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FIFTH YEAR

CORPORATE PROFILE AND CORPORATE OBJECTIVE

Corporate Profile

Pacific Andes (Holdings) Limited, headquartered in Asia, is primarily involved in global sourcing, the transportation and supply of frozen seafood products to the international market, as well as the provision of the shipping and agency services to suppliers' fishing fleets.

The Company was listed on the Singapore Exchange Securities Trading Ltd. in 1996. The major shareholder of the Company, Pacific Andes International Holdings Limited, headquartered in Hong Kong, was listed on The Stock Exchange of Hong Kong Limited in 1994.

Corporate Objective

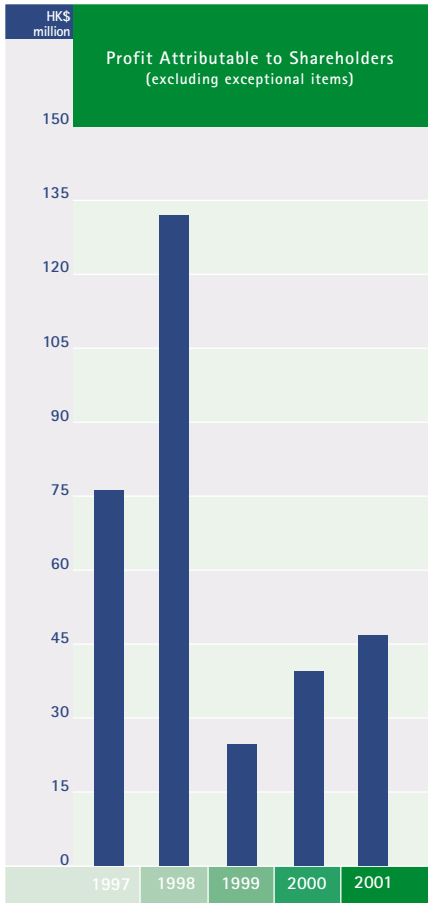
Our goal is to be a vertically integrated global food company that harvests, sources, produces, and markets nutritious frozen food products that meet the needs of value-oriented and health conscious consumers around the world.

FINANCIAL HIGHLIGHTS

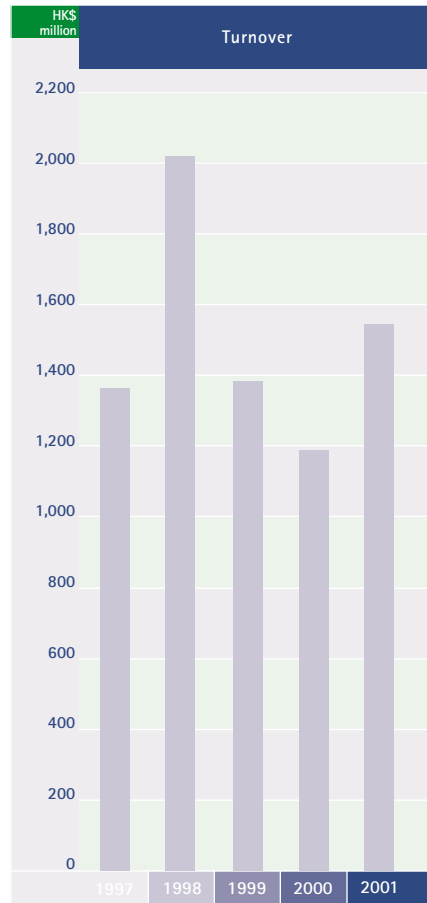
	<i>Year ended 31 March 2001 HK\$'000</i>	<i>Year ended 31 March 2000 HK\$'000</i>	<i>Year ended 31 March 1999 HK\$'000</i>
Turnover	1,563,584	1,194,008	1,390,162
Operating profit excluding exceptional items	48,820	40,196	25,748
Exceptional items	-	-	(38,274)
Minority interests	-	-	(3,745)
Profit attributable to shareholders			
– before exceptional items	47,166	38,987	22,607
– after exceptional items	47,166	38,987	(15,667)
Earnings (Loss) per share	HK21.7 cents	HK18.9 cents	(HK8.2 cents)
Net asset value per share	HK253 cents	HK256 cents	HK238 cents
Debt-to-equity ratio (<i>note</i>)	45%	46%	70%
Dividend per share	S1.5 cents	Nil	Nil

Note: Debt represents bank loans and overdrafts less cash and deposits with financial institutions; Equity comprises shareholders' funds and minority interests.

FINANCIAL HIGHLIGHTS

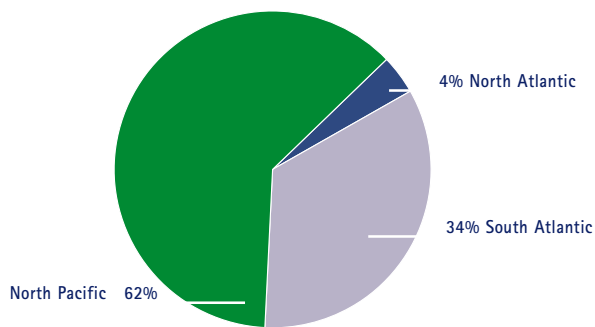


Year ended 31 March

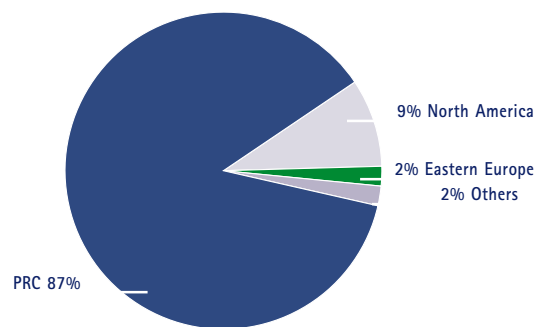


Year ended 31 March

Turnover by Sourcing Area
Year ended 31 March 2001



Turnover by Geographical Area
Year ended 31 March 2001



CORPORATE INFORMATION

Board of Directors

Executive

Ng Joo Puay, Frank *Managing Director*

Teh Hong Eng

Ng Joo Siang

Ng Joo Kwee

Cheng Nai Ming

Non-Executive

Dr. Ong Chit Chung

Bertie Cheng Shao Shiong

Audit Committee

Dr. Ong Chit Chung, *Chairman*

Bertie Cheng Shao Shiong

Cheng Nai Ming

Company Secretaries

Yvonne Choo

Busarakham Kohsikaporn

Solicitors

Allen & Gledhill

Auditors

Deloitte Touche Tohmatsu

Partner-in-charge: Luk Kam Fan

Principal Bankers

Hongkong Bank

Rabobank Nederland

Standard Chartered Bank

Registered Office

Cedar House

41 Cedar Avenue

Hamilton HM12

Bermuda

Tel: 441-295-2244

Fax: 441-292-8666

Principal Office

Hong Kong Plaza

Rooms 3201-3212 and 3215

188 Connaught Road West

Hong Kong

Singapore Office

Citilink Warehouse Complex

Unit No. 08-01

102 F, Pasir Panjang Road

Singapore 118530

Principal Registrars & Transfer Office In Bermuda

Reid Management Limited

4th Floor, Windsor Place

Hamilton HM11

Bermuda

Branch Registrars & Transfer Office In Singapore

Lim Associates (Pte) Ltd

Ocean Building

10 Collyer Quay #19-08

Singapore 049315

BUSINESS STRUCTURE

BUSINESS STRUCTURE



MANAGING DIRECTOR'S STATEMENT AND ANALYSIS

Results

I am pleased to present the fifth Annual Report of Pacific Andes (Holdings) Limited for the financial year ended 31 March 2001. The Group's turnover increased from HK\$1,194 million to HK\$1,564 million, an increase of 31.0%. Profit attributable to shareholders increased from HK\$39.0 million to HK\$47.2 million, an increase of 21.0%.

Gross margin of the Group increased from 8.5% to 9.2%. Net profit margin of the Group decreased slightly from 3.3% to 3.0% as a result of the foreign exchange loss which arose from forward contracts taken to hedge a European currency-denominated loan. If the exchange loss is excluded, the net profit margin of the Group improved from 3.0% in 2000 to 3.2%.

Earnings per share for the year was HK21.7 cents, compared to HK18.9 cents for the year ended 31 March 2000, which represented an increase of 14.8%.

Return on equity for the year under review, representing a ratio of earnings before taxation over shareholders' funds was 7.9%.

The Group's borrowing levels increased 13.3% from HK\$270 million at 31 March 2000, to HK\$306 million at 31 March 2001, due to the increase in turnover. However, the net debt-to-equity ratio was 45% as of 31 March 2001, compared to 46% at 31 March 2000.

As a result of the acquisition of New Millennium Group Holdings Limited in January 2001, net asset value per share decreased slightly to HK253 cents from HK256 cents.

Dividend

Barring unforeseen circumstances and a requirement for profits to be retained for specific expansion plans, the board of directors propose, starting from fiscal year 2001, distributing one-third of the Group's year end net profit as dividend to shareholders. As such, a final dividend of 1.5 Singapore cents per ordinary share has been proposed to shareholders.

Review of Business

The operating environment for fiscal year 2001 remained challenging for the Group with the slowdown of the global economy, prevailing high interest rates during the fiscal year, the increase in oil prices and the reduction in fish quotas for Alaska pollock by the Russian government, one of our major products.

However, with a stronger demand for frozen fish products in the PRC and higher prices for selected fish products, turnover of the Group increased 31.0% to HK\$1,564 million. The PRC remains the major market for the Group, accounting for 86.2% of the Group's total sales mix for the year ended 31 March 2001.

Review of Business – *Continued*

The Group has also intensified its efforts to develop new markets. Sales to North America increased 198% to HK\$137 million, accounting for 8.8% of the total sales mix for the year.

As we have been gradually reducing our shipping services to our suppliers, shipping services income dropped by 55.6% compared with 2000. This is in line with our strategy to focus our resources on core products and services. We will continue the strategy of keeping shipping services to a minimum as it is not a primary business focus.

Although the acquisition of New Millennium Group Holdings Limited was completed three months before the fiscal year end and winter is a low production season, we are pleased that the New Millennium Group recorded a turnover of approximately HK\$8 million. This performance is better than forecasted and means we have already achieved break-even in its operation.

During the year, the Group fully operated its 370 hectares of vegetable farmland and had supply arrangements with farmers providing an additional 1,110 hectares of farmland in the Shangdong, Zhejiang, Gansu, and Fujian Provinces. Each farmer was contracted to produce various species of vegetables for the Group's diverse markets. The Group also commenced strictly supervised arrangements with operators who process vegetables. Additionally, a new production line was added to our own vegetable processing facility. This large resource availability will allow us to mature and enhance the scope of our production.

Sale of vegetable products however, remains insignificant by comparison to our seafood business. In starting up this business we have focused on selling vegetable products to existing seafood customers of the controlling shareholder, Pacific Andes International Holdings Limited in North America, Western Europe and Japan. These customers have extensive wholesale and retail operations and there is significant potential for us to offer more products to them. We have only just begun to tap this market and are confident that our sales volume will substantially increase in the coming year.

Outlook

Looking ahead, the Group remains positive of the growth potential of its business.

Frozen fish is a staple food product that is less affected by economic downturns and, with fishing nations conserving their fish resources by imposing fishing quotas, fish supplies are maintained and product demand should remain constant.

Our products are mainly sold to developing countries like the PRC. With an economic growth rate of 7% per annum the living standards in the PRC are improving. Consumers are becoming more health conscious and as a result call for more protein food products. With a population of 1.2 billion, we expect the demand from PRC consumers for our products will continue to be strong. Additionally, we expect the PRC's impending accession to the WTO should provide enormous business opportunities for the Group.

As a growing company, the Group is looking in to new opportunities to expand our products and markets. With a primary emphasis on frozen seafood products and their huge market potential, the Group will be placing greater effort on looking at more seafood species as a way of enhancing our growth.

Outlook – *Continued*

With our goal to become a vertically integrated global food company that harvests, sources, produces, processes, and markets nutritious frozen food products that meet the needs of value-oriented and health conscious consumers around the world, our development will be focused on organic growth, further integration and cost controls and selective business mergers. In view of our leading market position and our growth potential, we will remain focused on the frozen seafood and vegetable businesses .

As we look to the future, we are confident that we are headed in the right direction and that our strategies and objectives will strengthen our competitive position in the vertically integrated global food industry.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our customers, suppliers, bankers, business partners and shareholders for their continuous support. Since 1986 we have developed into a leading frozen food product supplier. None of this would have been possible without the dedication of Pacific Andes employees, whose uncommon talent and loyalty is commendable. Their significant contribution to this year's results are fully appreciated and we owe them many thanks. This includes the fishermen whose endeavors ensure we have the top quality, nutritious products that are the basis for our business.

Looking forward, we are committed to continuing our hard work to sustain growth and bring in better returns for our shareholders.

Very truly yours,

Ng Joo Puay, Frank
Managing Director
Hong Kong, 23 July 2001

QUESTIONS AND ANSWERS

1. How would you describe your company, Pacific Andes (Holdings) Limited, in terms of its business operations?

We see ourselves as a vertically integrated global food company focusing on frozen seafood products and, more recently, vegetables.

We source frozen seafood products directly from fishing companies worldwide and sell these products to more than 30 countries around the world. Additionally, we farm and also do contract farming, process, and distribute various vegetable products to the world market.

2. Why do customers like to buy from Pacific Andes?

First of all, the way we buy fish is different from other companies. We only take our supplies from deep-sea trawlers that are fishing where there is an availability of good quality fish. Our supplies are continuous because we send vessels out to the trawler to pick up the catch, thus saving time the trawler would need to return to land. This efficiency not only maintains supply it also lowers our costs and keeps our prices very competitive.

3. Are there any seasonal factors which influence the Group's product sales?

Fish, depending on their variety, are subject to seasonal fluctuations. However, as an established and experienced sourcer of fish, we are able to avoid impact to our business by obtaining our supply from our global network of suppliers.

4. Please comment on the vegetable processing business which Pacific Andes (Holdings) Limited recently diversified into.

Vegetable production is the perfect augmentation to our existing business. Customers who buy seafood products also buy vegetable products. However, we are selective in the vegetables we produce, concentrating on those products which require labor intensive farming. The farms we own and supervise are particularly well equipped to handle such products.

This past year has been a critical and rewarding period for our vegetable business. At the end of Year 2000, we subcontracted farmland from specialist farmers in the Shangdong, Zhejiang, Gansu and Fujian Provinces. This amounted to 1,100 hectares of land. Working with the farmers we are able to produce existing products and also develop new products. At the same time we maintained 370 hectares of farmland that we ourselves developed and which is now fully operational. Additionally, we started producing new products in our existing vegetable processing factory. With such a large resource availability we are able to mature and enhance the scope of our production.

5. Apart from frozen seafood and vegetables, does Pacific Andes plan to develop other food products?

Our main focus is on seafood and vegetable products because we consider they have a huge market and growth potential. The HK\$1.5 billion turnover in seafood products we recorded for the year ended 31 March 2001, came from focusing on a small number of seafood species. As our produce comes from reliable, high quality sources and because our prices are competitive, we have established a credible standing in the market. Therefore, we are seeking to develop and expand our existing food business rather than diversify it.

6. What about reduction in resources and environmental concerns?

As a company whose business is sourcing and marketing fish and seafood products, Pacific Andes is keenly aware of its responsibilities to respect fishing quotas, conserve fishing grounds, and to take a lead in encouraging governments and fishing companies globally to adopt these principles. We see this as a long term commitment to ensure sustainable fisheries are maintained.

Fish and seafood are traditional staple foods in many cultures. With fishing nations conserving their fish resources by imposing fishing quotas, fish supplies are maintained.

In developing our vegetable production, we are working closely with PRC farmers to educate them on the use of pesticides, herbicides and environmentally respectful farming methods.

7. How do you see China's entry into WTO impacting the Group?

We have conducted business with PRC companies for more than 10 years. Even before China's entry into WTO we have succeeded in achieving a turnover of HK\$1.4 billion from sales to the PRC.

However, with China's WTO entry we will further benefit from more internationalised customs regulations. At the same time, we anticipate conditions imposed on local and foreign companies will even up and a more robustly competitive environment will develop. Doing business with the PRC should become a more certain prospect therefore, we expect the PRC's impending accession to the WTO should provide enormous business opportunities for the Group.

8. What is your company's dividend policy?

Barring unforeseen circumstances and a requirement for profits to be retained for specific expansion plans, the board of directors propose, starting from fiscal year 2001, distributing one-third of the Group's year end net profit as dividend to shareholders.

DIRECTORS' PROFILES

Executive Directors

Mr. Ng Joo Puay, Frank, (38), is the managing director of the Company. He is responsible for overall corporate policy making, corporate strategic planning, development and investment. Mr. Ng graduated from Loyola University in New Orleans, Louisiana, in the U.S., majoring in business administration. He has over 15 years experience in the seafood trading business. Prior to joining the Company in 1987, Mr. Ng was the trading manager of a fish trading company in Taiwan for three years.

Mr. Ng Joo Siang, (42), is the executive director of the Company and the managing director of the parent company, Pacific Andes International Holdings Limited. He is responsible for overall management of the Company. Mr. Ng graduated from Louisiana State University, Baton Rouge, Louisiana in the U.S., majoring in international trade and finance, and has over 19 years experience in the trading of seafood products. Prior to joining the Company in 1986, Mr. Ng was involved in the ship agency business and the chartering and operation of ocean-going vessels calling at various Asian ports.

Madam Teh Hong Eng, (65), is the executive director of the Company responsible for general administration and strategic planning. She joined the Group in 1986 and has over 26 years experience in administration and financial investment.

Mr. Ng Joo Kwee, (40), is the executive director of the Company responsible for the overall sourcing, sales and marketing of frozen seafood products in the PRC. Mr. Ng studied in the U.S. at Southeastern Louisiana University in Hammond, Louisiana. From 1983 to 1989, Mr. Ng was president of a fish trading company in Taiwan. In 1989, Mr. Ng joined the Group as general manager of PRC operations, responsible for daily operations, trading activities and the sourcing of frozen seafood products from South America, India, the PRC and Russia. In 1994, Mr. Ng resigned from the Company, but rejoined in March 1996.

Mr. Cheng Nai Ming, (37), is the finance director for the Group. He sits on the Audit Committee. He is responsible for corporate finance as well as overall financial management and planning. Mr. Cheng graduated from the University of Hong Kong majoring in social science and is an associate member of the Hong Kong Society of Accountants. Prior to joining the Company in early 1994, Mr. Cheng was with an international accounting firm in Hong Kong for over 6 years.

Non-Executive Directors

Dr. Ong Chit Chung, (52), is an independent director of the Company, and sits on the Audit Committee. Dr. Ong graduated from the University of Singapore, Duke University and the London School of Economics. He is Chairman of Paragon Incorporation Holdings Pte Ltd., President of Fort Canning Country Club and a director of various other companies. He is also a Member of Parliament in Singapore for Bukit Timah GRC. He was previously Deputy Group Managing Director of QAF Ltd.

Mr. Bertie Cheng Shao Shiong, (64), was appointed as an independent director of the Company in December 1997. He also sits on the Audit Committee. Mr. Cheng graduated from the University of Malaya in Singapore in 1960 with a Bachelor of Arts degree (BA. Hons.) in Economics. Mr. Cheng was active in the Singapore banking industry and retired as the Chief Executive Officer of POSBank in July 1997. He is now the Group Managing Director of Thomson Medical Group. He also sits on the Boards of several companies.

Consultant

Mr. Ng Swee Hong, (66), is the founder of the Company, and served as Chairman until September 1995. Mr. Ng advises on overall policy of the Group and has over 40 years experience in the trading of commodities and other products, including more than 18 years experience in the seafood business.

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 March 2001.

Principal Activities

The Company acts as an investment holding company and provides corporate management services to group companies. Its subsidiaries are principally engaged in global sourcing, the transportation and supply of frozen seafood products and the provision of shipping and agency services.

During the year, the Group acquired 100% interest in New Millennium Group Holdings Limited and its three subsidiaries ("NMGH Group"), which are principally engaged in the production and processing of vegetables in Shangdong Province of Mainland China.

An analysis of the Group's segment information for each of its business segments and geographical segments is set out in note 4 to the accompanying financial statements.

Subsidiaries

Details of the Company's subsidiaries at 31 March 2001 are set out in note 31 to the financial statements.

Results And Appropriations

The results of the Group and of the Company for the year ended 31 March 2001 are set out in the income statements on page 24 of the annual report.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in the statements of changes in equity on page 27 of the annual report.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group are set out in note 12 to the financial statements.

Share Capital

Details of movements in the share capital of the Company are set out in note 22 to the financial statements.

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

Pre-emptive Rights

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

Borrowings

Details of interest-bearing bank borrowings of the Group are set out in note 21 to the financial statements.

No interest was capitalised by the Group during the year.

Directors

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

Executive directors

Ng Joo Puay, Frank - *Managing Director*
Teh Hong Eng
Ng Joo Siang
Ng Joo Kwee
Cheng Nai Ming

Non-executive directors

Ong Chit Chung
Bertie Cheng Shao Shiong

In accordance with the provisions of the Company's bye-laws, Ng Joo Siang and Bertie Cheng Shao Shiong retire and, being eligible, offer themselves 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.

Directors' Service Contracts

Each of Ng Joo Puay, Frank, Teh Hong Eng, Ng Joo Siang, Ng Joo Kwee, and Cheng Nai Ming has a service agreement with the Company, which will continue thereafter unless terminated for cause or by either party giving at least one year's written notice (other than the service agreement of Cheng Nai Ming which require at least six months' written notice).

Other than as disclosed above, none of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' interests in Shares

(i) Shares

At 21 April 2001, the interests of the directors in the shares of the Company were as follows:

<i>Name of director</i>	<i>Corporate interests (Note)</i>
Ng Joo Puay, Frank	152,312,750
Teh Hong Eng	152,312,750
Ng Joo Siang	152,312,750

Note: These shares are held directly by Clamford Holding Limited and indirectly by Pacific Andes International Holdings Limited. Ng Joo Puay, Frank, Teh Hong Eng and Ng Joe Siang, the Directors of the Company, are deemed to be interested in such shares by virtue of their family interests in the shares of N. S. Hong Investment (BVI) Limited, the ultimate holding company of Clamford Holding Limited and Pacific Andes International Holdings Limited.

Other than as disclosed above, none of the directors has any interest in the share capital of the Company.

(ii) Shares in a subsidiary

Each of Ng Joo Siang and Ng Joo Puay, Frank is beneficially interested in 100 non-voting deferred shares of HK\$100 each in the share capital of Pacific Andes Enterprises (Hong Kong) Limited ("PAE(HK)"), a subsidiary of the Company. The remaining 99,800 non-voting deferred shares are held by N.S. Hong Holdings Limited.

The rights and restrictions attaching to the non-voting deferred shares of HK\$100 each in PAE (HK) are as follows:

- (a) The holders of the non-voting deferred shares shall not be entitled to receive notice of or to attend or vote at any general meeting of PAE (HK) by virtue of or in respect of their holdings of such non-voting deferred shares;
- (b) The holders of the non-voting deferred shares shall be entitled, if the directors of PAE (HK) shall so resolve from time to time, to a fixed non-cumulative dividend at the rate of 5 per cent. per annum for any financial year of PAE (HK) in respect of which the net profits of PAE (HK) available for dividend exceed HK\$1,000,000,000,000; and
- (c) On a winding up, the holders of the non-voting deferred shares shall be entitled out of the surplus assets of PAE (HK) to a return of the capital paid up on the non-voting deferred shares held by them respectively after a total sum of HK\$1,000,000,000,000 has been distributed in such winding up in respect of each of the ordinary shares of PAE(HK).

Other than as disclosed above, at 21 April 2001, none of the directors or their respective associates had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations, and none of the directors or their respective spouses or children under 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

Directors' Rights to Acquire Shares

The directors had personal interests in share options to subscribe for shares in Pacific Andes International Holdings Limited, the intermediate holding company of the Company as follows:

<i>Name of directors</i>	<i>Exercise price HK\$</i>	<i>Exercisable period</i>	<i>At 1.4.2000</i>	<i>Number of share options granted during the year</i>	<i>At 31.3.2001</i>
Cheng Nai Ming	0.9440	25 October 1998 to 24 October 2003	2,000,000	–	2,000,000
	0.3336	21 August 2000 to 20 August 2005	4,000,000	–	4,000,000
					6,000,000
Ng Joo Puay, Frank	0.3336	21 August 2000 to 20 August 2005	8,000,000	–	8,000,000
Teh Hong Eng	0.3336	21 August 2000 to 20 August 2005	10,000,000	–	10,000,000
Ng Joo Siang	0.3336	21 August 2000 to 20 August 2005	16,000,000	–	16,000,000
Ng Joo Kwee	0.3336	21 August 2000 to 20 August 2005	10,000,000	–	10,000,000

Share Options

The Company has in place a share option scheme known as the Pacific Andes (Holdings) Limited Employees Share Option Scheme (the "Scheme") which had been approved by the shareholders at a Special General Meeting on 15 September 1997.

The Scheme is administered by a committee comprising directors of the Company namely, Ng Joo Puay Frank, Ng Joo Siang and Cheng Nai Ming duly authorised and appointed by the Board of Directors.

Cheng Nai Ming, an Executive Director, is eligible to participate in the Scheme subject to an aggregate limit of 500,000 shares in any one Financial Year (as defined in the Scheme).

Since the implementation of the Scheme to the date of this Report, no share options have been granted to any employee including Cheng Nai Ming.

Other than as disclosed above, at no time during the year was the Company, 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.

Directors' Interest in Debentures

The Company and its subsidiaries have not issued any debentures during the year and have no outstanding debentures at the end of the year.

Directors' Interest in Contracts of Significance

Other than as disclosed in notes 22(a), 24 and 30 to the financial statements, there was no contract of significance to which the Company, any of its holding companies, subsidiaries or fellow 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.

Substantial Shareholders

As at 31 March 2001, the register of substantial shareholders showed that the following shareholders had an interest of 5 per cent. or more in the issued share capital of the Company:

<i>Name</i>	<i>Number of shares</i>
Clamford Holding Limited	152,312,750
Pacific Andes International Holdings Limited	152,312,750
N.S. Hong Investment (BVI) Limited	152,312,750
Teh Hong Eng	152,312,750
Ng Joo Siang	152,312,750
Ng Joo Puay, Frank	152,312,750
New Venture (BVI) Limited	152,312,750
Ng Swee Hong Holdings (BVI) Limited	152,312,750
Pacific Innovation (BVI) Limited	152,312,750

Note: Pacific Andes International Holdings Limited is deemed to hold a total of 152,312,750 shares by virtue of its deemed interest in the shares held by Clamford Holding Limited.

N.S. Hong Investment (BVI) Limited is deemed to hold a total of 152,312,750 shares by virtue of its deemed interest in the shares held by Pacific Andes International Holdings Limited.

Teh Hong Eng, Ng Joo Siang and Ng Joo Puay, Frank is deemed interested in the 152,312,750 shares by virtue of their family interest in the shares held by N.S. Hong Investment (BVI) Limited.

New Venture (BVI) Limited is deemed to hold a total of 152,312,750 shares by virtue of its deemed interest in the shares held by N.S. Hong Investment (BVI) Limited.

Ng Swee Hong Holdings (BVI) Limited is deemed to hold a total of 152,312,750 shares by virtue of its deemed interest in the shares held by N.S. Hong Investment (BVI) Limited.

Pacific Innovation (BVI) Limited is deemed to hold a total of 152,312,750 shares by virtue of its deemed interest in the shares held by N.S. Hong Investment (BVI) Limited.

Other than as disclosed above, the Company has not been notified of any other interests representing 5 per cent. or more of the Company's issued share capital at 31 March 2001.

Dividend

The directors now recommend be paid that a final dividend of S\$0.015 per ordinary share amounting to approximately S\$3,662,000 (equivalent to approximately HK\$15,720,000) be paid in respect of the financial year just ended.

Bad and Doubtful Debts

Before the financial statements of the Company and the consolidated financial statements of the Group were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off and providing for bad and doubtful debts of the Company and the Group and have satisfied themselves that all known bad debts, if any, of the Company and the Group have been written off and that, where necessary, adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amount written off or provided for bad and doubtful debts for the Group of companies in the consolidated financial statements of the Company inadequate to any substantial extent.

Current Assets

Before the financial statements of the Company and the consolidated financial statements of the Group were made out, the directors took reasonable steps to ascertain that any current assets of the Company and the Group which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or were adequately provided for.

At the date of this report, the directors are not aware of any circumstances which would render the value attributable to current assets in the financial statements and the consolidated financial statements misleading.

Charges on Assets and Contingent Liabilities

At the date of this report, other than those disclosed in the financial statements:

- (i) there does not exist any charge on the assets of the Company or any of its subsidiaries which has arisen since the end of the financial year which secures the liability of any other person; and
- (ii) there does not exist any contingent liability of the Company or any of its subsidiaries which has arisen since the end of the financial year.

Ability to Meet Obligations

No contingent or other liability of the Company or any of its subsidiaries has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

Other Circumstances Affecting the Financial Statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements of the Group misleading.

Unusual Items

In the opinion of the directors, the results of the operations of the Company and of the Group have not been substantially affected by any item, transaction or event of a material and unusual nature during the financial year.

Unusual Items After the End of the Financial Year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

Audit Committee

The Audit Committee in office at the date of this report are as follows:

Ong Chit Chung (*Chairman*)
Bertie Cheng Shao Shiong
Cheng Nai Ming

The Audit Committee held nine meetings during the period to review the following:

- (a) the scope of the internal audit functions and the scope of work of the external auditors, and their evaluation of the system of internal accounting controls arising from their audits;
- (b) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the Auditors' Report on those financial statements;
- (c) the requirements for approval and disclosure of interested persons transactions, and where necessary, review and seek approval for interested persons transactions;
- (d) the terms and conditions for the acquisition of NMGH Group by the Company;
- (e) recommendation to the Board of Directors the nomination of Deloitte Touche Tohmatsu, Hong Kong as external auditors, subject to shareholders' approval, at the forthcoming annual general meeting of the Company.

Audit Committee – *Continued*

In performing its function, the Audit Committee:

- (a) has had full access to and cooperation by the management and has full discretion to invite any director and executive officer to attend its meetings; and
- (b) had been given reasonable resources to enable it to discharge its functions properly.

Auditors

The auditors, Deloitte Touche Tohmatsu, have expressed their willingness to accept reappointment.

On behalf of the Board

Ng Joo Puay, Frank
Managing Director

Cheng Nai Ming
Finance Director

Hong Kong, 23 July 2001

STATEMENT OF THE DIRECTORS

In the opinion of the directors, the financial statements set out on pages 24 to 52 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2001 and of the results of the business and equity changes of the Company and of the Group and of the cash flows of the Group for the financial year then ended and 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 Puay, Frank
Managing Director

Cheng Nai Ming
Finance Director

Hong Kong, 23 July 2001

REPORT ON CORPORATE GOVERNANCE

A. The Board of Directors

The Board of Pacific Andes (Holdings) Limited at the date of this report comprises of seven directors, five of whom hold executive positions. The executive and non-executive directors are as follows:

Executive directors

Ng Joo Puay, Frank – *Managing Director*
Teh Hong Eng
Ng Joo Siang
Ng Joo Kwee
Cheng Nai Ming

Non-executive directors

Ong Chit Chung
Bertie Cheng Shao Shiong

While the directors take a keen interest in business strategies, they are also committed to increasing the level of corporate governance in the Company. To enable the Board to carry out its functions more effectively, the following sub-committee was formed:

Audit Committee

The Audit Committee comprises of three members, the majority of whom, including its Chairman, are independent of the management for the purposes of Clause 902(4)(a) of the Listing Manual of the Singapore Exchange Securities Trading Limited. The committee members are as follows:

Non-executive directors:

Ong Chit Chung (*Chairman*)
Bertie Cheng Shao Shiong

Executive director:

Cheng Nai Ming

The Singapore Exchange Securities Trading Limited issued a Best Practices Guide on 4 May 1998. The Company has adopted and has complied with the Best Practices Guide in relation to the roles and responsibilities of the Audit Committee.

The activities of the Audit Committee are set out in the Report of the Directors.

B. Securities Transactions

The Group has issued a Code of Best Practices on Share Dealings to all the Officers of the Group, setting out the implications of insider trading and the recommendations of the Best Practices Guide issued by Singapore Exchange Securities Trading Limited. The Code of Best Practices, modelled after the Best Practices Guide, will provide additional guidance on the dealings in the Company's share by these employees.

C. Internal controls

While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls and systems are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication is reliable. There is clearly defined delegation of authority from the Board of Directors to the operating companies. Procedures are in place to identify major business risks and evaluate potential financial effects, as well as for the authorisation of sales contracts, capital expenditure and investments.

D. Corporate disclosure

The Board of Directors believes that a high level of disclosure is essential to enhance the standard of corporate governance. Hence, the Group gives full disclosure in all public announcements, press releases and annual reports.

On behalf of the Board

Ng Joo Puay, Frank

Managing Director

Cheng Nai Ming

Finance Director

Hong Kong, 23 July 2001

REPORT OF THE AUDITORS

To the Members of Pacific Andes (Holdings) Limited
(incorporated in Bermuda with limited liability)

We have audited the balance sheets of Pacific Andes (Holdings) Limited and of the Group as at 31 March 2001, the income statements and statements of changes in equity of the Company and of the Group and consolidated cash flow statement of the Group for the year then ended as set out on pages 24 to 52. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and consolidated financial statements are properly drawn up in accordance with the Singapore Statements of Accounting Standards and so as to give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2001 and of the results and equity changes of the Company and of the Group and of the cash flows of the Group for the financial year then ended.

We are satisfied that the financial statements of the subsidiaries that are consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 23 July 2001

INCOME STATEMENTS

For the year ended 31 March 2001

	Notes	THE GROUP		THE COMPANY	
		2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Revenue	4	1,563,584	1,194,008	-	-
Cost of sales		(1,419,297)	(1,092,273)	-	-
Gross profit		144,287	101,735	-	-
Other revenue	5	18,792	32,710	49,806	133,181
Selling and distribution expenses		(11,229)	(6,443)	-	-
Administrative expenses		(54,136)	(46,395)	(10,093)	(9,346)
Other operating expenses		(537)	-	-	-
Profit from operations	6	97,177	81,607	39,713	123,835
Interest expenses	7	(48,357)	(41,411)	-	-
Profit before taxation		48,820	40,196	39,713	123,835
Taxation	9	(1,654)	(1,209)	-	-
Net profit for the year, retained		<u>47,166</u>	<u>38,987</u>	<u>39,713</u>	<u>123,835</u>
Dividend	10	<u>15,720</u>	-	-	-
Earnings per share	11				
Basic		<u>21.7 cents</u>	<u>18.9 cents</u>		
Diluted		<u>21.7 cents</u>	<u>N/A</u>		

The accompanying notes to the financial statements form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2001

	Notes	THE GROUP		THE COMPANY	
		2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	217,593	208,408	-	-
Investment properties	13	23,900	19,900	-	-
Interests in subsidiaries	14	-	-	610,708	516,994
Other investments	15	2,728	2,728	-	-
Long term receivable	16	12,163	17,260	-	-
		<u>256,384</u>	<u>248,296</u>	<u>610,708</u>	<u>516,994</u>
CURRENT ASSETS					
Inventories	17	153,262	32,738	-	-
Trade receivables		598,099	564,638	-	-
Other receivables and prepayments	18	23,432	40,642	50	75
Advances to suppliers	19	4,159	46,528	-	-
Tax recoverable		-	935	-	-
Bank balances and cash		31,799	22,530	2	2
		<u>810,751</u>	<u>708,011</u>	<u>52</u>	<u>77</u>
CURRENT LIABILITIES					
Trade payables		127,591	128,057	-	-
Other payables and accrued charges		4,918	8,958	-	-
Tax liabilities		366	1,089	-	-
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	20	10,869	9,064	-	-
Current portion of interest-bearing bank borrowings	21	280,856	230,303	-	-
		<u>424,600</u>	<u>377,471</u>	<u>-</u>	<u>-</u>
NET CURRENT ASSETS		<u>386,151</u>	<u>330,540</u>	<u>52</u>	<u>77</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>642,535</u>	<u>578,836</u>	<u>610,760</u>	<u>517,071</u>
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	21	25,530	40,070	-	-
Deferred tax		245	245	-	-
		<u>25,775</u>	<u>40,315</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>616,760</u>	<u>538,521</u>	<u>610,760</u>	<u>517,071</u>

BALANCE SHEETS

As at 31 March 2001

	Notes	THE GROUP		THE COMPANY	
		2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
CAPITAL AND RESERVES					
Share capital	22	381,617	327,641	381,617	327,641
Reserves		235,143	210,880	229,143	189,430
		<u>616,760</u>	<u>538,521</u>	<u>610,760</u>	<u>517,071</u>

The accompanying notes to the financial statements form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2001

	<i>Share capital HK\$'000</i>	<i>Share premium HK\$'000</i>	<i>Revaluation reserve HK\$'000</i>	<i>Goodwill reserve HK\$'000</i>	<i>Retained profits HK\$'000</i>	<i>Total HK\$'000</i>
THE GROUP						
Balance at 1 April 1999	297,783	15,594	21,220	-	121,899	456,496
Issue of new shares	29,858	-	-	-	-	29,858
Premium arising from issue of new shares	-	13,451	-	-	-	13,451
Expenses incurred on the issue of new shares	-	(271)	-	-	-	(271)
Net profit for the year	-	-	-	-	38,987	38,987
Balance at 31 March 2000	327,641	28,774	21,220	-	160,886	538,521
Issue of new shares	52,416	-	-	-	-	52,416
Shares to be issued	1,560	-	-	-	-	1,560
Surplus on revaluation, net	-	-	1,980	-	-	1,980
Goodwill on acquisition	-	-	-	(24,883)	-	(24,883)
Net profit for the year	-	-	-	-	47,166	47,166
Balance at 31 March 2001	<u>381,617</u>	<u>28,774</u>	<u>23,200</u>	<u>(24,883)</u>	<u>208,052</u>	<u>616,760</u>
THE COMPANY						
Balance at 1 April 1999			297,783	15,594	36,821	350,198
Issue of new shares			29,858	-	-	29,858
Premium arising from issue of new shares			-	13,451	-	13,451
Expenses incurred on the issue of new shares			-	(271)	-	(271)
Net profit for the year			-	-	123,835	123,835
Balance at 31 March 2000			327,641	28,774	160,656	517,071
Issue of new shares			52,416	-	-	52,416
Shares to be issued			1,560	-	-	1,560
Net profit for the year			-	-	39,713	39,713
Balance at 31 March 2001			<u>381,617</u>	<u>28,774</u>	<u>200,369</u>	<u>610,760</u>

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2001

	Notes	2001 HK\$'000	2000 HK\$'000
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	23	(13,179)	10,194
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,838)	(3,815)
Proceeds on disposal of property, plant and equipment		7	21
Net cash outflow arising on acquisition of subsidiaries	24	(1,892)	-
Net cash (outflow) inflow arising on disposal of a subsidiary	25	(4)	2,384
NET CASH USED IN INVESTING ACTIVITIES		(4,727)	(1,410)
NET CASH (USED) PROVIDED BEFORE FINANCING ACTIVITIES		(17,906)	8,784
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares		-	43,309
Net cash (repaid to) advance from Pacific Andes International Holdings Limited and its subsidiaries		(8,838)	19,458
Net bank borrowings raised (repaid)		39,263	(61,035)
Expenses incurred on the issue of shares		-	(271)
NET CASH PROVIDED BY FINANCING ACTIVITIES		30,425	1,461
NET INCREASE IN CASH AND CASH EQUIVALENTS		12,519	10,245
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		17,076	6,831
CASH AND CASH EQUIVALENTS AT END OF YEAR		29,595	17,076
CASH AND CASH EQUIVALENTS AT 31 MARCH COMPRISE THE FOLLOWING BALANCE SHEET AMOUNTS			
Bank balances and cash		31,799	22,530
Bank overdrafts (<i>Note 21</i>)		(2,204)	(5,454)
		29,595	17,076

The accompanying notes to the financial statements form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

1. General

The Company is an exempted company incorporated in Bermuda with limited liability. Its shares are listed on 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 Holdings 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. Its subsidiaries are principally engaged in global sourcing, the transportation and supply of frozen seafood products, the provision of shipping and agency services and the production and processing of vegetables. Details of the principal activities of the subsidiaries are set out in note 31.

These financial statements are presented in Hong Kong dollars in order to coincide with the reporting currency of its holding companies.

2. Adoption of New Statements of Accounting Standards

With effect from the current year, the Company and the Group adopted the following Statements of Accounting Standards ("SASs"), issued by the Institute of Certified Public Accountants of Singapore:

SAS 1 (Revised)	Presentation of financial statements
SAS 23 (Revised)	Segment Reporting

SAS 1 (Revised) concerns the presentation and disclosure of general purpose financial statements. The presentation of financial statements for the current year has been modified in order to conform with the requirements of SAS 1 (Revised). Comparative amounts have been restated in order to achieve a consistent presentation.

In particular, additional analyses of income and expenditure have been presented.

In addition, the description of various components in the financial statements and the terminology used has been updated to reflect the terminology of SAS 1 (Revised).

None of the amendments outlined above has affected the results for the current or prior periods.

SAS 23 (Revised) establishes principles for reporting financial information by business and geographical segments.

This revised standard is more comprehensive in terms of the specification of financial data and reportable segments, the underlying rationale being that they should be determined on the basis of the analysis that management uses internally to assess the performance of its business.

Adoption of SAS 23 (Revised) has not resulted in any significant impact to the Group's financial statements.

3. Significant Accounting Policies

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of properties.

The financial statements have been prepared in accordance with Singapore Statements of Accounting Standards. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise 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 applicable.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any decline in the value of the subsidiary that is other than temporary. Results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable during the year.

Revenue recognition

Sale of goods is recognised when goods are delivered and title has passed.

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

Interest income from bank deposits or suppliers is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the terms of the respective leases.

3. Significant Accounting Policies – *continued*

Property, plant and equipment, and depreciation

Leasehold land and buildings are stated in the balance sheet at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation, less any subsequent accumulated depreciation. Revaluations are performed at regular intervals so that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the assets revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the assets revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Property, plant and equipment other than revalued assets are stated at cost less accumulated depreciation.

Leasehold land is amortised over relevant lease terms and the cost or revaluation of buildings is depreciated over twenty-five years using the straight line method.

Depreciation is charged to write off the cost of vessels over their estimated useful lives, taking into account the estimated residual value, using the straight line method, at 20% per annum.

Depreciation is charged so as to write off the cost less residual value of property, plant and equipment other than revalued assets and vessels over their estimated useful lives using the reducing balance method and at the following rates per annum:

Furniture and fixtures	30%
Office equipment	40%
Motor vehicles	40%
Plant and machinery	20% - 40%

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

3. Significant Accounting Policies – *continued*

Investment properties

Investment properties are investments in land or buildings that are not occupied substantially for use by, or in the operations of, the investing enterprise or another enterprise in the same group as the investing enterprise.

Investment properties are stated at open market value based on professional valuations at the balance sheet date.

Any revaluation increase arising on revaluation of investment properties is credited to the assets revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation of investment properties is charged as an expense to the extent that it exceeds the balance, if any, held in the assets revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale of an investment property, any revaluation surplus thereon is included in the determination of the profit or loss on disposal.

Preliminary set up cost for vessels

Preliminary set up cost for vessels is charged as expense in the income statement when incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which 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, is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Foreign currencies

All books and records of the Company and its subsidiaries are maintained in Hong Kong dollars.

Transactions in foreign currencies are initially recorded at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

Investments

Investments for the long term are stated at cost, as reduced by any decline in the value that is other than temporary.

3. Significant Accounting Policies – *continued*

Goodwill

Goodwill arising on consolidation which represents the excess of the purchase consideration over the fair value ascribed to the separable net assets at the date of acquisition of a subsidiary is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the separable net assets at the date of acquisition over the purchase consideration is credited to reserves.

On disposal of a subsidiary, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal of the subsidiary.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed under the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Operating leases

Rentals under operating leases are charged as expenses on a straight line basis over the lease terms.

Retirement benefits scheme

The pension costs charged as expenses represent the amount of contributions payable in respect of the current year to the Group's defined contribution scheme.

Cash equivalents

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired; less bank overdrafts.

4. Segment Information

Business segments

The Group is principally engaged in global sourcing, the transportation and supply of frozen seafood products, the provision of shipping and agency services and the production and processing of vegetables.

Sales of seafood comprise sales of fish and other seafood products. Shipping and agency service income comprise vessel charter hire income, sales of marine fuel oil and provision of packaging materials to fish suppliers.

Information on business segments are presented below:

	Sales of seafood		Shipping and agency service income		Sales of vegetables		Total	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
THE GROUP								
Revenue	<u>1,512,030</u>	<u>1,095,029</u>	<u>43,981</u>	<u>98,979</u>	<u>7,573</u>	<u>-</u>	<u>1,563,584</u>	<u>1,194,008</u>
Segment result	<u>149,774</u>	<u>117,845</u>	<u>1,396</u>	<u>10,157</u>	<u>680</u>	<u>-</u>	<u>151,850</u>	<u>128,002</u>
Administrative expenses							(54,136)	(46,395)
Other operating expenses							(537)	-
Profit from operations							97,177	81,607
Interest expenses							(48,357)	(41,411)
Taxation							(1,654)	(1,209)
Net profit for the year							<u>47,166</u>	<u>38,987</u>
BALANCE SHEET								
Segment assets	<u>971,050</u>	<u>828,768</u>	<u>56,992</u>	<u>127,539</u>	<u>39,093</u>	<u>-</u>	<u>1,067,135</u>	<u>956,307</u>
Segment liabilities	<u>443,628</u>	<u>410,285</u>	<u>6,312</u>	<u>7,501</u>	<u>435</u>	<u>-</u>	<u>450,375</u>	<u>417,786</u>
OTHER INFORMATION								
Capital additions	2,603	758	-	3,057	235	-	2,838	3,815
Depreciation	<u>4,765</u>	<u>5,231</u>	<u>14,368</u>	<u>14,132</u>	<u>495</u>	<u>-</u>	<u>19,628</u>	<u>19,363</u>

For the year ended 31 March 2001

4. 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 of Hong Kong and other regions in the People's Republic of China, North America, Western Europe, Eastern Europe and other parts of the world.

Information on geographical segments are presented below:

	Revenue		Carrying amounts of segment assets		Additions to property, plant and equipment	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Hong Kong and other regions in the People's Republic of China	1,347,859	1,038,002	826,538	747,471	2,838	758
North America	137,327	46,103	19,203	29,680	-	-
Western Europe	5,721	6,404	349	-	-	-
Eastern Europe	35,936	43,759	164,702	92,642	-	-
Others	36,741	59,740	56,343	86,514	-	3,057
	<u>1,563,584</u>	<u>1,194,008</u>	<u>1,067,135</u>	<u>956,307</u>	<u>2,838</u>	<u>3,815</u>

5. Other Revenue

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Other revenue comprises of:				
Administrative income charged to PAIH and its subsidiaries	13,741	16,304	-	-
Dividend income from a subsidiary	-	-	-	100,000
Exchange gain	-	3,471	-	-
Gain on disposal of property, plant and equipment	-	21	-	-
Gain on disposal of trading securities	-	470	-	-
Interest income	3,001	10,415	-	-
Interest income from subsidiaries	-	-	49,806	33,181
Net rentals from properties	462	183	-	-
Sundry income	1,588	1,846	-	-
	<u>18,792</u>	<u>32,710</u>	<u>49,806</u>	<u>133,181</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

6. Profit from Operations

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Profit from operations is arrived at after charging (crediting):				
Auditors' remuneration				
Current year	712	750	712	750
Underprovision in prior year	32	23	-	-
	<u>744</u>	<u>773</u>	<u>712</u>	<u>750</u>
Depreciation	19,628	19,363	-	-
Retirement benefits scheme contributions, net of forfeited contributions of HK\$91,000 (2000: HK\$110,000)	536	292	-	-
Loss (gain) on disposal of property, plant and equipment	25	(21)	-	-
Staff costs excluding directors' emoluments and retirement benefits contributions	11,545	10,008	-	-
Operating lease rentals in respect of rented premises	590	303	-	-
	<u>44,166</u>	<u>49,739</u>	<u>44,166</u>	<u>49,739</u>

7. Interest Expenses

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Interest on borrowings:				
Wholly repayable within five years	46,079	35,350	-	-
Not wholly repayable within five years	-	1,940	-	-
Amounts due to PAIH and its subsidiaries	2,278	4,121	-	-
	<u>48,357</u>	<u>41,411</u>	<u>-</u>	<u>-</u>

For the year ended 31 March 2001

8. Directors' Emoluments

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Directors' fees:				
Executive	–	–	–	–
Non - executive	318	313	318	313
	<u>318</u>	<u>313</u>	<u>318</u>	<u>313</u>
Other emoluments:				
Salaries and other benefits				
– cash	5,930	5,628	5,930	5,628
– benefits in kind	3,254	3,266	3,254	3,266
Performance related incentive payment	1,561	1,280	1,561	1,280
	<u>10,745</u>	<u>10,174</u>	<u>10,745</u>	<u>10,174</u>
	<u>11,063</u>	<u>10,487</u>	<u>11,063</u>	<u>10,487</u>

Benefits in kind represent the estimated monetary value of accommodation from the Group's leasehold properties provided to the directors of the Company free of charge.

Included in executive directors' other emoluments of HK\$10,745,000 (2000: HK\$10,174,000) is an amount of HK\$4,513,000 (2000: HK\$4,780,000) charged to PAIH and its subsidiaries as administrative income, which was calculated in accordance with the management agreement signed on 3 September 1996.

Emoluments of the directors were within the following bands:

	No. of Directors	
	2001	2000
HK\$2,160,000 and above (S\$500,000 and above)	3	2
HK\$1,080,000 to HK\$2,160,000 (S\$250,000 to S\$499,999)	2	3
Below HK\$1,080,000 (Below S\$250,000)	2	3
	<u>7</u>	<u>8</u>

Note: For the purpose of compiling the above information, Hong Kong dollars have been translated into Singapore dollars at the approximate exchange rate prevailing at the balance sheet date of S\$1: HK\$4.32.

For the year ended 31 March 2001

9. Taxation

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Hong Kong Profits Tax		
Provision for taxation for the year	(1,980)	(1,200)
Over (under) provision in respect of previous years	326	(9)
	<u>(1,654)</u>	<u>(1,209)</u>

Hong Kong Profits Tax is calculated at 16% (2000: 16%) of the estimated assessable profits for the year.

A substantial portion of the Group's profit neither arises in, nor is derived from, Hong Kong and accordingly it is not subject to Hong Kong Profits Tax. The Company has no assessable income in Singapore.

10. Dividend

The proposed final dividend of S1.5 cents per ordinary share for the year ended 31 March 2001 has been calculated with reference to the shares in issue at 23 July 2001.

11. Earnings Per Share

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

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Earnings	<u>47,166,000</u>	<u>38,987,000</u>
Weighted average number of ordinary shares used in calculation of basic earnings per share	217,450,360	<u>206,141,428</u>
Effect of dilutive potential ordinary shares:		
Ordinary shares to be issued for purchase of a subsidiary (note 22 (b))	205,479	
Weighted average number of ordinary shares used in calculation of diluted earnings per share	<u>217,655,839</u>	

The weighted average number of ordinary shares has been adjusted for the issue of new shares during the year.

The Company did not have any outstanding options and warrants during the year and at the balance sheet date.

12. Property, Plant and Equipment

	<i>Land and buildings HK\$'000</i>	<i>Furniture and fixtures HK\$'000</i>	<i>Office equipment HK\$'000</i>	<i>Motor vehicles HK\$'000</i>	<i>Vessels HK\$'000</i>	<i>Plant and machinery HK\$'000</i>	<i>Total HK\$'000</i>
THE GROUP							
COST OR VALUATION							
At 1 April 2000	143,900	8,339	6,631	8,072	94,087	-	261,029
Additions	-	220	283	2,100	-	235	2,838
Disposals	-	-	-	(307)	-	-	(307)
Reclassified to investment properties	(4,000)	-	-	-	-	-	(4,000)
Adjustment on asset revaluation	(3,700)	-	-	-	-	-	(3,700)
Acquisition of subsidiaries	-	926	-	336	-	27,302	28,564
At 31 March 2001	<u>136,200</u>	<u>9,485</u>	<u>6,914</u>	<u>10,201</u>	<u>94,087</u>	<u>27,537</u>	<u>284,424</u>
Comprising:							
At cost	-	9,485	6,914	10,201	94,087	27,537	148,224
At valuation - 31 March 2001	<u>136,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,200</u>
	<u>136,200</u>	<u>9,485</u>	<u>6,914</u>	<u>10,201</u>	<u>94,087</u>	<u>27,537</u>	<u>284,424</u>
ACCUMULATED DEPRECIATION							
At 1 April 2000	2,563	5,449	4,487	6,661	33,461	-	52,621
Provided for the year	2,580	831	753	743	14,368	353	19,628
Eliminated on disposals	-	-	-	(275)	-	-	(275)
Adjustment on asset revaluation	(5,143)	-	-	-	-	-	(5,143)
At 31 March 2001	<u>-</u>	<u>6,280</u>	<u>5,240</u>	<u>7,129</u>	<u>47,829</u>	<u>353</u>	<u>66,831</u>
NET BOOK VALUES							
At 31 March 2001	<u>136,200</u>	<u>3,205</u>	<u>1,674</u>	<u>3,072</u>	<u>46,258</u>	<u>27,184</u>	<u>217,593</u>
At 31 March 2000	<u>141,337</u>	<u>2,890</u>	<u>2,144</u>	<u>1,411</u>	<u>60,626</u>	<u>-</u>	<u>208,408</u>
DEPRECIATION FOR LAST YEAR							
	<u>2,563</u>	<u>986</u>	<u>974</u>	<u>708</u>	<u>14,132</u>	<u>-</u>	<u>19,363</u>

12. Property, Plant and Equipment – *continued*

The net book value of land and buildings represents land and buildings in Hong Kong under long leases.

The land and buildings situated in Hong Kong under long leases were revalued by Sallmanns (Far East) Limited, a firm of independent professional valuers, on an open market value basis as at 31 March 2001.

Certain land and buildings are pledged to secure mortgage loans of the Group (Note 29).

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:

	<i>HK\$'000</i>
Cost	119,351
Accumulated depreciation	<u>(11,920)</u>
Net book value at 31 March 2001	<u><u>107,431</u></u>
Net book value at 31 March 2000	<u><u>113,370</u></u>

13. Investment Properties

	<i>THE GROUP</i>	
	<i>2001</i> <i>HK\$'000</i>	<i>2000</i> <i>HK\$'000</i>
Valuation at 1 April 2000	19,900	19,900
Reclassified from leasehold land and buildings	<u>4,000</u>	<u>–</u>
Valuation at 31 March 2001	<u><u>23,900</u></u>	<u><u>19,900</u></u>

The investment properties were valued at HK\$23,900,000 by Sallmanns (Far East) Limited, a firm of independent professional valuers, on an open market value basis as at 31 March 2001.

There is no deficit or surplus arising on revaluation of the investment properties.

An investment property is pledged to secure a mortgage loan of the Group (Note 29).

For the year ended 31 March 2001

13. Investment Properties – continued

The carrying value of investment properties shown above comprises:

	<i>THE GROUP</i>	
	<i>2001</i> <i>HK\$'000</i>	<i>2000</i> <i>HK\$'000</i>
Investment properties in the PRC under		
long leases	13,000	13,000
medium leases	6,900	6,900
Investment property in Hong Kong held under a long lease	4,000	–
	<u>23,900</u>	<u>19,900</u>

14. Interests in Subsidiaries

	<i>THE COMPANY</i>	
	<i>2001</i> <i>HK\$'000</i>	<i>2000</i> <i>HK\$'000</i>
Unlisted shares, at cost	–	–
Amounts due from subsidiaries	610,708	516,994
	<u>610,708</u>	<u>516,994</u>

Particulars of the subsidiaries at 31 March 2001 are set out in note 31.

15. Other Investments

	<i>THE GROUP</i>	
	<i>2001</i> <i>HK\$'000</i>	<i>2000</i> <i>HK\$'000</i>
Club memberships, at cost	<u>2,728</u>	<u>2,728</u>

In the opinion of the directors, the club memberships are worth at least their cost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

16. Long Term Receivable

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Consideration receivable from sales of vessel	21,691	33,347
Receivable as follows:		
Within one year	9,528	16,087
More than one year and less than five years	12,163	17,260
	21,691	33,347
Less: Amount due within one year included under other receivables and prepayments (<i>Note 18</i>)	(9,528)	(16,087)
Amount due after one year	12,163	17,260

The receivable is secured on the vessel and bears interest at 12% (2000: 12%) per annum.

17. Inventories

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Inventories at cost consist of the following:		
Fuel	1,975	6,530
Frozen seafood	148,026	26,208
Vegetables	2,829	-
Others	432	-
	153,262	32,738

18. Other Receivables and Prepayments

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Consideration receivable from sales of vessel	9,528	16,087	-	-
Other receivables	8,072	19,610	50	75
Prepayments	5,832	4,945	-	-
	23,432	40,642	50	75

19. Advances to Suppliers

THE GROUP

Included in the Group's advances to suppliers are amounts of HK\$4,159,000 (2000: HK\$12,415,000) which are secured by the vessels of the suppliers and interest free (2000: 18 per cent. to 20 per cent. per annum). The remaining balances in the previous year are unsecured and interest-free.

20. Amounts Due to Pacific Andes International Holdings Limited and its Subsidiaries

THE GROUP

The amounts due are unsecured, repayable on demand and bear interest at the funding cost of PAIH.

21. Interest-Bearing Bank Borrowings

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Interest-bearing bank borrowings comprise:		
Trust receipt loans and short term bank loans	264,102	208,032
Mortgage loans	40,080	56,887
Bank overdrafts	2,204	5,454
	<u>306,386</u>	<u>270,373</u>
Analysed as:		
Secured	40,080	56,887
Unsecured	266,306	213,486
	<u>306,386</u>	<u>270,373</u>
Repayable as follows:		
Within one year	280,856	230,303
More than one year and less than five years	25,530	38,290
Five years or more	-	1,780
	<u>306,386</u>	<u>270,373</u>
Less: Amount due within one year included under current liabilities	<u>(280,856)</u>	<u>(230,303)</u>
Amount due after one year	<u>25,530</u>	<u>40,070</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

21. Interest-Bearing Bank Borrowings – *continued*

Details of the long term bank borrowings as at 31 March 2001 are set out as follows:

<i>Final maturity/settlement date</i>	<i>Effective interest rate per annum</i>	<i>No. of future instalments</i>	<i>Principal HK\$'000</i>
15.8.2001	8%	5	1,000
26.12.2001	9.875%	9	3,981
4.1.2004	9.5%	34	2,714
29.3.2004	8%	36	4,875
27.6.2004	8.75%	39	9,599
9.5.2005	8.375%	50	944
9.5.2005	8.375%	50	844
9.5.2005	8.375%	50	1,157
24.9.2005	7.75%	54	14,966
			40,080
<i>Less: Amount repayable within one year shown as part of current liabilities</i>			(14,550)
			25,530

For the year ended 31 March 2001

22. Share Capital

	THE COMPANY	
	2001 & 2000 Number of shares	2001 & 2000 US\$'000
<i>Authorised:</i>		
Ordinary shares of US\$0.20 each	<u>400,000,000</u>	<u>80,000</u>

	THE COMPANY			
	2001 Number of shares	2000 Number of shares	2001 US\$'000	2000 US\$'000
<i>Issued and fully paid:</i>				
Ordinary shares of US\$0.20 each				
At beginning of year	210,546,250	191,406,250	42,109	38,281
Issue of new shares	33,600,000	19,140,000	6,720	3,828
At end of year	<u>244,146,250</u>	<u>210,546,250</u>	<u>48,829</u>	<u>42,109</u>
<i>Shares to be issued:</i>				
Ordinary shares of US\$0.20 each	1,000,000	–	200	–
	<u>245,146,250</u>	<u>210,546,250</u>	<u>49,029</u>	<u>42,109</u>

	THE COMPANY	
	2001 HK\$'000	2000 HK\$'000
Balance at beginning of year	327,641	297,783
Issue of new shares (<i>note a</i>)	52,416	29,858
Shares to be issued (<i>note b</i>)	1,560	–
Balance at end of year	<u>381,617</u>	<u>327,641</u>

Note:

- (a) On 13 June 2000, the Company entered into a sale and purchase agreement with Pelican Food Limited ("Pelican"), a subsidiary of PAIH pursuant to which the Company acquired from Pelican the entire issued and paid-up capital of New Millennium Group Holdings Limited ("NMGH") for an aggregate consideration of US\$6.92 million (equivalent to approximately HK\$53,976,000), to be satisfied by the issuance of 34,600,000 ordinary shares of the Company to Pelican's nominee, Clamford Holding Limited ("Clamford"), another subsidiary of PAIH.

Subsequently, a supplemental agreement dated 1 August 2000 was entered into under which Pelican and the Company agreed to amend certain terms of the sale and purchase agreement relating to the consideration payable. Those changes comprised: (i) issuance of 33,600,000 new shares of the Company instead of 34,600,000 new shares to be issued on 15 January 2001 and (ii) up to an aggregate of 1,000,000 new shares of the Company to be issued if the audited consolidated loss of NMGH and its subsidiaries ("NMGH Group") for the year ended 31 March 2001 is less than US\$258,000 (equivalent to approximately HK\$2,012,000).

- (b) This represents the additional 1,000,000 new shares of the Company to be issued as purchase consideration since the audited consolidated results of NMGH Group for the year ended 31 March 2001 satisfy the condition stated in note (a) above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

23. Reconciliation of Profit Before Taxation to Net Cash (Used In) Provided by Operating Activities

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Profit before taxation	48,820	40,196
Add (less) items not involving cash flows:		
Interest income	(3,001)	(10,415)
Interest expense	48,357	41,411
Depreciation	19,628	19,363
Administrative income	-	(16,304)
Loss (gain) on disposal of property, plant and equipment	25	(21)
Loss on disposal of a subsidiary	1	-
Deficit arising on revaluation of land and buildings	537	-
	<hr/>	<hr/>
Cash flows provided by operations before changes in working capital	114,367	74,230
Working capital changes, excluding changes relating to cash:		
Increase in inventories	(113,667)	(24,354)
Increase in trade receivables, other receivables and prepayments	(9,923)	(62,363)
Decrease in advances to suppliers	42,369	15,550
(Decrease) increase in trade payables, other payables and accrued charges	(4,796)	29,078
	<hr/>	<hr/>
Decrease in long-term receivables	28,350	32,141
	<hr/>	<hr/>
Cash generated from operations	33,447	38,757
Interest received	3,298	10,178
Interest paid	(48,482)	(38,275)
Income tax paid	(1,442)	(466)
	<hr/>	<hr/>
Net cash (used in) provided by operating activities	<u>(13,179)</u>	<u>10,194</u>

For the year ended 31 March 2001

24. Purchase of a Subsidiary

During the year, the Group acquired 100% of the issued share capital of NMGH from Pelican Food Limited, a wholly-owned subsidiary of PAIH for a consideration of HK\$56,529,000. The consideration was satisfied by the issue and allotment of 33,600,000 shares of the Company. Additional 1,000,000 new shares of the Company will be issued as purchase consideration [Note 22(a) and (b)]. This acquisition has been accounted for by the acquisition method of accounting. The amount of goodwill arising as a result of the acquisition was HK\$24,883,000.

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
NET ASSETS ACQUIRED:		
Property, plant and equipment	28,564	-
Inventories	6,857	-
Trade receivables	4,133	-
Other receivable and prepayments	2,492	-
Bank balances and cash	661	-
Trade payables	(170)	-
Other payables and accrued charges	(245)	-
Amount due to PAIH and its subsidiaries	(10,646)	-
	<u>31,646</u>	<u>-</u>
Goodwill	24,883	-
	<u>56,529</u>	<u>-</u>
SATISFIED BY:		
Legal and other expenses	2,553	-
Shares allotted	52,416	-
Shares to be issued	1,560	-
	<u>56,529</u>	<u>-</u>
Net cash inflow arising on acquisition:		
Cash consideration	(2,553)	-
Bank balances and cash acquired	661	-
	<u>(1,892)</u>	<u>-</u>
Net outflow of cash and cash equivalents in respect of the purchase of a subsidiary		
	<u>(1,892)</u>	<u>-</u>

The subsidiary acquired during the year contributed HK\$678,000 to the Group's net operating cash inflow and utilised HK\$235,000 for investing activities.

It contributed HK\$7,573,000 to the Group's revenue, and a loss of HK\$29,000 to the Group's consolidated results.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

25. Disposal of a Subsidiary

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Net assets disposed of:		
Trade and other receivables	–	7,132
Cash and cash equivalents	4	19
Trade and other payables	–	(4,748)
Amount due to PAIH	(3)	–
	<u>1</u>	<u>2,403</u>
Loss on disposal	(1)	–
Total consideration	<u>–</u>	<u>2,403</u>
Satisfied by:		
Cash	–	2,403
	<u>–</u>	<u>2,403</u>
Analysis of the net cash inflow of cash and cash equivalents in respect of disposal of a subsidiary during the year:		
Net cash received	–	2,403
Cash and cash equivalents disposed of	(4)	(19)
	<u>(4)</u>	<u>2,384</u>

The subsidiary disposed of during the year did not have any material impact on the Group's net cash flows and results.

26. Lease Commitments

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:

	2001 HK\$'000	2000 HK\$'000
Within one year	1,821	221
Thereafter	<u>33,067</u>	<u>294</u>

For the year ended 31 March 2001

27. Capital Commitments

At 31 March 2001, the Group had capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided for in the financial statements amounting to approximately HK\$563,000, net of deposit (2000: nil).

28. Contingent Liabilities

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
At the balance sheet date, the Group and the Company had contingent liabilities as follows:				
Receivable discounted with recourse	44,852	29,091	-	-
Bills discounted with recourse	255,221	166,756	-	-
Guarantees given to bankers in respect of banking facilities utilised by subsidiaries				
– secured	-	-	36,099	48,068
– unsecured	-	-	675,119	497,051
	<u>300,073</u>	<u>195,847</u>	<u>711,218</u>	<u>545,119</u>

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

29. Pledge of Assets

At 31 March 2001, the Group had pledged land and buildings and an investment property with aggregate net carrying values of approximately HK\$136 million (2000: HK\$141 million) and HK\$4 million (2000: nil) respectively, to secure the mortgage loans of the Group granted by certain banks.

30. Related Party Transactions

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Interest expenses paid to PAIH and its subsidiaries (<i>note a</i>)	2,278	4,121
Administrative income charged to PAIH and its subsidiaries (<i>note b</i>)	<u>13,741</u>	<u>16,304</u>

Notes:

- The interest expenses were calculated at 8.25% (2000: 8.73%) per annum on the outstanding amounts due to PAIH and its subsidiaries.
- The administrative income charged to PAIH and its subsidiaries, was calculated in accordance with the management agreement signed on 3 September, 1996.

As mentioned in notes 22(a) and 24, the Company acquired 100% interest in NMGH from PAIH group in accordance with the sale and purchase agreement signed.

31. Particulars of Subsidiaries

Details of the Company's subsidiaries at 31 March 2001 are as follows:

<i>Name</i>	<i>Place/country of incorporation or registration/ operation</i>	<i>Percentage equity interest %</i>	<i>Principal activities</i>	<i>Cost of Investment HK\$</i>
Alliance Capital Enterprises Limited	Hong Kong/ PRC	100	Property holding	–
Andes Agency Limited	Hong Kong/ Worldwide	100	Ship chartering agency	–
Bonaire Developments Limited	British Virgin Islands/ Hong Kong	100	Property holding	–
Chasterton Group Limited	British Virgin Islands/ Hong Kong	100	Property holding	–
Concept China Investment Limited	Hong Kong/ PRC	100	Property holding	–
Conred Limited	Hong Kong/ PRC	100	Property holding	–
Davis Limited	Hong Kong/ PRC	100	Property holding	–
Glorious Ocean Limited	Hong Kong	100	Provision of treasury services	–
Golden Target Pacific Limited	British Virgin Islands/ Worldwide	100	Investment holding	–
Heng Holdings (BVI) Limited	British Virgin Islands	100	Investment holding	–
Lions City Investment Inc.	British Virgin Islands	100	Investment holding	–

31. Particulars of Subsidiaries – *continued*

<i>Name</i>	<i>Place/country of incorporation or registration/ operation</i>	<i>Percentage equity interest %</i>	<i>Principal activities</i>	<i>Cost of Investment HK\$</i>
Natprop Investments Limited	Cook Islands/ Worldwide	100	Ship repairing agency	–
New Millennium Group Holdings Limited	British Virgin Islands/ Worldwide	100	Processing of frozen vegetable	–
Pacific Andes Enterprises (BVI) Limited	British Virgin Islands/ Worldwide	100	Trading of frozen seafood products	–
Pacific Andes Enterprises (Hong Kong) Limited	Hong Kong	100	Provision of treasury and administrative services	–
Pacific Andes Food (Hong Kong) Limited	Hong Kong	100	Trading of frozen seafood products	–
Pacific Andes Vegetables, Inc.	British Virgin Islands/PRC	100	Investment holding	–
Paco Alpha Limited	British Virgin Islands/ Worldwide	100	Vessel holding	–
Paco Beta Limited	British Virgin Islands/ Worldwide	100	Trading of marine fuel	–
Paco Gamma Limited	British Virgin Islands/ Worldwide	100	Vessel holding	–
Paco Delta Limited	British Virgin Islands/ Worldwide	100	Vessel holding	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

31. Particulars of Subsidiaries – *continued*

<i>Name</i>	<i>Place/country of incorporation or registration/operation</i>	<i>Percentage equity interest %</i>	<i>Principal activities</i>	<i>Cost of Investment HK\$</i>
Parkmond Group Limited	British Virgin Islands/ Worldwide	100	Trading of frozen seafood products	–
Quality Food (Singapore) Pte. Limited	Singapore	100	Not yet commenced business	–
Qingdao Pacific Andes Farm Co. Limited	PRC	100	Plantation of vegetable	–
Qingdao New Millennium Food Co., Limited	PRC	100	Frozen vegetable processing	–
Richtown Development Limited	British Virgin Islands/ Hong Kong	100 *	Investment holding	8
Well Hope International Limited	British Virgin Islands	100	Inactive	–
				8

* Other than Richtown Development Limited, the subsidiaries are indirectly held by the Company.

Note:

The cost of investment in subsidiaries and the percentage equity interest at 31 March 2001 were similar to those at 31 March 2000 except for the acquisition of 100% interest in New Millennium Group Holdings Limited during the year ended 31 March 2001.

SHAREHOLDING STATISTICS

As at 12 July 2001

Authorised share capital: US\$80,000,000

Issue and fully paid-up capital: US\$48,829,250

Class of shares: Ordinary share of US\$0.20 each

Voting rights: One vote per share

Distribution of Shareholdings

<i>Size of Shareholdings</i>	<i>Number of Shareholders</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
1 – 1,000	188	4.64	135,500	0.06
1,001 – 10,000	2,599	64.14	13,979,250	5.72
10,001 – 1,000,000	1,255	30.97	54,563,312	22.35
1,000,001 and above	10	0.25	175,468,188	71.87
Total	<u>4,052</u>	<u>100.00</u>	<u>244,146,250</u>	<u>100.00</u>

Substantial Shareholders

As recorded in the Register of Substantial Shareholders
as at 12 July 2001

<i>Name</i>	<i>Direct Interest</i>	<i>%</i>	<i>Deemed Interest</i>	<i>%</i>
Clamford Holding Limited	150,357,188	61.59	1,955,562	0.80
Pacific Andes International Holdings Limited	–	–	152,312,750	62.39
N.S. Hong Investment (BVI) Limited	–	–	152,312,750	62.39
Teh Hong Eng	–	–	152,312,750	62.39
Ng Joo Siang	–	–	152,312,750	62.39
Ng Joo Puay, Frank	–	–	152,312,750	62.39
New Venture (BVI) Limited	–	–	152,312,750	62.39
Ng Swee Hong Holdings (BVI) Limited	–	–	152,312,750	62.39
Pacific Innovation (BVI) Limited	–	–	152,312,750	62.39

Notes:

Deemed interest of 1,955,562 shares of Clamford Holding Limited comprises the following:

<i>Name</i>	<i>No. of shares</i>
Millennium Securities Pte Ltd	1,858,000
G. K. Goh Securities Pte Ltd	97,562

Pacific Andes International Holdings Limited holds a total of 152,312,750 shares by virtue of its deemed interest in the shares held by Clamford Holding Limited.

SHAREHOLDING STATISTICS

As at 12 July 2001

N.S. Hong Investment (BVI) Limited holds a total of 152,312,750 shares by virtue of its deemed interest in the shares held by Pacific Andes International Holdings Limited.

Teh Hong Eng, Ng Joo Siang and Ng Joo Puay, Frank are deemed interested in the 152,312,750 shares by virtue of their family interests in the shares held by N.S. Hong Investment (BVI) Limited.

New Venture (BVI) Limited holds a total of 152,312,750 shares by virtue of its deemed interest in the shares held by N.S. Hong Investment (BVI) Limited.

Ng Swee Hong Holdings (BVI) Limited holds a total of 152,312,750 shares by virtue of its deemed interest in the shares held by N.S. Hong Investment (BVI) Limited.

Pacific Innovation (BVI) Limited holds a total of 152,312,750 shares by virtue of its deemed interest in the shares held by N.S. Hong Investment (BVI) Limited.

Twenty Largest Shareholders

	<i>Name</i>	<i>Number of Shares</i>	<i>%</i>
1.	Clamford Holding Limited	150,357,188	61.59
2.	Millennium Securities Pte Ltd	9,627,000	3.94
3.	Raffles Nominees Pte Ltd	3,834,500	1.57
4.	Citibank Consumer Nominees Pte Ltd	2,645,000	1.08
5.	Phillip Securities Pte Ltd	2,208,000	0.90
6.	Kwek Leng Beng	2,110,000	0.86
7.	Fong Lit Lee David	1,225,000	0.50
8.	Keppel Securities Pte Ltd	1,222,500	0.50
9.	G K Goh Stockbrokers Pte Ltd	1,170,000	0.48
10.	Ong & Company Pte Ltd	1,069,000	0.44
11.	OCBC Securities Private Ltd	940,750	0.39
12.	Overseas Union Bank Nominees Pte Ltd	854,000	0.35
13.	United Overseas Bank Nominees Pte Ltd	834,500	0.34
14.	Wu Gwanying	757,500	0.31
15.	Vickers Ballas & Co Pte Ltd	666,000	0.27
16.	Keppel Bank Nominees Pte Ltd	659,500	0.27
17.	Bank of East Asia Nominees Pte Ltd	638,000	0.26
18.	Citibank Nominees Singapore Pte Ltd	579,250	0.24
19.	Singapore Nominees Pte Ltd	561,000	0.23
20.	Kim Eng Securities Pte Ltd	530,000	0.22
	Total	<u>182,488,688</u>	<u>74.74</u>

NOTICE OF SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of Pacific Andes (Holdings) Limited ("the Company") will be held at The Percival Room (2nd Level), Fort Canning Country Club, 11 Canning Walk, Singapore 178881 on Friday, 31 August 2001 at 10.00 a.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31 March 2001 together with the Auditors' Report thereon. (Resolution 1)
2. To declare a final dividend of S\$0.015 per ordinary share, tax not applicable, amounting to HK\$15,720,000 (equivalent to S\$3,662,194) for the year ended 31 March 2001. (2000: Nil) (Resolution 2)
3. To re-elect the following Directors retiring pursuant to Bye-Law 105 of the Company's Bye-Laws:
 - (i) Mr Ng Joo Siang (Retiring under Bye-Law 105) (Resolution 3)
 - (ii) Mr Bertie Cheng Shao Shiong (Retiring under Bye-Law 105) (Resolution 4)

Mr Ng will, upon re-election as a Director of the Company, be considered non-independent for the purposes of Clause 902(4)(a) of Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr Cheng will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Clause 902(4)(a) of Listing Manual of the Singapore Exchange Securities Trading Limited.
4. To approve the payment of Directors' fees of S\$71,500 for the year ended 31 March 2001 (2000: S\$65,000). (Resolution 5)
5. To re-appoint Messrs Deloitte Touche Tohmatsu as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 6)
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 resolution as Ordinary Resolution, with or without any modifications:

7. Renewal of Shareholders' Mandate for Interested Person Transactions

That for the purposes of Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited:-

- (a) approval be given for the renewal of the mandate for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out on pages 68 to 72 (inclusive) of the Company's Prospectus dated 17 September 1996 ("Prospectus") with any party who is

of the class of Interested Persons described in the Prospectus, provided that such transactions are carried out in the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines of the Company for Interested Person Transactions as set out in the Company's Prospectus (the "Shareholders' Mandate")

- (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting; and
- (c) authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit. [See Explanatory Note] (Resolution 7)

By Order of the Board

Yvonne Choo
Busarakham Kohsikaporn
Secretaries

Singapore, 3 August 2001

Explanatory Note:

The ordinary Resolution 7 proposed in item 7 above, if passed, will authorise the Interested Person Transactions as described in the Prospectus and recurring in the year and will empower the Directors to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notes:

- (1) If a Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) wishes to attend and vote at the Annual General Meeting (the "Meeting"), then he/she/it should complete the Proxy Form and deposit the duly completed Proxy Form at the office of the Singapore Share Transfer Agent, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315, at least forty-eight (48) hours before the time of the Meeting.
- (2) If a Depositor wishes to appoint a proxy/proxies, then the Proxy Form must be deposited at the office of the Singapore Share Transfer Agent, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08, Ocean Building, Singapore 049315 at least forty-eight (48) hours before the time of the Meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Pacific Andes (Holdings) Limited (the "Company") will be closed from 11 September 2001 to 12 September 2001 (both dates inclusive) for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Transfer Agent, Lim Associates (Pte) Ltd, 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 up to 5:00 p.m. on 10 September 2001 will be registered to determine shareholder's entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5:00 p.m. on 10 September 2001 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 31 August 2001 will be made on 21 September 2001.