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PACIFIC ANDES (HOLDINGS) LIMITED

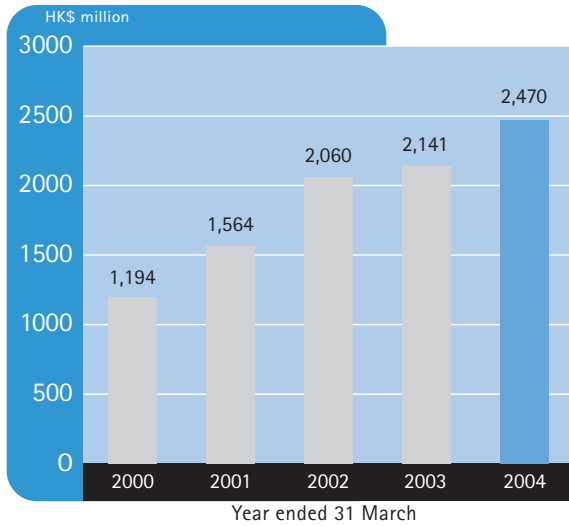
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ABOUT PACIFIC ANDES (HOLDINGS) LIMITED

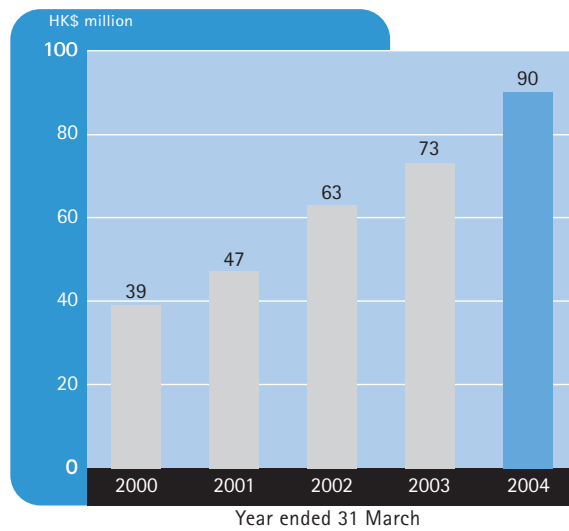
Pacific Andes is primarily engaged in the global sourcing, transportation and supply of frozen seafood products to the international market. These products are purchased from all over the world and exported mainly to the PRC.

FINANCIAL HIGHLIGHTS



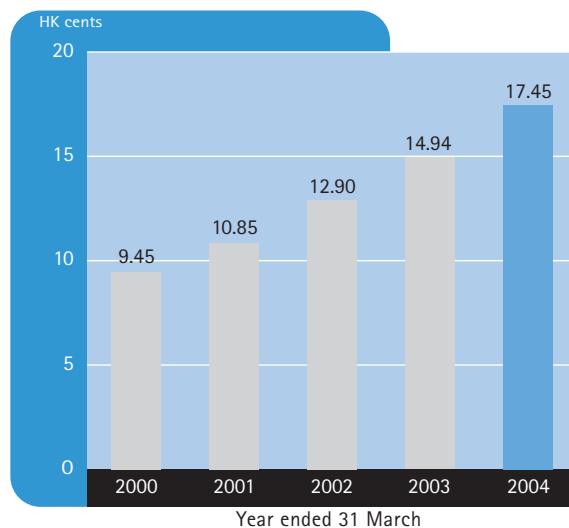
Turnover

Turnover rose 15.4% to HK\$2.47 billion reflecting the rising demand for frozen fish in China.



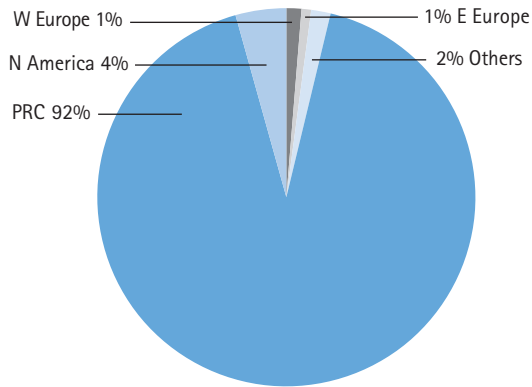
Profit Attributable to Shareholders

Corresponding to the more vibrant business environment, the Group's net profit after tax rose 23.3% to HK\$90.35 million.



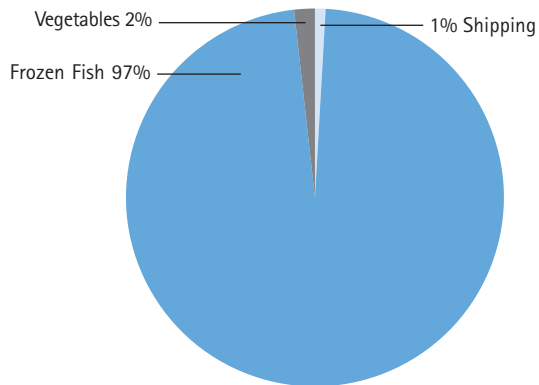
Basic Earnings Per Share

Basic Earnings per share rose from HK14.9 cents to HK17.5 cents reflecting the higher profitability of the Group in FY2004.



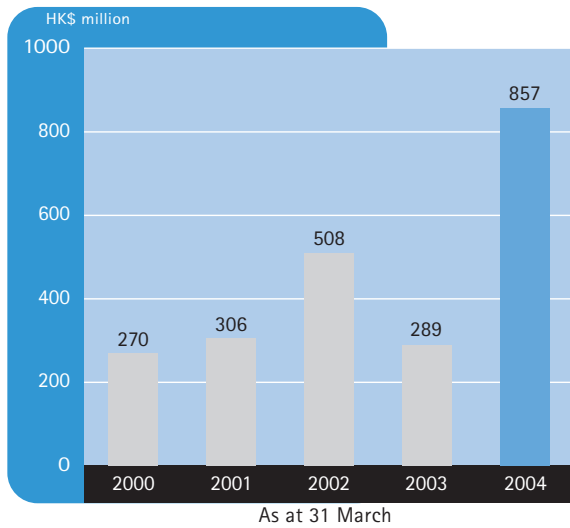
Turnover by Geographical Mix

China continues to dominate as the major sales contributor accounting for about 91.9% of the Group's total turnover.



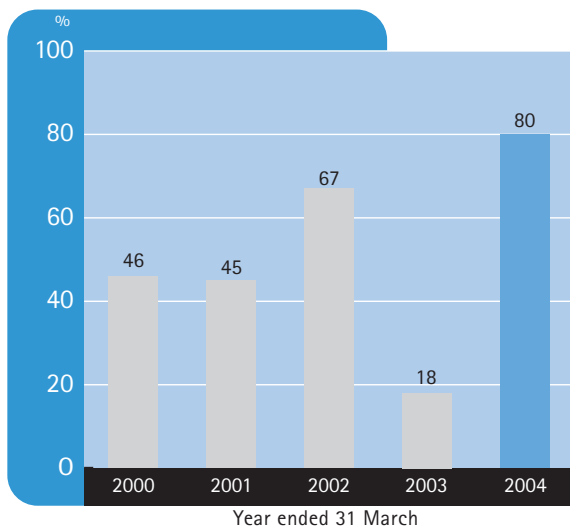
Turnover by Product Mix

By product category, the largest sale contribution was from the sales of frozen fish that comprises about 97.3% of the Group's aggregate sales. The sales of vegetables also picked up in FY2004 rising about 9% relative to the previous financial year.



Borrowings

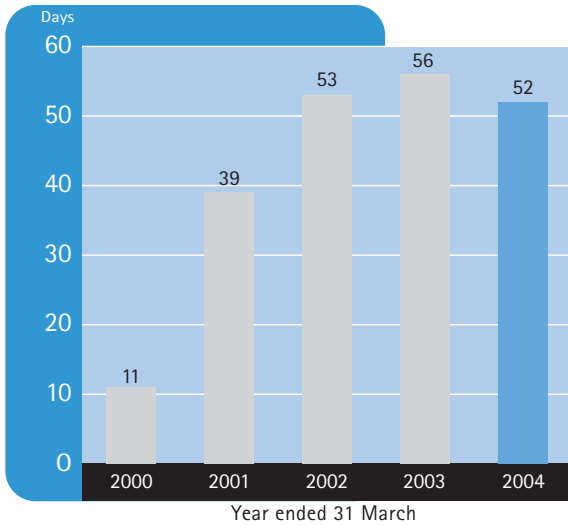
Net bank borrowings rose HK\$567.1 million due to the temporary surge in accounts receivables that resulted from the delay in the fishing season in the final quarter of FY2004.



Net Debt to Equity Ratio

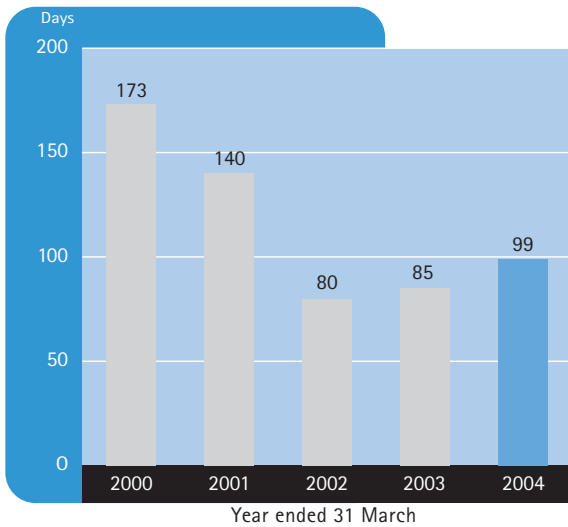
The rise in net debt to equity ratio reflects the temporary surge in bank borrowings used to fund working capital needs caused by the delay in the fishing season in March 2004.

FINANCIAL HIGHLIGHTS



Stock Turnover

Stock turnover declined slightly from 56 days to 52 days as a result of the high demand for frozen fish in the China market.



Debtors Turnover

Debtors turnover period increased from 85 days to 99 days. The sharp increase was due to the Russian government revamped its fishing quota allocation system, which delayed the fishing season and correspondingly our sourcing operation. Normally in full swing in January, the major portion of our sourcing activities could only commence in March this year. In turn, our sales activities were delayed and hence letters of credit and payments from customers for frozen fish orders could not be booked as sales for the year into our accounts but mostly accounts receivables, causing a temporary surge in the accounts receivables of the Group.

A MESSAGE TO SHAREHOLDERS

A Review of the 2004 Financial Year

The 2004 financial year marks another profitable year for Pacific Andes (Holdings) Ltd ("PAH" or "the Group"). By the close of the financial year, the Group registered a set of sterling performance that is congruent with our performance over the last five consecutive years. Our net profit after tax rose 23.3% to HK\$90.35 million on the back of a 15.4% increase in our turnover that rose to HK\$2.47 (S\$533 million) from HK\$2.14 million (S\$485 million) in the previous financial year.

The primary contributors to PAH's performance in FY2004 were the soaring sales of fish into the Chinese market and this is evidenced by the rising contribution delivered by our operations in the People's Republic of China ("PRC" or "China"). The growing affluence in China's population and their rising purchasing power coupled with increasing emphasis on the importance of a healthy lifestyle will continue to shift the dietary habits of consumers in the country. Corresponding to this trend, the per capita seafood consumption in China is expected to escalate further as the country shifts from a traditional meat consumer into a fish and seafood consumer. With a population in excess of one billion people, China will remain an important geographic area for our Group's operations.

Generally, 2004 has been a relatively smooth year as we continue to expand our market share for the supply of frozen fish into the country. Operationally, our business was healthy despite the slight disruption in the fourth quarter of the financial year due to the delay in the commencement of the fishing season. Growth in the first three quarters of the year was relatively steady with turnover growth averaging from 15% to 26%. Towards the final quarter, the delay in the allocation of fishing quota by the Russian government delayed the commencement of the fishing operations to between February and the end of March 2004. This delay invariably affected the sourcing activities of the Group in the 4th quarter of FY2004. Hence, unlike previous years when our sourcing activities commenced in January, this year the major portion of our sourcing activities only commenced during March. This delayed left a chain impact on our operations whereby sales activities were delayed and subsequently customers were unable to issue letters of credit or make payments to us on time. As a result, most of the sales for this season were thereafter booked into our accounts receivables thereby causing a temporary surge in the accounts receivables balance at the end of the year. Responding to this unexpected but temporary phenomena, we quickly shifted our funding strategy. Short-term bank borrowings were immediately mobilized to fund our accounts receivables needs during this period.

The net impact of the abovementioned event in the final quarter of the year is the temporary surge in both the trade and bills receivables, which rose 44% from HK\$554 million (S\$119.5 million) to HK\$815 million (S\$176.0 million). Accompanying this is a corresponding increase in the net bank borrowings by HK\$567.5 million (S\$122.5 million) as at the end of the financial year.

With this experience behind us, it further reinforces the importance of the Group's decision to expand our sources of fish supply to mitigate the impact of unexpected government interventions. In January 2004, PAH entered into a venture with China International Fisheries Hong Kong Limited ("CIFHK"), an overseas subsidiary of CNFC International Fisheries Limited ("CIFIC"), to form Zhonggang Fisheries Limited ("Zhonggang"). PAH held a 70% equity stake in Zhonggang and the balance of the 30% equity are held by CIFHK. Headquartered in Beijing, CNFC is a state-owned national fishing corporation in China that operates more than 240 fishing vessels around the world.

The new company, Zhonggang will pave the way for PAH to further tap into the rapidly growing demand for frozen fish in China. To PAH, the joint venture will give us access to new sources of fish and at the same time serves as a conduit through which the Group can make further investments to expand the fishing fleet and inject knowledge and management skills into the new company.

Pursuant to our latest initiative, the Group subsequently through Zhonggang entered into a conditional sales and purchase agreement to acquire a 49.9% equity stake in China Fisheries International Limited ("CFIL"), a company engaged in fishing and provision of fishing management services for fishing vessels. With management based in China, Taiwan and countries in the Middle East, Africa and South East Asia, CFIL operates and manages 36 fishing vessels with a total gross tonnage of about 42,000 metric tons in the Indian, Atlantic and Pacific Oceans. This acquisition marks a strategic move by PAH to enlarge the supply of new fish species that it can supply to the other parts of the world. In addition to securing new sources of fish supply, this strategy is also aimed at the helping the Group to enhance our business margins.

Segmental Analysis

Geographically China continues to dominate as the largest revenue contributor for the Group. Accounting for 91.9% of the Group's aggregate revenue, contribution from the Chinese market totaled approximately HK\$2.27 billion (S\$490 million) in FY2004. The balance of the 8.1% comprise sales contributions from countries like Eastern and Western Europe, North America and other countries into which the Group sells.

By product category, the largest sales contribution was from the sales of frozen fish that comprises about 97.3% of the Group's aggregate sales. The sale of vegetables also picked up in FY2004 registering a 9.0% revenue growth. For the year under review, revenue contributions from vegetables rose from HK\$40.05 million (S\$9.1 million) to HK\$43.64 million (S\$9.4 million). Together the sale of frozen fish and vegetables comprises about 99.10% of the Group's turnover in FY2004. The balance comprises contribution from shipping services.

The Prospects Ahead

In the year ahead, the Group expects to remain profitable as it achieves further growth. The sale of frozen fish into China will continue to dominate as a major revenue generator. As the country develops and disposable income rises, the demand for fish will continue to grow. According to the most recent FAO trade statistics for 2002, China as a major operator in the international markets is now the eighth largest importer of fish. In 1997, China accounted for about 36% of the global consumption of fish compared to 11% in 1973 reflecting the trend where countries with rapid population growth, rapid income growth and urbanisation tend to exhibit the greatest increases in the consumption of fish products.

With its sourcing strategy in place through its investment in Zhonggang, the Group is now poised to garner a larger share of the rapidly growing frozen fish market in China. This will pave the way for a new phase of corporate growth for PAH as we integrate our capabilities across the supply chain.

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. 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.

For the financial year ended 31 March 2004, the Board recommends a first and final cash dividend of 1.25 Singapore cents per ordinary share subject to the approval of the shareholders at the forthcoming annual general meeting.

Ng Swee Hong
Chairman

Ng Joo Puay
Managing Director

Executive Directors

Mr Ng Joo Puay, Frank, 41, is the managing director of the Company. He is responsible for overall corporate policy making, corporate strategic planning, development and investment. Mr Ng graduated from Loyola University in New Orleans, Louisiana, in the U.S., majoring in business administration. He has over 15 years experience in the seafood trading business. Prior to joining the Company in 1987, Mr Ng was the trading manager of a fish trading company in Taiwan for three years.

Madam Teh Hong Eng, 68, is the executive director of the Company responsible for general administration and strategic planning. She joined the Group in 1986 and has over 27 years experience in administration and financial investments. Madam Teh was last re-elected a Director on 18 August 2003.

Mr Ng Joo Kwee, 43, 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 and was last re-elected a Director on 20 August 2002.

Mr Cheng Nai Ming, 40, 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. Mr Cheng was last re-elected a Director on 20 August 2002.

Non-Executive Directors

Mr Ng Swee Hong, 69, is the founder of the Company, and served as Chairman until September 1995. Mr Ng advises on overall policy of the Group and has over 40 years experience in the trading of commodities and other products, including more than 20 years experience in the seafood business. Mr Ng was re-appointed as the Chairman of the Company on 15 March 2002.

Dr Ong Chit Chung, 55, is an independent director of the Company and is the 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. Dr Ong was last re-elected a Director on 18 August 2003.

Mr Bertie Cheng Shao Shiong, 67, is 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 POS Bank in July 1997. He is now the Group Managing Director of Thomson Medical Group. He also sits on the Boards of several companies. Mr Cheng was last re-elected a Director on 31 August 2001.

Alternate Directors

Miss Ng Puay Yee, Jessie, 31, 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, 34, 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 to joining the Group in 1995, he was working with an international accounting firm for more than four years.

CORPORATE INFORMATION

Board of Directors

Executive

Ng Joo Puay, Frank, *Managing Director*
Teh Hong Eng
Ng Joo Kwee
Cheng Nai Ming
Ng Joo Siang (Retired on 18 August 2003)

Non-Executive

Ng Swee Hong, *Chairman*
Dr Ong Chit Chung (*Independent*)
Bertie Cheng Shao Shiong (*Independent*)

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 Secretary

Hazel Chia Luang Chew

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

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

Principal Office

Hong Kong Plaza
Rooms 3201-3212 and 3215
188 Connaught Road West
Hong Kong
Tel: 852-2547 0168
Fax: 852-2858 2764
E-mail: ir@pacificandes.com

Singapore Office

39 Carpenter Street,
2nd Floor,
Singapore 059918

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
Tel: 65-6536 5355
Fax: 65-6536 1360

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2004.

Directors

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

Executive directors:

Ng Joo Puay, Frank (*Managing Director*)

Teh Hong Eng

Ng Joo Kwee

Cheng Nai Ming

Ng Puay Yee

Chan Tak Hei

Ng Joo Siang

(Alternate director to Teh Hong Eng)

(Alternate director to Ng Joo Kwee)

(Retired on 18 August 2003)

Non-executive directors:

Ng Swee Hong (*Chairman*)

Ong Chit Chung

Bertie Cheng Shao Shiong

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

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

Share Capital and Debentures

Details of movements in the share capital of the Company are set out in Note 24 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 except for the options mentioned below.

Directors' Interests in Shares or Debentures

(i) Shares in the Company

At 21 April 2004, 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 Puay Yee	310,934,027

Note: These shares are held directly by Clamford Holding Limited and indirectly by Pacific Andes International Holdings Limited. Ng Swee Hong, Ng Joo Puay, Frank, Teh Hong Eng 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 holding office at the end of the financial year has any interest in the share capital of the Company.

Other than as disclosed in this report, at 21 April 2004, none of the directors or their respective associates had any personal, family, corporate or other interests in any securities or debentures of the Company or any of its related corporations, and none of the directors or their respective spouses or children under 18 had any arrangement to subscribe for the securities of the Company, or had exercised any such arrangement during the year.

(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>(2,000,000)</u>	<u>4,000,000</u>
Ng Puay Yee	1.1168	11 July 1999 to 10 July 2005	600,000	–	600,000
Chan Tak Hei	0.9440	25 October 1998 to 24 October 2003	200,000	(200,000)	–

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

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 and Cheng Nai Ming.
- (iii) Participants of the 2001 Scheme are detailed below:
- (a) Directors and employees of the Company and its subsidiaries

<i>Participants of the Scheme</i>	<i>Options granted during the financial year</i>	<i>Aggregate options granted since commencement of the 2001 Scheme to end of financial year</i>	<i>Aggregate options exercised since commencement of the 2001 Scheme to end of financial year</i>	<i>Aggregate options outstanding at</i>	
		<i>No. of Shares</i>	<i>No. of Shares</i>	<i>At 31 March 2004</i>	<i>21 April 2004</i>
Ong Chit Chung	-	800,000	(800,000)	-	-
Bertie Cheng Shao Shiong	-	800,000	-	800,000	800,000
	-	1,600,000	(800,000)	800,000	800,000

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

- (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 ordinary shares over which options may be granted pursuant to the 2001 Scheme, when added to the number of ordinary 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.

Options Over Shares of the Company – continued

(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 or the number of Shares.

(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.

Directors' Interest in Contracts of Significance

Other than as disclosed in Note 32 to the financial statements and Report on Corporate Governance, there was no contract of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, existing at the end of the year or at any time during the year.

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

29 June 2004



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 27 to 61 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 2004 and of the results, changes in equity and 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

29 June 2004

REPORT ON 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 for 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 four times in FY2004.

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 2003 to 31 March 2004) 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	4	2	N/A	N/A	N/A	N/A	N/A	N/A
Ng Joo Puay	4	3	N/A	N/A	N/A	N/A	N/A	N/A
Teh Hong Eng (Alternate: Ng Puay Yee)	4	3	N/A	N/A	N/A	N/A	N/A	N/A
Ng Joo Siang (Retired on 18 August 2003)	4	1	N/A	N/A	N/A	N/A	N/A	N/A
Ng Joo Kwee (Alternate: Chan Tak Hei)	4	4	N/A	N/A	N/A	N/A	N/A	N/A
Cheng Nai Ming	4	3	4	3	1	1	1	1
Ong Chit Chung	4	4	4	4	1	1	1	1
Bertie Cheng Shao Shiong	4	4	4	4	1	1	1	1

N/A Not applicable

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 business 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 4 executive directors, 3 non-executive directors and 2 alternate directors. Two of the 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 9 and 10 (Directors' Profile) of this report.

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 12 (Report of the Directors) of this report. Their profiles are disclosed on page 11 (Corporate Information) and pages 9 and 10 (Directors' Profile) of this report.

Board of Directors – continued

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 have any queries on the affairs of the Group.

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.

The company secretary attends 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 of 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 9 and 10 (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

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 quarterly, 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 terms of reference;
- (3) has had full access to an 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 41 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”) 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 scheme 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.

Details of the Company's share option scheme are disclosed on pages 53 and 54 of the Annual Report.

Board Committees – continued

Remuneration

Other than Ng Swee Hong, each of the Executive Directors, namely, Ng Joo Puay, Frank, Teh Hong Eng, 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).

Principal 9: Disclosure on Remuneration

The Board is of the view that disclosure of individual director's remuneration by name and disclosure of remuneration of the top 5 key executives (who are not directors) would not be in the interest of the Company due to the confidential nature of such information and for competitive reasons.

A breakdown showing the level and mix of directors' remuneration for the year ended 31 March 2004 is disclosed on page 42 of the report.

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") 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);
- (e) assess the effectiveness of the Board and the academic and professional qualifications of each individual director; and
- (f) review and recommend Directors who will be retiring by rotation, and to be re-elected at each Annual General Meeting.

Board Committees – continued

In accordance with the Code of Corporate Governance and the Company's Bye-laws, each Director (other than the Chairman and/or Managing Director) will have to retire at least once every three years by rotation and all newly appointed Directors will have to retire at the next Annual General Meeting. The retiring Directors are eligible to offer themselves for re-election. The Nominating Committee had recommended the re-appointment of two Directors, Mr Bertie Cheng Shao Shiong and Mr Ng Joo Kwee, at the forthcoming Annual General Meeting. The Board has also accepted the Nominating Committee's recommendation, and Mr Bertie Cheng Shao Shiong and Mr Ng Joo Kwee will be offering themselves for re-election.

No formal assessment of the Board was conducted in FY2004, however, the attendance and participation of each director at 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 FY2005.

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 FY2005.

Principle 10: Accountability

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

The Board is accountable to the shareholders and the Company is in regular, effective and fair communication with shareholders. The Company has invested in external & internal resources to ensure timely, fair and detailed disclosure of information is made to the public in compliance with SGX-ST 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 has made quarterly report of its financial results since 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 dealing 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 ("IPTs") and Shareholders' Mandate

The Company has also announced the IPTs entered into by the Company during the financial year ended 31 March 2004, pursuant to the Shareholders' Mandate approved by the shareholders at the Special General Meeting ("SGM") held on 18 August 2003. The announcement was made on 24 May 2004.

The IPTs as disclosed in Note 32 to the financial statements have been reviewed and approved by the Audit Committee.

The current Shareholders' Mandate will be expiring on 29 July 2004, 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 SGM to be held on 29 July 2004, 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.

Material Contracts

No material contracts of the Company or its subsidiaries involving the interests of the Chairman or any Director or controlling shareholders subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

Risk Management Policies and Processes

The Company does not have a Risk Management Committee. However, the management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.



REPORT OF THE AUDITORS

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

We have audited the accompanying financial statements of Pacific Andes (Holdings) Limited set out on pages 27 to 61 for the financial year ended 31 March 2004. 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 the 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 consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2004 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

DELOITTE & TOUCHE
Certified Public Accountants

Wong-Yeo Siew Eng
Partner

Singapore
29 June 2004

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2004

	NOTES	THE GROUP	
		2004 HK\$'000	2003 HK\$'000
Revenue	3	2,470,000	2,141,286
Cost of sales		(2,276,356)	(1,967,274)
Gross profit		193,644	174,012
Other operating income	4	2,505	6,313
Selling and distribution expenses		(17,791)	(20,199)
Administrative expenses		(44,082)	(47,553)
Other operating expenses		(795)	(194)
Profit from operations	5	133,481	112,379
Finance costs	6	(40,688)	(38,160)
		92,793	74,219
Share of results of associates		74	-
Profit before taxation		92,867	74,219
Taxation	8	(2,521)	(966)
Net profit for the year		90,346	73,253
Proposed dividend	9	30,115	23,815
Earnings per share	10		
Basic		17.45 cents	14.94 cents
Diluted		16.05 cents	14.88 cents

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

BALANCE SHEETS

As at 31 March 2004

	NOTES	THE GROUP		THE COMPANY	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	49,819	55,601	-	-
Investment properties	12	19,800	19,800	-	-
Interests in subsidiaries	13	-	-	791,993	701,045
Interests in associates	14	77	-	-	-
Other assets	15	2,728	2,728	-	-
		<u>72,424</u>	<u>78,129</u>	<u>791,993</u>	<u>701,045</u>
CURRENT ASSETS					
Inventories	16	325,565	300,166	-	-
Trade receivables	17	687,477	498,830	-	-
Trade receivables with insurance coverage	18	136,487	76,310	-	-
Other receivables and prepayments	19	265,938	149,449	-	225
Advances to suppliers	20	-	5,040	-	-
Bills receivable		127,526	55,618	-	-
Bank balances and cash		187,360	159,134	46	6
		<u>1,730,353</u>	<u>1,244,547</u>	<u>46</u>	<u>231</u>
TOTAL ASSETS		<u>1,802,777</u>	<u>1,322,676</u>	<u>792,039</u>	<u>701,276</u>
CURRENT LIABILITIES					
Trade payables		35,235	226,959	-	-
Other payables		21,181	20,979	-	-
Tax liabilities		359	621	-	-
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	21	1,200	2,487	-	-
Bank advances drawn on discounted trade receivables with insurance coverage		46,423	76,915	-	-
Current portion of interest-bearing bank borrowings	22	851,790	283,583	-	-
		<u>956,188</u>	<u>611,544</u>	<u>-</u>	<u>-</u>
NET CURRENT ASSETS		<u>774,165</u>	<u>633,003</u>	<u>46</u>	<u>231</u>
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	22	5,202	5,867	-	-
Deferred taxation	23	144	-	-	-
		<u>5,346</u>	<u>5,867</u>	<u>-</u>	<u>-</u>
MINORITY INTEREST		<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>841,220</u>	<u>705,265</u>	<u>792,039</u>	<u>701,276</u>
CAPITAL AND RESERVES					
Share capital	24	463,024	417,956	463,024	417,956
Reserves		378,196	287,309	329,015	283,320
		<u>841,220</u>	<u>705,265</u>	<u>792,039</u>	<u>701,276</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2004

	Share capital HK\$'000	Share premium HK\$'000	Revaluation reserve HK\$'000	Exchange translation reserve HK\$'000	Goodwill HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
THE GROUP							
Balance at 1 April 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 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	417,956	-	33	(18)	(24,883)	312,177	705,265
Shares issued at premium	44,340	25,939	-	-	-	-	70,279
Shares issue expenses	-	(1,667)	-	-	-	-	(1,667)
Exercise of option	704	-	-	-	-	-	704
Exercise of warrant	24	-	-	-	-	-	24
Net profit for the year	-	-	-	-	-	90,346	90,346
Final dividend of S\$0.011 per ordinary share in respect of 2003	-	-	-	-	-	(23,731)	(23,731)
Balance at 31 March 2004	<u>463,024</u>	<u>24,272</u>	<u>33</u>	<u>(18)</u>	<u>(24,883)</u>	<u>378,792</u>	<u>841,220</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 2004

	2004 HK\$'000	2003 HK\$'000
Operating activities		
Profit before income tax and share of results of associates	92,793	74,219
Adjustments for:		
Interest expense	40,688	38,160
Interest income	(765)	(1,308)
Depreciation expenses	6,819	18,741
Loss (gain) on disposal of property, plant and equipment	11	(178)
Gain on disposal of subsidiaries	-	(400)
Deficit arising on revaluation of land and buildings	795	194
Operating cash flows before movements in working capital	140,341	129,428
Inventories	(25,399)	(29,015)
Trade receivables, other receivables and prepayments	(365,313)	(17,810)
Advances to suppliers	5,040	50,929
Bills receivable	(71,908)	(55,618)
Bank advances drawn on discounted trade receivables with insurance coverage	(30,492)	(22,964)
Trade and other payables	(191,522)	203,457
	(539,253)	258,407
Long-term receivable	-	6,435
Cash (used in) generated from operations	(539,253)	264,842
Interest paid	(40,688)	(38,160)
Income tax paid	(2,639)	(1,044)
Net cash (used in) from operating activities	(582,580)	225,638
Investing activities		
Interest received	765	1,308
Purchase of property, plant and equipment	(1,848)	(1,999)
Proceeds on disposal of property, plant and equipment	5	9,104
Acquisition of interests in associates	(3)	-
Net cash inflow arising on disposal of subsidiaries (Note 27)	-	45,417
Net cash (used in) from investing activities	(1,081)	53,830
Financing activities		
Dividend paid	(23,731)	(21,847)
Issue of ordinary shares	71,007	2
Shares issue expenses	(1,667)	-
Net cash advance from Pacific Andes International Holdings Limited and its subsidiaries	(1,287)	(34,623)
Capital contributed by minority shareholder	23	-
Bank borrowings raised (repaid)	567,057	(123,918)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2004

	2004 HK\$'000	2003 HK\$'000
Net cash from (used in) financing activities	611,402	(180,386)
Net increase in cash and cash equivalents	27,741	99,082
Cash and cash equivalents at beginning of the year	159,119	60,029
Effect of translation difference	-	8
Cash and cash equivalents at end of the year	<u>186,860</u>	<u>159,119</u>
Being:		
Bank balances and cash	187,360	159,134
Bank overdrafts (<i>Note 22</i>)	(500)	(15)
	<u>186,860</u>	<u>159,119</u>

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 2004

1. General

The Company is an exempted company incorporated in Bermuda with limited liability. Its registered office is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business is in Hong Kong. The Company's shares and warrants 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 33.

These financial statements are presented in Hong Kong dollars consistent with the reporting currency of its holding companies. The measurement currency is Hong Kong dollars as the majority of the Company's and Group's transactions are denominated in Hong Kong dollars.

The number of employees in the Group and the Company at 31 March 2004 were 592 (2003: 774) and 5 (2003: 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 29 June 2004.

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 the Singapore Financial Reporting Standards ("FRS") including related interpretations ("INT FRS") promulgated by the Council on Corporate Disclosure and Governance ("CCDG").

Previously, the Company and the Group prepared their financial statements in accordance with Singapore Statements of Accounting Standard ("SAS"). The adoption of FRS does not have any material impact on the accounting policies and figures presented in the financial statements for the financial year ended 31 March 2003.

2. Significant Accounting Policies – continued

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 interest of minority shareholder is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant intercompany transactions and balances within the Group are eliminated on consolidation. Where a group enterprise transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Associates are entities over which the Group exercises significant influence, through participation in the financial and operating policy decisions of the investee. The equity method of accounting is used.

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 proportionate basis by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.

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 with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the 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 accumulated profits.

2. Significant Accounting Policies – continued

Property, plant and equipment – continued

Construction in progress is stated at cost less identified impairment losses which includes all development expenditure and other direct costs, and borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is not depreciated until completion of construction and the relevant assets have been put into commercial use. Cost on completed construction work is transferred to the appropriate category of property, plant and equipment.

Property, plant and equipment other than revalued assets and construction in progress 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 down the cost of vessels to their estimated residual values over their estimated useful lives at 20% per annum, using the straight-line method.

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 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 accumulated profits.

2. Significant Accounting Policies – continued

Investments

Unquoted investments (including shares in subsidiaries and associates) held for long-term purposes are stated in the Company's balance sheet at cost, less any impairment in net recoverable value.

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 translation

All books and records of the Company 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.

For inclusion in the consolidated financial statements, the assets and liabilities of foreign entities (subsidiaries and associates) are translated at rates of exchange approximating those ruling at balance sheet date. The income 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 exchange translation reserve. On disposal of a foreign entity, the accumulated exchange translation differences are recognised in the income statement as part of the profit or loss on disposal.

2. Significant Accounting Policies – continued

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 or associate 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 FRS 22 – Business Combinations. 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 FRS 22. The gain or loss on disposal of a subsidiary includes the unamortised balance of goodwill relating to the entity disposed of. Any goodwill recognised in shareholders' equity is taken to accumulated profits on disposal of the subsidiary.

Negative goodwill represents the excess of fair value of the Group's share of the net identifiable 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 review the carrying amounts of their 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 group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset/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.

2. Significant Accounting Policies – continued

Financial assets

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

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities include trade and other payables, bank borrowings and overdrafts, and amounts due to Pacific Andes International Holdings Limited and its subsidiaries. Trade and other payables are stated at their nominal value. Bank borrowings and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance costs are accounted for on an accrual basis (effective yield method) and are added to the carrying amount of the 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 obligations 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

Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit except that a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of realisation in the foreseeable future.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when 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.

2. Significant Accounting Policies – continued

Retirement benefits scheme

Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund) are charged as an expense when incurred.

Share options

Share options are not recorded as expenses. When exercised, the exercise price is allocated between share capital and share premium accordingly.

Cash

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

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.

3. Revenue and Segment Information – continued

Business segments – continued

Information on business segments are presented below:

	Sales of seafood		Shipping and agency service income		Sales of vegetables		Total	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
THE GROUP								
Revenue	2,403,984	2,084,922	22,378	16,317	43,638	40,047	2,470,000	2,141,286
Segment result	174,126	154,247	(366)	841	4,598	5,038	178,358	160,126
Administrative expenses							(44,082)	(47,553)
Other operating expenses							(795)	(194)
Profit from operations							133,481	112,379
Finance costs							(40,688)	(38,160)
Share of results of associates	74	-	-	-	-	-	74	-
Taxation							(2,521)	(966)
Net profit for the year							90,346	73,253
BALANCE SHEET								
Segment assets	1,746,881	1,260,004	11,670	17,145	44,226	45,527	1,802,777	1,322,676
Segment liabilities	951,960	615,815	6,283	-	2,788	975	961,031	616,790
Unallocated corporate liabilities							503	621
Consolidated total liabilities							961,534	617,411
OTHER INFORMATION								
Capital expenditure	4	33	-	-	1,844	1,966	1,848	1,999
Depreciation	1,557	2,491	111	10,516	5,151	5,734	6,819	18,741
Interests in associates	77	-	-	-	-	-	77	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

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	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Hong Kong and other regions in the People's Republic of China	2,269,746	1,881,465	1,536,917	840,466	1,848	1,999
North America	107,133	171,186	15,244	36,560	-	-
Western Europe	31,691	28,789	9,560	9,011	-	-
Eastern Europe	20,313	16,317	238,308	407,683	-	-
Others	41,117	43,529	2,748	28,956	-	-
	<u>2,470,000</u>	<u>2,141,286</u>	<u>1,802,777</u>	<u>1,322,676</u>	<u>1,848</u>	<u>1,999</u>

4. Other Operating Income

Other operating income comprises of:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Administrative income charged to PAIH and its subsidiaries	-	2,528
Gain on disposal of subsidiaries	-	400
Gain on disposal of property, plant and equipment	-	178
Interest income	765	1,308
Insurance claim received	592	-
Net rental from properties	248	1,804
Sundry income	900	95
	<u>2,505</u>	<u>6,313</u>

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):

	<i>THE GROUP</i>	
	<i>2004</i> <i>HK\$'000</i>	<i>2003</i> <i>HK\$'000</i>
Non-audit fees paid to auditors of the Company	–	18
Contributions to retirement benefit scheme, net of forfeitures	145	222
Staff costs, excluding directors' emoluments and retirement benefits contributions	5,128	7,797
Foreign exchange adjustment (gain) loss	(672)	753
Deficit arising from revaluation of land and building	795	194
	<u>795</u>	<u>194</u>

6. Finance Costs

	<i>THE GROUP</i>	
	<i>2004</i> <i>HK\$'000</i>	<i>2003</i> <i>HK\$'000</i>
Interest on borrowings:		
Bank borrowings	40,668	37,980
Amounts due to PAIH and its subsidiaries	20	180
	<u>40,688</u>	<u>38,160</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

7. Directors' Emoluments

	<i>THE GROUP</i>	
	2004 HK\$'000	2003 HK\$'000
Directors' fees:		
Executive	–	–
Non-executive	308	300
	<u>308</u>	<u>300</u>
Other emoluments:		
Salaries and other benefits		
– cash	6,420	6,903
– benefits in kind	–	494
– retirement benefits contributions	199	237
Performance related incentive payment	1,220	1,562
	<u>7,839</u>	<u>9,196</u>
	<u>8,147</u>	<u>9,496</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\$7,839,000 (2003: HK\$9,196,000) is an amount of HK\$3,528,000 (2003: HK\$5,328,000) charged to PAIH and its subsidiaries as administrative income, which was calculated in accordance with the management agreement signed on 3 September 1996.

Emoluments of the directors were within the following bands:

	<i>Number of directors</i>	
	2004	2003
HK\$2,320,000 and above (S\$500,000 and above)	–	3
HK\$1,160,000 to HK\$2,320,000 (S\$250,000 to S\$499,999)	4	2
Below HK\$1,160,000 (Below S\$250,000)	6	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\$4.64 (2003: S\$1:HK\$4.42).

8. Taxation

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
The charge comprises:		
Profit for the year		
– Hong Kong	(1,753)	(1,240)
– other jurisdictions	(74)	–
(Under) Over provision in respect of previous years		
– Hong Kong	(550)	274
	<u>(2,377)</u>	<u>(966)</u>
Deferred tax (Note 23)	(144)	–
	<u>(2,521)</u>	<u>(966)</u>

The income tax expense varied from the amount of income tax expense determined by applying the Hong Kong Profits Tax rate of 17.5% (2003: 16%) to profit before income tax as a result of the following differences:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Hong Kong Profits Tax at statutory rate	(16,252)	(11,875)
Non-taxable items	13,740	10,909
Effect of different tax rates of subsidiaries operating in other jurisdictions	(9)	–
	<u>(2,521)</u>	<u>(966)</u>

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

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\$0.0125 (2003: S\$0.011) per ordinary share for the year has been calculated with reference to the number of shares in issue at 31 March 2004 (2003: 31 March 2003).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

10. Earnings per Share

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

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Earnings	<u>90,346</u>	<u>73,253</u>
Weighted average number of ordinary shares used in calculation of basic earnings per share	517,652,644	490,293,383
Effect of dilutive potential ordinary shares in respect of:		
Share options	427,722	84,528
Share warrants	<u>44,741,923</u>	<u>2,056,292</u>
Weighted average number of ordinary shares used in calculation of diluted earnings per share	<u>562,822,289</u>	<u>492,434,203</u>

The Company has 800,000 (2003: 1,600,000) outstanding options and 122,542,375 (2003: 122,571,625) outstanding warrants at the balance sheet date.

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>Construction in progress HK\$'000</i>	<i>Total HK\$'000</i>
THE GROUP								
COST OR VALUATION								
At 1 April 2003	21,267	3,510	7,618	9,285	47,043	32,231	-	120,954
Additions	-	-	4	-	-	75	1,769	1,848
Disposals	-	-	-	(1,180)	-	-	-	(1,180)
Adjustment on asset revaluation	(1,300)	-	-	-	-	-	-	(1,300)
At 31 March 2004	<u>19,967</u>	<u>3,510</u>	<u>7,622</u>	<u>8,105</u>	<u>47,043</u>	<u>32,306</u>	<u>1,769</u>	<u>120,322</u>
Comprising:								
At cost	-	3,510	7,622	8,105	47,043	32,306	1,769	100,355
At valuation - 31 March 2004	<u>19,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,967</u>
	<u>19,967</u>	<u>3,510</u>	<u>7,622</u>	<u>8,105</u>	<u>47,043</u>	<u>32,306</u>	<u>1,769</u>	<u>120,322</u>
ACCUMULATED DEPRECIATION								
At 1 April 2003	-	2,423	6,524	7,853	40,090	8,463	-	65,353
Provided for the year	505	301	366	574	111	4,962	-	6,819
Disposals	-	-	-	(1,164)	-	-	-	(1,164)
Adjustment on asset revaluation	(505)	-	-	-	-	-	-	(505)
At 31 March 2004	<u>-</u>	<u>2,724</u>	<u>6,890</u>	<u>7,263</u>	<u>40,201</u>	<u>13,425</u>	<u>-</u>	<u>70,503</u>
NET BOOK VALUES								
At 31 March 2004	<u>19,967</u>	<u>786</u>	<u>732</u>	<u>842</u>	<u>6,842</u>	<u>18,881</u>	<u>1,769</u>	<u>49,819</u>
At 31 March 2003	<u>21,267</u>	<u>1,087</u>	<u>1,094</u>	<u>1,432</u>	<u>6,953</u>	<u>23,768</u>	<u>-</u>	<u>55,601</u>
DEPRECIATION FOR LAST YEAR								
	<u>810</u>	<u>313</u>	<u>615</u>	<u>879</u>	<u>10,516</u>	<u>5,608</u>	<u>-</u>	<u>18,741</u>

The net book value of land and buildings 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 buildings 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 2004.

The land and building is pledged to secure a mortgage loan of the Group (Note 31).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

11. Property, Plant and Equipment – continued

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:

	2004 HK\$'000	2003 HK\$'000
Cost	24,217	24,217
Accumulated depreciation	(1,329)	(755)
Net book value	<u>22,888</u>	<u>23,462</u>

12. Investment Properties

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Valuation at beginning of year	19,800	23,400
Adjustment on asset revaluation	–	(100)
Disposal of a subsidiary	–	(3,500)
Valuation at end of year	<u>19,800</u>	<u>19,800</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 2004.

The carrying value of investment properties shown above comprises:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Investment properties in the PRC under:		
long leases	12,950	12,950
medium leases	6,850	6,850
	<u>19,800</u>	<u>19,800</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.

13. Interests in Subsidiaries

	THE COMPANY	
	2004 HK\$'000	2003 HK\$'000
Amounts due from subsidiaries	791,993	701,045

Particulars of the subsidiaries at 31 March 2004 are set out in Note 33. The amounts due from subsidiaries are unsecured, bear interest at rates ranging from 1.22% to 6.64% (2003: 1.43% to 5.42%) per annum and have no fixed repayment terms.

14. Interests in Associates

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Share of net assets	77	-
Comprising:		
Equity shares, at cost	3	-
Share of post-acquisition accumulated profits	74	-
	77	-

As at 31 March 2004, the Group had interests in the following associates:

Name of entity	Place/Country of incorporation or registration/operation	Percentage equity interest		Principal activities
		2004 %	2003 %	
Pacos Trading Limited	Republic of Cyprus	20	-	Trading of frozen fish products
Paco (HT) Limited	Republic of Cyprus	20	-	Trading of frozen fish products
Paco (GT) Limited	Republic of Cyprus	20	-	Trading of frozen fish products
Paco (ET) Limited	Republic of Cyprus	20	-	Trading of frozen fish products

All the associates are audited by a member firm of Deloitte Touche Tohmatsu, of which Deloitte & Touche, Singapore is a member.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

15. Other Assets

	THE GROUP	
	2004 HK\$'000	2003 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.

16. Inventories

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Inventories at cost consist of the following:		
Fuel	3,388	681
Frozen seafood	312,918	291,734
Vegetables	8,613	5,968
Others	646	1,783
	<u>325,565</u>	<u>300,166</u>

17. Trade Receivables

	THE GROUP		THE COMPANY	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Third party receivables	672,233	498,830	-	-
Associates (Note 14)	15,244	-	-	-
	<u>687,477</u>	<u>498,830</u>	<u>-</u>	<u>-</u>

18. Trade Receivables with Insurance Coverage

THE GROUP

Discounted trade receivables which are covered by credit insurances amounting to HK\$41,694,000 (2003: HK\$59,280,000) have been assigned to certain banks for trade receivables discounting facilities granted to the Group.

19. Other Receivables and Prepayments

	THE GROUP		THE COMPANY	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Consideration receivable from sale of vessel	-	6,435	-	-
Other receivables	4,719	867	-	-
Prepayments	261,219	142,147	-	225
	<u>265,938</u>	<u>149,449</u>	<u>-</u>	<u>225</u>

The consideration receivable from the sale of vessel was secured over the vessel sold and was interest-bearing at 12% per annum. The amount was received during the year.

20. Advances to Suppliers

THE GROUP

The Group's advances to suppliers were secured by the vessels of the suppliers and were interest-free. The amounts were fully repaid during the year.

21. 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 (*Note 1*) and its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

22. Interest-bearing Bank Borrowings

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Interest-bearing bank borrowings comprise:		
Trust receipt loans and short-term bank loans	850,625	282,922
Mortgage loans	5,867	6,513
Bank overdrafts	500	15
	<u>856,992</u>	<u>289,450</u>
Analysed as:		
Secured	5,867	6,513
Unsecured	851,125	282,937
	<u>856,992</u>	<u>289,450</u>
Repayable as follows:		
Within one year	851,790	283,583
More than one year and less than five years	2,850	2,772
Five years or more	2,352	3,095
	<u>856,992</u>	<u>289,450</u>
Less: Amount due within one year included under current liabilities	<u>(851,790)</u>	<u>(283,583)</u>
Amount due after one year	<u>5,202</u>	<u>5,867</u>

Details of the secured long-term bank borrowings as at 31 March 2004 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%	97	5,867
Less: Amount repayable within one year shown as part of current liabilities			<u>(665)</u>
Amount due after one year			<u>5,202</u>

The unsecured borrowings bear interest at rates ranging from 3.14% to 4.28% (2003: 3.31% to 5.25%) per annum.

23. Deferred Tax

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

	<i>Accelerated tax depreciation HK\$'000</i>	<i>Revaluation of properties HK\$'000</i>	<i>Total HK\$'000</i>
THE GROUP			
Charge to income statement for the year and balance at 31 March 2004	<u>80</u>	<u>64</u>	<u>144</u>

24. Share Capital

	THE COMPANY			
	<i>Number of shares @US\$0.20 per share</i>	<i>Number of shares @S\$0.20 per share</i>	<i>Amounts US\$'000</i>	<i>Amounts S\$'000</i>
Authorised				
Balance at 1 April 2002	400,000,000	–	80,000	–
Effect of re-denomination	(400,000,000)	400,000,000	–	–
Effect of subdivision and consolidation	–	332,000,000	(80,000)	146,400
Further increase in authorised share capital	–	268,000,000	–	53,600
	<u>–</u>	<u>1,000,000,000</u>	<u>–</u>	<u>200,000</u>
Balance at 31 March 2003 and 31 March 2004	<u>–</u>	<u>1,000,000,000</u>	<u>–</u>	<u>200,000</u>
Issued and fully paid				
Balance at 1 April 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 warrants	–	1,500	–	1
	<u>–</u>	<u>490,293,999</u>	<u>–</u>	<u>98,059</u>
Balance at 31 March 2003	–	490,293,999	–	98,059
Issue of new shares	–	50,000,000	–	10,000
Exercise of warrants	–	29,250	–	6
Exercise of options	–	800,000	–	160
	<u>–</u>	<u>541,123,249</u>	<u>–</u>	<u>108,225</u>
Balance at 31 March 2004	<u>–</u>	<u>541,123,249</u>	<u>–</u>	<u>108,225</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

24. Share Capital – continued

	THE COMPANY	
	2004 HK\$'000	2003 HK\$'000
Balance at beginning of year	417,956	381,617
Effect of re-denomination	–	811
Balance after re-denomination	417,956	382,428
Bonus issue of shares	–	35,526
Issue of new shares	44,340	–
Exercise of options	704	–
Exercise of warrants	24	2
Balance at end of year	<u>463,024</u>	<u>417,956</u>

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.

24. Share Capital – continued

On 25 August 2003, arrangements were made for a private placement to independent private investors of 50 million shares of S\$0.20 each in the Company held by Clamford Holding Limited ("Clamford"), a substantial shareholder of the Company, at a discount of approximately 5.93% to the closing market price of the Company's shares on 20 August 2003.

Pursuant to a subscription agreement of the same date, Clamford subscribed for 50 million new shares of S\$0.20 each in the Company at a price of S\$0.317 per share. The proceeds were used for the purpose of funding the developments of the Group's business activities and to provide additional working capital for the Company. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 18 August 2003 and rank pari passu with other shares in issue in all respects.

25. 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 Incentive or Discount Price Option 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

25. Share Options Scheme – continued

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

	<i>Outstanding at beginning of year</i>	<i>Exercised during the year</i>	<i>Outstanding at end of year</i>
Pacific Andes (Holdings) Share Option Scheme 2001	1,600,000	(800,000)	800,000

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

26. Warrants

	<i>Number</i>	<i>Warrants with subscription price of S\$0.20 S\$'000</i>	<i>HK\$'000</i>
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	122,571,625	24,514	104,487
Exercised during the year	(29,250)	(6)	(24)
Balance at 31 March 2004	<u>122,542,375</u>	<u>24,508</u>	<u>104,463</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.

27. Disposal of Subsidiaries

	2004 HK\$'000	2003 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)
	–	47,489
Gain on disposal	–	400
Total consideration	–	47,889
Satisfied by:		
Cash	–	47,889
Net cash inflow arising on disposal:		
Cash consideration	–	47,889
Bank balances and cash disposed of	–	(2,472)
	–	45,417

28. Lease Arrangements

The Group as lessor

Property rental income earned during the year was HK\$248,000 (2003: HK\$1,804,000). Certain Group's investment properties held have committed tenants for the next year.

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

	2004 HK\$'000	2003 HK\$'000
Not later than one year	148	193
Later than one year and not later than five years	–	104

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

28. Lease Arrangements – continued

The Group as lessee

	2004 HK\$'000	2003 HK\$'000
Minimum lease payments paid under operating leases in respect of rented premises	<u>1,805</u>	<u>1,943</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:

	2004 HK\$'000	2003 HK\$'000
Not later than one year	1,504	1,673
Later than one year and not later than five years	4,449	4,788
Later than five years	<u>22,737</u>	<u>23,838</u>

29. Commitments

At 31 March 2004, the Group had commitments in respect of the acquisition of a company contracted for but not provided for in the financial statements. The consideration for the acquisition, which the Directors estimated to be approximately HK\$117,000,000, will be equal to six times of the audited net profit after tax of the company to be acquired for the financial year ended 31 December 2003.

30. Contingent Liabilities

	THE GROUP		THE COMPANY	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
At the balance sheet date, the Group and the Company had contingent liabilities as follows:				
Bills discounted with recourse, unsecured	229,946	416,597	-	-
Guarantees given to bankers in respect of banking facilities utilised by				
(i) subsidiaries				
- secured	-	-	5,867	6,513
- unsecured	-	-	1,142,540	1,003,747
(ii) subsidiaries of an intermediate holding company PAIH				
- secured	11,736	13,018	11,736	13,018
- unsecured	-	14,883	-	11,780
	<u>241,682</u>	<u>444,498</u>	<u>1,160,143</u>	<u>1,035,058</u>

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

31. Pledge of Assets

At 31 March 2004, the Group had pledged land and buildings with aggregate net carrying values of approximately HK\$20.0 million (2003: HK\$21.5 million) to secure the mortgage loans of the Group granted by certain banks.

In addition, shares of a subsidiary were pledged to a bank as securities for revolving inventory financing facilities granted to the Group.

32. Interested Persons Transactions

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

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Interest expenses paid to PAIH and its subsidiaries [Note (i)]	20	180
Administrative income charged to PAIH and its subsidiaries [Note (ii)]	-	2,528
Administrative expenses paid to PAIH and its subsidiaries [Note (ii)]	11,728	7,342
	<u>11,728</u>	<u>7,342</u>

Notes:

- (i) The interest expenses were calculated at interest rates ranging from 1.22% to 1.44% (2003: 1.7% to 5.42%) 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 and updated by a supplemental agreement dated 22 July 2003.
- (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	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Guarantees given to bankers	144,175	144,175	144,175	144,175
Joint and several cross guarantees given to bankers	76,800	122,800	46,800	46,800
	<u>220,975</u>	<u>266,975</u>	<u>190,975</u>	<u>190,975</u>

- (c) The amount of loans drawn by subsidiaries of PAIH which are covered by guarantees provided by the Group and the Company are disclosed in Note 30.
- (d)

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Bank advances drawn by the Group on discounted trade receivables with insurance coverage of:		
- a subsidiary of PAIH	2,500	23,500
- associates of the Group	6,400	-
	<u>8,900</u>	<u>23,500</u>
The above advances are secured by trade receivables of:		
- a subsidiary of PAIH	2,800	26,000
- associates of the Group	7,100	-
	<u>9,900</u>	<u>26,000</u>

33. Particulars of Subsidiaries

Details of the Company's subsidiaries at 31 March 2004 are as follows:

Name	Place/country of incorporation or registration/ operation	Percentage equity interest		Principal activities	Cost of investment HK\$
		2004 %	2003 %		
Alliance Capital Enterprises Limited	Hong Kong/PRC	100	100	Property holding	-
Andes Agency Limited	Hong Kong/ Worldwide	100	100	Ship chartering agency	-
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	-
Emerald Nirwana Sdn Bhd	Malaysia	100	-	Trading of frozen seafood products	-
Fantastic Buildings Limited	British Virgin Islands/ Hong Kong	100	100	Property holding	-
Golden Target Pacific Limited	British Virgin Islands/ Worldwide	100	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 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 2004

33. Particulars of Subsidiaries – continued

Details of the Company's subsidiaries at 31 March 2004 are as follows:

Name	Place/country of incorporation or registration/ operation	Percentage equity interest		Principal activities	Cost of investment HK\$
		2004 %	2003 %		
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	100	Trading agent	–
Paco ST (Pte) Limited	Singapore	100	–	Trading of frozen seafood products	–
Pacos Trading Limited	Cayman Islands	100	–	Trading of frozen seafood products	–
Parkmond Group Limited	British Virgin Islands/ Worldwide	100	100	Trading of frozen seafood products	–
Qingdao Pacific Andes Farm Co. Limited	PRC	100	100	Plantation of vegetable	–
Qingdao New Millennium Food Co., Limited	PRC	100	100	Frozen vegetable processing	–
Quality Food (Singapore) Pte. Limited	Singapore	100	100	Not yet commenced business	–
Richtown Development Limited	British Virgin Islands/ Hong Kong	100*	100*	Investment holding	8
Well Hope International Limited	British Virgin Islands	100	100	Inactive	–
Zhonggang Fisheries Limited	PRC	70	–	Not yet commenced business	–
					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 the subsidiaries are audited by a member firm of Deloitte Touche Tohmatsu, of which Deloitte & Touche, Singapore is a member.

34. Financial Instruments

(a) Credit risk

The Group's credit risk is primarily attributable to its bank balances, trade and other receivables, advances to suppliers and other assets. 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 Group manages credit risk by arranging for credit insurance when appropriate.

(b) Interest rate risk

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

The interest rates and terms of repayment of the interest-bearing debts of the Group are disclosed in Notes 21 and 22.

(c) Foreign currency risk

The Group has minimal exposure to foreign currency risk. However, the Group has a number of investments in foreign subsidiaries, 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. The Group does not enter into financial derivative instruments to hedge its foreign currency risk.

(d) Liquidity risk

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

(e) Fair value

The carrying amounts of financial assets and financial liabilities recorded in the financial statements determined in accordance with the accounting policies disclosed in Note 2 approximate their respective fair values due to the relatively short maturity of these financial instruments.

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 2004

	THE GROUP (Unaudited)	
	2004 S\$'000	2003 S\$'000
Revenue	532,787	484,915
Cost of sales	(491,017)	(445,508)
Gross profit	41,770	39,407
Other operating income	540	1,430
Selling and distribution expenses	(3,838)	(4,574)
Administrative expenses	(9,509)	(10,769)
Other operating expenses	(171)	(44)
Profit from operations	28,792	25,450
Finance costs	(8,777)	(8,642)
Share of results of associates	20,015	16,808
	16	-
Profit before taxation	20,031	16,808
Taxation	(544)	(219)
Net profit for the year, retained	19,487	16,589
Proposed Dividend	6,496	5,474
Earnings per share		
Basic (Singapore cents)	3.76	3.38
Diluted (Singapore cents)	3.46	3.37

Balance Sheet

As at 31 March 2004

	<i>THE GROUP</i> <i>(Unaudited)</i>	
	<i>2004</i> <i>S\$'000</i>	<i>2003</i> <i>S\$'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	10,746	12,592
Investment properties	4,271	4,484
Interests in associates	17	-
Other assets	588	618
	<u>15,622</u>	<u>17,694</u>
CURRENT ASSETS		
Inventories	70,225	67,975
Trade receivables	145,003	112,965
Trade receivables with insurance coverage	29,441	17,281
Other receivables and prepayments	57,363	33,845
Advances to suppliers	-	1,141
Trade receivables from associates	3,288	-
Bills receivable	27,508	12,595
Bank balances and cash	40,414	36,037
	<u>373,242</u>	<u>281,839</u>
CURRENT LIABILITIES		
Trade payables	7,600	51,397
Other payables	4,569	4,751
Tax liabilities	77	141
Amount due to Pacific Andes International Holdings Limited and its subsidiaries	259	563
Bank advances drawn on discounted trade receivables with insurance coverage	10,013	17,418
Current portion of interest-bearing bank borrowings	183,734	64,220
	<u>206,252</u>	<u>138,490</u>
NET CURRENT ASSETS	<u>166,990</u>	<u>143,349</u>
NON-CURRENT LIABILITIES		
Interest bearing bank borrowings	1,122	1,329
Deferred taxation	31	-
	<u>1,153</u>	<u>1,329</u>
MINORITY INTERESTS	<u>5</u>	<u>-</u>
NET ASSETS	<u>181,454</u>	<u>159,714</u>
CAPITAL AND RESERVES		
Share capital	108,225	98,059
Reserves	73,229	61,655
	<u>181,454</u>	<u>159,714</u>

* Exchange Rate
Year 2004: S\$1 = HK\$4.6360
Year 2003: S\$1 = HK\$4.4158

SHAREHOLDERS' INFORMATION

SHAREHOLDERS' INFORMATION AS AT 14 JUNE 2004

Authorised Share Capital	:	S\$200,000,000.00
Issued and fully paid-up capital	:	S\$108,285,399.80
Class of shares	:	Ordinary share of S\$0.20 each
Voting rights	:	One vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders		No. of Shares	
		%		%
1 - 999	70	1.98	33,297	0.01
1,000 - 10,000	1,678	47.46	10,870,664	2.01
10,001 - 1,000,000	1,767	49.97	88,699,368	16.38
1,000,001 and above	21	0.59	441,823,670	81.60
Total	3,536	100.00	541,426,999	100.00

SUBSTANTIAL SHAREHOLDINGS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
		%		%
Clamford Holding Limited	308,637,027	57.00	3,716,000	0.69
Pacific Andes International Holdings Limited	-	-	312,353,027	57.69
N. S. Hong Investment (BVI) Limited	-	-	312,353,027	57.69
Ng Joo Puay, Frank	-	-	312,353,027	57.69
Teh Hong Eng	-	-	312,353,027	57.69
Pacific Innovation (BVI) Limited	-	-	312,353,027	57.69
Ng Puay Yee	-	-	312,353,027	57.69
Ng Swee Hong Holdings (BVI) Limited	-	-	312,353,027	57.69
Ng Swee Hong	-	-	312,353,027	57.69
New Venture (BVI) Limited	-	-	312,353,027	57.69
Ng Joo Siang	-	-	312,353,027	57.69
Value Partners Limited	-	-	49,352,000	9.12
Cheah Cheng Hye	-	-	49,352,000	9.12

Notes:

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

Name	No. of shares
UOB Kay Hian Pte Ltd	3,716,000

SUBSTANTIAL SHAREHOLDINGS – continued

Notes: – continued

Deemed Interest of 49,352,000 shares of Value Partners Limited comprises of the following:

<i>Name</i>	<i>No. of shares</i>
HSBC (Singapore) Nominees Pte Ltd	42,641,000
Raffles Nominees Pte Ltd	2,266,000
United Overseas Bank Nominees Pte Ltd	4,445,000

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.

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 (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 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 N. S. Hong Holdings (BVI) Limited

Cheah Cheng Hye holds a total of 49,352,000 shares by virtue of his deemed interest in the shares held by Value Partners Limited.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Clamford Holding Limited	308,637,027	57.00
2.	HSBC (Singapore) Nominees Pte Ltd	49,843,499	9.21
3.	UOB Kay Hian Pte Ltd	21,044,148	3.89
4.	United Overseas Bank Nominees Pte Ltd	6,185,998	1.14
5.	Raffles Nominees Pte Ltd	6,145,000	1.13
6.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,635,000	1.04
7.	OCBC Securities Private Ltd	4,770,499	0.88
8.	Kim Eng Securities Pte Ltd	4,493,000	0.83
9.	Boey Mun Hoi or Lai Yuet Yuk	4,446,000	0.82
10.	Kwek Leng Beng	4,220,000	0.78
11.	Phillip Securities Pte Ltd	3,735,499	0.69
12.	HL Bank Nominees (S) Pte Ltd	3,649,000	0.67
13.	DBS Nominees Pte Ltd	3,045,000	0.56
14.	Merrill Lynch (Singapore) Pte Ltd	2,622,000	0.48
15.	DBS Vickers Securities (S) Pte Ltd	2,536,000	0.47
16.	Fong Lit Lee David	2,450,000	0.45
17.	Citibank Consumer Nominees Pte Ltd	2,347,000	0.43
18.	Chan Kwee Soon	2,200,000	0.41
19.	Wu Gwanying	1,515,000	0.28
20.	Hong Leong Finance Nominees Pte Ltd	1,184,000	0.22
	Total	440,703,670	81.38

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

42.31% of the company Company's shares are held in hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

STATISTICS OF WARRANTHOLDINGS AS AT 14 JUNE 2004

No. of Warrants	:	122,573,125
Expiry Date of Warrants	:	20 June 2005
No. of Warrants Exercised	:	334,500

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantheolders		No. of Warrants	
		%		%
1 – 999	462	21.05	233,367	0.19
1,000 – 10,000	1,329	60.55	5,062,000	4.14
10,001 – 1,000,000	398	18.13	24,051,111	19.68
1,000,001 and above	6	0.27	92,892,147	75.99
Total	2,195	100.00	122,238,625	100.00

SUBSTANTIAL WARRANTHOLDERS

(As recorded in the Register of Warrantheolders)

	Direct Interest		Deemed Interest	
		%		%
Clamford Holding Limited	76,127,375	62.28	929,000	0.76
Pacific Andes International Holdings Limited	–	–	77,056,375	63.04
N. S. Hong Investment (BVI) Limited	–	–	77,056,375	63.04
Ng Joo Puay, Frank	–	–	77,056,375	63.04
Teh Hong Eng	–	–	77,056,375	63.04
Pacific Innovation (BVI) Limited	–	–	77,056,375	63.04
Ng Puay Yee	–	–	77,056,375	63.04
Ng Swee Hong Holdings (BVI) Limited	–	–	77,056,375	63.04
Ng Swee Hong	–	–	77,056,375	63.04
New Venture (BVI) Limited	–	–	77,056,375	63.04
Ng Joo Siang	–	–	77,056,375	63.04

Notes:

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

Name	No. of warrants
UOB Kay Hian Pte Ltd	929,000

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.

SUBSTANTIAL WARRANTHOLDERS – continued

Notes: – continued

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 N. S. Hong Holdings (BVI) Limited.

TWENTY LARGEST WARRANTHOLDERS

No.	Name	No. of Warrants	%
1.	Clamford Holding Limited	76,127,375	62.28
2.	UOB Kay Hian Pte Ltd	7,428,500	6.08
3.	OCBC Securities Private Ltd	3,432,374	2.81
4.	Phillip Securities Pte Ltd	2,901,500	2.37
5.	Kim Eng Securities Pte Ltd	1,947,398	1.59
6.	Kwek Leng Beng	1,055,000	0.86
7.	Tham Chaik Ming	905,000	0.74
8.	Singapore Nominees Pte Ltd	694,500	0.57
9.	Lim Ser Heng	650,000	0.53
10.	Lim & Tan Securities Pte Ltd	580,000	0.47
11.	G K Goh Stockbrokers Pte Ltd	502,487	0.41
12.	Fong Lit Lee David	500,000	0.41
13.	Leow Kim How	500,000	0.41
14.	Tan Eng Sun	495,000	0.40
15.	Lee Cheow Yin	400,000	0.33
16.	Wu Gwanying	378,750	0.31
17.	DBS Vickers Securities (S) Pte Ltd	374,750	0.31
18.	Lee Kum Yoke	337,000	0.28
19.	Toh Kai Hua	300,000	0.25
20.	Lee Wui Poo	290,000	0.24
	Total	99,799,634	81.65

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of PACIFIC ANDES (HOLDINGS) LIMITED ("the Company") will be held at Lyra Room, Level 6, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Thursday, 29 July 2004 at 10.00 am 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 2004 together with the Auditors' Report thereon. (Resolution 1)
2. To declare a first and final dividend of Singapore 1.25 cents per ordinary share (tax not applicable) for the year ended 31 March 2004 (2003: Singapore 1.1 cents per ordinary share). (Resolution 2)
3. To re-elect the following Directors retiring pursuant to Bye-law 105 of the Company's Bye-laws:

Mr Bertie Cheng Shao Shiong (Resolution 3)
Mr Ng Joo Kwee [See Explanatory Note (i)] (Resolution 4)

Mr Bertie Cheng Shao Shiong will, upon re-election as a Director of the Company, remain a member of the Audit Committee and 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 2004 (2003: 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.

AS SPECIAL BUSINESS

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

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

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to 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 share 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 (ii).] **(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 (iii).] **(Resolution 8)**

By Order of the Board

Hazel Chia Luang Chew
Company Secretary

Singapore, 6 July 2004

Explanatory Notes:

- (i) Mr Chan Tak Hei is Alternate Director to Mr Ng Joo Kwee. Upon re-election of Mr Ng Joo Kwee, Mr Chan Tak Hei will ipso facto remain as Alternate Director to Mr Ng Joo Kwee.
- (ii) 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 or the Bye-laws of the Company to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to 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 or exercise of convertible securities or the exercise of share options on issue at the time when this proposed Ordinary Resolution is passed and (b) any subsequent consolidation or subdivision of shares.
- (iii) 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 Scheme.

Note:

A member entitled to attend and vote at the above meeting is entitled to appoint one (1) or two (2) proxies to attend and vote on his behalf. A proxy need not also be a member. The instrument appointing a proxy must be deposited at the office of the Company's Share Transfer Agent in Singapore, Lim Associates (Pte) Ltd, at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 not less than forty-eight (48) hours before the time of the above 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 12 August 2004 to 13 August 2004 (both dates inclusive) for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Transfer Agent in Singapore, Lim Associates (Pte) Ltd, 10 Collyer Quay #19-08, Ocean Building, Singapore 049315 up to 5.00 p.m. on 11 August 2004 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. on 11 August 2004 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 29 July 2004 will be made on 26 August 2004.

