PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED
太平洋恩利國際控股有限公司
(Incorporated in Bermuda with limited liability)
(STOCK CODE: 1174)

PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 28 SEPTEMBER 2014

FINANCIAL HIGHLIGHTS

	FY2014 ***(HK$' million)***	FY2013 *(HK$' million)*	Change
Revenue	**12,541**	13,286	-5.6%
Profit for the year	**1,004**	856	+17.2%
Profit attributable to owners of the Company	**486**	366	+32.6%

The board (the "**Board**") of directors (the "**Directors**") of Pacific Andes International Holdings Limited ("**Pacific Andes**", "**PAIH**" or the "**Company**") is pleased to present the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 28 September 2014 ("**FY2014**"), together with the audited comparative figures for the corresponding year in 2013 ("**FY2013**").

The preliminary consolidated results for FY2014, subject to the completion of the audit of the Group, have been agreed with the Company's auditors.

MANAGEMENT DISCUSSION AND ANALYSIS

Throughout 2014, a key focus of the Group has been increasing efficiency of existing operations, while continuing to explore new areas of growth. This has led to an expansion of sales to food service and retail in North America, Australia and Latin America.

With respect to operations in Peru, this was the first full year of consolidation of the operations of the expanded fishmeal and fish oil business into the Group's results, following the acquisition of Copeinca AS ("**Copeinca**", formerly known as "**Copeinca ASA**"), in August 2013. The Peruvian fishmeal operation made a major contribution to growth throughout the year, despite the fact that it was only able to utilize 61% of its fishing quota in Peru for the major April to July season because of El Nino. This demonstrates the potential of the consolidated business to deliver impressive results in the future, meeting the growing demand for fishmeal and fish oil.

During the year, we have taken the following decisive actions to improve our efficiency and reduce our gearing:

1. lowered our cost base through consolidation and integration. As part of the integration of its enlarged operations in Peru, the Group successfully realized cost synergies by the closure of two fishmeal processing plants, reduction in fleet size, combining offices in Peru and centralizing the engineering and vessel maintenance workforce. In China, three processing plants were closed and production centralized in the Hongdao facility.

2. realized cash through the sale of non-core assets and investments totaling approximately HK$883 million. We sold non-core properties amounted to HK$35 million, divested a majority stake in our China food testing business, Sino Analytica (HK$40 million), divested our interest in a department store (HK$117 million), and sale of the 18.09% equity interest in Tassal Group Limited ("**Tassal**") (HK$691 million).

3. extended the maturity profile of borrowings by refinancing short-term borrowings.

Market Review

Despite subdued global economic recovery early in the year, markets have shown growing confidence throughout 2014, particularly on the back of increasingly positive signs in the United States economy. Emerging markets have continued to demonstrate good growth providing opportunities for domestic, regional and international producers. Accordingly, the Food and Agriculture Organisation (the "**FAO**") predicts that the fishery markets will continue to be strengthened with export value for fish and fishery products expected to reach US$140 billion[1] (approximately HK$1,092 billion) in 2014, a 4% increase when compared with 2013.

[1] Issue 3/2014, Globefish Highlights, FAO

The primary seafood processing industry experienced difficult operating conditions throughout the year. Raw material prices continued to increase while the selling prices of processed products remained subdued as a result of strong competitive pressure, particularly in China. Our business has been impacted, especially in view of the leadership position that we have taken in implementing advanced quality, traceability and environmental processes in anticipation of evolving regulatory requirements.

Nevertheless, as a result of increased population, growing affluence and consumer acceptance of farmed seafood, global demand for fishmeal and fish oil for aquaculture and farmed animal production is continuing to strengthen. Based on the latest forecast by the FAO, total production by the world aquaculture sector is set to grow at 4.14% per year through to 2022, significantly faster than previous forecasts.

International trade in shrimps grew throughout 2014 as the market continued to recover from the impacts of Early Mortality Syndrome. Sales of shrimps by our US subsidiary, which account for more than 60% of its business, grew 21.2%.

Business Review

*Fishery and Fish Supply Division (the "**FFS Division**")*

This has been a transformational year for the FFS Division, which operates through our subsidiary, China Fishery Group Limited ("**China Fishery**"). Throughout 2014, the FFS Division continued to focus on extracting synergies from integrating its Peruvian Fishmeal Operations. It implemented several initiatives designed to improve overall operating performance, including the closure of two fishmeal processing plants, reduction in fleet size, and centralization of its engineering and vessel maintenance workforce. These initiatives expanded its operating margin from 26.3% to 33.3%. While the FFS Division has made good progress, there is still more to accomplish to deliver on its long-term growth and margin targets.

Revenue for the division increased by 13.7% from HK$4,329.1 million to HK$4,920.5 million, reflecting continued enhanced contribution from the enlarged Peruvian Fishmeal Operations. However, the growth was partially offset by the lower contributions from the Contract Supply Business following the termination and non-renewal of the Long Term Supply Agreements (the "**LSAs**").

Revenue from the China Fishery Fleet operations, increased by 50.9% from HK$217.6 million to HK$329.0 million, mainly as a result of higher catch and sales volume recorded from the fishing operations in Namibia.

Revenue segmentation

	FY2014 *HK$' million*	FY2013 *HK$' million*	Change
Peruvian Fishmeal Operation	3,392.0	1,292.4	+162.5%
Contract Supply Business	1,200.0	2,819.1	-57.4%
China Fishery Fleet	328.5	217.6	+50.9%
Total	4,920.5	4,329.1	+13.7%

*Frozen Fish Supply Chain Management Division (the "**Frozen Fish SCM Division**")*

The Group's Frozen Fish SCM Division, which operates through its subsidiary Pacific Andes Resources Development Limited ("**PARD**"), recorded a 27.7% drop in revenue from HK$4,435.0 million to HK$3,205.5 million mainly attributable to lower sales volume.

Looking ahead to the financial year ending 28 September 2015, the Frozen Fish SCM Division will continue to build on its core competencies to maintain its strong market position in the People's Republic of China (the "**PRC**"), effectively managing the complexities of the global seafood supply chain and providing logistics solutions to its customers.

*Processing and Distribution Division (the "**P&D Division**")*

During the year, the revenue from the P&D Division decreased by 2.5% from HK$4,479.4 million to HK$4,368.8 million.

Growth in revenue from our US operations was more than offset by the reduction in sales from the PRC processing business.

Profitability in the PRC processing business was impacted by high raw material and labour costs and the appreciation of the Renminbi ("**RMB**"). Accordingly, we were focused throughout the year on driving cost efficiencies and product diversification.

Through product and market diversification, the P&D Division has grown sales to food service and retail by 69.2%, primarily through expanded distribution in North America, Australia and Latin America. In the case of our US subsidiary, sales to food service and retail grew by 49.8% and 43.3% respectively.

Subsequent Events

Subsequent to the FY2014, the Company proposed to raise approximately HK$410.4 million (after deduction of expenses), by way of rights issue, pursuant to which 2,361,034,342 rights shares will be issued at the subscription price of HK$0.18 per rights share on the basis of every one rights share for every two existing shares of the Company (the "**PAIH Rights Issue**"). The PAIH Rights Issue was completed on 18 December 2014 and raised approximately HK$410.4 million in net proceeds. A total of 2,361,034,342 rights shares were subscribed, with total applications for rights shares being 24.84% oversubscribed.

Details of the PAIH Rights Issue were disclosed in the Company's announcements dated 11 November 2014 and 16 December 2014 and the Company's prospectus dated 26 November 2014.

PAIH's subsidiary, PARD, has proposed a renounceable underwritten rights issue of 3,832,793,870 rights shares at a price of S$0.051 for each rights share, on the basis of four rights shares for every five existing shares (the "**PARD Rights Issue**") on 25 November 2014. PARD intends to utilize the net proceeds of the PARD Rights Issue for general working capital purposes and/or reduction of the PARD's and/or the Group's borrowings, including mainly to support and assist PARD's subsidiary China Fishery in the redemption of Copeinca Notes. A special general meeting of PARD will be held on 23 December 2014 to seek shareholders' approval on, *inter alia*, the PARD Rights Issue. Details of the PARD Rights Issue were disclosed in the Company's announcements dated 25 November 2014 and 4 December 2014.

The Company intends to utilize the net proceeds of the PAIH Rights Issue to subscribe for its pro-rata entitlement under the proposed PARD Rights Issue.

Upon completion of the chain rights issue, the Group's net-debt-to-equity ratio will improve from 109.0% to 97.0%.

Prospects

Over the next two years, we will remain committed to growing our businesses organically, maximizing operating cash flow and enhance asset utilization. In addition, we will continue to focus on reducing our overall borrowings and divesting our non-core assets so as to provide a strong and resilient financial foundation for future growth.

Despite the recent uncertain economic conditions in Russia, our ability to continue sourcing marine species from Russia has not been affected. We do not anticipate any disruptions to our relationship with the Suppliers, and we are confident that the refund of pre-payments made under the LSAs will be made according to schedule. We will continue to monitor the situation closely and will keep the market informed.

Peru's marine institute, Imarpe, recently completed its second assessment of the Peruvian Anchovy fishery for the fishing season scheduled to run from November 2014 until January 2015. The institute found a 94% density of juvenile fish (less than six months old) in the north/centre region which led the institute to recommend that the fishing season not be opened. These conditions were assessed to be the result of cyclical warming of the waters which caused the Anchovy stocks to temporarily disperse. Industry in general believes that the high percentage of juveniles is a very positive indicator for the major April to July fishing season of 2015, which generally represents about 60% of the annual catch. The Peruvian Anchovy resource has shown itself to be able to recover quickly from these cyclical events, as it is well-managed under an effective fishery management policy adopted by the Peruvian Government.

FAO has reported that global per capita fish consumption has increased strongly from 9.9 kilograms in 1970 to 19.1 kilograms in 2012. With rising global affluence, this growth will continue to outpace world population growth. In addition, as the world becomes more conscious of the value of a healthy diet, the FAO confirms that fish is the healthiest form of protein. It is a huge provider of micronutrients which lower the risk of coronary heart disease and improve cardio-vascular health.

The future growth dynamics for the seafood industry globally are predicted to be very strong. In line with these predictions, we are excited about the opportunities ahead for our businesses. In addition, we expect to deliver further cost efficiencies which will help to support future growth and enable us to make further progress on our operating margins.

With our global presence and comprehensive global business platform, we are well-equipped to capture opportunities in the seafood value chain. As a result, we remain confident in our ability to continue to create value for our shareholders.

Financial Review

The Group achieved solid results in FY2014, including double digit growth in net and gross profit.

Revenue

Revenue decreased by 5.6% from HK$13,286.0 million (approximately US$1,703.3 million) to HK$12,540.6 million (approximately US$1,607.8 million). The FFS Division accounted for 39.2% (FY2013: 32.6%) of total revenue; the Frozen Fish SCM Division for 25.6% (FY2013: 33.4%); and the Processing and Distribution Division for the remaining 34.8% (FY2013: 33.7%).

Revenue by Geographical Markets

Geographically, the PRC continued to be the Group's key market, representing 46.2% of total revenue. Sales to PRC reduced by 24.6% due primarily to lower volumes as a result of termination of the LSAs. Sales to North America grew by 15.6% to HK$2,817.1 million and accounting for 22.5% of total revenue, mainly driven by the strong growth in US domestic retail sales. Sales to Europe increased by 7.8% to HK$1,870.4 million, accounting for 14.9% of total revenue, through sales to European production and sales companies in which we hold strategic investments.

Gross Profit

Gross profit increased by 11.1% from HK$2,028.4 million to HK$2,254.0 million and gross margin improved from 15.3% to 18.0%, mainly attributable to reduced cost, increased operating efficiencies and sales leverage on fixed costs resulting from higher production volume in the enlarged Peruvian Fishmeal Operations under the FFS Division.

Other Income

Other income decreased by 5.8% from HK$1,207.9 million to HK$1,137.8 million. This was due primarily to the absence of fair value gain and gain in bargain purchase from the Group's acquisition of Copeinca that were recorded in FY2013. Other income for the year comprised mainly gain on disposal of interest in an associate of HK$316.5 million, realized gain of HK$251.0 million from foreign exchange derivative contracts on hedging of the receivables and the fair value gain of HK$118.9 million from derivative financial instruments.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 7.5% from HK$550.1 million to HK$508.7 million, due primarily to lower sales volume.

Administrative Expenses

Despite the consolidation of results of Copeinca into the Group, administrative expenses increased slightly by 1.9% from HK$630.4 million to HK$642.3 million.

Other Expenses

Other expenses decreased by 69.3% from HK$590.8 million to HK$181.3 million due to the absence of provisions that were recorded in FY2013. Other operating expenses mainly comprised fair value loss on held-for-trading investments of HK$30.1 million, loss on disposal of a joint venture of HK$22.7 million and provision for contingencies of HK$28.0 million.

Finance Costs

Finance costs increased by 36.3% from HK$726.2 million to HK$989.9 million due to additional interest expenses as a result of the consolidation of senior notes issued by Copeinca and the term loan drawn to finance the acquisition of Copeinca.

Net Profit for the year

As a result of the above-mentioned factors, net profit for the year increased by 17.2% from HK$856.3 million to HK$1,003.7 million. Profit attributable to owners of the Company increased by 32.6% from HK$366.3 million to HK$485.8 million.

Statement of Financial Position

Net assets of the Group increased 6.3% year-on-year. As at 28 September 2014, total assets of the Group amounted to HK$39,066.6 million (28 September 2013: HK$38,343.8 million).

Non-current assets decreased by 10.7% from HK$23,862.3 million to HK$21,320.5 million, due primarily to the disposal of non-core assets and the reclassification of prepayments made to suppliers to current assets after the termination of the LSAs under the FFS Division.

Current assets increased by 22.5% from HK$14,481.5 million to HK$17,746.1 million. The increase was due mainly to the reclassification of prepayments made to suppliers to current assets after the termination of the LSAs.

Current liabilities decreased by 17.5% from HK$13,812.9 million to HK$11,392.6 million after the completion of the Group wide refinancing exercise during the year under review. Therefore, the Group's non-current liabilities increased by 22.8% from HK$9,678.9 million to HK$11,882.8 million.

During the year, the Group raised HK$6.3 billion to extend its borrowing maturity. This comprised:

- a 4.5 year club loan facility of US$550 million (approximately HK$4.3 billion) by China Fishery
- a 3.5 year term loan facility of US$100 million (approximately HK$780 million) by Pacific Andes
- a 3 year S$200 million (approximately HK$1,256 million) fixed rate unsecured bonds by PARD

Significant debt repayments during the year included:

- China Fishery's short-term bridge loans of US$354.3 million (approximately HK$2,763.5 million)
- Refinancing of the China Fishery club loan facility of US$425 million (approximately HK$3,315.0 million)
- Full redemption of PARD's 6.5% CNY570 million (approximately HK$710.9 million) fixed rate unsecured bonds

As at 28 September 2014, total interest-bearing borrowings increased by 4.1% from HK$17,721.4 million to HK$18,451.2 million. Of the Group's total bank loans and other borrowings, 68% of short-term borrowings and 90% of long-term borrowings were made by the Group's subsidiaries China Fishery and PARD.

The net-debt-to-equity ratio of the Group, defined as a percentage of net of cash interest bearing borrowings of HK$17,205.9 million over total equity of HK$15,791.3 million, improved from 113.1% to 109.0%. The long term debt to total debt ratio was 49.5%.

Cash Flow and Liquidity

The Group's operating cash flow was impacted by higher fishmeal and fish oil inventories and increase in trade and other receivables. Trade and bills receivables increased as a result of higher sales recorded in 4QFY2014 due to a higher catch volume in Peru in 4QFY2014. Inventories increased due to higher fishmeal and fish oil inventories. Production was ramped-up following higher catch volume towards the end of 4QFY2014.

As a result, the Group's net cash outflow from operating activities amounted to HK$1,594.5 million (FY2013: net cash inflow of HK$3,663.8 million).

Our cash balance rose by 35.2% from HK$921.3 million to HK$1,245.3 million by 28 September 2014 mainly due to:

- Operating cash out flow of HK$1,594.5 million
- Capital expenditure and acquisition-related payments of HK$592.1 million, including the acquisition of offices in Peru and the upgrade of vessels and processing plants
- Refund of pre-payments from Russian Suppliers under the FFS Division of HK$865.8 million (approximately US$111.0 million)
- Proceeds on disposal of non-core assets of HK$844.0 million
- Net increase in debt of HK$748.4 million
- Dividends paid for the FY2013 final dividend of HK$118.9 million

The Group's borrowings are mainly denominated in US Dollars and carry LIBOR plus rates. Revenues are denominated in US Dollars, Euro and Japanese Yen, and major expenses are made either in US Dollars, HK Dollars, RMB or Peruvian Sol. The Group manages its foreign exchange risks through the use of foreign currency forward contracts. Pursuant to the Group's policies currently in place, foreign currency forward contracts are entered into by the Group for hedging purposes.

Dividend

The Board did not propose dividends for FY2014 due to our commitment to strengthening the Company's balance sheet. Looking forward, the Board will assess the payment of dividends in the light of future business performance.

Employees and Remuneration

As at 28 September 2014, the Group had a total of approximately 6,000 employees. Remuneration packages offered to employees are in line with industry standards and reviewed annually. The award of bonuses is discretionary and based on the performance of, firstly, the individual employee, and secondly, the Group. Each of the Company and its non-wholly owned subsidiaries, PARD and China Fishery, has an employee share award plan, PARD has an employee share option scheme, for granting of share awards and share options to eligible employees based on their contribution to the Group.

During the year under review, the following important events have occurred:

Discloseable and Connected Transaction – Deemed Disposal of Interest in an Indirect Non-Wholly Owned Subsidiary

On 5 December 2013, China Fishery, an indirect non-wholly owned subsidiary of the Company, entered into an agreement (the "**CFGL Warrant Issuance Agreement**") with its substantial shareholder, CAP III-A Limited (the "**Investor**"), for the issuance of 96,153,846 warrants and/or (as the case may be) such further warrants as may be required to be issued by China Fishery (the "**CFGL Warrants**") at an exercise price of S$0.52 (approximately HK$3.24), subject to adjustments in accordance with the terms and conditions of the CFGL Warrants (the "**CFGL Warrant Terms and Conditions**").

The indirect equity interest of the Company in China Fishery will be diluted upon exercise of CFGL Warrants in full by the Investor in accordance with the CFGL Warrant Terms and Conditions. Therefore, the entering into of the CFGL Warrant Issuance Agreement and the transactions contemplated thereunder constituted a deemed disposal of indirect equity interest of the Company in China Fishery within the meaning of Rule 14.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). In addition, as one of the applicable percentage ratios is more than 5% but less than 25%, it also constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Further, the Investor is a substantial shareholder of China Fishery and as a result, the Investor is a connected person (as defined in the Listing Rules) of the Company. As such, the entering into of the CFGL Warrant Issuance Agreement and the transactions contemplated thereunder also constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the issuance of the CFGL Warrants were disclosed in the Company's announcement dated 5 December 2013 and the Company's circular dated 6 January 2014.

Compulsory Acquisition of Remaining Shares in Copeinca

On 17 March 2014, effective from close of trading on Oslo Børs (the Oslo Stock Exchange of Norway), the board of directors of Grand Success Investment (Singapore) Private Limited ("**GSI**"), an indirect wholly-owned subsidiary of China Fishery, resolved to carry out a compulsory acquisition of all remaining shares in Copeinca not owned by GSI pursuant to section 4–25 of the Norwegian Public Limited Liability Companies Act (the "**Compulsory Acquisition**"). As a consequence, GSI has assumed ownership of all the shares in Copeinca.

As a consequence of the Compulsory Acquisition, GSI pursued a delisting of the shares in Copeinca from Oslo Børs and from Bolsa de Valores de Lima (the Peruvian stock exchange in Lima, Peru). As at the date of this announcement, the shares of Copeinca were delisted from both Oslo Børs and Bolsa de Valores de Lima.

Details of the Compulsory Acquisition were disclosed in the Company's announcement dated 18 March 2014.

Loan Agreements with Covenants Relating to Specific Performance of the Controlling Shareholders

(1) On 20 March 2014, China Fishery (as one of the guarantors), and certain of its subsidiaries (as borrowers) (the "**Borrowers**") entered into a facility agreement with an international bank consortium comprising China CITIC Bank International Limited, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (also known as Rabobank International), Hong Kong Branch, DBS Bank (Hong Kong) Limited, Standard Chartered Bank (Hong Kong) Limited and The Hongkong and Shanghai Banking Corporation Limited (in alphabetical order) (as lenders) (the "**Lenders**") in respect of the provision of the US$650,000,000 (approximately HK$5,070,000,000) 4-year term and revolving credit facilities by the Lenders to the Borrowers (the "**Facility Agreement**"). The Facility Agreement contains specific performance obligations on the controlling shareholders of the Company.

    Details of the specific performance obligations contain in the Facility Agreement were disclosed in the Company's announcement dated 24 March 2014.

(2) On 21 March 2014, Pacific Andes Treasury Management Limited, a wholly owned subsidiary of the Company, as borrower and the Company as guarantor entered into a facility agreement (the "**MBB Facility Agreement**") with Malayan Banking Berhad, Hong Kong Branch for a term loan facility in the principal amount of up to US$100,000,000 (approximately HK$780,000,000). The MBB Facility Agreement contains specific performance obligations on the controlling shareholders of the Company.

    Details of the specific performance obligations contain in the MBB Facility Agreement were disclosed in the Company's announcement dated 24 March 2014.

(3) On 22 July 2014, PARD entered into a subscription agreement with DBS Bank Ltd. pursuant to which PARD had agreed to issue bonds (the "**Bonds**") in a principal amount of S$200,000,000 (approximately HK$1,256,000,000) due in 2017 (the "**Bonds**"). The Bonds contain specific performance obligations on the controlling shareholders of PARD.

    Details of the specific performance obligations contain in the Bonds were disclosed in the Company's announcement dated 22 July 2014.

Termination of the LSAs

On 21 March 2014, China Fisheries International Limited, an indirect wholly-owned subsidiary of China Fishery, entered into addenda with Alatir Limited and Perun Limited to terminate the LSAs previously signed (the "**Termination**"). The rationale for the Termination was that it would enable China Fishery to re-deploy significant capital which was tied up in prepayments under the LSAs towards reduction of the gearing of China Fishery, strengthen the capital structure to take advantage of any future opportunities.

Details of the Termination were disclosed in the Company's announcement dated 24 March 2014.

Group Internal Transfer of All Shares in Copeinca

Following completion of the Compulsory Acquisition on 21 March 2014, GSI transferred all its shares in Copeinca at NOK68.17 per share to CFG Investment S.A.C. ("**CFGIS**"), an indirect wholly-owned subsidiary of China Fishery (the "**Transfer**"). Following the Transfer, GSI held no shares or rights to shares in Copeinca and CFGIS owned 100% of the shares and voting rights in Copeinca. Both of GSI and CFGIS are indirect wholly-owned subsidiaries of China Fishery and therefore the ultimate control over the shares in Copeinca has not changed.

Details of the Transfer were disclosed in the Company's announcement dated 25 March 2014.

Major Transaction – Disposal of Tassal

On 29 May 2014, Quality Food (Singapore) Pte. Limited (the "**Vendor**"), an indirect non-wholly owned subsidiary of the Company, and UBS AG, Australia Branch (acting as the lead manager for the disposal) (the "**Lead Manager**"), entered into a placing agreement in respect of the disposal of the sale shares, representing approximately 18.09% equity interests in Tassal, by the Vendor to third party placees procured by the Lead Manager at a total consideration of A$96,725,000 (approximately HK$695.5 million) (the "**Placing Agreement**") in accordance with the terms of the Placing Agreement (the "**Tassal Disposal**").

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Tassal Disposal exceeded 25% but below 75%, the Tassal Disposal constituted a major transaction of the Company under Chapter 14 of the Listing Rules.

The net proceeds from the Disposal was approximately A$94.9 million (approximately HK$682.3 million) (after deduction of all expenses relating to the Tassal Disposal). The cash generated would be largely utilized to reduce PARD's gearing and finance cost.

The Tassal Disposal was completed on 4 June 2014. Details of the Tassal Disposal were disclosed in the Company's announcement dated 30 May 2014 and the Company's circular dated 10 July 2014.

Discloseable Transaction – Disposal of Shareholding Interests in and Shareholder's Loan to Able Team Investments Limited

On 18 June 2014 (after trading hours), Vision Invest Limited (the "**Seller**"), an indirect wholly-owned subsidiary of the Company, and the buyer entered into a sale and purchase agreement (the "**Agreement**") in respect of the disposal of all the sale shares, representing approximately 33.33% of the entire issued share capital of Able Team Investments Limited (the "**Target Company**") and a loan owing by the Target Company to the Seller constituting a principal amount of US$2,833,333.33 (approximately HK$22.1 million) together with all interest accrued thereon at the aggregate consideration of US$15,000,001 (approximately HK$117.0 million) in accordance with the terms of the Agreement (the "**Disposal**").

As an applicable percentage ratio (as defined under Rule 14.04(9) of the Listing Rules) in respect of the Disposal exceeds 5% but below 25%, the Disposal constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The proceeds would be largely utilized to reduce the borrowings of and as working capital for the Group.

Details of the Disposal were disclosed in the Company's announcement dated 18 June 2014.

PURCHASE, SALE OR REDEMPTION

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 28 September 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules (the "**Model Code**") to regulate the Directors' securities transactions. Specific enquiry has been made with all of the Directors and all of them have complied with the required standard set out in the Model Code during the year ended 28 September 2014.

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 review of the consolidated financial statements for the year ended 28 September 2014.

The members of the Audit Committee are Mr. Lew V Robert (Chairman), Mr. Kwok Lam Kwong, Larry and Mr. Tao Kwok Lau, Clement, all are the independent non-executive Directors.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 2014, except for the following deviation:

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 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.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.pacificandes.com). The annual report will be despatched to the shareholders of the Company and will be published on the aforementioned websites in due course.

CONSOLIDATED INCOME STATEMENT

For the year ended 28 September 2014

	Notes	2014 HK$'000	2013 HK$'000 (restated)
Revenue	3	**12,540,593**	13,286,029
Cost of sales		**(10,286,618)**	(11,257,630)
Gross profit		**2,253,975**	2,028,399
Other income and gains	4	**1,137,789**	759,300
Gain on bargain purchase on acquisition of subsidiaries		**–**	448,580
Selling and distribution expenses		**(508,686)**	(550,091)
Administrative expenses		**(642,265)**	(630,403)
Other expenses		**(181,312)**	(590,753)
Finance costs		**(989,900)**	(726,154)
Share of results of a joint venture		**(3,125)**	6,763
Share of results of associates		**35,504**	57,540
Profit before taxation	5	**1,101,980**	803,181
Taxation	6	**(98,302)**	53,113
Profit for the year		**1,003,678**	856,294
Profit for the year attributable to:			
Owners of the Company		**485,753**	366,314
Non-controlling interests		**517,925**	489,980
		1,003,678	856,294
Earnings per share	7		
Basic		**HK 9.5 cents**	HK 7.2 cents
Diluted		**HK 9.5 cents**	HK 7.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 September 2014

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Profit for the year	**1,003,678**	856,294
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of properties	**146,197**	181,014
Deferred tax liability arising on revaluation of properties	**(30,179)**	(39,830)
Items that may be subsequently reclassified to profit or loss:		
Fair value changes of available-for-sale investments	**(3,282)**	104,317
Reclassification adjustment to profit or loss upon disposal of interest in an associate	**4,000**	–
Reclassification adjustment to profit or loss upon disposal of interest in a joint venture	**26,105**	–
Reclassification adjustment to profit or loss upon disposal of interests in subsidiaries	**(10,141)**	–
Reclassification adjustment transfer to profit or loss upon derecognition of available-for-sale investments	**–**	(101,035)
Exchange differences arising on translation of foreign operations	**(22,623)**	39,806
Other comprehensive income for the year	**110,077**	184,272
Total comprehensive income for the year, net of tax	**1,113,755**	1,040,566
Total comprehensive income attributable to:		
Owners of the Company	**594,129**	534,671
Non-controlling interests	**519,626**	505,895
	1,113,755	1,040,566

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 September 2014

	Notes	**28.9.2014** **HK$'000**	28.9.2013 HK$'000 (restated)	29.9.2012 HK$'000 (restated)
Non-current assets				
Property, plant and equipment		**7,540,256**	7,841,246	6,953,714
Investment properties		**549,792**	578,707	524,891
Prepaid lease payments		**39,468**	40,848	42,528
Goodwill		**2,976,668**	2,976,668	2,976,668
Receivable from/prepayment to suppliers		**167,896**	1,786,916	887,040
Advance to a supplier		**–**	–	315,900
Available-for-sale investments		**37,655**	44,699	46,344
Interests in associates		**38,855**	543,513	506,445
Interest in a joint venture		**–**	98,797	97,648
Deposit paid for acquisition of property, plant and equipment		**–**	–	47,266
Other intangible assets		**9,560,792**	9,560,792	1,847,868
Other long term receivables		**409,137**	390,109	478,080
		21,320,519	23,862,295	14,724,392
Current assets				
Inventories		**2,695,131**	2,467,509	2,816,087
Trade, bills, other receivables and prepayments	*8*	**11,886,902**	9,788,115	10,342,059
Trade receivables with insurance coverage	*9*	**410,193**	546,197	511,218
Trade receivables from associates		**66,052**	95,065	89,808
Receivable from/prepayment to suppliers – current portion		**850,200**	205,123	172,640
Advance to a supplier		**315,900**	315,900	–
Amounts due from associates		**31,115**	3,424	13,672
Amount due from a joint venture		**–**	27,731	26,580
Held-for-trading investments		**172,365**	8,668	7,085
Other financial assets		**13,658**	–	–
Tax recoverable		**59,279**	102,349	15,670
Pledged deposits		**–**	111	207
Bank balances and cash		**1,245,314**	921,335	690,969
		17,746,109	14,481,527	14,685,995

	Notes	28.9.2014 HK$'000	28.9.2013 HK$'000 (restated)	29.9.2012 HK$'000 (restated)
Current liabilities				
Trade, bills and other payables	*10*	**1,835,753**	1,448,356	2,438,267
Bank advances drawn on discounted trade receivables with insurance coverage and discounted bills		**662,587**	609,446	569,828
Bonds		**–**	721,476	–
Other financial liabilities		**57,000**	159,218	288,975
Taxation		**188,100**	126,470	149,553
Obligations under finance leases – due within one year		**–**	30,151	29,555
Bank borrowings – due within one year		**8,649,128**	10,717,775	7,238,674
		11,392,568	13,812,892	10,714,852
Net current assets		**6,353,541**	668,635	3,971,143
Total assets less current liabilities		**27,674,060**	24,530,930	18,695,535
Non-current liabilities				
Obligations under finance leases – due after one year		**–**	3,666	33,817
Bank borrowings – due after one year		**3,844,895**	1,557,981	2,083,892
Long term payables		**193,984**	1,445,457	–
Bonds		**1,197,169**	–	690,082
Senior notes		**4,097,426**	4,080,896	2,120,094
Deferred taxation		**2,549,325**	2,590,922	559,269
		11,882,799	9,678,922	5,487,154
Net assets		**15,791,261**	14,852,008	13,208,381
Capital and reserves				
Share capital		**472,207**	472,207	472,207
Share premium and reserves		**7,851,521**	7,302,665	6,819,936
Equity attributable to owners of the Company		**8,323,728**	7,774,872	7,292,143
Non-controlling interests				
Share of net assets of subsidiaries		**7,467,533**	7,077,136	5,916,238
Total equity		**15,791,261**	14,852,008	13,208,381

Notes:

1. BASIS OF PREPARATION

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, which for the current financial year continues to be those disclosures required under the predecessor Hong Kong Companies Ordinance (Cap 32), in accordance with transitional and saving provisions which are set out in Part 9 of Schedule 11 of the Hong Kong Companies Ordinance (Cap 622).

The consolidated financial statements have been prepared on the historical cost basis except for certain properties, investment properties, available-for-sale investments, held-for-trading investments and derivative financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Except as described in note 2 below, the accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 28 September 2013.

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

In the current year, the Group has applied for the first time, the following amendments to Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the HKICPA.

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interest in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

- recognised financial instruments that are set off in accordance with HKAS 32 "Financial Instruments: Presentation"; and
- recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements but has resulted in more disclosures relating to the Group's offsetting arrangements, master netting agreements or similar agreements.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) – Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. In particular, guidance in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group. In assessing whether or not an investor with less than a majority of the voting rights in an investee has a sufficiently dominant voting interest to meet the power criterion, HKFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly, the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its investees at 29 September 2013.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures", and the guidance contained in a related interpretation, HK(SIC) – Int 13 "Jointly Controlled Entities – Non-Monetary Contribution by Venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties of joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognizes it assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in a joint arrangement in accordance with the requirements of HKFRS 11. The directors concluded that the Group's investment in a jointly controlled entity, Able Team Investments Limited, which was classified as a jointly controlled entity under HKAS 31 and was accounted for using the proportionate consolidation method, should be classified as a joint venture under HKFRS 11 and accounted for using equity method. The change in accounting of the Group's investment in jointly controlled entity has been applied in accordance with the relevant transitional provisions set out in HKFRS 11. The initial investment as at 29 September 2013 for the purpose of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated. Also, the directors performed an impairment assessment on the initial investment as at 29 September 2013 and concluded that no impairment loss is required. Comparative amounts of 2013 have been restated to reflect change in accounting for the Group's investment in joint arrangement.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces that requirement previously included in various HKFRSs.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for "fair value" and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements. The Group has applied the new fair value measurement and disclosure requirements prospectively and there is no significant change in fair value measurement of the Group. Other than the additional disclosures, the application of HKFRS 13 has had no material effect on the amounts recognised in the consolidated financial statements.

Summary of the effect of the above changes in accounting policy/restatement

The effect of the changes in the Group's accounting policy described above on the results for the current and preceding year by line items presented in the consolidated income statement as follows:

	2014	2013
	HK$'000	*HK$'000*
Impact on profit for the year:		
Decrease in revenue	**(8,407)**	(16,739)
Decrease in cost of sales	**2,817**	6,104
Decrease in other income	**(4,296)**	(24,103)
Decrease in administrative expenses	**10,537**	18,330
Decrease in finance costs	**1,603**	3,280
(Decrease) increase in share of results of a joint venture	**(3,125)**	6,763
Decrease in taxation	**871**	6,365
Net impact on profit for the year	**–**	–

The effect of the change in accounting policy described above on the financial positions of the Group as at the end of the immediately preceding financial year, i.e. 28 September 2013 and 29 September 2012 is disclosed as follows:

	At 28 September 2013 *HK$'000* (originally stated)	HKFRS 11 *HK$'000*	Finalisation of accounting for acquisition of subsidiaries *HK$'000*	At 28 September 2013 *HK$'000* (restated)
Property, plant and equipment	7,874,208	(15,022)	(17,940)	7,841,246
Investment properties	728,041	(149,334)	–	578,707
Interest in a joint venture	–	98,797	–	98,797
Trade, bills, other receivables and prepayments	9,795,621	(7,506)	–	9,788,115
Amount due from a joint venture	18,486	9,245	–	27,731
Bank balances and cash	924,452	(3,117)	–	921,335
Trade, bills and other payables	1,465,579	(17,223)	–	1,448,356
Bank borrowings – due within one year	10,719,971	(2,196)	–	10,717,775
Bank borrowings – due after one year	1,579,565	(21,584)	–	1,557,981
Deferred taxation	2,622,238	(25,934)	(5,382)	2,590,922
Long term payables	1,407,011	–	38,446	1,445,457
Total effect on net assets and equity		–	(51,004)	

Remark: The provisional fair value for acquisition of Copeinca AS has been finalized in current financial year and has accounted for a decrease in provisional fair value of the net assets acquired and liabilities assumed by HK$51,004,000 and the amount has been restated retrospectively. The amount is represented by a decrease in property, plant and equipment of HK$17,940,000, a decreased in deferred taxation of HK$5,382,000 and an increase in long term payables of HK$38,446,000.

	At 29 September 2012 *HK$'000* (originally stated)	HKFRS 11 *HK$'000*	At 29 September 2012 *HK$'000* (restated)
Property, plant and equipment	6,972,874	(19,160)	6,953,714
Investment properties	657,110	(132,219)	524,891
Interest in a joint venture	–	97,648	97,648
Trade, bills, other receivables and prepayments	10,354,291	(12,232)	10,342,059
Amount due from a joint venture	17,719	8,861	26,580
Bank balances and cash	693,471	(2,502)	690,969
Trade, bills and other payables	2,453,209	(14,942)	2,438,267
Bank borrowings – due within one year	7,242,519	(3,845)	7,238,674
Bank borrowings – due after one year	2,102,575	(18,683)	2,083,892
Deferred taxation	581,403	(22,134)	559,269
Total effect on net assets and equity		–	

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[7]
HKFRS 14	Regulatory Deferral Accounts[5]
HKFRS 15	Revenue from Contracts with Customers[6]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS16 and HKAS 41	Agriculture: Bearer Plant[4]
Amendments to HKAS 19	Defined Benefit Plans: Employees Contributions[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2010-2012 Cycle[3]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2011-2013 Cycle[2]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2012-2014 Cycle[4]
HK(IFRIC) – Int 21	Levies[1]

[1] Effective for accounting periods beginning on or after 1 January 2014.

[2] Effective for accounting periods beginning on or after 1 July 2014.

[3] Effective for accounting periods beginning on or after 1 July 2014, with limited exceptions.

[4] Effective for accounting periods beginning on or after 1 January 2016.

[5] Effective for first annual financial statements beginning on or after 1 January 2016.

[6] Effective for accounting periods beginning on or after 1 January 2017.

[7] Effective for accounting periods beginning on or after 1 January 2018.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revision version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category.

Specifically, pursuant to HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments:* Recognition and Measurement are subsequently measured at amortised cost or fair value. Under HKFRS 9, 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 subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. Furthermore, HKFRS 9 requires certain simple debt instruments to be measured at FVTOCI when certain requirements are met. In addition, under HKFRS 9, entities may take an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 adopts an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition, In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company consider that the adoption of HKFRS 9 in the future will affect the classification and measurement of the Group's available-for-sale investments as well as the impairment assessment financial assets but is unlikely to affect the Group's financial liabilities. However, it is not practicable to provide a reasonable estimate of the financial effect on the Group's financial statements until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Group anticipates that the application of HKFRS 15 in the future may affect the amounts reported and related disclosures. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Other than set out above, the directors anticipate that the application of the new HKFRSs and will have no material impact on the results and the financial position of the Group.

3. 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 and reportable 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
Fishery and Fish supply	–	sales of fish and other marine catches from fishery and fish supply activities and the production and sale of fishmeal and fish oil
Others	–	property leasing in Russia through its joint venture and laboratory testing service income

During the year ended 28 September 2014, the Group disposed of the subsidiaries that carry out the laboratory testing service and the joint venture that carries out property leasing in Russia. As the business operation of this segment is considered as insignificant to the Group, this business has not been classified and presented as discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

These divisions are 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 expenses 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, receivables from/prepayment to suppliers, properties, certain property, plant and equipment and intangible assets. Segment liabilities consist principally of account payable and accrued expenses.

There are no inter-segment sales and expenses during the current and prior year.

Investment 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 and reportable segments are the same as the Group's accounting policies in the preparation of the Group's financial statements. Segment result represents the profit earned by each segment without the allocation of certain other income, fair value changes in investment properties, fair value change in derivative financial instruments, administrative expenses, other expenses, finance costs and taxation.

Upon application of HKFRS 11 in the current year, the Group's interest in a joint venture is accounted for using equity method. As such, the Group's share of results of a joint venture and interests thereon are included in the measure of segment result and segment assets, respectively, in respect of the Fish fillets processing and distribution operating and reportable segments. Previously, the joint venture's income, certain expenses, assets and liabilities were included in the measure of segment revenue, segment results, segment assets and segment liabilities, respectively, in respect of Others operating and reportable segment. In addition, the Group has retrospectively adjusted the fair value of the assets and liabilities of Copeinca upon finalisation of their fair value in current financial year.

Hence, certain comparative figures of segment information have been restated.

Information regarding the above segments is reported below.

For the year ended 28 September 2014

Segment revenue and results

	Frozen fish SCM	**Fish fillets processing and distribution**	**Fishery and Fish supply**	**Others**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
REVENUE					
External sales	**3,205,464**	**4,368,814**	**4,920,517**	**45,798**	**12,540,593**
RESULTS					
Segment result	**922,369**	**282,041**	**1,522,142**	**22,402**	**2,748,954**
Unallocated corporate income					**143,798**
Unallocated corporate expenses					**(800,872)**
Finance costs					**(989,900)**
Profit before taxation					**1,101,980**

As at 28 September 2014

Segment assets and liabilities

	Frozen fish SCM *HK$'000*	Fish fillets processing and distribution *HK$'000*	Fishery and Fish supply *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
ASSETS					
Segment assets	8,611,580	5,784,168	24,017,036	–	38,412,784
Unallocated corporate assets					653,844
Total assets					39,066,628
LIABILITIES					
Segment liabilities	126,801	1,422,328	537,608	–	2,086,737
Unallocated corporate liabilities					21,188,630
Total liabilities					23,275,367

For the year ended 28 September 2013

Segment revenue and results

	Frozen fish SCM *HK$'000*	Fish fillets processing and distribution *HK$'000* (restated)	Fishery and Fish supply *HK$'000* (restated)	Others *HK$'000* (restated)	Consolidated *HK$'000* (restated)
REVENUE					
External sales	4,434,985	4,479,369	4,329,107	42,568	13,286,029
RESULTS					
Segment result	538,347	407,212	1,634,281	15,639	2,595,479
Unallocated corporate income					155,012
Unallocated corporate expenses					(1,221,156)
Finance costs					(726,154)
Profit before taxation					803,181

As at 28 September 2013

Segment assets and liabilities

	Frozen fish SCM *HK$'000*	Fish fillets processing and distribution *HK$'000* (restated)	Fishery and Fish supply *HK$'000* (restated)	Others *HK$'000* (restated)	Consolidated *HK$'000* (restated)
ASSETS					
Segment assets	8,247,319	5,620,719	23,670,458	93,115	37,631,611
Unallocated corporate assets					712,211
Total assets					38,343,822
LIABILITIES					
Segment liabilities	50,676	2,302,377	532,862	7,898	2,893,813
Unallocated corporate liabilities					20,598,001
Total liabilities					23,491,814

Geographical information

The Group's operations are located in Hong Kong and other regions in the People's Republic of China ("**PRC**"), North America, South America, Europe, East Asia, Africa and other parts of the world. The Group does not have a single identifiable country of domicile.

The Group's revenue from external customers based on the locations of the customers and information about its segment assets (non-current assets excluding available-for-sale investments, interests in associates, interest in a joint venture and other long term receivables) by geographical location are detailed below. The geographical location of customers is based on the location where the goods are delivered and services are rendered by the Group.

	Revenue from External customers		**Non-current assets**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		(restated)
Hong Kong and other regions in the PRC	**5,794,151**	7,685,153	**3,164,145**	3,307,817
North America	**2,817,061**	2,436,599	**48,430**	42,498
South America	**497,125**	52,395	**14,749,697**	15,101,587
Europe	**1,870,393**	1,734,511	**2,693,691**	4,180,423
East Asia	**783,715**	643,634	**178,909**	152,852
Africa	**379,970**	671,228	**–**	–
Others	**398,178**	62,509	**–**	–
	12,540,593	13,286,029	**20,834,872**	22,785,177

Information about major customers

For the year ended 28 September 2014, there is no customer with revenue more than 10% of the Group's total revenue.

For the year ended 28 September 2013, there is only one customer with revenue more than 10% of the Group's total revenue, namely a customer from fishery and fish supply segment with revenue of HK$1,745,625,000.

4. OTHER INCOME AND GAINS

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Agency income	**9,247**	9,690
Compensation received from suppliers of fish	**179,158**	156,234
Exchange gain, net	**348,688**	305,879
Fair value gain on held-for-trading investments	**–**	1,583
Fair value gain on investment properties	**7,646**	5,711
Unrealised gain on derivative financial instruments	**118,876**	133,757
Rental income from properties	**17,276**	15,544
Gain on disposal of property, plant and equipment	**7,464**	3,541
Interest income	**13,192**	7,100
Gain on disposal of available-for-sale investments, net	**–**	101,035
Gain an disposal of interest in an associate	**316,447**	–
Gain an disposal of interests in subsidiaries	**56,961**	–
Sundry income	**62,834**	19,226
	1,137,789	759,300

5. PROFIT BEFORE TAXATION

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Profit before taxation has been arrived at after charging:		
Amortisation of prepayment to suppliers (included in cost of sales)	**108,143**	237,641
Variable price for the supply of fish (included in cost of sales)	**144,004**	303,492
Auditor's remuneration	**16,540**	15,859
Depreciation of property, plant and equipment	**802,912**	929,511
Amortisation of prepaid lease payments (included in administrative expenses)	**1,005**	1,005
Cost of inventories included in cost of sales	**8,132,103**	9,717,402
Transportation, declaration and certificate expenses (included in selling and distribution expenses)	**134,139**	209,889
Directors' emoluments	**27,829**	28,218
Salary costs	**204,196**	230,972
Crew wages	**285,571**	141,344
Retirement benefit scheme contributions	**27,347**	15,130
Total staff costs	**517,114**	387,446
and after crediting		
Net rental income after outgoings of HK$1,890,000 (2013: HK$3,529,000)	**15,386**	12,015

6. TAXATION

	2014	2013
	HK$'000	*HK$'000*
		(restated)
The charge comprises:		
On profit for the year		
– Hong Kong	**306**	292
– People's Republic of China	**6,531**	8,265
– other jurisdictions	**153,561**	20,190
	160,398	28,747
Under (over) provision in prior year		
– Hong Kong	**(44)**	(9,026)
– other jurisdictions	**9,727**	(16,075)
	9,683	(25,101)
Deferred taxation	**(71,779)**	(56,759)
Tax charge (credit) for the year	**98,302**	(53,113)

Hong Kong Profit Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for the period.

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

Taxation in other jurisdictions is mainly derived from the Peruvian tax rate of 30% applied to the estimated assessable profit for the year after deduction of statutory employee profit sharing of 10% from the estimated assessable profit.

In the opinion of the directors, substantially all of the Group's profit neither arises in, nor are derived from, Hong Kong and accordingly those profits are not subject to Hong Kong Profits Tax.

7. 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:

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	**485,753**	366,314
Weighted average number of ordinary shares for the purpose of calculation of basic and diluted earnings per share	**5,103,353,734**	5,103,353,734

During the current year, the outstanding warrants issued by the Company's listed subsidiary, China Fishery Group Limited ("**China Fishery**"), are not included in the calculation of diluted earnings per share as the exercise price was higher than the average market price of the shares of China Fishery.

The Company completes the rights issue pursuant to which 2,361,034,342 rights shares will be issued at the subscription price of HK$0.18 per rights share by allotting one rights share for every two existing shares held by the qualifying shareholders on 18 December 2014, which is after the end of the reporting period but before the consolidated financial statements are authorised for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

8. TRADE, BILLS, OTHER RECEIVABLES AND PREPAYMENTS

	28.9.2014	28.9.2013
	HK$'000	*HK$'000*
		(restated)
Trade and bills receivables	**1,772,959**	1,839,515
Other receivables and prepayments	**10,113,943**	7,948,600
	11,886,902	9,788,115

The Group maintains a defined credit policy. For sales of goods, the Group generally allows credit period of 30 days to 180 days to its trade customers. The aged analysis of trade and bills receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period is as follows:

	28.9.2014	28.9.2013
	HK$'000	*HK$'000*
Less than 30 days	**560,282**	615,825
31 – 60 days	**282,603**	265,130
61 – 90 days	**100,574**	226,555
91 – 120 days	**819,742**	683,314
Over 120 days	**9,758**	48,691
	1,772,959	1,839,515

9. TRADE RECEIVABLES WITH INSURANCE COVERAGE

For trade receivables with insurance coverage, the Group generally allows a credit period of 30 days to 180 days to its trade customers. The aged analysis of trade receivables with insurance coverage based on the invoice date at the end of the reporting period is as follows:

	28.9.2014	28.9.2013
	HK$'000	*HK$'000*
Less than 30 days	**262,130**	203,696
31 – 60 days	**61,374**	148,327
61 – 90 days	**22,488**	49,593
91 – 120 days	**15,990**	38,222
Over 120 days	**48,211**	106,359
	410,193	546,197

10. TRADE, BILLS AND OTHER PAYABLES

The average credit period on purchase of goods is 30 days. The aged analysis of trade and bills payables based on the invoice date at the end of the reporting period is as follows:

	28.9.2014	28.9.2013
	HK$'000	*HK$'000*
Less than 30 days	**221,937**	302,070
31 – 60 days	**69,624**	159,646
61 – 90 days	**14,725**	21,420
Over 90 days	**564,966**	643,367
	871,252	1,126,503

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

Hong Kong, 19 December 2014

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