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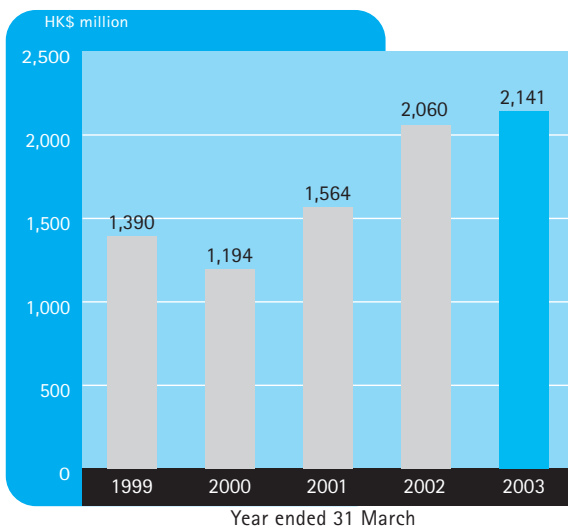
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ABOUT PACIFIC ANDES (HOLDINGS) LIMITED

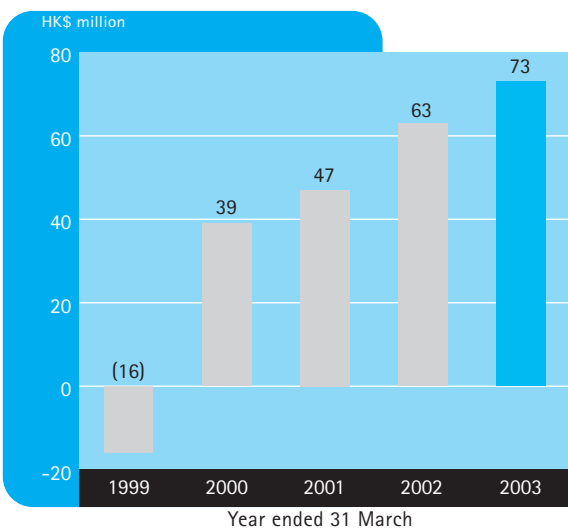
Pacific Andes is primarily engaged in the global sourcing, transportation and supply of frozen seafood products to the international market. These products are purchased from all over the world and exported mainly to the PRC.

FINANCIAL HIGHLIGHTS



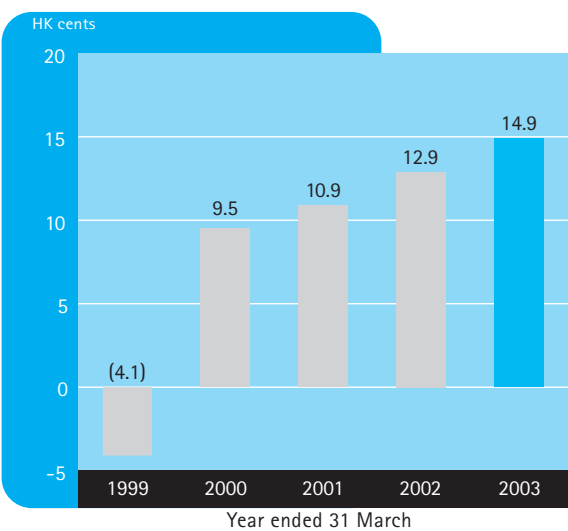
Turnover

During the year, turnover rose 4.0% to HK\$2.1 billion despite the lower quantity of seafood sold. This is primarily attributable to the increase in sales of higher value seafood was sold into the PRC market.



Profit Attributable to Shareholders

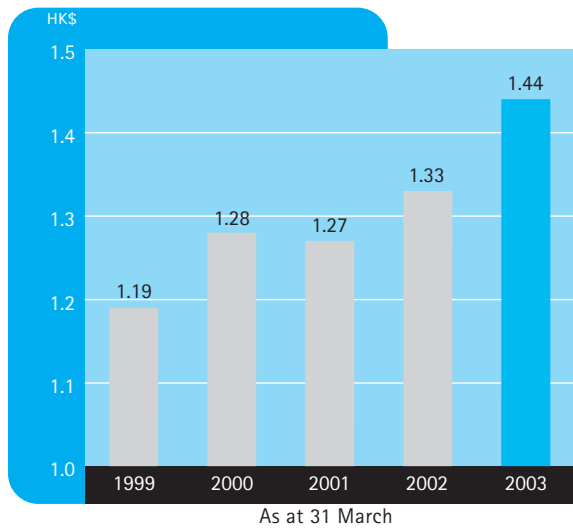
The higher profitability reflected the improvement on the Group's operational cost efficiency and reducing leverage.



Earnings Per Share

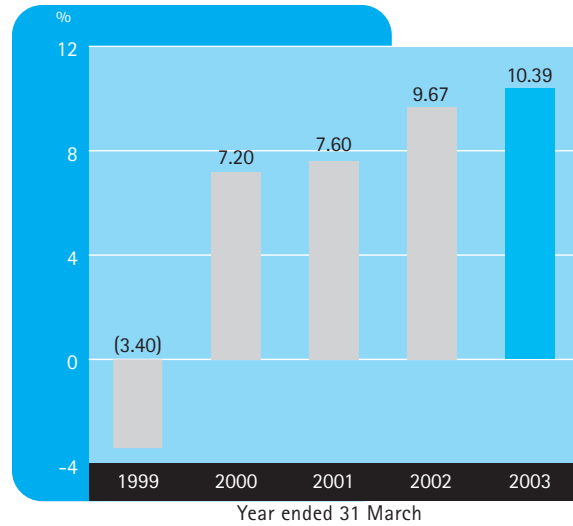
Earnings per share increased 15.5% to HK\$14.9 cents.

FINANCIAL HIGHLIGHTS



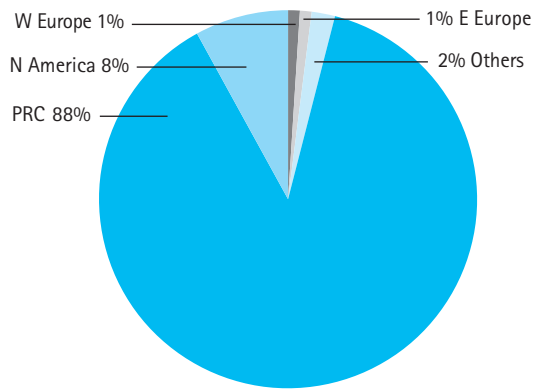
Net assets per share

Net assets per share increased by 8.3% to HK\$1.44 (S\$0.33).



Return on Equity

Return on equity increased by 7.4% to 10.39%.

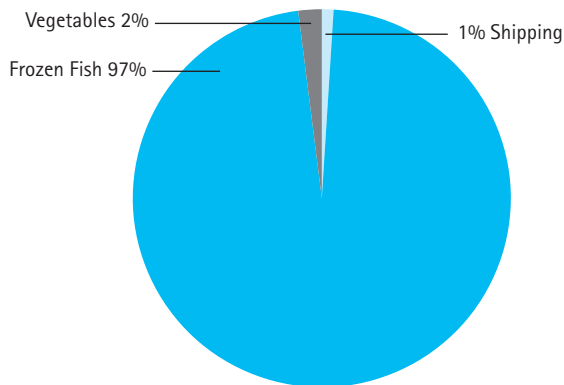


Turnover Analysis (By Geography)

China continued to be the major market for the Group accounting for 87.9% of Group Revenue in FY2003. North America and Europe contributed to 8% and 4.1% respectively.

Sale revenue in China rose 6.3% to reach HK\$1,881 million. The better performance was attributed to our improved distribution strategy implemented in the beginning of FY2003. By introducing the localized bond warehouse services, the Group was able to shorten delivery lead-time to customers and also gain operational flexibility. By using this new distribution strategy, the Group was able to acquire more smaller customers who were not served by the Group in the past because of their smaller order amounts.

In view of the weaker economic conditions outside China, the Group took extra caution to minimize its credit exposure by reducing sale to some of these countries in North America, Europe and elsewhere. Consequently, sale revenue outside China decreased by 10.4% to HK\$259.8 million in FY2003.

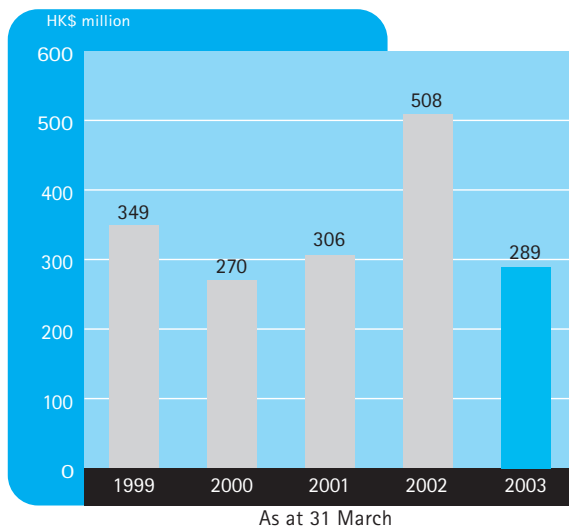


Turnover Analysis (By Product Mix)

Sale of frozen fish represented 97% of Group Revenue in FY2003 and showed an increase of 4.1% to reach HK\$2,085 million (S\$472 million).

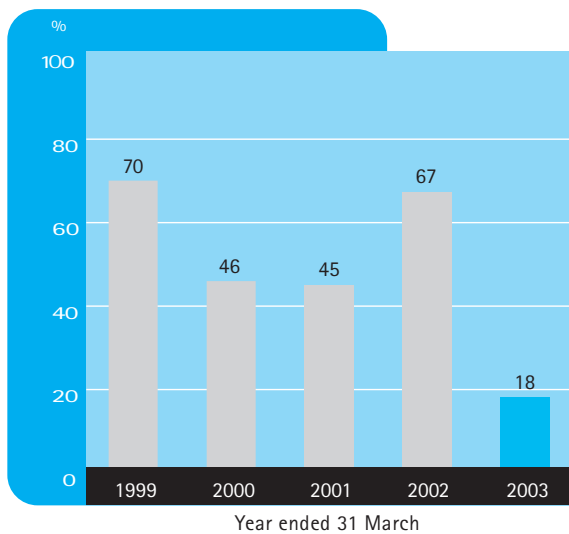
Sale of vegetables posted an increase of 14.5% rising from HK\$35 million in FY2002 to HK\$40 million in FY2003.

FINANCIAL HIGHLIGHTS



Total Bank Borrowings

The Group disposed off non-core assets during the financial year. Such asset disposal had netted the Group HK\$45.4 million in cash proceeds. With the use of sales proceeds to retire borrowings, total bank borrowings decreased 43% to HK\$289 million.



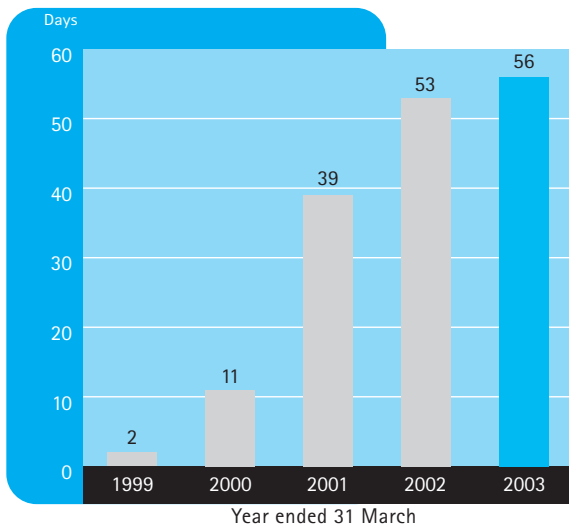
Net Debt to Equity Ratio

As a result of decrease in bank borrowings, the net debt to equity declined from 66.5% to 18.5%.

Net debt represents interest-bearing borrowings less discounting advances drawn on trade receivables with insurance coverage and cash and deposits with financial institutions. Equity comprises shareholders' funds.

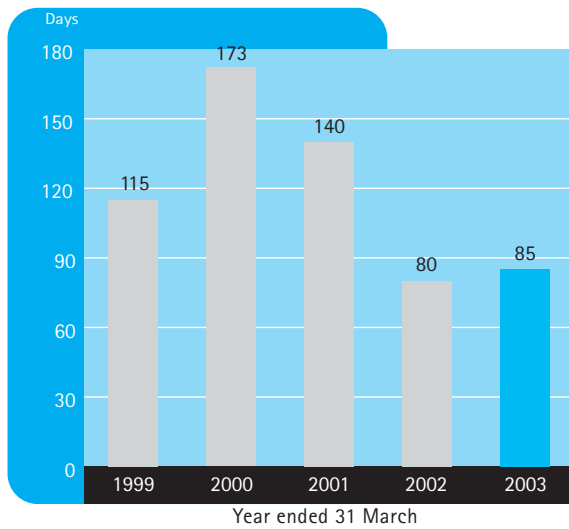


FINANCIAL HIGHLIGHTS



Stock Turnover

The increase in the stock turnover days reflects the development of the Group's distribution strategy in the PRC whereby inventories are stored in the country's bonded warehouses to facilitate and expedite delivery to customers.



Debtors Turnover

The debtors turnover period was 85 days, remaining in line with the 80 days recorded in FY2002.



A MESSAGE TO THE SHAREHOLDERS

The Past Year in Review

While much of the world remained mired in an economic slowdown, China's economy in 2002 had shown remarkable improvement in quality, efficiency and rate of growth. Its GDP attained a growth rate of 8.1%. Direct foreign investment exceeded US\$40 billion.

Year 2002 also marked the first year of China's WTO membership, which speeded up the economic integration China into the world trading system, setting a new framework for the future.

Against this economic backdrop in China and a revised distribution strategy implemented by the Group, we are pleased to report, for the year ended 31 March 2003, the Group has achieved in a net profit after tax of HK\$73.3 million (S\$16.6 million), representing a 16.4% increase over the post tax net profit of HK\$63.2 million in the previous year. The higher profitability is primarily attributable to the higher cost efficiency within the Group. Group revenue was HK\$2.14 billion (S\$485 million), up 4% from previous year.

In addition to profit growth, we are also proud to present to you a stronger balance sheet. During the year, we successfully reduced our debt through the divestment of selected fixed assets and this exercise yielded a total of HK\$45.4 million in net cash proceeds. A part of the proceeds were used to retire our borrowings and the balance was maintained in cash balances. As a result of this exercise, the Group's debt declined 43% to HK\$289.4 million (S\$65.5 million), compared to HK\$508.0 million in the previous year. Reflecting our stronger balance sheet and profitability, the Group's net debt to equity level declined from 66.5% to 18.5% and interest cover rose from 2.4 times to 2.9 times.

The changing façade of the market in the PRC is clearly reflected in Pacific Andes' revenues this year. The Group's expansion into inventory stocking in the local bonded warehouses in the PRC during the first half of the year created a temporary setback in our operations as our customers reduced their inventory levels while at the same time we had to increase our inventory levels in the bonded warehouses, ready to respond to regular market demands. However, as the inventory levels in the market reached an equilibrium in the second half of the year, the Group saw a strong reversal of the purchasing trend that resulted in a 15.5% jump in our sales during this period. Furthermore, although this strategy caused a temporary slow down in our business initially, it enabled us to expand our customer base to reach out to more customers in the PRC and broaden our market share of the frozen fish and seafood market in the country.

Towards the second half of the year, the Group saw rapid legislative and regulatory changes in the PRC, especially pertaining to the import of fish into the country. Whereas there were no restrictions in the past, the entry of the PRC into the World Trade Organisation invariably created new barriers as the authorities tighten their regulations to ensure the quality and traceability of imported foodstuffs. Towards the end of 2002, the purchases of imported fish now require an import permit to be issued by the Commodity Inspection and Quarantine Bureau ("CIQ") before purchase orders can be issued to suppliers. The implementation of this new regulation consequently caused a delay in the customers' orders. These resulted a lower volume of frozen fish sold during the year.

The third factor that left its mark on our performance for the year was the low interest rates environment globally. As the cost of funds become increasingly cheaper, we took the initiative to adjust the prices of our frozen fish and seafood products. The price advantage was thereafter passed on to our customers in the form of lower prices for the products sold to them.



A MESSAGE TO THE SHAREHOLDERS

In summary, despite the ability of Pacific Andes to achieve a higher net profit after tax for in FY2003, the combined impact of the new warehousing strategy, the imposition of the new import permit regulations and the soft international interest rates environment inevitably affected our sales revenues. In FY2003, the Group's revenues posted a marginal growth of approximately 4% to HK\$2.14 billion (S\$485 million), compared to HK\$2.06 billion in FY2002 as the Group increased the sales of higher value products during the year.

In a move to ensure that our organisation continues to operate efficiently, we took steps to review our costs and maximise the use of our resources. By the end of the year, we saw a 21.3% reduction in our administrative expenses, and resources were focused on strategically important areas like sales and marketing. In an effort to ensure our competitiveness and expand our market share, the Group saw a 14.3% increase in its selling expenses in FY2003.

Another major cost saving that we achieved in FY2003 was the lower cost of financing. In our position as a trading concern, financing activities will continue to form an essential part of Pacific Andes' activities. Pursuant to the retirement of a substantial portion of our borrowings in FY2003, we saw a 16.2% reduction in our financing expenses, which dipped to HK\$38.2 million (S\$8.6 million) from HK\$45.5 million in the previous financial year.

Segmental Analysis

By Geography

The PRC continues to play an important role in the Group's performance, contributing about 87.9% of our aggregate turnover. This is closely followed by its sales to North America, which comprises about 8.0% of our total turnover with the balance of 4.1% contributed by exports to Europe and other countries.

Generally sales to the PRC were higher during the year, rising 6.3% from HK\$1,770 million in the previous year to HK\$1,881 million. Distribution arrangements in the PRC continue to be a source of competitive advantage for the Group. This competitive edge is further strengthened by the introduction of sales through bonded warehouses in November 2001, which effectively shortened delivery lead-times and expanded the elasticity and flexibility of our operations. Moreover, it also enabled us to expand our customer base by encompassing buyers who purchase on smaller scales. The introduction of these innovative distribution arrangements resulted initially in a decline in sales. In the first half of the year, the Group's sales posted a decline of approximately 8% relative to that of the same period in the previous year. This phenomenon is attributable to the change in customers' purchasing habits that shifted from advanced lead-time and bulk-buying commitments, to just-in-time deliveries. By the second half of the year, as purchasing schedules adjust and normalizes to incorporate these new distribution arrangements, the Group subsequently saw corresponding increases in our sales activities.

Towards the end of 2002, import permit issuance procedures in the PRC for the import of frozen fish into the country came into force. As a result, our customers now have to apply for the relevant import permits before they are able to enter into any purchase contracts with suppliers. This regulatory change delayed our sales into the PRC market, as our customers now require more time to obtain the necessary import permits for their purchases.

Nevertheless, despite the creation of this new regulatory barrier, we were able to grow our sales in FY2003 as a result of our distribution arrangements and the development of a broader customer base in the country. In the second half of the year, the Group's sales reached HK\$1,243 million representing a hefty rise of 94.8% over the HK\$638.3 million achieved in the first half of the year.



A MESSAGE TO THE SHAREHOLDERS

In view of the weak economic conditions that affected many countries globally, and in a move towards better managing our credit risks, the Group took extra precautions in our dealings with customers. As a result, sales to North America were lower during the year due to the weak economic conditions in the region. Reflecting the Group's cautionary mode of operation, sales to the North American market declined 6.9% to HK\$171.2 million in FY2003.

By Product Mix

The sale of frozen fish continues to predominate as the major contributor to the Group's performance. Comprising 97.1% of Pacific Andes' total sales, revenues contributed by the frozen fish product segment totalled HK\$2,080 million (S\$471 million) representing an increase of 4.1% over the HK\$1,998 million reported in the previous year.

During the year, contribution from the sale of vegetables posted an increase of 14.5% rising from HK\$35.0 million to HK\$40.0 million (S\$9.1 million) in FY2003.

The Prospects Ahead

The new financial year is likely to pose many challenges and opportunities for the Group. Our primary objective for this year will be towards enhancing our profit margins and improving our overall profitability. To achieve this objective, our focus will be towards consolidating our operations to continually improve our organisational efficiency; improve our logistics service and reduce our inventory levels to maintain our healthy working capital position. On the same note, corresponding to the corporate culture and philosophy of Pacific Andes, we will continue to place strong emphasis towards forging closer alliances with both our suppliers and our customers whose assistance and support are instrumental to our success in the new financial year.

The Group will also be expanding the vegetable division so that it will play a more significant role in its contribution to our overall performance. Commencing from April 2003, we successfully secured greater control over our sources of vegetable raw materials by increasing the scale of our contract farming in the PRC. With our vegetable products fast becoming a favourite with customers from the Northern Hemisphere, we are also evaluating the possibility of relocating our vegetable processing operation to a larger facility to cater to the rising market demands.

Reinforcing our expansion strategies, our parent company, Pacific Andes International Holdings Limited, recently established a sophisticated trace residue analysis laboratory in the PRC. This unique facility in the PRC is equipped with the most advanced analytical instruments. It utilizes internationally accredited methods that have been developed in conjunction with Central Science Laboratory ("CSL"), a United Kingdom government agency. Presently, this facility has exclusive rights in the PRC to use CSL's depth and wealth of experience, and CSL in turn is committed to providing the latest updates of analytical methods and technical procedures to the new laboratory. Consequently the laboratory will have access to the latest techniques to ensure that our fish and vegetables products are able to conform to any foreseeable legislation that may come into effect in the PRC and the overseas market.

With the prevailing difficult economic condition, the Group has to be vigilant and selective about our customers. Credit policies will be closely monitored and controlled across all markets geographically. Furthermore, we will ensure that the Group is kept abreast of the changes in government policies and ascertain that our business strategies embody sufficient flexibility for us to rapidly respond to these changes when they arise.



A MESSAGE TO THE SHAREHOLDERS

Reflecting retrospectively on the performance of the Group over the years, we are proud to say that we have consistently delivered the promises that we have made to our shareholders. These include: ensuring that Pacific Andes remain a profitable business and ensuring a constant annual dividend payout to our shareholders. With the exception of the 1999 financial year when our business was affected by external factors beyond our control, the Group has succeeded in achieving double-digit growth in our net profits year after year and consistently rewarded our shareholders with dividend payouts that correspond to the Group's performance. While the Group's performance this year has been good, especially in consideration of the volatile operating conditions, we are not stopping here. The new financial year will bring new challenges and as in the past, we will be consistently looking for ways to deliver and grow our shareholders' value in Pacific Andes. Hence, despite the increasingly competitive environment, the new barriers of entry that may be created in the markets where we operate, and the possible impact of the recent outbreak of the Severe Acute Respiratory Syndrome ("SARS"), we are confident that the Group will remain profitable in FY2004. Our growth will continue to be generated primarily through our sale of frozen seafood into the growing PRC market. At the same time, with our strong balance sheet, we are also ready to explore opportunities through which we can expand and grow our business either through strategic alliances or acquisitions.

Finally, on behalf of the Board, we would like to take this opportunity to thank all our customers, suppliers, bankers, business partners, shareholders and employees for their support during the year. It is with your commitment and help that Pacific Andes is able to deliver our performance today. We would like to thank Mr Ng Joo Siang who has indicated his desire to retire from his position at the forthcoming Annual General Meeting. Mr Ng's boundless energy, enthusiasm and bold vision built Pacific Andes into the international company it is today. His tremendous wealth of experience will still be available to us in his ongoing role as the managing director of our parent company, but it is now up to us to build on the foundations Mr Ng has laid in order to ensure that Pacific Andes realises its enormous potential. To all the fishermen with whom we work, we would like to thank you for all your endurance and dedication in ensuring that Pacific Andes will always deliver quality fish and seafood products to consumers globally.

Corresponding to the Group's dividend policy, the board of directors proposes to distribute one-third of the Group's net profit as dividend to shareholders. For the financial year ended 31 March 2003, the board recommends a final dividend of Singapore 1.1 cents per ordinary share of S\$0.20 cents, subject to the approval of the shareholders at its forthcoming Annual General Meeting.

Ng Swee Hong
Chairman

Ng Joo Puay, Frank
Managing Director



DIRECTORS' PROFILE

Executive Directors

Mr Ng Swee Hong, 68, 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 of experience in the trading of commodities and other products, including more than 20 years of experience in the seafood business. Mr Ng was re-appointed as the Chairman of the Company on 15 March 2002.

Mr Ng Joo Puay, Frank, 40, 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 of 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, 44, 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 of 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, 67, 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 of experience in administration and investments.

Mr Ng Joo Kwee, 42, 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, 39, 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, 54, is an independent director of the Company and is a Chairman of the Audit Committee. Dr Ong has experience in both the public and private sectors, having worked in several government ministries and held directorships in companies engaged in the property, construction, engineering, hospitality and food industries. Amongst his previous appointments, he was President of China Development Corporation Limited and Deputy Group Managing Director of QAF Limited. He is presently the Chairman of TEE International Limited and NASPAC Marketing Pte Ltd. Dr Ong holds a PhD in International History from the London School of Economics of the University of London, a Masters of Arts Degree in Military History from the Duke University of the United States of America and a Bachelor of Arts (1st Class Honours) degree in History from the then University of Singapore. Dr Ong is also a Member of Parliament for the Jurong GRC.

Mr Bertie Cheng Shao Shiong, 66, 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 Chairman of NTUC Thrift & Loan Co-operative Ltd. He also sits on the Boards of several companies.

Alternate Directors

Miss Ng Puay Yee, Jessie, 30, is appointed as an alternate director to Mdm Teh Hong Eng on 15 March 2002. She is also an executive director of the parent company, Pacific Andes International Holdings Limited. She is responsible for sourcing of frozen seafood products for sale in the PRC market. She is also responsible for the international sales and marketing of frozen seafood products to markets other than the PRC. Ms Ng graduated from Indiana University at Bloomington, USA, majoring in Mass Communication. Ms Ng joined the Group in 1995.

Mr Chan Tak Hei, 33, is appointed as an alternate director to Mr Ng Joo Kwee on 15 March 2002. He is also the Financial Controller of the Company responsible for the accounting and financial functions of the Group. Mr Chan graduated from the Hong Kong Polytechnic University with a bachelor's degree in accountancy and is a fellow member of the Chartered Association of Certified Accountants. Prior joining the Group in 1995, he was working with an international accounting firm for more than four years before joining the Group.



CORPORATE INFORMATION

Board of Directors

Executive

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

Non-Executive & Independent

Dr Ong Chit Chung
Bertie Cheng Shao Shiong

Alternate Directors

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

Audit Committee

Dr Ong Chit Chung, *Chairman*
Bertie Cheng Shao Shiong
Cheng Nai Ming

Nominating Committee

Dr Ong Chit Chung, *Chairman*
Bertie Cheng Shao Shiong
Cheng Nai Ming

Remuneration Committee

Dr Ong Chit Chung, *Chairman*
Bertie Cheng Shao Shiong
Cheng Nai Ming

Company Secretaries

Yvonne Choo
Busarakham Kohsikaporn

Solicitors

David Lim & Partners

Auditors

Deloitte & Touche
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809
Partner-in-charge: Wong-Yeo Siew Eng
Date of appointment: 23 May 2002

Principal Bankers

Hang Seng Bank
Hong Kong 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 3201-3215
188 Connaught Road West
Hong Kong
Tel: 852-2547 0168
Fax: 852-2858 2764
E-mail: ir@pandes.com.hk

Singapore Office

Citilink Warehouse Complex
Unit No. 08-01
102F, 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
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315



REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the Company and of the Group for the financial year ended 31 March 2003.

Directors

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

Executive directors:

Ng Swee Hong – *Chairman*

Ng Joo Puay, Frank – *Managing Director*

Teh Hong Eng

Ng Joo Siang

Ng Joo Kwee

Cheng Nai Ming

Ng Puay Yee

(Alternate director to Teh Hong Eng)

Chan Tak Hei

(Alternate director to Ng Joo Kwee)

Non-executive directors:

Ong Chit Chung

Bertie Cheng Shao Shiong

In accordance with the provisions of the Company's bye-laws, Teh Hong Eng, and Ong Chit Chung retire and, being eligible, offer themselves for re-election. The Company has received notice from Ng Joo Siang, a director of the Company, who has indicated his desire to retire as a member of the Board of the Directors at the forthcoming Annual General Meeting. He will not be seeking 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.

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, the provision of shipping and agency services and the cultivation, processing and supply of vegetables.

An analysis of the Group's segment information for each of its business segments and geographical segments is set out in Note 3 to the accompanying financial statements.

Subsidiaries

On 23 May 2002, the Group disposed certain of its subsidiaries to a subsidiary of an intermediate holding company for a consideration of approximately HK\$47,889,000 and made a gain of HK\$400,000. Details of the Company's subsidiaries at 31 March 2003 are set out in Note 31 to the financial statements.



REPORT OF THE DIRECTORS

Results and Appropriations

The results of the Group and of the Company for the year ended 31 March 2003 are set out in the income statements on page 35 of the annual report.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in the statements of changes in equity on page 37 of the annual report.

Share Capital and Debentures

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.

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

Arrangements to Enable Directors to Acquire Benefits by Means of The Acquisition of Shares and Debentures

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



Directors' Interests in Shares or Debentures

(i) Shares in the Company

At 21 April 2003, 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 Swee Hong	310,934,027
Ng Joo Puay, Frank	310,934,027
Teh Hong Eng	310,934,027
Ng Joo Siang	310,934,027
Ng Puay Yee	310,934,027

Note: These shares are held by Clamford Holding Limited and indirectly by Pacific Andes International Holdings Limited. Ng Swee Hong, Ng Joo Puay, Frank, Teh Hong Eng, Ng Joo Siang and Ng Puay Yee 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.

Other than as disclosed in this report, at 21 April 2003, none of the directors or their respective associates had any personal, family, corporate or other interests in any shares or debentures 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 shares of the Company, or had exercised any such right during the year.

Directors' Interests in Shares or Debentures – continued

(ii) Directors' rights to acquire shares in the intermediate holding company

The directors had personal interests in 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>Options outstanding as at beginning of financial year No. of shares</i>	<i>Options exercised during the year No. of shares</i>	<i>Options outstanding as at end of financial year No. of shares</i>
Cheng Nai Ming	0.9440	25 October 1998 to 24 October 2003	2,000,000	-	2,000,000
		21 August 2000 to 20 August 2005	4,000,000	-	4,000,000
			<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>
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)	-
Ng Puay Yee	1.1168	11 July 1999 to 10 July 2005	600,000	-	600,000
	0.3336	21 August 2001 to 19 August 2006	2,000,000	(2,000,000)	-
			<u>2,600,000</u>	<u>(2,000,000)</u>	<u>600,000</u>
Chan Tak Hei	0.9440	25 October 1998 to 24 October 2003	600,000	(400,000)	200,000
	0.3336	21 February 2002 to 20 February 2007	500,000	(500,000)	-
			<u>1,100,000</u>	<u>(900,000)</u>	<u>200,000</u>

During the year, there were no new share options granted by Pacific Andes International Holdings Limited to the directors named above.



Options over Shares of the Company

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

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

Options granted under the ESOS prior to its termination will continue to be exercisable in accordance with the rules of ESOS.

- (ii) The members of the Committee administering the 2001 Scheme (the "2001 Scheme Committee") are Ng Joo Puay, Frank, Ng Joo Siang and Cheng Nai Ming.

- (iii) Participants of the 2001 Scheme are detailed below:

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

Directors of the Company	Options granted during the financial year	Aggregate options granted since commencement of the 2001 Scheme to end of financial year	Aggregate options exercised since commencement of the 2001 Scheme to end of financial year	Aggregate options outstanding at 31 March 2003	At 21 April 2003
Ong Chit Chung	-	800,000*	-	800,000	800,000
Bertie Cheng Shao Shiong	-	800,000*	-	800,000	800,000
	-	1,600,000	-	1,600,000	1,600,000

* Restated for the effect of redenomination, subdivision and consolidation of shares of the Company as described in Note 22 to the financial statements.

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



Options over Shares of the Company – continued

- (b) Directors and employees of the parent company and its subsidiaries and executive directors and employees of the company's associated companies

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

- (iv) The aggregate number of Shares over which options may be granted pursuant to the 2001 Scheme, when added to the number of Shares issued and issuable in respect of all options granted under the 2001 Scheme shall not exceed 15 per cent of the issued share capital of the Company on the date preceding the grant of the options.

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

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

- (a) Subscription Price

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

The Subscription Price for each Scheme Share in respect of which an Incentive or Discount Price Option is exercisable shall be the Market Price (as determined above), subject to a discount, if any, as may be determined by the 2001 Scheme Committee in its absolute discretion, provided that the maximum discount which may be given in respect of that Option shall not exceed 20 per cent of the initial Subscription Price in respect of Incentive Price Option, or of the Market Price for Discount Price Option.

- (b) Adjustments

In the event of a variation in the issued share capital of the Company (whether by way of a capitalisation or rights issue or a reduction, subdivision or consolidation of the Shares) the Subscription Price, the par value, class and/or the number of Shares comprised in the Option to the extent unexercised, or over which Options may be granted, may be adjusted in such manner as the 2001 Scheme Committee may determine to be appropriate, and except in relation to a capitalisation issue, upon the written confirmation by the Auditors or other qualified financial consultants appointed by the 2001 Scheme Committee (acting only as experts and not as arbitrators) that, in their opinion, such adjustment is fair and reasonable.

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





Options over Shares of the Company – continued

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

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

Dividends

Dividends paid or declared since the end of the Company's last financial year were as follows:

A final dividend of Singapore 1.0 cent per ordinary share amounting to approximately S\$4,903,000 (HK\$21,847,000), was paid in respect of the previous financial year and included in the previous report of the directors.

The directors now recommend that a first and final tax-exempt dividend of Singapore 1.1 cents per ordinary share of S\$0.20 each be paid to shareholders, amounting to approximately S\$5,393,000 (HK\$24,172,000) 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 of the Company 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 of the Group and have satisfied themselves that all known bad debts, if any, of the Company and of 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 of the Company 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 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 of the Company took reasonable steps to ascertain that any current assets of the Company and of 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 of the Company are not aware of any circumstances which would render the value attributable to current assets in the consolidated financial statements misleading.





REPORT OF THE DIRECTORS

Charges on Assets and Contingent Liabilities

At the date of this report:

- (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 of the Company, 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 of the Company 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 of the Company, 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 of the Company, 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.

Directors' Interest in Contracts of Significance

Other than as disclosed in Note 30 to the financial statements, there was no contract of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, existing at the end of the year or at any time during the year.





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 five meetings during the period to review the following:

- (a) the scope of the internal audit functions, the scope of work of the external auditors and their evaluation of the system of internal accounting controls arising from their audits;
- (b) the Group's financial and accounting policies;
- (c) 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;
- (d) the half yearly and yearly announcements of the results and the financial position of the Company and the Group;
- (e) the requirements for approval and disclosure of interested persons transactions, and where necessary, review and seek approval for interested persons transactions;
- (f) recommendation to the Board of Directors to nominate Deloitte & Touche for re-appointment as external auditors, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

In performing its function, the Audit Committee:

- (a) had full access to and cooperation of the management and has full discretion to invite any director and executive officer to attend its meetings;
- (b) had been given reasonable resources to enable it to discharge its functions properly; and
- (c) may arrange meetings with the external auditors without presence of management.





REPORT OF THE DIRECTORS

Auditors

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

On behalf of the Board

Ng Joo Puay, Frank
Managing Director

Cheng Nai Ming
Finance Director
17 July 2003



STATEMENT OF THE DIRECTORS

In the opinion of the directors, the financial statements of the Company and the consolidated financial statements of the Group set out on pages 35 to 66 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 2003 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
17 July 2003

CORPORATE GOVERNANCE

The directors are committed to ensuring high standards of corporate governance through effective transparency and disclosure. The Company has adopted practices that are modelled after the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited (the "SGX-ST").

In line with the Code of Corporate Governance (the "Code") issued by the Corporate Governance Committee, the Company is in the course of implementing further practices to comply with the Code. Where there are deviations from the Code, appropriate explanations will be provided.

Board of Directors

Principle 1: Board's Conduct of its Affairs

The Board provides direction to the management of the Company and approves major investment and key capital expenditures decisions, apart from fulfilling its statutory duties, to ensure that the Group's strategies are in the interests of the Company and its shareholders.

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

The Board met five times in FY2003 to review the Group's financial performance.

Ad-hoc meetings are convened when circumstances require. The attendance of the directors at meetings of the Board and Board Committees during the year (1 April 2002 to 31 March 2003) is disclosed as follows:

Name of directors	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings	Attendance	No. of meetings	Attendance	No. of Meetings	Attendance	No. of meetings	Attendance
Ng Swee Hong	5	2	NA	NA	NA	NA	NA	NA
Ng Joo Puay	5	2	NA	NA	NA	NA	NA	NA
Teh Hong Eng (Alternate: Ng Puay Yee)	5	2	NA	NA	NA	NA	NA	NA
Ng Joo Siang	5	2	NA	NA	NA	NA	NA	NA
Ng Joo Kwee (Alternate: Chan Tak Hei)	5	5	NA	NA	NA	NA	NA	NA
Cheng Nai Ming	5	5	4	4	NA	NA	NA	NA
Ong Chit Chung	5	5	4	4	1*	1*	1*	1*
Bertie Cheng Shao Shiong	5	5	4	4	1*	1*	1*	1*

NA Not applicable

* Meeting held on 25 June 2003 to discuss FY2003 matters

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



Board of Directors – continued

Principle 2: Board Composition and Balance

The Board comprises 6 executive directors and 2 non-executive directors. The two non-executive directors are independent. The executive directors have extensive experience in the frozen seafood and shipping industry and the non-executive directors are well established in their respective professions.

The Board's structure, size and composition is reviewed annually by the Nominating Committee ("NC") who is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Group's operations to facilitate effective decision-making. The majority of the Board comprises executive directors. The NC is satisfied that the Board comprises directors who as a group provide core competencies such as accounting, finance, business and management experience industry knowledge, strategic planning experience and customer based experience and knowledge necessary to meet the Company's performance targets. The NC will constantly examine its size with a view to determining its impact upon its effectiveness.

Details of directors qualifications and experiences are set out on pages 12 and 13 of this report (Directors' Profile).

Principle 3: Chairman and Managing Director

Although Ng Swee Hong, the Chairman of the Company is the father of Ng Joo Puay, Frank, Managing Director ("MD"), there is a clear division of responsibilities between the Chairman and the MD. This ensures there is a balance of power and authority at the top, such that no one individual represents a considerable concentration of power. The roles of Chairman and MD are separate to ensure an appropriate balance of power, increased accountability and greater capacity to the Board for independent decision-making.

The Chairman bears responsibility for the workings of the Board and ensures the integrity and effectiveness of the governance process of the Board.

The MD is the most senior executive in the Group and is responsible for ensuring the execution of strategic goals and the day-to-day management of the Group.

Principle 4: Board Membership

The directors who held office during the year and up to the date of this report are disclosed on page 15 (Report of the Directors) of this report. Their profiles are disclosed on page 14 (Corporate Information) and pages 12 and 13 (Directors' Profile) of this report.

Principle 6: Access to Information

Board members are provided with adequate and timely information prior to board meetings, and on an on-going basis. The Board has separate and independent access to the Company's senior management and company secretaries, should they have any queries on the affairs of the Group.



Board of Directors – continued

Principle 6: Access to Information – continued

Should the directors, whether as a group or individually, require independent professional advice, the Company will bear the expenses incurred if such advice is required to enable the directors to discharge their duties professionally.

At least one of the company secretaries will attend board meetings and is responsible for ensuring that Board procedures are followed and that applicable rules and regulations (in particular the SGX-ST listing rules) are complied with.

Board Committees

Principle 11: Audit Committee

The Audit Committee ("AC") comprises of three members, the majority of whom, including its Chairman, are independent of management for the purposes of Rule 704(8) of the Listing Manual of SGX-ST. The committee members are as follows:

Independent Non-executive directors:

Ong Chit Chung (*Chairman*)

Bertie Cheng Shao Shiong

Executive director:

Cheng Nai Ming

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

The profile of the AC members is set out on pages 12 and 13 (Directors' Profile) of this report. The Board is of the view that the members of the AC are appropriately qualified, having the necessary accounting or related financial management expertise or experience as the Board interprets such qualification, to discharge their responsibilities.

Although not all the AC members are independent directors, the Board is of the view that AC is independent as a majority of the AC is independent and the cost of bringing an additional independent director is not justifiable to the Company.

As a sub-committee of the Board, it assists the Board in discharging its responsibility to safeguard assets, maintain adequate accounting records and develop and maintain an effective system of internal controls.



Board Committees – continued

Principle 11: Audit Committee – continued

The AC held 4 meetings during the financial year to review the following:

- (1) 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 audit;
- (2) the Group's financial and accounting policies;
- (3) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board and the Auditors' Report on those financial statements;
- (4) the half-yearly and yearly announcements of the results and the financial position of the Company and the Group;
- (5) the requirements for approval and disclosure of interested persons transactions, and where necessary, review and seek approval for interested persons transactions;
- (6) the non-audit services provided by the external auditors who are of the opinion that the provision for such services does not affect their independence; and
- (7) the recommendation to the Board for the nomination of Deloitte & Touche ("D&T") as external auditors, subject to shareholders' approval, at the forthcoming annual general meeting of the Company.

In performing its functions, the AC:

- (1) has met with the external auditors without the presence of the Company's management;
- (2) has explicit authority to investigate any matter within its term of reference;
- (3) 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
- (4) has been given reasonable resources to enable it to discharge its functions properly.

Save for fees paid for tax which is disclosed on page 47 of the Report, there are no other non-audit fees payable to the Company's external auditors, D&T. The AC has also reviewed all non-audit services provided by D&T, and it is of the view that such services would not affect the independence of the external auditors.



Board Committees – continued

Principle 7: Remuneration Matters

Principle 8: Level and Mix of Remuneration

The Remuneration Committee ("RC") was formed on 9 October 2001 and comprises a majority of non-executive directors, who are independent of Management and free from any business or other relationships:

Independent Non-executive directors:

Ong Chit Chung (*Chairman*)

Bertie Cheng Shao Shiong

Executive director:

Cheng Nai Ming

The role of the RC is to:

- (a) review and recommend to the Board in consultation with the Chairman of the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the executive directors and senior executives/divisional directors (those reporting directly to the Managing Director) of the Group including those employees related to the executive directors and controlling shareholders of the Group;
- (b) administer and recommend to the Board in consultation with the Chairman of the Board, the grant of options in respect of the Company's share option schemes and to do all acts necessary in connection therewith; and
- (c) establish and maintain an appropriate and competitive level of remuneration to attract, retain and motivate directors and key executives.

As part of its review, the RC will cover all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. The Company has a formal and transparent process for fixing the directors' fees for individual directors, which are subject to shareholders' approval at the Annual General Meeting ("AGM") of the Company. The RC shall ensure that the remuneration package of employees related to executive directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities. No director is involved in deciding his remuneration.

The aim of the RC is to motivate and retain good executives and ensure that the Group is able to attract the best talent in the market in order to maximise shareholders' value.



Board Committees – continued

Remuneration

Other than Ng Swee Hong, each of the Executive Directors, namely, Ng Joo Puay, Frank, The 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 requires at least six months' written notice).

Other than as disclosed above, none of the directors has a service contract which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

Principal 9: Disclosure on Remuneration

A breakdown showing the level and mix of directors' remuneration is for the year ended 31 March 2003 is disclosed on page 48 of the report. The five highest paid individuals of the Group for the year ended 31 March 2003 are all directors.

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

Principal 5: Board Performance

The Nominating Committee ("NC") was formed on 9 October 2001 and comprises a majority of non-executive directors, who are independent of Management and free from any business or other relationships:

Independent Non-executive directors:

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

Executive director:

Cheng Nai Ming

The role of the NC is to:

- (a) review and make recommendations to the Board on all board appointments;
- (b) review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- (c) determine the independence of the Board;
- (d) make recommendations to the Board for the continuation (or not) in services of any director who has reached the age of 70 (seventy); and
- (e) assess the effectiveness of the Board and the academic and professional qualifications of each individual director.



Board Committees – continued

No formal assessment of the Board was conducted in FY2003, however, the attendance and participation of each director at Board and Board Committee meeting were considered. The NC acknowledges the importance of a formal assessment of Board performance and desires to give careful consideration in establishing this assessment system. The NC intends to carry out a Board performance evaluation in FY2004.

Principle 12: Internal Controls

Principle 13: Internal Audit

While no system of internal controls can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information used within the business and for publication are 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.

The Company is in the process of setting up its own internal audit department in FY2004.

Principle 10: Accountability

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

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

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

In addition to the communication channels described above, the Company will be making quarterly reports of its financial results with effect from the financial year 2004 in compliance with new disclosure requirements.

All shareholders of the Company receive the Annual Report of the Company and notice of AGM within the mandatory period. Participation of shareholders is encouraged at the Company's general meetings. The Board (including the Chairman of the respective Board Committees), Management, as well as the external auditors attend the Company's AGM to address any question that shareholders may have.





Dealing in Securities

The Company has adopted a Code of Best Practices on Securities Transactions that is in line with the Best Practices Guide issued by the SGX-ST. The code sets out the implication of insider dealings of the shares and guidance to officers on dealings in the Company's shares. All directors and officers of the Company who have access to "price sensitive" information are required to observe this code and are required to confirm their compliance annually.

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

The Company has also announced the IPTs entered into by the Company during the financial year ended 31 March 2003, pursuant to the Shareholders' Mandate approved by the shareholders at the last AGM held on 20 August 2002. The announcement was made on 26 June 2003.

The IPT as disclosed in Note 30 to the financial statements have been reviewed and approved by the Audit Committee.

The current Shareholders' Mandate will be expiring on 18 August 2003, being the date of the forthcoming AGM of the Company. The SGX-ST has issued a new Listing Manual, which took effect on 1 July 2002 and Chapter 9A of the previous Listing Manual has been replaced by Chapter 9 of the new Listing Manual. In this connection, the Company is proposing to seek shareholders' approval at the Special General Meeting ("SGM") to be held on 18 August 2003, to adopt the Shareholders' Mandate pursuant to Chapter 9 of the SGX-ST Listing Manual. IPT approved by shareholders at the SGM, the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next AGM.



REPORT OF THE AUDITORS

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

We have audited the financial statements of Pacific Andes (Holdings) Limited and the consolidated financial statements of the Group for the financial year ended 31 March 2003 set out on pages 35 to 66. 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 2003 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.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification.

DELOITTE & TOUCHE
Certified Public Accountants

Wong-Yeo Siew Eng
Partner

Singapore
17 July 2003



INCOME STATEMENTS

For the year ended 31 March 2003

	NOTES	THE GROUP		THE COMPANY	
		2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Revenue	3	2,141,286	2,059,866	-	-
Cost of sales		(1,967,274)	(1,883,526)	-	-
Gross profit		174,012	176,340	-	-
Other operating income	4	6,313	15,664	16,629	137,948
Selling and distribution expenses		(20,199)	(17,674)	-	-
Administrative expenses		(47,553)	(60,382)	(13,502)	(12,177)
Other operating expenses		(194)	(3,134)	-	-
Profit from operations	5	112,379	110,814	3,127	125,771
Finance costs	6	(38,160)	(45,557)	-	-
Profit before taxation		74,219	65,257	3,127	125,771
Taxation	8	(966)	(2,022)	-	-
Net profit for the year, retained		<u>73,253</u>	<u>63,235</u>	<u>3,127</u>	<u>125,771</u>
Proposed dividend	9	<u>23,815</u>	<u>21,389</u>	<u>23,815</u>	<u>21,389</u>
Earnings per share	10				
Basic		<u>14.94 cents</u>	<u>12.90 cents</u>		
Diluted		<u>14.88 cents</u>	<u>12.90 cents</u>		

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

BALANCE SHEETS

As at 31 March 2003

NOTES	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	11	55,601	184,136	-
Investment properties	12	19,800	23,400	-
Interests in subsidiaries	13	-	-	701,045
Other assets	14	2,728	2,728	-
Long-term receivable	15	-	6,435	-
		<u>78,129</u>	<u>216,699</u>	<u>701,045</u>
CURRENT ASSETS				
Inventories	16	300,166	271,065	-
Trade receivables		498,830	449,375	-
Trade receivables with insurance coverage	17	76,310	99,879	-
Other receivables and prepayments	18	149,449	160,855	225
Advances to suppliers	19	5,040	55,969	-
Bills receivable		55,618	-	-
Tax recoverable		-	105	-
Bank balances and cash		159,134	73,017	6
		<u>1,244,547</u>	<u>1,110,265</u>	<u>231</u>
CURRENT LIABILITIES				
Trade payables		226,959	32,255	-
Other payables		20,979	13,705	-
Tax liabilities		621	387	-
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	20	2,487	18,534	-
Bank advances drawn on discounted trade receivables with insurance coverage		76,915	99,879	-
Current portion of interest-bearing bank borrowings	21	283,583	450,789	-
		<u>611,544</u>	<u>615,549</u>	<u>-</u>
NET CURRENT ASSETS		<u>633,003</u>	<u>494,716</u>	<u>231</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	21	5,867	57,203	-
Deferred tax		-	245	-
		<u>5,867</u>	<u>57,448</u>	<u>-</u>
NET ASSETS		<u>705,265</u>	<u>653,967</u>	<u>701,276</u>
CAPITAL AND RESERVES				
Share capital	22	417,956	381,617	381,617
Reserves		287,309	272,350	338,377
		<u>705,265</u>	<u>653,967</u>	<u>701,276</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 2003

	<i>Share capital HK\$'000</i>	<i>Share premium HK\$'000</i>	<i>Revaluation reserve HK\$'000</i>	<i>Exchange translation reserve HK\$'000</i>	<i>Goodwill HK\$'000</i>	<i>Retained profits HK\$'000</i>	<i>Total HK\$'000</i>
THE GROUP							
Balance at 1 April 2001	381,617	28,774	23,200	-	(24,883)	208,052	616,760
Deficit on revaluation, net	-	-	(9,491)	-	-	-	(9,491)
Net profit for the year	-	-	-	-	-	63,235	63,235
Final dividend of S\$0.0075 per ordinary share in respect of 2001	-	-	-	-	-	(16,537)	(16,537)
Balance at 31 March 2002	381,617	28,774	13,709	-	(24,883)	254,750	653,967
Exchange difference on translation of the Group's overseas operations	-	-	-	(18)	-	-	(18)
Redenomination, subdivision and consolidation of share capital	811	(811)	-	-	-	-	-
Bonus issue	35,526	(27,963)	-	-	-	(7,563)	-
Exercise of bonus warrant	2	-	-	-	-	-	2
Deficit on revaluation, net	-	-	(92)	-	-	-	(92)
Disposal of subsidiaries	-	-	(13,584)	-	-	13,584	-
Net profit for the year	-	-	-	-	-	73,253	73,253
Final dividend of S\$0.01 per ordinary share in respect of 2002	-	-	-	-	-	(21,847)	(21,847)
Balance at 31 March 2003	<u>417,956</u>	<u>-</u>	<u>33</u>	<u>(18)</u>	<u>(24,883)</u>	<u>312,177</u>	<u>705,265</u>
			<i>Share capital HK\$'000</i>	<i>Share premium HK\$'000</i>		<i>Retained profits HK\$'000</i>	<i>Total HK\$'000</i>
THE COMPANY							
Balance at 1 April 2001			381,617	28,774		200,369	610,760
Net profit for the year			-	-		125,771	125,771
Final dividend of S\$0.0075 per ordinary share in respect of 2001			-	-		(16,537)	(16,537)
Balance at 31 March 2002			381,617	28,774		309,603	719,994
Redenomination, subdivision and consolidation of share capital			811	(811)		-	-
Bonus issue			35,526	(27,963)		(7,563)	-
Exercise of bonus warrant			2	-		-	2
Net profit for the year			-	-		3,127	3,127
Final dividend of S\$0.01 per ordinary share in respect of 2002			-	-		(21,847)	(21,847)
Balance at 31 March 2003			<u>417,956</u>	<u>-</u>		<u>283,320</u>	<u>701,276</u>

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2003

	2003 HK\$'000	2002 HK\$'000 (Restated)
Operating activities		
Profit from operations	112,379	110,814
Adjustments for:		
Interest income	(1,308)	(2,068)
Depreciation and amortisation expenses	18,741	27,896
Gain on disposal of property, plant and equipment	(178)	(10)
Gain on disposal of subsidiaries	(400)	-
Deficit arising on revaluation of land and buildings	194	3,134
	<hr/>	<hr/>
Operating cash flows before movements in working capital	129,428	139,766
Inventories	(29,015)	(117,803)
Trade receivables, other receivables and prepayments	(17,810)	(43,748)
Advances to suppliers	50,929	(51,810)
Bills receivable	(55,618)	-
Bank advances drawn on discounted trade receivables with insurance coverage	(22,964)	55,027
Trade and other payables	203,457	(87,272)
	<hr/>	<hr/>
	258,407	(105,840)
Long-term receivable	6,435	5,728
	<hr/>	<hr/>
Cash generated from (used in) operations	264,842	(100,112)
Interest paid	(38,160)	(44,834)
Income tax paid	(1,044)	(2,106)
	<hr/>	<hr/>
Net cash from (used in) operating activities	225,638	(147,052)
	<hr/>	<hr/>
Investing activities		
Interest received	1,308	2,090
Purchase of property, plant and equipment	(1,999)	(6,629)
Proceeds on disposal of property, plant and equipment	9,104	75
Net cash inflow arising on disposal of subsidiaries (Note 25)	45,417	-
	<hr/>	<hr/>
Net cash from (used in) investing activities	53,830	(4,464)
	<hr/>	<hr/>
Financing activities		
Dividend paid	(21,847)	(16,537)
Issue of ordinary share	2	-
Net cash advance from Pacific Andes International Holdings Limited and its subsidiaries	(34,623)	7,665
Bank borrowings (repaid) raised	(123,918)	190,822
	<hr/>	<hr/>



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2003

	2003 HK\$'000	2002 HK\$'000 (Restated)
Net cash (used in) from financing activities	(180,386)	181,950
Net increase in cash and cash equivalents	99,082	30,434
Cash and cash equivalents at beginning of the year	60,029	29,595
Effect of translation difference	8	-
Cash and cash equivalents at end of the year	159,119	60,029
Analysis of the balance of cash and cash equivalents		
Cash and cash equivalent as previously reported		22,989
Effect on reclassification of short term bank borrowings		37,040
Cash and cash equivalent as restated		60,029
Being:		
Bank balances and cash	159,134	73,017
Bank overdrafts (Note 21)	(15)	(12,988)
	159,119	60,029

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 2003

1. General

The Company is an exempted company incorporated in Bermuda with limited liability. Its registered office is at Cedar House, Hamilton HM12, Bermuda and its principal place of business is in Hong Kong. The Company's 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 cultivation, processing and supply 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 consistent with the reporting currency of its holding companies.

The number of employees in the Group and the Company at 31 March 2003 was 774 (2002: 671) and 6 (2002: 6) respectively.

The financial statements of the Company and the consolidated financial statements of the Group were authorised for issue by the Board of Directors on 17 July 2003.

2. Significant Accounting Policies

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of properties. They are drawn up in accordance with Singapore Statements of Accounting Standards ("SAS").

The Company and Group have adopted all the applicable new/revised SAS which became effective during the year. The adoption of the new/revised SAS does not affect the results of current or prior periods.

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. On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition.

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.





2. Significant Accounting Policies – continued

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

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

Property, plant and equipment

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 and any impairment loss where the recoverable amount is estimated to be lower than its carrying amount. Revaluations are performed at least once in 5 years so that the carrying amounts do not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the 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 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 and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

In determining the recoverable amount of assets, expected future cash flows are discounted to their present values.

Leasehold land is amortised over relevant lease terms and the cost or revalued amounts of the buildings is depreciated using the straight-line method, over twenty-five years or the lease term if shorter.

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

2. Significant Accounting Policies – continued

Property, plant and equipment - continued

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

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

Investment properties

Investment properties are held on a long-term basis for investment potential and income. Investment properties are stated at annual valuation on an open market value for existing use basis. Professional valuations are obtained at least once in 3 years. The surplus or deficit on revaluation is taken to the revaluation reserve except when the total of the reserve is not sufficient to cover a deficit, in which case the amount by which the deficit exceeds the amount in the revaluation reserve is charged to the income statement. On sale of the revalued property, the attributable revaluation surplus is transferred from revaluation reserve to retained profits.

Investments

Unquoted investments (including shares in subsidiaries) held for long-term purposes are stated in the Company's balance sheet at cost, less any impairment in net recoverable value. Results of subsidiaries are accounted for by the Company on the basis of dividends accruing during the year.

Club memberships

Club memberships held for long-term are stated at cost less any impairment in net recoverable value.

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 currency transactions and translations

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

Transactions in foreign currencies are initially recorded in Hong Kong dollars at the rates ruling on the dates of the transactions. Monetary assets and liabilities and balances carried at fair value denominated in foreign currencies are translated at the rates ruling on the balance sheet date. Gains and losses arising on foreign exchange are dealt with in the income statement except for asset revaluation gains and losses which are dealt with in revaluation reserves or the income statement as explained in the earlier paragraphs.





2. Significant Accounting Policies – continued

Foreign currency transactions and translations - continued

For inclusion in the consolidated financial statements, the assets and liabilities of foreign entities are translated at rates of exchange approximating those ruling at balance sheet date. The profit and loss statements are translated at the average rates of exchange for the year, and the opening net investment in foreign entities are translated at historical rates. The resulting currency translation differences are taken to the currency translation reserve. On disposal of a foreign entity, the accumulated currency translation differences are recognised in the profit and loss statement as part of the profit or loss on disposal.

Goodwill

Goodwill represents the difference between the cost of an acquisition and the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Prior to 1 April 2001, goodwill arising from acquisition of subsidiaries was adjusted directly against shareholders' equity. With effect from 1 April 2001, the group has adopted the revised SAS 22 - Business Combination. Any goodwill arising from this date is recorded as an asset subject to amortisation. Goodwill previously adjusted against shareholders' equity has not been retrospectively capitalised and amortised, as allowed under the transitional provisions of SAS 22. The gain or loss on disposal of a subsidiary includes the unamortised balance of goodwill relating to the entity disposed of, or for acquisitions prior to 1 April 2001, the goodwill charged to shareholders' equity.

Negative goodwill represents the excess of fair value of the group's share of the net assets acquired over the cost of acquisition. Negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that can be reliably measured, but do not represent identifiable liabilities, the portion of negative goodwill is recognised in the income statement when the future losses and expenses are incurred. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the remaining weighted average useful lives of those assets. Negative goodwill in excess of the fair value of those assets is recognised in the income statement immediately.

Impairment of assets

At each balance sheet date, the Group and the Company reviews the carrying amounts of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings at a revalued amount, in which case the impairment loss is treated in the same manner as described under the accounting policies for investment properties and property, plant and equipment.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated in the same manner as described under the accounting policies for investment properties and property, plant and equipment.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

2. Significant Accounting Policies – continued

Financial assets

Financial assets include bank balances and cash, trade and other receivables, advances to suppliers, bills receivable and other investments. Trade and other receivables and advances to suppliers are stated at their nominal values as reduced by appropriate allowances, if any, for estimated irrecoverable amounts. The accounting policy for investments is stated in a preceding paragraph.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities include trade and other payables, bank loans and overdrafts, amounts due to Pacific Andes International Holdings Limited and its subsidiaries. Payables are stated at their nominal values. Finance costs are accounted for on an accrual basis (effective yield method) and are added to the carrying amount of the financing instrument to the extent that they are not settled in the period in which they arise.

Provisions

Provisions are recognised when the Group or the Company has a present obligation as a result of a past event where it is probable that it will result in an outflow of economic benefits that can be reasonably estimated.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or not deductible for tax purposes. Temporary 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 such temporary differences is computed under the liability method and 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.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority.

Operating leases

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

Retirement benefits scheme

Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes) are charged as an expense when incurred.

Cash equivalents

Cash for the cash flow statement includes cash and cash equivalents less bank overdrafts.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

3. Revenue and 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 cultivation, processing and sale of vegetables.

Sales of seafood comprise sales of fish and other seafood products. Shipping and agency servicing income comprise income from charter hire services, 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	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
THE GROUP								
Revenue	2,084,922	2,001,439	16,317	23,447	40,047	34,980	2,141,286	2,059,866
Segment result	154,247	169,529	841	766	5,038	4,035	160,126	174,330
Administrative expenses							(47,553)	(60,382)
Other operating expenses							(194)	(3,134)
Profit from operations							112,379	110,814
Finance costs							(38,160)	(45,557)
Taxation							(966)	(2,022)
Net profit for the year							73,253	63,235
BALANCE SHEET								
Segment assets	1,260,004	1,221,301	17,145	59,081	45,527	46,477	1,322,676	1,326,859
Unallocated corporate assets							-	105
Consolidated total assets							1,322,676	1,326,964
Segment liabilities	615,815	664,154	-	7,231	975	1,225	616,790	672,610
Unallocated corporate liabilities							621	387
Consolidated total liabilities							617,411	672,997
OTHER INFORMATION								
Capital expenditure	33	4,481	-	-	1,966	2,148	1,999	6,629
Depreciation and amortisation	2,491	5,249	10,516	19,867	5,734	2,780	18,741	27,896

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

3. Revenue and 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	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Hong Kong and other regions in the People's Republic of China	1,881,465	1,769,881	840,466	837,981	1,999	6,629
North America	171,186	183,834	36,560	35,704	-	-
Western Europe	28,789	30,747	9,011	10,205	-	-
Eastern Europe	16,317	23,447	407,683	371,953	-	-
Others	43,529	51,957	28,956	71,121	-	-
	<u>2,141,286</u>	<u>2,059,866</u>	<u>1,322,676</u>	<u>1,326,964</u>	<u>1,999</u>	<u>6,629</u>

4. Other Operating Income

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Other operating income comprises of:				
Administrative income charged to PAIH and its subsidiaries	2,528	12,456	-	-
Dividend	-	-	-	100,000
Gain on disposal of subsidiaries	400	-	-	-
Gain on disposal of property, plant and equipment	178	10	-	-
Interest income	1,308	2,068	-	-
Interest income from subsidiaries	-	-	16,629	37,948
Net rental income from properties	1,804	919	-	-
Sundry income	95	211	-	-
	<u>6,313</u>	<u>15,664</u>	<u>16,629</u>	<u>137,948</u>



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

5. Profit from Operations

In addition to the charges and credits disclosed elsewhere in the notes to the income statements, this item includes the following charges (credit):

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Auditors' remuneration*:				
Payable to auditors of the Company				
Audit services	172	165	150	143
Non-audit services	18	17	18	17
Payable to other auditors				
Audit services	1,173	1,133	1,173	1,133
Non-audit services	-	-	-	-
Depreciation	18,741	27,896	-	-
Contributions to retirement benefit scheme, net of forfeitures	222	1,089	-	-
Staff costs excluding directors' emoluments and retirement benefit scheme contributions	7,797	17,016	-	-
Foreign exchange losses (gains)	753	(1,015)	-	-
Deficit arising from revaluation of land and building	194	3,134	-	-
	<u>194</u>	<u>3,134</u>	<u>-</u>	<u>-</u>

* Auditors' remuneration for the Group is borne entirely by the Company.

6. Finance Costs

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Interest on borrowings:				
Bank borrowings	37,980	41,453	-	-
Amounts due to PAIH and its subsidiaries	180	4,104	-	-
	<u>38,160</u>	<u>45,557</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

7. Directors' Emoluments

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Directors' fees:				
Executive	-	-	-	-
Non - executive	300	329	300	329
	<u>300</u>	<u>329</u>	<u>300</u>	<u>329</u>
Other emoluments:				
Salaries and other benefits				
- cash	6,903	6,488	6,903	6,488
- benefits in kind	494	3,925	494	3,925
- retirement benefits contributions	237	255	237	255
Performance related incentive payment	1,562	1,562	1,562	1,562
	<u>9,196</u>	<u>12,230</u>	<u>9,196</u>	<u>12,230</u>
	<u><u>9,496</u></u>	<u><u>12,559</u></u>	<u><u>9,496</u></u>	<u><u>12,559</u></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\$9,196,000 (2002: HK\$12,230,000) is an amount of HK\$5,328,000 (2002: HK\$5,128,000) recovered from 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:

	Number of directors	
	2003	2002
HK\$2,210,000 and above (S\$500,000 and above)	3	3
HK\$1,105,000 to HK\$2,210,000 (S\$250,000 to S\$499,999)	2	2
Below HK\$1,105,000 (Below S\$250,000)	5	5
	<u>10</u>	<u>10</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\$4.42 (2002: S\$1: HK\$4.24).



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

8. Taxation

	<i>THE GROUP</i>	
	<i>2003</i> <i>HK\$'000</i>	<i>2002</i> <i>HK\$'000</i>
Hong Kong Profits Tax		
Provision for taxation for the year	(1,240)	(1,950)
Over (under) provision in respect of previous years	274	(72)
	<u>(966)</u>	<u>(2,022)</u>

The income tax expense varied from the amount of income tax expense determined by applying the Hong Kong Profits Tax rate of 16% (2002: 16%) to profit before income tax as a result of the following differences:

	<i>THE GROUP</i>	
	<i>2003</i> <i>HK\$'000</i>	<i>2002</i> <i>HK\$'000</i>
Hong Kong Profits Tax at statutory rate	(11,875)	(10,441)
Non-taxable items	10,909	8,419
Total Hong Kong Profits Tax at effective tax rate	<u>(966)</u>	<u>(2,022)</u>

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.

9. Proposed Dividend

The proposed dividend of S\$0.011 (2002: S\$0.01) per ordinary share for the year has been calculated with reference to the number of shares in issue at 31 March 2003 (2002: 5 June 2002).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

10. Earnings Per Share

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

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000 (Restated)
Earnings	73,253	63,235
Weighted average number of ordinary shares used in calculation of basic earnings per share (Note)	490,293,383	490,292,499
Effect of dilutive potential ordinary shares in respect of:		
Share options	84,528	-
Share warrants	2,056,292	-
Weighted average number of ordinary shares used in calculation of diluted earnings per share	492,434,203	490,292,499

The Company has 1,600,000 outstanding options (2002: 1,600,000) and 122,571,625 outstanding warrants (2002: Nil) at the balance sheet date.

Note: The weighted average number of ordinary shares used in calculation of basic earnings per share in 2002 has been adjusted by incorporating the effects of share re-denomination, subdivision and consolidation, and bonus issue of shares during the year, details of which are set out in Note 22.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

11. Property, Plant and Equipment

	<i>Leasehold 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 2002	121,667	9,456	9,450	11,127	94,087	29,685	275,472
Translation adjustments	-	9	-	-	-	580	589
Additions	-	-	33	-	-	1,966	1,999
Disposal of subsidiaries	(99,700)	(5,955)	(1,845)	(1,842)	-	-	(109,342)
Disposals	-	-	(20)	-	(47,044)	-	(47,064)
Adjustment on asset revaluation	(700)	-	-	-	-	-	(700)
At 31 March 2003	21,267	3,510	7,618	9,285	47,043	32,231	120,954
Comprising:							
At cost	-	3,510	7,618	9,285	47,043	32,231	99,687
At valuation - 31 March 2003	21,267	-	-	-	-	-	21,267
	21,267	3,510	7,618	9,285	47,043	32,231	120,954
ACCUMULATED DEPRECIATION							
At 1 April 2002	-	7,032	6,242	7,594	67,696	2,772	91,336
Translation adjustments	-	6	-	-	-	83	89
Provided for the year	810	313	615	879	10,516	5,608	18,741
Disposal of subsidiaries	(296)	(4,928)	(317)	(620)	-	-	(6,161)
Disposals	-	-	(16)	-	(38,122)	-	(38,138)
Adjustment on asset revaluation	(514)	-	-	-	-	-	(514)
At 31 March 2003	-	2,423	6,524	7,853	40,090	8,463	65,353
NET BOOK VALUES							
At 31 March 2003	21,267	1,087	1,094	1,432	6,953	23,768	55,601
At 31 March 2002	121,667	2,424	3,208	3,533	26,391	26,913	184,136
DEPRECIATION FOR LAST YEAR							
	2,474	752	1,002	1,382	19,867	2,419	27,896

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

11. Property, Plant and Equipment – continued

The net book value of land and building represents land and building in Hong Kong under long lease with more than 50 years remaining at the balance sheet date.

The leasehold land and building situated in Hong Kong were revalued by BMI Appraisals Limited, a firm of independent professional valuers, on an open market value basis as at 31 March 2003.

The land and building is pledged to secure a mortgage loan of the Group (Note 29).

If leasehold land and building of the Group had not been revalued, they would have been included on a historical cost basis at the following amounts:

	2003 HK\$'000	2002 HK\$'000
Cost	24,217	119,336
Accumulated depreciation	(755)	(13,309)
Net book value	<u>23,462</u>	<u>106,027</u>

12. Investment Properties

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Valuation at 1 April 2002	23,400	23,900
Adjustment on asset revaluation	(100)	(500)
Disposal of a subsidiary	(3,500)	-
Valuation at 31 March 2003	<u>19,800</u>	<u>23,400</u>

The investment properties were valued at HK\$19,800,000 by BMI Appraisals Limited, a firm of independent professional valuers, on an open market value basis as at 31 March 2003.

The carrying value of investment properties shown above comprises:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Investment properties in the PRC under:		
long leases	12,950	13,000
medium leases	6,850	6,900
Investment property in Hong Kong held under a long lease	-	3,500
	<u>19,800</u>	<u>23,400</u>

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

13. Interests in Subsidiaries

	THE COMPANY	
	2003 HK\$'000	2002 HK\$'000
Amounts due from subsidiaries	701,045	719,702

Particulars of the subsidiaries at 31 March 2003 are set out in Note 31. The amounts due from subsidiaries are unsecured, bear interest at rates ranging from 1.43% to 5.42% (2002: 6.05%) per annum and have no fixed repayment terms.

14. Other Assets

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Club memberships, at cost	2,728	2,728

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

15. Long-Term Receivable

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Consideration receivable for sales of vessel	6,435	15,802
<i>Less:</i>		
Recoverable within one year [included under other receivables and prepayments (<i>Note 18</i>)]	(6,435)	(9,367)
Recoverable in more than one year and less than five years	-	6,435

The receivable is secured on the vessel and bears interest at 12% (2002: 12%) per annum.

16. Inventories

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Inventories at cost consist of the following:		
Fuel	681	7,459
Frozen seafood	291,734	258,105
Vegetables	5,968	3,716
Others	1,783	1,785
	300,166	271,065

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

17. Trade Receivables with Insurance Coverage

Certain of the discounted trade receivables are covered by credit insurances which have been assigned to certain banks for receivable discounting facilities granted to the Group.

18. Other Receivables and Prepayments

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Consideration receivable from sales of vessel (Note 15)	6,435	9,367	-	-
Other receivables	867	1,276	-	150
Prepayments	142,147	150,212	225	138
	<u>149,449</u>	<u>160,855</u>	<u>225</u>	<u>288</u>

19. Advances to Suppliers

THE GROUP

The Group's advances to suppliers are secured by the vessels of the suppliers and are 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 and its subsidiaries.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

21. Interest-Bearing Bank Borrowings

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Interest-bearing bank borrowings comprise:		
Trust receipt loans and short-term bank loans	282,922	430,911
Mortgage loans	6,513	64,093
Bank overdrafts	15	12,988
	<u>289,450</u>	<u>507,992</u>
Analysed as:		
Secured	6,513	64,093
Unsecured	282,937	443,899
	<u>289,450</u>	<u>507,992</u>
Repayable as follows:		
Within one year	283,583	450,789
More than one year and less than five years	2,772	22,936
Five years or more	3,095	34,267
	<u>289,450</u>	<u>507,992</u>
Less: Amount due within one year included under current liabilities	<u>(283,583)</u>	<u>(450,789)</u>
Amount due after one year	<u>5,867</u>	<u>57,203</u>

Details of the secured long-term bank borrowings as at 31 March 2003 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>
27.4.2012	2.75%	109	6,513
Less: Amount repayable within one year shown as part of current liabilities			<u>(646)</u>
Amount due after one year			<u>5,867</u>

The unsecured borrowings bear interest at rates ranging from 3.31% to 5.25%.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

22. Share Capital

	Number of shares		Amounts	
	@US\$0.2 per share	@S\$0.2 per share	US\$'000	S\$'000
Authorised				
Balance at 1 April 2001 and 31 March 2002	400,000,000	-	80,000	-
Effect on re-denomination	(400,000,000)	400,000,000	(80,000)	80,000
Increase in authorised share capital pursuant to the re-denomination, subdivision and consolidation	-	332,000,000	-	66,400
Further increase in authorised share capital	-	268,000,000	-	53,600
Balance at 31 March 2003	-	1,000,000,000	-	200,000

	Number of shares		Amounts	
	@US\$0.2 per share	@S\$0.2 per share	US\$'000	S\$'000
Issued and fully paid				
Balance at 1 April 2001	244,146,250	-	48,829	-
Issue of new shares	1,000,000	-	200	-
Balance at 31 March 2002	245,146,250	-	49,029	-
Effect on re-denomination	(245,146,250)	245,146,250	(49,029)	49,029
Capitalisation issue of share upon the re-denomination, subdivision and consolidation	-	203,471,387	-	40,694
Bonus issue of shares	-	41,674,862	-	8,335
Exercise of warrant	-	1,500	-	1
Balance at 31 March 2003	-	490,293,999	-	98,059

	THE COMPANY	
	2003 HK\$'000	2002 HK\$'000
Balance at beginning of year	381,617	380,057
Effect of re-denomination	811	-
Balance after re-denomination	382,428	380,057
Bonus issue of shares	35,526	-
Exercise of warrants	2	-
Issue of new shares [Notes (a) and (b)]	-	1,560
Balance at end of year	417,956	381,617



22. Share Capital – continued

Notes:

- (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 and its subsidiaries ("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) The additional 1,000,000 new shares of the Company were 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. The shareholding in NMGH was subsequently assigned to a subsidiary of the Company.

In a Special General Meeting held on 23 May 2002, the Company's shareholders resolved to:

- (i) change in currency denomination from United States dollars ("US\$") into Singapore dollars ("S\$") at the exchange rate of US\$1.00 to S\$1.83 such that the authorised and issued share capital of the Company will be re-denominated from US\$80,000,000 and US\$49,029,250 respectively to S\$146,400,000 and S\$89,723,528 respectively and the par value of each ordinary share shall be changed from US\$0.20 to S\$0.366;
- (ii) subdivide all the issued and unissued ordinary shares of par value S\$0.366 each in the capital of the Company into 8,972,352,750 ordinary shares of par value S\$0.01 each in the capital of the Company (the "Subdivided share");
- (iii) consolidate every 20 Subdivided shares into one ordinary share of par value S\$0.20 each in the capital of the Company (the "Share") such that the Company shall have an authorised share capital of S\$146,400,000 divided into 732,000,000 Shares and an issued share capital of S\$89,723,528 divided into 448,617,637 Shares;
- (iv) increase the authorised share capital of the Company from S\$146,400,000 divided into 732,000,000 Shares to S\$200,000,000 divided into 1,000,000,000 Shares by the creation of an additional 268,000,000 Shares in the capital of the Company. The new Shares shall rank *pari passu* in all respects with the then existing issued Shares in the share capital of the Company, and
- (v) capitalise an amount of HK\$28,774,000 and HK\$7,563,000 standing to the credit of the share premium account and retained earnings of the Company respectively and the same to be applied in full towards payment at par of 41,674,862 new Shares (the "Bonus Shares"), such Bonus Shares will be distributed, allotted and issued and credited as fully paid to those persons who are registered as shareholders of the Company at 11 June 2002 (the "Books Closure Date") on the basis of seventeen (17) Bonus Shares for every one hundred (100) existing ordinary shares of par value US\$0.20 each ("US\$ Shares") held by such shareholders, fractional entitlements to be disregarded.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

23. Share Options Scheme

Pursuant to the Company's Pacific Andes (Holdings) Share Option Scheme 2001 (the "2001 Scheme"), the directors and employees of the Company, its subsidiaries and associated companies may, at the discretion of the 2001 Scheme Committee of the Company, be granted options to subscribe for shares of the Company.

Subject to adjustment pursuant to the 2001 Scheme, the subscription price on the exercise of a Market Price Option shall be the average of the last dealt prices for a share, as determined by reference to the daily official list made available by the Singapore Exchange Securities Trading Limited, for the three consecutive trading days immediately preceding the offer date, rounded up to the nearest whole cent (the "Market Price").

The subscription price in respect of which Incentive or Discount Price option is exercisable shall be the market price (as determined above), subject to a discount, if any, as may be determined by the 2001 Scheme Committee in its absolute discretion, provided that the maximum discount which may be given shall not exceed 20 per cent of the initial subscription price in respect of incentive or Discount Price Option, or of the Market Price Option for Discount Price Option.

In the event of a variation in the issued share capital of the Company (whether by way of a capitalisation or rights issue or a reduction, subdivision or consolidation of the shares) the subscription price, the par value, class and/or the number of shares under the share options scheme to the extent unexercised, or over which options may be granted, may be adjusted in such manner as the 2001 Scheme Committee may determine to be appropriate, and except in relation to a capitalisation issue, upon the written confirmation by the Auditors or other qualified financial consultants appointed by the 2001 Scheme Committee (acting only as experts and not as arbitrators) that, in their opinion, such adjustment is fair and reasonable.

Notwithstanding the above, no adjustment to the subscription price shall be made if, as a result, the subscription price shall fall below the par value of the share or the number of shares.

The aggregate number of shares over which options may be granted pursuant to the 2001 Scheme, when added to the number of shares issued and issuable in respect of all options granted under the 2001 Scheme shall not exceed 15 per cent of the issued share capital of the Company on the date preceding the grant of the options.

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

The Company's Share Options held by directors and employees of the Company and movement during the year is as follows:

<i>Option type</i>	<i>Outstanding at beginning of year</i>	<i>Effect of redenomination, subdivision and consolidation of share</i>	<i>Outstanding at end of year</i>
Pacific Andes (Holdings) Share Option Scheme 2001	800,000	800,000	1,600,000

During the financial year, no options were granted or exercised under the 2001 Scheme to directors and employees of the Company, its subsidiaries and its associated companies.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

24. Warrants

	Number	Warrants with subscription price of S\$0.2 S\$'000	HK\$'000
Balance at date of issue of warrants	122,573,125	24,515	104,489
Exercised during the year	(1,500)	(1)	(2)
Balance at 31 March 2003	<u>122,571,625</u>	<u>24,514</u>	<u>104,487</u>

On 11 June 2002, an issue of warrant was made on the basis of one warrant for every two existing shares then held on 11 June 2002. Each warrant entitles the registered holder to subscribe in cash at an initial subscription price of S\$0.20, subject to adjustments, at any time from the date of issue up to and including 20 June 2005.

25. Disposal of Subsidiaries

	2003 HK\$'000	2002 HK\$'000
Net assets disposed of:		
Property, plant and equipment	103,181	-
Investment properties	3,500	-
Other receivables and prepayments	3,385	-
Tax recoverable	417	-
Amount due from an intermediate holding company	17,928	-
Bank balances and cash	2,472	-
Other payables	(1,498)	-
Interest-bearing bank borrowings	(81,651)	-
Deferred taxation	(245)	-
	<u>47,489</u>	-
Gain on disposal	400	-
Total consideration	<u>47,889</u>	-
Satisfied by:		
Cash	<u>47,889</u>	-
Net cash inflow arising on disposal:		
Cash consideration	47,889	-
Bank balances and cash disposed of	(2,472)	-
	<u>45,417</u>	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

26. Lease Commitments

The Group as lessor

Property rental income earned during the year was HK\$1,804,000 (2002: HK\$919,000). The investment properties of the Group are expected to generate rental yield of 9% (2002: 4%) on an outgoing basis. Certain Group's investment properties held have committed tenants for the next three years.

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

	2003 HK\$'000	2002 HK\$'000
Not later than one year	193	401
Later than one year and not later than five years	104	-
	<u>297</u>	<u>401</u>

The Group as lessee

	2003 HK\$'000	2002 HK\$'000
Minimum lease payments paid under operating leases	1,943	2,099
	<u>1,943</u>	<u>2,099</u>

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:

	2003 HK\$'000	2002 HK\$'000
Not later than one year	1,673	1,669
Later than one year and not later than five years	4,788	5,665
Later than five years	23,838	28,170
	<u>26,299</u>	<u>35,504</u>

27. Capital Commitments

	2003 HK\$'000	2002 HK\$'000
Contracted commitments to acquire property, plant and equipment but not provided for in the financial statements (stated net of deposits paid)	-	6,275
	<u>-</u>	<u>6,275</u>

During the year, the Group disposed a subsidiary which had contracted commitments of HK\$6,275,000 at 31 March 2002.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

28. Contingent Liabilities

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
At the balance sheet date, the Group and the Company had contingent liabilities as follows:				
Bills discounted with recourse				
- secured	-	-	-	-
- unsecured	416,597	252,778	-	-
Guarantees given to bankers in respect of banking facilities utilised by				
(i) subsidiaries				
- secured	-	-	6,513	64,093
- unsecured	-	-	1,003,747	722,352
(ii) subsidiaries of an intermediate holding company PAIH				
- secured	13,018	-	13,018	-
- unsecured	14,883	15,478	11,780	15,478
	<u>444,498</u>	<u>268,256</u>	<u>1,035,058</u>	<u>801,923</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 2003, the Group had pledged leasehold land and building and an investment property with aggregate net carrying values of approximately HK\$21.5 million (2002: HK\$121.7 million) and HK\$Nil (2002: HK\$3.5 million) respectively, to secure the mortgage loans of the Group granted by certain banks.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

30. Interested Person Transactions

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

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Interest expenses paid to PAIH and its subsidiaries [Note (i)]	180	4,104
Administrative income charged to PAIH and its subsidiaries [Note (ii)]	2,528	12,456
Administrative expenses paid to PAIH and its subsidiaries [Note (ii)]	7,342	-
	<u>7,342</u>	<u>-</u>

Notes:

- (i) The interest expenses were calculated at interest rates ranging from 1.70% to 5.42% (2002: 6.05%) per annum on the outstanding amounts due to PAIH and its subsidiaries.
- (ii) The administrative income charged to and expenses paid to PAIH and its subsidiaries, were calculated in accordance with the management agreement signed on 3 September 1996.
- (b) At the balance sheet date, the total amount of guarantees given by the Group and the Company in respect of banking facilities (utilised and unutilised) granted to subsidiaries of PAIH are as follows:

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Guarantees given to bankers	144,175	-	144,175	-
Joint and several cross guarantees given to bankers	122,800	46,800	46,800	46,800
	<u>266,975</u>	<u>46,800</u>	<u>190,975</u>	<u>46,800</u>

- (c) The amount of loans drawn by subsidiaries of PAIH which are covered by guarantees provided by the Group and Company are disclosed in Note 28.

At the balance sheet date, bank advances drawn on discounted trade receivables with insurance coverage of HK\$23,500,000 (2002: HK\$Nil) were drawn from discounting trade receivables with insurance coverage of a subsidiary and an associate of PAIH totalling HK\$26,000,000 (2002: HK\$Nil) which are covered by credit insurance.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

31. Particulars of Subsidiaries

Details of the Company's subsidiaries at 31 March 2003 are as follows:

Name	Place/country of incorporation or registration/ operation	Percentage equity interest		Principal activities	Cost of investment HK\$
		2003 %	2002 %		
Alliance Capital Enterprises Limited	Hong Kong/PRC	100	100	Property holding	-
Andes Agency Limited	Hong Kong/ Worldwide	100	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	100	Property holding	-
Conred Limited	Hong Kong/PRC	100	100	Property holding	-
Davis Limited	Hong Kong/PRC	100	100	Property holding	-
Fantastic Buildings Limited	British Virgin Islands/ Hong Kong	100	100	Property holding	-
Glorious Ocean Limited	Hong Kong	-	100	Provision of treasury services	-
Golden Target Pacific Limited	British Virgin Islands/ Worldwide	100	100	Investment holding	-
Heng Holdings (BVI) Limited	British Virgin Islands	-	100	Investment holding	-
Lions City Investment Inc.	British Virgin Islands	100	100	Investment holding	-
Natprop Investments Limited	Cook Islands/Worldwide	100	100	Ship repairing agency	-
New Millennium Group Holdings Limited	British Virgin Islands/ Worldwide	100	100	Trading of frozen vegetable	-
Pacific Andes Enterprises (BVI) Limited	British Virgin Islands/ Worldwide	100	100	Trading of frozen seafood products	-
Pacific Andes Enterprises (Hong Kong) Limited	Hong Kong	-	100	Provision of treasury and administration services	-
Pacific Andes Food (Hong Kong) Company Limited	Hong Kong	100	100	Trading of frozen seafood products	-
Pacific Andes Vegetables, Inc.	British Virgin Islands/ PRC	100	100	Investment holding	-
Paco Alpha Limited	British Virgin Islands/ Worldwide	100	100	Inactive	-
Paco Beta Limited	British Virgin Islands/ Worldwide	100	100	Trading of marine fuel	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

31. Particulars of Subsidiaries – continued

Name	Place/country of incorporation or registration/ operation	Percentage equity interest		Principal activities	Cost of investment HK\$
		2003 %	2002 %		
Paco Gamma Limited	British Virgin Islands/ Worldwide	100	100	Vessel holding	-
Paco Delta Limited	British Virgin Islands/ Worldwide	100	100	Inactive	-
Paco Sigma Limited	British Virgin Islands/ Worldwide	100	-	Trading agent	-
Parkmond Group Limited	British Virgin Islands/ Worldwide	100	100	Trading of frozen seafood products	-
Qingdao Pacific Andes Farm Co. Limited	PRC	100	100	Cultivation of vegetable	-
Qingdao New Millennium Food Co., Limited	PRC	100	100	Frozen vegetable processing	-
Quality Food (Singapore) Pte. Limited	Singapore	100	100	Yet to commence business	-
Richtown Development Limited	British Virgin Islands/ Hong Kong	100*	100*	Investment holding	8
Well Hope International Limited	British Virgin Islands	100	100	Inactive	-
					8

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

Except for Quality Food (Singapore) Pte Limited which is audited by Deloitte & Touche, all Singapore subsidiaries are audited by a member firm of Deloitte Touche Tohmatsu, of which Deloitte & Touche, Singapore is a member.

32. Financial Risks and Management

(i) Credit risk

The Group's credit risk is primarily attributable to its cash, trade and other receivables, advances to suppliers and other investments. Cash is placed with creditworthy financial institutions. The trade and other receivables and advances to suppliers presented in the balance sheet are net of allowances for doubtful receivables if any, estimated by management based on prior year experience and the current economic condition.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses represents the Company's maximum exposure to credit risk.



32. Financial Risks and Management – continued

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of interest rates changes on interest-bearing debts and cash and fixed deposits.

The interest rates and terms of repayment of the bank loans of the group are disclosed in Note 21.

(iii) Foreign currency risk

The Group has limited exposure to foreign currency risk. However, the group has a number of investments in foreign subsidiaries denominated in Renminbi, whose net assets are exposed to currency translation risk. Exposures to foreign currency risks are managed as far as possible by natural hedges of matching assets and liabilities.

(iv) Liquidity risk

The Group has sufficient funds to finance its ongoing working capital requirements, and when necessary, draws on its available credit facilities.

(v) Fair values

The carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2.

33. Major Properties

Particulars of the properties included in leasehold land and building and investment properties are as follows:

<i>Location</i>	<i>Description/Floor Area</i>	<i>Tenure (In years)</i>	<i>With effect from</i>
Hong Kong			
1 Nos. 1 to 10 and 15 on 32 Floor, Hong Kong Plaza, No. 188 Connaught Road West, Hong Kong	Office premises Area: 667.87 sq metres	The property is held under two separate Government leases with the following terms: 75 (renewable for a further term of 75 years) 999	27 December 1904 3 September 1903

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

33. Major Properties – continued

<i>Location</i>	<i>Description/Floor Area</i>	<i>Tenure (In years)</i>	<i>With effect from</i>
People's Republic of China ("PRC")			
2 Units 2-4 on 8 Floor, Shanghai Trade Square, No. 128 Siping Road, Hongkou District, Shanghai, the PRC*	Office premises Area: 317.12 sq metres	45.4	2 June 1997
3 Unit A on 18 Floor, Tower I, Parkview Towers, No. 9 Nongzhanguan South Road, Chaoyang District, Beijing, the PRC*	Residential buildings Area: 163.93 sq metres	70	9 November 1993
4 Unit E on 18 Floor, Tower I, Parkview Towers, No. 9 Nongzhanguan South Road, Chaoyang District, Beijing, the PRC*	Residential building Area: 164.14 sq metres	70	9 November 1993
5 Units 3, 4 and 5 on 13 Floor of Block 2, International Apartments, No. 88 Siping Road, Hongkou District, Shanghai, the PRC*	Residential building Area: 291.98 sq metres	66.5	31 May 1996

* *Investment properties*



SUPPLEMENTARY INFORMATION

The reporting currency of the Group is in Hong Kong Dollars. A Singapore Dollars equivalent of the income statement and balance sheet of the Group is provided as Supplementary Information for shareholders and investors in Singapore.

Income Statement

For the year ended 31 March 2003

	THE GROUP (Unaudited)	
	2003 S\$'000	2002 S\$'000
Revenue	484,915	486,184
Cost of sales	(445,508)	(444,563)
Gross profit	39,407	41,621
Other operating income	1,430	3,697
Selling and distribution expenses	(4,574)	(4,172)
Administrative expenses	(10,769)	(14,251)
Other operating expenses	(44)	(740)
Profit from operations	25,450	26,155
Finance costs	(8,642)	(10,753)
Profit before taxation	16,808	15,402
Taxation	(219)	(477)
Net profit for the year, retained	16,589	14,925
Proposed Dividend	5,474	5,048
Earnings per share		
Basic (Singapore cents)	3.38	3.04
Diluted (Singapore cents)	3.37	3.04

SUPPLEMENTARY INFORMATION

Balance Sheet

As at 31 March 2003

	THE GROUP (Unaudited)	
	2003 S\$'000	2002 S\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	12,592	43,461
Investment properties	4,484	5,523
Other assets	618	644
Long-term receivable	-	1,519
	<u>17,694</u>	<u>51,147</u>
CURRENT ASSETS		
Inventories	67,975	63,979
Trade receivables	112,965	106,065
Trade receivables with insurance coverage	17,281	23,574
Other receivables and prepayments	33,845	37,966
Advances to suppliers	1,141	13,210
Bills receivable	12,595	-
Tax recoverable	-	25
Bank balances and cash	36,037	17,234
	<u>281,839</u>	<u>262,053</u>
CURRENT LIABILITIES		
Trade payables	51,397	7,613
Other payables	4,751	3,235
Tax liabilities	141	91
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	563	4,375
Bank advances drawn on discounted trade receivables with insurance coverage	17,418	23,574
Current portion of interest-bearing bank borrowings	64,220	106,398
	<u>138,490</u>	<u>145,286</u>
NET CURRENT ASSETS	<u>143,349</u>	<u>116,767</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	1,329	13,502
Deferred tax	-	58
	<u>1,329</u>	<u>13,560</u>
NET ASSETS	<u>159,714</u>	<u>154,354</u>
CAPITAL AND RESERVES		
Share Capital	98,059	88,066
Reserves	61,655	66,288
	<u>159,714</u>	<u>154,354</u>

* *Exchange Rate*
 Year 2003: S\$1 = HK\$4.4158
 Year 2002: S\$1 = HK\$4.2368

SHAREHOLDERS' INFORMATION

SHAREHOLDERS' INFORMATION AS AT 7 JULY 2003

Authorised share capital	:	S\$200,000,000.00
Issued and fully paid-up capital	:	S\$98,058,499.80
Class of shares	:	Ordinary share of S\$0.20 each
Voting rights	:	One vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders		Number of Shares	
		%		%
1 – 999	67	1.78	31,862	0.01
1,000 – 10,000	1,694	44.87	10,852,589	2.21
10,001 – 1,000,000	1,996	52.87	106,158,282	21.65
1,000,001 and above	18	0.48	373,251,266	76.13
Total	3,775	100.00	490,293,999	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
		%		%
Clamford Holding Limited	308,637,027	62.95	3,716,000	0.76
Pacific Andes International Holdings Limited	-	-	312,353,027	63.71
N.S. Hong Investment (BVI) Limited	-	-	312,353,027	63.71
Ng Joo Puay, Frank	-	-	312,353,027	63.71
Teh Hong Eng	-	-	312,353,027	63.71
Pacific Innovation (BVI) Limited	-	-	312,353,027	63.71
Ng Puay Yee	-	-	312,353,027	63.71
Ng Swee Hong Holdings (BVI) Limited	-	-	312,353,027	63.71
Ng Swee Hong	-	-	312,353,027	63.71
New Venture (BVI) Limited	-	-	312,353,027	63.71
Ng Joo Siang	-	-	312,353,027	63.71

Notes:

Deemed interest of 3,716,000 shares of Clamford Holding Limited comprises the following:

Name	No. of shares
Millennium Securities Pte Ltd	3,716,000

Pacific Andes International Holdings Limited holds a total of 312,353,027 shares by virtue of its deemed interest in the shares held by Clamford Holding Limited.

SUBSTANTIAL SHAREHOLDERS – continued

Notes: – continued

N.S. Hong Investment (BVI) Limited holds a total of 312,353,027 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 312,353,027 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 312,353,027 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 312,353,027 shares by virtue of its deemed interest in the shares held by N.S. Hong Investment (BVI) Limited.

Pacific Innovation (BV1) Limited holds a total of 312,353,027 shares by virtue of its deemed interest in the shares held by N.S. Hong Investment (BVI) Limited.

Ng Puay Yee holds a total of 312,353,027 shares by virtue of her deemed interest in the shares held by N.S. Hong Investment (BVI) Limited.

Ng Swee Hong holds a total of 312,353,027 shares by virtue of his deemed interest in the shares held by Ng Swee Hong Holdings (BVI) Limited.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Clamford Holding Limited	308,637,027	62.95
2.	Millennium Securities Pte Ltd	19,063,998	3.89
3.	DB Nominees (S) Pte Ltd	5,268,000	1.07
4.	UOB Kay Hian Pte Ltd	4,455,649	0.91
5.	OCBC Securities Private Ltd	4,290,000	0.87
6.	Kwek Leng Beng	4,220,000	0.86
7.	Phillip Securities Pte Ltd	3,804,596	0.78
8.	HL Bank Nominees (S) Pte Ltd	3,400,000	0.69
9.	Raffles Nominees Pte Ltd	2,885,000	0.59
10.	Kim Eng Ong Asia Securities Pte Ltd	2,855,000	0.58
11.	Fong Lit Lee David	2,450,000	0.50
12.	United Overseas Bank Nominees Pte Ltd	2,213,998	0.45
13.	HSBC Republic Bank (Suisse) SA	2,000,000	0.41
14.	DBS Vickers Securities (S) Pte Ltd	1,767,499	0.36
15.	Ng Eng Seng	1,718,499	0.35
16.	Wu Gwanying	1,515,000	0.31
17.	Citibank Consumer Nominees Pte Ltd	1,485,000	0.30
18.	Hong Leong Finance Nominees Pte Ltd	1,222,000	0.25
19.	Bank of East Asia Nominees Pte Ltd	936,000	0.19
20.	DBS Nominees Pte Ltd	900,000	0.18
	Total	375,087,266	76.49

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

36.29% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.



SHAREHOLDERS' INFORMATION

WARRANTHOLDERS' INFORMATION AS AT 7 JULY 2003

No. of Warrants	:	122,573,125
Expiry Date of Warrants	:	20 June 2005
No. of Warrants Exercised	:	Nil

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrantholdings	Number of Warrantholders		Number of Warrants	
		%		%
1 – 999	482	15.86	246,373	0.20
1,000 – 10,000	2,092	68.86	8,138,625	6.64
10,001 – 100,000	458	15.08	28,084,252	22.91
1,000,001 And above	6	0.20	86,102,375	70.25
Total	3,038	100.00	122,571,625	100.00

SUBSTANTIAL WARRANTHOLDERS

as recorded in the Register of Warrantholders

	Direct Interest		Deemed Interest	
		%		%
Clamford Holding Limited	76,127,375	62.11	929,000	0.76
Pacific Andes International Holdings Limited	-	-	77,056,375	62.87
N.S. Hong Investment (BVI) Limited	-	-	77,056,375	62.87
Ng Joo Puay, Frank	-	-	77,056,375	62.87
Teh Hong Eng	-	-	77,056,375	62.87
Pacific Innovation (BVI) Limited	-	-	77,056,375	62.87
Ng Puay Yee	-	-	77,056,375	62.87
Ng Swee Hong Holdings (BVI) Limited	-	-	77,056,375	62.87
Ng Swee Hong	-	-	77,056,375	62.87
New Venture (BVI) Limited	-	-	77,056,375	62.87
Ng Joo Siang	-	-	77,056,375	62.87

Notes:

Deemed interest of 929,000 warrants of Clamford Holding Limited comprises the following:

Name	No. of warrants
Millennium Securities Pte Ltd	882,550
G.K. Goh Securities Pte Ltd	46,450

SHAREHOLDERS' INFORMATION

SUBSTANTIAL WARRANTHOLDERS – continued

Notes: – continued

Pacific Andes International Holdings Limited holds a total of 77,056,375 warrants by virtue of its deemed interest in the warrants held by Clamford Holding Limited.

N.S. Hong Investment (BVI) Limited holds a total of 77,056,375 warrants by virtue of its deemed interest in the warrants held by Pacific Andes International Holdings Limited.

Teh Hong Eng, Ng Joo Siang and Ng Joo Puay, Frank is deemed interested in the 77,056,375 warrants by virtue of their family interests in the warrants held by N.S. Hong Investment (BVI) Limited.

New Venture (BVI) Limited holds a total of 77,056,375 warrants by virtue of its deemed interest in the warrants held by N.S. Hong Investment (BVI) Limited.

Ng Swee Hong Holdings (BVI) Limited holds a total of 77,056,375 warrants by virtue of its deemed interest in the warrants held by N.S. Hong Investment (BVI) Limited.

Pacific Innovation (BVI) Limited holds a total of 77,056,375 warrants by virtue of its deemed interest in the warrants held by N.S. Hong Investment (BVI) Limited.

Ng Puay Yee holds a total of 77,056,375 warrants by virtue of her deemed interest in the warrants held by N.S. Hong Investment (BVI) Limited.

Ng Swee Hong holds a total of 77,056,375 warrants by virtue of his deemed interest in the warrants held by Ng Swee Hong Holdings (BVI) Limited.

TWENTY LARGEST WARRANTHOLDERS

No.	Name	Number of Warrants	%
1.	Clamford Holding Limited	76,127,375	62.11
2.	Millennium Securities Pte Ltd	5,016,000	4.09
3.	OCBC Securities Private Ltd	1,573,250	1.28
4.	Phillip Securities Pte Ltd	1,293,500	1.06
5.	Kwek Leng Beng	1,055,000	0.86
6.	Raffles Nominees Pte Ltd	1,037,250	0.85
7.	Oh Eng Chong	1,000,000	0.82
8.	Chua Chee Keong	898,000	0.73
9.	Leow Kim How	660,000	0.54
10.	Fong Lit Lee David	612,500	0.50
11.	DBS Vickers Securities (S) Pte Ltd	605,875	0.49
12.	Mayban Nominees (S) Pte Ltd	593,000	0.48
13.	Hong Leong Finance Nominees Pte Ltd	564,000	0.46
14.	Lim & Tan Securities Pte Ltd	545,000	0.44
15.	Tay Han Tung	524,000	0.43
16.	UOB Kay Hian Pte Ltd	483,875	0.39
17.	Kim Eng Ong Asia Securities Pte Ltd	467,500	0.38
18.	Lim Ser Heng	450,000	0.37
19.	Lee Cheow Yin	400,000	0.33
20.	Wu Gwanying	378,750	0.31
	Total	94,284,875	76.92



NOTICE OF EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of Pacific Andes (Holdings) Limited ("the Company") will be held at Enterprise Room, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882 on Monday, 18 August 2003 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 March 2003 together with the Auditors' Report thereon. (Resolution 1)
2. To declare a first and final dividend of Singapore 1.1 cents per ordinary share (tax exempt), totalling S\$5,393,234 for the year ended 31 March 2003. (2002: S\$4,902,925) (Resolution 2)
3. To re-elect the following Directors retiring pursuant to Bye-Law 105 of the Company's Bye-laws:

Dr Ong Chit Chung	(Resolution 3)
Mdm Teh Hong Eng [See Explanatory Note (i)]	(Resolution 4)
Mr Ng Joo Siang [See Explanatory Note (ii)]	

Dr Ong Chit Chung will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the 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 2003. (2002: S\$71,500). (Resolution 5)
5. To re-appoint Messrs Deloitte & Touche 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.



NOTICE OF EIGHTH ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

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

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors be empowered to allot and issue shares and convertible securities in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law or the Bye-Laws of the Company to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities. [See Explanatory Note (iii)]

(Resolution 7)

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

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

(Resolution 8)

By Order of the Board

Yvonne Choo
Busarakham Kohsikaporn
Secretaries

Singapore, 25 July 2003





NOTICE OF EIGHTH ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Ms Ng Puay Yee is Alternate Director to Mdm Teh Hong Eng. Upon the re-election of Mdm Teh, Ms Ng will ipso facto remain as Alternate Director to Mdm Teh.
- (ii) The Company has received notice from Mr Ng Joo Siang that he will not stand for re-election. In view of this, there is no need for shareholders to vote on Mr Ng's re-election.
- (iii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this Resolution would not exceed fifty per centum (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the issued capital of the Company.

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

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

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 signed and 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 26 August 2003 to 27 August 2003 (both dates inclusive) for the preparation of divided 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 25 August 2003 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. 25 August 2003 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 18 August 2003 will be made on 10 September 2003.