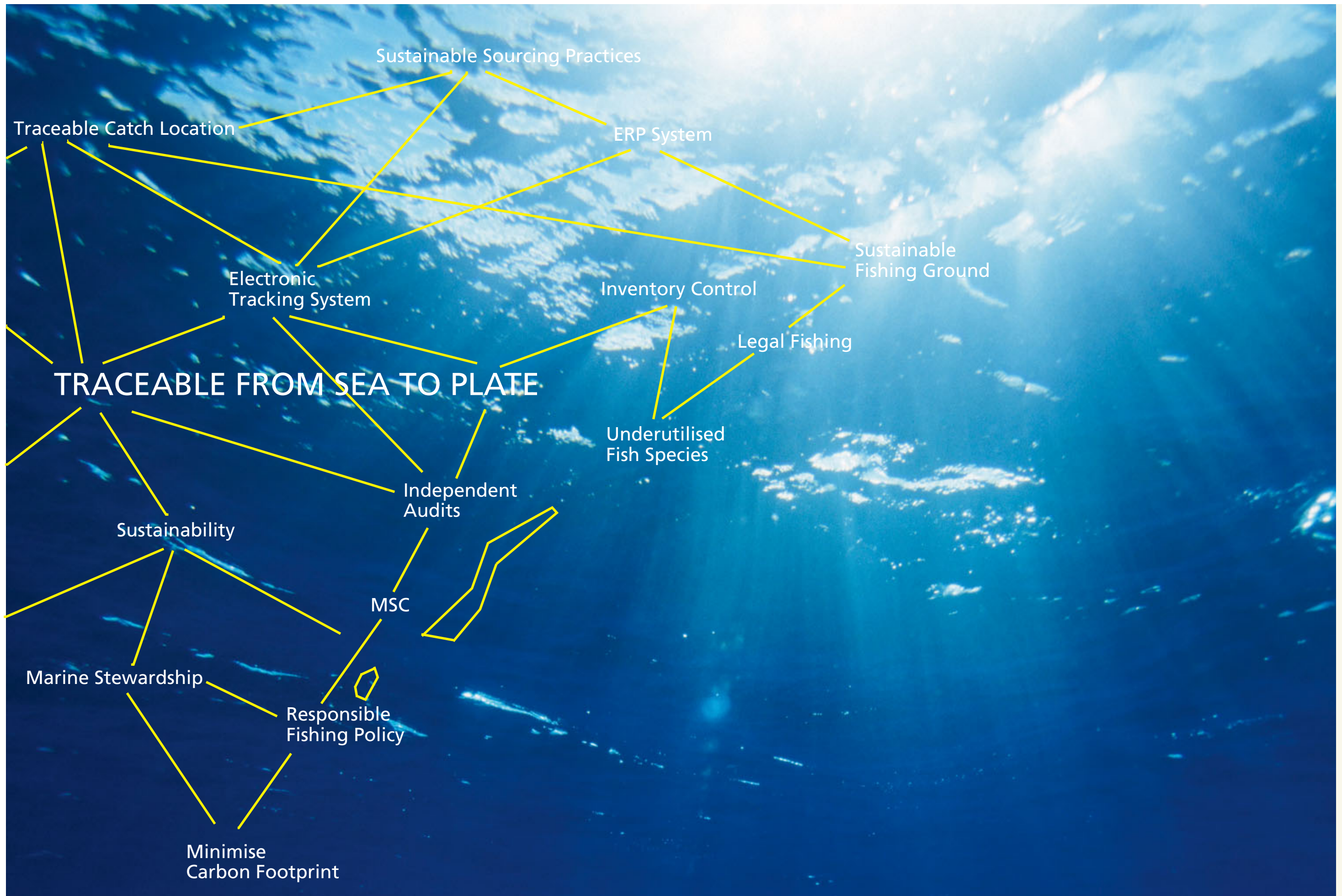
PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED 太平洋恩利國際控股有限公司 | Annual Report 2010 2010 年報

Pioneering Global Traceability

2010 ANNUAL REPORT

PACIFIC ANDES
INTERNATIONAL HOLDINGS LIMITED

STOCK CODE: 1174



PIONEERING GLOBAL TRACEABILITY

For Pacific Andes, traceability stretches beyond best practices and transparency in ensuring food safety and environmental sustainability. Traceability is deeply rooted in our core values as a responsible industry leader. Backed by our advanced barcode model and ERP system along the value chain, our products are fully traceable from sea to plate. This effectively combines eco-efficiency with sustainable fishing and processing to gives us a stronger foundation for healthy growth, in addition, setting the trends and standards for a sustainable industry.

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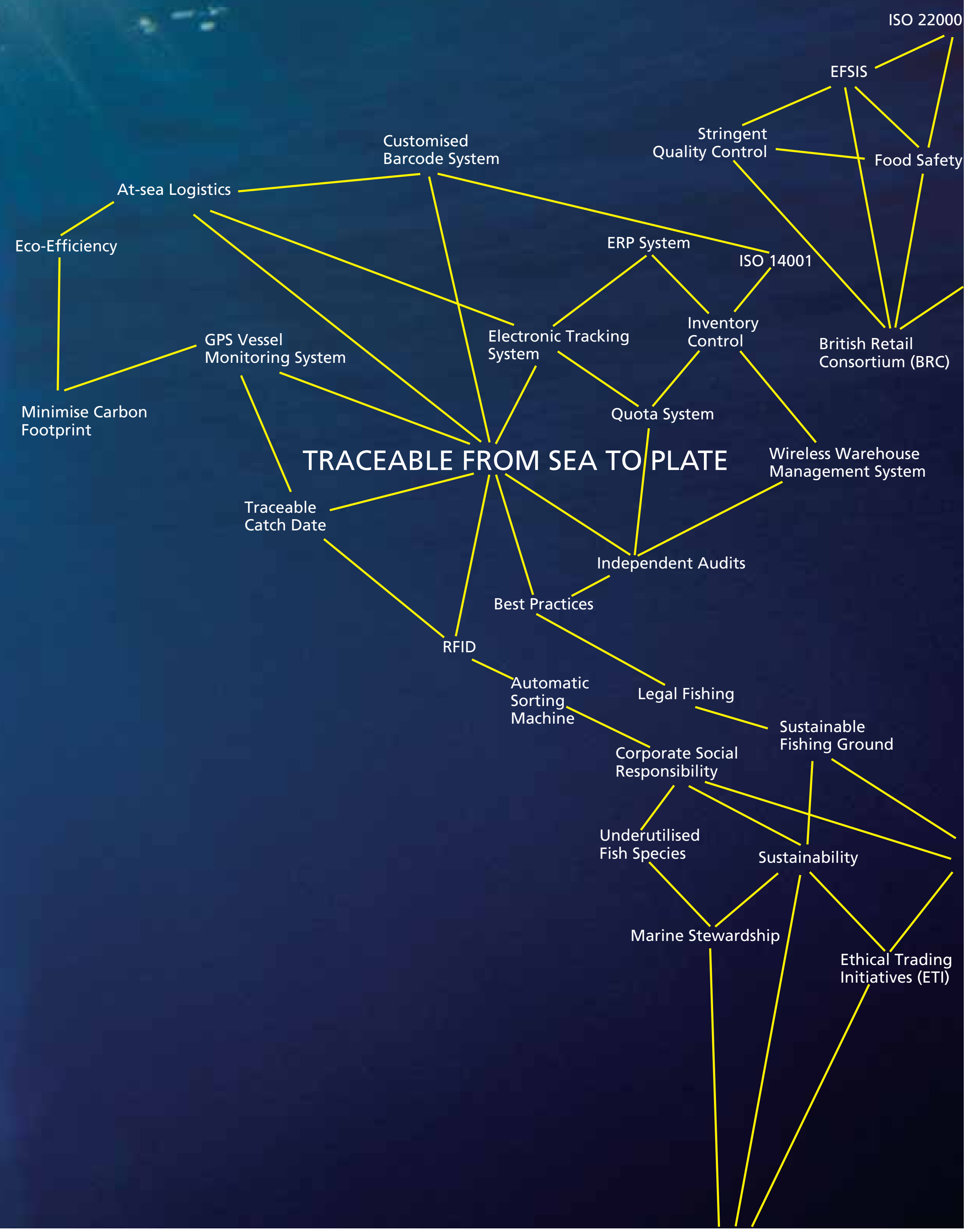
ENVIRONMENTAL RESPONSIBILITY

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.



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

Audit Committee
Lew V Robert *(Chairman)*
Kwok Lam Kwong, Larry
Tao Kwok Lau, Clement

Remuneration Committee
Kwok Lam Kwong, Larry *(Chairman)*
Lew V Robert
Tao Kwok Lau, Clement
Ng Joo Siang
Ng Joo Puay, Frank

Company Secretary
Chan Tak Hei

Solicitors
Baker & McKenzie

Auditors
Deloitte Touche Tohmatsu

Principal Bankers
Australia and New Zealand Banking Group Limited, Hong Kong Branch
CITIC Bank International Limited
The Hongkong and Shanghai Banking Corporation Limited
Rabobank International, Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited

Registered Office
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

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

Principal Registrars & Transfer Office in Bermuda
The Bank of Bermuda Limited
6 Front Street
Hamilton HM11
Bermuda

Branch Registrars & Transfer Office in Hong Kong
Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Stock Code
1174

Website
http://www.pacificandes.com

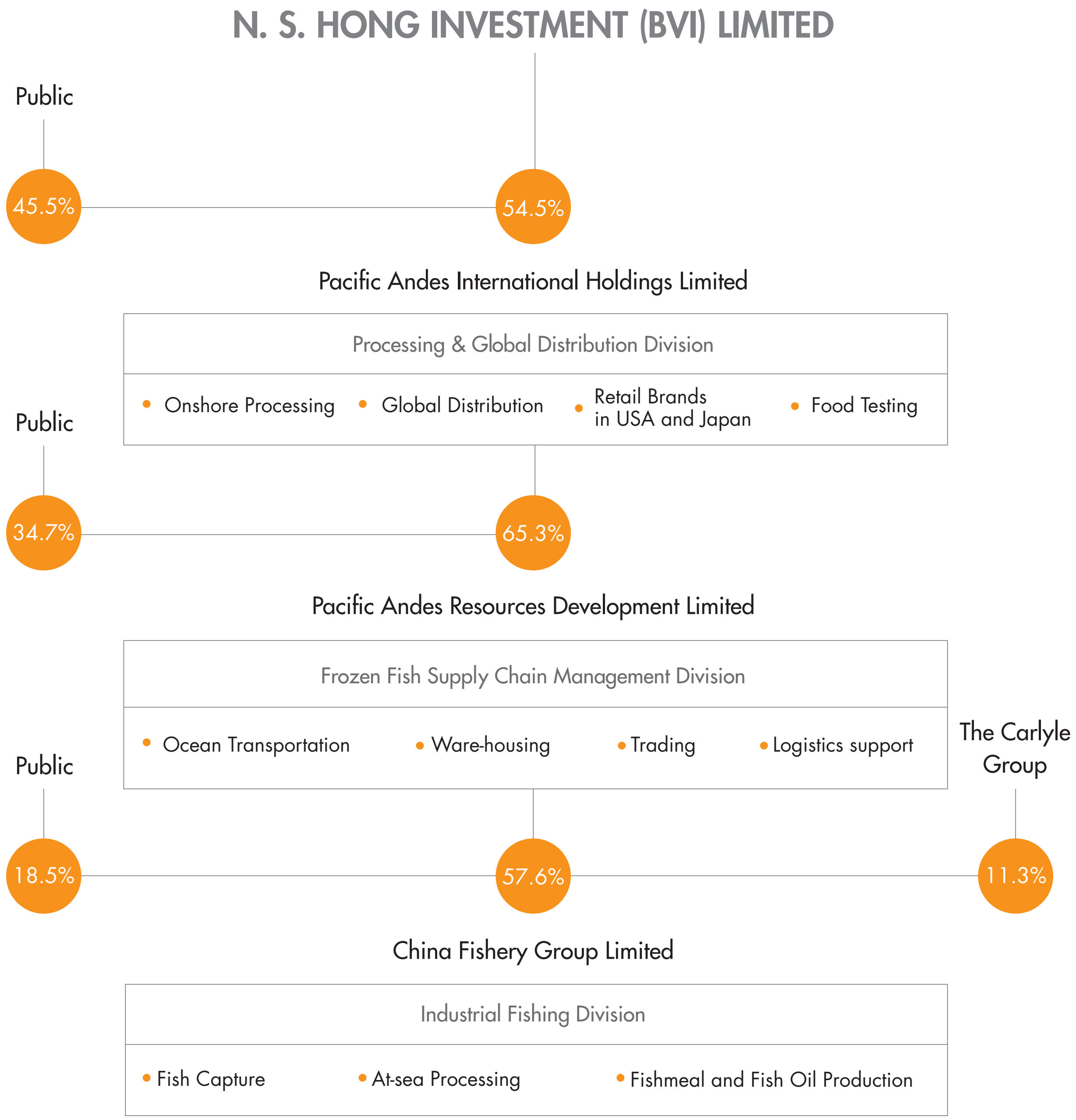
IR Contact
Tel: (852) 2547 0168
Fax: (852) 2858 2764
Email: ir@pacificandes.com

CORPORATE PROFILE

Established in 1986 and listed on the Mainboard of The Stock Exchange of Hong Kong Limited in 1994, Pacific Andes International Holdings Limited (1174.HK, "Pacific Andes" or the "Group") is a fully integrated group of companies with operations across the entire seafood value chain which includes harvesting, sourcing, ocean logistics and transportation, food safety testing, processing and distribution of frozen fish products, as well as fishmeal and fish oil. The Group's businesses span across the world with particular emphasis in the China market while it has processing factories located in China, Japan, North America and Peru. Today, Pacific Andes is one of the world's largest fishing group, supplier of frozen fish into the China market and fish fillet producer.

Pacific Andes' resource development and supply chain management division, Pacific Andes Resources Development Limited ("PARD"), and its industrial fishing arm, China Fishery Group Limited ("China Fishery"), were listed on the Singapore Exchange in 1996 and 2006 respectively.

SHAREHOLDING & BUSINESS STRUCTURE



Note: Shareholdings as of 28 September 2010

PROCESSING & GLOBAL DISTRIBUTION DIVISION

The 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 its 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.

FROZEN FISH SUPPLY CHAIN MANAGEMENT DIVISION

The frozen fish supply chain management division focuses on the development, marketing and distribution of fish products. It 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 5 reefer vessels.

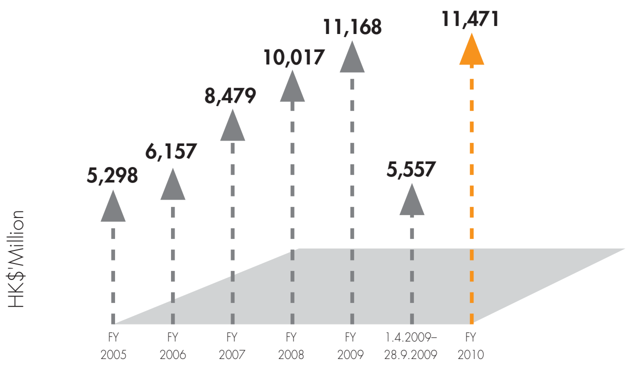
INDUSTRIAL FISHING DIVISION

The industrial fishing division operates over 50 fishing vessels in some of the world's most important and well-governed fishing grounds. Employing new catch and processing solutions, it harvests, onboard-processes and delivers high quality catch to consumers the world over. It also engages in fishing and fishmeal processing business in Peru.

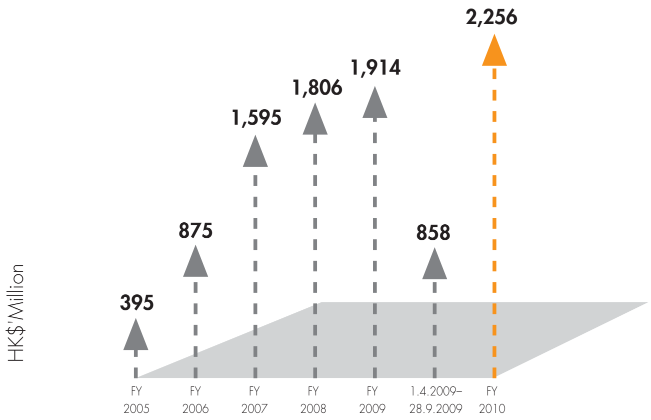
FINANCIAL HIGHLIGHTS

As a result of the change in financial year-end date from 31 March to 28 September in 2009, FY2005 to FY2009 covers the twelve-month period ended 31 March while FY2010 covers the twelve-month period ended 28 September.

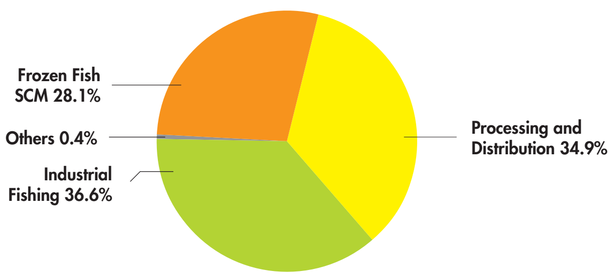
Revenue



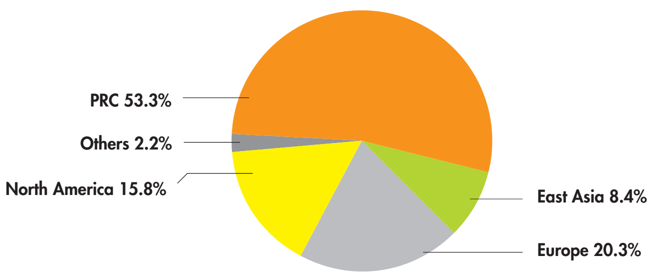
EBITDA



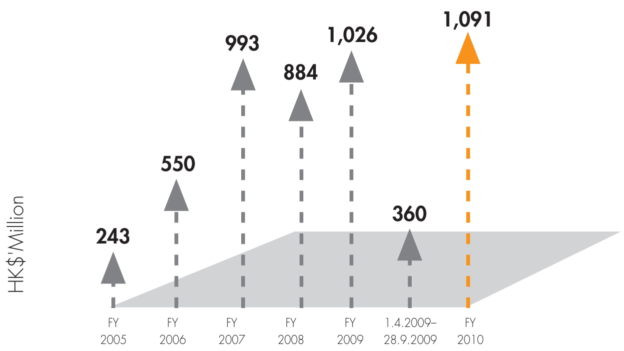
Revenue by Business Division



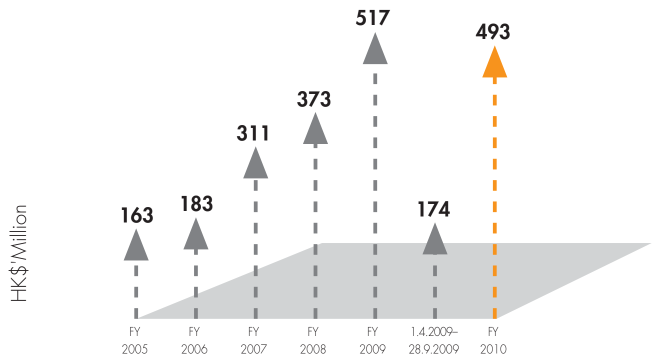
Revenue by Market



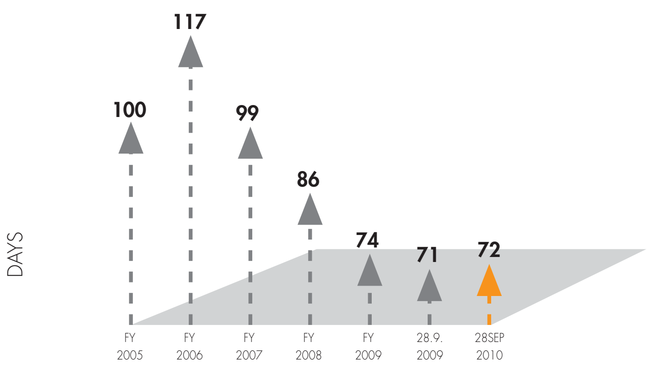
Profit for the Year



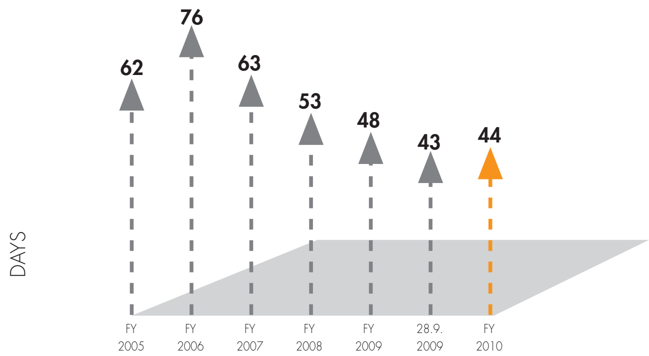
Profit Attributable to Owners of the Company



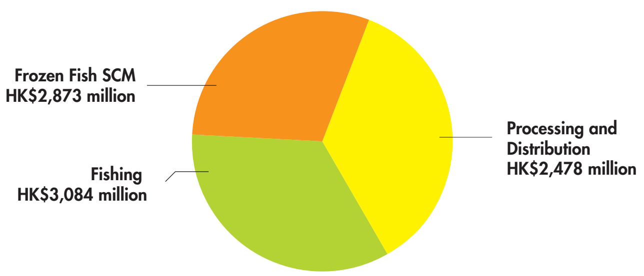
Inventory Turnover Days



Net Debtor Turnover Days



Debt Profile (28 September 2010)



MANAGING DIRECTOR'S REPORT

Dear Valued Investors,

It is with pleasure for us to report yet another year of continuous growth for Pacific Andes for the year ended 28 September 2010 ("FY2010"). During the year, Pacific Andes took full advantage of the strong foundations we have systematically built for the Group in the past. We have positioned ourselves to harnessing new opportunities and delivering satisfactory results in accordance with our growth plans.

In FY2010, the Group's revenue increased marginally by 1.8% to HK$11.5 billion (approximately US$1,470 million). However, through efficiency enhancement and disciplined cost control, coupled with the continued growth of our higher-margin fishing business, the Group was able to deliver record profit as a result of solid growth in operating margins. FY2010 saw an increase in gross profit by 10.2% versus twelve-month period ended 28 September 2009 ("FY2009") while EBITDA rose by 13.2%. Net profit reached HK$1,091 million (approximately US$139.8 million), equivalent to an increase of 7.4% over FY2009. The Board of Directors has resolved to declare a final dividend of 4.6 HK cents per share (six-month period 28 September 2009: 1.7 HK cents). This dividend represents a payout ratio of 33.3% of the consolidated recurring net profits. Shareholders are provided with an option to receive the final dividend in the form of scrip shares in lieu of cash.

MANAGING DIRECTOR'S REPORT

Over the past year, the highly fragmented fishing and seafood industry has continued to evolve through the ongoing process of consolidation, led by companies in pursuit of scale and diversification. With the Group's proven model in aggressively pursuing acquisition opportunities and organic growth, 2010 has also been an active year for Pacific Andes. Of such, the Group's continued effort to engaging in acquisitions in Peru while additionally expanding our operations to South Pacific and Mauritania fishing grounds has stated some of the excellent business cases.

Our disciplined approach to finance our debt and raise capital in the market has created a solid financial foundation that enables us to build sustainable growth over the long term. During the year, The Carlyle Group becomes a strategic shareholder of the Group's Singapore listed subsidiary China Fishery following its US$150 million (approximately HK$1,170 million) investment in July 2010. The Carlyle Group ("Carlyle") is highly regarded globally for its long-term outlook and investment philosophy based on shareholder value creation. I strongly believe that Carlyle's investment will underscore the integrity and dynamism of China Fishery among its key stakeholders, whether customers, investors or regulators.

As a company, we are growing and prospering. What's more, we are leading and contributing in the communities where we operate. We are committed to managing our business activities in a responsible and sustainable manner, benchmarking operations against internationally recognised best practice, and applying a vision that combines sustainability with continuous profitability. With the establishment of the Corporate Social Responsibility Advisory Committee at China Fishery, the Group as a whole will monitor and further enhance its operations to support marine sustainability, environmental best practices and safe food practices. We will also endeavour to set higher standards in sustainable practices for the seafood industry.

Prospects

We remain positive on the market outlook as global demand for fish continues to grow in line with rising affluence, increasing population and rising health consciousness against a backdrop of limited supply.

According to the Food and Agriculture Organisation ("FAO"), global demand for seafood will continue to outpace the growth in supply. The FAO also expects total per capita consumption of fish in the People's Republic of China (the "PRC") to rise by approximately 30% between now and 2030. This bodes well for the Group, given that the PRC continues to be our most significant market by revenue contribution. Amidst a limited supply of wild catch, this rising demand points to a steady rise in fish prices in the long run.

Opportunistic acquisitions and an ongoing focus on efficiency enhancement and operational excellence will continue to play a significant role in Pacific Andes's strategy. Indeed, after the reporting period, the Group's Singapore listed subsidiary PARD signed a sale and purchase agreement to acquire 19.76% stake of ASX-Listed Tassal Group Limited ("Tassal"), a vertically integrated salmon grower, processor, seller and marketer. The Group is always on the look-out for opportunities to invest in high-quality resources that are limited in supply, yet enjoy a strong demand in an ever-expanding market. Tassal is a perfect investment fit for the Group and it marks our first investment into the aquaculture industry.

In respect of our fishing division, we will continue to explore acquisition and consolidation opportunities in new geographical markets, as well as in existing markets. In addition, we will continue to enhance the operating efficiency of our fishing fleet. To this end, during the South Pacific non-fishing season, we will deploy our South Pacific fleet to Mauritania – a fishing ground in Africa rich in target species such as horse mackerel and sardines to further enhance fleet utilisation.

In Peru, costs will steadily be lowered by continually streamlining the fishing fleet and fishmeal processing plants, particularly in view of our higher quota share in Peru after the acquisitions. In addition, we also plan to improve further the operating efficiency of our North Pacific fleet.

In respect of our processing and distribution division, we will continue to optimise our processing capacity in the PRC and through product innovation, to further enhance our capabilities of offering value-added seafood products. Leveraging on our experience and understanding of the Chinese domestic market and with our state-of-the-art processing facilities in Qingdao, we plan to market our own household fish brand targeting the burgeoning Chinese market in the years to come.

In order to support our ongoing growth initiatives, we will strive to further solidify the financial foundation of the Group.

Our future is filled with opportunities. Capitalising on our sound business foundation, leading position in the industry, capacity in products innovation and sales and distribution network that stretch across the globe, we are well-placed to exploit existing opportunities for growth and to further extend our value chain.

Acknowledgements

On behalf of the Group, I would like to once again express my sincere 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 support over the past year. We look forward to the future and we are excited about our opportunities.

Ng Joo Siang
Managing Director and Vice-Chairman

20 January 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Fishing Division

In FY2010, the Group's fishing division, which operates through its Singapore-listed subsidiary China Fishery, continued to enhance the operating efficiencies of its North Pacific fishing fleet by streamlining the number of vessels in operation. This allowed the division to lower its cost of sales and vessel-operating expenses while still fishing its entire quota share for the year. In Peru, a keen focus on improved efficiency strategically allowed the closure of 2 fishmeal plants and a reduction in the number of vessels in operation during the year. This enabled the Group to improve utilisation and lower operating costs.

In May 2010, the fishing division acquired 2 Peruvian fishing companies, increasing its fishing quota share to 6.05% in North of Peru and 10.91% in South of Peru. The increased fishing quota will enable the division to raise its future fishmeal and fish oil production by approximately 20%, enhancing economies of scale and operating efficiencies.

Meanwhile, its South Pacific operating model has successfully enabled the division to operate more efficiently with fewer crew and lower energy consumption. The Group is optimistic that the catch results in the South Pacific will improve in 2011 as the catcher vessels continue to benefit from the experience gained in fleet management and operations.

Frozen Fish SCM Division

A high priority for the frozen fish SCM division in FY2010, which operates through its Singapore subsidiary PARD, has been to improve operational efficiencies and utilisation. During the year, the frozen fish SCM division acquired two additional transportation vessels, each able to carry 7,500 tonnes of cargo per voyage. With the deployment of these vessels in 2011, the division will be able to lower per unit cost of transportation and reduce our reliance on third party chartered vessels, thus enhancing delivery efficiency.

Processing and Distribution Division

During the year under review, the Group continued to increase the utilisation of the processing capacity and strengthen the management of its processing plants in the PRC. At the same time, the Group launched a new ERP and supply chain management system across our operations in the Hongdao Processing Complex. The successful system integration provides us with a reliable and highly scalable system to support our growing business. This compliments our comprehensive quality control and traceability system which covers the entire flow of the processing business, encompassing sourcing, production, processing, packaging, storage, sales and logistics.

To further improve the well-being of our staff in the PRC, we proactively raised the average wage of our PRC workers after Chinese New Year in early 2010. This move preemptively addressed the nationwide challenge of labour shortages by ensuring enhanced retention of our skilled workforce and better productivity at our new Hongdao processing complex.

Financial Review

Revenue

The Group's revenue for FY2010 was HK$11,470.5 million representing a slight increase of 1.8% over the revenue for FY2009. Higher revenue contribution from both the fishing division and the processing and distribution division was partially offset by the lower revenue from the frozen fish SCM division.

By geographical markets

Geographically, the PRC continues to be the Group's key market, representing 53.3% of total revenue during the period under review. Through the adoption of the full traceability system at the Hongdao processing complex, the Group was able to capture additional market share particularly in the European markets. Sales to Europe increased by 7.0% to HK$2,331.2 million, accounting for 20.3% of total revenue. Sales to North America and East Asia accounted for 15.8% and 8.4% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

By Business

Revenue from the fishing division, which accounted for 36.6% of the Group's revenue, increased by 12.3% from HK$3,742.2 million to HK$4,203.7 million on the back of higher fishmeal selling prices, higher sales volume in the North Pacific operations and the first full year contribution from the South Pacific operations.

Revenue from the frozen fish SCM division, which made up of 28.1% of the Group's revenue, softened by 18.4% from HK$3,958.7 million to HK$3,228.7 million, this was mainly due to lower selling price of the Group's major fish products arising from increased total supply from the North Pacific, and a temporary shipment delay in the 4th quarter of the financial year.

Revenue from the processing and distribution division, which accounted for 34.9% of the Group's revenue, increased by 13.6% from HK$3,526.0 million to HK$4,004.7 million. The increase was mainly attributable to higher sales volume of frozen fish fillet to the European markets.

Gross Profit

Despite of the temporary pressure on the average selling prices for some of the frozen fish products due to higher global supply, the Group's gross profit margin improved from 18.7% to 20.2%. In FY2010, gross profit increased by 10.2% from HK$2,100.3 million to HK$2,314.8 million. The increase was primarily attributable to higher overall operational efficiency and the increased contribution from the fishing division, which enjoys higher operating margins.

During the year, the Group continued to implement various efficiency enhancement measures including streamlining the operations, optimising the utilisation of fixed assets and improving the logistic management. The Group has also continuously expanded its market coverage and broadened its revenue sources to achieve economies of scale.

Selling and distribution expenses

In FY2010, selling and distribution expenses increased by 40.7% from HK$332.8 million to HK$468.3 million. The increase was primarily due to the contribution from the fishing division. Higher sales volume in the North Pacific trawling operations and higher per unit freight costs in the South Pacific operations has resulted in the increase in overall selling and distribution expenses.

Administrative expenses

Administrative expenses increased by 17.3% from HK$413.4 million to HK$484.9 million. The increase was mainly due to increasing headcounts for the PRC and international businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

Finance costs decreased slightly by 4.3% from HK$469.0 million to HK$449.0 million. The decrease was mainly due to lower market interest rates and interest savings from the repurchase of convertible bonds and senior notes by PARD in July 2010.

Profit for the year

As a result of the foregoing, net profit increased by 7.4% from HK$1,015.3 million to HK$1,090.8 million. Profit attributable to owners of the Company decreased by 1.6% from HK$500.8 million to HK$493.0 million, the reduction was primarily due to the dilution of earnings from the fishing division after the placement of new shares by China Fishery to The Carlyle Group in July 2010.

As a result of the enlarged equity base after the rights issue carried out in July 2009, basic earnings per share were HK 16.3 cents, based on weighted average of 3,028.6 million shares (FY2009: HK 22.3 cents based on 2,249.3 million shares as restated for the rights issue).

Financial position, liquidity and capital structure

Financial position

As at 28 September 2010, total assets increased by 23.5% year-on-year from HK$17,136.8 million to HK$21,164.9 million.

Non-current assets posted a year-on-year increase of HK$2,449.3 million to HK$12,202.7 million due to investment in property, plant and equipment. During the year under review, the Group continued to expand its overall production capability and enhanced the operational efficiency and utilisation of its fleet. The frozen fish SCM division acquired two transportation vessels, each with annual handling capacity of approximately 60,000 tonnes. For the fishing division, the Group acquired an additional 1.02% of Peruvian fishing quota. In addition, two new catcher vessels were added to the South Pacific trawling fleet.

Current assets increased by HK$1,578.8 million to HK$8,962.2 million, largely as a result of an increase in trade, bills and other receivables, in line with enlarged operations and higher catch volume for the fishing division.

Total liabilities increased by 16.4% year-on-year from HK$9,224.8 million to HK$10,736.8 million.

Non-current liabilities decreased by HK$29.9 million year-on-year to HK$3,920.7 million. Current liabilities increased by HK$1,541.9 million year-on-year to HK$6,816.1 million, primarily due to the increase in bank borrowings to fund the Group's acquisitions during the year.

Bank Loans and Other Borrowings

As at 28 September 2010, the total interest-bearing bank loans and other borrowings amounted to HK$8,434.7 million (as at 28 September 2009: HK$7,764.3 million). The increment in amount was mainly used to fund the acquisitions during the year under review. Out of the Group's total bank loans and other borrowings, 61% (as at 28 September 2009: approximately 53%) was repayable within first year and 39% (as at 28 September 2009: approximately 47%) was repayable within the second to the fifth year.

65% of short-term borrowings and 80% of long-term borrowings was made by the Group's subsidiaries China Fishery and PARD. These loans were not guaranteed by the Company.

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

Equity and gearing ratio

Equity attributable to the equity holders of the Company was HK$5,808.9 million, 24.9% higher than the HK$4,651.4 million as at 28 September 2009.

The net-debt-to-equity ratio, defined as a percentage of net interest bearing borrowings over total equity, improved to 74.4% from 92.8%. As at 28 September 2010, the Group held HK$635.1 million in cash and bank balances.

Subsequent events

On 17 November 2010, China Fishery signed a US$425 million (approximately HK$3,315 million) club loan facility agreement with five international banks to refinance its existing debts and also to finance its general working capital needs.

On 8 December 2010, PARD signed a sale and purchase agreement to acquire 19.76% equity of ASX-Listed Tassal, a vertically integrated salmon grower, processor, seller and marketer, for A$51.7 million (approximately HK$397.4 million). On 7 January 2011, PARD completed the acquisition of 14.90% of the issued share capital of Tassal.

On 17 December 2010, China Fishery announced the intention to undertake a global offering of new ordinary shares (the "Proposed Global Offering") and seek a dual primary listing of all the ordinary shares of China Fishery on the Main Board of the Stock Exchange of Hong Kong Limited. China Fishery plans to allot and issue up to 200,000,000 new ordinary shares (including the over-allotment option) pursuant to the Proposed Global Offering.

EMPLOYEES AND REMUNERATION

As at 28 September 2010, the Group had a total of approximately 13,500 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, 75, 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, 51, 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 30 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, 50, 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, 48, 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, 38, 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, 54, is currently Independent Chairman of Pak Tak International Limited and Independent Non-Executive Director of Sincere Watch HK Limited, both companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Lew is also currently Director of a corporation of certified public accountants in Hong Kong. He has over 20 years of experience in corporate assurance advisory, taxation and business consultation. Mr. Lew graduated from the University of British Columbia in Canada in 1979. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Alberta Institute of Chartered Accountants.

Kwok Lam Kwong, Larry, B.B.S. J.P., 55, is a solicitor practicing 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., 62, 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 School Management Committee of the Kowloon Technical School 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.

REPORT OF THE DIRECTORS

The directors present their annual report and the audited consolidated financial statements for the year ended 28 September 2010.

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 2010 are set out in notes 49, 50 and 27 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% (28 September 2009: 30%) of the Group's turnover. The five largest suppliers of the Group together accounted for approximately 46% (28 September 2009: 41%) of the Group's total purchases, with the largest supplier accounting for 16% (28 September 2009: 16%).

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

Results and Appropriations

The results of the Group for the year ended 28 September 2010 are set out in the consolidated income statement on page 30.

The directors recommend the payment of a final dividend of HK4.6 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 2011 amounting to HK$140,907,000 and the retention of the remaining profit for the year of HK$352,118,000. 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.

Property, Plant and Equipment

During the year, the Group spent approximately HK$1,525,468,000 on the acquisition of property, plant and equipment. Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

Investment Properties

The Group has revalued its investment properties at 28 September 2010.

Details of movements during the year in investment properties of the Group are set out in note 16 to the consolidated financial statements.

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

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

Convertible Bonds, Share Capital, Warrants, Share Options and Share Awards
Details of movements in the convertible bonds, share capital, warrants, share options and share awards are set out in notes 35, 39, 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 33 and 34 to the consolidated financial statements respectively.

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

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

Executive directors:

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

Independent non-executive directors:

Lew V Robert
Kwok Lam Kwong, Larry
Tao Kwok Lau, Clement

In accordance with the provisions of the Company's bye-laws, Ng Joo Siang, Ng Joo Kwee, Ng Joo Puay, Frank and Tao Kwok Lau, Clement 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 and warrants

At 28 September 2010, the interests of the directors and their associates in the shares and warrants of the Company, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

	Number of ordinary shares and warrants held (long position)		
Name of director	Personal Interest	Family Interest	Percentage of the issued share capital of the Company
Ng Joo Siang			
– shares	–	3,218,781 Note (a)	0.11%
– warrants	–	636,193 Note (a)	0.02%
Ng Puay Yee			
– shares	869,497	–	0.03%
– warrants	173,899	–	0.01%

Note:

(a) These shares and warrants 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 year. No share option was granted by the Company during the year.

Other than as disclosed above, no director or chief executive or their respective associate had any personal, family, corporate or other interests or short positions in any securities of the Company or any of its associated corporations as defined in the SFO as at 28 September 2010.

(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.

Directors' and Chief Executives Interests – continued

(iii) Share award plan – continued

(iv) 6,497,597 and 1,052,693 share awards remained outstanding as at 28 September 2010, but no share award will vest until 15 January 2012 and 30 December 2012, respectively.

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

Other than as disclosed above, none of the directors or chief executives or their respective associates had any personal, family, corporate or other interests or short positions in any securities of the Company or any of its associated corporations as defined in the SFO as at 28 September 2010.

Arrangements to Purchase Shares or Debentures

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

Directors' Interest in Contracts of Significance

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

Substantial Shareholders

As at 28 September 2010, 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 and warrants of the Company:

Name of shareholder	Capacity	Number of issued ordinary shares and warrants held (long position)		Percentage of the issued share capital of the Company
N.S. Hong Investment (BVI) Limited				
– shares	Beneficial owner	1,668,421,285	(Note 1)	54.47%
– warrants	Beneficial owner	329,763,984	(Note 1)	10.77%
Leung Hok Pang				
– shares	Beneficial owner	238,466,724	(Note 2)	7.78%
– warrants	Beneficial owner	28,191,549	(Note 2)	0.92%

Notes:

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

2. Leung Hok Pang directly hold such shares and warrants.

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 2010.

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 Limited ("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 2010:

	HK$'000
Sales to Kyoshoku and its subsidiary	58,588
Interest income received from Kyoshoku and its subsidiary	2,877
Interest paid to NFS and its subsidiary	1,930
Administrative income received from PARD and its subsidiaries	25,354
Interest income received from PARD and its subsidiaries	69

The interest income was calculated at interest rates ranging from 2.23% to 2.65% 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 of 4% per annum on 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 year, 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$46,200,000 to Kyoshoku and its subsidiary. These guarantees given by the Company were in the ordinary and usual course of business.

Public Float

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

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code for dealing in securities of the Company by the directors. Specific enquiry has been made with all directors and the directors have complied with the required standard set out in the Model Code for the year ended 28 September 2010.

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.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited consolidated financial statements for the year ended 28 September 2010.

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

20 January 2011

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 maximizing shareholders' interests.

The Company has adopted the code provisions set out in the Code of Corporate Governance (the "CG Code") contained in Appendix 14 to the Listing Rules. The Company has complied with all the applicable code provisions in the CG Code throughout the year ended 28 September 2010, 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.

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 year ended 28 September 2010 is as follows:

Name of Directors	**Number of attendance**
Executive:	
Teh Hong Eng *(Chairperson)*	2/2
Ng Joo Siang *(Managing Director and Vice-Chairman)*	2/2
Ng Joo Kwee	2/2
Ng Joo Puay, Frank	2/2
Ng Puay Yee	2/2
Independent non-executive:	
Lew V Robert	2/2
Kwok Lam Kwong, Larry	2/2
Tao Kwok Lau, Clement	2/2

Chairperson and Managing Director

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

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

Directors' Securities Transactions

The Company has adopted the Model Code of the Listing Rules as the code for dealing in securities of the Company by the directors. Specific enquiry has been made with all directors and the directors have complied with the required standard set out in the Model code for the year ended 28 September 2010.

Auditors' Remuneration

For the year ended 28 September 2010, the auditors of the Group received approximately HK$8,363,000 and HK$723,000 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. The attendance of the directors at the Audit Committee Meeting for the year ended 28 September 2010 is as follows:

Name of Directors	Number of attendance
Lew V Robert	2/2
Kwok Lam Kwong, Larry	2/2
Tao Kwok Lau, Clement	2/2

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

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

- reviewed the interim results for the period ended 28 March 2010 and annual results for the year ended 28 September 2010 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 year

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

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

- reviewed, recommended and approved the remuneration of external auditors

Remuneration Committee

The Remuneration Committee has been established by the Company in accordance with the requirement of the CG Code. The Remuneration Committee currently comprises five members, three independent non-executive directors, 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 year and up to the date of the Annual Report, the Remuneration Committee reviewed the Group's remuneration policy and reviewed the remuneration package of the executive directors and senior management for the year ended 28 September 2010.

The attendance of the directors at the Remuneration Committee Meeting for the year ended 28 September 2010 is as follows:

Name of Directors	Number of attendance
Kwok Lam Kwong, Larry *(Chairman)*	1/1
Lew V Robert	1/1
Tao Kwok Lau, Clement	1/1
Ng Joo Siang	1/1
Ng Joo Puay, Frank	1/1

Nomination of Directors

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

Accountability

The directors are responsible for the preparation of the financial statements of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cashflow of the Group. The directors ensure that the financial statements for the year ended 28 September 2010 were prepared in accordance with statutory requirements and applicable accounting standards, and have been prepared on a going concern basis.

Internal Controls

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

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

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

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

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

We have audited the consolidated financial statements of Pacific Andes International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 105, which comprise the consolidated statement of financial position as at 28 September 2010, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 28 September 2010, 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 2010 and of the Group's profit and cash flows for the year ended 28 September 2010 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
20 January 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 28 September 2010

	Notes	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000	1.10.2008 to 28.9.2009 HK$'000 (unaudited)
Revenue	6	11,470,543	5,556,761	11,264,418
Cost of sales		(9,155,715)	(4,641,175)	(9,164,079)
Gross profit		2,314,828	915,586	2,100,339
Other income	7	273,131	82,571	190,435
Selling and distribution expenses		(468,281)	(163,325)	(332,775)
Administrative expenses		(484,899)	(200,667)	(413,402)
Other expenses	8	(41,310)	(26,278)	(40,044)
Gain on deemed acquisition of additional interests in subsidiaries		–	–	7,058
Finance costs	9	(449,017)	(214,856)	(469,014)
Share of results of associates	21	1,515	724	618
Profit before taxation	10	1,145,967	393,755	1,043,215
Taxation	12	(55,138)	(34,118)	(27,905)
Profit for the year/period		1,090,829	359,637	1,015,310
Profit for the year/period attributable to:				
Owners of the Company		493,025	173,793	500,792
Non-controlling interests		597,804	185,844	514,518
		1,090,829	359,637	1,015,310

	Notes	29.9.2009 to 28.9.2010 HK cents	1.4.2009 to 28.9.2009 HK cents	1.10.2008 to 28.9.2009 HK cents (unaudited)
Earnings per share				
Basic	14	16.3	7.1	22.3
Diluted	14	16.2	7.0	22.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 September 2010

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000	1.10.2008 to 28.9.2009 HK$'000 (unaudited)
Profit for the year/period	1,090,829	359,637	1,015,310
Other comprehensive income:			
Surplus on revaluation of properties	144,823	181,525	189,176
Deferred tax liability arising on revaluation of properties	(21,928)	(35,841)	(40,238)
Reversal of deferred tax liability (note 12)	30,000	–	–
Exchange difference arising on translation of foreign operations	26,760	1,199	(12,291)
Other comprehensive income for the year/period	179,655	146,883	136,647
Total comprehensive income for the year/period, net of tax	1,270,484	506,520	1,151,957
Total comprehensive income attributable to:			
Owner of the Company	655,786	312,970	631,905
Non-controlling interests	614,698	193,550	520,052
	1,270,484	506,520	1,151,957

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 28 September 2010

	Notes	28.9.2010 HK$'000	28.9.2009 HK$'000 (restated)	1.4.2009 HK$'000 (restated)
Non-current assets				
Property, plant and equipment	15	6,023,668	4,654,180	3,951,752
Investment properties	16	506,515	292,229	211,079
Prepaid lease payments	17	45,622	47,058	47,687
Goodwill	18	2,907,624	2,730,035	2,712,746
Deferred charter hire	19	1,232,320	1,404,960	1,490,320
Available-for-sale investment	20	7,800	7,800	–
Interests in associates	21	15,035	13,520	12,796
Other intangible assets	22	1,463,147	602,634	602,634
Other long term receivable		928	928	928
		12,202,659	9,753,344	9,029,942
Current assets				
Inventories	23	1,786,295	1,847,387	1,774,356
Trade, bills and other receivables	24	6,041,084	4,641,463	4,078,176
Trade receivables with insurance coverage	25	319,914	277,451	223,153
Trade receivables from associates	26	70,992	138,139	69,464
Amounts due from associates	26	13,516	6,291	–
Amount due from a jointly-controlled entity	27	7,536	1,421	1,369
Held-for-trading investments	28	3,754	3,224	–
Derivative financial instruments		–	–	11,743
Tax recoverable		39,216	46,661	73,883
Pledged deposits	30	44,839	59,491	67,329
Bank balances and cash	31	635,066	361,888	335,489
		8,962,212	7,383,416	6,634,962
Current liabilities				
Trade, bills and other payables	32	1,543,659	822,330	542,239
Bank advances drawn on discounted trade receivables with insurance coverage and discounted bills	25	265,560	309,669	419,902
Derivative financial instruments	29	21,130	7,512	–
Dividend payable		–	167,093	–
Deferred consideration payable	38	–	39,839	494,633
Taxation		122,471	107,444	98,284
Obligations under finance lease – due within one year	33	31,116	37,491	36,533
Bank borrowings – due within one year	34	4,832,172	3,782,830	3,185,339
		6,816,108	5,274,208	4,776,930
Net current assets		2,146,104	2,109,208	1,858,032
Total assets less current liabilities		14,348,763	11,862,552	10,887,974

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 28 September 2010

	Notes	28.9.2010 HK$'000	28.9.2009 HK$'000 (restated)	1.4.2009 HK$'000 (restated)
Non-current liabilities				
Obligations under finance leases – due after one year	33	95,118	81,302	100,778
Bank borrowings – due after one year	34	978,559	1,300,134	1,534,690
Convertible bonds	35	588,895	591,666	612,772
Senior notes	36	1,643,260	1,661,208	1,707,592
Deferred taxation	37	614,856	316,258	283,549
		3,920,688	3,950,568	4,239,381
Net assets		10,428,075	7,911,984	6,648,593
Capital and reserves				
Share capital	39	306,319	283,209	188,806
Share premium and reserves		5,502,572	4,368,186	3,762,054
Equity attributable to owners of the Company		5,808,891	4,651,395	3,950,860
Equity component of convertible bonds of a listed subsidiary	35	35,482	37,445	39,710
Non-controlling interests		4,583,702	3,223,144	2,658,023
Total equity		10,428,075	7,911,984	6,648,593

The financial statements on pages 30 to 105 were approved and authorised for issue by the Board of Directors on 20 January 2011 and are signed on its behalf by:

Ng Joo Siang
DIRECTOR

Ng Joo Puay, Frank
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 September 2010

	Attributable to owners of the Company										Equity component of convertible bonds of a listed subsidiary	Non-controlling interests	Total
	Share capital	Share premium	Properties revaluation reserve	Translation reserve	Other reserve	Warrants reserve	Goodwill reserve	Special reserve	Retained profits	Total			
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 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 right shares	–	(11,759)	–	–	–	–	–	–	–	(11,759)	–	–	(11,759)
Decrease in equity portion 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 non-controlling 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
Surplus on revaluation of properties	–	–	130,707	–	–	–	–	–	–	130,707	–	14,116	144,823
Deferred tax liability arising on revaluation of properties	–	–	(21,928)	–	–	–	–	–	–	(21,928)	–	–	(21,928)
Reversal of deferred tax liability	–	–	30,000	–	–	–	–	–	–	30,000	–	–	30,000
Exchange difference arising translation of foreign operations	–	–	–	23,982	–	–	–	–	–	23,982	–	2,778	26,760
Other comprehensive income	–	–	138,779	23,982	–	–	–	–	–	162,761	–	16,894	179,655
Profit for the year	–	–	–	–	–	–	–	–	493,025	493,025	–	597,804	1,090,829
Total comprehensive income for the year	–	–	138,779	23,982	–	–	–	–	493,025	655,786	–	614,698	1,270,484
Issue of scrip dividend shares (note 13)	23,110	168,606	–	–	–	–	–	–	–	191,716	–	–	191,716
Issue of warrants (note 40)	–	(112,228)	–	–	–	112,228	–	–	–	–	–	–	–
Issue of shares on exercise of warrants	–	1	–	–	–	–	–	–	–	1	–	–	1
Transaction costs attributable to issue of warrants	–	(920)	–	–	–	–	–	–	–	(920)	–	–	(920)
Decrease in equity portion of convertible bonds of a listed subsidiary on repurchase	–	–	–	–	–	–	–	–	–	–	(1,963)	–	(1,963)
Acquisition of additional interest in a subsidiary	–	–	–	–	(2,279)	–	–	–	–	(2,279)	–	(2,345)	(4,624)
Deemed acquisition of additional interest in subsidiaries	–	–	–	–	926	–	–	–	–	926	–	(926)	–
Contribution from non-controlling shareholders	–	–	–	–	363,830	–	–	–	–	363,830	–	779,417	1,143,247
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(30,286)	(30,286)
Dividends recognised as distribution	–	–	–	–	–	–	–	–	(51,564)	(51,564)	–	–	(51,564)
At 28 September 2010	306,319	2,358,956	469,120	92,481	309,822	112,228	(135,913)	9,800	2,286,078	5,808,891	35,482	4,583,702	10,428,075

The retained profits of the Group include accumulated profit of HK$1,415,000 (2009: accumulated losses of HK$100,000) and an accumulated profit of HK$45,208,000 (2009: HK$27,925,000) 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 year ended 28 September 2010

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
Operating activities		
Profit before taxation	1,145,967	393,755
Adjustments for:		
Interest income	(2,161)	(654)
Interest expense	449,017	214,856
Amortisation of deferred charter hire	172,640	85,360
Share of results of associates	(1,515)	(724)
Amortisation of prepaid lease payments	942	462
Depreciation of property, plant and equipment	479,050	139,524
Revaluation decrease (reversal of revaluation decrease) of land and buildings	139	(2,795)
Fair value changes on investment properties	(63,277)	(37,237)
Fair value change on held-for-trading investments	(530)	(1,761)
Fair value change on derivative financial instruments	13,618	9,560
Gain on repurchase of convertible bonds	(3,473)	(12,680)
Loss (gain) on purchase of senior notes	1,232	(3,919)
Impairment loss on property, plant and equipment	9,776	–
Loss on deemed disposal of interest in a subsidiary	–	72
Loss on disposal of property, plant and equipment	717	1,755
Operating cash flows before movements in working capital	2,202,142	785,574
Decrease (increase) in inventories	61,464	(73,031)
Increase in trade, bills and other receivables	(1,357,367)	(564,708)
Increase in trade receivables with insurance coverage	(42,463)	(54,298)
Decrease (increase) in trade receivables with associates	67,147	(68,675)
Increase in amounts due from associates	(7,225)	(6,291)
Increase in amount due from a jointly-controlled entity	(6,115)	(52)
Increase in held-for-trading investments	–	(1,463)
Decrease in derivative financial instruments	–	9,695
Increase in trade, bills and other payables	700,777	289,847
Cash generated from operations	1,618,360	316,598
Tax paid	(7,980)	(2,054)
Interest paid	(411,579)	(200,807)
Net cash from operating activities	1,198,801	113,737

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28 September 2010

	Notes	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
Investing activities			
Interest received		2,161	654
Proceed on disposal of property, plant and equipment		275	2,534
Addition to property, plant and equipment (note A)		(1,418,795)	(672,996)
Addition to investment properties		(148,167)	(17,761)
Addition to available-for-sale investment		–	(7,800)
Decrease in pledged deposits		14,652	7,838
Acquisition of additional interest of a subsidiary		(4,624)	(37,021)
Acquisition of subsidiaries	42	(894,441)	–
Net cash used in investing activities		(2,448,939)	(724,552)
Financing activities			
Proceeds from shares issued by a subsidiary		1,143,247	391,231
Issue of rights shares		–	566,417
Proceeds from exercise of warrants		1	–
Share issue expenses		(920)	(11,759)
Purchase of senior notes	36	(28,759)	(47,385)
Repurchase of convertible bonds		(30,738)	(24,570)
Dividend paid to non-controlling shareholders		(30,286)	–
Dividend paid		(26,941)	–
Repayments of obligations under finance leases		(99,232)	(18,518)
Payment of deferred consideration		(39,839)	(454,794)
Additions of mortgage loans		106,135	–
Repayments of mortgage loans		(26,619)	(7,226)
Syndicated loans repaid		(240,000)	(120,000)
Net bank advances drawn on discounted trade receivables with insurance coverage and discounted bills repaid		(44,109)	(110,233)
Decrease in bank overdrafts		(415)	(15,380)
Bank borrowings raised		518,700	312,000
Repayment of bank borrowings		(165,027)	(175,891)
Additions of trust receipt loans, net		496,232	365,847
Net cash from financing activities		1,531,430	649,739
Net increase in cash and cash equivalents		281,292	38,924
Cash and cash equivalents at beginning of the year/period		361,888	335,489
Effect of foreign exchange rate changes		(8,114)	(12,525)
Cash and cash equivalents at end of the year/period		635,066	361,888
Representing by:			
Bank balances and cash		635,066	361,888
Note A			
Addition to property, plant and equipment		1,525,468	687,354
Less: Property, plant and equipment purchased under finance lease arrangement		(106,673)	–
Finance cost capitalised as property, plant and equipment		–	(14,358)
Cash payments on purchase of property, plant and equipment		1,418,795	672,996

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2010

1. General

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares and warrants 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 27 respectively.

In August 2009, the Company had changed its financial year end date from 31 March to 28 September. The reason for the change was set out in the Company's announcement dated 26 August 2009. The Group's listed subsidiaries, Pacific Andes Resources Development 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 previous period covered the six-month period from 1 April 2009 to 28 September 2009. The corresponding amount shown for the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes covered a six-month period from 1 April 2009 to 28 September 2009 and therefore may not be comparable with amounts for the current year.

The unaudited comparative amounts covered a twelve-month period from 1 October 2008 to 28 September 2009 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 of the current year's performance.

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

In the current year, the Group has applied, the following Hong Kong Accounting Standards ("HKAS(s)"), Hong Kong Financial Reporting Standards ("HKFRS(s)"), amendments and interpretations ("HK(IFRIC) Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") :

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009, except for amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HKFRS 5 and HKFRS 8
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 3 (Revised 2008)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a term loan that contains a Repayment on Demand Clause

The adoption of these new and revised 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.

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

HKFRS 3 (Revised 2008) Business Combinations

HKFRS 3 (Revised 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

HKFRS 3 (Revised 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree. In the current year, in accounting for the acquisition of subsidiaries, the Group has elected to measure the non-controlling interests at fair value at the date of acquisition. Consequently, the goodwill recognised in respect of that acquisition reflects the impact of the difference between the fair value of the non-controlling interests and their share of recognised identifiable net assets of the acquiree.

HKFRS 3 (Revised 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

HKFRS 3 (Revised 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

HKFRS 3 (Revised 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The adoption of HKAS 27 (Revised 2008) has resulted in a change in the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary are accounted for as equity transactions. As the revised accounting policy has been applied prospectively from 29 September 2009, this change in accounting policy has not resulted in restatement of amounts reported in respect of prior accounting periods.

In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss. Under HKAS 27 (Revised 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

In respect of (i) the change in share of net assets attributable to the Group of HK$926,000 in relation to the deemed acquisition of additional interests in a subsidiary resulting from shares issued to the Group by the subsidiary under scrip dividend ; (ii) the difference between the purchase consideration and decrease in the carrying value of non-controlling interest of the subsidiary of HK$2,279,000 relating to the acquisition of additional interest in a subsidiary during the year; and (iii) the difference between the consideration received by way of capital contribution and the change of the non-controlling interests' proportionate share of the carrying amount of the identifiable net assets in a subsidiary arising from the deemed disposal of HK$363,830,000, the impact of the change in policy has been recognised directly in equity. Had the previous accounting policy been applied, the profit for the year would have been increased by HK$364,756,000, the goodwill as at 28 September 2010 would have been increased by HK$2,279,000 and the basic earnings per share and diluted earnings per share would have been HK28.3 cents and HK28.2 cents respectively.

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

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HK Interpretation 5 ("HK Int 5") clarifies that term loans that include a clause that gives the lender unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amount of HK$45,605,000 and HK$53,237,000 have been reclassified from non-current liabilities to current liabilities as at 28 September 2009 and 1 April 2009 respectively. As at 28 September 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$123,542,000 have been reclassified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior year.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities that reflects the remaining contractual maturities (see note 5b(iv)).

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HKFRS 5 and HKFRS 8[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[2]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopter[5]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions[1]
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 January 2010
2 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
3 Effective for annual periods beginning on or after 1 July 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 July 2011
6 Effective for annual periods beginning on or after 1 January 2012
7 Effective for annual periods beginning on or after 1 January 2013

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

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and financial liabilities and will be effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

- HKFRS 9 requires all recognised financial assets that are within scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of the subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

Under HKAS 12 (Amendments), the measurement of deferred tax liabilities and deferred tax assets depends on whether or not an entity expect to recover an asset by using it or by selling it. Specifically, under the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, an entity should presume that the properties will be recovered through sale (i.e. the measurement of deferred tax should reflect the tax consequences of recovering the carrying amount of the properties entirely through sale). Such a presumption is rebutted only when the investment property is depreciable and is held within a business model whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for investment properties should be measured in accordance with the general principles in HKAS 12. Therefore, based on the amendments, the Group's investment properties in Hong Kong do not have to provide deferred tax on fair value gains or losses arising from revaluation of investment properties or arising from a business combination, unless the presumption is rebutted.

The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will not have material impact on the consolidated financial statements of the Group.

3. Significant Accounting Policies

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

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

Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year/period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

3. Significant Accounting Policies – continued

Basis of consolidation – continued

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.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 29 September 2009, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 29 September 2009

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings at the date when control is lost). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments : Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in associates and a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 29 September 2009

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

3. Significant Accounting Policies – continued

Business combinations

Business combinations prior to 29 September 2009

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 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 non-controlling 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.

Business combinations on or after 29 September 2009

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each 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. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant HKFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 (Revised 2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with HKFRS 2 "Share-based Payment"; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. Significant Accounting Policies – continued

Business combinations – continued

Business combinations on or after 29 September 2009 – continued

Non-controlling interests was initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

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.

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.

3. Significant Accounting Policies – continued

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 operating leases is recognised in the profit or loss on a straight-line basis over the terms of the relevant leases.

Property, plant and equipment

Property, plant and equipment including leasehold 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.

Leasehold 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 amortisation 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 leasehold 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.

3. Significant Accounting Policies – continued

Property, plant and equipment – continued

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, 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. 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	2½ – 10 years
Motor vehicles	2½ – 20 years
Plant and machinery	2 – 10 years
Vessels	10 – 20 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.

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 profit or loss in the year in which the item is derecognised.

3. Significant Accounting Policies – continued

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 profit or loss when the asset is derecognised.

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 profit or loss 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.

3. Significant Accounting Policies – continued

Deferred 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 19). 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.

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.

3. Significant Accounting Policies – continued

Financial instruments – continued

Financial assets – continued

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 the end 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 the reporting period subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment loss 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.

3. Significant Accounting Policies – continued

Financial instruments – continued

Financial assets – continued

Impairment loss of financial assets – continued

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 a company after deducting all of its liabilities. Equity instruments issued by a company are recorded at the proceeds received, net of direct issue costs. Rights issue (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 rate to all of its existing owners of the same class of its own non-derivative equity instruments.

The Group's financial liabilities (including trade, bills and other payables, bank advances and borrowings, derivative financial instruments, convertible bonds, deferred consideration payable, dividend payable and senior notes) are subsequently measured at amortised cost, using the effective interest rate method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and 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.

3. Significant Accounting Policies – continued

Financial instruments – continued

Financial liabilities and equity – continued

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, the liability component is recognised at the fair value and the equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole.

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 the 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 the 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 the 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.

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 profit or loss 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.

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.

3. Significant Accounting Policies – continued

Taxation – continued

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 the 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.

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 2010, the carrying amount of deferred charter hire (note 19) was HK$1,404,960,000 (2009 : HK$1,577,600,000). The operation of vessels under the operating vessel agreements with the Arrangers (as defined in note 19) have been profitable after deducting recognition of the deferred charter hire over the periods for which the charter hires have been prepaid. The directors expect the operations to remain profitable in the foreseeable future and the carrying amount of the deferred charter hire to be recoverable from future operations.

Carrying amount of vessels and fishing permits

The carrying amounts of vessels and fishing permits totalled HK$1,782,594,000 and HK$1,439,184,000, respectively, as at 28 September 2010 (2009 : HK$575,537,000 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 these cash-generating units.

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 18.

Goodwill arising from acquisition of subsidiaries during the year amounting to HK$177,589,000 in aggregate (1.4.2009 to 28.9.2009: acquisition of additional interests in a subsidiary amounting to HK$17,289,000), is provisionally determined based on management's assessment of the fair value of assets and liabilities acquired and is subject to change. Based on management's assessment, management is of the view that the carrying amount of goodwill of HK$2,907,624,000 (2009: HK$2,730,035,000) is not impaired. Information relating to the carrying amount and management's assessment of goodwill is provided in note 18.

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$5,717,839,000 (2009: HK$3,575,809,000) (excluding the carrying amounts of freehold land of HK$46,287,000 (2009: HK$41,423,000) and construction in progress of HK$259,542,000 (2009: HK$1,036,948,000)) 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 15.

Management reviews that the estimated useful lives of these assets at the end of the 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 profit or loss.

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 :

	28.9.2010 HK$'000	28.9.2009 HK$'000
Financial assets		
Held-for-trading investments	3,754	3,224
Available-for-sale investment	7,800	7,800
Loans and receivables (including cash and cash equivalents)	2,789,850	2,467,823
	2,801,404	2,478,847
Financial liabilities		
Amortised cost	9,964,560	8,775,992
Derivative financial instruments	21,130	7,512
	9,985,690	8,783,504

b. Financial risk management policies and objectives

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

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, interest rates, 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 objectives – 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 Singapore dollars.

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**	
	28.9.2010 HK$'000	**28.9.2009 HK$'000**	**28.9.2010 HK$'000**	**28.9.2009 HK$'000**
United States dollars	745,272	245,825	209,904	86,435
Peruvian Nuevo Soles	57,320	45,635	67,951	47,928
Chinese Renminbi	5,080	1,124	2,273	11,303
Hong Kong dollars	8,177	13,004	6,875	4,063
Euro	10,587	3,856	9,012	13,828
Singapore dollars	619	5,616	2,559	2,740
British pounds	364	–	–	8,873
Japanese Yen	85	–	193	36
Norwegian Krone	234	38	226	226
Australian dollars	–	–	1,789	–
Danish Krone	–	63	–	–

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 year will decrease or increase by HK$1,063,000 (1.4.2009 to 28.9.2009: HK$229,000), respectively. For other foreign currencies, the management considers that the amounts involved are insignificant and accordingly no sensitivity analysis is presented.

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$21,130,000 (2009 : HK$7,512,000) is exposed to the forward exchange rate of the relevant foreign currencies against the functional currencies of each group entity.

The management considered that the Group's exposure to the foreign currency risk on these contracts is insignificant. Accordingly, no sensitivity analysis is presented.

(ii) Interest rate risk management

Interest-earning financial assets comprise pledged deposits, bank balances and fixed deposits (notes 30 and 31). Summary quantitative data of the Group's interest-bearing financial liabilities can be found in section (iv) of this note.

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

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

b. Financial risk management policies and objectives – continued

(ii) Interest rate risk management – continued

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 year would decrease/increase by HK$25,142,000 (1.4.2009 to 28.9.2009 : HK$11,220,000). 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 and trade receivables with insurance coverage have 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 9% (2009 : 12%) and 39% (2009 : 43%) 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 other 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 consolidated financial statements represents the Group's maximum exposure to credit risk.

(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 net basis, the undiscounted cash outflows are insignificant and therefore not presented.

Bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities is prepared based on the agreed repayment dates.

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

b. Financial risk management policies and objectives – continued

(iv) Liquidity risk management – continued

Liquidity and interest risk analyses – continued

Non-derivative financial liabilities – continued

	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
28.9.2010						
Non-derivative financial liabilities						
Non-interest bearing	–	1,529,880	–	–	1,529,880	1,529,880
Obligations under finance leases	9.26	48,275	128,040	–	176,315	126,234
Variable interest rate instruments (note)	2.68	5,117,197	965,059	–	6,082,256	6,021,989
Fixed interest rate instruments	8.53	214,231	2,612,038	–	2,826,269	2,286,457
		6,909,583	3,705,137	–	10,614,720	9,964,560
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 (note)	2.27	4,153,429	1,319,642	–	5,473,071	5,374,816
Fixed interest rate instruments	7.93	230,953	2,807,308	–	3,038,261	2,310,530
		5,397,052	4,229,309	–	9,626,361	8,775,992

Note: Bank borrowings with a repayment on demand clause are included in the "on demand or within 1 year" time band in the above maturity analysis. As at 28 September 2010 and 28 September 2009, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$143,278,000 and HK$60,818,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate payment. The directors believe that such bank borrowings will be repaid two to twenty years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$155,215,000.

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

b. Financial risk management policies and objectives – continued

(iv) Liquidity risk management – continued

Derivative financial liabilities

At 28 September 2010, the undiscounted contractual net cash outflows on foreign exchange forward contracts that settle on a net basis within 1 year from the end of the reporting date were HK$21,130,000 (2009 : HK$7,512,000). 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 (2009 : HK$2,225 million) of charter hire fees for 17 (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 19.

(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 fair 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.

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

b. Financial risk management policies and objectives – continued

(vi) Fair values of financial assets and financial liabilities – continued

- 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).

	28.9.2010		28.9.2009	
	Level 1	Level 2	Level 1	Level 2
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Held-for-trading investments	3,754	–	3,224	–
Liabilities				
Derivative financial Instruments	–	21,130	–	7,512

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

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 and senior notes disclosed in notes 33, 34, 35 and 36, 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 the share 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

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.

The Group's operating segments under HKFRS 8 are based on different business divisions which are summarised as follows :

Frozen fish supply chain management ("SCM")	–	sales of frozen fish and other seafood products and shipping services
Fish fillets processing and distribution	–	selling and processing of frozen seafood products and distribution
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 laboratory 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.

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 year/period to acquire segment assets that are expected to be used for more than one year and comprises purchase of property, plant and equipment, investment properties, goodwill 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 operating 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 and other expenses (note 8) 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.

6. Revenue and Segment Information – continued

Information regarding the above segments is reported below.

Year ended 28 September 2010

Income Statement

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishing and fishmeal HK$'000	Others HK$'000	Consolidated HK$'000
REVENUE					
External sales	3,228,667	4,004,680	4,203,661	33,535	11,470,543
RESULT					
Segment result	369,788	330,498	1,328,767	17,991	2,047,044
Unallocated corporate income					74,149
Unallocated corporate expenses					(526,209)
Finance costs					(449,017)
Profit before taxation					1,145,967
Taxation					(55,138)
Profit for the year					1,090,829

6. Revenue and Segment Information – continued

Year ended 28 September 2010 – 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	4,738,387	4,466,918	11,356,371	126,099	20,687,775
Unallocated corporate assets					477,096
Total assets					21,164,871
LIABILITIES					
Segment liabilities	164,890	1,145,291	223,837	9,641	1,543,659
Unallocated corporate liabilities					9,193,137
Total liabilities					10,736,796

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	161,074	300,902	2,395,091	11,470	2,868,537
Depreciation of property, plant and equipment	36,043	113,557	323,736	5,714	479,050
Amortisation of prepaid lease payments	–	942	–	–	942
Amortisation of deferred charter hire	–	–	172,640	–	172,640

6. Revenue and Segment Information – continued

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

Six-month period ended 28 September 2009 – 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	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
Amortisation of deferred charter hire	–	–	85,360	–	85,360

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

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 available-for-sale investment, interests in associates and other long term receivable) by geographical location are detailed below :

	Revenue from external customers		Non-current assets	
	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000	28.9.2010 HK$'000	28.9.2009 HK$'000
Hong Kong and other regions in the PRC	6,116,710	2,891,874	3,711,455	3,509,096
North America	1,813,832	830,551	32,496	33,506
South America	5,850	–	5,958,481	3,717,230
Europe	2,331,234	1,007,976	2,318,296	2,376,405
East Asia	967,962	659,351	158,168	94,859
Others	234,955	167,009	–	–
	11,470,543	5,556,761	12,178,896	9,731,096

Information about major customers

There is no customer with revenue more than 10% of the Group's total revenue for the six-month period ended 28 September 2009. A customer from fishing and fishmeal segment with revenue more than 10% of the Group's total revenue amounted to approximately HK$1,286,753,000 in current year.

7. Other Income

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
Other income comprises of :		
Agency income	13,672	4,163
Compensation received from suppliers of fish (note)	106,825	3,959
Exchange gain, net	10,942	3,628
Fair value change on held-for-trading investments	530	1,761
Fair value changes on investment properties	63,277	37,237
Gain on purchase of senior notes	–	3,919
Gain on repurchase of convertible bonds (note 35)	3,473	12,680
Gross rental income	7,399	5,204
Interest income	2,161	654
Reversal of provision for staff costs upon termination	16,348	–
Reversal of revaluation decrease of land and buildings previously charged to profit or loss	–	2,795
Settlement from litigation	33,540	–
Sundry income	14,964	6,571
	273,131	82,571

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

8. Other Expenses

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
Other expenses comprises of :		
Impairment loss on property, plant and equipment	9,776	–
Loss on disposal of property, plant and equipment	717	1,755
Premium paid on purchase of senior notes	1,232	–
Revaluation decrease on revaluation of land and buildings	139	–
Severance payments	7,019	–
Transaction costs attributable to issue of right shares of a listed subsidiary	–	24,451
Others	22,427	72
	41,310	26,278

9. Finance Costs

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
Interest on bank borrowings		
– wholly repayable within five years	226,697	113,871
– not wholly repayable within five years	–	206
Interest on finance leases	12,989	6,140
Interest on convertible bonds wholly repayable within five years	52,376	25,391
Interest on senior notes wholly repayable within five years	156,955	80,030
Interest on deferred consideration payable wholly repayable within five years	–	3,576
Total finance costs	449,017	229,214
Less : Capitalised in construction in progress	–	(14,358)
	449,017	214,856

10. Profit Before Taxation

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
Profit before taxation has been arrived at after charging :		
Amortisation of deferred charter hire (included in cost of sales)	172,640	85,360
Auditor's remuneration	8,363	6,269
Depreciation of property, plant and equipment	479,050	139,524
Amortisation of prepaid lease payments (included in administrative expenses)	942	462
Cost of inventories included in cost of sales	6,013,143	4,468,534
Directors' emoluments (note 11)	24,429	9,260
Staff costs	147,052	85,710
Crew wages	464,722	235,338
Retirement benefits scheme contributions	12,545	5,571
Total staff costs	624,319	326,619
and after crediting :		
Net rental income after outgoings of HK$7,333,000 (1.4.2009 to 28.9.2009: HK$2,767,000)	11,549	7,913

11. Directors' Emoluments

	Fees HK$'000	Salaries and other benefits-in-kind-cash HK$'000	Benefits in-kind HK$'000	Performance related incentive payment HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 28 September 2010						
Executive Directors						
Teh Hong Eng	–	2,665	1,650	600	–	4,915
Ng Joo Siang	–	3,754	1,662	600	198	6,214
Ng Joo Kwee	–	3,920	820	600	198	5,538
No Joo Puay, Frank	–	2,207	724	480	158	3,569
Ng Puay Yee	–	2,331	601	400	141	3,473
Independent Non-Executive Directors						
Lew V Robert	240	–	–	–	–	240
Kwok Lam Kwong, Larry	240	–	–	–	–	240
Tao Kwok Lau, Clement	240	–	–	–	–	240
	720	14,877	5,457	2,680	695	24,429

	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

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

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 year ended 28 September 2010 and six-month period ended 28 September 2009 are all directors of the Company.

12. Taxation

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
The charge comprises :		
Profit for the year/period		
– Hong Kong	1,953	1,480
– other jurisdictions	23,993	37,148
	25,946	38,628
Under(over)provision in prior year/period		
– Hong Kong	3,227	2,317
– other jurisdictions	4,734	(2,509)
	7,961	(192)
Deferred taxation (note 37)	21,231	(4,318)
Tax charge for the year/period	55,138	34,118

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.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year/period.

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

In the opinion of the directors, 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.

Pursuant to ＜中華人民共和國企業所得稅法＞財稅[2008] 149號, the Company's subsidiary, Pacific Andes Food Limited ("PAF"), obtained the 100% tax exemption from the tax bureau of the People's Republic of China during the year. So, the deferred tax liability of HK$30,000,000 previously recognised on revaluation of properties held by PAF accumulated in equity has been reversed in other comprehensive income during the current year.

12. Taxation – continued

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

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
Profit before taxation	1,145,967	393,755
Tax at average income tax rate of 27.7% (1.4.2009 to 28.9.2009: 27.7%)	313,353	109,070
Tax effect of expenses not deductible for tax purpose	33,500	45,078
Tax effect of income not taxable for tax purpose	(316,151)	(132,076)
Under(over)provision in respect of prior year	7,961	(192)
Tax effect of tax losses not recognised	21,402	13,911
Utilisation of tax losses previously not recognised	(3,114)	(2,369)
Tax effect of other deductible temporary differences not recognised	315	220
Tax effect of share of results of associates	(250)	(119)
Others	(1,878)	595
Tax charge for the year/period	55,138	34,118

Note: The average income tax rate for the year ended 28 September 2010 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.

13. Dividends

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
Dividends :		
Proposed final dividend of HK4.6 cents (1.4.2009 to 28.9.2009: HK1.7 cents) per share	140,907	51,564

The final dividend for the year ended 28 September 2010 of HK4.6 cents has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

On 22 March 2010, the Company declared a final dividend of HK1.7 cents per share amounting to HK$51,564,000 for the six-month period ended 28 September 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 28 March 2010, scrip dividend of HK$42,905,000 were paid by issuing 30,003,261 shares of HK$0.10 each in the Company at HK$1.43 per share and cash dividend of HK$8,659,000 were paid.

On 8 September 2009, the Company declared a final dividend of HK5.9 cents per share amounting to HK$167,093,000 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. On 27 October 2009, scrip dividend of HK$148,811,000 were paid by issuing 201,095,180 shares of HK$0.10 each in the Company at HK$0.74 per share and cash dividend of HK$18,282,000 were paid.

14. 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 :

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	493,025	173,793
Weighted average number of ordinary shares for the purposes of calculation of basic earnings per share	3,028,627,417	2,462,643,539
Effect of dilutive potential ordinary shares in respect of share award	7,100,372	3,371,850
Weighted average number of ordinary shares for the purposes of calculation of diluted earnings per share	3,035,727,789	2,466,015,389

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

For the year ended 28 September 2010 and 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.

For the year ended 28 September 2010, diluted earnings per share had not accounted by assuming for the conversion of the Company's outstanding warrants as the exercise price of the Company's warrants was higher than the average market price per share.

15. Property, Plant and Equipment

	Leasehold land and buildings HK$'000	Freehold land HK$'000	Freehold buildings HK$'000	Leasehold improvement HK$'000	Furniture & fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Vessels HK$'000	Fishing nets HK$'000	Construction in Progress HK$'000	Total HK$'000
COST OR VALUATION												
At 1 April 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
Additions	63,642	–	–	1,814	544	48,070	3,768	576,143	383,207	–	448,280	1,525,468
Acquisition of subsidiaries	–	4,864	4,637	–	668	74	–	50,778	85,340	10,439	–	156,800
Disposals	–	–	–	(5)	(72)	(1,605)	(1,986)	(7,225)	–	–	–	(10,893)
Reclassification	854	–	–	(632)	–	5,897	–	384,556	836,951	–	(1,227,626)	–
Adjustment on revaluation	77,459	–	–	–	–	–	–	–	–	–	–	77,459
Exchange realignment	26,843	–	–	964	73	1,369	546	4,021	–	–	1,940	35,756
At 28 September 2010	1,724,344	46,287	157,038	100,800	26,091	157,940	51,195	2,469,427	2,011,002	65,110	259,542	7,068,776
Comprising:												
28 September 2010												
At cost	–	46,287	157,038	100,800	26,091	157,940	51,195	2,469,427	2,011,002	65,110	259,542	5,344,432
At valuation	1,724,344	–	–	–	–	–	–	–	–	–	–	1,724,344
	1,724,344	46,287	157,038	100,800	26,091	157,940	51,195	2,469,427	2,011,002	65,110	259,542	7,068,776
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
DEPRECIATION AND IMPAIRMENT												
At 1 April 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
Provided for the year	67,225	–	3,365	13,216	2,208	17,147	5,756	258,824	98,441	12,868	–	479,050
Eliminated on disposals	–	–	–	(5)	(62)	(1,488)	(1,524)	(6,822)	–	–	–	(9,901)
Impairment loss recognised	–	–	–	–	–	–	–	9,776	–	–	–	9,776
Adjustment on revaluation	(67,225)	–	–	–	–	–	–	–	–	–	–	(67,225)
Exchange realignment	–	–	–	634	66	1,030	305	1,367	–	–	–	3,402
At 28 September 2010	–	–	13,231	79,959	21,200	83,130	35,114	541,531	228,408	42,535	–	1,045,108
CARRYING VALUES												
At 28 September 2010	1,724,344	46,287	143,807	20,841	4,891	74,810	16,081	1,927,896	1,782,594	22,575	259,542	6,023,668
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 1 April 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

15. Property, Plant and Equipment – continued

The carrying amount of the Group's property, plant and equipment include an amount of HK$134,311,000 (2009: HK$356,694,000) in respect of assets held under finance leases.

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

	28.9.2010 HK$'000	28.9.2009 HK$'000
Land and building in Hong Kong held under long leases	527,450	429,950
Land and buildings outside Hong Kong held under medium-term leases	1,196,894	1,125,596
	1,724,344	1,555,546

The leasehold land and buildings of the Group in Hong Kong and the PRC, Singapore, Japan and Russia were revalued at 28 September 2010 on a basis of a valuation carried out on that date by BMI Appraisals Limited and LLC Apex Group, independent property valuers. BMI Appraisals Limited and LLC Apex Group have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation gave rise to a net revaluation increase of HK$144,684,000 (1.4.2009 to 28.9.2009: HK$184,320,000) in which HK$144,823,000 (1.4.2009 to 28.9.2009: HK$181,525,000) have been credited to property revaluation reserve and HK$139,000 have been charged to profit or loss (1.4.2009 to 28.9.2009: HK$2,795,000 have been credited to profit or loss as a reversal of loss previously recognised on revaluation).

Certain land and buildings have been pledged to secure mortgage loans 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	1,343,598
Accumulated depreciation	(180,402)
Carrying value	
At 28 September 2010	1,163,196
At 28 September 2009	1,152,443

16. Investment Properties

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
FAIR VALUE		
At beginning of the year/period	292,229	211,079
Exchange realignment	2,842	8,762
Additions	148,167	17,761
Transferred from property, plant and equipment	–	17,390
Increase in fair value recognised to profit or loss	63,277	37,237
Disposal during the year	–	–
At end of the year/period	506,515	292,229

(a) The Group's property interests of approximately HK$416,828,000 (2009: HK$218,552,000) 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 :

	28.9.2010 HK$'000	28.9.2009 HK$'000
Land and buildings in Hong Kong held under long leases	87,490	73,210
Land and buildings in Hong Kong held under medium-term leases	147,830	–
Land and buildings outside Hong Kong held under medium-term leases	8,317	8,911
Land and buildings outside Hong Kong held under long leases	173,191	136,431
Freehold land outside Hong Kong	89,687	73,677
	506,515	292,229

(c) The investment properties of the Group were revalued at 28 September 2010 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$63,277,000 (1.4.2009 to 28.9.2009: HK$37,237,000) which has been recognised in the profit or loss.

17. Prepaid Lease Payments

	28.9.2010 HK$'000	28.9.2009 HK$'000	1.4.2009 HK$'000
The Group's prepaid lease payments comprise :			
Leasehold land outside Hong Kong :			
Medium-term lease	46,907	48,317	48,946
Analysed for reporting purposes as :			
Non-current asset	45,622	47,058	47,687
Current asset (included in trade, bills and other receivables in note 24)	1,285	1,259	1,259
	46,907	48,317	48,946

18. Goodwill

	HK$'000
GROSS AMOUNT	
At 1 April 2009	2,726,101
Arising on the acquisition of additional interests in a subsidiary	17,289
At 28 September 2009	2,743,390
Arising on the acquisition of subsidiaries (note 42)	177,589
At 28 September 2010	2,920,979
IMPAIRMENT	
Impairment loss balance at 1 April 2009, 28 September 2009 and 28 September 2010	(13,355)
CARRYING AMOUNTS	
At 28 September 2010	2,907,624
At 28 September 2009	2,730,035
At 1 April 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 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.

18. 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 and 2010 allocated to the units are as follows :

	28.9.2010 HK$'000	28.9.2009 HK$'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	1,780,068
Peruvian fishing and fishmeal operations – CFG Investment S.A.C. ("CFGI")	1,098,717	921,128
	2,907,624	2,730,035

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 year ended 28 September 2010, 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% (2009: 20%) for the fish fillets CGU and 20% (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 2010. Based on the report of the valuer dated 17 December 2010 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 2020 (2009: 2018) and projection of terminal value using the perpetuity method ;

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

(iii) use of 8.07% (2009: 12.31%) for Pacific Ocean fishing operations and use of 17.44% (2009: 14.03%) 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.

19. Deferred Charter Hire

	28.9.2010 HK$'000	28.9.2009 HK$'000
Deferred charter hire expense	2,224,560	2,224,560
Less : accumulated amortisation	(819,600)	(646,960)
	1,404,960	1,577,600
Included as current assets in trade, bills and other receivables (note 24)	(172,640)	(172,640)
Included as non-current assets	1,232,320	1,404,960

	29.9.2009 to 28.9.2010	1.4.2009 to 28.9.2009
Cost:		
At beginning of year/period and at end of year/period	2,224,560	2,224,560
Accumulated amortization :		
At beginning of year/period	646,960	561,600
Amortisation during the year/period	172,640	85,360
At end of year/period	819,600	646,960

Amortised deferred charter hire is charged to cost of sales in the profit or loss.

A subsidiary, CFIL, entered into the vessel operating agreements ("VOA") with two companies, Perun Limited ("Perun") and Alatir Limited ("Alatir") (collectively known as "Arrangers") for 10 to 18 years (2009: 10 to 18 years) to charter hire 17 vessels (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.

20. Available-for-sale Investment

This represents 1.9% (2009: 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.

21. Interests in Associates

	28.9.2010 HK$'000	28.9.2009 HK$'000	1.4.2009 HK$'000
Cost of investments – unlisted	13,620	13,620	13,620
Share of post-acquisition results	1,415	(100)	(824)
	15,035	13,520	12,796

Particulars of the Group's principal associates as at 28 September 2010 and 2009 are set out in note 50.

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

	28.9.2010 HK$'000	28.9.2009 HK$'000
Total assets	144,596	136,508
Total liabilities	(168,725)	(161,686)
Net liabilities	(24,129)	(25,178)
Group's share of associates' net assets	15,035	13,520

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
Revenue	869,119	359,699
Profit for the year/period	7,938	1,387
Group's share of result of associates for the year/period	1,515	724

22. Other Intangible Assets

	Fishing permits HK$'000	Club memberships HK$'000	Total HK$'000
Cost:			
At 1 April 2009 and 28 September 2009	578,671	23,963	602,634
From acquisition of subsidiaries (note 42)	860,513	–	860,513
At 28 September 2010	1,439,184	23,963	1,463,147

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.

During the financial year ended September 28, 2010, 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 prepared by J.R.Z. Adjustadores y Peritos de Seguros S.A.C., 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 18, the Group has engaged an independent financial advisor 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 18. 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.

23. Inventories

	28.9.2010 HK$'000	28.9.2009 HK$'000	1.4.2009 HK$'000
Inventories, at cost, consists of the following:			
Frozen fish	1,011,953	852,339	982,341
Fillets and portions	643,991	899,610	630,466
Fishmeal	68,125	33,326	67,676
Supplies	28,822	29,331	58,838
Fuel	8,349	8,595	4,260
Packing materials	25,055	24,186	30,775
	1,786,295	1,847,387	1,774,356

Certain inventories have been pledged as security for the inventory financing facilities obtained from banks (note 47).

24. Trade, Bills and Other Receivables

	28.9.2010 HK$'000	28.9.2009 HK$'000	1.4.2009 HK$'000
Trade receivables	1,316,245	1,325,124	1,543,804
Bills receivables	5,101	29,787	107,168
Current portion of prepaid lease payments (note 17)	1,285	1,259	1,259
Current portion of deferred charter hire (note 19)	172,640	172,640	172,640
Balance with Arrangers	518,003	185,047	160,838
Tax certificate	–	3,455	3,455
Deferred expenditure	432,240	255,182	158,126
Prepayments for fish	3,219,857	2,401,666	1,733,694
Other receivables and prepayments	375,713	267,303	197,192
	6,041,084	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 19 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 19.

24. Trade, Bills and Other Receivables – continued

The Group maintains a defined credit policy. For sales of goods, the Group generally allows an average credit period of 30 days to 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:

	28.9.2010 HK$'000	28.9.2009 HK$'000
Less than 30 days	409,535	742,200
31 – 60 days	179,358	199,164
61 – 90 days	49,405	64,056
91 – 120 days	166,319	174,667
Over 120 days	516,729	174,824
	1,321,346	1,354,911

Certain 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$5,914,000 (2009: HK$10,722,000) 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$1,321,346,000 (2009: HK$1,354,911,000) is an amount of HK$Nil (2009: HK$24,001,000) which is past due but not impaired. The directors of the Company are of the opinion that the credit quality of the trade receivables 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.

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

	28.9.2010 HK$'000	28.9.2009 HK$'000
United States dollars	17,732	3,149
Peruvian Nuevo Soles	61,040	41,453
Chinese Renminbi	843	8,413
Hong Kong dollars	861	1,079
Euro	1,550	6,442
Singapore dollars	15	2,013
British pounds	–	202
Norwegian Krone	226	226

24. Trade, Bills and Other Receivables – continued

Movement in the allowance for doubtful debts

	28.9.2010 HK$'000	28.9.2009 HK$'000
Balance at beginning of the year/period	10,722	18,471
Written off against trade receivables during the year/period	(4,808)	(7,749)
Balance at end of the year/period	5,914	10,722

25. 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 Group generally allows a credit period of 30 days to 90 days to its trade customers.

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:

	28.9.2010 HK$'000	28.9.2009 HK$'000
Less than 30 days	193,344	185,179
31 – 60 days	89,478	65,579
61 – 90 days	24,057	16,674
91 – 120 days	11,147	8,475
Over 120 days	1,888	1,544
	319,914	277,451

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

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

	28.9.2010 HK$'000	28.9.2009 HK$'000
Hong Kong dollars	1,976	672
Euro	1,625	2,524
British pounds	–	8,668

The bank advances drawn on discounted trade receivables with insurance and discounted bills carried an average effective interest rate of approximately 2.6% (2009: 2.7%) per annum and are repayable within one year.

26. 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.

27. 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 28.9.2010	28.9.2009
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 consolidated financial statements of the Group as a result of proportionate consolidation of the jointly-controlled entity, Able Team.

	28.9.2010 HK$'000	28.9.2009 HK$'000
Non-current assets	96,116	74,330
Current assets	5,726	3,245
Current liabilities	(11,850)	(6,942)
Non-current liabilities	(21,246)	(17,858)
Net assets	68,746	52,775

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
Revenue	11,483	5,476
Cost of sales	(5,682)	(4,236)
Other income	17,693	60
Finance costs	(1,283)	(766)
Profit before taxation	22,211	534
Taxation	(4,928)	(28)
Profit for the year/period	17,283	506

28. Held-for-trading Investments

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

29. Derivative Financial Instruments

During the year/period, the Group has entered into foreign currency forward contracts with banks to reduce its exposure to currency fluctuation risk of contracted sales and payment of operating expenses which are denominated in foreign currencies. This derivative is not accounted for under hedge accounting. At 28 September 2010, the fair value of the foreign currency forward contracts is HK$21,130,000 (2009: HK$7,512,000), 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 2010		
Sell JPY 6,000,000,000	From April 2011 to May 2011	US$1 at JPY 86.00 to JPY 87.00
Sell Euro 18,500,000	From December 2010 to January 2011	Euro 1 at US$1.25 to US$1.35
Buy Euro 23,500,000	From December 2010 to July 2011	Euro 1 at US$1.22 to US$1.33
Buy US$ 68,700,000	From November 2010 to April 2011	US$1 at RMB6.6300 to RMB6.6677
Sell US$ 68,700,000	From November 2010 to April 2011	US$1 at RMB6.7236 to RMB6.7435
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

30. 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 0.23% (2009: nil to 0.40%) per annum.

31. Bank Balances and Cash

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

The interest rates on cash placed with financial institutions ranged from nil to 0.54% (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:

	28.9.2010 HK$'000	28.9.2009 HK$'000
United States dollars	192,172	83,286
Peruvian Nuevo Soles	6,911	6,475
Chinese Renminbi	1,430	2,890
Hong Kong dollars	4,038	2,312
Euro	5,837	4,862
Singapore dollars	2,544	727
British pounds	–	3
Japanese Yen	193	36
Australian dollars	1,789	–

32. Trade, Bills and Other Payables

Included in trade, bills and other payables are trade payables of HK$1,261,852,000 (2009: HK$515,903,000). The average credit period on purchase of goods is 30 days (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:

	28.9.2010 HK$'000	28.9.2009 HK$'000
Less than 30 days	457,578	496,699
31 – 60 days	215,230	7,981
61 – 90 days	434,573	3,036
Over 90 days	154,471	8,187
	1,261,852	515,903

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

	28.9.2010 HK$'000	28.9.2009 HK$'000
United States dollars	154,353	82,025
Peruvian Nuevo Soles	57,320	45,635
Chinese Renminbi	5,080	1,124
Hong Kong dollars	3,720	5,732
Euro	10,587	3,856
Singapore dollars	619	5,616
British pounds	364	–
Japanese Yen	85	–
Norwegian Krone	234	38
Danish Krone	–	63

33. Obligations under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	28.9.2010	28.9.2009	28.9.2010	28.9.2009
	HK$'000	HK$'000	HK$'000	HK$'000
Amounts payable under finance leases:				
Within one year	48,275	40,817	31,116	37,491
In more than one year but not more than two years	45,634	45,516	31,746	38,398
In more than two years but not more than three years	40,135	38,902	29,555	30,143
In more than three years but not more than four years	37,859	17,941	30,151	12,761
In more than four years but not more than five years	4,412	–	3,666	–
	176,315	143,176	126,234	118,793
Less: future finance charges	(50,081)	(24,383)	–	–
Present value of lease obligations	126,234	118,793	126,234	118,793
Less: Amount due within one year shown under current liabilities			(31,116)	(37,491)
Amount due after one year			95,118	81,302

As at 28 September 2010, the average effective borrowing rate is 9.26% (2009: 8.88%) 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 15).

34. Bank Borrowings

	28.9.2010 HK$'000	28.9.2009 HK$'000	1.4.2009 HK$'000
Bank borrowings comprise:			
Trust receipt and bank loans	4,779,866	3,889,993	3,388,037
Syndicated loans	888,000	1,128,000	1,248,000
Mortgage loans	151,622	72,106	79,332
Bank overdrafts	4,457	4,872	20,252
	5,823,945	5,094,971	4,735,621
Less: issuing costs	(13,214)	(12,007)	(15,592)
	5,810,731	5,082,964	4,720,029
Analysed as:			
Secured	1,852,593	1,681,368	1,956,125
Unsecured	3,958,138	3,401,596	2,763,904
	5,810,731	5,082,964	4,720,029
The maturity of bank borrowings is as follows:			
Within one year	4,708,630	3,737,225	3,132,102
In the second year	970,926	472,762	472,717
In the third year	355	825,748	531,947
In the fourth year	3,699	1,624	530,026
In the fifth year	3,579	–	–
	5,687,189	5,037,359	4,666,792
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but with repayable on demand clause (shown under current liabilities)	123,542	45,605	53,237
	5,810,731	5,082,964	4,720,029
Less: Amount shown under current liabilities	(4,832,172)	(3,782,830)	(3,185,339)
	978,559	1,300,134	1,534,690

34. Bank Borrowings – continued

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

	28.9.2010 HK$'000	28.9.2009 HK$'000	28.9.2010	28.9.2009
Effective interest rate:				
Fixed-rate borrowings	54,302	57,656	7.93% to 11.50%	7.08% to 13.50%
Variable-rate borrowings	5,756,429	5,025,308	0.80% to 5.60%	1.29% to 6.32%

Short-term bank borrowings amounting to HK$203,283,000 (2009: HK$40,794,000) bear interest at 3 months London Inter-Bank Offering Rate per annum and are secured over the Group's inventories of HK$260,945,000 (2009: HK$28,197,000).

A term loan amounting to HK$175,500,000 (2009: HK$234,000,000) bear interest at 3% above the 3 months London Interbank Offer Rate per annum and are secured over a vessel, fixed deposits and the shares of a subsidiary of the Group.

A term loan amounting to HK$311,220,000 bear interest at 3.01% per annum and are secured over a fixed deposit and shares of two subsidiaries 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 2010 and 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:

	28.9.2010 HK$'000	28.9.2009 HK$'000
United States dollars	590,919	163,800
Hong Kong dollars	4,457	7,272

35. 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 predetermined 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 July 2010, a total principal amount of US$3,900,000 (approximately HK$30,420,000) was purchased from market at a consideration of US$3,941,000 (approximately HK$30,738,000) and extinguished by PARD resulting a gain on repurchase of convertible bonds of HK$3,473,000.

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.

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 semiannually 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 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
Interest expenses	52,376	–
Interest paid	(22,899)	–
Repurchased	(32,248)	(1,963)
Balance at 28 September 2010	588,895	35,482

The interest charged for the year/period 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 2010 to be approximately HK$548,340,000 (2009: HK$587,255,000). This fair value has been calculated by using effective interest rate of 15.64% (2009: 10.18%) per annum with reference to the US Treasury Zero Coupon Bond and credit risk margin.

36. Senior Notes

On 19 December 2006, the Group, through its subsidiary, CFGI, issued guaranteed senior fixed rate notes at par with aggregate nominal value of US$225,000,000 (approximately HK$1,755,000,000) (the "Notes") which carry fixed interest of 9.25% per annum (interest payable semi-annually in arrear) and will be fully repayable by 19 December 2013.

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

At any time prior to 19 December 2010, CFGI may redeem the Notes in whole or in part at the principal amount of the Notes plus pre-determined premium and accrued interest provided that any partial redemption shall not result in less than US$100 million (approximately HK$780 million) of outstanding Notes. At any time prior to and up to 19 December 2009, 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.

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 fair value of the redemption option has been calculated by assuming redemption on 19 December 2013, using effective interest rate of 6.72% per annum (2009: 5.15% to 7.51%) with reference to the US Treasury Zero Coupon Bonds and the credit risk margin. The directors consider that the fair value of the redemption option is immaterial as at 28 September 2009 and 2010.

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).

During the year ended 28 September 2010, a total principal amount of US$3,600,000 (approximately HK$28,080,000) was purchased from market at a consideration of US$3,687,000 (approximately HK$28,759,000).

During the six-month period ended 28 September 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 2010 to be approximately HK$1,864,508,000 (2009: HK$1,868,104,000) based on quoted asked price of the Notes.

37. Deferred Taxation

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

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 April 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
Acquisitions of subsidiaries (note 42)	285,585	–	–	285,585
Charge (credit) to profit or loss	21,292	(1,387)	1,326	21,231
Credit to other comprehensive income	(8,072)	–	–	(8,072)
Exchange realignment	(146)	–	–	(146)
At 28 September 2010	650,947	(17,419)	(18,672)	614,856

At the end of the reporting period, the Group has unutilised estimated tax losses of HK$310,311,000 (2009: HK$226,943,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$105,079,000 (2009: HK$93,444,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$205,232,000 (2009: HK$133,499,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$146,483,000 (2009: HK$65,823,000 gradually expire until 2016) that will gradually expire until 2017. During the year, no unutilised tax losses expired (2009: nil). Other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$8,613,000 (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 the 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.

38. Deferred Consideration Payable

During the year ended 31 March 2009, the Group acquired several subsidiaries for a cash consideration of US$33,576,000 (approximately HK$261,888,000). Included in the consideration is an amount of US$5,108,000 (approximately HK$39,839,000) which has not been settled at 28 September 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) (note 47). The deferred consideration is repaid during the year.

39. Share Capital

	Number of shares	Amount HK$'000
Ordinary Shares		
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2009, 28 September 2009 and 28 September 2010	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2009	1,888,055,689	188,806
Issue of shares as a result of rights issues	944,027,844	94,403
At 28 September 2009	2,832,083,533	283,209
Issue of shares as scrip dividend	231,098,441	23,110
Exercise of warrants	704	–
At 28 September 2010	3,063,182,678	306,319

On 12 May 2010, scrip dividend of HK$42,905,000 was paid by issuing 30,003,261 shares of HK$0.10 each in the Company at HK$1.43 per share.

On 27 October 2009, scrip dividend of HK$148,811,000 was paid by issuing 201,095,180 shares of HK$0.10 each in the Company at HK$0.74 per share.

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.

40. Warrants

On 30 March 2010, bonus warrants of 606,635,742 warrants ("Warrants") were issued on the basis of one bonus warrant for every complete number of five existing shares held by shareholders. Each bonus warrant will entitle the holder to subscribe one share of the Company at an initial subscription price of HK$1.80, subject to adjustments in accordance with the terms of the bonus warrants. The Warrants are exercisable at any time from 1 April 2010 until 15 June 2011, both dates inclusive.

	Warrants with subscription price of HK$1.80	
	Number	HK$'000
Issue during the year	606,635,742	112,228
Exercised during the year	(704)	–
Balance in issue at 28 September 2010	606,635,038	112,228

Warrants reserve represents the fair value of Warrants at the issue date. The reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants.

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.

41. Share Option Scheme and Share Award Plan – continued

Share award plan

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

The Plan is administered by the Remuneration Committee of the Company, currently comprising Lew V Robert, Kwok Lam Kwong, Larry, 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.

The number of shares in respect of which share award had been granted on 16 January 2009 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. The number of shares forfeited as a result of termination of employees was 301,990 for the year ended 28 September 2010 and 210,214 for the six-month period ended 28 September 2009, respectively. The remaining outstanding was 6,497,597 and 6,799,587, representing 0.2% and 0.2% of the shares of the Company in issue at 28 September 2010 and 2009, respectively. The first vesting date is on 16 January 2012.

The number of shares in respect of which share award had been granted on 3 March 2010 under the Plan, to the employees of the Group was 1,087,998, representing 0.04% of the shares of the Company in issue at that date. During the year, the number of shares forfeited as result of termination of employees was 35,305. The remaining outstanding was 1,052,693, representing 0.03% of the shares of the Company in issue at 28 September 2010. The first vesting date is on 31 December 2012.

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 estimated fair value of the award granted on 16 January 2009 and 3 March 2010 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 28 September 2010 and accounted for these acquisitions using the purchase method of accounting:

Subsidiaries incorporated in Peru	Date of acquisition
Deep Sea Fishing S.A.C.	6 May 2010
Pesquera Alejandria S.A.C.	18 May 2010

Subsidiaries incorporated in British Virgin Islands	Date of acquisition
Bluefield Overseas Corporation	18 May 2010

Subsidiaries incorporated in Panama	Date of acquisition
Sunset Holdings Group S.A.	18 May 2010
Dorbes Holding Corporation	18 May 2010

The Group acquired the subsidiaries primarily to increase its Peruvian anchovy fishing quota and increase the production volume of fishmeal, which will enhance the economies of scale and achieve higher operating efficiencies of the Peruvian operations.

Subsequent to their acquisitions, Deep Sea Fishing S.A.C. was disposed of, with assets transferred to the other core companies of the Group to streamline the structure.

The acquisition of these subsidiaries resulted in inclusion of post-acquisition revenue of approximately HK$5,404,000 and loss after income tax of HK$2,676,000 in the consolidated financial statements for the year ended 28 September 2010.

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

(a) Consideration transferred (at acquisition date fair values)

	Deep Sea Fishing S.A.C. HK$'000	Dorbes Holding Corporation HK$'000	Total HK$'000
Consideration	129,426	767,998	897,424

(b) Assets acquired and liabilities assumed at the date of acquisition are as follows:

	Deep Sea Fishing S.A.C. HK$'000	Dorbes Holding Corporation HK$'000	Total HK$'000
Property, plant and equipment	–	156,800	156,800
Fishing permits	167,677	692,836	860,513
Inventories	–	372	372
Trade, bills and other receivables	–	45,683	45,683
Bank balances and cash	–	2,983	2,983
Trade, bills and other payables	(10,975)	(9,988)	(20,963)
Bank borrowings	–	(39,968)	(39,968)
Deferred taxation	(47,003)	(238,582)	(285,585)
	109,699	610,136	719,835

(c) Goodwill arising on acquisition

	Deep Sea Fishing S.A.C. HK$'000	Dorbes Holding Corporation HK$'000	Total HK$'000
Cash consideration	129,426	767,998	897,424
Less: fair value of identifiable net assets acquired	109,699	610,136	719,835
	19,727	157,862	177,589

The provisional goodwill arose in the acquisition of the subsidiaries because the cost of the acquisition included a control premium. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development of the Peruvian Waters operation. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

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.

43. Retirement Benefits Scheme – continued

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

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
Minimum lease payments paid under operating leases during the year/period:		
Amortisation of deferred charter hires	172,640	85,360
Fixed charter hire	204,984	101,650
Rental of premises	7,287	1,518
	384,911	188,528
Contingent lease payments paid under operating leases during the year/period:		
Variable charter hire	273,069	87,281
	657,980	275,809

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:

	28.9.2010 HK$'000	28.9.2009 HK$'000
Within one year	208,573	209,452
In the second to fifth years inclusive	63,606	61,057
After five years	4,709	4,560
	276,888	275,069

(a) Leases for premises are negotiated with lease terms between 2 and 10 years.

(b) At 28 September 2010, the Group has ongoing commitments to pay variable charter hire for 17 (2009: 17) fishing vessels under the first, second and third (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 (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 2010, the Group has ongoing commitments to pay fixed and variable charter hire for 6 (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 amortization of fixed charter hire payable annually. Fixed charter hire is calculated at US$12,000 (HK$93,600) (2009: US$12,000 (HK$93,600)) for each vessel per day.

44. Operating Lease Arrangements – continued

The Group as lessee – continued

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

	28.9.2010 HK$'000	28.9.2009 HK$'000
Within one year	204,984	204,984
In the second to fifth years inclusive	52,790	257,774
	257,774	462,758

The Group as lessor

Rental income earned during the year/period was HK$7,399,000 (1.4.2009 to 28.9.2009: HK$5,204,000). 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:

	28.9.2010 HK$'000	28.9.2009 HK$'000
Within one year	5,003	6,514
In the second to fifth years inclusive	11,133	5,214
After five years	516	–
	16,652	11,728

45. Capital Commitments

	28.9.2010 HK$'000	28.9.2009 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	405,408	215,251

46. Contingent Liabilities

At the end of the reporting period, the Group has the following contingent liabilities:

Certain subsidiaries of the Group are parties to legal processes in Peru with potential claims amounting to US$3,032,000 (approximately HK$23,649,000) (2009: US$5,722,000 (approximately HK$44,628,000)). These relate to environmental markets, employment disputes and miscellaneous claims. The Group's legal advisor has advised that US$1,767,000 (approximately HK$13,779,000) (2009: US$2,253,000 (approximately HK$17,570,000)) of these claims is likely to have unfavourable outcome for the Group and the outcome for claims of US$1,265,000 (approximately HK$9,870,000) (2009: US$3,469,000 (approximately HK$27,058,000)) 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$1,767,000 (approximately HK$13,779,000) (2009: US$2,253,000 (approximately HK$17,570,000)) for these claims where the outcome is likely to be unfavourable to the Group.

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 2010, the Group has pledged land and buildings and investment properties with aggregate carrying values of approximately HK$469,007,000 (2009: HK$383,867,000) and HK$245,692,000 (2009: HK$83,406,000) respectively, as collateral for mortgage loans granted to the Group by certain banks. In addition to the above, inventories of a subsidiary in the United States of America of HK$199,161,000 (2009: HK$194,379,000)) were pledged as security for general banking facilities arranged for that subsidiary.

(b) At 28 September 2010, deposits amounting to HK$282,000 (2009: HK$15,198,000) are pledged to a bank to secure an export invoice discounting facility granted to the Group.

(c) At 28 September 2010, inventories of fishmeal of HK$12,843,000 (2009: HK$28,197,000) and inventories of frozen fish and fillets and portions amounting to HK$248,102,000 (2009: HK$Nil) were also pledged as security for the revolving inventory financing facilities obtained from banks.

47. Pledge of Assets – continued

(d) At 28 September 2010, a fishing vessel with net carrying amount of HK$952,212,000 (2009: a fishing vessel under construction with net carrying amount of HK$677,040,000), fixed deposits of HK$44,557,000 (2009: HK$44,293,000) and shares of a subsidiary were pledged as security for a term loan granted to the Group. The fixed deposits pledged bear interest at 0.23% (2009: 0.40%) per annum.

(e) At 28 September 2010, 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$134,311,000 (2009: HK$356,694,000).

(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) have been mortgaged and pledged respectively in connection with the deferred consideration payable of US$5,108,000 (approximately HK$39,839,000) on acquisition of a subsidiary. The pledge was released after the deferred consideration was repaid during the year.

(g) At 28 September 2010, shares and net assets amounted to HK$205,562,000 (2009: HK$191,358,000) 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.

48. Related Party Transactions

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

	29.9.2009 to 28.9.2010 HK$'000	1.4.2009 to 28.9.2009 HK$'000
Sales of frozen seafood	534,350	300,286
Purchases of frozen seafood	11,647	7,610
Agency income	9,133	4,163

(b)

	28.9.2010 HK$'000	28.9.2009 HK$'000
Bank advance drawn by the Group on discounted trade receivables with insurance coverage of:		
– associates of the Group	45,581	45,304
The above advances are secured by trade receivables of:		
– associates of the Group	50,646	50,338

49. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 28 September 2010 and 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 %		attributable to the Group %		Principal activities
			28.9.2010	28.9.2009	28.9.2010	28.9.2009	
Aqua Foods (Qingdao) Co. Ltd	PRC (note a)	Registered RMB6,340,000	100	100	100	100	Seafood processing
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$5,000,300	70	79	38	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 2010: US$50,121,055 2009: US$43,014,000	70	79	38	42	Investment holding
China Fisheries International Limited	Samoa/Worldwide	Ordinary US$1,000	70	79	38	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 (BP) Limited	British Virgin Islands/ Worldwide	Ordinary US$1	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 %		attributable to the Group %		Principal activities
			28.9.2010	28.9.2009	28.9.2010	28.9.2009	
Europaco (HP) Limited	Hong Kong/ Worldwide	Ordinary HK$2	100	100	100	100	Trading of processed seafood products
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 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$97,000,000	100	100	100	100	Seafood processing

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 %		attributable to the Group %		Principal activities
			28.9.2010	28.9.2009	28.9.2010	28.9.2009	
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 Worldwide	Ordinary 2010: S$142,009,551 2009: S$139,125,506	65	65	65	65	Investment holding
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$1	100	100	100	100	Investment holding
Premium Choice Group Limited	British Virgin Islands/ Worldwide	Ordinary US$1	70	79	38	42	Management of fishing vessels
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

49. Particulars of Principal Subsidiaries – continued

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 35) and senior notes (note 36) respectively, none of the subsidiaries had any debt securities outstanding at the end of the year/period.

50. Particulars of Principal Associates

Particulars of the Group's principal associates as at 28 September 2010 and 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 % 28.9.2010	% 28.9.2009	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

50. Particulars of Principal Associates – continued

Name	Forms of business structure	Place of incorporation	Attributable proportion of nominal value of issued/ registered capital held by the Company % 28.9.2010	% 28.9.2009	Principal activities
Pacos Trading Limited	Incorporated	Republic of Cyprus	13*	13*	Trading of frozen seafood products and acting as shipping agency
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. Events after the Reporting Period

(a) On 17 November 2010, China Fishery and its subsidiaries entered into a US$425 million (approximately HK$3,315 million) club loan facility agreement with syndicate of lenders. This agreement provides for a term loan facility of US$340 million (approximately HK$2,652 million) and a revolving loan facility of US$85 million (approximately HK$663 million). As of 26 November 2010, the Group has drawn down US$200 million (approximately HK$1,560 million) under these facilities, and US$225 million (approximately HK$1,755 million) remained available to be drawn down. These facilities bear interests at the prevailing market rate. The facility is to be repaid in 11 equal quarterly instalments and matures in November 2014.

(b) On 8 December 2010, a wholly owned subsidiary of PARD entered into a share acquisition agreement to acquire a total of 28,910,367 quoted shares representing approximately 19.76% of the total number of issued shares of Tassal Group Limited, a company listed on the Australian Stock Exchange, for a cash consideration of A$51,749,556 (approximately HK$397.4 million). On 7 January 2011, PARD through its wholly owned subsidiary, completed the acquisition for the 14.90% of the issued share capital of Tassal Group Limited.

(c) On 17 December 2010, the Company's subsidiary, China Fishery, announced that it intended to undertake a global offering of new ordinary shares (the "Proposed Global Offering") and seek a dual primary listing of all the ordinary shares of it on the Main Board of The Stock Exchange of Hong Kong Limited. China Fishery plans to allot and issue up to 175,000,000 new ordinary shares (the "Offer Shares") (subject to adjustment and the over-allotment option) pursuant to the Proposed Global Offering. The over-allotment option will be up to an aggregate of 25,000,000 new shares, representing 14.3% of the initial number of Offer Shares.

FINANCIAL SUMMARY

	1.4.2006 to 31.3.2007 HK$'000	1.4.2007 to 31.3.2008 HK$'000	1.4.2008 to 31.3.2009 HK$'000	1.4.2009 to 28.9.2009 HK$'000	29.9.2009 to 28.9.2010 HK$'000
RESULTS					
REVENUE	8,478,584	10,017,372	11,167,773	5,556,761	11,470,543
OPERATING PROFIT	1,012,198	920,985	1,027,457	393,031	1,144,452
SHARE OF RESULTS OF ASSOCIATES	376	361	(731)	724	1,515
	1,012,574	921,346	1,026,726	393,755	1,145,967
TAXATION	(19,276)	(37,078)	(878)	(34,118)	(55,138)
PROFIT FOR THE YEAR/PERIOD	993,298	884,268	1,025,848	359,637	1,090,829
NON-CONTROLLING INTERESTS	(682,525)	(511,359)	(509,054)	(185,844)	(597,804)
	310,773	372,909	516,794	173,793	493,025

	31.3.2007 HK$'000	31.3.2008 HK$'000	31.3.2009 HK$'000	28.9.2009 HK$'000	28.9.2010 HK$'000
ASSETS AND LIABILITIES					
TOTAL ASSETS	10,135,001	14,196,864	15,664,904	17,136,760	21,164,871
TOTAL LIABILITIES	(6,233,396)	(8,385,759)	(9,016,311)	(9,224,776)	(10,736,796)
TOTAL EQUITY	3,901,605	5,811,105	6,648,593	7,911,984	10,428,075
EQUITY COMPONENT OF CONVERTIBLE BONDS OF A LISTED SUBSIDIARY	–	(42,226)	(39,710)	(37,445)	(35,482)
NON-CONTROLLING INTERESTS	(1,759,219)	(2,275,412)	(2,658,023)	(3,223,144)	(4,583,702)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	2,142,386	3,493,467	3,950,860	4,651,395	5,808,891

OUR GLOBAL PRESENCE

* 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.