

7 July 2004



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The Office of International Corporate  
Finance  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Mail Stop 3-9  
Washington, D.C. 20549  
U.S.A.

THOMSON  
FINANCIAL



SUPPL

Ladies and Gentlemen:

**SEC FILE NO. 82-4031**

Re: Pacific Andes International Holdings Limited  
Information Furnished Pursuant to Rule 12g3-2(b)  
under the Securities Exchange Act

On behalf of Pacific Andes International Holdings Limited (the "Company"), SEC File No. 82-4031, the enclosed copies of documents are submitted to you in order to maintain the Company's exemption from Section 12(g) of the Securities Exchange Act of 1934 (the "Act") pursuant to Rule 12g3-2(b) under the Act:

- (1) The Company's announcement of results for the year ended March 31, 2004, dated June 29, 2004 published (in English language) in The Standard and (in Chinese language) in the Hong Kong Economic Times, both on June 30, 2004;

Partners: Simon Luk Carson Wen Michael P. Phillips Katherine C.M. U Susan C. Yu \* China-Appointed Attesting Officer  
35th Floor One Exchange Square 8 Connaught Place Central, Hong Kong www.hewm.com

Hong Kong Singapore San Francisco Silicon Valley Los Angeles San Diego Seattle Portland Anchorage  
New York Washington D.C. Madison, WI Affiliated Offices: Milan Paris Rome

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- (2) The Company's announcement of unaudited results of Pacific Andes (Holdings) Limited, a subsidiary of Pacific Andes International Holdings Limited, for the year ended March 31, 2004, dated May 24, 2004, published (in English language) in The Standard and (in Chinese language) in the Hong Kong Economic Times, both on May 25, 2004; and
- (3) The Company's announcement regarding the proposed acquisition agreement between Zhonggang Fisheries, a subsidiary of the Company and Jade China, dated March 29, 2004, published (in English language) in The Standard and (in Chinese language) in the Hong Kong Economic Times, both on March 30, 2004.

The parts of the enclosed documents that are in Chinese substantially restate the information appearing elsewhere in English.

We would appreciate your acknowledging receipt of the foregoing by stamping and returning the enclosed copy of this letter. A self-addressed, stamped envelope is enclosed for your convenience.

Very truly yours,



Simon Luk

Enclosures

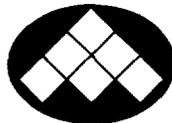
cc: Pacific Andes International Holdings Limited

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## PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED 太平洋恩利國際控股有限公司

(於百慕達註冊成立之有限公司)

### 公 布

於二零零四年三月二十六日，恩利控股（其股份及認股權證在新加坡交易所上市）擁有70%權益之附屬公司兼本公司擁有58%權益之附屬公司中港漁業與碧華訂立有條件協議，向碧華收購499股中漁國際普通股（相等於中漁國際已發行股本49.9%），代價根據中漁國際截至二零零三年十二月三十一日止財政年度經審核除稅後溢利以6倍市盈率計算。

根據新加坡交易所上市守則之有關規定，建議收購構成恩利控股之須予披露交易。根據香港上市規則，建議收購並不構成本公司之須予公布交易。

本公布內容與恩利控股同日根據新加坡交易所上市守則刊發有關建議收購之公布大致相同。根據本公司與香港聯交所訂立之上市協議第2(2)段，本公司及恩利控股於二零零四年三月二十九日分別在香港及新加坡刊發本公布。

### 緒言

恩利控股（其股份及認股權證在新加坡交易所上市）為本公司擁有已發行股本約58%之附屬公司。本公布之內容與恩利控股同日根據新加坡交易所上市守則刊發之公布大致相同。

根據本公司與香港聯交所訂立之上市協議第2(2)段（當中規定證券同時在其他證券交易所上市之香港上市發行者須確保同時向香港聯交所披露任何向其其他證券交易所公布之資料，而有關資料須同時在其他市場及香港市場公布，包括發行者之附屬公司向其上市之另一證券交易所或其他市場公布並根據上市協議須予披露之資料），本公司及恩利控股於二零零四年三月二十九日同時在香港及新加坡刊發本公布。

### 收購協議

於二零零四年三月二十六日，恩利控股擁有已發行股本70%之附屬公司中港漁業與碧華（本身及其主要股東均為獨立人士，與本公司、其附屬公司、其董事、主要行政人員、主要股東或彼等各自之聯繫人士概無關連）訂立有條件協議，向碧華收購銷售股份，相等於中漁國際已發行股本49.9%。於完成建議收購後，碧華將保留中漁國際餘下50.1%權益，而中漁國際將成為恩利控股及本公司之聯營公司。因此，碧華及其主要股東不會成為本公司之關連人士（定義見香港上市規則）。

### 代價

代價乃根據中漁國際截至二零零三年十二月三十一日止財政年度經審核除稅後溢利以6倍市盈率計算。現時預期代價將於呈報中漁國際根據國際財務報告準則編撰截至二零零三年十二月三十一日止財政年度之經審核帳目後而於二零零四年六月底之前支付。

為方便參考，根據中漁國際截至二零零三年十二月三十一日之未經審核除稅後溢利計算，代價應為14,380,000美元（約等於112,160,000港元），相等於恩利控股之市值116,700,000美元（約等於910,200,000港元）（以恩利控股股份於二零零四年三月二十五日（即收購協議日期前恩利控股股份在新加坡交易所之最後一個交易日）之加權平均價格計算）約12.32%。

根據新加坡交易所上市守則之有關規定，建議收購構成恩利控股之須予披露交易。根據香港上市規則，建議收購並不構成本公司之須予公布交易。

中港漁業有意以股東約於二零零四年六月底按各自所持中港漁業股權比例而提供之股東貸款支付代價。本公司須就此確保將會及時遵從香港上市規則當時適用於本公司之一切有關規定（如有）。

### 收購協議之其他重要條款

#### 先決條件

建議收購須待(i)完成詳盡審查並滿意其結果；及(ii)獲得中漁國際截至二零零三年十二月三十一日止財政年度之經審核帳目後，方可作實。倘截至二零零四年六月三十日尚未達成或豁免上述條件，則收購協議將告失效，惟收購協議若干條款除外。

#### 中漁國際之管理層（僅於完成建議收購後適用）

中漁國際之董事人數上限為五名，中港漁業最多可委任其數中兩名，而碧華則最多可委任三名。董事會議之法定人數為兩名董事，其中一名須是中港漁業所委任之董事。倘於會議開始後十分鐘內未達法定人數，則會議將會延期。倘於會議開始後十分鐘內未達法定人數，則任何一名或以上

### 恩利控股之利益

恩利控股之董事認為，由於深海捕漁可進一步配合恩利控股採購業務，故此建議收購為重要之策略部署。

### 恩利控股集團之財務影響

#### 每股盈利

為方便參考，假設建議收購已於二零零二年四月一日完成，則建議收購將對恩利控股集團每股盈利（根據恩利控股集團截至二零零三年三月三十一日止財政年度之經審核綜合損益表計算）之影響如下：

	截至二零零三年 三月三十一日止	備考 (於建議 收購後)
股東應佔溢利(千港元)	73,253	82,853
股份數目(千股)(附註1)	540,294	540,294
每股盈利(港仙)	13.56	16.90

附註(1)：股份總數乃根據二零零三年三月三十一日之股份計算，並已計及配售50,000,000股股份。

#### 有形資產淨值

為方便參考，假設建議收購已於二零零三年三月三十一日完成，則建議收購將對恩利控股集團綜合有形資產淨值（根據恩利控股集團於二零零三年三月三十一日之經審核綜合資產負債表計算）之影響如下：

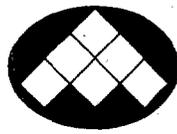
	截至二零零三年 三月三十一日止	備考 (於建議 收購後)
有形資產淨值(千港元)	751,128	681,484
股份數目(千股)(附註1)	540,294	540,294
每股有形資產淨值(港元)	1.39	1.26

附註(1)：股份總數乃根據二零零三年三月三十一日之股份計算，並已計及配售50,000,000股股份。

#### 負債

為方便參考，假設建議收購已於二零零三年三月三十一日完成，則建議收購將對恩利控股集團負債（根據恩利控股集團於二零零三年三月三十一日之經審核綜合資產負債表計算）之影響如下：

	於二零零三年 三月三十一日	備考 (建議 收購後)
總借貸(千港元)	366,365	366,365
淨借貸(千港元)	207,231	285,727
股東資金(千港元)	751,128	751,128
總負債比率(倍)	0.49	0.49



# PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED

## 太平洋恩利國際控股有限公司

(於百慕達註冊成立之有限公司)  
(股份代號：1174)

### 截至二零零四年三月三十一日止年度 業績公佈

	二零零四年	二零零三年 (重列)	按年變動	五年複合 年增長率
營業額(百萬港元)	4,393	3,849	+14.1%	20.4%
經營溢利(百萬港元)	227	196	+15.9%	14.4%
股東應佔溢利(百萬港元)	112	95	+17.9%	33.8%
每股盈利 - 基本(港仙)	14.8	13.7	+8.0%	不適用
每股股息(港仙)	4.9	4.5	+8.9%	不適用

#### 綜合收入報表

太平洋恩利國際控股有限公司(「本公司」)董事會(「董事」)欣然公佈本公司及各附屬公司(「本集團」)截至二零零四年三月三十一日止年度之經審核綜合業績如下：

	截至 二零零四年 三月三十一日 止年度 千港元	截至 二零零三年 三月三十一日 止年度 千港元 (重列)
營業額	4,393,427	3,849,254
銷售成本	(3,943,102)	(3,472,783)
毛利	450,325	376,471
其他經營收入	13,235	19,536
銷售及行政支出	(102,909)	(62,370)
其他經營支出	(127,110)	(135,134)
經營溢利	227,242	196,138
財務支出	(76,186)	(72,628)
所佔聯營公司業績	151,056	123,510
除稅前溢利	149,676	124,729
稅項	(1,446)	(1,067)
未計少數股東權益前溢利	148,230	123,662
少數股東權益	(36,600)	(28,948)
本年度淨溢利	111,630	94,714
股息	48,942	31,999
每股盈利		
基本	14.8港仙	13.7港仙
攤薄	14.3港仙	13.5港仙

#### 附註

1. 採納會計實務準則  
於本年度，本集團首次採納香港會計師公會頒佈之會計實務準則第12號(經修訂)「所得稅」。該項修訂之主要影響乃涉稅項(即除稅前溢利)之計算。本集團已於二零零四年一月一日起採納該項修訂。由於該項修訂之採納，本集團於二零零四年一月一日起之溢利增加2,653,000港元，及資產負債表之遞延稅項增加363,000港元及276,000港元。

#### 2. 分類資料

按業務分類	二零零四年 千港元	魚柳及 魚切塊 千港元	船務服務 千港元	蔬菜 千港元	綜合 千港元
營業額	2,443,095	1,884,316	22,378	43,638	4,393,427
分類業績	175,498	167,717	(366)	4,567	347,416
未分配集團支出	-	-	-	-	(120,174)
總溢利	-	-	-	-	227,242
財務支出	-	-	-	-	(76,186)
所佔聯營公司業績	74	(1,454)	-	-	(1,380)
除稅前溢利	-	-	-	-	149,676
稅項	-	-	-	-	(1,446)

Specialties, Inc. 收購 Matlaw 的冷凍海產生產線(「Matlaw」)。此項收購包括 Matlaw 公司的醃製、鹽和扇貝產品的品牌、配方、生產設備和存貨。著名的 Matlaw's® 品牌不但確保太平洋恩利可獲得持續收益，亦可透過 Matlaw 的現有分銷渠道及客源為集團引進新產品提供強大支援。

於二零零四年三月，本集團簽署了一份有條件買賣協議，收購中國漁業有限公司(「中國漁業」)49.9% 股權。收購計劃不但是使本集團將來在冷凍海產貿易業務上能更易控制所需之原材料供應，更進一步整合本集團之採購業務，從而提高本集團營運效率。

#### 營運回顧

##### 市場分析

中國一直是太平洋恩利的主要收入來源，佔二零零四財政年度總銷售額的 53.4%。中國人民的生活越趨富裕，其強勁的消費力以市場對健康飲食的注重，改變了他們的飲食習慣，從而刺激了國內糧食及對集團多元化海產食品的需求，帶動營業額增長。根據人均消費的數量約為 24.8 公斤，與一九九零年的 11.5 公斤相比，有相當的增幅。本集團在中國市場的銷售額增加 21.5% 至 2,340,000,000 港元，則為 1,930,000,000 港元。

於二零零四財政年度，西歐已超越美國成為本集團第二大市場，銷售額上升 18.7% 至 939,000,000 港元。歐洲人現時流行小份量餐食及快餐，致使歐洲成為本集團魚柳的重要進口市場。於一九九九年至二零零三年間，本集團於該市場的魚柳銷售年複合增長率為 43%，反映需求不斷上升的趨勢。

於二零零四財政年度，北美的銷售額維持穩定，為 901,000,000 港元。

##### 產品分析

##### 海產部

太平洋恩利海產部自二十年前以冷凍海產業務為基礎，經過多年不斷發展，至今已臻成熟，成為世界主要冷凍海產生產商兼供應商之一。本集團能在世界各地採購海產食品，並於本集團的生產設施生產優質海產食品。

於二零零四財政年度，本集團冷凍海產食品銷售額達 4,300,000,000 港元，即共售出約 283,000 公噸海產食品，較去年的 244,000 公噸增加 16%。

##### 採購及貿易

年內，本集團共售出約 192,000 公噸冷凍魚類，去年則為 168,000 公噸，銷售額增加 15.9% 至 2,440,000,000 港元。冷凍魚類主要銷往中國，並繼續為本集團營業額最大的產品，佔總銷售額 55.6%。

##### 加工

魚柳及魚切塊的銷售額增加 11.8% 至 1,880,000,000 港元，佔總銷售額 42.9%。其強勁增長主要來自世界各地的魚柳及魚塊加工廠紛紛運往中國切塊。於二零零四財政年度，本集團售出 91,000 公噸冷凍魚柳及魚切塊，銷售額增加 21%。

太平洋恩利將集團本身定位為統管生產及銷售之綜合食品供應。大商、產直以來不斷物色商機擴闊產品組合。年內，本集團將陸續引入美國、西班牙及希臘的魚柳及魚切塊。本集團相信，可於該等市場提供更多產品。

##### 蔬菜和種植部

蔬菜銷售總額 44,000,000 港元，較去年增加 9%。西歐市場佔蔬菜銷售總額 68%。最受歡迎產品為菠菜、西蘭花和洋蔥。儘管蔬菜銷售與種植業務將逐步增長，但本集團日後發展將作出貢獻。

##### 食品安全

為建立行業標準及全國性範圍的食品安全意識，本集團於二零零三年五月在英國設立首間獨立商業食品殘留物分析實驗室。該實驗室由英國政府(「諾安」)諾安專門進行食品分析。儀器技術採用英國政府的 Central Science Laboratory 使用並獲英國皇家認可委員會認可的標準操作程式。該實驗室獲頒發 ISO 17025 國際標準的證書，向廣泛的中國及國際企業提供支援服務，為確保產自中國的食品達到甚至超越國際認可標準獻一分力。

##### 流動資金及財務資源

於二零零四年三月三十一日，本集團之銀行借貸增加 71%，由二



# PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED

## 太平洋恩利國際控股有限公司

(Incorporated in Bermuda with limited liability)  
(Stock Code: 1174)

### ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2004

HIGHLIGHTS	2004	2003 (Restated)	YOY Change	5 years compound annual growth rate
Turnover (HK\$'m)	4,393	3,849	+14.1%	20.4%
Operating profit (HK\$'m)	227	196	+15.9%	14.4%
Profit attributable to shareholders (HK\$'m)	112	95	+17.9%	33.8%
Earnings per share – basic (HK cents)	14.8	13.7	+8.0%	N/A
Dividend per share (HK cents)	4.9	4.5	+8.9%	N/A

#### CONSOLIDATED INCOME STATEMENT

The Board of Directors (the "Directors") of Pacific Andes International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2004 as follows:

	Year ended 31.3.2004 HK\$'000	Year ended 31.3.2003 HK\$'000 (Restated)
Turnover	4,393,427	3,849,254
Cost of sales	(3,943,102)	(3,472,783)
Gross profit	450,325	376,471
Other operating income	13,235	19,536
Selling and distribution expenses	(102,909)	(62,370)
Administrative expenses	(127,110)	(135,134)
Other operating expenses	(6,299)	(2,365)
Profit from operations	227,242	196,138
Finance costs	(76,185)	(72,628)
Share of results of associates	(1,380)	1,219
Profit before taxation	149,676	124,729
Taxation	(1,446)	(1,067)
Profit before minority interests	148,230	123,662
Minority interests	(36,600)	(28,948)
Net profit for the year	111,630	94,714
Dividend	48,942	31,999
Earnings per share		
Basic	14.8 cents	13.7 cents
Diluted	14.3 cents	13.5 cents

#### Notes:

#### 1. ADOPTION OF REVISED STATEMENT OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, the revised Statement of Standard Accounting Practice ("SSAP") 12 "Income Taxes" ("SSAP 12 (Revised)") issued by the Hong Kong Society of Accountants.

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions.

In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2003 have been restated accordingly. As a result of this change in policy, the balance of retained profits at 1 April 2002 has been decreased by HK\$108,000, representing the cumulative effect of the change in policy on the results for periods prior to 1 April 2002. The balance on the Group's asset revaluation reserve at 1 April 2002 has been decreased by HK\$7,363,000, representing the deferred tax liability recognised in respect of the revaluation surplus on the Group's properties at that date. The balance of the Group's goodwill reserve at 1 April 2002 has been decreased by HK\$5,458,000, representing the deferred tax liability recognised in respect of the pre-acquisition revaluation surplus on the Group's properties at that date. The change has also resulted in an increase in the profit and a decrease in asset revaluation reserve of HK\$2,653,000 and HK\$2,651,000 respectively for the year ended 31 March 2004 (2003: HK\$363,000 and HK\$376,000 respectively).

#### 2. SEGMENT INFORMATION

##### Business Segments

2004	2004				Consolidated HK\$'000
	Frozen fish HK\$'000	Fillets and portions HK\$'000	Shipping services HK\$'000	Vegetables HK\$'000	
TURNOVER					
External sales	2,443,095	1,844,316	22,378	43,638	4,332,427
RESULT					
Segment result	175,458	167,717	(366)	4,567	347,416
Unallocated corporate expenses					(120,174)
Profit from operations					227,242
Finance costs					(76,186)
Share of results of associates	74	(1,434)			(1,380)
Profit before taxation					149,676
Taxation					(1,446)
Profit before minority interests					148,230

#### Geographical Segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Turnover by geographical market	
	Year ended 31.3.2004 HK\$'000	Year ended 31.3.2003 HK\$'000 (Restated)
People's Republic of China (the "PRC")	2,344,402	1,928,927
North America	901,174	905,795
Western Europe	939,347	791,161
Eastern Europe	20,313	19,912
Japan	146,244	172,237
Other	41,546	31,182
	4,393,427	3,849,254

#### 3. PROFIT FROM OPERATIONS

	Year ended 31.3.2004 HK\$'000		Year ended 31.3.2003 HK\$'000 (Restated)	
	Profit from operations has been arrived at after charging:			
Auditors' remuneration	2,145	2,452		
Depreciation	25,472	35,615		
Operating lease rentals in respect of tenanted premises	3,091	3,785		
Loss on disposal of property, plant and equipment	22	806		
Retirement benefits scheme contributions	724	1,210		
Other staff costs	71,679	59,063		
Total staff costs	72,403	60,273		
and after crediting:				
Gain on disposal of investments in securities	4,471	-		
Net rental income after outgoings	2,368	7,528		

#### 4. TAXATION

	Year ended 31.3.2004 HK\$'000		Year ended 31.3.2003 HK\$'000 (Restated)	
	The charge comprises:			
Profit for the year	3,156	1,490		
- Hong Kong	250	265		
- other jurisdictions	2,906	1,225		
Under (over) provision in prior year	693	(480)		
- Hong Kong	4,099	1,275		
Deferred taxation				
- current year	(2,386)	(208)		
- attributable to a change in tax rate	(67)	-		
Tax charge for the year	1,446	1,067		

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profits for the year.

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

As 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.

#### 5. DIVIDEND

	Year ended 31.3.2004 HK\$'000		Year ended 31.3.2003 HK\$'000 (Restated)	
	Final dividend:			
Proposed final dividend of HK4.9 cents (2003: HK4.5 cents) per share	48,942	31,999		

#### 6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the two years ended 31 March 2004 are based on the following data:

	2004 HK\$'000		2003 HK\$'000 (Restated)	
	Earnings for the purposes of calculation of basic and diluted earnings per share	111,630	94,714	
Weighted average number of ordinary shares for the purposes of calculation of basic earnings per share	751,839,891	692,711,091		
Effect of dilutive potential ordinary shares in respect of:				
- share options	3,452,731	11,294,037		
- warrants	26,192,888	-		
Weighted average number of ordinary shares for the purposes of calculation of diluted earnings per share	781,485,510	704,005,128		

#### DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK4.9 cents per share for the year ended 31 March 2004. The final dividend will be paid to the shareholders whose names appear on the register of members of the Company (the "Register of Members") as at the close of business on Thursday, 9 September 2004. Subject to the approval of shareholders in the forthcoming annual general meeting, the final dividend will be paid on 5 October 2004 (2003: HK4.5 cents).

#### RESULTS

In FY2004, the Group recorded an increase of 14% in turnover to HK\$4.4 billion. The growth was primarily attributable to increasing demand from our existing markets.

Corresponding to the higher sales, the Group recorded improved profitability. Operating profit increased 16% to HK\$227 million. Profit attributable to shareholders grew from HK\$94.7 million to HK\$111.6 million, representing an increase of 18%.

#### REVIEW OF BUSINESS

FY2004 was a successful year for Pacific Andes. The Company recorded another year of strong earnings growth with significant improvement in our operating initiatives and overall financial flexibility. Although the global uncertainty and the outbreak of the Severe Acute Respiratory Syndrome (SARS) posed challenges for us, we remained committed to and focused on our corporate mission – to become a fully integrated global food company. Adhering to stringent quality and international food safety standards, our frozen seafood and vegetables successfully crossed geographical boundaries and recorded encouraging growths. The overall frozen seafood consumption in our markets continued to increase, helped partly by our broadened sales strategy and enhanced processing capabilities.

Consistent with our previously articulated strategy on corporate development, we aim to supplement our organic growth with selective investments and acquisitions. The Group's two most recent acquisitions reflect this approach. The Group acquired the Matlaw's Frozen Seafood Product Line ("Matlaw") from Frozen Specialties Inc. in August 2003. The acquisition included the Matlaw's brands of stuffed clam, crab and scallop products, formulae, production equipment and inventory. The well recognized Matlaw's brand not only promises sustainable profitability for Pacific Andes, but also provides a strong leverage for us to introduce new product offerings through Matlaw's existing distribution channels and customer bases.

In March 2004, the Group entered into a conditional sale and purchase agreement to acquire 49.9% interest in China Fisheries International Limited ("CFIL"). The acquisition of CFIL is an important milestone in Pacific Andes' corporate development and integration program. This is a strategic move of the Group to move towards deep-sea fishing operations. This will not only allow us to have greater control in securing the supply of raw materials for our trading business but also help us to further integrate our sourcing operations, thereby enhancing our operational efficiencies.

#### OPERATIONS REVIEW

##### Market Analysis

The PRC has been Pacific Andes' major revenue contributor, accounting for 53.4% of the total sales mix for FY2004. The growing affluence of China's population, the corresponding increase in her purchasing power coupled with the increasing emphasis on the importance of a healthy lifestyle will continue to shift the dietary habits of consumers in the country towards more seafood products. This has thereby resulted in a growing demand for our diversified products. According to the Food and Agricultural Organization ("FAO") Food Balance Sheet, China's fisheries consumption per capita was about 24.8 kg in 2001, representing a significant increase when compared with 11.5 kg in 1990. Our sales in the PRC market increased 21.5% to HK\$2.34 billion, against HK\$1.93 billion last year.

In FY2004, Western Europe surpassed the United States ("U.S.") and became our second largest market, with sales increased by 18.7% to HK\$939 million. The prevailing preference for light meals and convenience foods among Europeans makes it a crucial import market for fish fillets of the Group. The Compound Annual Growth Rate of sales of fish fillets by us to this market from 1999 to 2003 was 43% reflected the rising trend in demand.

Sales to North America remained stable at HK\$901 million in FY2004.

##### Product Analysis

##### Seafood Division

Founded upon the frozen seafood business about two decades ago, the seafood division of Pacific Andes has matured to become one of the world's leading processors and suppliers of frozen seafood. We are able to source seafood products globally and to produce top quality seafood products at our processing facilities.

In FY2004, the Group recorded sales of HK\$4.3 billion of frozen seafood products. This equates to approximately 283,000 metric tonnes of frozen seafood products, an increase of 16% compared to 244,000 metric tonnes last year.

##### Sourcing and trading

During the year, the Group sold approximately 192,000 metric tonnes of frozen fish, compared with last year's 168,000 metric tonnes, with sales increased by 15.9% to HK\$2.44 billion. Sold primarily to the PRC market, frozen fish remained the largest contributor to the Group's turnover, accounting for 55.6% of the total sales.

##### Processing

Sales of fillets and portions increased 11.8% to HK\$1.88 billion, accounting for 42.9% of the total sales mix. The growth in sales in general was driven by the continual relocation of fillet and portion processing from different parts of the world to the PRC. In FY2004, the Group sold 91,000 metric tons of frozen fillets and portions, representing an increase of 21%.

Positioning ourselves as a vertically integrated food supplier, Pacific Andes has been exploring opportunities to expand the product mix. During the year, the Group introduced processed salted fish fillet products for the Hispanic market in the U.S. and Mediterranean countries like Spain, Portugal and Greece. We believe that there is significant potential for us to offer more products in these markets.

**Vegetable and Plantation Division**

Sale of vegetables recorded a turnover of HK\$44 million, representing an increase of 9% over last year. The Western European market accounted for 68% of its total vegetable sales. The most popular products among our customers are spinach, broccoli and bell peppers. Although vegetable sales remain very small in comparison to our well-established seafood business, we are confident that the vegetable and plantation business will grow steadily and continue to contribute to our future growth.

**Food Safety**

With a goal of setting up an industry-wide standard and nation-wide awareness of food safety, Pacific Andes established the first independent commercial food residue analysis laboratory, Sino Analytica Laboratory ("Sino Analytica") in the PRC in May 2003. Sino Analytica has its specific focus on food analysis. Its techniques are based upon the Standard Operating Procedures used by Central Science Laboratory of the United Kingdom Government and is recognized by the United Kingdom Accreditation Service. The laboratory has been awarded accreditation to the international standard ISO 17025, offers supporting services to a wide range of Chinese and international enterprises doing its part to ensure that food products from China reach, and even surpass, accepted international standards.

**Liquidity and Financial Resources**

As of 31 March 2004, our total bank borrowings increased by 71% from HK\$775 million in 2003 to HK\$1,323 million. Because of the delay in commencement of our fishing season, our major portion of sourcing activities this year only commenced during March. As a result, we increased the usage of short-term bank borrowings to fund the inventory and trade receivables during this period.

As of 31 March 2004, our cash on hand increased to HK\$767 million, compared with HK\$271 million in 2003.

As of 31 March 2004, the Group's equity increased by 60% to HK\$1.23 billion. In February 2004, the Group raised HK\$244 million via a placement of 143 million new shares. In addition, the Group raised HK\$119 million through the subscription of warrants during the year. The broadened capital base enabled Pacific Andes to finance the construction of new processing plant and provides the Group the working capital needed for business expansion.

Net debt to shareholders' equity ratio stood at 60% in 2004.

As the Group does not maintain a significant open position in any foreign currency at any time, it has minimal exposure to currency risk. The Group actively protects its foreign currency vulnerabilities through natural hedges, forward contracts and options. Speculative currency transactions are strictly prohibited. Shares in certain subsidiaries were pledged as securities for the inventory financing obtained from banks.

**Employees and Remuneration**

As of 31 March 2004, the Group had a total number of 3,180 employees. The Group values its employees and their contribution to the business. Remuneration packages offered to employees are in line with industry standards and reviewed annually. The award of bonuses is decided based on the performance of individual employee as well as the Group's performance. Other staff benefits include medical allowance and mandatory provident fund. The Company and its non-wholly owned subsidiary, Pacific Andes (Holdings) Limited, each has an employees' share option scheme to allow the granting of share options to selected eligible employees depending on their contribution to the company.

**OUTLOOK**

Looking forward, we will focus on identifying opportunities for Pacific Andes to further expand our product range and market presence in existing and new markets. This requires remaining steadfast to our commitment and executing diligently our global vision. Our flexible business model gives us latitude to develop new products and distribution channels that will enable us to better meet our customers' needs.

To boost our profit margins, we will devise new and focused business strategies to improve our operations. We will also strengthen our relationships with both our customers and our suppliers. Our ability to the customers what they need, as and when they need it, is one of the key reasons for our success.

**Sourcing**

Capitalizing on the establishment of Zhonggang Fisheries Limited, we intend to conduct research and identify resources for new and under-utilized fish species to feed the global population. Approximately 47% of the fish captured from the sea today are used for non-food consumption. Our contribution to the global fish industry in exploring, processing and developing a previously under-utilized species such as Alaskan Pollack, now considered one of the widest and most highly demanded and consumed white fish in the world, has demonstrated our vision and capability.

**Processing**

As customers worldwide search for right solutions in terms of quality price and responsiveness, more and more of them are looking to China to serve their supply chain needs. We are confident that no other company in China can provide a large, globally-oriented and flexible business model comparable to those offered by Pacific Andes.

We will increase the existing processing capacity by constructing a new plant. The new processing centre will not only help to boost our capacity and productivity, but also give us greater flexibility in producing value-added products. The Group will increase the processing volume of value-added products and also expand the product variety. We are also ready to further expand our capacity through outsourcing processing to quality plants in the PRC. All these initiatives are expected to significantly improve our operational efficiencies and in turn strengthen our position in the global market.

**Fine foods development**

As part of our strategy towards full vertical integration, we have recently set up a new Fine Foods Division to develop and process higher value and specialised products such as lake breamed, marinated, filleted and grill-marked fillets and portions. We believe this division will be the driving force behind our next phase of growth.

**Direct distribution to the PRC**

The sale of frozen fish in China will continue to dominate as a major revenue generator. As the country develops and disposable income rises, the demand for fish will continue to grow. According to the most recent FAO trade statistics for 2002, China is a major operator in the international markets, is now the eighth largest importer of fish in value. We will continue to strengthen our distribution operation in the PRC so as to further enhance our market penetration and presence.

**CLOSURE OF THE REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Tuesday, 7 September 2004 to Thursday, 9 September 2004 both days inclusive, during which period no share will be registered. In order to establish the entitlement of shareholders to vote at the 2004 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Secretaries Limited of the G/F, BEA Harbour View Centre, 36 Gloucester Road, Wanchai, Hong Kong by no later than 4:00 p.m. on Monday, 6 September 2004.

**PURCHASE, SALE OR REDEMPTION**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed shares of the Company during the year ended 31 March 2004.

**PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE**

A detailed announcement of financial results of the Group for the year ended 31 March 2004, containing all the information required by paragraph 43(1) to 43(3) inclusive of Appendix 16 of the Listing Rules of the Stock Exchange of Hong Kong Limited ("SEHK"), will be published on the website of the SEHK in due course.

**CODE OF BEST PRACTICE**

The Company has complied throughout year ended 31 March 2004 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on SEHK (the "Code of Best Practice"), except that its non-executive directors are not appointed for a specific term. Pursuant to the bye-laws of the Company, directors, including non-executive directors of the Company will retire by rotation on an average of every three years and their appointments will be reviewed when they are due for re-election, which in the opinion of the Company, meets the main objective of the guideline set out in the Code of Best Practice.

As at the date of this announcement, the executive directors of the Company are Mr. Ng Sze-Hong, Mr. Ng Joe Siang, Madam Tan Hong Shu, Mr. Ng Joe Kwai, Mr. Ng Joe Puay, Frank, Mr. Ng Pway Ted and Mr. Cheng Hoi Ming whilst the independent non-executive directors of the Company are Mr. Kwok Lam Kwong, Larry, and Mr. Law, Y. Robert.

By Order of the Board

Ng Joe Siang  
Managing Director

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## PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED 太平洋恩利國際控股有限公司

(Incorporated in Bermuda with limited liability)  
(Stock Code: 1174)

### ANNOUNCEMENT OF UNAUDITED RESULTS OF PACIFIC ANDES (HOLDINGS) LIMITED, A SUBSIDIARY OF PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED, FOR THE YEAR ENDED 31 MARCH 2004

The Board of Directors ("directors") of Pacific AnDES International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of Pacific AnDES (Holdings) Limited ("PAH"), the Company's 57.72% owned subsidiary, the shares and warrants of which are listed on the Singapore Exchange Securities Trading Limited, and its subsidiaries (the "PAH Group") for the year ended 31 March 2004, together with the comparative figures for the corresponding period of immediately preceding financial year.

#### PURPOSE OF THIS ANNOUNCEMENT

This announcement is a reproduction of the announcement made by the PAH pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited. In compliance with paragraph 2(2) of the listing agreement between the Company and the Stock Exchange of Hong Kong Limited (which requires a listed issuer to ensure that if securities of the listed issuer are also listed on other stock exchanges, the Stock Exchange of Hong Kong Limited is simultaneously informed of any information released to any such other stock exchanges and that such information is released to the market in Hong Kong at the same time as it is released to the other markets), the following announcement is published by the Company simultaneously in Hong Kong and PAH in Singapore on 24 May 2004.

The financial statements and consolidated financial statements of the PAH and PAH Group are properly drawn up in accordance with the Singapore Statements of Accounting Standards.

#### I An income statement (for the PAH Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

1(a) The following statements in the form presented in PAH's most recently audited annual financial statements:

	PAH Group		Increase/ (decrease)
	Year ended 31.03.2004	31.03.2003	
Revenue	2,470,000	2,141,286	15.4
Cost of sales	(2,276,356)	(1,967,274)	15.7
Gross profit	193,644	174,012	11.3
Other operating income	2,505	6,313	(60.3)
Selling and distribution expenses	(17,791)	(20,199)	(11.9)
Administrative expenses	(44,082)	(47,553)	(7.3)
Other operating expenses	(795)	(194)	309.8
Profit from operations	133,481	112,379	18.8
Finance costs	(40,688)	(38,160)	6.6
	92,793	74,219	25.0
Share of results of associates	74	-	NM
Profit before taxation	92,867	74,219	25.1
Taxation	(2,521)	(966)	161.0
Net profit for the year	90,346	73,253	23.3

	PAH Group		Increase/ (decrease)
	Year ended 31.03.2004	31.03.2003	
Other operating income including interest income	2,505	6,313	(60.3)
Interest on borrowings	(40,688)	(38,160)	6.6
Depreciation	(6,819)	(18,741)	(63.6)
Foreign exchange gain/(loss)	672	(753)	(189.2)
Adjustment for (under) over provision of tax in respect of prior years	(550)	274	(300.7)
(Loss) Gain on disposal of property, plant and equipment	(11)	178	(106.2)
Gain on disposal of subsidiaries	-	400	(100.0)

#### Notes:

- Other operating income of the PAH Group decreased by 60.3% for FY2004 as the PAH Group did not receive administrative income from the Company after divestment of certain non-core assets to the Company.
- Depreciation expenses decreased by 64% for FY2004 as the PAH Group divested certain non-core assets to the Company and disposed two vessels in the previous corresponding period.
- Gain on disposal of subsidiaries represented profit on disposal of Heng Holdings (BVI) Limited.
- A substantial portion of the PAH Group's profit neither arises in, nor is derived from, Hong Kong and accordingly it is not subject to Hong Kong Profits Tax. PAH has no assessable income in Singapore.

1(b) (i) A balance sheet (for the Issuer and PAH Group), together with a comparative statement as at the end of the immediately preceding financial year.

	PAH Group		PAH	
	31.03.2004	31.03.2003	31.03.2004	31.03.2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	49,819	55,601	-	-
Investment properties	19,800	19,800	-	-
Interests in subsidiaries	-	-	791,993	701,045
Interests in associates	77	-	2	-
Other assets	2,728	2,728	-	-
	72,424	78,129	791,993	701,045
<b>CURRENT ASSETS</b>				
Inventories	325,565	300,166	-	-
Trade receivables	672,233	498,830	-	-
Trade receivables with insurance coverage	116,487	75,310	-	-
Other receivables and prepayments	265,938	149,449	-	225
Advances to suppliers	-	5,040	-	-
Trade receivables from associates	15,244	-	-	-
Bills receivable	127,526	55,618	-	-
Bank balances and cash	187,360	159,134	46	6
	1,730,353	1,244,547	46	231
<b>CURRENT LIABILITIES</b>				
Trade payables	35,235	226,959	-	-
Other payables	21,181	20,979	-	-
Tax liabilities	359	621	-	-
Amount due to Pacific AnDES International Holdings Limited and its subsidiaries	1,200	2,487	-	-
Bank advances drawn on discounted trade receivables with insurance coverage	46,423	76,915	-	-
Current portion of interest-bearing bank borrowings	851,790	283,583	-	-
	956,188	611,544	-	-
	774,165	633,003	46	231
<b>NET CURRENT ASSETS</b>				
Interest bearing bank borrowings	5,202	5,867	-	-
Deferred taxation	144	-	-	-
	5,346	5,867	-	-
<b>MINORITY INTERESTS</b>				
	23	-	-	-
<b>NET ASSETS</b>				
	841,220	705,265	792,039	701,276
<b>CAPITAL AND RESERVES</b>				
Share capital	463,024	417,956	463,024	417,956
Reserves	378,196	287,309	329,015	283,320
	841,220	705,265	792,039	701,276

1(b) (ii) Aggregate amount of PAH Group's borrowings and debt securities Amount repayable in one year or less, or on demand

	As at 31.03.2004		As at 31.03.2003	
	Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
Amount repayable after one year	664	851,126	646	282,937
	5,202	-	5,867	-

#### Details of any collateral:

The PAH Group had pledged land and buildings with aggregate net carrying values of approximately HK\$20.0 million (31.3.2003: HK\$21.3 million) to secure the mortgage loan of the PAH Group granted by a bank.

1(c) A cash flow statement (for the PAH Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Year ended	
	31.03.2004	31.03.2003
	HK\$'000	HK\$'000
<b>Operating activities</b>		
Profit from operations	133,481	112,379
Adjustments for:		
Interest income	(765)	(1,308)
Depreciation expense	6,819	18,741
Gain (Loss) on disposal of property, plant and equipment	11	(178)
Loss on disposal of subsidiaries	-	(400)
Deficit arising on revaluation of land and buildings	795	-
Operating cash flows before movements in working capital	140,341	129,422
Inventories	(25,399)	(29,015)
Trade receivables, other receivables and prepayments	(350,069)	(17,810)
Advances to suppliers	5,040	50,929
Bills receivable	(15,244)	-
Bank advances drawn on discounted trade receivables with insurance coverage	(71,908)	(55,618)
Bank advances drawn on discounted trade receivables with insurance coverage	(30,492)	(22,964)
Trade and other payables	(191,522)	203,457
	(539,253)	258,407
Long-term receivables	-	6,435
Cash (used in) generated from operations	(539,253)	264,842
Interest paid	(40,688)	(38,160)
Income tax paid	(2,639)	(1,044)
Net cash (used in) from operating activities	(582,580)	225,638
<b>Investing activities</b>		
Interest received	765	1,308
Purchase of property, plant and equipment	(1,848)	(1,999)
Proceeds on disposal of property, plant and equipment	(25,399)	(29,015)
Acquisition of interests in associates	(3)	-
Net cash inflow arising on disposal of subsidiaries	-	45,417
Net cash (used in) from investing activities	(1,081)	53,830
<b>Financing activities</b>		
Dividend paid	(23,731)	(21,847)
Issue of ordinary shares	69,340	2
Net cash repaid to Pacific AnDES International Holdings Limited and its subsidiaries	(1,287)	(34,623)
Capital contributed by minority shareholders	23	-
Net bank borrowings raised (repaid)	567,057	(123,918)
Net cash from (used in) financing activities	611,402	(180,356)
Net increase in cash and cash equivalents	27,741	99,082
Cash and cash equivalents at beginning of the year	159,119	60,029
Effect of translation difference	-	8
Cash and cash equivalents at end of the year	186,860	159,119
Being:		
Bank balances and cash	187,360	159,134
Bank overdrafts	(500)	(15)
	186,860	159,119

1(d) (i) A statement (for the Issuer and PAH Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share	Share	Revaluation	Exchange	Goodwill	Retained	Total
	capital	premium	reserve	translation			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>PAH Group:</b>							
Balance at 1 April 2002	381,617	28,774	13,709	-	(24,883)	254,750	633,967
Exchange difference on translation of the Group's overseas operations	-	-	-	(18)	-	-	(18)
Redemption, subdivision and consolidation of share capital	81	(81)	-	-	-	-	-
Bonus issue	35,926	(27,965)	-	-	-	(7,965)	-
Exercise of bonus warrant	2	-	-	-	-	-	2
Disposal of subsidiaries	-	-	(13,584)	-	-	(13,584)	-
Deficit on revaluation, net	-	-	(92)	-	-	(92)	-
Net profit for the year	-	-	-	-	-	73,253	73,253
Final dividend of \$0.01 per ordinary share in respect of 2002	-	-	-	-	-	(21,847)	(21,847)
Balance at 31 March 2003	417,956	-	33	(18)	(24,883)	312,177	705,265
Balance at 1 April 2003	417,956	-	33	(18)	(24,883)	312,177	705,265
Share issued at premium	44,340	24,272	-	-	-	-	68,612
Exercise of option	704	-	-	-	-	-	704
Exercise of bonus warrant	24	-	-	-	-	-	24
Net profit for the year	-	-	-	-	-	90,346	90,346
Final dividend of \$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

	Share capital HK\$'000	Share premium HK\$'000	Reserve HK\$'000	Exchange translation reserve HK\$'000	Goodwill HK\$'000	Retained profits HK\$'000	Total HK\$'000
PAH Balance at 1 April 2002	381,617	28,774	-	-	-	306,603	719,994
Redemption, subdivision and consolidation of share capital	811	(811)	-	-	-	-	-
Bonus issue	35,520	(27,962)	-	-	-	(7,558)	-
Exercise of bonus warrant	-	-	-	-	-	-	2
Net profit for the year	-	-	-	-	-	3,127	3,127
Final dividend of \$30.01 per ordinary share in respect of 2002	-	-	-	-	-	(21,847)	(21,847)
Balance at 31 March 2003	417,956	-	-	-	-	283,320	701,276
Balance at 1 April 2003	417,956	-	-	-	-	283,320	701,276
Shares issued at premium	44,340	24,272	-	-	-	-	68,612
Exercise of option	704	-	-	-	-	-	704
Exercise of bonus warrant	24	-	-	-	-	-	24
Net profit for the year	-	-	-	-	-	45,154	45,154
Final dividend of \$30.011 per ordinary share in respect of 2003	-	-	-	-	-	(23,731)	(23,731)
Balance at 31 March 2004	463,024	24,272	-	-	-	304,743	792,039

1(d) (ii) Details of any changes in PAH's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of corresponding period of the immediately preceding financial year.

During the financial year, PAH issued 50,829,250 ordinary shares of \$30.20 each as a result of placement of shares (50,000,000 shares), exercise of share options (800,000 shares) and exercise of warrants (29,250 shares) (2003: exercise of warrants: 1,500 shares).  
As at 31 March 2004, there were 122,542,375 outstanding warrants at an exercise price of \$50.20 each (31 March 2003: 122,571,625) and 800,000 share options under the Pacific Andes (Holdings) Share Option Scheme 2001 (31 March 2003: 1,600,000).  
PAH did not make any purchases of its shares during the financial year ended 31 March 2004.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)  
The figures have not been audited or reviewed by the PAH's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)  
Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.  
PAH and the PAH Group have adopted the same accounting policy and methods of computation in the financial statements as those used in the audited financial statements for the year ended 31 March 2003.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change  
The financial statements were previously prepared in accordance with Singapore Statements of Accounting Standards ("SAS"). During the current financial year, the financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The adoption of FRS does not materially affect the results of PAH and the PAH Group for the current and prior year.

6. Earnings per ordinary share of the PAH Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	PAH Group	
	Year ended	Year ended
(i) Based on weighted average number of ordinary shares in issue; and	31.03.2004	31.03.2003
(ii) On a fully diluted basis	HK17.45 cents	HK14.94 cents
The calculation of the basic and diluted earnings per share is based on the following data:	HK\$90,346,000	HK\$73,253,000
Earnings	517,652,644	490,293,383
Weighted average number of ordinary shares used in calculation of basic earnings per share	427,723	84,528
Effect of dilutive potential shares in respect of	44,741,923	2,056,292
- Share options	562,822,289	492,434,203
- Share warrants		
Weighted average number of ordinary shares used in calculation of diluted earnings per share		

7. Net asset value for the issuer and the PAH Group per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported and (b) immediately preceding financial year.

	PAH Group		PAH	
	31.03.2004	31.03.2003	31.03.2004	31.03.2003
Net tangible asset backing per ordinary share based on existing issued share capital as at the end of period reported on	HK\$1.55	HK\$1.44	HK\$1.46	HK\$1.43

8. A review of the performance of the PAH Group, to the extent necessary for a reasonable understanding of the PAH Group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs and earnings of the PAH Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the PAH Group during the current financial period reported on.

In the 2004 financial year, the PAH Group registered a turnover of HK\$2.47 billion representing an increase of 15.4% over the sales of HK\$2.14 billion reported in the previous financial year. Corresponding to the higher sales, net profit after tax also rose 23.3% from HK\$73.25 million to HK\$90.35 million for the financial year under review.  
The performance of the PAH Group in FY2004 is attributable to the growing demand for frozen fish in the People's Republic of China ("PRC"). The PRC continues to lead as the largest revenue contributor turning in revenues of HK\$2.27 billion representing an increase of 20.6% over that of the previous year. Geographically, the PRC contributed about 91.9% of the PAH Group's total revenue and the balance comprises contributions from Eastern and Western Europe, North America and other countries into which the PAH Group sells.  
By product category, the sale of frozen fish continues to dominate as the largest sales contributor turning in HK\$2.40 billion or 97.3% of the PAH Group's aggregate turnover. The sale of vegetables also picked up registering a 9.0% revenue growth. In FY2004, the revenue contributions from vegetables rose from HK\$40.05 million to HK\$45.64 million. Together, the sale of frozen fish and vegetables comprises about 99.10% of the PAH Group's turnover in FY2004.

Notwithstanding the higher sales activities, both selling and administrative expenses remained relatively stable as the PAH Group continues to benefit from the economies of scale. Financing costs were higher rising 6.6% due to the higher quantum of short term financing undertaken to fund the PAH Group's working capital needs.  
The PAH Group's balance sheet for FY2004 saw a sharp increase in both its trade receivables and short-term bank borrowings. These were attributable to the delay in the fishing season towards the final quarter of the financial year caused by a revamp of the quota allocation system in Russia, a major sourcing country for the PAH Group. As a result of the changes implemented by the Russian government, most of the fishing quota were only allocated in late January 2004 which in turn delayed the commencement of fishing operations to between February and March 2004.  
This delay invariably affected the sourcing activities of the PAH Group in the 4th quarter of FY2004. Unlike previous years when our sourcing activities commenced in January, this year the major portion of our sourcing activities only commenced during March 2004. The chain effect of this delayed our sales activities and also affected our customers to issue letters of credit or make payments to us on time. Most of the sales for this season were thereafter booked into our accounts receivable thereby causing a temporary surge in the accounts receivables of the PAH Group. To ease the pressure on its working capital position, the PAH Group had to utilize short-term bank borrowings to fund the accounts receivable during this period.  
The effects from these events were subsequently reflected in the temporary surge in both the trade and bills receivables which rose 44% from HK\$554 million to HK\$800 million. Accompanying this is a corresponding increase in the PAH Group's short-term bank borrowings that rose 3 folds from HK\$284 million to HK\$852 million. This temporary situation will adjust and rectify itself towards the first quarter of the new financial year. Despite being an exception rather than a norm, the temporary pressure on the PAH Group's working capital towards the final quarter of FY2004 also manifested itself in the PAH Group's cash flow. This resulted in a cash outflow of HK\$582.38 million in operating activities. Matching this is a corresponding increase in the net bank borrowings by HK\$567.06 million as at the end of the 2004 financial year.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results  
The current Full-Year Results announcement is in line with the prospect statement previously disclosed to shareholders in the last third quarter result announcement.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the PAH Group operates and any known factors or events that may affect the PAH Group in the next reporting period and next 12 months

Looking ahead, the major contributor to the PAH Group's performance will continue to be derived from the sale of frozen fish in the PRC. The demand for fish will continue to grow as the country develops and disposable income rises. According to the most recent FAO trade statistics for 2002, the PRC has emerged as a major operator in the international markets and is now the 8th largest importer of fish. In 1997, PRC accounted for about 36% of the global consumption of fish compared to 11% in 1973 reflecting the trend where countries with rapid population growth, rapid income growth and urbanisation tend to exhibit the greatest increases in the consumption of fish products.  
Cognizant of the importance of securing a continual source of fish for its needs in FY2004, the PAH Group's 70% subsidiary, Zhonggang Fisheries Limited, entered into a conditional sale and purchase agreement to acquire 49.9% in China Fisheries International Limited ("CFIL"). CFIL is principally engaged in fishing and the provision of management services for fishing vessels. With its sourcing strategy in place, the PAH Group is now poised to garner a larger share of the rapidly growing frozen fish market in the PRC thereby paving the way for another new phase of its corporate growth.

The Directors expect the PAH Group to achieve further growth in the current financial year and remain profitable.

11. Dividend
- (a) Current Financial Period Reported On  
Any dividend declared for the current financial period reported on? Yes  
Name of dividend: First and Final  
Dividend Type: Cash  
Dividend rate: 1.25 Singapore cents per ordinary share (tax not applicable)  
Per value of shares: \$30.20  
Tax rate: Tax not applicable
- (b) Corresponding Period of the Immediately Preceding Financial Year  
Any dividend declared for the corresponding period of the immediately preceding financial year? Yes  
Name of dividend: First and Final  
Dividend Type: Cash  
Dividend rate: 1.10 Singapore cents per ordinary share (tax not applicable)  
Per value of shares: \$30.20  
Tax rate: Tax not applicable
- (c) Date payable  
The proposed dividend, if approved at the Annual General Meeting, will be paid at a date to be announced.
- (d) Books closure date  
Notice will be given at a late date on the closure of the Share Transfer Books and the Register of Members to determine the shareholders' entitlements to the proposed final dividend.

12. If no dividend has been declared/recommended, a statement to that effect  
Not applicable.

13. Segmented revenue and results for business or geographical segments (of the PAH Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

By product category	2004			Consolidated HK\$'000
	Frozen seafood HK\$'000	Shipping services HK\$'000	Vegetables HK\$'000	
Revenue	2,403,984	22,378	43,638	2,470,000
Segment result	174,126	(366)	4,598	178,358
Administrative expenses				(44,082)
Other operating expenses				(795)
Profit from operations				133,481
Finance costs				(40,688)
Share of results of associates				92,793
Profit before taxation				74
Taxation				(92,867)
Net profit for the year				90,346

By Product Category	2003			Consolidated HK\$'000
	Frozen seafood HK\$'000	Shipping services HK\$'000	Vegetables HK\$'000	
Revenue	2,084,922	16,317	40,047	2,141,286
Segment result	154,247	841	5,038	160,126
Administrative expenses				(47,553)
Other operating expenses				(194)
Profit from operations				112,379
Finance costs				(38,160)
Profit before taxation				74,219
Taxation				(9,666)
Net profit for the year				73,253

Geographical segments	Revenue		Carrying amounts of segment assets		Additions to property plant and equipment	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Hong Kong and other regions in PRC	2,269,746	1,881,465	1,536,917	840,466	1,848	1,999
North America	107,133	171,186	15,444	36,560	-	-
Western Europe	31,691	28,789	9,560	9,011	-	-
Eastern Europe	20,313	16,317	239,308	407,583	-	-
Others	41,117	43,529	2,748	28,956	-	-
	2,470,000	2,141,286	1,802,777	1,322,676	1,848	1,999

14. In the view of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments  
For detail review of performance by business or geographical segments, please refer to paragraph 8.

15. A breakdown of sales as follows:

	PAH Group		Change
	2004 HK\$'000	2003 HK\$'000	
Sales reported in the first half year	926,410	771,920	+20.0%
Operating profit in first half year	37,596	30,970	+21.4%
Sales reported in the second half year	1,543,890	1,369,366	+12.7%
Operating profit in the second half year	52,780	42,283	+24.8%
A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year			
Total Annual Dividend (Refer to Paragraph 16 of Appendix 7.2 for the required details)			

	Latest Full Year		Previous Full Year	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Ordinary	30,115	23,731	-	-
Preference	-	-	-	-
Total	30,115	23,731	-	-

17. Interested person transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$5100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than \$5100,000)	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
The Company and its subsidiaries	-	-	11,728	7,342
Administrative expenses	-	-	-	2,528
Guarantees given to banks in respect of banking facilities utilized by subsidiaries of Pacific Andes International Holdings Limited at 31 March 2004	9,694	27,091	-	-
Interest expenses	20	180	-	-

As at the date of this announcement, the executive directors of the Company are Mr. Ng Swee Hong, Mn Ng Joo Siang, Madam Teh Hong Eng, Mr. Ng Joo Kwee, Mr. Ng Joo Puay, Frank, Mx. Ng Puay Yee and Mr. Cheng Nai Ming whilst the independent non-executive directors of the Company are Mr. Kwok Lam Kwong, Larry and Mr. Lew V Robert.

By order of the Board  
Pacific Andes International Holdings Limited  
Cheng Nai Ming  
Company Secretary

Hong Kong  
24 May, 2004

香港聯合交易所有限公司對本公司之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不承擔此等責任。



PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED
太平洋恩利國際控股有限公司

(於百慕達註冊成立之有限公司)
(股份代號: 1170)

太平洋恩利國際控股有限公司
附屬公司太平洋恩利(控股)有限公司
截至二零零四年三月三十一日止年度
之未經審核業績公布

本公司之附屬公司(本公司)之董事會(董事會)茲將本公司截至二零零四年三月三十一日止之未經審核業績公布如下...

本公司之摘要

本公司之附屬公司(本公司)之董事會(董事會)茲將本公司截至二零零四年三月三十一日止之未經審核業績公布如下...

Table with 4 columns: 截至下列日期止, 二零零四年, 二零零三年, 增加/ (減少) 百分比. Rows include 營業額, 毛利, 經營溢利, 稅項, 股東應佔溢利, 每股溢利, 股息, 本公司之資產, 本公司之負債, 本公司之權益, 本公司之現金及現金等價物.

(b) 任何影響恩利國際控股有限公司之現金流量, 營運資金, 資產或負債之重大因素。
恩利國際控股有限公司二零零四年財政年度溢利為港幣2,470,000,000元, 與上一個財政年度1,210,000,000元相比, 增加港幣1,260,000,000元, 增幅為104%...

Table with 4 columns: 截至下列日期止, 二零零四年, 二零零三年, 增加/ (減少) 百分比. Rows include 營業額, 毛利, 經營溢利, 稅項, 股東應佔溢利, 每股溢利, 股息, 本公司之資產, 本公司之負債, 本公司之權益, 本公司之現金及現金等價物.

Table with 4 columns: 截至下列日期止, 二零零四年, 二零零三年, 增加/ (減少) 百分比. Rows include 營業額, 毛利, 經營溢利, 稅項, 股東應佔溢利, 每股溢利, 股息, 本公司之資產, 本公司之負債, 本公司之權益, 本公司之現金及現金等價物.

(c) 本財政年度之紀錄
於本財政年度內, 本公司之經營表現良好, 主要由於本財政年度內, 本公司之各項業務均表現良好...

Table with 4 columns: 截至下列日期止, 二零零四年, 二零零三年, 增加/ (減少) 百分比. Rows include 營業額, 毛利, 經營溢利, 稅項, 股東應佔溢利, 每股溢利, 股息, 本公司之資產, 本公司之負債, 本公司之權益, 本公司之現金及現金等價物.



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## PACIFIC ANIDES INTERNATIONAL HOLDINGS LIMITED

太平洋恩利國際控股有限公司

(Incorporated in Bermuda with limited liability)

### ANNOUNCEMENT

On 26th March, 2004, Zhonggang Fisheries, a 70% subsidiary of PAH (whose shares and warrants are listed on SES) and, in turn, a 58% subsidiary of the Company, entered into a conditional agreement with Jade China to acquire from Jade China 499 ordinary shares in CFIL, representing 49.9% of the issued share capital of CFIL for a consideration to be determined based on a price earning ratio of 6 times of the audited profit after tax of CFIL for the financial year ended 31st December, 2003.

The Proposed Acquisition constitutes a discloseable transaction of PAH for the purposes of, and would be subject to, the relevant provisions of the Listing Manual of SES. The Proposed Acquisition does not constitute any notifiable transaction of the Company for the purposes of the Hong Kong Listing Rules.

This announcement is essentially a reproduction of the announcement made by PAH of the even date pursuant to the Listing Manual of SES in relation to the Proposed Acquisition. In compliance with paragraph 2(2) of the listing agreement between the Company and the Hong Kong Stock Exchange, this announcement was made simultaneously on 29th March, 2004 by the Company in Hong Kong and PAH in Singapore.

#### INTRODUCTION

PAH, whose shares and warrants are listed on SES, is a subsidiary of the Company which is interested in approximately 58% of the issued share capital of PAH. This announcement is essentially a reproduction of an announcement made by PAH of the even date pursuant to the Listing Manual of SES.

In compliance with paragraph 2(2) of the listing agreement between the Company and the Hong Kong Stock Exchange (which requires any issuer listed on the Hong Kong Stock Exchange whose securities are also listed on other stock exchange(s) to ensure that the Hong Kong Stock Exchange is simultaneously informed of any information released to any of such other exchange(s) and that such information is released to the market in Hong Kong at the same time as it is released to the other market(s) which requirement includes any information released by a subsidiary of the issuer to another stock exchange on which that subsidiary is listed or another market, if the information is discloseable by the issuer under the listing agreement), this announcement was made simultaneously on 29th March, 2004 by the Company in Hong Kong and PAH in Singapore.

#### ACQUISITION AGREEMENT

On 26th March, 2004, Zhonggang Fisheries, a subsidiary of PAH which is interested in 70% of the issued share capital of Zhonggang Fisheries, entered into a conditional agreement with Jade China (which is, and its substantial shareholder(s) are, independent of and not connected with the Company, its subsidiaries, their directors, chief executives, substantial shareholders or any of their respective associates) to acquire from Jade China the Sale Shares, representing 49.9% of the issued share capital of CFIL. Following completion of the Proposed Acquisition, Jade China will retain the remaining 50.1% interest in CFIL, and CFIL will become an associated company of PAH and, in turn, the Company. Jade China and its substantial shareholder(s) will not thereby become connected person(s) of the Company for the purposes of the Hong Kong Listing Rules.

#### CONSIDERATION

The Consideration, which is payable on completion by way of cash, is to be determined based on a price earning ratio of 6 times of the audited profit after tax of CFIL for the financial year ended 31st December, 2003. The Consideration, as is currently expected, will be fixed by the end of June 2004 after the presentation of the audited accounts of CFIL for the financial year ended 31st December, 2003 prepared in accordance with International Financial Reporting Standards.

For illustration purposes, based on the unaudited profit after tax of CFIL as at 31st December, 2003, the Consideration would be US\$14.38 million (equivalent to approximately HK\$112.16 million), which is equivalent to approximately 12.32% of the market capitalisation of PAH of US\$116.7 million (equivalent to approximately HK\$910.2 million), based on the volume-weighted average price of PAH's shares transacted on 25th March, 2004 (being the last market day preceding the date of the Acquisition Agreement on which there was trading in PAH's shares on SES).

The Proposed Acquisition constitutes a discloseable transaction of PAH for the purposes of, and would be subject to, the relevant provisions of the Listing Manual of SES. The Proposed Acquisition does not constitute any notifiable transaction of the Company for the purposes of the Hong Kong Listing Rules.

Zhonggang Fisheries intends to finance the Consideration through shareholder loans to be provided by or around the end of June 2004 by its shareholders proportionate to their respective shareholdings in Zhonggang Fisheries, and, in this connection, the Company will ensure that relevant requirements, if any, under the Hong Kong Listing Rules as may then be applicable to the Company will timely be complied with.

#### OTHER MATERIAL TERMS OF THE ACQUISITION AGREEMENT

##### Conditions precedent

The Proposed Acquisition is conditional upon (i) satisfactory due diligence and (ii) presentation of the audited accounts of CFIL for the financial year ended 31st December, 2003. If the conditions are not fulfilled or waived on or before 30th June, 2004, the Acquisition Agreement shall cease to be of any effect save for certain clauses in the Acquisition Agreement.

##### Management of CFIL (applicable only after completion of the Proposed Acquisition)

The maximum number of directors in CFIL will be five when Zhonggang Fisheries can appoint up to two directors and Jade China up to three directors. The quorum for any board meeting will be two directors, of which one shall be a director appointed by Zhonggang Fisheries. If there is no quorum present within ten minutes of the meeting, the meeting will be adjourned. If the aforesaid quorum is not present within ten minutes of the adjourned meeting, any one or more directors shall constitute the quorum.

The quorum for shareholders' meetings shall be the two shareholders (Zhonggang Fisheries and Jade China). If there is no quorum present within ten minutes of any shareholders' meeting, the meeting will be adjourned. If there is no quorum present within ten minutes of the adjourned meeting, the shareholder or shareholders present (in person, proxy or representative) shall constitute the quorum.

Jade China has undertaken under the Acquisition Agreement to procure that CFIL and any of its subsidiaries shall not without Zhonggang Fisheries' approval carry out certain actions including making any decision to reorganise the capital of CFIL in preparation for listing otherwise.

##### Call option (applicable only after completion of the Proposed Acquisition)

Jade China has granted a call option to Zhonggang Fisheries to purchase from Jade China all or any of its then entire shareholding in CFIL at the date of the exercise of the call option. The option period is for 5 years commencing from 360 days after the date of completion of the Proposed Acquisition and may be exercised more than once. The purchase price per option share is a sum to be determined based on a price earning ratio of 10 times of the profit after tax of CFIL (as shown in the latest audited accounts available at the date of exercise) divided by the total number of issued shares of CFIL at the time of exercise. The call option will lapse on the listing of the shares of CFIL or any company holding any or all of the businesses of CFIL and its subsidiaries on any stock exchange. If and when the call option is exercised, the Company will ensure that all relevant requirements, if any, under the Hong Kong Listing Rules as may then be applicable to the Company will timely be complied with.

#### Change in control restrictions (applicable only after completion of the Proposed Acquisition)

In the event of a change in control of either Zhonggang Fisheries or Jade China (the "Defaulter") without the consent of the other party, that other party (the "Beneficiary") may within three months after it has received the actual notice of the occurrence serve a termination notice on the Defaulter whereby the Beneficiary has either (i) a put option on the Defaulter to purchase all the Beneficiary's shares in CFIL or (ii) a call option on the Defaulter to purchase all the Defaulter's shares. The put option or call option is exercisable at any time within six months from the date of the aforesaid termination notice. The purchase price is the net asset value per share based on the then most recent audited accounts of CFIL on the date of exercise.

If the Beneficiary exercises the put option, it can require the Defaulter to assume all the Beneficiary's obligation to CFIL and indemnify the Beneficiary accordingly. Further at the Beneficiary's option, it can also require the Defaulter to either procure the repayment of all advances with accrued interest from the Beneficiary to CFIL or pay the Beneficiary such outstandings. If and when the put option or the call option is exercised, the Company will ensure that all relevant requirements, if any, under the Hong Kong Listing Rules as may then be applicable to the Company will timely be complied with.

#### Business

The PAH Group is principally engaged in the business of global sourcing, further processing on shore and international distribution of frozen seafood products, provision of shipping agency services and the cultivation, processing and supply of vegetables.

#### INFORMATION ON CFIL

##### History

CFIL was incorporated in Samoa on 8th February, 1997 under the name of Deep Sea Company Limited. On 5th February, 2004, the company changed its name to China Fisheries International Limited.

CFIL commenced its business operation in December 2001 by entering into a fishing vessel operating agreement with a fishing vessel operator which is also the 30% shareholder in Zhonggang Fisheries. Pursuant to the agreement, this fishing vessel operator arranged 28 fishing vessels to be managed by CFIL for an initial period of three years (with an option to extend the management period for a further three years under similar terms) in the Indian and Atlantic oceans. In December 2001, CFIL also entered into a fishing vessel operating agreement with another independent vessel operator. Pursuant to the agreement, this vessel operator arranged two fishing vessels to be managed by CFIL for an initial period of four years (with an option to extend the management period for a further four years under similar terms) in the Pacific Ocean. This agreement was replaced by a ten years' fishing vessel operating agreement for seven fishing vessels in January, 2004. These seven fishing vessels are operating in the Pacific Ocean.

##### Business

CFIL is principally engaged in fishing and the provision of fishing management services for fishing vessels. CFIL, with management based in the People's Republic of China, Taiwan and countries in Middle East, Africa and South East Asia, operates and manages 35 fishing vessels with a total gross tonnage of about 37,000 metric tons in the Indian, Atlantic and Pacific Oceans.

#### FINANCIAL INFORMATION

The following table sets out the selected financial data of CFIL which has been extracted from its unaudited management accounts for the financial years ended 31st December, 2002 and 31st December, 2003 prepared in accordance with International Financial Reporting Standards:

	Unaudited Financial year ended 31st December,	
	2002 (HK\$'000)	2003 (HK\$'000)
Turnover	306,751	431,301
Earnings before interest, depreciation, amortisation and taxation	14,407	37,456
Profit before taxation	14,407	37,456
Profit after taxation	14,407	37,456
Total assets	47,455	109,317
Non current assets	-	-
Current assets	47,455	109,317
Total liabilities	-	-
Non current liabilities	-	-
Current liabilities	33,041	83,975
Net assets	14,414	25,342

#### BENEFITS TO PAH

The directors of PAH consider the Proposed Acquisition an important move strategically, as the deep sea fishing operation will enable PAH to further integrate its sourcing operation.

#### FINANCIAL EFFECTS ON THE PAH GROUP

##### Earnings per share

For illustration purposes only and assuming that the Proposed Acquisition had been completed on 1st April, 2002, the effect of the Proposed Acquisition on the earnings per share of the PAH Group, based on the audited consolidated profit and loss accounts of the PAH Group for the financial year ended 31st March, 2003, would have been as follows:

	Financial year ended 31st March, 2003	Proforma after the Proposed Acquisition
Profit attributable to shareholders (HK\$'000)	73,253	82,853
Number of shares ('000) (Note 1)	540,294	540,294
Earnings per share (HK cents)	13.55	16.90

Note (1): Total number of shares is based on shares as at 31st March, 2003 and taking into account the shares of placement of 50,000,000 shares.

**Net tangible assets ("NTA")**

For illustration purposes only and assuming that the Proposed Acquisition had been completed on 31st March, 2003, the effect of the Proposed Acquisition on the consolidated NTA of the PAH Group, based on the audited consolidated balance sheet of the PAH Group as at 31st March, 2003, would have been as follows:

	As at 31st March, 2003	Proforma after the Proposed Acquisition
NTA (HK\$'000)	751,128	681,484
Number of shares ('000) (Note 1)	540,294	540,294
NTA per share (HK\$)	1.39	1.26

Note (1): Total number of shares is based on shares as at 31st March, 2003 and taking into account the shares of placement of 50,000,000 shares.

**Gearing**

For illustration purposes only and assuming that the Proposed Acquisition had been completed on 31st March, 2003, the effect of the Proposed Acquisition on the gearing of the PAH Group, based on the audited consolidated balance sheet of the PAH Group as at 31st March, 2003, would have been as follows:

	As at 31st March, 2003	Proforma after the Proposed Acquisition
Total borrowings (HK\$'000)	366,365	366,365
Net borrowings (HK\$'000)	207,231	285,727
Shareholders' funds (HK\$'000)	751,128	751,128
Gross gearing (time)	0.49	0.49
Net gearing (time)	0.28	0.38

**Notes:**

For the purpose of the above calculations, the following expressions bear the meanings set opposite them:

"Total borrowings"	The liabilities arising from borrowings from banks and other financial institutions, comprising trust receipts and long-term loan
"Net borrowings"	Total Borrowings less cash and cash equivalents
"Shareholders' funds"	The aggregate of issued and paid-up share capital, capital reserves and retained profits
"Gross gearing"	The ratio of total borrowings to shareholders' funds
"Net gearing"	The ratio of net borrowings to shareholders' funds

The Company expects that the Proposed Acquisition will not have any material financial impact on the PAH Group for the financial year ending 31st March, 2004.

**DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

"Acquisition Agreement"	means the conditional agreement dated 26th March, 2004 entered into between Jade China, as vendor, and Zhonggang Fisheries, as purchaser, in relation to the Proposed Acquisition;
"Board"	means the board of directors of the Company;
"CFIL"	means China Fisheries International Limited, a company incorporated in Samoa;
"Company"	means Pacific Andes International Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Hong Kong Stock Exchange;
"Consideration"	means the total consideration payable by Zhonggang Fisheries to Jade China for the Sale Shares under the Acquisition Agreement;
"Hong Kong"	means Hong Kong Special Administrative Region of The People's Republic of China;
"Hong Kong Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"Jade China"	means Jade China Investments Limited, a company incorporated in Samoa which is, and its substantial shareholder(s) are, independent of and not connected with the Company, its subsidiaries (including, for the avoidance of doubt, PAH), their directors, chief executives, substantial shareholders or any of their respective associates;
"PAH"	means Pacific Andes (Holdings) Limited, a company incorporated in Bermuda with limited liability, whose shares and warrants are listed on SES, and a subsidiary of the Company which is interested in approximately 58% of its issued share capital;
"PAH Group"	means PAH and its subsidiaries;
"PAIH Group"	means the Company and its subsidiaries;
"Proposed Acquisition"	means the proposed acquisition of the Sale Shares by Zhonggang Fisheries from Jade China;
"Sale Shares"	means 499 ordinary shares of US\$1 each in the capital of CFIL representing 49.9% of the issued share capital of CFIL;
"SES"	means the Singapore Exchange Securities Trading Limited; and
"Zhonggang Fisheries"	means Zhonggang Fisheries Limited, a company incorporated in the British Virgin Islands and a subsidiary of PAH which is interested in 70% of its issued share capital;

By order of the Board  
Pacific Andes International Holdings Limited  
Ng Joo Siang  
Managing Director

Hong Kong  
29th March, 2004