



Annual Report 2005



PACIFIC ANDES (HOLDINGS) LIMITED

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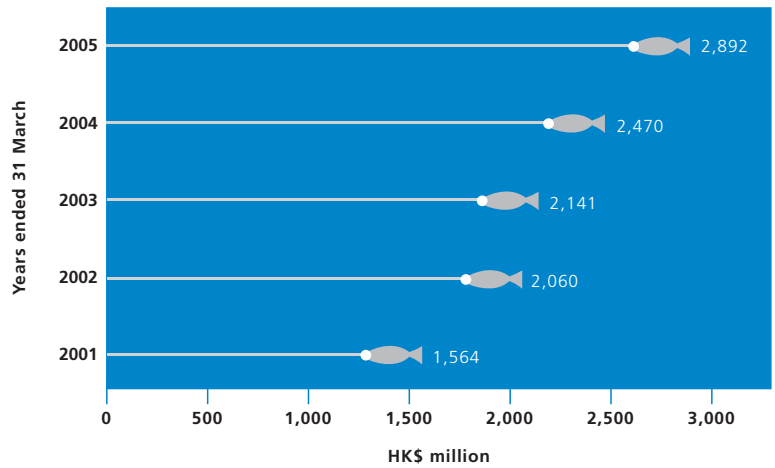
ABOUT PACIFIC ANDES (HOLDINGS) LIMITED

Pacific Andes is primarily engaged in the fishing, global sourcing, transportation and supply of frozen seafood products to the international market. The Group's products are purchased all over the world and exported to the PRC, Japan, Korea, Europe and the United States.

FINANCIAL HIGHLIGHTS

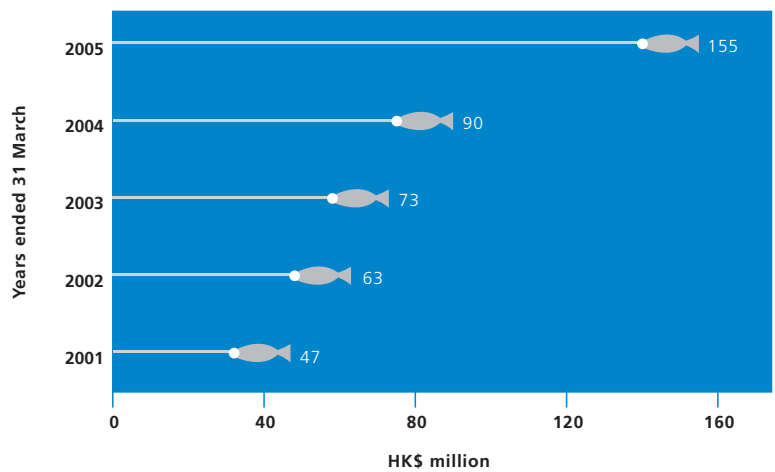
TURNOVER

Turnover rose 17% to HK\$2.89 billion due to the Group's business growth and contribution from CFIL.



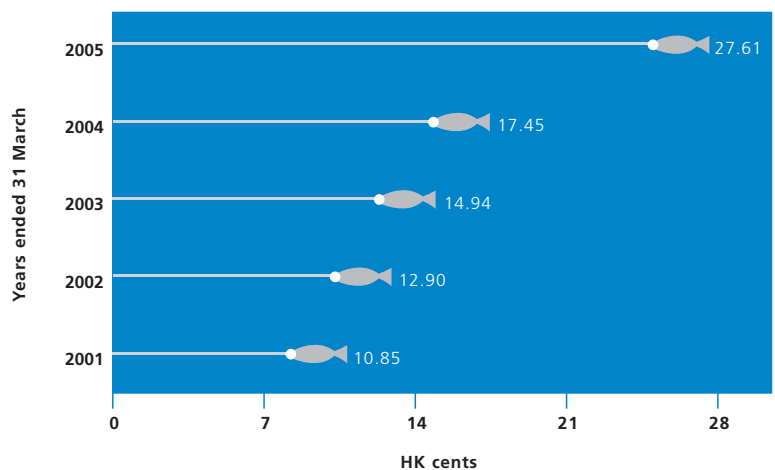
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The higher profitability reflected the improvement in the Group's operations and the profit contributions from CFIL. The Group's profit attributable to shareholders rose 71.2% to HK\$154.7 million.



BASIC EARNINGS PER SHARE

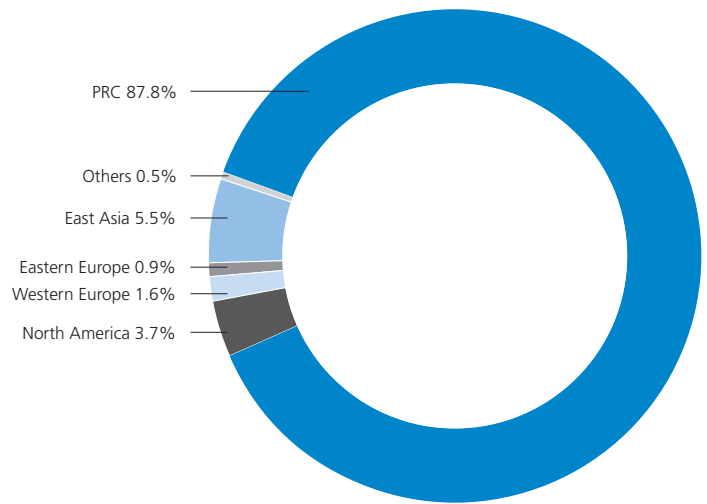
Basic earnings per share increased 58.2% to HK27.6 cents due to higher profitability.



FINANCIAL HIGHLIGHTS

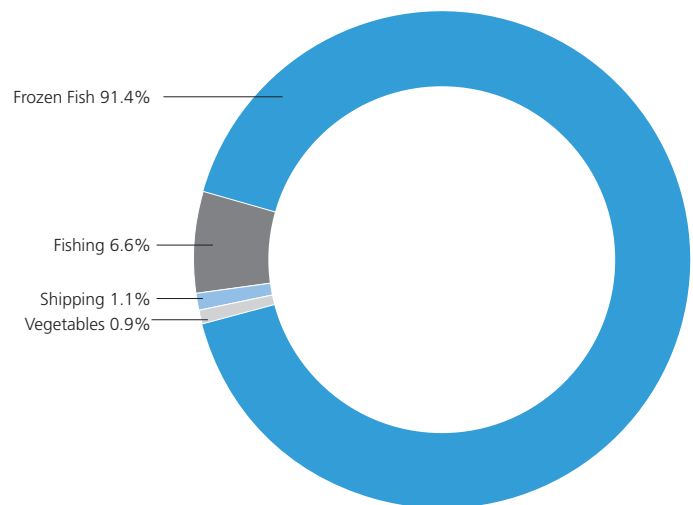
TURNOVER BY GEOGRAPHICAL MIX

PRC continues to dominate as the major sales contributor accounting for 87.8% of the Group's turnover. This year, the Group successfully reached out to new markets in East Asia, like Japan and Korea.



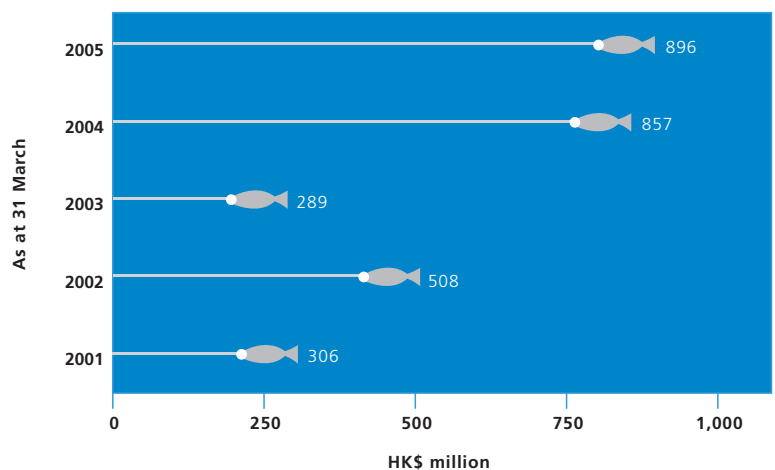
TURNOVER BY PRODUCT MIX

Sales of frozen fish remained the largest sales contributor for the Group, accounting for about 91.4% of its aggregate sales. The Group's new fishing activities, which are the core businesses of CFIL, accounted for about 6.6% of the aggregate sales.



BORROWINGS

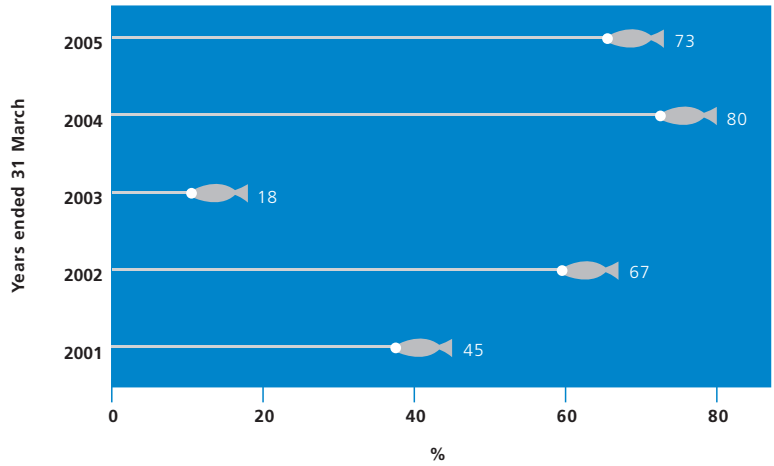
Borrowings remained relatively steady with a rise of 4.5% despite the higher business activities.



FINANCIAL HIGHLIGHTS

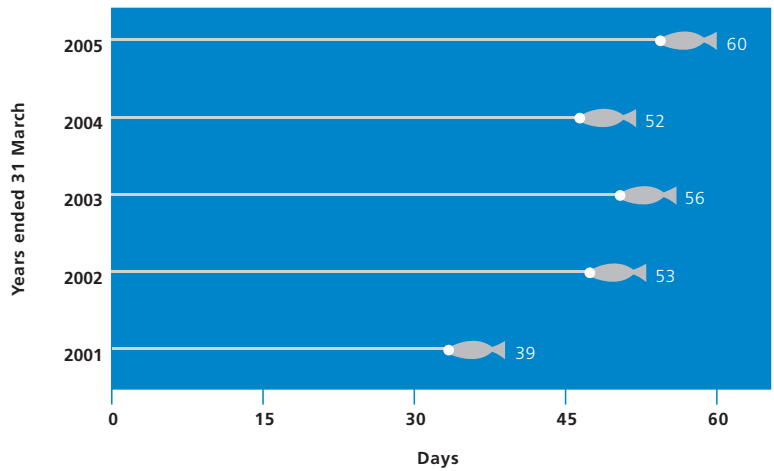
NET DEBT TO EQUITY RATIO

Net debt to equity ratio was lower declining from 79.6% to 73.2%.



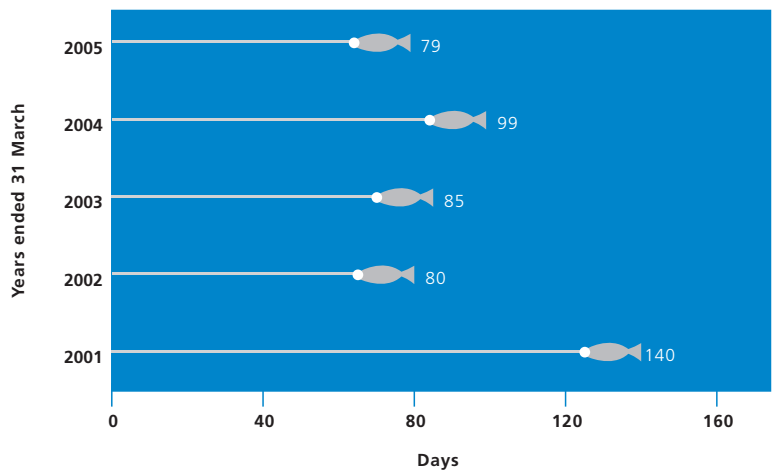
STOCK TURNOVER

Stock turnover rose from 52 days to 60 days.



DEBTORS TURNOVER

Debtors turnover decreased from 99 days to 79 days. The sharp decrease was due to the well-managed operations of the Group in its collection of trade receivables.



A MESSAGE TO SHAREHOLDERS

In my message last year I spoke about the move by Pacific Andes (Holdings) Ltd ("PAH" or "the Group") to expand our source of fish supply. Our strategy that began with the acquisition of a 49.9% equity stake in China Fisheries International Limited ("CFIL") by Zhonggang Fisheries Limited ("Zhonggang") thereafter culminated in the acquisition of another 2% direct equity stake in CFIL by PAH. This move has contributed significantly to the Group's results today.

CFIL, a company principally engaged in fishing and the provision of fishing management services for fishing vessels is a perfect fit for PAH. CFIL has the avenues to tap into direct sources of fish providing an immediate source of fish supply for PAH that upon integration enabled us to reduce intermediate fish supply channels and improve our profit margins.

The time and resources that we invested in CFIL are now starting to deliver results. We are able to realise revenue and higher profit margin. The contributions from our existing business and the inclusion of the maiden contribution from CFIL brought FY2005 to a successful close.

We are pleased to inform you that for the financial year ended 31 March 2005, PAH registered a 71.2% increase in net profit after tax which rose from HK\$90.3 million (S\$19.5 million) to HK\$154.7 million (S\$32.7 million). Turnover in FY2005 rose to HK\$2.89 billion (S\$611.6 million) representing an increase of 17.1% from that of the previous financial year.

A Review of the 2005 Financial Year

The year saw many accomplishments. Commencing with the integration of CFIL's operations, we also expanded our sales to Japan and opened the Korean market for our products. The fishing activities undertaken by CFIL established a new business activity for the Group. In summary, our traditional trading activities are now augmented with fishing activities.

This is an important move for PAH. The acquisition of CFIL and its subsequent integration into our business was timely and strategic. CFIL currently operates and manages 34 fishing vessels with a total gross tonnage of about 38,678 metric tons in the Indian, Atlantic and Pacific Oceans. This geographic spread gives us access to a variety of fishes that have potential large markets across the world. While in the past we were traders dependent on external sources of fish supply, today we have a ready source of supply through CFIL. We are no longer vulnerable to the risks presented by various external factors that are beyond our control.

For the Group as a whole, geographically, the People's Republic of China ("PRC" or "China") remains the largest market for us. Sales to China accounted for about 87.8% of our total sales in FY2005. The single largest market, our business to China registered a year-on-year growth of about 11.9%. This being said, the year saw us reaching out to new markets in East Asia. These include markets like Japan and Korea. Sales to the Japanese market amounted to HK\$80.5 million (S\$17.0 million) accounting for 2.8% of total sales compared to HK\$14.5 million (S\$3.1 million) in the previous year. Korea, a new market for us, contributed HK\$79.1 million (S\$16.7 million) in sales and accounted for 2.7% of the Group's total sales. The 6.7% balance comprises sales to North America, Eastern and Western Europe and other markets into which we sell.

A MESSAGE TO SHAREHOLDERS

By business activity, the sales of frozen fish remain the largest sales contributor accounting for approximately 91.4% of our total turnover. The Group's new fishing activities, which comprise essentially the business from CFIL, accounted for approximately 6.6% of our total sales. The balance of 2.0% comprises sales generated from vegetables and shipping agency and services income.

Reflecting the higher level of efficiency achieved through our latest upstream integration efforts, our gross profit rose by a significant 63.6% during the year under review although operating expenses incurred were also higher due to the proportionate consolidation of CFIL's operations. Selling, administrative and other operating expenses rose 80.5%, 23.1% and 539.7% respectively. Nevertheless, despite the higher operating expenses, net profit before tax rose 94.2% to HK\$180.3 million (S\$38.1 million).

Despite the higher activities during the year, trade receivables were well managed. Correspondingly, inventories rose 62.7% to HK\$529.7 million (S\$112.0 million) but inventory turnover rose only marginally from 52 days to 60 days. Trade payables rose 741.7% to HK\$296.6 million (S\$62.7 million) and other payables which comprise mainly amounts owed by CFIL to fishing vessel owners rose from HK\$21.2 million (S\$4.6 million) to HK\$114.5 million (S\$24.2 million). Both long term and short term bank borrowings saw nominal changes despite the higher business activities. Net debt to equity ratio was lower declining from 79.6% to 73.2%. The balances of trade receivables, inventories, trade payables and other payables have all been significantly reduced in April 2005 following the end of the fishing season.

The acquisition of CFIL drew approximately HK\$141.1 million (S\$29.8 million) from PAH's cash flow. As a result, net cash used in operating activities was lower and stood at HK\$8.9 million (S\$1.9 million) compared to HK\$582.6 million (S\$125.7 million) in the previous financial year. Another factor that positively impacted our cashflow was the Group's improved profitability and profit contributions largely from CFIL. Furthermore, the Group also saw a 16.0% increase in our share capital due to the exercise of warrants in FY2005.

The Outlook for the Year Ahead

According to statistics published by the *FAO Fishstat Database*, the supply of fish from wild catch is growing at a relatively slow rate. Over the last twenty years, wild catch only recorded a capital assets growth rate of approximately 1.6% globally. On a per capita basis, wild catch per capita grew from 13.9 kg per capita in 1980 to 14.8 kg per capita in 1985. Since then, this figure has declined to 13.8 kg per capita in 2000. The expanding global population and the dietary shift towards consumption of fish for health reasons in recent years will continue to widen the gap between the demand for and supply of fish across the world. Moreover, reduced risks of exposure to contamination from toxic industrial wastes and chemicals further enhance the quality of wild catch.

The opportunities in the global fish and seafood industry are undeniable. Over the last few months, in recognition of the opportunities ahead of us, we have paved the way for the growth of the Pacific Andes Group. Where we were only traders in the past, today through CFIL we have expanded our upstream sourcing capabilities. This integration has produced remarkably good results for both companies. Geographically, we have also expanded our sales in Japan and entered the Korean market. Both these markets have also contributed to the strong performance of the Group.

A MESSAGE TO SHAREHOLDERS

Going forward, we plan to further integrate our operations by expanding our deep sea fishing capabilities and expand our transportation and logistics capabilities. Our strategy will comprise the following:

- Expand our deep sea fishing capabilities in the Pacific Ocean and Atlantic Ocean.
- Acquire new fishing vessels and increase the number of new vessel-operating agreements with fishing companies in different countries that have abundant fishery resources.
- Strengthen our transportation capabilities by acquiring a fleet of transportation vessels. This will help us reduce our transportation costs and also prolong the duration of fishing operations at various fishing grounds.
- Establish our logistic base in China to continually supply and support the needs of our fishing operations in the Pacific Ocean.

Currently, the Group's stronghold is in China. According to data from the China Custom Statistics, PAH garners an estimated 23% market share for the import of frozen fish into the country in 2004. Looking ahead, vis-à-vis gaining market share, our strategy will be to focus towards integrating and expanding our resources. To tap into benefits arising from the integration of our upstream and downstream activities we will be looking to invest resources in areas that will benefit both PAH and CFIL. However, it should be noted that while our integrated operations are highly profitable, our strategy to improve the efficiency of our transportation and logistical operations will also be capital intensive.

Our working capital and capital expenditure requirements will primarily be supported by internally generated profits and supplemented by external capital raising exercises. Recently CFIL has also appointed a merchant bank who is advising the management on its listing plan. If realised, this opens another avenue of capital available to support our expansion strategy. With all the mechanics and resources in place, we are confident that the Group will continue to operate profitably into the new financial year.

In closing, we would like to take this opportunity to thank all our colleagues at both PAH, CFIL and Zhonggang whose hard work has made 2005 a successful year for all of us. To our customers, shareholders, bankers and business associates, we thank you for your confidence in the Group and look forward delivering another set of good performance in the year ahead.

For the financial year ended 31 March 2005, in accordance with the Group's dividend policy, the Board recommends a first and final dividend of 1.63 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, Frank
Managing Director

DIRECTORS' PROFILE

Executive Directors

Mr Ng Joo Puay, Frank, 42, 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 16 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, 69, is the executive director of the Company responsible for general administration and strategic planning. She joined the Group in 1986 and has over 28 years experience in administration and financial investments. Madam Teh was last re-elected a Director on 18 August 2003.

Mr Ng Joo Kwee, 44, 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 29 July 2004.

Mr Cheng Nai Ming, 41, 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 Institute of Certified Public Accountants. Prior to joining the Company in early 1994, Mr Cheng was with an international accounting firm in Hong Kong for over 6 years.

Non-Executive Directors

Mr Ng Swee Hong, 71, 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 is re-appointed as the Chairman of the Company on 15 March 2002.

Dr Ong Chit Chung, 56, 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 University of Singapore. Dr Ong is also a Member of Parliament for the Jurong GRC and Fellow of the Singapore Institute of Directors.

Mr Bertie Cheng Shao Shiong, 68, is appointed as an independent director of the Company in December 1997. He also sits on the Audit Committee. He holds and has held directorships, in both listed and unlisted companies. Currently, he is the Chairman of TeleChoice International Limited. He is also a Director of Singapore Technologies Telemedia Pte Ltd, Singapore Petroleum Company Ltd, Tee International Limited, and Thomson Medical Centre Limited. Mr Cheng holds a Bachelor of Arts Degree in Economics (Honors) from the University of Malaya in Singapore. He received the Public Administration Medal (Silver) in 1984 and the Public Service Medal in 2001.

DIRECTORS' PROFILE

Alternate Directors

Miss Ng Puay Yee, Jessie, 32, 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, 35, is appointed as an alternate director to Mr Ng Joo Kwee on 15 March 2002. He is also the Financial Controller of the Company responsible for the accounting and financial functions of the Group. Mr Chan graduated from the Hong Kong Polytechnic University with a bachelor's degree in accountancy and is a fellow member of the Chartered Association of Certified Accountants. Prior joining the Group in 1995, he was working with an international accounting firm for more than four years.

CORPORATE INFORMATION

Board of Directors

EXECUTIVE:

Ng Joo Puay, Frank (*Managing Director*)
 Teh Hong Eng
 Ng Joo Kwee
 Cheng Nai Ming

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

Koh Ngin Joo

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 Ltd
 HSBC
 Rabobank International
 Standard Chartered Bank (HK) Ltd

Registered Office

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

Principal Office

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

Singapore Office

61 Robinson Road #09-05
 Robinson Centre
 Singapore 068893

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 balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2005.

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

(Alternate director to Teh Hong Eng)

Chan Tak Hei

(Alternate director to Ng Joo Kwee)

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, Cheng Nai Ming and Ong Chit Chung 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 27 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.

REPORT OF THE DIRECTORS

Directors' Interests in Shares or Debentures

(i) Shares in the Company

At 21 April 2005, the interests of the directors in the shares of the Company were as follows:

Name of directors	Corporate interests (Note)
Ng Swee Hong	410,937,402
Ng Joo Puay, Frank	410,937,402
Teh Hong Eng	410,937,402
Ng Puay Yee	410,937,402

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 2005, 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:

Name of directors	Exercise price HK\$	Exercisable period	Options outstanding as at beginning of financial year No. of shares	Options exercised during the year No. of shares	Options outstanding as at end of financial year No. of shares
Cheng Nai Ming	0.9440	21 August 2000 to 20 August 2005	4,000,000	–	4,000,000
Ng Puay Yee	1.1168	11 July 1999 to 10 July 2005	<u>600,000</u>	<u>(600,000)</u>	<u>–</u>

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

REPORT OF THE DIRECTORS

Options and Warrants Over Shares of the Company

- (a) (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 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

Participant of the Scheme	Options granted during the financial year	Aggregate options granted since commencement of the 2001 Scheme to end of financial year	Aggregate options exercised since commencement of the 2001 Scheme to end of financial year	Aggregate options outstanding at	
	No. of Shares	No. of Shares	No. of Shares	31 March 2005	21 April 2005
Bertie Cheng Shao Shiong	–	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 had received 5% or more of the total number of options available under the 2001 Scheme.

REPORT OF THE DIRECTORS

Options and Warrants 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.

(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.

REPORT OF THE DIRECTORS

Options and Warrants Over Shares of the Company – Continued

- (b) 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 holder to subscribe for one ordinary share of S\$0.20 each at the exercise price of S\$0.20 per share at any time from the date of issue up to and including 20 June 2005.

No warrants are held by directors of the Company at the beginning and end of financial year.

Name of directors	No. of warrants to subscribe for ordinary shares of S\$0.20 each Corporate interests (Note)	
	At 1 April 2004	At 31 March 2005
Ng Swee Hong	77,056,375	7,659,781
Ng Joo Puay, Frank	77,056,375	7,659,781
Teh Hong Eng	77,056,375	7,659,781
Ng Puay Yee	77,056,375	7,659,781

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.

Directors' Interest in Contracts of Significance

Other than as disclosed in Note 33 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, 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

28 June 2005

STATEMENT OF THE DIRECTORS

In the opinion of the directors, the balance sheet of the Company and the consolidated financial statements of the Group set out on pages 27 to 63 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 2005 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

28 June 2005

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 from the Code, appropriate explanations have been 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 Chairman of the respective Committees will report to the Board the outcome of the Committee meetings.

The Board met four times in FY2005.

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 2004 to 31 March 2005) 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, Frank	4	2	N/A	N/A	N/A	N/A	N/A	N/A
Teh Hong Eng (Alternate: Ng Puay Yee)	4	2	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	2	1	1	-
Ong Chit Chung	4	4	4	4	2	2	1	1
Bertie Cheng Shao Shiong	4	4	4	4	2	2	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 the opportunity arises, the non-executive directors will be invited to locations where the Group operates to enable them to obtain a better perspective of the business and enhance their understanding of the Group's operations.

REPORT ON CORPORATE GOVERNANCE

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 industry knowledge, strategic planning experience and customer based experience and knowledge, finance, accounting, business and management experience necessary to meet the Company's performance targets. 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.

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 secretary, should there be 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.

REPORT ON CORPORATE GOVERNANCE

Board Committees

Principle 11: Audit Committee

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

Independent non-executive directors:

Ong Chit Chung (*Chairman*)

Bertie Cheng Shao Shiong

Executive director:

Cheng Nai Ming

The Company has adopted and has complied with the principles of corporate governance under the 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.

The AC held four 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 during 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 independence of the external auditors and the non-audit services provided by the external auditors; 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.

REPORT ON CORPORATE GOVERNANCE

Board Committees – Continued

Principle 11: Audit Committee – Continued

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

Save for fees paid for tax services which is disclosed on page 42 of the Report, there are no other non-audit fees payable to the Company's external auditors, D&T, except for the professional fee payable for the initial public offering of the Group's jointly-controlled entity, CFIL. 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.

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 schemes and to do all acts necessary in connection therewith; and
- (c) establish and maintain an appropriate and competitive level of remuneration to attract, retain and motivate directors and key executives.

REPORT ON CORPORATE GOVERNANCE

Board Committees – Continued

Principle 8: Level and Mix of Remuneration – Continued

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 page 55 of the Annual Report.

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).

Principle 9: Disclosure on Remuneration

Directors' Remuneration

The remuneration for the year ended 31 March 2005 is shown below:

Remuneration Bands	No. of directors in remuneration bands	
	2005	2004
S\$500,000 and above	–	–
S\$250,000 to below S\$500,000	4	4
Below S\$250,000	5	6
Total	<u>9</u>	<u>10</u>

A breakdown showing the mix of directors' remuneration for the year ended 31 March 2005 is disclosed on page 43 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.

REPORT ON CORPORATE GOVERNANCE

Board Committees – Continued

Principle 9: Disclosure on Remuneration – Continued

Employees' Remuneration

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

Although the Code recommends the disclosure of the names of individual executives within the bands of S\$250,000, the Board has not adopted the practice because it is of view that such disclosure may be detrimental to the Company's interests as it may lead to a poaching of executives within the highly competitive seafood industry.

There were no employees of the Company who are immediate family members of a director or the Chairmen and whose remuneration exceed S\$150,000.

Principle 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 adjustment that are deemed necessary;
- (c) determine the independence of the Board;
- (d) make recommendations to the Board for the continuation of services of any director who has reached the age of 70 (seventy) or otherwise;
- (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.

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, Ong Chit Chung and Cheng Nai Ming, at the forthcoming Annual General Meeting. The Board has also accepted the Nominating Committee's recommendation, and Ong Chit Chung and Cheng Nai Ming will be offering themselves for re-election.

The NC has carried out an evaluation on the Board Performance as a whole for FY2004/2005 on 26 May 2005.

REPORT ON CORPORATE GOVERNANCE

Board Committees – Continued

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 timely and 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 FY2006.

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 guidelines.

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

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

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 company secretary and 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 shares and provide guidances 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.

REPORT ON CORPORATE GOVERNANCE

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 2005, pursuant to the Shareholders’ Mandate approved by the shareholders at the Special General Meeting (“SGM”) held on 29 July 2004. The announcement was made on 26 May 2005.

The IPTs as disclosed in Note 33 to the financial statements have been reviewed and approved by the Audit Committee.

The current Shareholders’ Mandate will be expiring on 28 July 2005, being the date of the forthcoming AGM of the Company. The Company is proposing to seek shareholders’ approval at the SGM to be held on 28 July 2005, to renew the Shareholders’ Mandate pursuant to Chapter 9 of the SGX-ST Listing Manual. IPTs 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 63 for the financial year ended 31 March 2005. 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 2005 and of 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
28 June 2005

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2005

	NOTES	THE GROUP	
		2005 HK\$'000	2004 HK\$'000
Revenue	3	2,892,035	2,470,000
Cost of sales		(2,575,157)	(2,276,356)
Gross profit		316,878	193,644
Other operating income	4	3,513	2,505
Selling and distribution expenses		(32,121)	(17,791)
Administrative expenses		(54,260)	(44,082)
Other operating expenses		(5,086)	(795)
Profit from operations	5	228,924	133,481
Finance costs	6	(49,277)	(40,688)
		179,647	92,793
Share of results of associates		693	74
Profit before taxation		180,340	92,867
Taxation	8	(3,473)	(2,521)
Profit after taxation		176,867	90,346
Minority interests		(22,183)	–
Net profit for the year		154,684	90,346
Earnings per share	9		
Basic		27.61 cents	17.45 cents
Diluted		25.45 cents	16.05 cents
Proposed dividend per share	10	7.79 cents	5.57 cents

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

BALANCE SHEETS

As at 31 March 2005

	NOTES	THE GROUP		THE COMPANY	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	47,722	49,819	–	–
Investment properties	12	20,700	19,800	–	–
Goodwill	13	105,293	–	–	–
Deferred charter hire	14	175,692	–	–	–
Interests in subsidiaries	15	–	–	834,306	791,993
Interests in associates	16	370	77	–	–
Other assets	17	2,728	2,728	–	–
		<u>352,505</u>	<u>72,424</u>	<u>834,306</u>	<u>791,993</u>
CURRENT ASSETS					
Inventories	18	529,716	325,565	–	–
Trade receivables	19	622,905	687,477	–	–
Trade receivables with insurance coverage	20	144,780	136,487	–	–
Other receivables and prepayments	21	435,994	265,938	–	–
Amounts due from a jointly-controlled entity	22	41,816	–	–	–
Advances to a supplier	23	15,628	–	–	–
Bills receivable	36	188,970	244,926	–	–
Pledged deposits	32	858	–	–	–
Bank balances and cash		117,499	187,360	7,482	46
		<u>2,098,166</u>	<u>1,847,753</u>	<u>7,482</u>	<u>46</u>
TOTAL ASSETS		<u><u>2,450,671</u></u>	<u><u>1,920,177</u></u>	<u><u>841,788</u></u>	<u><u>792,039</u></u>
CURRENT LIABILITIES					
Trade payables		296,558	35,235	–	–
Other payables		114,452	21,181	–	–
Tax liabilities		2,817	359	–	–
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	24	4,250	1,200	–	–
Bank advances drawn on bills and discounted trade receivables with insurance coverage	36	74,496	163,823	–	–
Current portion of interest-bearing bank borrowings	25	891,356	851,790	–	–
		<u>1,383,929</u>	<u>1,073,588</u>	<u>–</u>	<u>–</u>
NET CURRENT ASSETS		<u>714,237</u>	<u>774,165</u>	<u>7,482</u>	<u>46</u>

BALANCE SHEETS

As at 31 March 2005

	NOTES	THE GROUP		THE COMPANY	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	25	4,519	5,202	–	–
Deferred taxation	26	240	144	–	–
		<u>4,759</u>	<u>5,346</u>	<u>–</u>	<u>–</u>
MINORITY INTERESTS		<u>22,206</u>	<u>23</u>	<u>–</u>	<u>–</u>
NET ASSETS		<u>1,039,777</u>	<u>841,220</u>	<u>841,788</u>	<u>792,039</u>
CAPITAL AND RESERVES					
Share capital	27	537,209	463,024	537,209	463,024
Reserves		<u>502,568</u>	<u>378,196</u>	<u>304,579</u>	<u>329,015</u>
		<u>1,039,777</u>	<u>841,220</u>	<u>841,788</u>	<u>792,039</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 2005

	Share capital HK\$'000	Share premium HK\$'000	Revaluation reserve HK\$'000	Currency exchange translation reserve HK\$'000	Goodwill HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
THE GROUP							
Balance at 1 April 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	463,024	24,272	33	(18)	(24,883)	378,792	841,220
Gain on revaluation of investment properties (<i>Note 12</i>)	–	–	900	–	–	–	900
Deferred tax liability arising on revaluation of investment properties	–	–	(130)	–	–	–	(130)
Exercise of warrant	74,185	–	–	–	–	–	74,185
Net profit for the year	–	–	–	–	–	154,684	154,684
Final dividend of S\$0.0125 per ordinary share in respect of 2004	–	–	–	–	–	(31,082)	(31,082)
Balance at 31 March 2005	<u>537,209</u>	<u>24,272</u>	<u>803</u>	<u>(18)</u>	<u>(24,883)</u>	<u>502,394</u>	<u>1,039,777</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 2005

	NOTE	2005 HK\$'000	2004 HK\$'000
Operating activities			
Profit before income tax and share of results of associates		179,647	92,793
Adjustments for:			
Interest expense		49,277	40,688
Interest income		(1,988)	(765)
Amortisation of deferred charter hire		16,566	–
Depreciation expenses		6,191	6,819
Loss on disposal of property, plant and equipment		1,973	11
Deficit arising on revaluation of land and buildings		–	795
Operating cash flows before movements in working capital		251,666	140,341
Inventories		(204,151)	(25,399)
Trade receivables, other receivables and prepayments		(44,547)	(365,313)
Amounts due from a jointly-controlled entity		(42,279)	–
Advances to a supplier		(15,628)	5,040
Bills receivable		55,956	(124,634)
Bank advances drawn on bills and discounted trade receivables with insurance coverage		(89,327)	22,234
Trade and other payables		129,350	(191,522)
Cash generated from (used in) operations		41,040	(539,253)
Interest paid		(49,277)	(40,688)
Income tax paid		(649)	(2,639)
Net cash used in operating activities		(8,886)	(582,580)
Investing activities			
Interest received		1,988	765
Purchase of property, plant and equipment		(6,064)	(1,848)
Proceeds on disposal of property, plant and equipment		–	5
Acquisition of interests in associates		–	(3)
Net cash outflow arising on acquisition of a jointly-controlled entity	13	(141,077)	–
Net cash used in investing activities		(145,153)	(1,081)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2005

	NOTE	2005 HK\$'000	2004 HK\$'000
Financing activities			
Dividend paid		(31,082)	(23,731)
Proceeds from issue of shares		74,185	71,007
Shares issue expenses		–	(1,667)
Net cash advanced from (repaid to) Pacific Andes International Holdings Limited and its subsidiaries		3,050	(1,287)
Capital contributed by minority shareholder		–	23
Bank borrowings raised, net of repayments		39,383	567,057
Increase in pledged deposits		(858)	–
Net cash from financing activities		<u>84,678</u>	<u>611,402</u>
Net (decrease) increase in cash and cash equivalents		(69,361)	27,741
Cash and cash equivalents at beginning of the year		<u>186,860</u>	<u>159,119</u>
Cash and cash equivalents at end of the year		<u><u>117,499</u></u>	<u><u>186,860</u></u>
Being:			
Bank balances and cash		117,499	187,360
Bank overdrafts	25	<u>–</u>	<u>(500)</u>
		<u><u>117,499</u></u>	<u><u>186,860</u></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 2005

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 34. Its associates (Note 16) are engaged in trading of frozen fish products and its jointly-controlled entity (Note 22) is engaged in fishing and the provision of fishing management services for fishing vessels.

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 2005 were 1,328 (2004: 592) and 4 (2004: 5) 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 28 June 2005.

2. Significant Accounting Policies

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, modified to include the revaluation of certain properties, and are drawn up in accordance with the provisions of the Singapore Financial Reporting Standards ("FRS").

The Group and the Company early adopted the requirements of the following new/revised FRS for the acquisition of a jointly-controlled entity (Notes 13 and 22) as the completion of the acquisition occurred after 1 July 2004:

FRS 36 (revised)	Impairment of Assets
FRS 38 (revised)	Intangible Assets
FRS 103	Business Combinations

The new/revised FRS are applied on a prospective basis in accordance with the transitional provisions stipulated in the respective standards and there is no effect on the prior year's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

2. Significant Accounting Policies – Continued

Basis of consolidations

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled or jointly-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 and jointly-controlled entity are measured at their fair values at the date of acquisition. The interest of minority shareholders 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.

A jointly-controlled entity is an entity through which the Group and another party or parties undertake an economic activity which is subject to joint control by a contractual agreement. The Group reports its interest in the jointly-controlled entity using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly-controlled entity are combined with the equivalent items in the consolidated financial statements on a line-by-line basis. Where the Group transacts with its jointly-controlled entity, unrealised profits and losses are eliminated to the extent of the Group's interest in the jointly-controlled entity except when unrealised losses provide evidence of an impairment of the assets transferred.

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. 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.

Revenue recognition

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

Revenue from the sale of fishes and other marine catches is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

2. Significant Accounting Policies – Continued

Property, plant and equipment – Continued

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.

Construction in progress is stated at cost 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 of completed construction work is transferred to the appropriate category of property, plant and equipment. Any impairment loss is deducted from the carrying value and charged to the income statement.

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 using pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Leasehold land is amortised over the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

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.

Deferred charter hire

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

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, associates and jointly-controlled entity) 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 currency 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.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill arising from business combinations from 1 April 2004 is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed. On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

2. Significant Accounting Policies – Continued

Goodwill – Continued

Goodwill previously adjusted directly against equity is not retrospectively adjusted and is taken to accumulated profits on disposal of the subsidiary.

In accordance with the transitional provisions of FRS 103, goodwill arising on acquisitions before 1 April 2004 is carried forward at 1 April 2004 based on the carrying amount as at 31 March 2004 and is subject to impairment test at each balance sheet date thereafter.

FRS 103 requires that, after reassessment, any excess of the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

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 any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate 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 loss is recognised as an expense immediately, unless the relevant asset is land or buildings carried 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.

Financial assets

Financial assets include bank balances and cash, trade and other receivables, advances to suppliers, bills receivable and amounts due from a jointly-controlled entity. Trade and other receivables, advances to suppliers, bills receivable and amounts due from a jointly-controlled entity 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 and amounts due to Pacific Andes International Holdings Limited and its subsidiaries are stated at their nominal values. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

2. Significant Accounting Policies – Continued

Provisions

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

Taxation

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 benefit is not recognised 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 realised 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.

Retirement benefits scheme

Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

3. Revenue and Segment Information

Business segments

The Group is principally engaged in global sourcing, the transportation and supply of frozen seafood products, fishing and the provision of fishing management services for fishing vessels, 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. Fishing comprises income from fishing activities and the provision of fishing management services to fishing vessels. Shipping and agency servicing income comprise income from charter hire services, sales of marine fuel oil and provision of packaging materials to fish suppliers.

Segment sales and expense: Segment sales and expense are the operating sales and expense reported in the Group's income statement that are directly attributable to a segment and the relevant portion of such sales and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital expenditure includes the total cost incurred to acquire property, plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accrued expenses.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

3. Revenue and Segment Information – Continued

Business segments – Continued

Information on business segments are presented below:

	Sales of seafood		Fishing		Shipping and agency service income		Sales of vegetables		Elimination		Total	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
THE GROUP												
External sales	2,643,829	2,403,984	191,884	-	31,312	22,378	25,010	43,638	-	-	2,892,035	2,470,000
Intersegment sales	-	-	79,730	-	5,838	-	-	-	(85,568)	-	-	-
Total revenue	<u>2,643,829</u>	<u>2,403,984</u>	<u>271,614</u>	<u>-</u>	<u>37,150</u>	<u>22,378</u>	<u>25,010</u>	<u>43,638</u>	<u>(85,568)</u>	<u>-</u>	<u>2,892,035</u>	<u>2,470,000</u>
Segment result	<u>206,255</u>	<u>174,126</u>	<u>82,364</u>	<u>-</u>	<u>2,781</u>	<u>(366)</u>	<u>(3,130)</u>	<u>4,598</u>	<u>-</u>	<u>-</u>	<u>288,270</u>	<u>178,358</u>
Administrative expenses											(54,260)	(44,082)
Other operating expenses											(5,086)	(795)
Profit from operations											228,924	133,481
Finance costs											(49,277)	(40,688)
Share of results of associates	693	74	-	-	-	-	-	-	-	-	693	74
Profit before taxation											180,340	92,867
Taxation											(3,473)	(2,521)
Profit before minority interests											<u>176,867</u>	<u>90,346</u>
BALANCE SHEET												
Segment assets	<u>1,972,663</u>	<u>1,864,281</u>	<u>425,650</u>	<u>-</u>	<u>19,488</u>	<u>11,670</u>	<u>32,870</u>	<u>44,226</u>	<u>-</u>	<u>-</u>	<u>2,450,671</u>	<u>1,920,177</u>
Segment liabilities	400,259	218,522	85,990	-	601	728	2,906	2,189	-	-	489,756	221,439
Unallocated corporate liabilities											898,932	857,495
Consolidated total liabilities											<u>1,388,688</u>	<u>1,078,934</u>
OTHER INFORMATION												
Capital expenditure	5,623	4	101	-	-	-	340	1,844	-	-	6,064	1,848
Depreciation	2,013	1,557	12	-	74	111	4,092	5,151	-	-	6,191	6,819
Interests in associates	370	77	-	-	-	-	-	-	-	-	370	77

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

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 Hong Kong and other regions in the PRC, East Asia, 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	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Hong Kong and other regions in the PRC	2,540,012	2,269,746	1,896,961	1,654,317	6,064	1,848
East Asia	159,609	14,551	100,757	–	–	–
North America	106,958	107,133	504	15,244	–	–
Western Europe	44,854	31,691	9,011	9,560	–	–
Eastern Europe	27,078	20,313	443,253	238,308	–	–
Others	13,524	26,566	185	2,748	–	–
	<u>2,892,035</u>	<u>2,470,000</u>	<u>2,450,671</u>	<u>1,920,177</u>	<u>6,064</u>	<u>1,848</u>

4. Other Operating Income

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Other operating income comprises:		
Administrative income charged to associates	729	–
Interest income	1,988	765
Insurance claim received	–	592
Rental income from properties	376	248
Sundry income	420	900
	<u>3,513</u>	<u>2,505</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

5. Profit from Operations

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

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Auditors' remuneration		
– auditors of the company	822	28
– other auditors	1,379	1,165
Non-audit fees paid to auditors	436	–
Contributions to retirement benefit scheme, net of forfeitures	138	145
Staff costs, excluding directors' emoluments and retirement benefits contributions	8,480	5,128
Crew wages	28,177	–
Foreign currency exchange adjustment gain	(611)	(672)
Deficit arising from revaluation of land and building	–	795
Compensation on early termination of lease agreement	3,113	–
Allowance for inventories	2,087	–
Cost of inventories included in cost of sales	<u>2,394,211</u>	<u>2,261,017</u>

6. Finance Costs

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Interest on borrowings:		
Bank borrowings	49,071	40,668
Amounts due to PAIH and its subsidiaries	<u>206</u>	<u>20</u>
	<u>49,277</u>	<u>40,688</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

7. Directors' Emoluments

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Directors' fees:		
Executive	–	–
Non-executive	315	308
	<u>315</u>	<u>308</u>
Other emoluments:		
Salaries and other benefits		
– cash	5,217	6,420
– retirement benefits contributions	176	199
Performance related incentive payment	1,220	1,220
	<u>6,613</u>	<u>7,839</u>
	<u>6,928</u>	<u>8,147</u>

Included in executive directors' other emoluments of HK\$6,613,000 (2004: HK\$7,839,000) is an amount of HK\$2,976,000 (2004: HK\$3,528,000) charged by PAIH and its subsidiaries as administrative income, which was calculated in accordance with the management agreement signed on 3 September 1996 and updated by a supplemental agreement dated 22 July 2003.

8. Taxation

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
The charge comprises:		
Profit for the year		
– Hong Kong	(3,650)	(1,753)
– other jurisdictions	–	(74)
Over (under) provision in respect of previous years		
– Hong Kong	543	(550)
	<u>(3,107)</u>	<u>(2,377)</u>
Deferred tax (Note 26)	34	(144)
	<u>(3,073)</u>	<u>(2,521)</u>
Share of taxation of associates	(400)	–
	<u>(3,473)</u>	<u>(2,521)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

8. Taxation – Continued

The income tax expense varied from the amount of income tax expense determined by applying the Hong Kong profits tax rate of 17.5% (2004: 17.5%) to profit before income tax as a result of the following differences:

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Hong Kong profits tax at statutory rate	(31,560)	(16,252)
Non-taxable items	27,637	13,740
Effect of different tax rates of subsidiaries operating in other jurisdictions	450	(9)
	<u> </u>	<u> </u>
Total Hong Kong profits tax at effective tax rate	<u>(3,473)</u>	<u>(2,521)</u>

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

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. Earnings Per Share

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

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Earnings	<u>154,684</u>	<u>90,346</u>
Weighted average number of ordinary shares used in calculation of basic earnings per share	560,293,850	517,652,644
Effect of dilutive potential ordinary shares in respect of:		
Share options	365,217	427,722
Warrants	<u>47,191,462</u>	<u>44,741,923</u>
Weighted average number of ordinary shares used in calculation of diluted earnings per share	<u>607,850,529</u>	<u>562,822,289</u>

The Company has 800,000 (2004: 800,000) outstanding options and 43,837,652 (2004: 122,542,375) outstanding warrants at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

10. Proposed Dividend

The proposed first and final dividends amount to approximately HK\$51,561,000 (2004: HK\$30,115,000) based on 662,215,616 shares in issue as at the date of the report (Note 27). In accordance with FRS 10, these proposed dividends are not recorded as liabilities until such time when they are approved by shareholders at the annual general meeting.

11. Property, Plant and Equipment

	Leasehold land and buildings HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Vessels HK\$'000	Plant and machinery HK\$'000	Construction in progress HK\$'000	Total HK\$'000
THE GROUP								
COST OR VALUATION								
At 1 April 2004	19,967	3,510	7,622	8,105	47,043	32,306	1,769	120,322
Acquisition of a jointly-controlled entity	-	3	-	-	-	-	-	3
Additions	-	5,458	264	-	-	277	65	6,064
Disposals	-	(1,993)	-	-	-	-	(1,762)	(3,755)
Adjustment on asset revaluation	(500)	-	-	-	-	-	-	(500)
At 31 March 2005	<u>19,467</u>	<u>6,978</u>	<u>7,886</u>	<u>8,105</u>	<u>47,043</u>	<u>32,583</u>	<u>72</u>	<u>122,134</u>
Comprising:								
At cost	-	6,978	7,886	8,105	47,043	32,583	72	102,667
At valuation – 31 March 2005	<u>19,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,467</u>
	<u>19,467</u>	<u>6,978</u>	<u>7,886</u>	<u>8,105</u>	<u>47,043</u>	<u>32,583</u>	<u>72</u>	<u>122,134</u>
ACCUMULATED DEPRECIATION								
At 1 April 2004	-	2,724	6,890	7,263	40,201	13,425	-	70,503
Provided for the year	500	1,036	285	334	74	3,962	-	6,191
Disposals	-	(1,782)	-	-	-	-	-	(1,782)
Adjustment on asset revaluation	(500)	-	-	-	-	-	-	(500)
At 31 March 2005	<u>-</u>	<u>1,978</u>	<u>7,175</u>	<u>7,597</u>	<u>40,275</u>	<u>17,387</u>	<u>-</u>	<u>74,412</u>
CARRYING AMOUNT								
At 31 March 2005	<u>19,467</u>	<u>5,000</u>	<u>711</u>	<u>508</u>	<u>6,768</u>	<u>15,196</u>	<u>72</u>	<u>47,722</u>
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>
DEPRECIATION FOR LAST YEAR	<u>505</u>	<u>301</u>	<u>366</u>	<u>574</u>	<u>111</u>	<u>4,962</u>	<u>-</u>	<u>6,819</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

11. Property, Plant and Equipment – Continued

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 2005.

The land and building is pledged to secure a mortgage loan of the Group (Note 32).

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:

	2005 HK\$'000	2004 HK\$'000
Cost	24,217	24,217
Accumulated depreciation	(1,902)	(1,329)
Net book value	<u>22,315</u>	<u>22,888</u>

12. Investment Properties

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Valuation at beginning of year	19,800	19,800
Adjustment on asset revaluation	900	–
Valuation at end of year	<u>20,700</u>	<u>19,800</u>

The investment properties were valued at HK\$20,700,000 by BMI Appraisals Limited, a firm of independent professional valuers, on an open market value basis as at 31 March 2005.

The carrying value of investment properties shown above comprises:

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Investment properties in the PRC under:		
long leases	13,800	12,950
medium leases	6,900	6,850
	<u>20,700</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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

13. Goodwill

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Arising on acquisition of a jointly-controlled entity and at end of year	<u>105,293</u>	<u>–</u>
<p>The goodwill and net cash outflow arising from acquisition of interest in a jointly-controlled entity has been determined as follows:</p>		
		2005 HK\$'000
Net assets acquired:		
Property, plant and equipment		3
Deferred charter hire		214,928
Trade receivables, other receivables and prepayments		46,560
Bank balances and cash		30,056
Trade and other payables		(225,244)
Amounts due to a jointly-controlled entity		<u>(463)</u>
		65,840
Goodwill arising on consolidation		<u>105,293</u>
Total consideration		<u>171,133</u>
Satisfied by:		
Cash		<u>171,133</u>
Net cash outflow arising on acquisition:		
Cash consideration		(171,133)
Bank balances and cash acquired		<u>30,056</u>
		<u>(141,077)</u>

Additional information relating to the jointly-controlled entity are provided in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

14. Deferred Charter Hire

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Total deferred charter hire	214,928	–
Less: accumulated amortisation	(16,566)	–
	<u>198,362</u>	<u>–</u>
Included as current assets (Note 21)	(22,670)	–
	<u>175,692</u>	<u>–</u>
Accumulated amortisation:		
At beginning of year	–	–
Amortisation during the year	16,566	–
	<u>16,566</u>	<u>–</u>
At end of year	<u>16,566</u>	<u>–</u>

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

15. Interests in Subsidiaries

THE COMPANY

	THE COMPANY	
	2005 HK\$'000	2004 HK\$'000
Amounts due from subsidiaries	<u>834,306</u>	<u>791,993</u>

Particulars of the subsidiaries at 31 March 2005 are set out in Note 34. The amounts due from subsidiaries are unsecured, bear interest at variable rates ranging from 1.20% to 8.55% (2004: 1.22% to 6.64%) per annum and have no fixed repayment terms. Interest rates are determined on monthly basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

16. Interests in Associates

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Share of net assets	370	77
Comprising:		
Unquoted equity shares, at cost	3	3
Share of post-acquisition accumulated profits	367	74
	<u>370</u>	<u>77</u>

As at 31 March 2005, the Group had interests in the following associates:

Name of entity	Country of incorporation or registration/operation	Percentage equity interest		Principal activities
		2005 %	2004 %	
Pacos Trading Limited	Republic of Cyprus/Worldwide	20	20	Trading of frozen fish products
Paco (HT) Limited	Republic of Cyprus/Worldwide	20	20	Trading of frozen fish products
Paco (GT) Limited	Republic of Cyprus/Worldwide	20	20	Trading of frozen fish products
Paco (ET) Limited	Republic of Cyprus/Worldwide	20	20	Trading of frozen fish products

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

17. Other Assets

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Club memberships, at cost	<u>2,728</u>	<u>2,728</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

18. Inventories

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Inventories at cost consist of the following:		
Frozen seafood	516,810	312,918
Vegetables	7,440	8,613
Fuel	4,585	3,388
Others	881	646
	<u>529,716</u>	<u>325,565</u>

19. Trade Receivables

	THE GROUP		THE COMPANY	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Outside parties	617,285	672,233	–	–
Associates (Note 16)	5,620	15,244	–	–
	<u>622,905</u>	<u>687,477</u>	<u>–</u>	<u>–</u>

20. Trade Receivables with Insurance Coverage

THE GROUP

Discounted trade receivables which are covered by credit insurances amounting to HK\$2,226,000 (2004: HK\$41,694,000) have been discounted with certain banks with recourse to the Group.

21. Other Receivables and Prepayments

	THE GROUP		THE COMPANY	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Other receivables	2,425	4,719	–	–
Deferred expenditure	7,714	–	–	–
Prepayments for fish	403,185	261,219	–	–
Deferred charter hire (Note 14)	22,670	–	–	–
	<u>435,994</u>	<u>265,938</u>	<u>–</u>	<u>–</u>

Deferred expenditure includes share of expenditure of HK\$1,757,000 incurred by the jointly-controlled entity relating to its proposed initial public offering ("IPO") of shares on the exchange of the Singapore Exchange Securities Trading Limited. This includes fees of HK\$185,000 for the services of the auditors in the role of reporting accountant for the IPO.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

22. Amounts due from a Jointly-Controlled Entity

The details of the jointly-controlled entity acquired during the year (Note 13) are as follows:

Name of jointly-controlled entity	Principal activities/Country of incorporation/Place of business	Effective equity interest held by group	
		2005	2004
		%	%
China Fisheries International Limited	Operation of fishing vessels and sales of fish and other marine catches/Samoa/Worldwide	36.93	–

The amounts due from the jointly-controlled entity are unsecured, interest-free and have no fixed repayment terms. Subsequent to the end of the financial year, the amount was fully repaid.

The following amounts are included in the financial statements of the Group as a result of proportionate consolidation of the jointly-controlled entity. The result of the jointly-controlled entity have been proportionately accounted for since 12 July 2002, the effective date of acquisition of joint control.

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Current assets	102,762	–
Non-current assets	175,780	–
Current liabilities	(131,110)	–
Net assets	<u>147,432</u>	<u>–</u>
Revenue	271,614	–
Expenses	(190,019)	–
Profit before income tax	81,595	–
Income tax	–	–
Profit after income tax	<u>81,595</u>	<u>–</u>

Had the acquisition of joint control of China Fisheries International Limited been effective at the beginning of the financial year, the Group's revenue and net profit for the year would have been HK\$3,001,286,000 and HK\$184,778,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

23. Advances to a Supplier

THE GROUP

The Group's advances to a supplier are unsecured and charged interest at 10% per annum, compounded monthly. These advances have been repaid subsequent to year-end

24. 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 at rates ranging from 1.20% to 2.96% (2004: 1.22% to 1.44%) per annum.

25. Interest-Bearing Bank Borrowings

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Interest-bearing bank borrowings comprise:		
Trust receipt loans and short-term bank loans	890,673	850,625
Mortgage loans	5,202	5,867
Bank overdrafts	–	500
	<u>895,875</u>	<u>856,992</u>
Analysed as:		
Secured	5,202	5,867
Unsecured	890,673	851,125
	<u>895,875</u>	<u>856,992</u>
Repayable as follows:		
Within one year	891,356	851,790
More than one year and less than five years	2,929	2,850
Five years or more	1,590	2,352
	<u>895,875</u>	<u>856,992</u>
Less: Amount due within one year included under current liabilities	<u>(891,356)</u>	<u>(851,790)</u>
Amount due after one year	<u>4,519</u>	<u>5,202</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

25. Interest-Bearing Bank Borrowings – Continued

Details of the secured long-term mortgage loans as at 31 March 2005 are set out as follows:

Final maturity/ settlement date	Effective interest rate per annum	No. of future instalments	Principal HK\$'000
27.4.2012	2.75%	85	5,202
Less: Amount repayable within one year shown as part of current liabilities			(683)
Amount due after one year			<u>4,519</u>

Information on securities for the mortgage loans is provided in Note 32. The mortgage loans bear interest at 2.25% below the Hong Kong Dollar Prime lending rate in Hong Kong and are repriced on a monthly basis.

The unsecured borrowings bear interest at variable rates ranging from 3.13% to 5.75% (2004: 3.14% to 4.28%) per annum.

26. Deferred Tax

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

	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Total HK\$'000
THE GROUP			
At 1 April 2004	80	64	144
Reversal to income statement for the year (Note 8)	(34)	–	(34)
Charge to revaluation reserve for the year	–	130	130
At 31 March 2005	<u>46</u>	<u>194</u>	<u>240</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

27. Share Capital

	THE COMPANY	
	Number of shares at S\$0.20 per share	Amounts S\$'000
<i>Authorised</i>		
Balance at 1 April 2003 and 31 March 2004	1,000,000,000	200,000
Increase in authorised share capital	1,000,000,000	200,000
	<u>2,000,000,000</u>	<u>400,000</u>
<i>Issued and fully paid</i>		
Balance at 1 April 2003	490,293,999	98,059
Issue of new shares	50,000,000	10,000
Exercise of warrants	29,250	6
Exercise of option	800,000	160
	<u>541,123,249</u>	<u>108,225</u>
Balance at 31 March 2004	541,123,249	108,225
Exercise of warrants	78,704,723	15,741
	<u>619,827,972</u>	<u>123,966</u>
	THE COMPANY	
	2005	2004
	HK\$'000	HK\$'000
Balance at beginning of year	463,024	417,956
Issue of new shares	–	44,340
Exercise of options	–	704
Exercise of warrants	74,185	24
	<u>537,209</u>	<u>463,024</u>

Arising from the exercise of warrants after the end of the financial year, the number of shares at the date of this report is 662,215,616 (Note 29).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

28. 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 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.

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.

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

	Outstanding at beginning of year	Exercised during the year	Outstanding at end of year
Pacific Andes (Holdings) Share Option Scheme 2001	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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

29. Warrants

	Warrants with subscription price of S\$0.20		
	Number	S\$'000	HK\$'000
Balance at 1 April 2003	122,571,625	24,514	104,487
Exercised during the year	<u>(29,250)</u>	<u>(6)</u>	<u>(24)</u>
Balance at 31 March 2004	122,542,375	24,508	104,463
Exercised during the year	<u>(78,704,723)</u>	<u>(15,741)</u>	<u>(74,185)</u>
Balance at 31 March 2005	<u><u>43,837,652</u></u>	<u><u>8,767</u></u>	<u><u>30,278</u></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 for one ordinary share in the Company 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.

Subsequent to the end of the financial year, 42,387,644 warrants were exercised, resulting in an increase in number of shares from 619,827,972 at 31 March 2005 (Note 27) to 662,215,616 as at the date of this report.

30. Lease Arrangements

The Group as lessor

Property rental income earned during the year was HK\$376,000 (2004: HK\$248,000). 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 following future minimum lease payments:

	2005 HK\$'000	2004 HK\$'000
Not later than one year	<u><u>359</u></u>	<u><u>148</u></u>

The Group as lessee

	2005 HK\$'000	2004 HK\$'000
Minimum lease payments under operating leases in respect of rented premises and charter hire	<u><u>72,342</u></u>	<u><u>1,805</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

30. Lease Arrangements – Continued

The Group as lessee – Continued

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:

	2005 HK\$'000	2004 HK\$'000
Not later than one year	2,094	1,504
Later than one year and not later than five years	6,338	4,449
Later than five years	<u>29,566</u>	<u>22,737</u>

31. Contingent Liabilities

(a)

	THE GROUP		THE COMPANY	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
At the balance sheet date, the Group and the Company had contingent liabilities as follows:				
Bills discounted with recourse, unsecured	88,352	112,546	–	–
Guarantees given to bankers in respect of banking facilities utilised by				
(i) subsidiaries				
– secured	–	–	5,202	5,867
– unsecured	–	–	1,346,744	1,142,540
(ii) subsidiaries of an intermediate holding company PAIH				
– secured	10,420	11,736	10,420	11,736
– unsecured	–	–	–	–
	<u>98,772</u>	<u>124,282</u>	<u>1,362,366</u>	<u>1,160,143</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

31. Contingent Liabilities – Continued

(b) The Group

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

PAIH’s legal advisors are still at the preliminary stage of investigating the claim and in the process of instructing counsel to advise on the matter. However, their preliminary view is that PAIH has a good defence and the case is likely to be resolved in PAIH’s favour.

In the opinion of the directors, PAIH has valid grounds to defend the claim and as such, no provision for this claim has been made in the financial statements.

32. Pledge of Assets

At 31 March 2005, the Group had pledged land and buildings with aggregate net carrying values of approximately HK\$19.5 million (2004: HK\$20.0 million) to secure the mortgage loans of the Group granted by certain banks.

Deposits amounting to HK\$858,000 (2004: HK\$Nil), comprise proceeds from discounting export invoices are pledged to a bank to secure an export invoice discounting facility granted to the Group.

33. Interested Person Transactions

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

	THE GROUP	
	2005	2004
	HK\$’000	HK\$’000
Interest expenses paid to PAIH and its subsidiaries [Note (i)]	206	20
Administrative expenses paid to PAIH and its subsidiaries [Note (ii)]	<u>14,340</u>	<u>11,728</u>

Notes:

- (i) The interest expenses were calculated monthly at interest rates ranging from 1.20% to 2.96% (2004: 1.22% to 1.44%) per annum on the outstanding amounts due to PAIH and its subsidiaries.
- (ii) The administrative expenses paid to PAIH and its subsidiaries, were calculated in accordance with the management agreement signed on 3 September 1996 and updated by a supplemental agreement dated 22 July 2003.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

33. Interested Person Transactions – Continued

- (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	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Guarantees given to bankers	14,175	144,175	14,175	144,175
Joint and several cross guarantees given to bankers	46,800	76,800	46,800	46,800
	<u>60,975</u>	<u>220,975</u>	<u>60,975</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 31.
- (d) At the balance sheet date, the total amount of guarantee given by PAIH in respect of banking facilities (utilised and unutilised) granted to the subsidiaries of the Group in the amount of HK\$450,940,000 (2004: HK\$390,380,000).
- (e)

	2005 HK\$'000	2004 HK\$'000
Bank advances drawn by the Group on discounted trade receivables with insurance coverage of:		
– a subsidiary of PAIH	–	2,500
– associates of the Group	6,100	6,400
	<u>6,100</u>	<u>6,400</u>
The above advances are secured by trade receivables of:		
– a subsidiary of PAIH	–	2,800
– associates of the Group	6,800	7,100
	<u>6,800</u>	<u>7,100</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

34. Particulars of Subsidiaries

Details of the Company's subsidiaries at 31 March 2005 are as follows:

Name	Place/country of incorporation or registration/operation	Percentage equity interest		Principal activities	Cost of investment HK\$
		2005 %	2004 %		
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	100	Inactive	–
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 2005

34. Particulars of Subsidiaries – Continued

Name	Place/country of incorporation or registration/operation	Percentage equity interest		Principal activities	Cost of investment HK\$
		2005 %	2004 %		
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	100	Inactive	–
Pacos Trading Limited	Cayman Islands	100	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	Yet to commence business	–
Richtown Development Limited	British Virgin Islands/ Hong Kong	100*	100*	Investment holding	8
Well Hope International Limited	British Virgin Islands	100	100	Inactive	–
Zhonggang Fisheries Limited	PRC	70	70	Investment holding	–
					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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

35. Financial Risks and Management

(a) Credit risk

The Group's credit risk is primarily attributable to its bank balances, trade and other receivables, advances to suppliers, bills receivable and amounts due from a jointly-controlled entity. 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 has no concentration of credit risk.

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 changes in interest rates 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 24 and 25.

The interest rates on advances to a supplier is disclosed in Note 23. The interest rates on cash placed with financial institutions ranged from 0.50% to 2.25% per annum.

(c) Foreign currency risk

The Group has limited exposure to foreign currency risk as aside from Hong Kong dollars which is the measurement currency, the Group's transactions are denominated mainly in United State dollars and Chinese Renminbi. Both the Hong Kong dollars and Chinese Renminbi are pegged to United State dollars. 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 and 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

36. Comparative Figures

The prior year's financial statements have been restated as follows to include bills receivable discounted with banks with recourse to the Group for credit risks.

	2004		
	As originally stated HK\$'000	Adjustment HK\$'000	As restated HK\$'000
Current Asset			
Bills receivable	<u>127,526</u>	<u>117,400</u>	<u>244,926</u>
Current Liability			
Bank advances	<u>46,423</u>	<u>117,400</u>	<u>163,823</u>

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 2005

	The Group	
	(Unaudited)	
	2005	2004
	S\$'000	S\$'000
Revenue	611,605	532,787
Cost of sales	<u>(544,592)</u>	<u>(491,017)</u>
Gross profit	67,013	41,770
Other operating income	743	540
Selling and distribution expenses	(6,793)	(3,838)
Administrative expenses	(11,475)	(9,509)
Other operating expenses	<u>(1,076)</u>	<u>(171)</u>
Profit from operations	48,412	28,792
Finance costs	<u>(10,421)</u>	<u>(8,777)</u>
	37,991	20,015
Share of results of associates	<u>147</u>	<u>16</u>
Profit before taxation	38,138	20,031
Taxation	<u>(734)</u>	<u>(544)</u>
Profit after taxation	37,404	19,487
Minority interests	<u>(4,691)</u>	<u>–</u>
Net profit for the year, retained	<u>32,713</u>	<u>19,487</u>
Earnings per share		
Basic (Singapore cents)	<u>5.84</u>	<u>3.76</u>
Diluted (Singapore cents)	<u>5.38</u>	<u>3.46</u>
Proposed dividend per share (Singapore cents)	<u>1.63</u>	<u>1.25</u>

SUPPLEMENTARY INFORMATION

Balance Sheet

As at 31 March 2005

	The Group (Unaudited)	
	2005 S\$'000	2004 S\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	10,092	10,746
Investment properties	4,378	4,271
Goodwill	22,267	–
Deferred charter hire	37,155	–
Interests in associates	78	17
Other assets	577	588
	<u>74,547</u>	<u>15,622</u>
CURRENT ASSETS		
Inventories	112,024	70,225
Trade receivables	131,731	148,291
Trade receivables with insurance coverage	30,618	29,441
Other receivables and prepayments	92,204	57,363
Amounts due from a jointly-controlled entity	8,843	–
Advances to a supplier	3,305	–
Bills receivable	39,963	52,832
Pledged deposits	181	–
Bank balances and cash	24,849	40,414
	<u>443,718</u>	<u>398,566</u>
CURRENT LIABILITIES		
Trade payables	62,716	7,600
Other payables	24,204	4,569
Tax liabilities	596	77
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	899	259
Bank advances drawn on bills and discounted trade receivables with insurance coverage	15,754	35,337
Current portion of interest-bearing bank borrowings	188,503	183,734
	<u>292,672</u>	<u>231,576</u>
NET CURRENT ASSETS	<u>151,046</u>	<u>166,990</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	956	1,122
Deferred taxation	51	31
	<u>1,007</u>	<u>1,153</u>
MINORITY INTERESTS	<u>4,696</u>	<u>5</u>
NET ASSETS	<u>219,890</u>	<u>181,454</u>
CAPITAL AND RESERVES		
Share capital	123,966	108,225
Reserves	95,924	73,229
	<u>219,890</u>	<u>181,454</u>

* Exchange rate
Year 2005: S\$1 = HK\$4.7286
Year 2004: S\$1 = HK\$4.6360

SHAREHOLDERS' INFORMATION

Shareholders' information as at 15 June 2005

Authorised Share Capital	:	S\$200,000,000.00
Issued and fully paid-up capital	:	S\$129,708,098.40
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	68	2.21	32,554	0.01
1,000 – 10,000	1,462	47.48	9,343,426	1.44
10,001 – 1,000,000	1,529	49.66	81,742,499	12.60
1,000,001 and above	20	0.65	557,422,013	85.95
Total	<u>3,079</u>	<u>100.00</u>	<u>648,540,492</u>	<u>100.00</u>

SUBSTANTIAL SHAREHOLDINGS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
		%		%
Clamford Holding Limited	411,186,402	63.40	4,645,000	0.72
Pacific Andes International Holdings Limited	–	–	415,831,402	64.12
N. S. Hong Investment (BVI) Limited	–	–	415,831,402	64.12
Ng Joo Puay, Frank	–	–	415,831,402	64.12
Teh Hong Eng	–	–	415,831,402	64.12
Pacific Innovation (BVI) Limited	–	–	415,831,402	64.12
Ng Puay Yee	–	–	415,831,402	64.12
Ng Swee Hong Holdings (BVI) Limited	–	–	415,831,402	64.12
Ng Swee Hong	–	–	415,831,402	64.12
New Venture (BVI) Limited	–	–	415,831,402	64.12
Ng Joo Siang	–	–	415,831,402	64.12
Value Partners Limited	–	–	64,338,000	9.92
Cheah Cheng Hye	–	–	64,338,000	9.92

SHAREHOLDERS' INFORMATION

Notes:

Deemed Interest of 4,645,000 shares of Clamford Holding Limited comprises of the following:

Name	No. of shares
UOB Kay Hian Pte Ltd	4,645,000

Deemed Interest of 64,338,000 shares of Value Partners Limited comprises of the following:

Name	No. of shares
Citibank Nominees Singapore Ltd	2,522,000
Morgan Stanley Asia (Singapore) Securities Pte Ltd	5,650,000
HSBC (Singapore) Nominees Pte Ltd	47,633,000
Raffles Nominees Pte Ltd	8,533,000

Pacific Andes International Holdings Limited holds a total of 415,831,402 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 415,831,402 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 415,831,402 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 415,831,402 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 415,831,402 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 415,831,402 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 415,831,402 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 415,831,402 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 64,338,000 shares by virtue of his deemed interest in the shares held by Value Partners Limited.

SHAREHOLDERS' INFORMATION

Twenty Largest Shareholders

	Name	No. of Shares	%
1	Clamford Holding Limited	411,186,402	63.40
2	HSBC (Singapore) Nominees Pte Ltd	53,811,499	8.30
3	UOB Kay Hian Pte Ltd	20,889,522	3.22
4	Raffles Nominees Pte Ltd	10,323,000	1.59
5	DBS Nominees Pte Ltd	8,389,000	1.29
6	Citibank Consumer Nominees Pte Ltd	7,950,000	1.23
7	Morgan Stanley Asia (Singapore) Securities Pte Ltd	6,341,000	0.98
8	OCBC Securities Private Ltd	4,879,999	0.75
9	Kim Eng Securities Pte Ltd	4,680,000	0.72
10	Phillip Securities Pte Ltd	4,664,000	0.72
11	Kwek Leng Beng	4,220,000	0.65
12	DBS Vickers Securities (S) Pte Ltd	3,374,000	0.52
13	Hong Leong Finance Nominees Pte Ltd	3,106,000	0.48
14	Merrill Lynch (Singapore) Pte Ltd	2,622,000	0.40
15	Chan Kwee Soon	2,500,000	0.39
16	Fong Lit Lee David	2,450,000	0.38
17	G K Goh Stockbrokers Pte Ltd	1,865,468	0.29
18	HL Bank Nominees (S) Pte Ltd	1,671,123	0.26
19	Boey Mun Hoi or Lai Yuet Yuk	1,494,000	0.23
20	Chua Kuan Lim Charles	1,005,000	0.15
	Total	<u>557,422,013</u>	<u>85.95</u>

Percentage of Shareholding in Public's Hands

35.88% of the 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.

SHAREHOLDERS' INFORMATION

Statistics of Warrantholdings as at 15 June 2005

No. of Warrants	:	122,573,125
Expiry Date of Warrants	:	20 June 2005
No. of Warrants Exercised	:	106,647,993

Distribution of Warrantholdings

Size of Warrantholdings	No. of Warrantholders		No. of Warrants	
		%		%
1 – 999	312	36.28	130,388	0.82
1,000 – 10,000	455	52.91	1,506,500	9.46
10,001 – 1,000,000	92	10.70	5,768,244	36.22
1,000,001 and above	1	0.11	8,520,000	53.50
Total	<u>860</u>	<u>100.00</u>	<u>15,925,132</u>	<u>100.00</u>

SUBSTANTIAL WARRANTHOLDERS

(As recorded in the Register of Warrantholders)

	Direct Interest		Deemed Interest	
		%		%
Clamford Holding Limited	8,520,000	53.50	0	0.00
Pacific Andes International Holdings Limited	–	–	8,520,000	53.50
N. S. Hong Investment (BVI) Limited	–	–	8,520,000	53.50
Ng Joo Puay, Frank	–	–	8,520,000	53.50
Teh Hong Eng	–	–	8,520,000	53.50
Pacific Innovation (BVI) Limited	–	–	8,520,000	53.50
Ng Puay Yee	–	–	8,520,000	53.50
Ng Swee Hong Holdings (BVI) Limited	–	–	8,520,000	53.50
Ng Swee Hong	–	–	8,520,000	53.50
New Venture (BVI) Limited	–	–	8,520,000	53.50
Ng Joo Siang	–	–	8,520,000	53.50

Pacific Andes International Holdings Limited holds a total of 8,520,000 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 8,520,000 warrants by virtue of its deemed interest in the warrants held by Pacific Andes International Holdings Limited.

Teh Hong Eng, Ng Joo Siang and Ng Joo Puay, Frank is deemed interested in the 8,520,000 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 8,520,000 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 8,520,000 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 8,520,000 warrants by virtue of its deemed interest in the warrants held by N.S. Hong Investment (BVI) Limited.

SHAREHOLDERS' INFORMATION

Ng Puay Yee holds a total of 8,520,000 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 8,520,000 warrants by virtue of his deemed interest in the warrants held by N.S. Hong Holdings (BVI) Limited.

Twenty Largest Warrantholders

	Name	No. of Warrants	%
1	Clamford Holding Limited	8,520,000	53.50
2	DBS Vickers Securities (S) Pte Ltd	709,000	4.45
3	Foo Ji-Piao (Fu JiBiao)	622,000	3.90
4	Leow Kim How	500,000	3.14
5	Poh Hock Heng	225,000	1.41
6	Chuw Soo Meng	200,000	1.26
7	Loo Mee Lan	200,000	1.26
8	Phillip Securities Pte Ltd	178,000	1.12
9	Lee Kum Yoke	174,000	1.09
10	Foo Ji Piao or Han Hui Chen	112,000	0.70
11	Leow Wee Kwong	100,000	0.63
12	Tan Hee Leng	95,000	0.60
13	G K Goh Stockbrokers Pte Ltd	94,994	0.60
14	Pang Heng Kwee	90,000	0.56
15	Ong Moo Seng	87,500	0.55
16	OCBC Securities Private Ltd	81,125	0.51
17	Lee Wui Poo	80,000	0.50
18	DBS Nominees Pte Ltd	70,000	0.44
19	Chan Chi Yew Clinton (Chen ZhiYou Clinton)	65,000	0.41
20	Lim Siak Kwan	65,000	0.41
	Total	<u>12,268,619</u>	<u>77.04</u>

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 Oriental Ballroom 2, Lobby Level, The Oriental Singapore, 5 Raffles Avenue, Marina Square, Singapore 039797 on Thursday, 28 July 2005 at 10.00 a.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors’ Report and the Audited Accounts of the Company for the year ended 31 March 2005 together with the Auditors’ Report thereon.

(Resolution 1)
2. To declare a first and final dividend of Singapore 1.63 cents per ordinary share (tax not applicable) for the year ended 31 March 2005 (2004: Singapore 1.25 cents per ordinary share (tax not applicable)).

(Resolution 2)
3. To re-elect the following Directors retiring by rotation pursuant to Bye-law 105 of the Company’s Bye-laws:

Dr Ong Chit Chung	(Resolution 3)
Mr Cheng Nai Ming	(Resolution 4)

Dr Ong Chit Chung will, upon re-election as a Director of the Company, remain as Chairman 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.

Mr Cheng Nai Ming will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered non-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 2005 (2004: S\$71,500).

(Resolution 5)
5. To re-appoint Deloitte & Touche as the Company’s Auditors and to authorise the Directors to fix their remuneration.

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

NOTICE OF 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 (i)]

(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 (ii)]

(Resolution 8)

By Order of the Board

Koh Ngin Joo

Company Secretary

Singapore, 5 July 2005

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law or the Bye-laws of the Company to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to 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 at the time of the passing of this resolution.

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

- (ii) The Ordinary Resolution 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 not more than 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 10 August 2005 to 11 August 2005 (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 8 August 2005 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 8 August 2005 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 28 July 2005, will be made on 26 August 2005.

