ANNUAL REPORT 2008

PACIFIC ANDES
(HOLDINGS) LIMITED

CONTENTS

CORPORATE MISSION

We endeavour to be a leading global supply chain manager of quality seafood, through integrating our operations in fishing, sourcing, transportation and logistics, so as to provide safe, nutritious and responsibly harvested products for consumers worldwide.

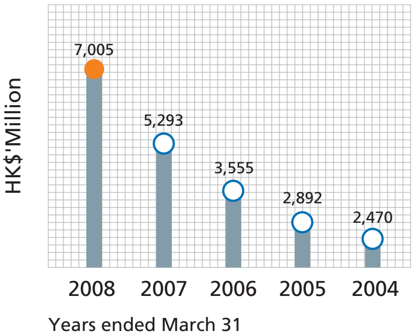
ABOUT PACIFIC ANDES (HOLDINGS) LIMITED

Pacific Andes (Holdings) Limited ("PAH") is primarily engaged in the supply chain management of frozen seafood products sourced from oceans all around the world. Besides providing a full range of at-sea transportation and logistical services to fishing companies, we also operate one of the world's most sizeable fishing fleets and fishmeal processing facilities in the Pacific Ocean region.

Financial Highlights

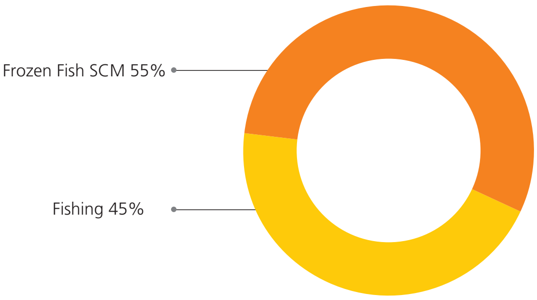
REVENUE

Revenue grew 32.4% to HK$7.0 billion on the significant expansion of our fishing division.



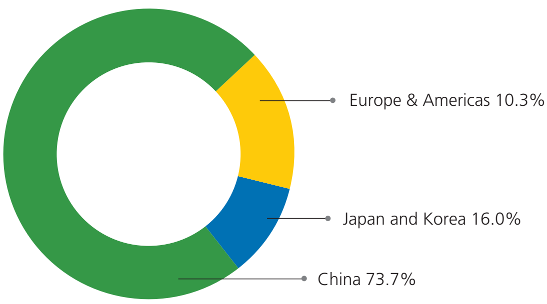
REVENUE BY OPERATIONS

The fishing division significantly increased its contribution to the Group in FY2008 with 2 new Vessel Operating Agreements and the newly established fishmeal processing operations in Peru.



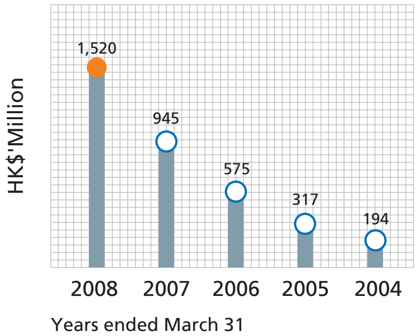
REVENUE BY MARKETS

The People's Republic of China remained as the Group's largest market for its frozen fish and fishmeal products. Japan and Korea formed the second largest market to the Group with their demand for premium fish products. The European market witnessed rapid growth in FY2008 on more fish fillet sales.



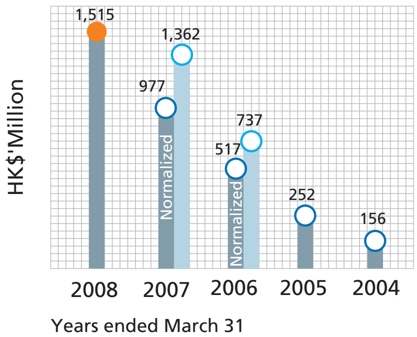
GROSS PROFIT

Gross profit rose 60.9% to HK$1.5 billion on increased profit contribution from our high-margin fishing business, as well as continuing efforts to manage cost efficiencies across all operations.



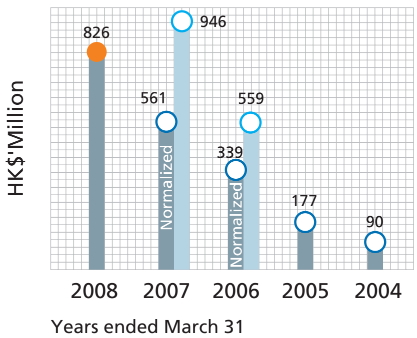
EARNINGS BEFORE INTERESTS, TAX, DEPRECIATION AND AMORTISATION ("EBITDA")

Reported EBITDA increased 11.2% to HK$1.5 billion in FY2008. Excluding the exceptional gain recorded in FY2007, normalised EBITDA jumped 55.1%, in line with gross profit growth.



PROFIT FOR THE YEAR

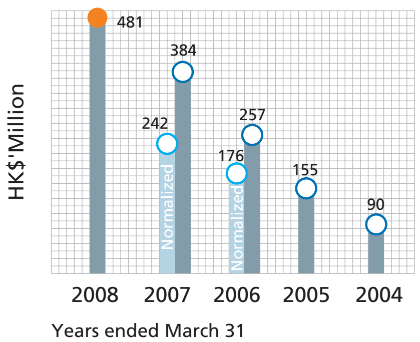
Reported profit for the year decreased 12.7% to HK$825.5 million. However, excluding the exceptional gain recorded in FY2007, normalised profit for the year increased 47.1%.



Financial Highlights

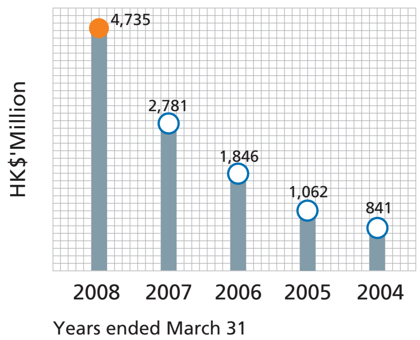
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF COMPANY

Reported profit attributable to equity holders of the company grew 25.2% to HK$481.0 million on PAH's increased stake in China Fishery Group Limited. Excluding PAH's share of the exceptional gain recorded in FY2007, the increase is 98.7%.



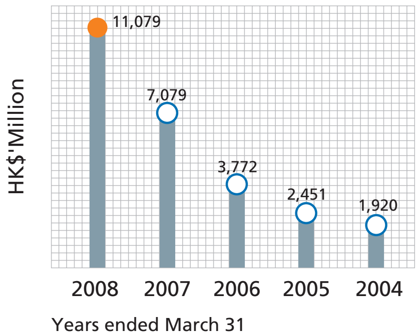
TOTAL EQUITY

Total equity increased 70.3% to HK$4.7 billion, on increased share capital and premium, retained earnings and reduced minority interests.



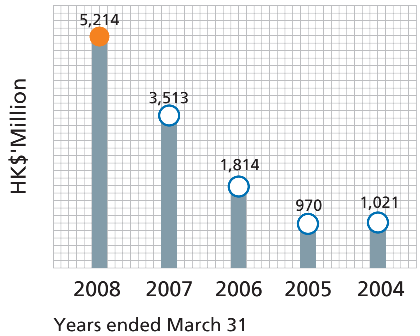
TOTAL ASSETS

The Group's assets as at 31 March 2008 totaled HK$11.1 billion, as compared to HK$7.1 billion one year earlier. This is attributed mainly to increases in fixed assets and deferred charter hire capitalised by the fishing division.



TOTAL BORROWINGS

Total borrowings increased from HK$3.5 billion to HK$5.2 billion. The increase comprises mainly additional working capital financing undertaken by the fishing division, as well as HK$622.2 million in convertible bonds issued by PAH in FY2008.



Chairman's Message

Dear Valued Investors

It is with pleasure that I, on behalf of the Board of Directors ("the Board") of Pacific Andes (Holdings) Limited ("PAH" or "the Group"), present you the Annual Report for the financial year ended 31 March 2008 ("FY2008").

In spite of increasingly challenging global economic conditions, the Group has nevertheless continued to register strong financial growth in FY2008. I wish to extend my appreciation to all management, staff and crew members who have made this possible, along with our customers, bankers, investors and business partners, who have shown unwavering support towards us.

Operations Review

Following the series of strategic expansion plans executed towards the end of FY2007, FY2008 was for us a year of consolidating our growth. We have since built up significant capabilities spanning the strategic part of the fishery supply chain in key fishing grounds of the world – from fishing, fishmeal processing to at-sea logistics and transportation.

As at the end of the financial year, our operations were broadly segmented into the supply chain management of frozen fish ("Frozen Fish SCM Division"), as well as trawling and fishmeal processing ("Fishing Division"), which are executed through our Singapore-listed subsidiary, China Fishery Group Limited ("CFGL").

In our Frozen Fish SCM Division, we continued to capture a significant market share of frozen fish imports into the People's Republic of China ("PRC"). The division generated a 10.0% growth in turnover to HK$3,855.1 million on an increased volume of fish handled, as demand for imported fish in the PRC continued to rise. In FY2008, the Division also doubled its transportation fleet through the acquisition of 2 reefer vessels. This has enabled us to reduce our reliance on chartered transportation vessels in the face of a global shortage in reefer capacity.

In the Fishing Division, we operated 23 supertrawlers through 4 Vessel Operating Agreements ("VOAs") in the Pacific Ocean, as well as 7 fishmeal processing plants and 34 purse seine fishing vessels in Peru, compared to 4 fishmeal plants and 26 vessels as at the end of FY2007. The enlarged operations have helped the Division to record a 76.1% growth in turnover to HK$3,150.3 million in FY2008, or 45.0% of total group turnover, as compared to 33.8% in FY2007. In aggregate, the Division harvested approximately 500,000 tonnes of fish in the last one year, placing us as one of the largest listed industrial fishing corporates of the world today.

Last year, we announced our intentions to redeploy supertrawlers to the South Pacific Ocean for new fishing activities, so as to generate additional income streams for the Group and further optimise our fleet utilisation. I am pleased to report that upgrading works for the selected supertrawlers have progressed smoothly. In particular, I wish to highlight one unique feature of this upgrading work, which encompasses the refitting of our vessels with an enhanced fuel-efficient engine that can significantly improve our fuel cost efficiency.

Analysing our sales by geography, the People's Republic of China ("PRC") remained our largest market with its demand for frozen fish and fishmeal products. Japan and Korea formed the second largest market to the Group with their demand for premium fish products. The European market also witnessed rapid growth in FY2008 on more frozen fish fillet sales.

Financial Review

As a result of our expansions both organic and inorganic, the Group registered a 32.4% growth in overall revenue to HK$7,005.4 million from HK$5,293.0 million a year ago. Gross profit rose 60.9% to HK$1,519.9 million from HK$944.7 million on greater contribution from our high-margin Fishing Division and also improved cost efficiencies.

On 23 July 2007, the Group increased its effective interest in CFGL from 28.8% to 63.9% by purchasing a significant stake, which was subsequently boosted by a series of open-market purchase of CFGL shares that brought our current effective shareholding to 64.1%.

To finance this stake increase, PAH carried out two major corporate exercises. These were:

(i) the issue of US$93 million in 6-year convertible bonds due 2012 paying a 4% per annum coupon in April 2007; and

(ii) a 1-for-1 rights issue concluded in July 2007, which further widened our balance sheet capacity and increased our equity base to 1,350,124,650 shares.

Reflecting the results of this stake increase, profit contribution from the Fishing Division gained pace accordingly in the second half of FY2008. When excluding the effects of an exceptional gain recorded in FY2007 on the deemed dilution of interest as a result of a share placement done by CFGL in February 2007, our FY2008 reported profits rose by a healthy margin on all counts. Earnings before interest, tax, depreciation and amortisation ("EBITDA") jumped 55.1% to reach HK$1,514.9 million, while profit for the year recorded HK$825.5 million, representing a 47.1% rise. Net profit attributable to equity holders of the Company grew even more significantly by 98.7% to HK$481.0 million.

Chairman's Message

We also widened our balance sheet capacity considerably in FY2008. As a result of our growth activities, the Group's total assets surged 56.5% to HK$11,079.2 million as at 31 March 2008. These activities included the acquisitions of fishmeal plants and vessels, as well as our additional stake in CFGL. Over the year, we have also doubled our share capital through the abovementioned rights issue, and witnessed a significant increase in our share premium as the market displayed a greater appreciation of our business. With total shareholders' equity growing 70.3% to HK$4,735.2 million, we have improved our financial ratios in spite of the convertible bond issue and increased trade financing undertaken. Net gearing as at the end of FY2008 stood at 105.3%, versus 120.2% as at the end of FY2007.

Dividend

In view of our sound performance in FY2008, the Board is recommending a first and final dividend of 2.07 Singapore cents per ordinary share, a 12.5% increase over the per-share dividend paid out for FY2007. The total payout amounts to HK$160.3 million, or one-third of our full-year net profit.

At the same time, the Board is also proposing a new scrip and/or cash dividend scheme, so as to reward shareholders through more flexible channels. We hope that shareholders will support the idea of reinvesting their dividends in PAH.

Outlook

As a consumer staple product, fish is a nutritious and indispensable source of animal protein for many people around the world. As a result, the prices of ocean fish have risen steadily over the years. We have full faith that this will continue well into the future.

The management has striven hard to position PAH's business such that we are able to fully capture the demand emerging from various segments of the value chain. As our corporate performance over the past few years have testified, I believe that we have built for ourselves a strong and unique position within the global seafood industry.

Looking ahead, the sustained increase in demand for animal protein as a result of a growing global population and rising affluence will continue to drive the industry's growth. This growth will come from two dimensions – the first of which is greater fish consumption, the second of which is increased fishmeal use for animal farming and aquaculture.

This essentially points to continued strong demand for imported fish in the PRC, which is the world's foremost seafood processing country, and will augur well for the Group's Frozen Fish SCM Division. In FY2008, the division remained as one of the PRC's largest importers of ocean-caught fish. As we acquire a mature status in this market, we expect to maintain our share in it. In addition, to sharpen our competitive edge, we will continue to be on the lookout for further acquisitive opportunities to strengthen our logistical capabilities.

With respect to our Fishing Division, the Group expects to deliver a higher volume of fish catch in our current fishing grounds in FY2009. We are also greatly anticipating the commencement of fishing operations in the South Pacific Ocean in the first half of FY2009, where we will redeploy 3 upgraded supertrawlers for this purpose as a start.

In spite of the presence of rich fishery resources, the South Pacific Ocean has remained till this day a relatively untapped fishing ground due to the remoteness of its location. Our Fishing Division is one of the most sizeable operators of industrial fishing fleets in the world today, and we are backed by a good business infrastructure that will allow us to run this new operation profitably. By establishing an early mover position there, we also hope to place ourselves in a prime position to benefit from the future development of the South Pacific Ocean fishery. With PAH having substantially increased its stake in CFGL in July 2007, we are certainly positive of harnessing more of the value generated by our Fishing Division going forward.

Against these positive developments, we will also have several challenges before us. The pressures of operating cost increases have weighed on countless businesses globally, and we will not be made an exception. However, as management, we constantly seek to mitigate these rises and maximise returns to our investors, through both technical as well as operational means. As the operating results of our Fishing Division in FY2008 have illustrated, the management has thus far been able to contain the effects of bunker price increases and bettered profit margins.

To this end, we have embarked on a few important initiatives. In redeploying the upgraded supertrawlers to the South Pacific Ocean for new trawling operations, we have in effect successfully increased our overall fleet utilisation rate, and furthered our economies of scale. We are also planning to progressively upgrade the engines of our fishing vessels, so as to boost cost and fuel efficiencies. In our Peruvian fishmeal processing operations, we shall look forward to improved operating efficiencies as our acquired vessel and plant capacities come on stream in full in FY2009.

It is with these plans in place that we are able to look ahead of increasingly difficult global conditions, and maintain a strongly positive outlook on the Group's performance in FY2009. With your loyal support, we shall be motivated to continually generate new growth thrusts for PAH.

Ng Joo Siang
Chairman

14 July 2008

Directors' Profile

Executive Directors

NG JOO SIANG

49, is the founding member, an Executive Director and the Chairman of the Company. He is also the managing director and vice-chairman of the Hong Kong-listed parent company, Pacific Andes International Holdings Limited. He is responsible for the formulation of corporate policies and strategies, and oversees the development, management and investments of the Group. Mr Ng was appointed as Chairman to succeed the late Chairman, Mr Ng Swee Hong, on 30 March 2007.

Mr Ng graduated from Louisiana State University, Baton Rouge, Louisiana in the USA, majoring in international trade and finance. He has over 20 years of experience in the seafood and shipping industries.

NG JOO PUAY, FRANK

45, is the Managing Director of the Company, responsible for corporate planning and policy administration of the Group. Mr Ng graduated from Loyola University in New Orleans, Louisiana, in the USA, majoring in business administration. He has over 18 years of experience in the seafood trading business. Prior to joining the Company in 1987, Mr Ng was a trading manager with a fish trading company in Taiwan for three years.

TEH HONG ENG

72, is the Executive Director 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. She is also the chairperson of the Hong Kong-listed parent company, Pacific Andes International Holdings Limited. Mdm Teh was last re-elected as a Director on 27 July 2006.

NG JOO KWEE

47, is the Executive Director of the Company. He oversees the sourcing, sales and marketing activities of the Group. Mr Ng received education in the USA at Southeastern Louisiana University in Hammond, Louisiana. Between 1983 and 1989, he was president of a seafood trading and fishing company in Taiwan. In 1989, Mr Ng joined the Group as General Manager of its China operations. In 1994, Mr Ng resigned from the Company, but rejoined in March 1996 and was last re-elected a Director on 31 July 2007.

Independent Directors

BERTIE CHENG SHAO SHIONG

71, was appointed as an Independent Director of the Company in December 1997. With effect from 27 January 2006, he was appointed as the Chairman of the Audit Committee.

Mr Cheng holds and has held directorships in various companies, listed and unlisted. Currently, he is the Chairman of TeleChoice International Limited. He is also a Director of Hong Leong Finance Limited, Singapore Petroleum Company Ltd, Tee International Limited, Thomson Medical Centre Limited and CFM Holdings Limited.

Mr Cheng holds a Bachelor of Arts Degree in Economics (Honours) from the University of Malaya in Singapore. He received the Public Administration Medal (Silver) in 1984 and the Public Service Medal in 2001.

Mr Cheng will be seeking re-election as a Director of the Company at the forthcoming Annual General Meeting.

Directors' Profile

Independent Directors

LT-GEN (RET) NG JUI PING

59, was appointed as an Independent Director of the Company and the Chairman of the Nominating and Remuneration Committees of the Company on 27 January 2006.

Lt-Gen Ng had a distinguished 30-year military career which culminated with him holding the position of Chief of Defence Force, Singapore from 1992 to 1995 and before that, Chief Army, Singapore from 1990 to 1992. He was conferred numerous awards in his military career for distinguished service to Singapore, including the Meritorious Service Medal (Military) in 1995. He has also been conferred prestigious awards by many countries for his contributions. After his retirement from the Armed Forces, Lt-Gen Ng took up the entrepreneurial route and listed the company he co-founded on the Singapore Exchange Mainboard in January 2000. He now heads his own consulting business, and sits on a few selected Boards of listed and unlisted companies.

Lt-Gen Ng holds a Master of Arts degree in History from Duke University, USA. He also completed the Advanced Management Programme from Harvard Business School, Harvard University, USA.

Lt-Gen Ng was last re-elected as a Director on 27 July 2006.

Alternate Directors

NG PUAY YEE

35, was appointed as an Alternate Director to Madam Teh Hong Eng on 15 March 2002. She is also an executive director of the parent company, Pacific Andes International Holdings Limited. She is responsible for global sourcing as well as international sales and marketing of frozen seafood products to markets out of the PRC. Ms Ng graduated from Indiana University at Bloomington, USA majoring in Mass Communication. Ms Ng joined the Group in 1995.

CHAN TAK HEI

38, was appointed as an Alternate Director to Mr Ng Joo Kwee on 15 March 2002. He is also the finance director of the Company's indirect non-wholly owned Singapore-listed subsidiary, China Fishery Group Limited. Mr Chan graduated from the Hong Kong Polytechnic University with a bachelor degree in accountancy and is a fellow member of the Association of Chartered Certified Accountants. Prior to joining the Group in 1995, he worked with an international accounting firm for more than four years.

Corporate Information

Board of Directors

Executive Directors:

Ng Joo Siang (Chairman)
Ng Joo Puay, Frank (Managing Director)
Teh Hong Eng
Ng Joo Kwee

Independent Directors:

Bertie Cheng Shao Shiong
Lt-Gen (Ret) Ng Jui Ping

Alternate Directors:

Ng Puay Yee (Alternate Director to Teh Hong Eng)
Chan Tak Hei (Alternate Director to Ng Joo Kwee)

Company Secretary

Lynn Wan Tiew Leng
Tan Cher Liang

Solicitors

David Lim & Partners

Auditors

Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809
Partner in-charge: Jeremy Toh Yew Kuan
Date of appointment: 27 July 2006

Principal Bankers

HSBC
Landsbanki Islands Hf.
Rabobank International
Standard Chartered Bank (HK) Ltd

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda
Tel: 441-295 2244
Fax: 441-292 8666

Principal Office

Rooms 3201-3210
Hong Kong Plaza
188 Connaught Road West
Hong Kong
Tel: 852-2547 0168
Fax: 852-2858 2764

Singapore Office

143 Cecil Street
#11-00 GB Building
Singapore 069542

Principal Registrars & Transfer Office in Bermuda

Reid Management Limited
Argyle House
41a Cedar Avenue
PO Box HM 1179
Hamilton HMEX
Bermuda

Branch Registrars & Transfer Office in Singapore

Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street
#08-01 Samsung Hub
Singapore 049483
Tel: 65-6536 5335
Fax: 65-6536 1360

Report of the Directors

The directors present their annual report and the audited consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2008.

1. Directors

The directors of the Company in office at the date of this report are:

Executive directors:

Ng Joo Siang – Chairman	
Ng Joo Puay, Frank – Managing Director	
Teh Hong Eng	
Ng Joo Kwee	
Cheng Nai Ming	(Resigned on 30 September 2007)
Ng Puay Yee	(Alternate director to Teh Hong Eng)
Chan Tak Hei	(Alternate director to Ng Joo Kwee)

Non-executive directors:

Bertie Cheng Shao Shiong
Lt-Gen (Ret) Ng Jui Ping

In accordance with the provisions of the Company's bye-laws, Bertie Cheng Shao Shiong retires and, being eligible, offer himself for re-election. All other directors continue in office.

The term of office of each non-executive director is the period up to his re-appointment or retirement by rotation in accordance with the Company's bye-laws.

2. Share Capital and Debentures

Details of movements in the share capital, convertible bonds and senior notes of the Company are set out in Notes 37, 33 and 34 to the financial statements respectively.

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

3. Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

Report of the Directors

4. Directors' Interests in Shares or Debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company except as follows:

	Direct		Deemed	
Name of director and Company in which interests is held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company		Ordinary shares of S$0.20 each		
Bertie Cheng Shao Shiong	–	–	800,000 (note a)	1,600,000 (note a and c)
Lt-Gen (Ret) Ng Jui Ping	56,250	112,500 (note c)	–	–
Intermediate holding company, Pacific Andes International Holdings Limited		Ordinary shares of HK$0.10 each		
Ng Joo Siang	–	–	706,400 (note b)	1,059,600 (note b)
Ng Puay Yee	1,411,200	1,056,389	–	–
Lt-Gen (Ret) Ng Jui Ping	240,000	366,802	–	–
Subsidiary, China Fishery Group Limited		Ordinary shares of US$0.10 each		
Chan Tak Hei	20,000	40,000	–	–

Notes:

(a) These shares are held under nominees, Hong Leong Finance Nominees Pte Ltd.

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

(c) The increase arose from exercise of rights issue during the year.

There were no movements in the interest of directors in shares from the end of the financial year to 21 April 2008.

5. Share Options Scheme/Share Awards Scheme

(a) Share option scheme of the Company

(i) At a Special General Meeting held on 31 August 2001, the shareholders of the Company approved a new share option scheme known as the Pacific Andes (Holdings) Share Option Scheme 2001 (the "2001 Scheme").

Report of the Directors

5. Share Options Scheme/Share Awards Scheme – Continued

(a) Share option scheme of the Company – Continued

(ii) Participants of the 2001 Scheme are detailed below:

(a) Directors and employees of the Company and its subsidiaries

Participants of the Scheme	Options granted during the financial year	Aggregate options granted since commencement of the 2001 Scheme to end of financial year	Aggregate options exercised since commencement of the 2001 Scheme to end of financial year	Aggregate options outstanding at 31 March 2008	At 21 April 2008
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Bertie Cheng Shao Shiong	–	800,000	(800,000)	–	–

No options have been granted to directors and employees of the subsidiaries.

(b) Controlling Shareholders and its associates, directors and employees of the parent company and its subsidiaries and executive directors and employees of the Company's associated companies.

No options have been granted under the 2001 Scheme to this group of participants since the commencement of the 2001 Scheme.

No participant has received 5% or more of the total number of options available under the 2001 Scheme.

(iii) The Subscription Price of the 2001 Scheme is determined as detailed below:

(a) Subscription Price

Subject to adjustment pursuant to the rules of the 2001 Scheme, the Subscription Price for each Scheme Share on the exercise of a Market Price Option shall be the average of the last dealt prices for a Share, as determined by reference to the daily official list made available by the Singapore Exchange Securities Trading Limited, for the three consecutive Trading Days immediately preceding the Offering Date of that Option, rounded up to the nearest whole cent (the "Market Price").

The Subscription Price for each Scheme Share in respect of which an Incentive or Discount Price Option is exercisable shall be the Market Price (as determined above), subject to a discount, if any, as may be determined by the Remuneration Committee in its absolute discretion, provided that the maximum discount which may be given in respect of that Option shall not exceed 20 per cent of the initial Subscription Price in respect of Incentive Price Option, or of the Market Price for Discount Price Option.

Report of the Directors

5. Share Options Scheme/Share Awards Scheme – Continued

(a) Share option scheme of the Company – Continued

(iii) The Subscription Price of the 2001 Scheme is determined as detailed below: – Continued

(b) Adjustments

In the event of a variation in the issued share capital of the Company (whether by way of a capitalisation or rights issue or a reduction, subdivision or consolidation of the Shares) the Subscription Price, the par value, class and/or the number of Shares comprised in the Option to the extent unexercised, or over which Options may be granted, may be adjusted in such manner as the Remuneration Committee may determine to be appropriate, and except in relation to a capitalisation issue, upon the written confirmation by the Auditors or other qualified financial consultants appointed by the Remuneration Committee (acting only as experts and not as arbitrators) that, in their opinion, such adjustment is fair and reasonable.

Nowithstanding the above, no adjustment to the Subscription Price shall be made if, as a result, the Subscription Price shall fall below the par value of a Share or the number of Shares.

(iv) No Share Options under the 2001 Scheme were granted during the financial year under review and no Share Options were granted with exercise prices set at a discount to the market price of the Company's Shares.

(b) Share award scheme of the Company

The Company also has in place a share award scheme known as the PAH Share Award Scheme (the "Share Award Scheme"), which was approved by the shareholders of the Company at a Special General Meeting held on 31 July 2007.

(i) The Company would at its discretion and on a free-of-charge basis, grants Awards, which represent a specified number of fully paid shares in the share capital of the Company. The Awards will vest only after the 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 the vesting of an Award, 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/or

(c) cash equivalent value of such shares.

No Awards have been granted to participants under the Share Award Scheme as at 31 March 2008.

(ii) The 2001 Scheme and the Share Award Scheme are administered by the Remuneration Committee comprising Lt-Gen Ng Jui Ping, Bertie Cheng Shao Shiong and Ng Joo Siang.

(iii) The aggregate number of ordinary shares over which options may be granted pursuant to the 2001 Scheme and the Share Award Scheme shall not exceed ten percent (10%) of the total issued share capital of the Company from time to time and the 2001 Scheme, the Share Award Scheme and any other share scheme which the Company may have in place shall not exceed 15 per cent of the issued share capital of the Company from time to time.

Report of the Directors

5. Share Options Scheme/Share Awards Scheme – Continued

(c) Share awards scheme of subsidiary

(i) The CFGL Share Awards Scheme ("CFGL SAS") in respect of ordinary shares in China Fishery Group Limited was approved by the shareholders of China Fishery Group Limited on 30 April 2007.

(ii) The CFGL SAS is administered by the Remuneration Committee of China Fishery Group Limited, currently comprising Dr Ong Chit Chung, Lim Soon Hock and Tse Mun Bun.

(iii) China Fishery Group Limited would at its discretion and on a free-of-charge basis, grants shares under the CFGL SAS to participants of the scheme. The shares will vest 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 paid up;

(b) existing shares repurchased from open market; and

(c) cash equivalent value of such shares.

(iv) No share has been granted to participants under the CFGL SAS as at 31 March 2008.

(v) The aggregate number of ordinary shares which may be issued under the CFGL SAS shall not exceed 15% of the issued share capital of China Fishery Group Limited from time to time.

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

6. Directors' Interest in Contracts of Significance

Other than as disclosed in Note 44 to the financial statements and Report on Corporate Governance, there was no contract of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, existing at the end of the year or at any time during the year.

7. Auditors

The auditors, Messrs. Deloitte & Touche LLP, have expressed their willingness to accept reappointment.

On behalf of the Board

Ng Joo Siang
Chairman

Ng Joo Puay, Frank
Managing Director

14 July 2008

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company set out on pages 29 to 92 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2008, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended. At the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Ng Joo Siang
Chairman

Ng Joo Puay, Frank
Managing Director

14 July 2008

Report on Corporate Governance

The Board of Directors (the "Board") of Pacific Andes (Holdings) Limited (the "Company") is committed to maintaining a high standard of corporate governance through effective transparency and disclosures. This report sets out the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2005 (the "Code") and the best practices issued by the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Board is pleased to confirm that for the financial year ended 31 March 2008, the Company has generally adhered to the framework as outlined in the Code and where there are deviations from the Code, the reasons for which deviations are explained accordingly.

Board of Directors

Board's Conduct of its Affairs

Principle 1: Effective Board to lead and control the Company

The Board's primary role is to protect and enhance long-term shareholders' value. Apart from its fiduciary duties, the Board oversees the business affairs of the Company and assumes responsibility for the Group's overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.

To assist in the execution of its responsibilities, the Board has established several Board Committees namely; an Audit Committee ("AC"), a Nominating Committee ("NC"), a Remuneration Committee ("RC"). These committees function within clearly defined terms of reference, which are reviewed on a regular basis.

The Board conducts regular scheduled meetings at least four times a year and meets as and when warranted by particular circumstances between these scheduled meetings. The Company's Articles of Association provide for meetings to be held via telephone and video conferencing.

The Company has in place orientation programmes for newly appointed Directors to ensure that they are familiar with the Group structure, its business and operations, governance policies, policies on disclosure of interests in securities, rules relating to disclosure of any conflict of interest in a transaction involving the Company, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information. Newly appointed Directors are expected to participate in the orientation programmes, which include meetings with the Chairman/Managing Director and the Finance Director to obtain insight information and an understanding of the business.

Matters which specifically requires Board approval are those involving material acquisitions, disposal of assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders and matters which require Board approval as specified under the Company's interested person transaction policy.

To facilitate effective management, certain functions have been delegated by the Board to various Board Committees. Each Board Committee operates under clearly defined terms of reference. The Chairman of the respective Committees will report to the Board the outcome of the Committee meetings.

Report on Corporate Governance

Board of Directors – Continued

Board's Conduct of its Affairs – Continued

Principle 1: Effective Board to lead and control the Company – Continued

The Board met four times in FY2008. Details of directors' attendance at Board and Board committees meetings held in FY2008 (from 1 April 2007 to 31 March 2008) are summarised in the table below:

Name of Directors	Board Held	Board Attended	Audit Committee Held	Audit Committee Attended	Remuneration Committee Held	Remuneration Committee Attended	Nominating Committee Held	Nominating Committee Attended
Ng Joo Siang [(1)]	4	4	NA	NA	NA	NA	NA	NA
Teh Hong Eng (Alternate: Ng Puay Yee)	4	3	NA	NA	NA	NA	NA	NA
Ng Joo Puay, Frank	4	2	NA	NA	NA	NA	NA	NA
Ng Joo Kwee (Alternate: Chan Tak Hei [(2)])	4	2	NA	NA	NA	NA	NA	NA
Bertie Cheng Shao Shiong	4	4	4	4	1	1	1	1
Lt-Gen Ng Jui Ping	4	4	4	4	1	1	1	1
Cheng Nai Ming [(3)]	4	2	4	2	1	1	1	1

NA: Not applicable

Note:

(1) Ng Joo Siang was appointed as a member of the Nominating Committee and Remuneration Committee on 22 February 2008.
(2) Chan Tak Hei was appointed as an Audit Committee member on 22 February 2008.
(3) Cheng Nai Ming resigned as a Director on 30 September 2007.

All directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions. Where possible and when the opportunity arises, the non-executive directors will be invited to the Group's key locations of operations to enable them to obtain a better perspective of the business and enhance their understanding of the Group's operations.

Board Composition and Guidance

Principle 2: Strong and independent element on the Board

The Board comprises 4 executive directors, 2 non-executive directors and 2 alternate directors.

As at the date of this report, the Board comprises the following Directors:

Executive Directors:
Ng Joo Siang (Chairman)
Ng Joo Puay, Frank (Managing Director)
Teh Hong Eng
Ng Joo Kwee

Non-Executive Directors
Bertie Cheng Shao Shiong (Independent)
Lt-Gen (Ret) Ng Jui Ping (Independent)

Alternate Directors
Ng Puay Yee (Alternate Director to Teh Hong Eng)
Chan Tak Hei (Alternate Director to Ng Joo Kwee)

Report on Corporate Governance

Board of Directors – Continued

Board Composition and Guidance – Continued

Principle 2: Strong and independent element on the Board – Continued

The independence of each director is reviewed annually by the Nominating Committee ("NC"). The NC has adopted the Code's definition of what constitutes an independent director in its review. As a result of the NC's review both the non-executive directors are considered independent.

The executive directors have extensive experience in the frozen seafood and shipping industry and the non-executive directors are well established in their respective professions and possess the relevant expertise and experience in areas such as accounting, finance and business management.

The Board's structure, size and composition are reviewed annually by the NC which is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Group's operations to facilitate effective decision-making. Although, the majority of the Board comprises executive directors, the Independent non-executive Directors do constructively challenge Management and assist in the development of proposals on strategy. The NC is satisfied that the Board comprises directors who as a group provide core competencies such as industry knowledge, strategic planning experience and customer-based experience and knowledge, finance, accounting, business and management experience necessary to meet the Company's performance targets.

Details of directors' qualifications and experiences are set out on pages 8 and 9 (Directors' Profile) of this report.

Chairman and Chief Executive Officer ("CEO")

Principle 3: Clear division of responsibilities at the top of the Company

The Executive Chairman of the Company is Ng Joo Siang, who is one of the founders of the Group and plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. Mr Ng is responsible for the workings of the Board and ensures the integrity and effectiveness of the governance process of the Board.

The Company's Managing Director ("MD") is Ng Joo Puay, Frank, who is responsible for the day-to-day running of the Group as well as the exercise of strategic goals and control of the quality, quantity and timeliness of information flow between the Board and Management.

Ng Joo Siang and Ng Joo Puay, Frank are brothers. There is a clear division of responsibilities between the Chairman and the MD. This ensures a balance of power and authority at the top, as no one individual represents a considerable concentration of power. The roles of Chairman and MD are separate to ensure an appropriate balance of power, increased accountability and greater capacity to the Board for independent decision-making.

All major decisions made by the Executive Chairman and MD are endorsed by the Board. Their performance and appointments to the Board are reviewed periodically by the NC and their remuneration packages are reviewed periodically by the RC. As such, the Board believes that there are adequate safeguards in place against an imbalance concentration of power and authority in single individuals.

The Board has empowered the NC to review the appointment of a lead independent director should the Chairman and the MD is the same person.

Report on Corporate Governance

Board of Directors – Continued

Board Membership

Principle 4: Formal and transparent process for appointment of new directors to the Board

The Directors who held office during the financial year end and up to the date of this report are disclosed on page 11 (Report of the Directors) of this Annual Report. Their profiles are disclosed on page 10 (Corporate Information) and pages 8 and 9 (Directors' Profile) of this Annual Report.

The Board, through the delegation of its authority to the NC has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, legal, finance and management skill critical to the Group's business to enable the Board to make sound and well-considered decisions

Nominating Committee

The NC, regulated by a set of written terms of reference, comprises 3 members, a majority of whom are Independent non-executive Directors, as follows:

Lt-Gen Ng Jui Ping (Chairman)
Bertie Cheng Shao Shiong
Ng Joo Siang

The NC is chaired by Lt-Gen (Ret) Ng Jui Ping, an Independent non-executive Director, who is not associated, directly or indirectly, with a substantial shareholder.

The primary function of the NC is to determine the criteria for identifying candidates and to review nominations for the appointment of Directors to the Board, to consider how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval. Its duties and functions are outlined as follows:

(1) to make recommendations to the Board on all board appointments and re-nomination having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour, and any other salient factors);

(2) to ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;

(3) to determine annually whether a Director is independent, in accordance with the independence guidelines contained in the Code;

(4) to review whether a Director is able to and has adequately carried out his duties as a Director of the Company in particular where the Director concerned has multiple board representations; and

(5) to consider how the Board's performance may be evaluated and propose objective performance criteria.

In accordance with the Company's Bye-laws, each Director (other than the Chairman and/or Managing Director) will have to retire at least once every three years by rotation and all newly appointed Directors will have to retire at the next Annual General Meeting. The retiring Directors who are eligible will offer themselves for re-election.

With Bertie Cheng Shao Shiong abstaining from the deliberation in respect of his re-appointment, the NC has recommended the continuation of the service of Bertie Cheng Shao Shiong who is over the age of 70 years. The NC further recommended the re-appointment of Bertie Cheng Shao Shiong at the forthcoming Annual General Meeting. The Board has also accepted the NC recommendations and Bertie Cheng Shao Shiong, who is eligible, will be offering himself for re-election.

Report on Corporate Governance

Board of Directors – Continued

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board and contributions by each Director.

While the Code recommends that the NC be responsible for assessing the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board, the NC felt that it is more appropriate and effective to assess the Board as a whole, bearing in mind that each member of the Board contributes in different way to the success of the Company.

The NC has conducted a Board performance evaluation to assess the effectiveness of the Board in FY2008 and is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Group.

The NC in conducting the appraisal process to assess the performance and effectiveness of the Board as a whole, it focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and the directors' standards of conduct.

The Board has taken the view that the financial indicators, as set out in the Code as a guide for the evaluation of the Board and its directors, may not be appropriate as these are more of a measurement of Management's performance and therefore less applicable to directors.

Access to Information

Principle 6: Board members to have complete, adequate and timely information

All Directors have independent access to the Group's senior management and the Company Secretary and External Auditors at all times. All Directors are provided with adequate and timely information prior to Board meetings and on an ongoing basis. The Company Secretary provides secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations, which are applicable to the Company. The Company Secretary attends all Board and Board committees meetings. Should Directors, whether as a group or individually, need independent professional advice to fulfill their duties, such advice will be obtained from a professional firm of the director's choice, the cost of which will be borne by the Company.

Procedures for Developing Remuneration Policies

Principle 7: Formal and transparent procedure for fixing remuneration packages of Directors and key management executives

Remuneration Committee

The RC, regulated by a set of written terms of reference, comprises 3 members, a majority of whom are Independent non-executive Directors, as follows:

Lt-Gen Ng Jui Ping (Chairman)
Bertie Cheng Shao Shiong
Ng Joo Siang

The RC reviews and recommends to the Board the following matters:

(a) the remuneration packages of all Directors and senior executives of the Group;
(b) fees for Independent non-executive Directors subject to shareholders' approval at the AGM; and
(c) all service contracts and terms of employment of the Executive Directors and senior executives.

The RC also has access to external professional advice on remuneration matters, if required.

Report on Corporate Governance

Board of Directors – Continued

Procedures for Developing Remuneration Policies – Continued

Principle 7: Formal and transparent procedure for fixing remuneration packages of Directors and key management executives – Continued

Remuneration Committee – Continued

The RC had recommended to the Board an amount of S$100,000 as Directors' fees for the year ending 31 March 2009 to be paid yearly in arrears. The Board will table this recommendation at the forthcoming AGM for shareholders' approval.

Other than the Independent non-executive Directors' fees, which are set in accordance with a remuneration framework, the Board has decided that the policy on annual remuneration will not be tabled at the forthcoming AGM.

Level and mix of Remuneration

Principle 8: The level of remuneration for Directors should be adequate, not excessive, and linked to performance.

The remuneration policy of the Company is to provide compensation packages at market rates, which rewards successful performance and attract, retain and motivate Directors and senior management.

The Executive Directors do not receive Directors' fees. The Executive Directors' and key senior management remuneration packages are based on service contracts and their remuneration are determined by having regard to the performance of the Group as well as individuals and market trends. Service contracts for the Executive Directors do not contain onerous removal clauses. Non-Executive and Independent Directors are paid yearly Directors' fees of an agreed amount set at a competitive level based on their contributions, taking into account factors such as effort, time spent and their respective responsibilities. Directors' fees are recommended by the Board for shareholders' approval at the Company's Annual General Meeting.

The Company has in place a share option scheme known as the Pacific Andes (Holdings) Limited Employees' Share Option Scheme and a share awards scheme known as the PAH Share Awards Scheme, details of which are disclosed on page 12. These two schemes are administered by the Remuneration Committee. The Company will be seeking shareholders' approval at the forthcoming Special General Meeting to amend the Company's Articles of Association to include provisions on treasury shares Upon approval being granted by its shareholders, the Company can acquire its own shares either through market purchase or off-market purchase and thereafter and hold them as treasury shares. These treasury shares may be offered to the Group's employees through the share award scheme, where applicable.

Disclosure on Remuneration

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and the procedure for setting the remuneration

Although the Code recommends the disclosure of the names of individual Director and at least the top 5 key executives (who are also not directors of the Company) within the bands of S$250,000, the Board has not adopted this practice because it is of the view that such disclosure may be detrimental to the Company's interests as it may lead to the poaching of executives within a highly competitive industry.

Report on Corporate Governance

Board of Directors – Continued

Disclosure on Remuneration – Continued

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and the procedure for setting the remuneration – Continued

The remuneration for the financial year ended 31 March 2008 is shown as below:

	No. of directors in remuneration bands	
	2008	2007
Remuneration Bands		
S$750,000 to below S$1,000,000	1	1
S$500,000 to below S$750,000	–	1
S$250,000 to below S$500,000	5	4
Below S$250,000	3	4
Total	**9**	**10**

The RC and the Board are of the view that the remuneration of the directors is adequate but not excessive in order to attract, retain and motivate them to run the Company successfully.

The remuneration paid to each of the top five executives per annum (in terms of salary and who are not directors of the Company) was less than S$250,000.

There are no immediate family members of Directors in employment with the Company and whose remuneration exceeds S$150,000 during FY2008 except for Ng Joo Siang (Executive Chairman), Ng Joo Puay Frank (Managing Director), Teh Hong Eng (Executive Director) and Ng Joo Kwee (Executive Director). Ng Joo Puay Frank and Ng Joo Kwee are brothers of the Executive Chairman whereas Teh Hong Eng is the mother of the Executive Chairman.

Accountability

Principle 10: Board should present a balanced and understandable assessment of the Company's performance, position and prospects

The Board is accountable to shareholders for the management of the Group. The Board updates shareholders on the operations and financial position of the Company through, quarterly, half yearly and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations. The Managements is accountable to the Board by providing the Board with the necessary financial information for the discharge of its duties

Audit Committee

Principle 11: Establishment of Audit Committee with written terms of reference

The Company has adopted and has complied with the principles of corporate governance under the Code in relation to the roles and responsibilities of the AC.

The profile of the AC members is set out on pages 8 and 9 (Directors' Profile) of this report. The Board is of the view that the members of the AC are appropriately qualified, having the necessary accounting or related financial management expertise or experience to discharge their responsibilities

Report on Corporate Governance

Board of Directors – Continued

Audit Committee – Continued

Principle 11: Establishment of Audit Committee with written terms of reference – Continued

The AC, regulated by a set of written terms of reference, comprises three members, the majority of whom, including its Chairman, are Independent non-executive Directors.

The members of the AC are:

Bertie Cheng Shao Shiong (Chairman)
Lt-Gen (Ret) Ng Jui Ping
Chan Tak Hei

The AC meets at least four times a year and as and when deemed appropriate to carry out its functions.

The AC has full access to and the co-operation of Management. The AC also has full discretion to invite any Director or executive officer to attend its meetings and has been given adequate resources to enable it to discharge its functions.

The functions of the AC are as follows:

(1) assists our Board in discharging its statutory responsibilities on financial and accounting matters;

(2) reviews the financial and operating results and accounting policies of the Group;

(3) reviews significant financial reporting issues and judgments relating to financial statements for each financial year, interim and annual results announcement before submission to the Board for approval;

(4) reviews the adequacy of the Company's internal control (financial and operational) and risk management policies and systems established by the management;

(5) reviews the audit plans and reports of the external and internal auditors and consider the effectiveness of the actions taken by management on the auditors' recommendations;

(6) appraises and report to our Board on the audits undertaken by the external and internal auditors, the adequacy of the disclosure of information, and the appropriateness and quality of the system of management and internal controls;

(7) reviews the independence of external auditors annually and consider the appointment or re-appointment of external auditors and matters relating to the resignation or removal of the auditors and approve the remuneration and terms of engagement of the external auditors; and

(8) reviews interested person transactions, as defined in the Listing Manual of the SGX-ST.

The AC reviews arrangements by which the staff may, in confidence, report possible improprieties, which may cause financial or non-financial loss of the Company. The objective is to ensure that arrangements are in place, for the independent investigation of such concerns and for appropriate follow-up action.

The AC had reviewed the non-audit services provided by the external auditors, Deloitte & Touche LLP and is of the opinion that the provision of such services does not affect their independence.

Annually, the AC meets with the external auditors without the presence of Management. The AC had recommended the re-appointment of Deloitte & Touche LLP at the forthcoming AGM.

Report on Corporate Governance

Board of Directors – Continued

Internal Controls

Principle 12: The Board to ensure that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets, AC to review the adequacy of financial, operational and compliance controls and risk management policies.

The AC is fully aware of the need to put in place a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risks.

The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board. The financial risk management objectives and policies are outlined in the financial statements. Risk Management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the Group can make more informed decisions and benefit from a better balance between risk and reward. This will help protect and also create shareholders' value.

Based on the information provided to the AC, nothing has come to the AC's attention to cause the AC to believe that the system of internal controls and risk management is inadequate.

Internal Audit

Principle 13: Setting up independent internal audit function

The Company has set up an internal audit function, which reports directly to the AC. The internal auditor has adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC, on an annual basis, will assess the effectiveness of the IA by examining the scope of the IA work and its independence of areas reviewed and the internal auditor's report. The AC is satisfied that the IA function has adequate resources and appropriate standing within the Company to undertake its activities independently and objectively.

The AC will also meet the internal auditor without the presence of Management, annually.

Communication with Shareholders

Principle 14: Regular, effective and fair communication with shareholders

Principle 15: Shareholders' participation at AGM

The Board is accountable to the shareholders and the Company is in regular, effective and fair communication with shareholders. The Company has invested in external & internal resources to ensure timely, fair and detailed disclosure of information is made to the public in compliance with SGX-ST guidelines.

Material information is disseminated to the SGX-ST. The Company has participated in a leading external investor relations program on www.shareinvestor.com where shareholders are encouraged to sign up for regular updates about the Company.

In addition to the communication channels described above, the Company has made quarterly report of its financial results since financial year 2004 in compliance with new disclosure requirements.

Report on Corporate Governance

Board of Directors – Continued

Communication with Shareholders – Continued

Principle 14: Regular, effective and fair communication with shareholders – Continued

Principle 15: Shareholders' participation at AGM – Continued

All shareholders of the Company receive the Annual Report of the Company and notice of AGM within the mandatory period. Participation of shareholders is encouraged at the Company's general meetings. Each item of special business included in the notices of annual general meeting and special general meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. The Board (including the Chairman of the respective Board Committees), management, as well as the external auditors will attend the Company's AGM to address any question that shareholders may have.

Dealing in Securities

The Company has adopted an internal code on dealings in securities by officers of the Company and its subsidiaries to provide guidance to its officers on dealing in the Company's securities. All directors and officers of the Group who have access to unpublished price sensitive information are required to observe this code and are required to confirm their compliance annually.

The Directors and officers have been informed not to deal in the Company's securities whilst in possession of unpublished price sensitive information and during the periods commencing at least two weeks before the announcement of the Company's full-year results and results for first three quarters.

Interested Person Transactions ("IPTs") and Shareholders' Mandate

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions. All interested person transactions are subject to review by the AC. The AC reviews the Shareholders' Mandate at regular interval to ensure that the IPTs are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The following are details of the aggregate value of interested person transactions for FY2008 undertaken pursuant to the Shareholders' Mandate under Rule 920(2) of the Listing Manual of the SGX-ST and approved by the AC.

Name of Interested Person	Aggregate value (S$'000) of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all IPTs conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
	HK$'000	HK$'000	HK$'000	HK$'000
Pacific Andes International Holdings Limited and its subsidiaries				
Administrative expenses	–	–	18,033	19,467
Interest expenses	291	247	–	–

Report on Corporate Governance

Board of Directors – Continued

Interested Person Transactions ("IPTs") and Shareholders' Mandate – Continued

The current Shareholders' Mandate will be expiring on 30 July 2008, being the date of the forthcoming AGM of the Company. The Company is proposing to seek shareholders' approval at a SGM to be held on 30 July 2008 to renew the Shareholders' Mandate pursuant to Chapter 9 of the SGX-ST Listing Manual. IPTs approved by shareholders at the SGM and the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the next AGM.

Material Contracts

Save for the service agreements entered with the Executive Directors and the interested person transactions conducted under the Company's Shareholders' Mandate, no material contract involving the interests of any director or controlling shareholders of the Company has been entered into by the Company or any of its subsidiary companies in FY2008.

Risk Management Policies and Processes

The Company has not put in place a Risk Management Committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management, with the assistance of the internal auditor, reviews all significant control policies and procedures and highlights all significant matters to the directors and AC.

Independent Auditors' Report

Deloitte.

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

We have audited the accompanying financial statements of Pacific Andes (Holdings) Limited (the Company) and its subsidiaries (the Group) which comprise the balance sheets of the Group and the Company as at 31 March 2008, the income statement, statement of changes in equity and cash flow statement of the Group and changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 92.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 fair presentation of the 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 management, as well as evaluating the overall presentation of the 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 of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2008 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Deloitte & Touche LLP
Public Accountants and Certified Public Accountants
Singapore

Jeremy Toh Yew Kuan
Partner
(Appointed on 27 July 2006)

14 July 2008

Consolidated Income Statement

For the year ended 31 March 2008

	NOTES	THE GROUP 2008 HK$'000	THE GROUP 2007 HK$'000
Revenue	5	7,005,359	5,292,996
Cost of sales		(5,485,506)	(4,348,298)
Gross profit		1,519,853	944,698
Other operating income	7	31,973	34,532
Selling and distribution expenses		(107,766)	(34,833)
Administrative expenses		(190,342)	(139,714)
Other operating expenses		(349)	(7,650)
Gain on dilution of interest in subsidiary	8	–	385,063
Finance costs	9	(401,885)	(228,301)
		851,484	953,795
Share of results of associates	20	8	861
Profit before income tax	10	851,492	954,656
Income tax expense	12	(25,972)	(8,556)
Profit for the year		825,520	946,100
Attributable to:			
Equity holders of the Company		480,957	384,278
Minority interests		344,563	561,822
		825,520	946,100
Earnings per share			
Basic	13	HK$0.40	HK$0.45
Diluted		HK$0.40	N.A.

See accompanying notes to financial statements.

Balance Sheets

At 31 March 2008

		THE GROUP		THE COMPANY	
	NOTES	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	1,641,601	863,851	–	–
Investment properties	16	16,395	15,250	–	–
Goodwill	17	2,705,575	474,554	–	–
Deferred charter hire	18	1,662,960	1,835,600	–	–
Interests in subsidiaries	19	–	–	3,412,163	811,119
Interests in associates	20	12,629	921	–	–
Other intangible assets	21	472,659	255,761	–	–
		6,511,819	3,445,937	3,412,163	811,119
CURRENT ASSETS					
Inventories	22	862,845	758,207	–	–
Trade receivables	23	1,501,106	1,562,552	–	–
Trade receivables with insurance coverage	24	1,383	1,776	–	–
Other receivables and prepayments	25	1,784,473	883,731	–	–
Current portion of deferred charter hire	18	172,640	172,640	–	–
Advances to suppliers	26	–	15,600	–	–
Bills receivable		18,034	68,632	–	–
Pledged deposits	43	188	291	–	–
Bank balances and cash	27	226,699	169,776	552	51
		4,567,368	3,633,205	552	51
CURRENT LIABILITIES					
Trade and other payables	28	416,539	518,261	12,383	–
Income tax payable		14,969	40,299	–	–
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	29	5,458	5,740	–	–
Bank advances drawn on bills and discounted trade receivables with insurance coverage		23,534	78,228	–	–
Current portion of finance leases	30	22,706	17,970	–	–
Current portion of interest-bearing bank borrowings	31	2,471,427	1,246,664	–	–
		2,954,633	1,907,162	12,383	–
NET CURRENT ASSETS (LIABILITIES)		1,612,735	1,726,043	(11,831)	51

Balance Sheets

At 31 March 2008

		THE GROUP		THE COMPANY	
	NOTES	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
NON-CURRENT LIABILITIES					
Finance leases	30	44,599	31,994	–	–
Interest-bearing bank borrowings	31	332,188	450,825	–	–
Statutory employees' profit share	32	64,043	50,242	–	–
Convertible bonds	33	622,199	–	622,199	–
Senior notes	34	1,697,610	1,687,558	–	–
Deferred tax liabilities	35	212,224	170,285	–	–
Deferred consideration payable	36	416,520	–	–	–
		3,389,383	2,390,904	622,199	–
NET ASSETS		4,735,171	2,781,076	2,778,133	811,170
CAPITAL AND RESERVES					
Share capital	37	1,286,946	576,595	1,286,946	576,595
Reserves	38	2,572,765	988,693	1,491,187	234,575
Attributable to equity holders of the Company		3,859,711	1,565,288	2,778,133	811,170
Minority interests		875,460	1,215,788	–	–
TOTAL EQUITY		4,735,171	2,781,076	2,778,133	811,170

See accompanying notes to financial statements.

Statements of Changes in Equity

For the year ended 31 March 2008

	Attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Other reserve HK$'000	Revaluation reserve HK$'000	Currency exchange translation reserve HK$'000	Retained earnings HK$'000	Minority interests HK$'000	Total HK$'000
THE GROUP									
Balance at 1 April 2006	576,595	24,272	–	–	453	(518)	685,567	559,223	1,845,592
Gain on revaluation of property, plant and equipment	–	–	–	–	1,098	–	–	1,692	2,790
Exchange difference on translation of the Group's overseas operations	–	–	–	–	–	(2,619)	–	(1,135)	(3,754)
Net gain (loss) recognised directly in equity	–	–	–	–	1,098	(2,619)	–	557	(964)
Profit for the year	–	–	–	–	–	–	384,278	561,822	946,100
Total recognised income and expense for the year	–	–	–	–	1,098	(2,619)	384,278	562,379	945,136
Arising from dilution of interest in subsidiary (Note 8)	–	–	–	–	–	–	–	(385,063)	(385,063)
Contribution from minority interests	–	–	–	–	–	–	–	568,934	568,934
Dividends paid to minority shareholders	–	–	–	–	–	–	–	(89,685)	(89,685)
Final dividend of S1.82 cents (HK9.02 cents) per ordinary share in respect of FY2006	–	–	–	–	–	–	(59,750)	–	(59,750)
Interim dividend of S1.30 cents (HK6.66 cents) per ordinary share in respect of FY2007	–	–	–	–	–	–	(44,088)	–	(44,088)
Balance at 31 March 2007	576,595	24,272	–	–	1,551	(3,137)	966,007	1,215,788	2,781,076
Gain on revaluation of property, plant and equipment	–	–	–	–	8,842	–	–	4,135	12,977
Exchange difference on translation of the Group's overseas operations	–	–	–	–	–	740	–	1,134	1,874
Net gain recognised directly in equity	–	–	–	–	8,842	740	–	5,269	14,851
Profit for the year	–	–	–	–	–	–	480,957	344,563	825,520
Total recognised income and expense for the year	–	–	–	–	8,842	740	480,957	349,832	840,371
Equity portion of convertible bonds	–	–	–	46,806	–	–	–	–	46,806
Issue of shares on conversion of convertible bonds	13,128	57,852	–	(4,580)	–	–	–	–	66,400
Dividends paid to minority shareholders	–	–	–	–	–	–	–	(39,369)	(39,369)
Final dividend of S0.54 cents (HK2.77 cents) per ordinary share in respect of FY2007	–	–	–	–	–	–	(37,232)	–	(37,232)
Issue of shares on exercise of rights issue	697,223	1,115,556	–	–	–	–	–	–	1,812,779
Share issue expenses	–	(32,214)	–	–	–	–	–	–	(32,214)
Acquisition of additional interest in a subsidiary	–	–	(52,655)	–	–	–	–	(650,791)	(703,446)
Balance at 31 March 2008	1,286,946	1,165,466	(52,655)	42,226	10,393	(2,397)	1,409,732	875,460	4,735,171

Statements of Changes in Equity

For the year ended 31 March 2008

	Attributable to equity holders of the Company				
	Share capital HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000	**Retained earnings** HK$'000	**Total** HK$'000
THE COMPANY					
Balance at 1 April 2006	576,595	24,272	–	302,870	903,737
Net profit for the year representing total recognised income for the year	–	–	–	11,271	11,271
Final dividend of S1.82 cent (HK9.02 cents) per ordinary share in respect of FY 2006	–	–	–	(59,750)	(59,750)
Interim dividend of S1.30 cent (HK6.66 cents) per ordinary share in respect of FY2007	–	–	–	(44,088)	(44,088)
Balance at 31 March 2007	576,595	24,272	–	210,303	811,170
Net profit for the year representing total recognised income for the year	–	–	–	110,424	110,424
Equity portion of convertible bonds	–	–	46,806	–	46,806
Issue of shares on conversion of convertible bonds	13,128	57,852	(4,580)	–	66,400
Issue of shares on exercise of rights issue	697,223	1,115,556	–	–	1,812,779
Share issue expenses	–	(32,214)	–	–	(32,214)
Final dividend of S0.54 cents (HK2.77 cents) per ordinary in respect of FY2007	–	–	–	(37,232)	(37,232)
Balance at 31 March 2008	1,286,946	1,165,466	42,226	283,495	2,778,133

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	NOTES	THE GROUP 2008 HK$'000	THE GROUP 2007 HK$'000
Operating activities			
Profit before income tax		851,492	954,656
Adjustments for:			
Share of results of associates		(8)	(861)
Interest expense		391,833	225,877
Interest income		(10,972)	(10,207)
Amortisation of deferred charter hire		172,640	123,890
Amortisation of senior notes issuing expenses		10,052	2,424
Depreciation expense		103,666	55,806
Gain on dilution of interest in subsidiary		–	(385,063)
Gain on revaluation of land and buildings		(3,050)	(16)
Loss on revaluation of investment properties		349	7,650
Gain on disposal of property, plant and equipment		(4,648)	–
Operating cash flows before movements in working capital		1,511,354	974,156
Inventories		(94,052)	95,250
Trade receivables, other receivables and prepayments		(722,635)	(648,531)
Advances to suppliers		15,600	(15,600)
Bills receivable		50,598	38,578
Trade and other payables		(262,540)	192,313
Statutory employees' profit share		8,437	6,749
Cash generated from operations		506,762	642,915
Employees' profit share paid		(16,920)	–
Interest paid		(313,367)	(199,408)
Income tax paid		(71,324)	(7,022)
Net cash from operating activities		105,151	436,485
Investing activities			
Interest received		10,972	10,207
Proceeds on disposal of property, plant and equipment		1,436	–
Purchase of property, plant and equipment (Note A)		(677,099)	(97,965)
Purchase of fishing permits		(85,744)	(26,420)
Prepayment of charter hire		–	(1,419,600)
Escrow account		6,169	(6,169)
Acquisition of an associate		(11,700)	–
Net cash outflow arising on acquisition of subsidiaries	39	(317,975)	(930,257)
Net cash outflow for acquisition of additional interest in subsidiaries		(2,370,182)	–
Net cash used in investing activities		(3,444,123)	(2,470,204)

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	NOTES	THE GROUP 2008 HK$'000	2007 HK$'000
Financing activities			
Dividend paid		(37,232)	(103,838)
Dividend paid to minority shareholders		(39,369)	(89,685)
Net cash (repaid to) advanced from Pacific Andes International Holdings Limited and its subsidiaries		(282)	3,058
Net proceeds from issuing convertible bonds		707,949	–
Net proceeds from issue of shares on exercise of rights issue		1,780,565	–
Net proceeds from issuing senior notes		–	1,685,134
Capital contributed by minority shareholders		–	568,934
Bank advances drawn on bills and discounted trade receivables with insurance coverage		(54,694)	(39,628)
Finance leases repaid, net		(61,482)	(1,095)
Bank borrowings raised, net of repayments		1,102,773	15,717
Decrease (increase) in pledged deposits		103	(221)
Net cash from financing activities		3,398,331	2,038,376
Exchange difference arising on consolidation		380	(3,759)
Net increase in cash and cash equivalents		59,739	898
Cash and cash equivalents at beginning of the year		159,948	159,050
Cash and cash equivalents at end of the year		219,687	159,948
Being:			
Bank balances and cash (excluding escrow account)	27	226,699	163,607
Bank overdrafts	31	(7,012)	(3,659)
		219,687	159,948

Proceeds from disposal of property, plant and equipment relating to insurance recovery of a sunken vessel in Peru of HK$14,984,000 (2007: HK$Nil) is included in other receivables.

Note A

	2008 HK$'000	2007 HK$'000
Purchase of property, plant and equipment	699,259	–
Less: Property, plant and equipment purchased under finance lease arrangement	(22,160)	–
Cash payments on purchase of property, plant and equipment	677,099	–

See accompanying notes to financial statements.

Notes to the Financial Statements

For the year ended 31 March 2008

1. General

The Company is an exempted company incorporated in Bermuda with limited liability. Its registered office is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and principal place of business at Hong Kong Plaza, Rooms 3201-3210, 188 Connaught Road West, Hong Kong. The Company's shares are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Its immediate holding company is Clamford Holding Limited, a company incorporated in the British Virgin Islands. Its intermediate holding company is Pacific Andes International Holding Limited ("PAIH"), a company incorporated in Bermuda and with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company is N. S. Hong Investment (BVI) Limited, a company incorporated in the British Virgin Islands.

The Company acts as an investment holding company and provides corporate management services to group companies. The principal activities of the subsidiaries and associates are described in Notes 45 and 20 respectively.

These financial statements are presented in Hong Kong dollars consistent with the reporting currency of its holding companies and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2008 were authorised for issue by the Board of Directors on 14 July 2008.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Financial Report Standards ("FRS").

Adoption of New and Revised Standards

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2007. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's or Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

The Group has adopted FRS 107 Financial Instruments: Disclosures and amendments to FRS 1 Presentation of Financial Statements with effect from annual periods beginning on or after 1 April 2007. The adoption of FRS 107 has resulted in an expansion of the disclosures in these financial statements regarding the Group's financial instruments. The Group has also presented information regarding its objectives, policies and processes for managing capital (see Note 4) as required by the amendments to FRS 1 which are effective from annual periods beginning on or after 1 April 2007.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRSs relevant to the Group were issued but not effective:

Revised FRS 1	–	Presentation of Financial Statements
FRS 108	–	Operating Segments
INT FRS 111	–	FRS 102 – Group and Treasury Share Transactions

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRS and INT FRS in future periods will have no material impact on the financial statements of the Company and of the Group in the period of their initial adoption.

2. Summary of Significant Accounting Policies – Continued

Basis of Consolidation

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

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

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

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

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in the profit or loss.

Business Combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 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 the consolidated income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods, fishes and related products are recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

Notes to the Financial Statements
For the year ended 31 March 2008

2. Summary of Significant Accounting Policies – Continued

Revenue Recognition – Continued

- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Shipping and agency service income is recognisied when the shipping and agency services are rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income from properties under operating leases is recognised on a straight line basis over the terms of the relevant leases.

Retirement Benefits Costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Share Based Payments

The Group issues equity-settled share-based payments to certain directors. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. 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.

Borrowing Costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the balance sheet date.

Notes to the Financial Statements

For the year ended 31 March 2008

2. Summary of Significant Accounting Policies – Continued

Income Tax – Continued

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Property, Plant and Equipment

Leasehold land and buildings held for use in the production or supply of goods or services or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of decrease previously land and charged to profit or loss. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued land and land and buildings is charged to profit or loss. On subsequent sale or retirement of a revalued building, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained earnings.

Notes to the Financial Statements

For the year ended 31 March 2008

2. Summary of Significant Accounting Policies – Continued

Property, Plant and Equipment – Continued

Construction in progress is stated at cost which includes all development expenditure and other direct costs. Construction in progress is not depreciated until the relevant assets are ready for their intended use. Cost of completed construction work is transferred to the appropriate category of property, plant and equipment. Any impairment loss is deducted from the carrying amount and charged to income statement.

Property, plant and equipment, other than revalued assets, freehold land and construction in progress are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to write off the cost or valuation of assets over their estimated useful lives using the straight-line method on the following basis:

Freehold buildings	33 years
Leasehold land and buildings	25 years or lease terms, if shorter
Vessels	10 to 17 years
Fishing vessels	10 to 17 years
Fishing nets	4 years
Furniture, and fixtures	$3\ ^{1}/_{3}$ years
Office equipment	$2\ ^{1}/_{2}$ years
Motor vehicles	$2\ ^{1}/_{2}$ years to 20 years
Plant and machinery	$2\ ^{1}/_{2}$ years to 5 years

Freehold land is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in used are retained in the financial statements.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceed and the carrying amount of the asset and is recognised in profit or loss.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Investment Properties

Investment properties are held on a long-term basis for investment potential and income.

Investment properties are stated at periodic valuation on an open market value for existing use basis. Professional valuations are obtained annually. All investment properties are measured at fair value with changes in fair value recognised directly in profit or loss for the period in which they arise.

Notes to the Financial Statements

For the year ended 31 March 2008

2. Summary of Significant Accounting Policies – Continued

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on acquisition of an associate is described under 'Associates' below.

Deferred Charter Hire

Deferred charter hire represents future charter hire expense for fishing vessels which have been prepaid or contractually agreed to be prepaid. They are amortised and charged to profit or loss as charter hire expense pro-ratably over the period for which the prepayment is made and the benefits are expected to accrue.

Other Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. 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 below.

Intangible assets acquired in a business combination

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 acquired in a business combination are reported on the same basis as intangible assets acquired separately.

Notes to the Financial Statements

For the year ended 31 March 2008

2. Summary of Significant Accounting Policies – Continued

Associates

An associate is an entity over which the Group 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 invested but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated income statement.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of processing and costs to be incurred in marketing, selling and distribution.

Deferred Expenditure

Expenses incurred in catching fish and other marine catches during voyages are deferred in the balance sheet and released to 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 profit or loss immediately.

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 Perun and Alatir (Note 18). 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 income statement and does not include this cost in deferred expenses. Variable charter hire costs are determined when the revenue from the sale of fish and marine products can be determined. Variable charter hire cost is accrued as an expense at the same time when revenue is recognised.

Notes to the Financial Statements
For the year ended 31 March 2008

2. Summary of Significant Accounting Policies – Continued

Impairment of Assets Excluding Goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points 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 instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest rate basis for debt instruments.

Financial assets

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, balances with banks and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Notes to the Financial Statements
For the year ended 31 March 2008

2. Summary of Significant Accounting Policies – Continued

Financial Instruments – Continued

Financial assets – Continued

Loans and receivables
Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impaired. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Notes to the Financial Statements

For the year ended 31 March 2008

2. Summary of Significant Accounting Policies – Continued

Financial Instruments – Continued

Financial liabilities and equity instruments – Continued

Financial liabilities

Trade and other payables and amounts due to Pacific Andes International Holdings Limited and its subsidiaries are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short term payables when the recognition of interest would be immaterial.

Interest-bearing bank loans and senior notes are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair value and subsequently at the higher of the amount of obligation under the contract recognised as a provision and the amount initially recognised less, unless appropriate, cumulative amortisation. The amount amortised on a straight line basis over the period of the guarantee is the deemed guarantee income for the issuer.

Convertible loan notes

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Leases

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 on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 March 2008

2. Summary of Significant Accounting Policies – Continued

Leases – Continued

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 balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as result of a past event, its probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

Foreign Currency Transactions and Translation

The individual financial statements of each Group entity are measured in equity in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Hong Kong dollars, which is different from the functional currency of the Company, which is United States dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Hong Kong dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the income statement in the period in which the foreign operation is disposed of.

Notes to the Financial Statements

For the year ended 31 March 2008

2. Summary of Significant Accounting Policies – Continued

Foreign Currency Transactions and Translation – Continued

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are taken to the currency exchange translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements in applying the Group's accounting policies

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical expense and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and futures periods if the revision affects both current and futures periods.

Management did not make any material judgements that have a significant effect on the amounts recognised in the financial statements except for those affecting accounting estimates as disclosed below.

Key sources of estimation uncertainty

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

Carrying amount of deferred charter hire

As at 31 March 2008, the carrying amount of deferred charter hire (Note 18) was HK$1,835,600,000 (2007: HK$2,008,240,000). The operation of vessels under the operating vessel agreements with the Arrangers (Note 18) have been profitable after deducting amortisation of the deferred charter hire over the periods for which the charter hires have been prepaid. Management expects the operations to remain profitable in the foreseeable future and the carrying amount of the deferred charter hire to be recoverable from future operations.

Carrying amount of fishing vessels and fishing permits

The carrying amounts of fishing vessels and fishing permits totalled HK$454,971,000 and HK$469,931,000, respectively, as at 31 March 2008 (2007: HK$271,438,000 and HK$253,033,000). Determining whether the carrying amounts of these assets can be realised 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 after considering efficiencies that can be achieved when the operations become part of the Group's larger operations. 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.

Notes to the Financial Statements

For the year ended 31 March 2008

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty – Continued

Key sources of estimation uncertainty – Continued

Carrying amount of goodwill

Goodwill arising from acquisition of subsidiaries during the year amounting to HK$2,263,139,000 (2007 : HK$369,261,000), is provisionally determined based on management's assessment of the fair value of assets and liabilities acquired, certain of which are contingent in nature. Based on management's assessment, management is of the view that the carrying amount of goodwill of HK$2,705,575,000 (2007 : HK$474,554,000) is not impaired. Information relating to the carrying amount and management's assessment of goodwill is provided in Note 17.

Useful lives of property, plant and equipment

The carrying amount of property, plant and equipment amounting to HK$1,641,601,000 (2007 : HK$863,851,000) 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 the estimated useful lives of these assets at the end of each annual reporting period and determined that the useful lives as stated in Note 2 remain appropriate.

4. Financial Instruments, Financial Risks and Capital Risks Management

(a) Categories of financial instruments

The following tables set at the financial instruments as at the balance sheet date:

	THE GROUP		THE COMPANY	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Financial assets	1,976,787	2,084,209	552	51
Financial liabilities	6,104,528	4,075,899	634,582	–

Notes to the Financial Statements

For the year ended 31 March 2008

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

(b) Financial risk management policies and objectives

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

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, interest rates, credit and liquidity. The Group does not enter into any financial derivative contracts.

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.

(i) Foreign exchange risk management

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

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

	THE GROUP				THE COMPANY			
	Liabilities		Assets		Liabilities		Assets	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Japanese Yen	2,954	–	71,158	10,114	–	–	–	–
Peruvian Nuevos Soles	205,692	70,218	32,262	83,294	–	–	–	–
Chinese Renminbi	7,783	1,492	6,917	1,931	–	–	–	–
Hong Kong dollars	1,921	1,274	1,992	456	–	–	–	–
Euro	19,241	1,714	24,230	1,080	–	–	–	–
Singapore dollars	1,975	–	357	509	478	–	116	3
Denmark Kroner	2,403	–	–	–	–	–	–	–
United States dollars	7,595	527	1,234	717	–	–	–	–

Foreign currency sensitivity

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

If the relevant major currency (Peruvian Nuevos Soles), weakens or strengthens by 10% against the functional currency of each Group entity, Group profit will increase or decrease by HK$17,343,000 (2007: decrease or increase by HK$1,308,000), respectively.

Notes to the Financial Statements

For the year ended 31 March 2008

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

(b) Financial risk management policies and objectives – Continued

(ii) Interest rate risk management

Interest-earning financial assets comprise bank balances (Note 27). Summary quantitative data of the Group's interest-bearing financial liabilities can be found in section (iv) of this Note.

The Group mitigates its exposure to changes in interest rates by locking in fixed rate borrowings through the issue of convertible bonds (Note 33) and senior notes (Note 34) and use of finance leases for which rates are fixed at inception of the finance leases (Note 30).

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the balance sheet date and 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 profit for the year ended 31 March 2008 would decrease/increase by approximately HK$15,853,000 (2007: decrease/increase by HK$8,796,000). 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 debtors that are neither past due not impaired are substantially companies with good collection track record with the Group. Management considers that the credit risk associated with the Group's trade receivables has been mitigated by the above risk management practices. The recoverable amount of each individual trade receivable is reviewed at each balance sheet date and allowance is made for estimated irrecoverable amount.

There is no concentration of credit risk except that 53% (2007: 55%) of the Group's receivables at the end of the financial year relate to 5 entities (2007: 5 entities).

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

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

Notes to the Financial Statements

For the year ended 31 March 2008

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

(b) Financial risk management policies and objectives – Continued

(iv) Liquidity risk management

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

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the balance sheet.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
THE GROUP						
2008						
Non-interest bearing	–	404,244	64,043	–	–	468,287
Finance lease liabilities	9.94	30,158	61,009	–	(23,862)	67,305
Variable interest rate instruments	4.39	2,471,828	770,772	–	(72,069)	3,170,531
Fixed interest rate instruments	7.83	260,990	1,359,584	1,816,207	(1,038,376)	2,398,405
		3,167,220	2,255,408	1,816,207	(1,134,307)	6,104,528
2007						
Non-interest bearing	–	506,678	50,242	–	–	556,920
Finance lease liabilities	9.63	21,048	35,528	–	(6,612)	49,964
Variable interest rate instruments	8.02	1,372,849	511,352	–	(125,100)	1,759,101
Fixed interest rate instruments	9.25	177,071	659,772	1,968,492	(1,095,421)	1,709,914
		2,077,646	1,256,894	1,968,492	(1,227,133)	4,075,899
THE COMPANY						
2008						
Non-interest bearing	–	12,383	–	–	–	12,383
Fixed interest rate instruments	4.00	26,177	702,038	–	(106,016)	622,199
		38,560	702,038	–	(106,016)	634,582
2007						
Non-interest bearing	–	–	–	–	–	–

Non-derivative financial assets

The Group's and Company's financial assets are current and only cash at banks are interest-earning (Note 27).

Notes to the Financial Statements
For the year ended 31 March 2008

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

(b) Financial risk management policies and objectives – Continued

(v) Other risk management

The Group prepaid HK$2,225 million (2007 : HK$2,225 million) of charter hire fees for 17 (2007 : 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 18.

(vi) Fair values of financial asset and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(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 debt, which comprises the borrowings disclosed in Notes 30, 31, 33 and 34, cash and cash equivalents and shareholders' equity.

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

The Group's overall strategy remains unchanged from 2007.

5. Revenue

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Sales of frozen seafood	3,696,863	3,405,015
Sales of fishes from fishing activities	2,397,384	1,423,197
Sales of fishmeal and fish oil	752,887	366,145
Shipping and agency services	158,225	91,734
Sales of vegetables	–	6,905
	7,005,359	5,292,996

Notes to the Financial Statements

For the year ended 31 March 2008

6. Business and Geographical Segments

Business segments

For management reporting purposes, the Group is orgainsed into two operating divisions, frozen fish supply chain management ("SCM") and fishing. These divisions are on the basis on which the Group reports its primary segment information.

Frozen fish SCM comprises sales of fish and other seafood products, charter hire services, sales of marine fuel oil and provision of packaging materials to fish suppliers. Fishing comprises income from fishing activities and the production and sale of fishmeal and fish oil.

Segment sales and expenses: Segment sales and expense are the sales and operating expense reported in the Group's 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, net of allowances and provisions. Capital expenditure is the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year and comprises purchase of property, plant and equipment, prepayment of deferred charter hire and intangible assets directly attributable to the segment. Segment liabilities include all liabilities and consist principally of accounts payable and accrued expenses.

Inter-segment transfers: Segment sales and expenses include transfers between business segments. Inter-segment sales are charged at cost plus a percentage profit mark-up. These transfers are eliminated on consolidation.

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

Notes to the Financial Statements

For the year ended 31 March 2008

6. Business and Geographical Segments – Continued

Business segments – Continued

Information on business segments are presented below:

By Product Category	Frozen fish SCM HK$'000	Fishing HK$'000	Others HK$'000	Consolidated HK$'000
THE GROUP				
2008				
INCOME STATEMENT				
External sales	3,855,088	3,150,271	–	7,005,359
Segment result	300,468	1,140,542	–	1,441,010
Other income				3,050
Administrative expenses				(190,342)
Loss on revaluation of investment properties				(349)
Finance costs				(401,885)
				851,484
Share of results of associates	8	–	–	8
Profit before income tax				851,492
Taxation				(25,972)
Profit for the year				825,520
BALANCE SHEET				
Segment assets	3,484,945	7,593,499	–	11,078,444
Unallocated corporate assets				743
Consolidated total assets				11,079,187
Segment liabilities	508,226	417,868	–	926,094
Unallocated corporate liabilities				5,417,922
Consolidated total liabilities				6,344,016
OTHER INFORMATION				
Capital expenditure	119,685	3,249,213	–	3,368,898
Depreciation	15,609	88,057	–	103,666
Amortisation of deferred charter hire	–	172,640	–	172,640
Amortisation of senior notes issuing expenses	–	10,052	–	10,052
Interests in associates	929	11,700	–	12,629

Notes to the Financial Statements

For the year ended 31 March 2008

6. Business and Geographical Segment Information – Continued

Business segments – Continued

Information on business segments are presented below:

By Product Category	Frozen fish SCM HK$'000	Fishing HK$'000	Others HK$'000	Consolidated HK$'000
THE GROUP				
2007				
INCOME STATEMENT				
External sales	3,496,749	1,789,342	6,905	5,292,996
Segment result	351,154	598,854	(5,627)	944,381
Other income				16
Administrative expenses				(139,714)
Loss on revaluation of investment properties				(7,650)
Gain on dilution of interest in subsidiary				385,063
Finance costs				(228,301)
				953,795
Share of results of associates	861	–	–	861
Profit before income tax				954,656
Taxation				(8,556)
Profit for the year				946,100
BALANCE SHEET				
Segment assets	2,728,050	4,349,667	1,425	7,079,142
Segment liabilities	368,436	283,728	307	652,471
Unallocated corporate liabilities				3,645,595
Consolidated total liabilities				4,298,066
OTHER INFORMATION				
Capital expenditure	4,889	1,539,089	7	1,543,985
Depreciation	12,564	37,020	6,222	55,806
Amortisation of deferred charter hire	–	123,890	–	123,890
Amortisation of senior notes issuing expenses	–	2,424	–	2,424
Interests in associates	921	–	–	921

Notes to the Financial Statements

For the year ended 31 March 2008

6. Business and Geographical Segment Information – Continued

Geographical segments

Geographical locations of the customers of the Group are organised in accordance with their parent company's country of origin which principally comprises Hong Kong and other regions in the People's Republic of China ("PRC"), East Asia, North America, South America, Europe, and other parts of the world.

The segment assets and additions to property, plant and equipment, deferred charter hire and intangible assets are classified by the geographical area in which the assets are located.

Information on geographical segments are presented below:

	Revenue		Carrying amounts of segment assets		Additions to property, plant and equipment, deferred charter hire and intangible assets	
Geographical segments	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Hong Kong and other regions in PRC	5,161,834	4,026,195	4,225,051	4,217,487	554	7
North America	105,815	93,150	–	–	–	–
South America	45,282	22,626	2,987,082	1,644,096	1,279,753	119,489
Europe	533,691	259,540	3,750,150	952,183	2,051,020	1,424,489
East Asia	1,117,447	768,967	111,917	223,063	–	–
Others	41,290	122,518	4,987	42,313	37,571	–
	7,005,359	5,292,996	11,079,187	7,079,142	3,368,898	1,543,985

7. Other Operating Income

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Other operating income comprises:		
Administrative income charged to associates	1,400	1,470
Net foreign exchange gains	–	16,109
Interest income	10,972	10,207
Rental income from properties and equipment	5,376	927
Gain on revaluation of land and buildings	3,050	16
Gain on disposal of property, plant and equipment	4,648	–
Sundry income	6,527	5,803
	31,973	34,532

Notes to the Financial Statements
For the year ended 31 March 2008

8. Gain on Dilution of Interest in Subsidiary

In January 2007, China Fishery Group Limited ("China Fishery") issued 29,000,000 new placement shares at S$3.98 (HK$20.12) each. The Group's attributable interest in China Fishery was diluted from 31.12% to 28.81% which resulted in a gain on dilution of interest in a subsidiary of HK$385,063,000.

The Group recorded such gain in the consolidated income statement.

9. Finance Costs

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Interest on deferred consideration payable	14,821	–
Amortisation of senior notes issuing expenses	10,052	2,424
Interest on bank overdraft and loans	160,073	183,594
Interest on finance leases	3,706	1,414
Interest on senior notes	162,200	40,622
Interest on convertible bonds	50,742	–
Interest on amounts due to PAIH and its subsidiaries	291	247
	401,885	228,301

10. Profit Before Income Tax

Profit before income tax has been arrived at after charging (crediting):

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Directors' emoluments		
– of the Company	12,061	13,355
– of the subsidiaries	3,657	3,211
Contributions to retirement benefit scheme, net of forfeitures	220	116
Staff costs, excluding directors' emoluments and retirement benefits contributions	28,207	21,722
Crew wages	334,322	178,333
Non-audit fee paid to auditors of the Company	1,562	8,124
Amortisation of deferred charter hire (included in cost of sales)	172,640	123,890
Amortisation of senior notes issuing expenses	10,052	2,424
Depreciation of property, plant and equipment	103,666	55,806
Net foreign exchange losses (gains)	11,356	(16,109)
Cost of inventories included in cost of sales	3,353,069	3,382,220

Notes to the Financial Statements

For the year ended 31 March 2008

11. Directors' and Key Management Personnel's Emoluments

Directors' and key management personnel's emoluments

The emoluments of directors and other members of key management during the year were as follows:

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Short-term benefits	15,202	16,083
Post-employment benefits	516	483
Total	15,718	16,566

The emoluments of directors and key management are determined by the remuneration committee having regard to the performance of individuals and market trends.

Included in the emoluments of directors and other members of key management of HK$15,718,000 (2007 : HK$16,566,000) is an amount of HK$6,857,000 (2007 : HK$9,542,000) charged by PAIH and its subsidiaries as administrative expense, which was calculated in accordance with the management agreement signed on 3 September 1996 and updated by a supplemental agreement dated 22 July 2003.

12. Income Tax Expense

	THE GROUP	
	2008 HK$'000	2007 HK$'000
The charge comprises:		
Profits tax for the year		
– Hong Kong	(1,099)	(467)
– Other jurisdictions	(41,785)	(7,813)
Overprovision in respect of previous years		
– Hong Kong	8	17
	(42,876)	(8,263)
Deferred tax (Note 35)	16,904	(293)
	(25,972)	(8,556)

Notes to the Financial Statements

For the year ended 31 March 2008

12. Income Tax Expense – Continued

The income tax expense varied from the amount of income tax expense determined by applying the Hong Kong profits tax rate of 17.5% (2007 : 17.5%) to profit before income tax as a result of the following differences:

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Hong Kong profits tax at statutory rate	(149,011)	(167,065)
Non-taxable items	138,983	160,581
Overprovision in respect of prior years	8	17
Effect of different tax rates of subsidiaries operating in other jurisdictions	(15,952)	(2,089)
Total Hong Kong profits tax at effective tax rate	(25,972)	(8,556)

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

13. Earnings Per Share

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

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Earnings		
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company)	480,957	384,278
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	50,742	–
Earnings for the purposes of diluted earnings per share	531,699	384,278

Number of shares	2008	2007
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,201,102,714	849,462,790
Effect of dilutive potential ordinary shares:		
Convertible bonds	143,638,716	–
Weighted average number of ordinary shares for purposes of diluted earnings per share	1,344,741,430	849,462,790

The weighted average number of ordinary shares used in calculation of basic earnings per share as at 31 March 2007 have been adjusted by incorporating the effects of rights issue during the year.

Notes to the Financial Statements

For the year ended 31 March 2008

14. Proposed Dividend

During the financial year, the Company paid dividends as follows:

	THE COMPANY 2008 HK$'000	THE COMPANY 2007 HK$'000
Final dividend of S0.54 cents (HK2.77 cents) [2007 : S1.82 cents (HK9.02 cents)] per ordinary share in respect of the previous financial year	37,232	59,750
Interim dividend of S1.30 cents (HK6.66 cents) per ordinary share in respect of the previous financial year	–	44,088
Total dividends paid	37,232	103,838

In respect of the current year, the Directors proposed that a dividend of S2.07 cents (HK11.87 cents) per ordinary share [2007 : S0.54 cents (HK2.79 cents) per ordinary share based on the ex-right share capital of 1,324,431,232 ordinary shares] totalling HK$160,319,000 (2007 : HK$36,600,000) be paid. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

15. Property, Plant and Equipment

	Leasehold land and buildings HK$'000	Freehold land HK$'000	Freehold buildings HK$'000	Vessels HK$'000	Fishing vessels HK$'000	Fishing nets HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Construction-in-progress HK$'000	Total HK$'000
COST OR VALUATION												
At 1 April 2006	30,067	–	–	115,010	–	–	8,282	10,698	9,176	36,741	–	209,974
Arising from acquisition of subsidiaries	–	18,893	72,691	–	242,302	21,757	978	3,900	1,833	348,079	3,835	714,268
Additions	–	–	14,998	–	45,207	2,516	2,504	6,102	1,314	23,945	1,379	97,965
Reclassification	–	–	809	–	–	–	57	–	–	3,266	(4,132)	–
Adjustment on asset revaluation	1,600	–	–	–	–	–	–	–	–	–	–	1,600
Exchange realignment	–	–	–	–	–	–	21	–	–	717	–	738
At 31 March 2007	31,667	18,893	88,498	115,010	287,509	24,273	11,842	20,700	12,323	412,748	1,082	1,024,545
Arising from acquisition of subsidiaries	–	3,240	12,307	–	141,406	24,294	646	2,156	1,297	36,799	–	222,145
Additions	37,571	10,657	26,126	89,700	108,410	1,155	355	3,012	1,543	404,374	16,356	699,259
Disposals	–	–	–	–	(11,881)	(1,264)	–	–	(135)	(6,418)	–	(19,698)
Adjustment on asset revaluation	13,629	–	–	–	–	–	–	–	–	–	–	13,629
At 31 March 2008	82,867	32,790	126,931	204,710	525,444	48,458	12,843	25,868	15,028	847,503	17,438	1,939,880

Notes to the Financial Statements
For the year ended 31 March 2008

15. Property, Plant and Equipment – Continued

	Leasehold land and buildings HK$'000	Freehold land HK$'000	Freehold buildings HK$'000	Vessels HK$'000	Fishing vessels HK$'000	Fishing nets HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Construction -in-progress HK$'000	Total HK$'000
Comprising:												
31 March 2007												
At cost	–	18,893	88,498	115,010	287,509	24,273	11,842	20,700	12,323	412,748	1,082	992,878
At valuation	31,667	–	–	–	–	–	–	–	–	–	–	31,667
	31,667	18,893	88,498	115,010	287,509	24,273	11,842	20,700	12,323	412,748	1,082	1,024,545
31 March 2008												
At cost	–	32,790	126,931	204,710	525,444	48,458	12,843	25,868	15,028	847,503	17,438	1,857,013
At valuation	82,867	–	–	–	–	–	–	–	–	–	–	82,867
	82,867	32,790	126,931	204,710	525,444	48,458	12,843	25,868	15,028	847,503	17,438	1,939,880
ACCUMULATED DEPRECIATION												
At 1 April 2006	–	–	–	46,358	–	–	3,454	7,820	7,969	23,726	–	89,327
Arising from acquisition of subsidiaries	–	–	76	–	–	4,201	683	1,310	384	3,218	–	9,872
Depreciation	1,206	–	1,289	7,716	16,071	2,647	3,029	1,480	760	21,608	–	55,806
Adjustment on asset revaluation	(1,206)	–	–	–	–	–	–	–	–	–	–	(1,206)
Exchange realignment	–	–	–	–	–	–	21	–	–	712	–	733
At 31 March 2007	–	–	1,365	54,074	16,071	6,848	7,187	10,610	9,113	49,264	–	154,532
Arising from acquisition of subsidiaries	–	–	162	–	35,608	4,528	590	980	1,069	1,306	–	44,243
Depreciation	2,398	–	3,817	11,133	19,856	7,794	1,873	1,183	1,476	54,136	–	103,666
Disposals	–	–	–	–	(1,062)	(353)	–	–	(99)	(6,412)	–	(7,926)
Adjustment on asset revaluation	(2,398)	–	–	–	–	–	–	–	–	–	–	(2,398)
At 31 March 2008	–	–	5,344	65,207	70,473	18,817	9,650	12,773	11,559	98,294	–	292,117
IMPAIRMENT												
At 1 April 2006, 31 March 2007 and 31 March 2008	–	–	–	–	–	–	–	–	–	6,162	–	6,162
CARRYING AMOUNT												
At 31 March 2008	82,867	32,790	121,587	139,503	454,971	29,641	3,193	13,095	3,469	743,047	17,438	1,641,601
At 31 March 2007	31,667	18,893	87,133	60,936	271,438	17,425	4,655	10,090	3,210	357,322	1,082	863,851

Notes to the Financial Statements
For the year ended 31 March 2008

15. Property, Plant and Equipment – Continued

In 2006, the Group carried out a review of the recoverable amount of its vegetables processing plant and equipment used in the Group's vegetables business segment upon the Group's cessation of cultivation and processing of vegetables to concentrate on the sourcing and distribution of vegetable products. The review led to the recognition of impairment loss of HK$6,162,000 that has been recognised in the income statement in 2006. The recoverable amount of the relevant assets has been determined on the basis of their value in use. Management determined that there has been no change in circumstances since then.

The carrying amount of leasehold land and buildings represents land and buildings in Hong Kong with more than 50 years of lease remaining at the balance sheet date.

The leasehold land and buildings situated in Hong Kong and Singapore (2007 : Hong Kong) were revalued by BMI Appraisals Limited, a firm of independent professional valuers, on an open market value basis as at 31 March 2008 (2007 : 31 March 2007).

The carrying amounts of the Group's property, plant and equipment includes an amount of HK$195,651,000 (2007 : HK$209,058,000) in respect of assets held under finance leases (Note 30).

Certain land and building have been pledged to secure mortgage loans of the Group (Note 43).

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:

	2008 HK$'000	2007 HK$'000
Cost	71,970	34,398
Accumulated depreciation	(5,474)	(3,484)
Carrying amount	66,496	30,914

Notes to the Financial Statements

For the year ended 31 March 2008

16. Investment Properties

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Valuation at beginning of year	15,250	22,900
Adjustment on asset revaluation	(349)	(7,650)
Exchange realignment	1,494	–
Valuation at end of year	16,395	15,250

The investment properties were valued at HK$16,395,000 (2007 : HK$15,250,000) by BMI Appraisals Limited, a firm of independent professional valuers, on an open market value basis as at 31 March 2008 (2007 : 31 March 2007).

The carrying value of investment properties shown above comprises:

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Investment properties in the PRC under:		
Long leases	10,268	9,200
Medium leases	6,127	6,050
	16,395	15,250

Long leases refer to the leases with terms of more than 50 years remaining at the balance sheet date and medium leases refer to leases with terms of 50 years or less remaining at the balance sheet date.

The property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, amounted to HK$496,000 (2007 : HK$147,000). Direct operating expenses arising on the investment properties in the year amounted to HK$100,000 (2007 : HK$43,000).

Notes to the Financial Statements
For the year ended 31 March 2008

17. Goodwill

	THE GROUP	
	2008 HK$'000	2007 HK$'000
At beginning of year	474,554	105,293
Arising on acquisition of subsidiaries (Note 39)	127,228	369,261
Arising on acquisition of additional interest in subsidiaries	2,135,911	–
Adjustment to goodwill provisionally determined [(a)]	20,537	–
Transfer to capital reserve	(52,655)	–
At end of year	2,705,575	474,554

(a) During the financial year, the Group completed the valuation of the Peruvian operations acquired in the financial year ended 31 March 2007. The provisional fair values assigned to the net assets acquired decreased by HK$20,537,000 resulting in an increase in goodwill of HK$20,537,000.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGU") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to each CGU as follows:

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Pacific Ocean fishing operations	1,770,899	105,293
Peruvian fishing and fishmeal operations	934,676	369,261
	2,705,575	474,554

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

In June 2008, the Group engaged an independent financial advisor located in Hong Kong, BMI Appraisal Limited, to determine the value of the Peruvian and Pacific Ocean Fishing Operations as of 31 March 2008.

In the financial year ended 31 March 2007, the Group engaged an independent financial advisor located in Peru, Equitas Partners S.A.C., to determine the value of the businesses acquired in Peru. Management updated their assessment as of 31 March 2007 based on the report of the valuer dated 18 December 2006 and management's assessment of business prospects.

Notes to the Financial Statements

For the year ended 31 March 2008

17. Goodwill – Continued

The assessment of recoverability of the carrying amount of goodwill includes:

(i) forecasted projected cash flows up to 2017 (2007 : 2011) and projection of terminal value using the perpetuity method;

(ii) growth rate of 3.3% (2007 : 2%); and

(iii) use of 10.9% (2007 : 9.25%) for Pacific Ocean fishing operations and use of 14.0% (2007 : 19.2%) for Peruvian fishing and fishmeal operations to discount the projected cash flows to net present values.

For the Pacific Ocean fishing operations as of 31 March 2007, the Group prepared cash flow forecasts derived from the most recent financial budgets approved by management for the next one year and extrapolated cash flows for the following fourteen years on an estimated growth rates of 3%. The rate used to discount the forecast cash flows was 9.25% per annum.

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.

18. Deferred Charter Hire

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Total deferred charter hire	2,224,560	2,224,560
Less: Accumulated amortisation	(388,960)	(216,320)
	1,835,600	2,008,240
Included as current assets	(172,640)	(172,640)
Included as non-current assets	1,662,960	1,835,600
Accumulated amortisation:		
At beginning of year	216,320	92,430
Amortisation during the year	172,640	123,890
At end of year	388,960	216,320

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

Notes to the Financial Statements

For the year ended 31 March 2008

18. Deferred Charter Hire – Continued

A subsidiary, China Fisheries International Limited ("CFIL"), entered into vessel operating agreements with two companies, Perun Limited ("Perun") and Alatir Limited ("Alatir") (collectively as "Arrangers"), to prepay fixed charter hire for 17 vessels for 10 to 18 years up to 2025. To secure the benefits from the prepayments and to ensure that the counterparties comply with their obligations under the vessel operating agreements, the counterparties executed the following documents in favour of CFIL:

(i) charges of all the issued shares of Perun and Alatir (the "Charges");

(ii) debentures over all the present and future assets of Perun and Alatir (the "Debentures"); and

(iii) entrusted management agreements to vest upon the nominees of CFIL, the management and control of Perun and Alatir 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 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 on its part to be performed and observed in the vessel operating agreements, the Charges, the Debentures or any other instruments or agreements entered into 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 vessel operating agreements, the Charges, the Debentures or any other security granted in favour of CFIL by each of Perun and Alatir.

19. Interests in Subsidiaries

	THE COMPANY	
	2008 HK$'000	2007 HK$'000
Amounts due from subsidiaries	3,412,163	811,119

Particulars of the subsidiaries at 31 March 2008 are set out in Note 45. The amounts due from subsidiaries are denominated in Hong Kong dollars, unsecured, bear interest at variable rates ranging from 0.87% to 3.70% (2007 : 3.00% to 8.26%) per annum and repayable on demand. Management does not expect any demand to be made for payment within the next twelve months. Interest rates are determined on monthly basis.

The directors of the Company are of the opinion that the carrying amount of the amount due from subsidiaries approximate their fair value.

Notes to the Financial Statements

For the year ended 31 March 2008

20. Interests in Associates

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Share of net assets	12,629	921
Comprising:		
Unquoted equity shares, at cost	11,703	3
Share of post-acquisition profits	926	918
	12,629	921

As at 31 March 2008, the Group had interests in the following associates:

Name of entity	Country of incorporation or registration/operation	Percentage of equity interest and voting power held		Principal activities
		2008	2007	
Pacos Trading Limited	Republic of Cyprus/ Worldwide	20%	20%	Trading of frozen fish products
Paco (ET) Limited	Republic of Cyprus/ Worldwide	20%	20%	Trading of frozen fish products
Paco (GT) Limited	Republic of Cyprus/ Worldwide	20%	20%	Trading of frozen fish products
Paco (HT) Limited	Republic of Cyprus/ Worldwide	20%	20%	Trading of frozen fish products
Servicios Pesqueros Chimbote S.A.(1)	Peru	50%	–	Provision of logistic and services for fishing industry

(1) Acquired in November 2007.

For consolidation purposes, all the associates are audited by member firms of Deloitte Touche Tohmatsu, of which Deloitte & Touche LLP, Singapore is a member.

Notes to the Financial Statements

For the year ended 31 March 2008

20. Interests in Associates – Continued

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

	2008 HK$'000	2007 HK$'000
Total assets	37,610	45,105
Total liabilities	(9,567)	(40,500)
Net assets	28,043	4,605
Group's share of associates' net assets	12,629	921
Revenue	124,351	127,238
Profit for the year	40	4,307
Group's share of associates' profit for the year	8	861

21. Other Intangible Assets

	Fishing permits HK$'000	**Club memberships** HK$'000	**Total** HK$'000
Cost:			
At 1 April 2006	–	2,728	2,728
From acquisition of subsidiaries (Note 39)	226,613	–	226,613
From acquisition of fishing vessels	26,420	–	26,420
At 31 March 2007	253,033	2,728	255,761
From acquisition of subsidiaries (Note 39)	131,154	–	131,154
From acquisition of fishing vessels	85,744	–	85,744
At 31 March 2008	469,931	2,728	472,659

Fishing permits are granted by the authority in Peru. The fishing permits are attached to fishing vessels and are transferable to other vessels of no bigger capacity should the original vessels become obsolete or sink. The cost of purchase of a fishing vessel with the attached fishing permit and the cost of acquiring the subsidiary which owns the fishing vessels and attached fishing permits (Note 38) are allocated to the respective component of assets acquired on the basis of valuation reports dated and 25 June 2007 (2007: 15 February 2007, 10 November 2006 and 2 November 2006) prepared by Peritos de Seguros S.A.C. (2007 : Peritos de Seguros S.A.C. and Invalsa Ingenieria y Valuaciones S.A.), independent third party valuers in Peru.

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

As stated in Note 17, the Group has engaged an independent financial advisor located in Hong Kong to determine the value of the Peruvian operations. 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.

Club memberships have infinite life and are not amortised.

Notes to the Financial Statements

For the year ended 31 March 2008

22. Inventories

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Inventories at cost consist of the following:		
Fishmeal	141,337	83,380
Frozen seafood	662,119	640,087
Fuel	17,876	21,158
Supplies	40,027	12,904
Others	1,486	678
	862,845	758,207

Fishmeal with carrying amounts of HK$59,280,000 (2007 : HK$83,380,000) have been pledged as security for the Group's bank overdrafts and certain loans totalling HK$95,006,000 (2007 : HK$64,916,000) (Note 31).

23. Trade Receivables

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Outside parties	1,501,106	1,527,927
Associates (Note 20)	–	34,625
	1,501,106	1,562,552

An allowance for estimated irrecoverable amount from the sale of goods to third parties of HK$18,317,000 (2007 : HK$8,084,000) 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.

The remaining trade receivables of HK$1,501,106,000 (2007 : HK$1,562,552,000) is neither past due nor impaired.

The credit period granted on sale of goods is up to 180 days (2007 : 120 days). No interest is charged on overdue balances.

Notes to the Financial Statements

For the year ended 31 March 2008

23. Trade Receivables – Continued

Movements in the allowance for doubtful debts:

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Balance at beginning of the year	8,084	–
Arising on acquisition of subsidiaries	–	8,084
Increase in allowance recognised in income statement	10,233	–
Balance at end of the year	18,317	8,084

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

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Chinese Renminbi	–	36
Euro	3,432	68
Japanese Yen	53,938	10,114
Peruvian Nuevo Soles	–	7,495
	57,370	17,713

24. Trade Receivables with Insurance Coverage

Discounted trade receivables which are covered by credit insurances amounting to HK$1,383,000 (2007 : HK$1,776,000) have been assigned to certain banks for trade receivables discounting facilities granted to the Group.

These balances are neither past due nor impaired and are denominated in the functional currencies of the respective entities.

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For the year ended 31 March 2008

25. Other Receivables and Prepayments

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Arrangers (Note 18)	–	108,697
Tax recoverable	743	–
Other receivables and prepayments	229,377	156,885
Deferred expenditure	195,707	118,032
Prepayments for fish	1,358,646	500,117
	1,784,473	883,731

The balance with Arrangers represents advance payments of variable charter hire under the vessel operating agreements for the Group's fishing operations in the Russian Waters. 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 18.

The other receivables balances are neither past due nor impaired.

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

	THE GROUP	
	2008 HK$'000	2007 HK$'000
United States dollars	50	299
Chinese Renminbi	6,137	1,733
Euro	226	–
Hong Kong dollars	417	–
Peruvian Nuevo Soles	25,162	75,462
Singapore dollars	135	447
	32,127	77,941

26. Advances to Suppliers

At 31 March 2007, the Group's advances to suppliers were unsecured, bore interest at 10% per annum, compounded monthly and repayable on demand.

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27. Bank Balances and Cash

	THE GROUP		THE COMPANY	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Cash at banks	222,985	160,300	552	51
Cash on hand	3,714	3,307	–	–
Escrow account	–	6,169	–	–
	226,699	169,776	552	51

The escrow account was held in the name of a subsidiary in connection with the acquisition of Pesquera Isla Blanca S.A. and its subsidiaries in December 2006. This amount could be applied against contingent costs arising from events occurring prior to or existing as at the date of acquisition and was claimable within a period of 12 months from the date of acquisition. This amount was released from escrow during the year.

The interest rates on cash placed with financial institutions ranged from Nil to 1.85% (2007 : Nil to 2.75%) per annum.

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

	THE GROUP		THE COMPANY	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
United States dollars	1,184	418	–	–
Chinese Renminbi	780	162	–	–
Euro	20,572	1,012	–	–
Japanese Yen	17,220	–	–	–
Hong Kong dollars	1,575	456	–	–
Peruvian Nuevo Soles	7,100	337	–	–
Singapore dollars	222	62	116	3
	48,653	2,447	116	3

28. Trade and Other Payables

	THE GROUP		THE COMPANY	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Trade creditors and accruals	333,379	446,189	478	–
Interest payable	70,575	58,452	11,905	–
Provision for claims [Note 42(b)]	12,295	11,583	–	–
Statutory employees' profit share (Note 32)	290	2,037	–	–
	416,539	518,261	12,383	–

Trade payables principally comprise amounts outstanding for vessel operating costs and trade purchases.

The average credit period on purchase of goods is 30 days (2007 : 30 days). No interest is charged on overdue balances. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

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For the year ended 31 March 2008

28. Trade and Other Payables – Continued

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

	THE GROUP	
	2008 HK$'000	2007 HK$'000
United States dollars	7,594	527
Chinese Renminbi	7,783	1,492
Euro	19,241	1,714
Japanese Yen	2,954	–
Hong Kong dollars	1,921	1,274
Peruvian Nuevo Soles	205,692	70,218
Singapore dollars	1,975	–
Denmark Kroner	2,403	–
	249,563	75,225

29. Amounts due to Pacific Andes International Holdings Limited and its Subsidiaries

The amounts due are unsecured, repayable on demand and bear interest at the funding cost of PAIH (Note 1) and its subsidiaries at rates ranging from 4.87% to 7.70% (2007 : 7.00% to 7.38%) per annum.

30. Finance Leases

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Amount payable under finance leases:				
Within one year	30,158	21,048	22,706	17,970
In the second to fifth year inclusive	61,009	35,528	44,599	31,994
Less: Future finance charges	(23,862)	(6,612)	NA	NA
Present value of lease obligations	67,305	49,964	67,305	49,964
Less: Amount due for settlement Within 12 months (shown under current liabilities)			(22,706)	(17,970)
Amount due for settlement after 12 months			44,599	31,994

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in United States dollars.

The carrying amounts of the Group's lease obligations approximate their fair value.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 15).

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For the year ended 31 March 2008

31. Interest-Bearing Bank Borrowings

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Interest-bearing bank borrowings comprise:		
Trust receipt loans and short-term bank loans	2,793,409	1,689,933
Mortgage loans	3,194	3,897
Bank overdrafts	7,012	3,659
	2,803,615	1,697,489
Analysed as:		
Secured	98,199	68,813
Unsecured	2,705,416	1,628,676
	2,803,615	1,697,489
Repayable as follows:		
On demand or within one year	2,471,427	1,246,664
In the second year	124,865	126,610
In the third year	118,274	117,777
In the fourth year	89,049	117,821
In the fifth year	–	88,617
	2,803,615	1,697,489
Less: Amount due for settlement within one year included under current liabilities	(2,471,427)	(1,246,664)
Amount due after one year	332,188	450,825

Information on securities for the mortgage loans is provided in Note 43. The mortgage loans bear interest at 2.25% below the Hong Kong Dollar Prime lending rate in Hong Kong and are repriced on a monthly basis.

Short-term bank borrowings amounting to HK$95,006,000 (2007 : HK$64,916,000) bear interest at 6 months London Interbank Offer Rate plus 1.52% per annum and are secured over the Group's fishmeal (Note 43).

The remaining borrowings are unsecured and bear interest at variable rates ranging from 3.00% to 11.75% (2007 : 6.02% to 14.00%) per annum and repriced quarterly to semi-annually.

The Directors estimate that the fair values of the bank borrowings approximate their carrying amounts as the Group's borrowing rates approximate the market rates available at balance sheet date.

Notes to the Financial Statements
For the year ended 31 March 2008

32. Statutory Employees' Profit Share

In accordance with Peruvian labour laws, employees of the Group's Peruvian subsidiaries are entitled to 10% share of the taxable profit of the Peruvian subsidiaries. The movements of the balance during the year are as follows:

	THE GROUP	
	2008 HK$'000	2007 HK$'000
At beginning of year	52,279	–
Arising on acquisition of subsidiaries	–	45,530
Charge to income statement	8,437	6,749
Arising on finalisation of provisional fair value of subsidiaries acquired in prior year	20,537	–
Payments during the year	(16,920)	–
At end of year	64,333	52,279
Less: Current portion (Note 28)	(290)	(2,037)
Non-current portion	64,043	50,242

33. Convertible Bonds

The United States dollar denominated unsecured convertible bonds were issued on 18 April 2007. The bonds are convertible into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date at the option of the holders. On issue, the bonds were convertible at S$1.0813 per ordinary share and revised to S$0.8553 per ordinary share with effective from 19 July 2007.

If the bonds are not converted, they will be redeemed on 18 April 2012 at par. Interest of 4% per annum will be paid semi-annually 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 Company, as follows:

	Liability component HK$'000	**Equity conversion component** HK$'000
Issue of convertible bonds	661,142	46,806
Interest expenses	50,742	–
Interest paid	(24,993)	–
Conversion	(64,692)	(4,580)
Balance as at 31 March 2008	622,199	42,226

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

Management estimates the fair value of the liability component of the convertible bonds at 31 March 2008 to be approximately HK$579,153,000. This fair value has been calculated by assuming the early redemption option of the Company attached in the convertible bonds, using effective interest rate of 11.42% per annum with reference to the US Treasury Zero Coupon Bond and holding the credit risk margin constant.

Notes to the Financial Statements

For the year ended 31 March 2008

34. Senior Notes

On 19 December 2006, the Group, through its subsidiary, CFG Investment S.A.C., issued guaranteed senior fixed rate notes with aggregate nominal value of US$225,000,000 (HK$1,755,000,000) (the "Notes") which carry fixed interest of 9.25% per annum 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, the Group may redeem the Notes in whole or in part at the principal amount of the Notes plus an applicable premium and accrued interest provided that any partial redemption shall not result in less than US$100 million (HK$780 million) of outstanding Notes. At any time prior to and up to 19 December 2009, the Group 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 CFG Investment S.A.C., 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.

The Notes contain certain covenants that limit the China Fishery's ability and the ability of certain 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 totalling HK$69,865,000 (US$8,957,000). Such expenses are amortised over the life of the Notes by charging the expenses to the income statement and increasing the net carrying amount of the Notes with the corresponding amount. As of 31 March 2008, accumulated amortisation amounted to HK$12,476,000 (2007 : HK$2,424,000).

Management estimates the fair value of the Notes at 31 March 2008 to be approximately HK$1,824,983,000. The fair value has been calculated by assuming redemption on 19 December 2013, using effective interest rate of 7.79% to 8.44% per annum with reference to the US Treasury Zero Coupon Bonds and holding the credit risk margin constant.

As at 31 March 2007, management considered that the carrying amount of the Notes approximated their fair value as the interest charged approximated the market rate then.

Notes to the Financial Statements

For the year ended 31 March 2008

35. Deferred Tax Liabilities

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current financial year:

	Provisions	Accelerated tax depreciation	Revaluation of investment properties	Total
	HK$'000	HK$'000	HK$'000	HK$'000
THE GROUP				
At 1 April 2006	–	376	194	570
Arising on acquisition of subsidiaries	–	169,422	–	169,422
Charge to income statement (Note 12)	(6,361)	6,802	(148)	293
At 31 March 2007	(6,361)	176,600	46	170,285
Arising on acquisition of subsidiaries	–	58,843	–	58,843
Credit to income statement (Note 12)	–	(16,858)	(46)	(16,904)
At 31 March 2008	(6,361)	218,585	–	212,224

36. Deferred Consideration Payable

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

37. Share Capital

	THE COMPANY	
	Number of shares @S$0.20 per share	Amounts
		S$'000
Authorised:		
At 31 March 2007 and 31 March 2008	2,000,000,000	400,000
Issued and fully paid:		
Balance at 1 April 2006 and 31 March 2007	662,215,616	132,443
Exercise of convertible bonds	12,846,709	2,569
Issue of shares as a result of rights issue	675,062,325	135,012
At 31 March 2008	1,350,124,650	270,024

Notes to the Financial Statements
For the year ended 31 March 2008

37. Share Capital – Continued

	THE GROUP AND THE COMPANY	
	2008	2007
	HK$'000	HK$'000
Issue and fully paid:		
Balance at beginning of year	576,595	576,595
Exercise of convertible bonds	13,128	–
Issue of shares as a result of rights issue	697,223	–
Balance at end of year	1,286,946	576,595

Fully paid ordinary shares carry one vote per ordinary share and carry a right to dividends.

During the year, 12,846,709 ordinary shares of S$0.20 each were issued as a result of the conversion of HK$70,980,000 (US$9,100,000) convertible bonds of the Company.

During the year, the Company issued 675,062,325 new ordinary shares of S$0.20 each at an issue price of S$0.52 per share by way of rights on the basis of one new share for each existing share. The last date for exercise of rights shares was on 11 July 2007.

38. Reserves

Other reserve

The other reserve represents the equity component of convertible debt instruments.

Capital reserve

The capital reserve represents the Group's share of the fair value adjustment to the net assets of subsidiaries on acquisition of additional equity interest from the minority shareholder.

Revaluation reserve

The revaluation reserve arises on the revaluation of leasehold buildings. Where a revalued leasehold building is sold, the portion of the revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings. The revaluation reserve is not available for distribution to the Company's shareholders.

Currency exchange translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Hong Kong dollars are brought to account by entries made directly to the currency exchange translation reserve.

39. Acquisition of Subsidiaries

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

2008

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

Subsidiaries incorporated in Panama	**Date of acquisition**
Altoreal S.A. (a) (c)	1 June 2007
Inversionista La Candelaira S.A. (a) (c)	1 June 2007
Macro Capitales S.A. (c)	12 December 2007

Notes to the Financial Statements

For the year ended 31 March 2008

39. Acquisition of Subsidiaries – Continued

Subsidiary incorporated in the People's Republic of China	Date of acquisition
Powertech Engineering (Rongcheng) Co. Ltd. [d]	1 April 2007

2007

Subsidiaries incorporated in Peru	Date of acquisition
Procesadora del Carmen S.A. [b] [c]	4 May 2006
Alexandra S.A.C. [b] [c]	26 October 2006
Pesquera Victor S.A.C. [b]	26 October 2006
Empresa Pesquera Flor Ilo S.R.L. [b]	26 October 2006
Pesquera Isla Blanca S.A. [a] [c]	22 December 2006
Negociacion Pesquera Continental S.A.C. [a] [c]	22 December 2006
Yaviza S.A.C. [a] [c]	14 March 2007

Subsidiaries incorporated in Panama	Date of acquisition
Skatfeld Overseas Inc. [c]	22 December 2006
Grenadine Bay Inc. [c]	14 March 2007

Subsidiaries incorporated in the British Virgin Islands	Date of acquisition
Hill Cosmos International Ltd. [e]	4 January 2007
Ocean Expert International Ltd. [e]	24 January 2007

(a) Subsequent to their acquisitions, these entities were merged into CFG Investment S.A.C. during the financial year.

(b) Subsequent to their acquisitions, these entities were merged into CFG Investment S.A.C. during the financial year ended 31 March 2007.

(c) The acquisition of these subsidiaries resulted in inclusion of post-acquisition revenue of approximately HK$4,337,000 (2007: HK$49,756,000) and loss after income tax of HK$1,287,000 (2007: HK$18,899,000) in the Group's financial statements.

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

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

(e) These subsidiaries were acquired to act as procurement agents for fishing vessel bunkers and other supplies as well as sales agent for frozen fish. No disclosure is made of the contribution to the Group's revenue and profits had these subsidiaries been acquired at the beginning of the financial year as these numbers pertained to operations which ceased upon their acquisitions by the Group. Upon their acquisitions by the Group, the activities of these subsidiaries were restricted to acting as procurement and sales agents for the Group.

Notes to the Financial Statements

For the year ended 31 March 2008

39. Acquisition of Subsidiaries – Continued

The net assets acquired and the goodwill arising are as follows:

	Acquirees' carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
2008			
Property, plant and equipment	143,935	33,967	177,902
Fishing permits (Note 21)	19,733	111,421	131,154
Inventories	10,241	345	10,586
Trade receivables	48,030	–	48,030
Other receivables and prepayments	53,935	(1,424)	52,511
Bank balances and cash	2,337	–	2,337
Trade payables	(11,708)	–	(11,708)
Other payables and accrued expenses*	(99,847)	–	(99,847)
Income tax payable	(2,375)	–	(2,375)
Finance leases	(56,663)	–	(56,663)
Deferred tax liabilities (Note 35)	(15,227)	(43,616)	(58,843)
	92,391	100,693	193,084
Goodwill arising on acquisitions (Note 17)			127,228
Total consideration, satisfied by cash			320,312
Net cash outflow arising on acquisitions:			
Cash consideration			320,312
Cash and cash equivalents acquired			(2,337)
			317,975

Notes to the Financial Statements

For the year ended 31 March 2008

39. Acquisition of Subsidiaries – Continued

	Acquirees' carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
2007			
Property, plant and equipment	335,050	369,346	704,396
Fishing permits (Note 21)	–	226,613	226,613
Inventories	17,144	–	17,144
Trade receivables	63,757	–	63,757
Other receivables and prepayments	42,739	–	42,739
Bank balances and cash	32,947	–	32,947
Trade payables	(49,889)	–	(49,889)
Other payables and accrued expenses*	(146,858)	–	(146,858)
Income tax payable	(32,932)	–	(32,932)
Finance leases	(51,059)	–	(51,059)
Statutory employees' profit share – non-current	–	(43,493)	(43,493)
Deferred tax liabilities (Note 35)	(16,932)	(152,490)	(169,422)
	193,967	399,976	593,943
Goodwill arising on acquisitions (Note 17)			369,261
Total consideration, satisfied by cash			963,204
Net cash outflow arising on acquisitions:			
Cash consideration			963,204
Cash and cash equivalents acquired			(32,947)
			930,257

* Inclusive of current portion of statutory employees' profit share.

The above goodwill arises from the acquisition of the Peruvian operations. The purchase consideration of all other subsidiaries are not significant. The assets and liabilities of these other subsidiaries acquired are insignificant and are included in the aggregate numbers presented above.

As at the end of the financial year, the Group recognised provisional fair values of net assets acquired during the financial year. The provisional fair values may be adjusted upon subsequent determination of contingent liabilities.

The provisional fair values for subsidiaries acquired during the financial year ended 31 March 2007 were finalised during the financial year with the provisional fair values assigned to the net assets acquired decreased by HK$20,537,000 resulting in an increase in goodwill of HK$20,537,000 (Note 17).

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40. Operating Lease Arrangements

The Group as lessor

The Group rents out its investment properties in PRC and a portion of its freehold building and equipment in Peru under operating leases. Rental income earned during the year was HK$5,376,000 (2007 : HK$927,000).

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2008 HK$'000	2007 HK$'000
Within one year	616	853
In second to fifth year inclusive	130	292
After five years	–	–
	746	1,145

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

The Group as lessee

	2008 HK$'000	2007 HK$'000
(a) Minimum lease expenditure under operating leases recognised as an expense in the year	627,175	344,728
Comprising:		
Rental of premises	1,438	5,802
Amortisation of deferred charter hires (Note 18)	172,640	123,890
Variable charter hire	246,241	151,146
Fixed charter hire	206,856	50,544
Rental of fishing vessels and fishmeal processing plants	–	13,346

(b) At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases in respect of rented premises for each of the following periods:

	2008 HK$'000	2007 HK$'000
Within one year	–	226
In the second to fifth year	–	–
After five years	–	–

Leases for premises were negotiated for a term of 2 years and rentals were fixed for an average of 2 years.

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For the year ended 31 March 2008

40. Operating Lease Arrangements – Continued

The Group as lessee – Continued

(c) At 31 March 2008, the Group has ongoing commitments to pay variable charter hire for 17 (2007 : 17) fishing vessels under the first, second and third vessel operating agreements entered into with Perun and Alatir for a period of 10 to 18 years up to 31 December 2025. 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.

(d) As at 31 March 2008, the Group has ongoing commitments to pay variable charter hire for 6 (2007 : 6) fishing vessels under the fourth vessel operating agreement entered into with Perun up to 31 December 2011. Variable charter hire is calculated at 20% of the net profit derived from operating the fishing vessels, after deduction of amortisation of fixed charter hire payable annually.

(e) The Group also entered into two agreements to lease three fishing vessels and two fishmeal processing plants for six months from October 2006. These agreements were automatically renewable for an additional six months unless prior notice of termination was served by any of two parties to the agreements. Rental payable was based on an agreed formula relating to operating profit generated from operating the three fishing vessels and two fishmeal processing plants. These two agreements were terminated during the financial year and rental incurred of HK$28,033,000 refunded through reduction of purchase consideration for the companies owning these assets.

41. Commitments

At the balance sheet date, the Group and the Company had contingent liabilities as follows:

	THE GROUP		THE COMPANY	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Unsecured guarantees given to bankers in respect of banking facilities utilised by subsidiaries:				
– Secured	–	–	3,194	3,897
– Unsecured	–	–	2,111,929	1,771,820
	–	–	2,115,123	1,775,717

The Company also issued unlimited guarantee to bankers in respect of general banking facilities granted to subsidiaries.

The secured facilities provided to the Group's subsidiary and the subsidiaries of an intermediate holding company are secured by land and buildings held by the Group and PAIH.

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42. Contingent Liabilities

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

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

In the opinion of the Directors, based on advice from legal counsels, PAIH has valid ground to defend the claim and as such, no provision for this claim need to be made in the financial statements.

(b) Certain subsidiaries of the Group are parties to legal processes in Peru amounting to HK$31,526,000 (2007 : HK$18,907,200). These relate to environmental matters, former employees and miscellaneous claims. The Group's legal advisor has advised that HK$12,295,000 (2007 : HK$11,583,000) of these claims is likely to have unfavourable outcome for the Group and the outcome for claims of HK$19,231,000 (2007 : HK$7,324,000) cannot be reasonably ascertained. Additionally, there are claims which the legal advisor has opined to have remote chances of resulting in unfavourable outcomes for the Group.

The Group had made a provision of HK$12,295,000 (2007 : HK$11,583,000) 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 member of the Group.

43. Pledge of Assets

At 31 March 2008, the Group had pledged land and buildings with aggregate net carrying values of approximately HK$21.0 million (2007 : HK$19.6 million) to secure the mortgage loans of the Group granted by certain banks.

Deposits amounting to HK$188,000 (2007 : HK$291,000) comprise proceeds from discounting export invoices are pledged to a bank to secure an export invoice discounting facility granted to the Group.

Inventories totalling HK$59,280,000 (2007 : HK$83,380,000) of a Peruvian subsidiary are pledged as security for certain short term bank borrowings for that Peruvian subsidiary.

Notes to the Financial Statements

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44. Holding Company and Related Company Transactions

(a) During the year, the Group carried out significant transactions with the subsidiaries of PAIH as follows:

	2008 HK$'000	2007 HK$'000
Interest expenses paid to PAIH and its subsidiaries [Note (i)]	291	247
Administrative expenses paid to PAIH and its subsidiaries [Note (ii)]	18,033	19,467

Notes:

(i) The interest expenses were calculated monthly at interest rates ranging from 4.87% to 7.70% (2007 : 7.00% to 7.38%) per annum on the outstanding amounts due to PAIH and its subsidiaries.

(ii) The administrative expenses paid to PAIH and its subsidiaries, were calculated in accordance with the management agreement signed on 3 September 1996 and updated by a supplemental agreement dated 22 July 2003.

(b)

	2008 HK$'000	2007 HK$'000
Bank advances drawn by the Group on discounted trade receivables with insurance coverage of:		
– associates of the Group	5,500	9,596
The above advances are secured by trade receivables of:		
– associates of the Group	6,111	10,662

Notes to the Financial Statements

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45. Particulars of Subsidiaries

Details of the subsidiaries are as follows:

Name	Country of incorporation or registration/operation	Proportion of ownership interest 2008 %	Proportion of ownership interest 2007 %	Proportion of voting power held 2008 %	Proportion of voting power held 2007 %	Principal activities
Admired Agents Limited (1) (6)	British Virgin Islands/ Worldwide	51.12	23.05	80	80	Agent for procurement of provisions and supplies for the Group
Alliance Capital Enterprises Limited (2)	Hong Kong/PRC	100	100	100	100	Property holding
Altoreal S.A. (3) (4)	Panama	63.91	–	100	–	Inactive
Andes Agency Limited (2)	Hong Kong/ Worldwide	100	100	100	100	Inactive
CFG Investment S.A.C. (3) (6)	Peru	63.91	28.81	100	100	Investment holding, operation of fishing vessel and sale of fish and marine catches
CFG Peru Investments Pte Limited (1)	Singapore	63.91	28.81	100	100	Investment holding
CFGL (Singapore) Private Limited (1) (5)	Singapore	63.91	–	100	–	Property holding
Champion Maritime Limited (1) (6)	British Virgin Islands/ Worldwide	63.91	28.81	100	100	Agent for the sales of fish and other marine catches and procurement of provisions and supplies
Chanery Investment Inc. (1) (6)	British Virgin Islands/ Worldwide	63.91	28.81	100	100	Agent for procurement of provisions and supplies for the Group
Chiksano Management Limited (1) (5)	British Virgin Islands/ Worldwide	63.91	–	100	–	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group

Notes to the Financial Statements

For the year ended 31 March 2008

45. Particulars of Subsidiaries – Continued

Name	Country of incorporation or registration/operation	Proportion of ownership interest 2008 %	Proportion of ownership interest 2007 %	Proportion of voting power held 2008 %	Proportion of voting power held 2007 %	Principal activities
China Fisheries International Limited (1) (6)	Samoa/Worldwide	63.91	28.81	100	100	Management and operation of fishing vessels and sale of fish and other marine catches
China Fishery Group Limited (1) (6) (7)	Cayman Islands	63.91	28.81	78.01	78.01	Investment holding
Concept China Investment Limited (2)	Hong Kong/PRC	100	100	100	100	Property holding
Conred Limited (2)	Hong Kong/PRC	100	100	100	100	Property holding
Davis Limited (2)	Hong Kong/PRC	100	100	100	100	Property holding
Emerald Nirwana Sdn Bhd (8)	Malaysia	100	100	100	100	Inactive
Excel Concept Limited (1) (6)	British Virgin Islands/ Worldwide	51.12	23.05	80	80	Agent for sales of fish and other marine catches of the Group
Fantastic Buildings Limited (2)	British Virgin Islands/ Hong Kong	100	100	100	100	Property holding
Fortress Agents Limited (1) (6)	British Virgin Islands/ Worldwide	63.91	28.81	100	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Gain Star Management Limited (1) (5)	British Virgin Islands/ Worldwide	63.91	–	100	–	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Golden Target Pacific Limited (8)	British Virgin Islands/ Worldwide	100	100	100	100	Investment holding
Grenadine Bay Inc. (3) (6)	Panama	63.91	28.81	100	100	Investment holding

Notes to the Financial Statements

For the year ended 31 March 2008

45. Particulars of Subsidiaries – Continued

Name	Country of incorporation or registration/operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2008 %	2007 %	2008 %	2007 %	
Growing Management Limited (1) (5)	British Virgin Islands/ Worldwide	63.91	–	100	–	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Hill Cosmos International (1) (6)	British Virgin Islands/ Worldwide	63.91	28.81	100	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Inversionista La Candelaira S.A. (3) (4)	Panama	63.91	–	100	–	Investment holding
Lions City Investment Inc. (8)	British Virgin Islands	100	100	100	100	Investment holding
Loyal Mark Holdings Limited (1) (5)	British Virgin Islands/ Worldwide	63.91	–	100	–	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Macro Capitales S.A. (3) (4)	Panama	63.91	–	100	–	Investment holding
Metro Island International Limited (1) (6)	British Virgin Islands	51.12	23.05	80	80	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Mission Excel International Limited (1) (5)	British Virgin Islands/ Worldwide	63.91	–	100	–	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Natprop Investments Limited (8)	Cook Islands/Worldwide	100	100	100	100	Ship repairing agency

Notes to the Financial Statements

For the year ended 31 March 2008

45. Particulars of Subsidiaries – Continued

Name	Country of incorporation or registration/operation	Proportion of ownership interest 2008 %	Proportion of ownership interest 2007 %	Proportion of voting power held 2008 %	Proportion of voting power held 2007 %	Principal activities
Nidaro International Limited (1) (5)	British Virgin Islands/ Worldwide	100	–	100	–	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Negociacion Pesquera Continental S.A. (3) (6) (9)	Peru	–	28.81	–	100	Operation of fishing vessel and sale of anchovy
New Millennium Group Holdings Limited (8)	British Virgin Islands/ Worldwide	100	100	100	100	Inactive
Ocean Expert International Ltd (1) (6)	British Virgin Islands/ Worldwide	63.91	28.81	100	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Pacific Andes Enterprises (BVI) Limited (2)	British Virgin Islands/ Worldwide	100	100	100	100	Trading of frozen seafood products
Pacific Andes Food (Hong Kong) Company Limited (2)	Hong Kong	100	100	100	100	Trading of frozen seafood products
Pacific Andes Vegetables, Inc. (8)	British Virgin Islands/ PRC	100	100	100	100	Investment holding
Paco Alpha Limited (8)	British Virgin Islands/ Worldwide	100	100	100	100	Vessel holding
Paco Beta Limited (8)	British Virgin Islands/ Worldwide	100	100	100	100	Trading of marine fuel
Paco Gamma Limited (8)	British Virgin Islands/ Worldwide	100	100	100	100	Vessel holding
Champion Shipping Limited (8)	British Virgin Islands/ Worldwide	100	100	100	100	Vessel holding
Paco Sigma Limited (8)	British Virgin Islands/ Worldwide	100	100	100	100	Trading agent

Notes to the Financial Statements
For the year ended 31 March 2008

45. Particulars of Subsidiaries – Continued

Name	Country of incorporation or registration/operation	Proportion of ownership interest 2008 %	2007 %	Proportion of voting power held 2008 %	2007 %	Principal activities
Paco ST (Pte) Limited (8)	Singapore	100	100	100	100	Inactive
Pacos Trading Limited (8)	Cayman Islands/ Worldwide	100	100	100	100	Trading of frozen seafood products
Parkmond Group Limited (8)	British Virgin Islands/ Worldwide	100	100	100	100	Trading of frozen seafood products
Pesquera Bari S.A.C. (3) (4)	Peru	63.91	–	100	–	Investment holding
Pesquera Isla Blanca S.A. (3) (6) (9)	Peru	–	28.81	–	100	Investment holding, operation of fishing vessels and sale of anchovy
Pioneer Logistics Limited (1) (6)	British Virgin Islands/ Worldwide	63.91	28.81	100	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Powertech Engineering (Rongcheng) Co. Ltd (4) (8)	People's Republic of China	63.91	–	100	–	Agent for vessel repair services
Protein Trading Limited (1) (6)	Samoa	63.91	28.81	100	100	Procurement and marketing agent for fishmeal
Qingdao Pacific Andes Farm Co. Limited (8)	PRC	100	100	100	100	Inactive
Qingdao New Millennium Food Co., Limited (8)	PRC	100	100	100	100	Inactive
Quality Food (Singapore) Pte. Limited (8)	Singapore	100	100	100	100	Not yet commenced business
Sea Capital International Limited (1) (5)	British Virgin Islands/ Worldwide	63.91	–	100	–	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group

Notes to the Financial Statements

For the year ended 31 March 2008

45. Particulars of Subsidiaries – Continued

Name	Country of incorporation or registration/operation	Proportion of ownership interest 2008 %	Proportion of ownership interest 2007 %	Proportion of voting power held 2008 %	Proportion of voting power held 2007 %	Principal activities
Shine Bright Management Limited (1) (5)	British Virgin Islands/ Worldwide	63.91	–	100	–	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Skatfeld Overseas Inc. (3) (6)	Panama	63.91	28.81	100	100	Investment holding
Smart Group Limited (1)	Cayman Islands	63.91	28.81	100	100	Investment holding
Super Investment Limited (6) (8)	Cayman Islands	81.93	36.93	96.9	51.9	Investment holding
Superb Choice International Limited (1)	British Virgin Islands/ Worldwide	63.91	28.81	100	100	Agent for sales of fish and other marine catches of the Group
Richtown Development Limited (8)	British Virgin Islands/ Hong Kong	100	100	100	100	Investment holding
Well Hope International Limited (8)	British Virgin Islands	100	100	100	100	Inactive
Yaviza S.A.C. (3) (6) (9)	Peru	–	28.81	–	100	Operator of fishing vessels and sale of anchovy
Zhonggang Fisheries Limited (8)	British Virgin Islands	70	70	70	70	Investment holding

(1) Audited by Deloitte & Touche LLP Singapore for sole purpose of inclusion of their financial position and operating results in the consolidated financial statements of the Group.

(2) Audited by Deloitte Touche Tohmatsu, Hong Kong.

(3) Audited by Giris, Hernánder y Associados S.C., a member firm of Deloitte Touche Tohmatsu.

(4) Acquired during the financial year.

(5) Incorporated during the financial year.

(6) In 2007, Super Investment Limited was considered a subsidiary of the Group as the Group had effective control of voting power over 51.9% of the shares of Super Investment Limited through Zhonggang Fisheries Limited ("Zhonggang") and Golden Target Pacific Limited ("Golden Target") which owned 49.9% and 2% of the shares of Super Investment Limited, respectively. The Group owns 70% of the shares in Zhonggang and 100% of the shares in Golden Target. All the entities listed above in which the Group had less than 50% of proportion of ownership interest are subsidiaries of Super Investment Limited.

During the financial year, the Group increased its voting power in Super Investment Limited from 51.9% to 96.9% through Golden Target acquiring additional 45% equity interest of Super Investment Limited. Consequently, the Group's effective equity interest in Super Investment Limited also increased from 36.93% to 81.93%.

Notes to the Financial Statements

For the year ended 31 March 2008

45. Particulars of Subsidiaries – Continued

(7) Listed on the Singapore Exchange Securities Trading Limited in January 2007.

(8) Audited by Deloitte Touche Tohmatsu, Hong Kong for sole purpose of inclusion of their financial position and operating results in the consolidated financial statements of the Group.

(9) Merged into CFG Investment S.A.C. during the financial year.

46. Events after the Balance Sheet Date

(a) On 13 April 2008, the Group acquired 100% equity interest of a Peruvian company, Epesca Pisco S.A.C., for cash consideration of HK$155.22 million (US$19.9 million) with HK$22.62 million (US$2.9 million) paid on signing of the sale and purchase agreement and the remaining HK$132.60 million (US$17 million) payable in seven quarterly instalment at an interest rate of 8.323% per annum from June 2008 to December 2009. Epesca Pisco S.A.C. owns a fishmeal processing plant and three fishing depots in Peru.

The net identifiable assets and goodwill arising from the acquisition are currently under assessment.

(b) On 4 July 2008, the Group acquired 100% equity interest of a Peruvian company, Pesquera Mistral S.A.C. for cash consideration of HK$90.5 million (US$11.6 million) and shall be paid on or before 15 August 2008. Pesquera Mistral S.A.C. owns three fishing vessels with fishing permits.

The net identifiable assets and goodwill arising from the acquisition are currently under assessment.

Supplementary Information

The reporting currency of the Group is in Hong Kong dollars. The Singapore dollars equivalent of the income statement and balance sheet of the Group is provided as supplementary information for shareholders and investors in Singapore.

	The Group (Unaudited)	
	2008 S$'000	2007 S$'000
Revenue	1,243,077	1,031,250
Cost of sales	(973,384)	(847,192)
Gross profit	269,693	184,058
Other operating income	5,673	6,728
Selling and distribution expenses	(19,123)	(6,787)
Administrative expenses	(33,776)	(27,221)
Other operating expenses	(62)	(1,491)
Gain on dilution of interest in subsidiary	–	75,025
Finance costs	(71,312)	(44,482)
	151,093	185,830
Share of results of associates	1	168
Profit before income tax	151,094	185,998
Income tax expense	(4,609)	(1,668)
Profit for the year	146,485	184,330

Supplementary Information

	The Group (Unaudited)	
	2008	2007
	S$'000	S$'000
NON-CURRENT ASSETS		
Property, plant and equipment	291,296	168,310
Investment properties	2,909	2,972
Goodwill	480,095	92,461
Deferred charter hire	295,087	357,643
Interest in associates	2,241	180
Other intangible assets	83,872	49,832
	1,155,500	671,398
CURRENT ASSETS		
Inventories	153,109	147,727
Trade receivables	266,366	304,442
Trade receivables with insurance coverage	245	347
Other receivables and prepayments	316,517	172,180
Current portion of deferred charter hire	30,634	33,637
Advances to suppliers	–	3,040
Bills receivable	3,200	13,373
Tax recoverable	132	–
Pledged deposits	33	57
Bank balances and cash	40,227	33,079
	810,463	707,882

Supplementary Information

	The Group (Unaudited)	
	2008 S$'000	2007 S$'000
CURRENT LIABILITIES		
Trade and other payables	73,913	100,974
Income tax payable	2,656	7,852
Amount due to Pacific Andes International Holdings Limited and its subsidiaries	969	1,119
Bank advances drawn on bills and discounted trade receivables with insurance coverage	4,176	15,242
Current portion of Finance lease	4,029	3,502
Current portion of interest-bearing bank borrowings	438,546	242,897
	524,289	371,586
NET CURRENT ASSETS	286,174	336,296
NON-CURRENT LIABILITIES		
Finance leases	7,914	6,234
Interest-bearing bank borrowings	58,946	87,838
Statutory employees' profit share	11,364	9,789
Convertible bonds	110,407	–
Senior notes	301,235	328,799
Deferred tax liabilities	37,658	33,178
Deferred consideration payable	73,910	–
	601,434	465,838
NET ASSETS	840,240	541,856
CAPITAL AND RESERVES		
Share capital	246,169	132,443
Reserves	438,724	172,532
	684,893	304,975
Minority interests	155,347	236,881
	840,240	541,856

* Exchange rate
Year 2008 : S$1 = HK$5.6355
Year 2007 : S$1 = HK$5.1326

Shareholding and Bondholding Information

As at 18 June 2008

Authorised Share Capital	:	S$400,000,000.00
Issued and fully Paid-up Capital	:	S$270,024,930.00
Number of Ordinary Shares in Issue (excluding treasury shares)	:	1,350,124,650
Number of Treasury Shares held	:	Nil
Class of Shares	:	Ordinary Share of S$0.20 each
Voting rights	:	One vote per share

Statistics of Shareholdings

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1–999	86	1.60	18,261	0.00
1,000–10,000	2,393	44.55	15,868,801	1.18
10,001–1,000,000	2,861	53.27	143,934,169	10.66
1,000,001 AND ABOVE	31	0.58	1,190,303,419	88.16
TOTAL	5,371	100.00	1,350,124,650	100.00

Twenty largest Shareholders

		NO. OF SHARES	%
1	Clamford Holding Limited	852,344,804	63.13
2	Citibank Nominees Singapore Pte Ltd	62,491,500	4.63
3	HSBC (Singapore) Nominees Pte Ltd	58,336,499	4.32
4	UOB Kay Hian Pte Ltd	37,425,748	2.77
5	Raffles Nominees Pte Ltd	30,650,709	2.27
6	DBSN Services Pte Ltd	21,036,000	1.56
7	DBS Nominees Pte Ltd	17,023,999	1.26
8	Morgan Stanley Asia (Singapore) Securities Pte Ltd	15,486,726	1.15
9	Phillip Securities Pte Ltd	11,430,847	0.85
10	Kwek Leng Beng	8,440,000	0.63
11	OCBC Securities Private Ltd	7,828,520	0.58
12	Hong Leong Finance Nominees Pte Ltd	7,814,000	0.58
13	Boey Mun Hoi Or Lai Yuet Yuk	7,491,000	0.55
14	CIMB-GK Securities Pte. Ltd.	6,487,144	0.48
15	DB Nominees (Singapore) Pte Ltd	6,328,633	0.47
16	DBS Vickers Securities (Singapore) Pte Ltd	6,304,060	0.47
17	Fong Lit Lee David	4,900,000	0.36
18	United Overseas Bank Nominees Pte Ltd	3,729,000	0.28
19	Kim Eng Securities Pte. Ltd.	3,603,730	0.27
20	SBI E2-Capital Asia Securities Pte Ltd	2,800,000	0.21
	TOTAL	**1,171,952,919**	**86.82**

Shareholding and Bondholding Information

As at 18 June 2008

Percentage of Shareholding in Public's Hands

Based on information available to the Company as at 18 June 2008, approximately 36.05% of the Company's shares are held in the held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders as at 18 June 2008)

	Direct Interest	%	Deemed Interest	%
Clamford Holding Limited (1)	852,344,804	63.13	9,290,000	0.69
Pacific Andes International Holding Limited (2)	–	–	861,634,804	63.82
N.S. Hong Investment (BVI) Limited (3)	–	–	861,634,804	63.82

(1) Clamford Holding Limited's ("Clamford") deemed interest comprises 9,290,000 ordinary shares held in the name of UOB Kay Hian Pte Ltd.

(2) Pacific Andes International Holdings Limited ("PAIH") is the holding company of Clamford and is deemed to be interested in the shares held by Clamford.

(3) N.S. Hong Investment (BVI) Limited is the holding company of PAIH, which in turn is the holding company of Clamford, and is deemed to be interested in the shares held by Clamford.

BOND HOLDER OF 4% CONVERTIBLE BONDS DUE 2012

Due date 18 April 2012

Conversion price: S$0.8553
Conversion Premium: 25.00%
Redemption Price: 116.04%

Conversion period: At any time on or after 29 May 2007 up to the close of business on 8 April 2012 or if such Convertible Bond shall have been called for redemption before 18 April 2012, then up to the close of business on a date no later than seven (7) business days prior to the date fixed for redemption thereof.

The US$93 million 4% convertible bond due 2012 issued by Pacific Andes (Holdings) Limited on 18 April 2007 (the "Convertible Bonds") are in global form, and the global certificate is registered in name of HSBC Nominees (Hong Kong) Ltd which is the nominee company of the Common Depository holding the bonds on behalf of the clearing systems i.e. Euroclear and Clearstream.

As at the latest practicable date, The HongKong and Shanghai Banking Corporation Limited, the Trustee and Registrar of the Bond, is entered in the register of holders as the holder of the Convertible Bond with a balance of US$83,900,000.00. The identity of the holders of the beneficial interests in the Convertible Bonds is not currently known.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of PACIFIC ANDES (HOLDINGS) LIMITED ("the Company") will be held at Casuarina Suite B, Level 3, Raffles Hotel, 1 Beach Road, Singapore 189673 on 30 July 2008, at 3 p.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 March 2008 together with the Auditors' Report thereon.

(Resolution 1)

2. To declare a first and final dividend of Singapore 2.07 cents per ordinary share (tax not applicable) for the year ended 31 March 2008 [2007: Singapore 0.54 cents per ordinary share (tax not applicable)].

(Resolution 2)

3. To re-elect Mr Bertie Cheng Shao Shiong retiring by rotation pursuant to Bye-law 105 of the Company's Bye-laws.

(Resolution 3)

Mr Bertie Cheng Shao Shiong, will upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee. Mr Bertie Cheng will be considered independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$100,000 for the year ending 31 March 2009, to be paid yearly in arrears. (2008: S$93,520)

(Resolution 4)

5. To re-appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.

(Resolution 5)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

As Special Business

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares up to 50 per centum (50%) of issued share capital**

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to issue shares and convertible securities in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued share capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i)

Notice of Annual General Meeting

until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law or the Bye-laws of the Company to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities. [See Explanatory Note (i)]

(Resolution 6)

8. **Authority to issue shares under the Pacific Andes (Holdings) Share Option Scheme 2001**

That the Directors be authorised and empowered to issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Pacific Andes (Holdings) Share Option Scheme 2001 ("the 2001 Scheme") upon the exercise of such options and in accordance with the terms and conditions of the 2001 Scheme established by the Company. [See Explanatory Note (ii)]

(Resolution 7)

9. **Authority to issue shares under the PAH Share Awards Scheme**

That the Directors be authorised to offer and grant awards in accordance with the provisions of the PAH Share Awards Scheme (the "Share Award Scheme") and to issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Share Award Scheme, provided that the aggregate number of new shares to be issued pursuant to:-

(i) the 2001 Scheme and the Share Award Scheme, shall not exceed ten percent (10%) of the total issued share capital of the Company from time to time; and

(ii) the 2001 Scheme, the Share Award Scheme and any other share scheme which the Company may have in place, shall not exceed fifteen percent (15%) of the total issued share capital of the Company from time to time. [See Explanatory Note (iii)]

(Resolution 8)

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
15 July 2008
Singapore

Notice of Annual General Meeting

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law or the Bye-laws of the Company to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may issue under this resolution would not exceed fifty per centum (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the issued capital of the Company at the time of the passing of this resolution.

For the purpose of this resolution, the percentage of issued capital is based on the Company's issued capital at the time this proposed Ordinary Resolution is passed after adjusting for (a) new shares arising from the conversion or exercise of convertible securities or the exercise of share options on issue at the time when this proposed Ordinary Resolution is passed and (b) any subsequent consolidation or subdivision of shares.

(ii) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting, to issue shares in the Company subject to the maximum number of shares prescribed under the terms and conditions of the 2001 Scheme.

(iii) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting, to offer and grant awards under the PAH Share Award Scheme (the "Share Award Scheme") in accordance with the provisions of the Share Award Scheme and to issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Share Award Scheme subject to the maximum number of shares prescribed under the terms and conditions of the Share Award Scheme. The aggregate number of ordinary shares which may be issued pursuant to the 2001 Scheme and the Share Award Scheme and any other share scheme is limited to fifteen per cent. (15%) of the total issued share capital of the Company from time to time.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If a Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore) wishes to attend and vote at the Meeting, he must be shown to have Shares entered against his name in the Depository Register, as certified by the CDP, at least forty-eight (48) hours before the time to the Meeting. If he wishes to appoint a proxy to attend the Meeting, he must complete and deposit the CDP Proxy Form at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 3 Church Street #08-01, Samsung Hub, Singapore 049483 at least forty-eight (48) hours before the time of the Meeting.