NATURAL PROTEIN FROM OUR OCEANS

Annual Report 2014

PACIFIC ANDES
INTERNATIONAL HOLDINGS LIMITED

STOCK CODE: 1174

INFORMATION FOR INVESTORS

Listing Information

Listing: The Stock Exchange of Hong Kong Limited
Stock Code: 1174

Ticker Symbol
Reuters: 1174.HK
Bloomberg: 1174 HK Equity

Key Dates

Date of FY2013 Annual General Meeting	7 March 2014
Payment of FY2013 Final Dividend	11 April 2014
Announcement of FY2014 Interim Results	26 May 2014
Announcement of FY2014 Final Results	19 December 2014
Financial Year End	28 September

Share Information (as at 28 September 2014)

Board lot size: 2,000 shares
Nominal value per share: HK$0.1
Issued Shares: 4,722,068,685 shares
Market capitalisation: HK$1,133,296,484
Earnings per share for FY2014: 9.5 HK cents
Dividend per share for FY2014: NIL

Share Registrar & Transfer Offices

Principal
Appleby Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton, HM 12
Bermuda

Branch
Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: 852-2980 1333
Fax: 852-2810 8185

Investor Relations Contact

For enquiries from investors and securities analysts, please contact:
Investor Relations Department
Tel: 852-2589 4191
Fax: 852-2858 2764
E-mail: ir@pacificandes.com

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors

Teh Hong Eng *(Chairperson)*
Ng Joo Siang *(Vice-Chairman and Managing Director)*
Ng Joo Kwee
Ng Joo Puay, Frank
Ng Puay Yee

Independent Non-Executive Directors

Lew V Robert
Kwok Lam Kwong, Larry
Tao Kwok Lau, Clement

Audit Committee

Lew V Robert *(Chairman)*
Kwok Lam Kwong, Larry
Tao Kwok Lau, Clement

Nomination Committee

Tao Kwok Lau, Clement *(Chairman)*
Lew V Robert
Kwok Lam Kwong, Larry
Ng Joo Siang

Remuneration Committee

Kwok Lam Kwong, Larry *(Chairman)*
Lew V Robert
Tao Kwok Lau, Clement
Ng Joo Siang
Ng Joo Puay, Frank

Company Secretary

Chan Tak Hei

Solicitors

Baker & McKenzie

Auditor

Deloitte Touche Tohmatsu

Principal Bankers

Australia and New Zealand Banking Group Limited, Hong Kong Branch
China CITIC Bank International Limited
DBS Bank (Hong Kong) Limited
Malayan Banking Berhad, Hong Kong Branch
Rabobank International, Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Office

Room 3201-3210
Hong Kong Plaza
188 Connaught Road West
Hong Kong
Tel: 852-2547 0168
Fax: 852-2858 2764

Stock Code

1174

Website

http://www.pacificandes.com

CORPORATE PROFILE

Established in 1986 and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 1994, Pacific Andes International Holdings Limited (the "Company") and its subsidiaries (1174.HK, "Pacific Andes" or the "Group") is a fully integrated group of companies with operations across the entire seafood value chain, which includes harvesting, sourcing, ocean logistics and transportation, food safety testing, processing, marketing and distribution of frozen fish products, as well as fishmeal and fish oil.

The Group's businesses span across the world with a particular emphasis on the People's Republic of China (the "PRC" or "China") and Peru. It has processing businesses and sizeable investments based in the PRC, Germany, France, the U.S. and Peru. Today, Pacific Andes stands among the world's largest fishery groups, producers of fishmeal and fish oil, suppliers of frozen fish into the PRC market and fish fillet producers.

Pacific Andes' resources development and supply chain management division, Pacific Andes Resources Development Limited ("PARD"), and its fishery and fish supply division, China Fishery Group Limited ("China Fishery"), have been listed on the Singapore Exchange Securities Trading Limited since 1996 and 2006, respectively.

VISION

To be a world leader in the sourcing, processing, distribution and sales of seafood products, providing millions of people throughout the world with a natural source of healthy protein every day.

MISSION

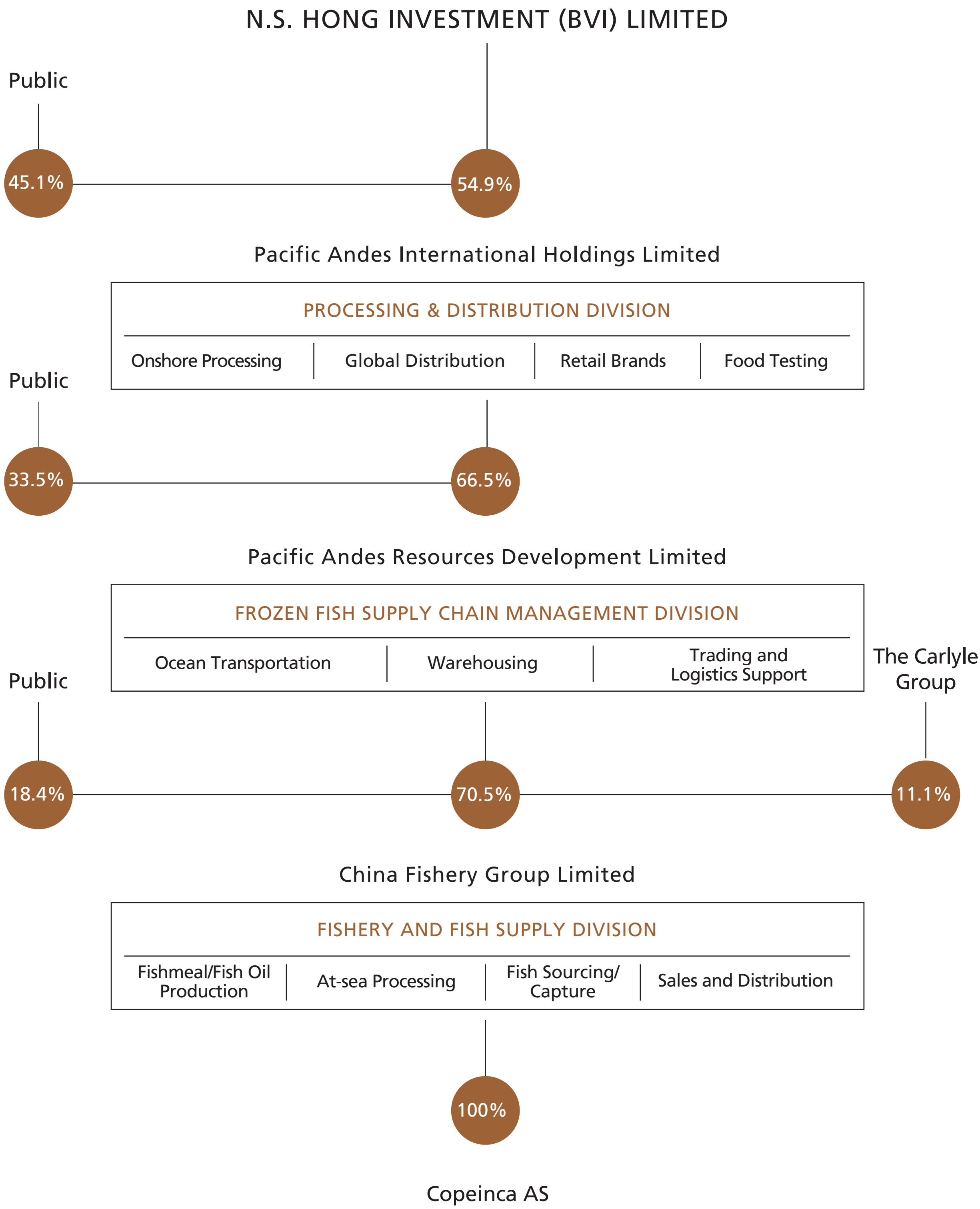
To offer world class seafood products of the highest quality and safety, while remaining firmly committed to the sustainability of seafood resources and the environment.

To be at the forefront of market-leading best practices and industry standards, always fulfilling our responsibilities to the consumers worldwide and to our customers, regulators, employees, investors and the communities in which we operate.

To play a leading role in global food security through the supply of safe and high quality seafood products to meet the increasing nutritional needs of consumers across all continents.

To maintain a working environment which is safe, and encourages and harnesses the energy and passion of our employees, who are the lifeblood of our organization.

CORPORATE & BUSINESS STRUCTURE



Note: Shareholdings as at 28 September 2014

CORPORATE & BUSINESS STRUCTURE

PROCESSING & DISTRIBUTION DIVISION

The Processing and Distribution Division ("P&D Division") produces a wide range of frozen fish fillets, portions and other value-added seafood products for its own labels, as well as customers' brands in its processing facilities located in the PRC, and the U.S., together with investments in Germany and France. Its distribution network spans across the world, selling its products to leading food processors and retailers on a global basis.

FROZEN FISH SUPPLY CHAIN MANAGEMENT DIVISION

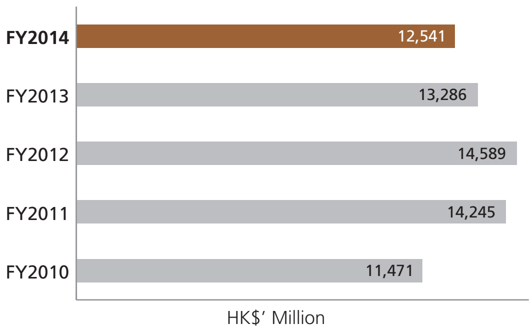
The Frozen Fish Supply Chain Management Division ("Frozen Fish SCM Division") focuses on the development, marketing and distribution of a wide selection of frozen fish and related products. It offers a full range of logistical services to fishing vessels, markets and distributes frozen ocean-caught fish to wholesalers or re-processors around the world.

FISHERY AND FISH SUPPLY DIVISION

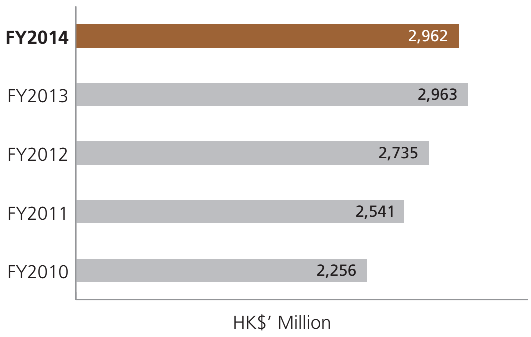
The Fishery and Fish Supply Division ("FFS Division") sources, harvests, onboard-processes and delivers high-quality fish supplies to consumers around the world. It also engages in fishing, fishmeal and fish oil processing business in Peru for worldwide distribution. The Division is one of the largest fishmeal and fish oil producers in Peru.

FINANCIAL HIGHLIGHTS

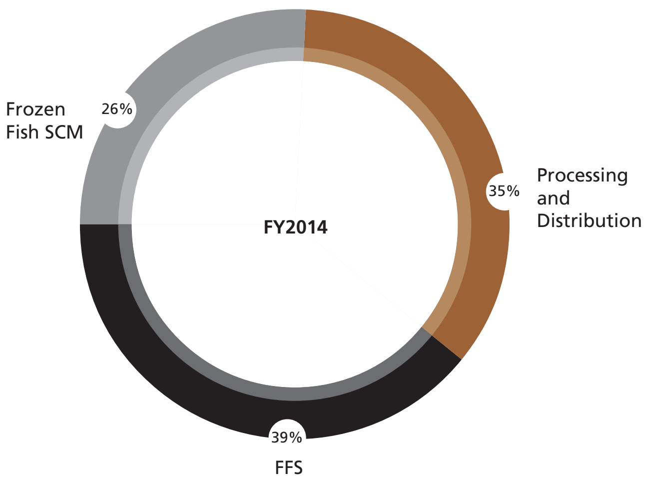
Revenue



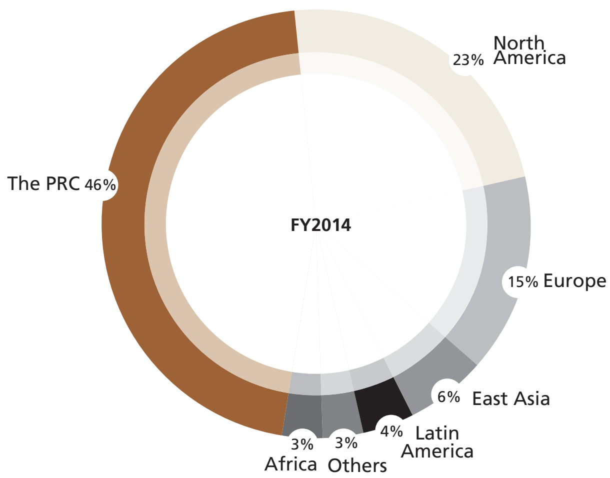
Earnings before interest, tax, depreciation and amortisation ("EBITDA")



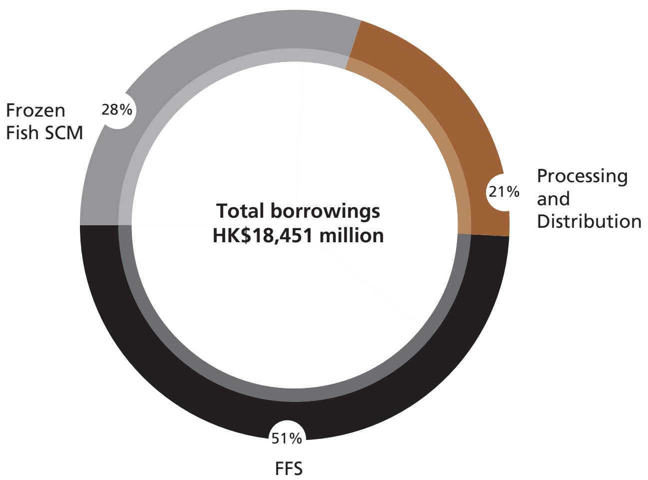
Revenue by Business Division



Revenue by Market

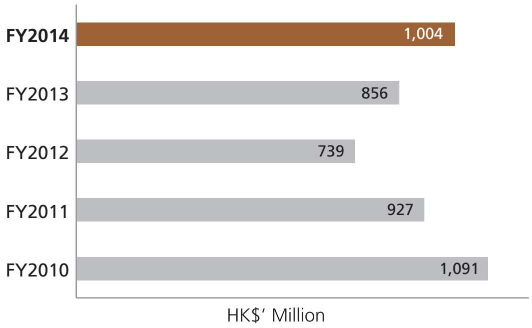


Debt by Business Division for FY2014

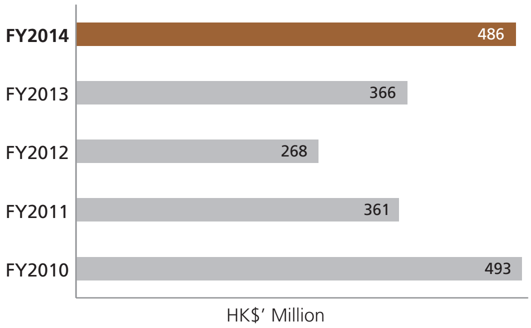


FINANCIAL HIGHLIGHTS

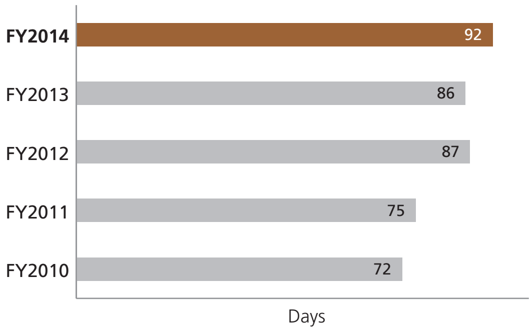
Profit



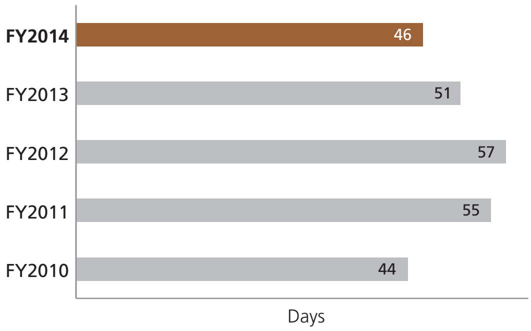
Profit Attributable to Owners of the Company



Inventory Turnover Days



Net Debtor Turnover Days



MANAGING DIRECTOR'S REPORT

On behalf of the board of directors of the Company (the "Directors"), I am pleased to present the annual results of Pacific Andes for the year ended 28 September 2014 ("FY2014").

Throughout 2014, we have continued to make structural and organizational progress to position ourselves for future growth. Key focus areas for the Group have been increasing the efficiency of existing operations, while continuing to explore new areas of growth. This has led to an expansion of sales to food service and retail in North America, Australia and Latin America.

Significantly, this was the first full year of consolidation of the operations of the expanded Peruvian fishmeal and fish oil business into the Group's results, following the acquisition of Copeinca AS ("Copeinca"), in August 2013. The fishmeal and fish oil operations made a major contribution to growth throughout the year, despite the fact that we were only able to utilize 61% of our fishing quota in Peru for the major April to July season because of El Niño. This demonstrates the potential of the consolidated business to deliver impressive results in the future, meeting the growing demand for fishmeal and fish oil.

I am pleased to report that we have made real progress in improving our efficiency and reducing our gearing. Our actions also highlight a determination to simplify and focus on our core business. During the year, we have:

1. lowered our cost base through consolidation and integration. As part of the integration of our enlarged operations in Peru, the Group successfully realized cost synergies by the closure of two fishmeal processing plants, reduction in fleet size, combining offices in Peru and centralizing the engineering and vessel maintenance workforce. In China, three processing plants were closed and production centralized in the Hongdao facility.

2. realized cash through the sale of non-core assets and investments totaling approximately HK$883 million. We sold non-core properties amounted to HK$35 million, divested a majority stake in our China food testing business, Sino Analytica (HK$40 million), divested our interest in a department store (HK$117 million), and sold an 18.09% equity interest in Tassal Group Limited ("Tassal") (HK$691 million).

3. extended the maturity profile of borrowings by refinancing short-term borrowings.

Subsequent to the close of FY2014, the Company proposed a one-for-two rights issue at the subscription price of HK$0.18 per rights share. The rights issue was completed on 18 December 2014 and was over-subscribed by about 25%. The HK$410.4 million raised (net of transaction costs) was used to subscribe for the Group's pro-rata entitlement under the rights issue of PARD.

Market Overview

Despite subdued global economic recovery early in the year, markets have shown growing confidence throughout 2014, particularly on the back of increasingly positive signs in the United States economy. Emerging markets have continued to demonstrate good growth providing opportunities for domestic, regional and international producers. Accordingly, the Food and Agriculture Organisation ("FAO") predicts that the fishery markets will continue to be strengthened with export value for fish and fishery products expected to reach US$140 billion[i] (approximately HK$1,092 billion) in 2014, a 4% increase when compared with 2013.

In relation to primary seafood processing, raw material prices continued to increase throughout the year while the selling prices of processed products remained subdued as a result of strong competitive pressure, particularly in China. As a consequence, our business has been impacted, especially in view of the leadership position that we have taken in implementing advanced quality, traceability and environmental processes in anticipation of evolving regulatory requirements.

Nevertheless, as a result of increased population, growing affluence and consumer acceptance of farmed seafood, global demand for fishmeal and fish oil for aquaculture and farmed animal production is continuing to strengthen. Based on the latest forecast by the FAO, total production by the world aquaculture sector is set to grow at 4.14%[ii] per year through to 2022, significantly faster than previous forecasts.

International trade in shrimps grew throughout 2014 as the market continued to recover from the impacts of Early Mortality Syndrome. Sales of shrimps by our US subsidiary, which account for more than 60% of its business, grew by 21.2%.

Results Highlights

In FY2014, profit attributable to shareholders increased by 32.6% to HK$486 million, despite a 5.6% decrease in revenue. This result is also reflected in the earnings per share which were 9.5 HK cents compared with 7.2 HK cents in FY2013.

Due to our commitment to strengthening the Company's balance sheet, the Board did not propose dividends for FY2014. Looking forward, the Board will assess the payment of dividends in light of future business performance.

[i] Issue 3/2014, Globefish Highlights, FAO
[ii] FAO: Aquaculture can grow faster, raising micronutrient supply from fish, 14 November 2014

MANAGING DIRECTOR'S REPORT

Corporate Social Responsibility

We released our second sustainability report in July this year. The report which meets the Global Reporting Initiative ("GRI")'s A+ level of reporting, the highest level available, highlighted the Group's developments in environmental sustainability, social compliance and product responsibility and outlines its sustainability commitments for 2014/2015. It has won widespread acclaim for its breadth of coverage and transparency, and reflects the leadership position that the Group is seeking to take in sustainability within the industry.

During the year, we deepened our engagement with our suppliers, customers and industry partners on sustainable fishery management. Our United States based subsidiary, National Fish & Seafood ("NFS"), in collaboration with the Global Aquaculture Alliance ("GAA") and Sustainable Fisheries Partnership ("SFP"), launched in July 2014 a project to bring small-scale shrimp farmers closer to Best Aquaculture Practices ("BAP") certification. With the support of GAA, NFS will pilot the first four groups of shrimp farmers in Vietnam, Indonesia and India. These four groups will also develop the first Aquaculture Improvement Projects ("AIP") through SFP to document improvements in practices being made at the farm and zonal levels. The AIP will bring together all stakeholders: farmers, processors, importers, and local governments to determine the carrying capacity of the given region and develop policies towards sustainable development of the shrimp farming industry.

Highlights of our sustainability initiatives and achievements can be found on page 32 of this report.

Prospects

Over the next two years, we will remain committed to growing our businesses organically, maximizing operating cash flow and enhancing asset utilization. In addition, we will continue to focus on reducing our overall borrowings and divesting our non-core assets so as to provide a strong and resilient financial foundation for future growth.

Despite the recent uncertain economic conditions in Russia, our ability to continue sourcing marine species from Russia has not been affected. We do not anticipate any disruptions to our relationship with the suppliers, and we are confident that the refund of pre-payments made under the Long Term Supply Agreements (the " LSAs") will be made according to schedule. We will continue to monitor the situation closely and will keep the market informed.

In relation to our fishmeal and fish oil operations in Peru, on 22 December 2014, the Peruvian Ministry of Production announced that it would maintain closure of the north-centre fishery until the environmental conditions return to normal and the Anchovy stocks recover. The government's marine institute, Imarpe, noted the progressive normalization of the environmental conditions and the steady recovery of the biological condition of the Anchovies.

Imarpe found a high percentage of juvenile fish and industry in general believes that this is a very positive indicator for the major April to July fishing season of 2015, which generally represents about 60% of the annual catch. The Peruvian Anchovy resource has shown itself to be able to recover quickly from these cyclical events, as it is well-managed under the effective fishery management policy adopted by the Peruvian Government.

FAO has reported that global per capita fish consumption has increased strongly from 9.9 kilograms in 1970 to 19.1 kilograms in 2012. With rising global affluence, this growth will continue to outpace world population growth. In addition, as the world becomes more conscious of the value of a healthy diet, the FAO confirms that fish is the healthiest form of protein. It is a huge provider of micronutrients which lower the risk of coronary heart disease and improve cardio-vascular health.

The future growth dynamics for the seafood industry globally are predicted to be very strong. In line with these predictions, we are excited about the opportunities ahead for our businesses. In addition, we expect to deliver further cost efficiencies which will help to support future growth and enable us to make further progress on our operating margins.

With our global presence and comprehensive global business platform, we are well-equipped to capture opportunities in the seafood value chain. As a result, we remain confident in our ability to continue to create value for our shareholders.

Acknowledgements

I would like to express my gratitude to the members of the Board for their sound guidance and support. I am also indebted to the Group's management team and our staff around the world who contributed to Pacific Andes' success during the past year.

Ng Joo Siang
Vice-Chairman and Managing Director

27 December 2014

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

FFS Division

This has been a transformational year for the FFS Division, which operates through our subsidiary, China Fishery. Throughout 2014, the FFS Division continued to focus on extracting synergies from integrating its Peruvian Fishmeal Operations. It implemented several initiatives designed to improve overall operating performance, including the closure of two fishmeal processing plants, reduction in fleet size, and centralization of its engineering and vessel maintenance workforce. These initiatives expanded its operating margin from 26.3% to 33.3%. While the FFS Division has made good progress, there is still more to accomplish to deliver on its long-term growth and margin targets.

Revenue for the division increased by 13.7% from HK$4,329.1 million to HK$4,920.5 million, reflecting continued enhanced contribution from the enlarged Peruvian Fishmeal Operations. However, the growth was partially offset by the lower contributions from the Contract Supply Business following the termination and non-renewal of the LSAs.

Revenue from the China Fishery Fleet operations, increased by 50.9% from HK$217.6 million to HK$328.5 million, mainly as a result of higher catch and sales volume recorded from the fishing operations in Namibia.

Revenue Segmentation

	FY2014 HK$' million	FY2013 HK$' million	Change
Peruvian Fishmeal Operation	**3,392.0**	1,292.4	+162.5%
Contract Supply Business	**1,200.0**	2,819.1	-57.4%
China Fishery Fleet	**328.5**	217.6	+50.9%
Total	**4,920.5**	4,329.1	+13.7%

Frozen Fish SCM Division

The Group's Frozen Fish SCM Division, which operates through its subsidiary PARD, recorded a 27.7% drop in revenue from HK$4,435.0 million to HK$3,205.5 million mainly attributable to lower sales volume.

Looking ahead to the financial year ending 28 September 2015, the Frozen Fish SCM Division will continue to build on its core competencies to maintain its strong market position in China), effectively managing the complexities of the global seafood supply chain and providing logistics solutions to its customers.

P&D Division

During the year, the revenue from the P&D Division decreased by 2.5% from HK$4,479.4 million to HK$4,368.8 million.

Growth in revenue from our US operations was more than offset by the reduction in sales from the PRC processing business.

Profitability in China processing business was impacted by high raw material and labour costs and the appreciation of the Renminbi ("RMB"). Accordingly, we were focused throughout the year on driving cost efficiencies and product diversification.

Through product and market diversification, the P&D Division has grown sales to food service and retail by 69.2%, primarily through expanded distribution in North America, Australia and Latin America. In the case of our US subsidiary, sales to food service and retail grew by 49.8% and 43.3% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Subsequent Events

Subsequent to the FY2014, the Company proposed to raise approximately HK$410.4 million (after deduction of expenses), by way of rights issue, pursuant to which 2,361,034,342 rights shares have been issued at the subscription price of HK$0.18 per rights share on the basis of every one rights share for every two existing shares of the Company (the "PAIH Rights Issue"). The PAIH Rights Issue was completed on 18 December 2014 and raised approximately HK$410.4 million in net proceeds. A total of 2,361,034,342 rights shares were subscribed, with total applications for rights shares being 24.84% oversubscribed.

Details of the PAIH Rights Issue were disclosed in the Company's announcements dated 11 November 2014 and 16 December 2014 and the Company's prospectus dated 26 November 2014.

PAIH's subsidiary, PARD, has proposed a renounceable underwritten rights issue of 3,832,793,870 rights shares at a price of S$0.051 for each rights share, on the basis of four rights shares for every five existing shares of PARD (the "PARD Rights Issue") on 25 November 2014. PARD intends to utilize the net proceeds of the PARD Rights Issue for general working capital purposes and/or reduction of the PARD's and/or the Group's borrowings, including mainly to support and assist PARD's subsidiary China Fishery in the redemption of Copeinca Notes. Details of the PARD Rights Issue were disclosed in the Company's announcements dated 25 November 2014, 4 December 2014 and 23 December 2014. The PARD Rights Issue is expected to be completed by end of January 2015.

The Company intends to utilize the net proceeds of the PAIH Rights Issue to subscribe for its pro-rata entitlement under the PARD Rights Issue.

Upon completion of the chain rights issue, the Group's net-debt-to-equity ratio will improve from 109.0% to 97.0%.

Financial Review

The Group achieved solid results in FY2014, including double digit growth in net and gross profit.

Revenue

Revenue decreased by 5.6% from HK$13,286.0 million (approximately US$1,703.3 million) to HK$12,540.6 million (approximately US$1,607.8 million). The FFS Division accounted for 39.2% (FY2013: 32.6%) of total revenue; the Frozen Fish SCM Division for 25.6% (FY2013: 33.4%); and the P&D Division for the remaining 34.8% (FY2013: 33.7%).

Revenue by Geographical Markets

Geographically, the PRC continued to be the Group's key market, representing 46.2% of total revenue. Sales to PRC reduced by 24.6% due primarily to lower volumes as a result of termination of the LSAs. Sales to North America grew by 15.6% to HK$2,817.1 million and accounting for 22.5% of total revenue, mainly driven by the strong growth in US domestic retail sales. Sales to Europe increased by 7.8% to HK$1,870.4 million, accounting for 14.9% of total revenue, through sales to European production and sales companies in which we hold strategic investments.

Gross Profit

Gross profit increased by 11.1% from HK$2,028.4 million to HK$2,254.0 million and gross margin improved from 15.3% to 18.0%, mainly attributable to reduced cost, increased operating efficiencies and sales leverage on fixed costs resulting from higher production volume in the enlarged Peruvian Fishmeal Operations under the FFS Division.

Other Income

Other income decreased by 5.8% from HK$1,207.9 million to HK$1,137.8 million. This was due primarily to the absence of fair value gain and gain in bargain purchase from the Group's acquisition of Copeinca that were recorded in FY2013. Other income for the year comprised mainly gain on disposal of interest in an associate of HK$316.5 million, realized gain of HK$251.0 million from foreign exchange derivative contracts on hedging of the receivables and the fair value gain of HK$118.9 million from derivative financial instruments.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

Selling and distribution expenses decreased by 7.5% from HK$550.1 million to HK$508.7 million, due primarily to lower sales volume.

Administrative Expenses

Despite the consolidation of results of Copeinca into the Group, administrative expenses increased slightly by 1.9% from HK$630.4 million to HK$642.3 million.

Other Expenses

Other expenses decreased by 69.3% from HK$590.8 million to HK$181.3 million due to the absence of provisions that were recorded in FY2013. Other operating expenses mainly comprised fair value loss on held-for-trading investments of HK$30.1 million, loss on disposal of a joint venture of HK$22.7 million and provision for contingencies of HK$28.0 million.

Finance Costs

Finance costs increased by 36.3% from HK$726.2 million to HK$989.9 million due to additional interest expenses as a result of the consolidation of senior notes issued by Copeinca and the term loan drawn to finance the acquisition of Copeinca.

Net Profit for the year

As a result of the above-mentioned factors, net profit for the year increased by 17.2% from HK$856.3 million to HK$1,003.7 million. Profit attributable to owners of the Company increased by 32.6% from HK$366.3 million to HK$485.8 million.

Statement of Financial Position

Net assets of the Group increased 6.3% year-on-year. As at 28 September 2014, total assets of the Group amounted to HK$39,066.6 million (28 September 2013: HK$38,343.8 million).

Non-current assets decreased by 10.7% from HK$23,862.3 million to HK$21,320.5 million, due primarily to the disposal of non-core assets and the reclassification of prepayments made to suppliers to current assets after the termination of the LSAs under the FFS Division.

Current assets increased by 22.5% from HK$14,481.5 million to HK$17,746.1 million. The increase was due mainly to the reclassification of prepayments made to suppliers to current assets after the termination of the LSAs.

Current liabilities decreased by 17.5% from HK$13,812.9 million to HK$11,392.6 million after the completion of the Group wide refinancing exercise during the year under review. Therefore, the Group's non-current liabilities increased by 22.8% from HK$9,678.9 million to HK$11,882.8 million.

During the year, the Group raised HK$6.3 billion to extend its borrowing maturity. This comprised:

- a 4.5 year club loan facility of US$550 million (approximately HK$4.3 billion) by China Fishery
- a 3.5 year term loan facility of US$100 million (approximately HK$780 million) by Pacific Andes
- a 3 year S$200 million (approximately HK$1,222 million) fixed rate unsecured bonds by PARD

Significant debt repayments during the year included:

- China Fishery's short-term bridge loans of US$354.3 million (approximately HK$2,763.5 million)
- Refinancing of the China Fishery club loan facility of US$425 million (approximately HK$3,315.0 million)
- Full redemption of PARD's 6.5% CNY570 million (approximately HK$710.9 million) fixed rate unsecured bonds

MANAGEMENT DISCUSSION AND ANALYSIS

As at 28 September 2014, total interest-bearing borrowings increased by 4.1% from HK$17,721.4 million to HK$18,451.2 million. Of the Group's total bank loans and other borrowings, 68% of short-term borrowings and 90% of long-term borrowings were made by the Group's subsidiaries China Fishery and PARD.

The net-debt-to-equity ratio of the Group, defined as a percentage of net of cash interest bearing borrowings of HK$17,205.9 million over total equity of HK$15,791.3 million, improved from 113.1% to 109.0%. The long term debt to total debt ratio was 49.5%.

Cash Flow and Liquidity

The Group's operating cash flow was impacted by higher fishmeal and fish oil inventories and increase in trade and other receivables. Trade and bills receivables increased as a result of higher sales recorded in 4QFY2014 due to a higher catch volume in Peru in 4QFY2014. Inventories increased due to higher fishmeal and fish oil inventories. Production was ramped-up following higher catch volume towards the end of 4QFY2014.

As a result, the Group's net cash outflow from operating activities amounted to HK$1,594.5 million (FY2013: net cash inflow of HK$3,663.8 million).

Our cash balance rose by 35.2% from HK$921.3 million to HK$1,245.3 million by 28 September 2014 mainly due to:

- Operating cash out flow of HK$1,594.5 million
- Capital expenditure and acquisition-related payments of HK$592.1 million, including the acquisition of offices in Peru and the upgrade of vessels and processing plants
- Refund of pre-payments from suppliers under the FFS Division of HK$865.8 million (approximately US$111.0 million)
- Proceeds on disposal of non-core assets of HK$844.0 million
- Net increase in debt of HK$748.4 million
- Dividends paid for the FY2013 final dividend of HK$118.9 million

The Group's borrowings are mainly denominated in US Dollars and carry LIBOR plus rates. Revenues are denominated in US Dollars, Euro and Japanese Yen, and major expenses are made either in US Dollars, HK Dollars, RMB or Peruvian Sol. The Group manages its foreign exchange risks through the use of foreign currency forward contracts. Pursuant to the Group's policies currently in place, foreign currency forward contracts are entered into by the Group for hedging purposes.

For details of contingent liabilities and pledged assets of the Group, please refer to notes 48 and 49 to the consolidated financial statements accordingly.

Dividend

The Board does not recommend the payment of a final dividend for FY2014 due to our commitment to strengthening the Company's balance sheet. Looking forward, the Board will assess the payment of dividends in the light of future business performance.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration

As at 28 September 2014, the Group had a total of approximately 6,000 employees. Remuneration packages offered to employees are in line with industry standards and reviewed annually. The award of bonuses is discretionary and based on the performance of, firstly, the individual employee, and secondly, the Group. Each of the Company and its non-wholly owned subsidiaries, PARD and China Fishery, has an employee share award plan, and PARD has an employee share option scheme, for granting of share awards and share options to eligible employees based on their contribution to the Group.

During the year under review, the following important events have occurred:

Discloseable and Connected Transaction – Deemed Disposal of Interest in an Indirect Non-wholly Owned Subsidiary

On 5 December 2013, China Fishery, an indirect non-wholly owned subsidiary of the Company, entered into an agreement (the "CFGL Warrant Issuance Agreement") with its substantial shareholder, CAP III-A Limited (the "Investor"), for the issuance of 96,153,846 warrants and/or (as the case may be) such further warrants as may be required to be issued by China Fishery (the "CFGL Warrants") at an exercise price of S$0.52 (approximately HK$3.24), subject to adjustments in accordance with the terms and conditions of the CFGL Warrants (the "CFGL Warrant Terms and Conditions").

The indirect equity interest of the Company in China Fishery will be diluted upon exercise of CFGL Warrants in full by the Investor in accordance with the CFGL Warrant Terms and Conditions. Therefore, the entering into of the CFGL Warrant Issuance Agreement and the transactions contemplated thereunder constituted a deemed disposal of indirect equity interest of the Company in China Fishery within the meaning of Rule 14.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). In addition, as one of the applicable percentage ratios is more than 5% but less than 25%, it also constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Further, the Investor is a substantial shareholder of China Fishery and as a result, the Investor is a connected person (as defined in the Listing Rules) of the Company. As such, the entering into of the CFGL Warrant Issuance Agreement and the transactions contemplated thereunder also constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the issuance of the CFGL Warrants were disclosed in the Company's announcement dated 5 December 2013 and the Company's circular dated 6 January 2014.

Compulsory Acquisition of Remaining Shares in Copeinca

On 17 March 2014, effective from close of trading on Oslo Børs (the Oslo Stock Exchange of Norway), the board of directors of Grand Success Investment (Singapore) Private Limited ("GSI"), an indirect wholly-owned subsidiary of China Fishery, resolved to carry out a compulsory acquisition of all remaining shares in Copeinca not owned by GSI pursuant to section 4–25 of the Norwegian Public Limited Liability Companies Act (the "Compulsory Acquisition"). As a consequence, GSI has assumed ownership of all the shares in Copeinca.

As a consequence of the Compulsory Acquisition, GSI pursued a delisting of the shares in Copeinca from Oslo Børs and from Bolsa de Valores de Lima (the Peruvian stock exchange in Lima, Peru). As at the date of this announcement, the shares of Copeinca were delisted from both Oslo Børs and Bolsa de Valores de Lima.

Details of the Compulsory Acquisition were disclosed in the Company's announcement dated 18 March 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Loan Agreements with Covenants Relating to Specific Performance of the Controlling Shareholders

(1) On 20 March 2014, China Fishery (as one of the guarantors), and certain of its subsidiaries (as borrowers) (the "Borrowers") entered into a facility agreement with an international bank consortium comprising China CITIC Bank International Limited, CoÖperatieve Centrale Raiffeisen-Boerenleenbank B.A. (also known as Rabobank International), Hong Kong Branch, DBS Bank (Hong Kong) Limited, Standard Chartered Bank (Hong Kong) Limited and The Hongkong and Shanghai Banking Corporation Limited (in alphabetical order) (as lenders) (the "Lenders") in respect of the provision of the US$650,000,000 (approximately HK$5,070,000,000) 4-year term and revolving credit facilities by the Lenders to the Borrowers (the "Facility Agreement"). The Facility Agreement contains specific performance obligations on the controlling shareholders of the Company.

    Details of the specific performance obligations contain in the Facility Agreement were disclosed in the Company's announcement dated 24 March 2014.

(2) On 21 March 2014, Pacific Andes Treasury Management Limited, a wholly-owned subsidiary of the Company, as borrower and the Company as guarantor entered into a facility agreement (the "MBB Facility Agreement") with Malayan Banking Berhad, Hong Kong Branch for a term loan facility in the principal amount of up to US$100,000,000 (approximately HK$780,000,000). The MBB Facility Agreement contains specific performance obligations on the controlling shareholders of the Company.

    Details of the specific performance obligations contain in the MBB Facility Agreement were disclosed in the Company's announcement dated 24 March 2014.

(3) On 22 July 2014, PARD entered into a subscription agreement with DBS Bank Ltd. pursuant to which PARD had agreed to issue bonds (the "Bonds") in a principal amount of S$200,000,000 (approximately HK$1,256,000,000) due in 2017 (the "Bonds"). The Bonds contain specific performance obligations on the controlling shareholders of PARD.

    Details of the specific performance obligations contain in the Bonds were disclosed in the Company's announcement dated 22 July 2014.

Termination of the LSAs

On 21 March 2014, China Fisheries International Limited, an indirect-wholly owned subsidiary of China Fishery, entered into addenda with Alatir Limited and Perun Limited to terminate the LSAs previously signed (the "Termination"). The rationale for the Termination was that it would enable China Fishery to re-deploy significant capital which was tied up in prepayments under the LSAs towards reduction of the gearing of China Fishery, strengthen the capital structure to take advantage of any future opportunities.

Details of the Termination were disclosed in the Company's announcement dated 24 March 2014.

Group Internal Transfer of All Shares in Copeinca

Following completion of the Compulsory Acquisition on 21 March 2014, GSI transferred all its shares in Copeinca at NOK68.17 per share to CFG Investment S.A.C. ("CFGIS"), an indirect-wholly owned subsidiary of China Fishery (the "Transfer"). Following the Transfer, GSI held no shares or rights to shares in Copeinca and CFGIS owned 100% of the shares and voting rights in Copeinca. Both of GSI and CFGIS are indirect-wholly owned subsidiaries of China Fishery and therefore the ultimate control over the shares in Copeinca has not changed.

Details of the Transfer were disclosed in the Company's announcement dated 25 March 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Major Transaction – Disposal of Tassal

On 29 May 2014, Quality Food (Singapore) Pte. Limited (the "Vendor"), an indirect-non-wholly owned subsidiary of the Company, and UBS AG, Australia Branch (acting as the lead manager for the disposal) (the "Lead Manager"), entered into a placing agreement in respect of the disposal of the sale shares, representing approximately 18.09% equity interests in Tassal, by the Vendor to third party placees procured by the Lead Manager at a total consideration of A$96,725,000 (approximately HK$695.5 million) (the "Placing Agreement") in accordance with the terms of the Placing Agreement (the "Tassal Disposal").

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Tassal Disposal exceeded 25% but below 75%, the Tassal Disposal constituted a major transaction of the Company under Chapter 14 of the Listing Rules.

The net proceeds from the Disposal was approximately A$94.9 million (approximately HK$682.3 million) (after deduction of all expenses relating to the Tassal Disposal). The cash generated would be largely utilized to reduce PARD's gearing and finance cost.

The Tassal Disposal was completed on 4 June 2014. Details of the Tassal Disposal were disclosed in the Company's announcement dated 30 May 2014 and the Company's circular dated 10 July 2014.

Discloseable Transaction – Disposal of Shareholding Interests in and Shareholder's Loan to Able Team Investments Limited

On 18 June 2014 (after trading hours), Vision Invest Limited (the "Seller"), an indirect-wholly owned subsidiary of the Company, and the buyer entered into a sale and purchase agreement (the "Agreement") in respect of the disposal of all the sale shares, representing approximately 33.33% of the entire issued share capital of Able Team Investments Limited (the "Target Company") and a loan owing by the Target Company to the Seller constituting a principal amount of US$2,833,333.33 (approximately HK$22.1 million) together with all interest accrued thereon at the aggregate consideration of US$15,000,001 (approximately HK$117.0 million) in accordance with the terms of the Agreement (the "Disposal").

As an applicable percentage ratio (as defined under Rule 14.04(9) of the Listing Rules) in respect of the Disposal exceeds 5% but below 25%, the Disposal constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The proceeds would be largely utilized to reduce the borrowings of and as working capital for the Group.

Details of the Disposal were disclosed in the Company's announcement dated 18 June 2014.

DIRECTORS' PROFILES

Executive Directors

Teh Hong Eng, 79, is the Chairperson and Executive Director of the Company. Madam Teh also holds directorships in various subsidiaries of the Group as well as N.S. Hong Investment (BVI) Limited ("N.S. Hong"), the controlling shareholder of the Company. She is responsible for general administration and strategic planning for the Group. She joined the Group in 1986 and has over 30 years' experience in administration and financial investments. Madam Teh also serves as Executive Director of PARD, an indirect non-wholly owned subsidiary of the Company listed in Singapore.

Madam Teh is the mother of Ng Joo Siang, Ng Joo Kwee, Ng Joo Puay, Frank and Ng Puay Yee, all of whom are Executive Directors.

Ng Joo Siang, 55, is the Vice-Chairman, the Managing Director and an Executive Director of the Company. Mr. Ng is also member of the Nomination Committee and the Remuneration Committee of the Company. He holds directorships in various subsidiaries of the Group as well as N.S. Hong. Mr. Ng is responsible for overall corporate policy making, strategic planning, development, investment and management of the Group. He graduated from Louisiana State University, Baton Rouge, Louisiana in the USA, majoring in International Trade and Finance, and has over 30 years' experience in the trading of seafood products. Prior to joining the Company in 1986, Mr. Ng was in the ship agency business, overseeing the chartering and operation of ocean-going vessels calling at various Asian ports. He also serves as Chairman and Executive Director of PARD and Executive Director of CFGL. Both PARD and CFGL are indirect non-wholly owned subsidiaries of the Company listed in Singapore.

Mr. Ng is a son of Teh Hong Eng, the Chairperson of the Company and Executive Director. He is the brother of Ng Joo Kwee, Ng Joo Puay, Frank and Ng Puay Yee, all of whom are the Executive Directors.

Ng Joo Kwee, 54, is the Executive Director of the Company. Mr. Ng also holds directorships in various subsidiaries of the Group as well as N.S. Hong. He is responsible for all production of frozen seafood in the PRC. Mr. Ng studied in the USA at Southeastern Louisiana University in Hammond, Louisiana. From 1983 to 1989, he was president of a fish trading company in Taiwan. In 1989, Mr. Ng joined the Group as general manager of its 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, he resigned from the Company, but rejoined in March 1996. Mr. Ng also serves as Executive Director of PARD and Chairman and Executive Director of CFGL. Both PARD and CFGL are indirect non-wholly owned subsidiaries of the Company listed in Singapore.

Mr. Ng is a son of Teh Hong Eng, the Chairperson of the Company and Executive Director. He is the brother of Ng Joo Siang, Ng Joo Puay, Frank and Ng Puay Yee, all of whom are the Executive Directors.

Ng Joo Puay, Frank, 52, is the Executive Director of the Company. Mr. Ng is member of the Remuneration Committee of the Company. He also holds directorships in various subsidiaries of the Group as well as N.S. Hong. Mr. Ng is responsible for international sales and marketing of the Group's frozen seafood products outside the PRC. He studied at Loyola University in New Orleans, Louisiana, in the USA, majoring in business administration. Mr. Ng has over 20 years' experience in the seafood trading business. Prior to joining the Company in 1987, he was a trading manager with a fish trading company in Taiwan for three years. Mr. Ng also serves as Executive Director and Managing Director of PARD, an indirect non-wholly owned subsidiary of the Company listed in Singapore.

Mr. Ng is a son of Teh Hong Eng, the Chairperson of the Company and Executive Director. He is the brother of Ng Joo Siang, Ng Joo Kwee and Ng Puay Yee, all of whom are the Executive Directors.

Ng Puay Yee, 42, is the Executive Director of the Company. Ms. Ng also holds directorships in various subsidiaries of the Group as well as N.S. Hong. She is responsible for global sales and marketing of the Group's frozen fish and seafood products. In addition, Ms. Ng also oversees the Group's global raw material sourcing. She graduated from the Indiana University of Bloomington, USA, majoring in Mass Communication. Ms. Ng joined the Group in 1995. She is an active board member of various fish trade organisations around the world such as the Groundfish Forum Council, where she is on the executive committee, Whitefish CEO Sustainability Committee, and the National Fishery Institute Executive Committee. Ms. Ng is also a board member of the Young Presidents' Organization Hong Kong Chapter, and is an active member of an Entrepreneur Organisation. She also serves as Alternate Director to Teh Hong Eng in PARD and member of the Corporate Social Responsibility Committee of CFGL. Both PARD and CFGL are indirect non-wholly owned subsidiaries of the Company listed in Singapore.

Ms. Ng is the daughter of Teh Hong Eng, the Chairperson of the Company and Executive Director. She is the sister of Ng Joo Siang, Ng Joo Kwee and Ng Joo Puay, Frank, all of whom are the Executive Directors.

DIRECTORS' PROFILES

Independent Non-Executive Directors

Lew V Robert, 58, is the Independent Non-Executive Director of the Company. Mr. Lew joined the Company in 1994. He is also the Chairman of the Audit Committee and member of each of the Nomination Committee and the Remuneration Committee of the Company. Mr. Lew is currently a director of a corporation of certified public accountants in Hong Kong. He was an independent non-executive director of Sincere Watch (Hong Kong) Limited (stock code: 444) until his resignation in June 2012 and a non-executive director and chairman of the board of Pak Tak International Limited (stock code: 2668) until his resignation in September 2014. Mr. Lew has over 30 years' experience in corporate assurance advisory, taxation and business consultation. He graduated from the University of British Columbia in Canada in 1979. Mr. Lew is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Alberta Institute of Chartered Accountants.

Kwok Lam Kwong, Larry, B.B.S. J.P. 58, is the Independent Non-Executive Director of the Company. Mr. Kwok joined the Company in 1994. He is also the Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of the Company. Mr. Kwok is currently a non-executive director of First Shanghai Investments Limited (stock code: 227) and an independent non-executive director of Café de Coral Holdings Limited (stock code: 341), Shenyin Wanguo (H.K.) Limited (stock code: 218), Starlite Holdings Limited (stock code: 403) and Hang Fat Ginseng Holdings Company Limited (stock code: 911). Mr. Kwok is a partner of Kwok, Yih & Chan. He is a solicitor practising in Hong Kong and is also qualified to practise as a solicitor in Australia, England and Wales and Singapore. He graduated from the University of Sydney, Australia, with a Bachelor Degree in Economics and Laws respectively, and a Master Degree in Laws. Mr. Kwok also obtained the Advanced Management Program Diploma from the Harvard Business School. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and CPA Australia respectively and a member of The Institute of Chartered Accountants in England & Wales.

Tao Kwok Lau, Clement, B.B.S. J.P. 66, is the Independent Non-Executive Director of the Company. Mr. Tao joined the Company in 2009. He is also the Chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee of the Company. Mr. Tao is currently the Managing Director of Associated Advisers Limited, a Licensed Corporation under the Securities and Futures Commission (the "SFC") and a member of the Hong Kong Confederation of Insurance Brokers. He has been with Associated Advisers Limited since 1988. Mr. Tao is a Fellow of The Hong Kong Institute of Directors, a Responsible Officer licensed by the SFC and a Chartered Financial Consultant. He is at present the Chairman of the Investment Committee of The Life Underwriters Association of Hong Kong Limited. Mr. Tao is a member of the Independent Police Complaints Council. He received a Bachelor of Social Sciences Degree from the University of Hong Kong in 1971 with major in Economics. Mr. Tao was awarded with a Badge of Honour in 1983 and Bronze Bauhinia Star in 1999 by the Hong Kong Government and the Government of the Hong Kong Special Administrative Region respectively. He was appointed Justice of Peace in 1995.

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 28 September 2014.

Principal Activities

The Company acts as an investment holding company and provides corporate management services to group companies. The activities of its principal subsidiaries are fishing and fishmeal processing, the operation of fishing vessels, global sourcing, processing onshore and international distribution of a variety of frozen seafood products, trading of marine fuel and the provision of shipping and agency services. The activities of its principal associates are in trading of processed and frozen fish products and hatching, farming, processing, sales and marketing of Atlantic salmon and its jointly-controlled entity is engaged in property holding.

Details of the Company's principal subsidiaries, associates and jointly-controlled entity at 28 September 2014 are set out in notes 52, 53 and 22 respectively to the consolidated financial statements.

An analysis of the Group's turnover and contribution to profit by principal activities and geographical markets is set out in note 6 to the consolidated financial statements.

Customers and Suppliers

For the year ended 28 September 2014, the five largest customers of the Group together accounted for less than 30% (2013: less than 30%) of the Group's turnover. The five largest suppliers of the Group together accounted for approximately 40% (2013: 48%) of the Group's total purchases, with the largest supplier accounting for 17% (2013: 14%).

At no time during the year did a director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers or suppliers.

Results and Appropriations

The results of the Group for the year ended 28 September 2014 are set out in the consolidated income statement on page 35.

The Directors do not recommend the payment of a final dividend (2013: HK1.1 cents amounting to HK$51,942,000) for the year ended 28 September 2014.

Emolument Policy

The emolument policy for the employees of the Group is set and reviewed by management on the basis of their merit, qualifications and competence with reference to the current market benchmarks.

The emoluments of the Directors are decided by the Remuneration Committee of the Company (the "Remuneration Committee"), having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a share award plan and a share option scheme as an incentive to Directors and eligible employees, details of the share award plan and the share option scheme are set out in note 41 to the consolidated financial statements.

Property, Plant and Equipment

During the year, the Group spent approximately HK$762,969,000 (2013 restated: approximately HK$222,848,000) on the acquisition of property, plant and equipment.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

DIRECTORS' REPORT

Investment Properties
The Group has revalued its investment properties at 28 September 2014.

Details of movements during the year in investment properties of the Group are set out in note 16 to the consolidated financial statements.

Purchase, Sale or Redemption of the Company's Listed Shares
Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year.

Share Capital, Share Options and Share Awards
Details of movements in the share capital, share options and share awards are set out in notes 40 and 41 to the consolidated financial statements respectively.

Pre-Emptive Rights
There are no provisions for pre-emptive rights under the Company's bye-laws (the "Bye-Laws") or the laws in Bermuda.

Obligations Under Finance Leases and Borrowings
Details of obligations under finance leases and bank borrowings of the Group are set out in notes 35 and 36 to the consolidated financial statements respectively.

Bonds and Senior Notes
Details of the bonds and senior notes are set out in notes 37 and 38 to the consolidated financial statements.

Directors
The Directors during the year and up to the date of this report are:

Executive Directors:

Teh Hong Eng	*(Chairperson)*
Ng Joo Siang	*(Vice-Chairman and Managing Director)*
Ng Joo Kwee	
Ng Joo Puay, Frank	
Ng Puay Yee	

Independent Non-Executive Directors:
Lew V Robert
Kwok Lam Kwong, Larry
Tao Kwok Lau, Clement

In accordance with the Bye-Laws and pursuant to Appendix 14 of the Listing Rules, Teh Hong Eng, Lew V Robert and Kwok Lam Kwong, Larry will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company (the "AGM").

The term of office for each Independent Non-Executive Director is the period up to his retirement by rotation in accordance with the Bye-Laws.

DIRECTORS' REPORT

Independence of Independent Non-Executive Directors

The Company has received an annual written confirmation from each of the Independent Non-Executive Directors in respect of his independence during the year pursuant to Rule 3.13 of the Listing Rules and all of them are still being considered to be independent.

Directors' Service Contracts

Each of Teh Hong Eng, Ng Joo Siang, Ng Joo Kwee and Ng Joo Puay, Frank has entered into a service agreement with the Company's subsidiary and Ng Puay Yee has entered into a service agreement with the Company. These service agreements shall be valid unless terminated by either party giving at least one year's written notice.

Other than as disclosed above, no Director proposed for re-election at the AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' and Chief Executive's Interests

(i) Directors' interests in the shares of the Company

As at 28 September 2014, the interests of the Directors and the chief executive of the Company and their associates in the shares, underlying shares, and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")), which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of listed Issuers (the "Model Code") were as follows:

	Number of ordinary shares held (long position)		
Name of Director	**Personal Interest**	**Family Interest**	**Approximate percentage of the issued share capital of the Company**
Ng Joo Siang	–	4,828,171 (Note)	0.10%
Ng Puay Yee	1,304,245	–	0.03%

Note: These shares are held under the name of the spouse of Ng Joo Siang. By virtue of the SFO, Ng Joo Siang was deemed to be interested in the shares held by his spouse.

(ii) Directors' Interests in the shares of the associated corporation of the Company

The relevant associated corporation of the Company is N.S. Hong.

	Number of ordinary shares in N.S. Hong (long position)		
Name of Director	**Personal Interest**	**Corporate Interest**	**Percentage of the issued share capital of N.S. Hong**
Teh Hong Eng	1,750	–	17.50%
Ng Joo Siang (Note)	–	1,250	12.50%
Ng Joo Kwee (Note)	–	1,250	12.50%
Ng Joo Puay, Frank	1,250	–	12.50%
Ng Puay Yee (Note)	–	1,250	12.50%

Note: The interests in N.S. Hong held by each of Ng Joo Siang, Ng Joo Kwee and Ng Puay Yee are held through each of their wholly-owned companies, namely, New Venture (BVI) Limited, NJK Investment Ltd. and Pacific Innovation (BVI) Limited, respectively.

DIRECTORS' REPORT

Directors' and Chief Executive's Interests – continued

(iii) Share option scheme

Particulars of the share option scheme are set out in note 41 to the consolidated financial statements.

The share option scheme was expired on 8 September 2014. No share option scheme was adopted during the year. There was no share option outstanding during the year. No share option was granted by the Company during the year.

Other than as disclosed above, no Director or chief executive or their respective associate had any personal, family, corporate or other interests or short positions in any securities of the Company or any of its associated corporations as defined in the SFO as at 28 September 2014.

(iv) Share award plan

Particulars of the share award plan are set out in note 41 to the consolidated financial statements.

(i) The Company adopted a share award plan ("Plan") on 28 October 2006 for the benefit of the Directors and the employees of the Group.

(ii) The Plan is administered by the Remuneration Committee of the Company, currently comprising Kwok Lam Kwong, Larry (chairman), Lew V Robert, Tao Kwok Lau, Clement, Ng Joo Siang and Ng Joo Puay, Frank.

(iii) The Remuneration Committee may determine in its sole discretion to grant shares to participants of the Plan. The shares will be vested only after satisfactory completion of time-based targets and/or time-and-performance-based targets and shall not be more than 10 years from the date of the grant of the shares. Upon vesting, the participant may receive any or a combination of the following:

(a) new ordinary shares credited as fully paid up;
(b) existing shares repurchased from open market; and
(c) cash equivalent value of such shares.

(iv) No share awards outstanding as at 28 September 2014.

(v) The aggregate number of ordinary shares which may be issued under the Plan shall not exceed 5% of the issued share capital of the Company from time to time.

Other than as disclosed above, as at 28 September 2014, none of the Directors or the chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Update on Directors' Information under Rule 13.51B (1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the date of the Company's interim report 2014 and up to 27 December 2014, being the date of this report, are set out below:

1. Kwok Lam Kwong, Larry, an Independent Non-executive Director, was appointed as independent non-executive director of Hang Fat Ginseng Holdings Company Limited (stock code: 911) with effect from 27 June 2014.

2. Lew V Robert, an Independent Non-executive Director, has resigned as non-executive director and ceased to be the chairman of the board of directors of Pak Tak International Limited (stock code: 2668) with effect from 5 September 2014.

DIRECTORS' REPORT

Arrangements to Purchase Shares or Debentures

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

Directors' Interest in Contracts of Significance

No contract of significance, to which the Company, its holding company, or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

During the year, none of the Directors has interests in any business which directly or indirectly competes, or is likely to compete with the business of the Group.

Substantial Shareholder's Interest

As at 28 September 2014, the interests of the persons or corporations in the shares of the Company, other than the Directors, which were required to be recorded in the register to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of issued ordinary shares held (long position)	Approximate percentage of the issued share capital of the Company
N. S. Hong	Beneficial owner	2,593,278,434 (Note)	54.92%

Note: N. S. Hong directly holds such shares.

Other than disclosed above, as at 28 September 2014, the Company has not been notified by any other persons or corporations, other than the Directors, whom has interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

Related Party Transactions

The Group had also entered into the following transactions with NFS and its subsidiary, in which the Group has a 60% attributable interest, and PARD and its subsidiaries in which the Group has a 66% attributable interest as at 28 September 2014:

	HK$'000
Interest expense paid to NFS and its subsidiary	13,092
Administrative income received from PARD and its subsidiaries	37,952
Interest income received from PARD and its subsidiaries	83

The interest income was calculated at interest rates ranging from 2.15% to 2.17% per annum on the outstanding amounts due from PARD and its subsidiaries. The interest expense was calculated at interest rate of 4% per annum or the outstanding amounts due to NFS and its subsidiary. The administrative income received from PARD and its subsidiaries was calculated in accordance with the management agreement signed on 3 September 1996 upon the listing of the shares of PARD on the Singapore Exchange Securities Trading Limited and a supplemental agreement dated 22 July 2003. Sales and purchases of frozen seafood were carried out at market price or, where no market price was available, at cost plus a percentage profit mark-up. These transactions were in the ordinary and usual course of business.

DIRECTORS' REPORT

During the year, the Company executed guarantees to certain banks in respect of banking facilities in the amount of HK$819,000,000 granted to NFS and its subsidiary. These guarantees given by the Company were in the ordinary and usual course of business.

None of these related party transactions constitutes a connected transaction or a continuing connected transaction of the Group as defined in and required to be disclosed under Chapter 14A of the Listing Rules.

Public Float

As at the date of this report, the Company has maintained the prescribed public float under Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. Specific enquiry has been made with all Directors and the Directors have complied with the required standard set out in the Model Code throughout the year.

Events after the Reporting Period

Details of significant events occurring after the reporting period are set out in note 54 to the consolidated financial statements.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited consolidated financial statements for the year ended 28 September 2014.

Auditor

A resolution will be submitted to the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Ng Joo Siang
Vice-Chairman and Managing Director
27 December 2014

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Board is committed to maintaining a high standard of corporate governance. The Board believes that sound and reasonable corporate practices are essential for the growth of the Group and for safeguarding and maximizing Shareholders' interests.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. The Company has complied with all the applicable code provisions in the CG Code throughout FY2014, except for the following deviations:

The CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Independent Non-Executive Directors were not appointed for a specific term but they are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Bye-Laws. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

The CG Code provision E1.2 stipulates that the chairman of the board should attend the annual general meeting. During the year, Teh Hong Eng was unable to attend the annual general meeting of the Company held on 7 March 2014 due to other business commitment. However, the Vice Chairman as well as the Managing Director, Ng Joo Siang, was authorized by the Chairperson to chair the said annual general meeting.

The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the CG Code.

Board of Directors

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and financial performances. The Board delegates to the management team the day-to-day management of the Company's business including the preparation of annual and interim reports, and for implementation of internal control, business strategies and plans developed by the Board.

The Board is responsible for performing the corporate governance duties, which include (i) reviewing and monitoring policies and practices on corporate governance adopted by the Company in compliance with legal and regulatory requirements; and (ii) reviewing the Company's compliance with the CG Code and the disclosure in the corporate governance report.

As at 28 September 2014, the Board comprises five Executive Directors and three Independent Non-Executive Directors. Accordingly, the Independent Non-Executive Directors represented more than one-third of the Board members, such composition is considered by the Board to be a reasonable balance between Executive and Non-Executive Directors.

The Executive Directors have extensive experience in the frozen seafood and shipping industries and the Independent Non-Executive Directors possess appropriate legal, accounting and professional qualifications and financial management expertise.

The Independent Non-Executive Directors provide valuable advice to the Board and make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. They also serve the important function of ensuring the Board maintains high standards of financial and other mandatory reporting as well as to provide adequate checks and balances for safeguarding the interests of the Company and the shareholders as a whole.

The Board has determined that each Independent Non-Executive Director is independent. In reaching that conclusion, the Board took into account a number of factors that might appear to affect the independence of some of the Independent Non-Executive Directors, including whether the Independent Non-Executive Director met the specific independence criteria as required by the Listing Rules or has served on the Board for more than nine years from the date of their first election. The Company has received from each Independent Non-Executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. On 19 December 2014, the Nomination Committee has conducted an annual review of the independence of all Independent Non-Executive Directors. Taking into account the independence criteria as set out in Rule 3.13 of the Listing Rules in assessing the independence of the Independent Non-Executive Directors, the Nomination Committee concluded that all the Independent Non-Executive Directors satisfied the Listing Rule requirement of independence.

CORPORATE GOVERNANCE REPORT

The biographies of the Board members are set out in Directors' Profiles on pages 17 and 18 of this report. Save for the relationships as detailed in the biographies, there is no other relationship among the Board to the best knowledge of the Board members. The Company has also maintained on its website and that of the Stock Exchange an updated list of its Directors identifying their roles and functions and whether they are Independent Non-Executive Directors. The Independent Non-Executive Directors are explicitly identified in all of the Company's corporate communications.

Board meetings are held at regular interval. The Board would meet more frequently as and when required. The external auditor has attended the annual general meeting convened on 7 March 2014 for FY2013.

The Board met six times during the year. The attendance of the Directors at the Board meetings and general meetings for FY2014 is as follows:

Name of Director	Meetings attended/ Meetings held during the term of office Board meetings	General meeting
Executive Directors:		
Teh Hong Eng *(Chairperson)*	3/6	0/1
Ng Joo Siang *(Vice-Chairman and Managing Director)*	6/6	1/1
Ng Joo Kwee	1/6	0/1
Ng Joo Puay, Frank	6/6	1/1
Ng Puay Yee	4/6	1/1
Independent Non-Executive Directors:		
Lew V Robert	2/6	1/1
Kwok Lam Kwong, Larry	2/6	1/1
Tao Kwok Lau, Clement	2/6	1/1

The Board carries out its functions according to the powers conferred upon it by the Bye-Laws which is uploaded onto the websites of the Company and the Stock Exchange and since then, no significant changes has been made.

Pursuant to the Bye-Laws, one-third or the number nearest to one-third of the Directors for the time being shall retire from office at each annual general meeting. The retiring Directors shall be eligible for re-election. New appointments either to fill a casual vacancy or as an addition to the Board are subject to re-election by the Shareholders at the next following annual general meeting of the Company. The terms of all Independent Non-Executive Directors shall be subject to retirement from office by rotation and re-election at the annual general meeting. Each of the Independent Non-Executive Directors shall retire by rotation at least once every three years. Any further appointment of the Independent Non-Executive Director who has served the Board for more than nine years will be subject to separate resolution to be approved by Shareholders.

The Board members are updated and apprised of any laws and regulations applicable to the Company and its Directors as well as any amendments thereto.

CORPORATE GOVERNANCE REPORT

Continuous Professional Development

On a continuing basis, the Directors are encouraged to keep up to date on all matters relevant to the Group and attend briefings and seminars as appropriate. According to the records maintained by the Company, the Directors have participated in the following continuous professional development to develop and refresh their knowledge and skills in compliance with the CG Code on continuous professional development during the year:

Name of Director	**Attending training conducted by professional parties**	**Reading materials relevant to the Company's business or director's duties and responsibilities, latest development of the Listing Rules and other applicable regulatory requirements**	**Attending seminars/forums**
Executive Directors:			
Teh Hong Eng *(Chairperson)*		✔	
Ng Joo Siang *(Vice-Chairman and Managing Director)*		✔	
Ng Joo Kwee		✔	
Ng Joo Puay, Frank		✔	
Ng Puay Yee		✔	
Independent Non-Executive Directors:			
Lew V Robert	✔	✔	✔
Kwok Lam Kwong, Larry	✔	✔	✔
Tao Kwok Lau, Clement	✔	✔	✔

Chairperson and Managing Director

The roles of Chairperson and Managing Director are segregate and discharged by different individuals. The Chairperson of the Company is Teh Hong Eng while Ng Joo Siang acts as the Managing Director of the Company.

The Chairperson of the Company is responsible for the leadership and effective running of the Board and ensuring that all significant and key issues are discussed and where required, resolved by the Board timely and constructively. The Managing Director of the Company is delegated with the authority and responsibility to manage the Group's business in all aspects effectively, implement major strategies, make day-to-day decisions and coordinate overall business operations.

Directors' Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by the Directors. Specific enquiry has been made to all Directors and they have confirmed that they have complied with the required standard set out in the Model Code for FY2014.

Auditor's Remuneration

The external auditor of the Company received approximately HK$16,540,000 and HK$7,465,000 for audit services and non-audit services rendered to the Group respectively during FY2014. The non-audit services are mainly comprised of interim review and other assurance services.

Board Committees

The Company currently maintains three board committees (namely Audit Committee, Remuneration Committee and Nomination Committee) with terms of reference which are posted on the websites of the Company and the Stock Exchange. The Board is responsible for performing the corporate governance duties set out in the CG Code. During the year, the Board has formulated policies regarding Procedures for Nomination of Director (which policy is posted on the Company's website), Shareholders' Communication and Code of Conduct, based on which the Board conducts periodic reviews to ensure compliance. As at the date of this report, the Board Diversity Policy has also been adopted.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee currently comprises three Independent Non-Executive Directors, namely Lew V Robert (Chairman), Kwok Lam Kwong, Larry and Tao Kwok Lau, Clement.

During the year, two meetings were held. The attendance of the members at the Audit Committee Meeting for FY2014 is as follows:

Member	**Meetings attended/ Meetings held during the term of office**
Lew V Robert *(Chairman)*	2/2
Kwok Lam Kwong, Larry	2/2
Tao Kwok Lau, Clement	2/2

The primary duties of the Audit Committee include making recommendations to the Board on the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor and assessing their independence and performance, reviewing of the effectiveness of financial reporting processes and internal control systems of the Group and reviewing the Group's financial information and compliance.

During the year and up to the date of this report, the works performed by the Audit Committee are principally as follows:

– reviewed the interim results for the period ended 28 March 2014 and annual results for the year ended 28 September 2014 of the Group and the internal control system and recommended to the Board;

– discussed with the management of the Company the fairness and adequacy of accounting standards and policies of the Group in preparation of the annual financial statements;

– reviewed and discussed with external auditor the financial reporting of the Company; and

– reviewed, recommended and approved the retirement and re-appointment of external auditor and their remuneration.

Remuneration Committee

The Remuneration Committee has been established by the Company in accordance with the requirement of the CG Code. The Remuneration Committee currently comprises five members, being three Independent Non-Executive Directors including Kwok Lam Kwong, Larry (Chairman), Lew V Robert and Tao Kwok Lau, Clement, and two Executive Directors including Ng Joo Siang and Ng Joo Puay, Frank.

The Remuneration Committee is responsible for reviewing the remuneration of the Directors and senior management and making recommendation to the Board for approval. The fees of the Independent Non-Executive Directors are recommended by the Remuneration Committee to the Board for approval at the annual general meeting of the Company (with the relevant committee members abstaining from voting on the resolution concerning his own remuneration).

CORPORATE GOVERNANCE REPORT

During the year and up to the date of this report, the works performed by the Remuneration Committee are principally as follows:

– reviewed the Group's remuneration policy and reviewed the remuneration package of the Executive Directors and senior management for FY2014 and recommended to the Board;

– recommendation of directors' fees for the Independent Non-Executive Directors; and

– administered the vesting of share awards.

During the year, one meeting was held. The attendance of the members at the Remuneration Committee Meeting for FY2014 is as follows:

Member	**Meeting attended/ Meeting held during the term of office**
Kwok Lam Kwong, Larry *(Chairman)*	1/1
Lew V Robert	1/1
Tao Kwok Lau, Clement	1/1
Ng Joo Siang	1/1
Ng Joo Puay, Frank	1/1

Nomination Committee

The Nomination Committee has been established by the Company in the Board meeting held on 23 December 2011 in compliance with the requirement of the CG Code. The Nomination Committee currently comprises four members, being three Independent Non-Executive Directors including Tao Kwok Lau, Clement (Chairman), Lew V Robert and Kwok Lam Kwong, Larry, and one Executive Director being Ng Joo Siang.

The principal responsibilities of the Nomination Committee are regular reviewing of the Board composition, identifying and nominating suitable candidates as Board members, assessing of the independence of the Independent Non-Executive Directors and Board evaluation.

During the year and up to the date of this report, the works performed by the Nomination Committee are principally as follows:

– reviewed the structure, size and composition of the Board

– considered the re-election of Directors and recommended to the Board

– assessed the independence of the Independent Non-Executive Directors

CORPORATE GOVERNANCE REPORT

Below is the summary of the Board Diversity Policy:

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender. These differences will be taken into account in determining the optimum composition of the Board. The Nomination Committee will discuss the measurable objectives for implementing diversity on the Board from time to time and recommend them to the Board for adoption.

The Nomination Committee will report annually on the composition of the Board under diversified perspectives, and monitor the implementation of this policy to ensure the effectiveness of this policy. It will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

During the year, one meeting was held. The attendance of the members at the Nomination Committee Meeting for FY2014 is as follows:

Member	**Meeting attended/ Meeting held during the term of office**
Tao Kwok Lau, Clement *(Chairman)*	1/1
Lew V Robert	1/1
Kwok Lam Kwong, Larry	1/1
Ng Joo Siang	1/1

Accountability

The Directors are acknowledged of their responsibility for preparing of the financial statements of the Group for the year ended 28 September 2014 under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cashflow of the Group. The Directors ensure that the financial statements for FY2014 were prepared in accordance with the statutory requirements and the applicable accounting standards, and have been prepared on a going concern basis.

Internal Controls

The Board reviews the internal control system of the Company annually and will take any necessary and appropriate action to maintain an adequate internal control system to safeguard Shareholders' investments and the Company's assets. Such review will cover all material controls, including financial, operational and compliance controls and risk management functions. The effectiveness of the internal control system of the Group is discussed on an annual basis with the Audit Committee.

The Company has set up an internal audit department, which reports directly to the Audit Committee. The Audit Committee, on an annual basis, will assess the effectiveness of the internal audit department by examining the scope of the internal audit work and its independence of areas reviewed and the internal auditor's report. The Audit Committee is satisfied that the internal audit department has adequate resources and appropriate standing within the Company to undertake its activities independently and objectively.

Company Secretary

All Directors have access to the advice and services of the Company Secretary, Chan Tak Hei, a full time employee of the Company. He has confirmed that he has taken no less than 15 hours of the relevant professional training for the year ended 28 September 2014 in compliance with Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

Shareholders' Rights

The Company is committed to pursue active dialogue with Shareholders as well as to provide disclosure of information concerning the Group's material developments to Shareholders, investors and other stakeholders.

The AGM serves as an effective forum for communication between Shareholders and the Board. Notice of the AGM together with the meeting materials were despatched to all Shareholders not less than 20 clear business days prior to the AGM. The Chairpersons of the Board and of the Audit Committee, the Remuneration Committee and the Nomination Committee, or in their absence, other members of the respective committee, are invited to the AGM to answer questions from Shareholders. External auditor is also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and its independence.

Vote of Shareholders at general meeting will be taken by poll in accordance with the Listing Rules, unless otherwise required and permitted. Detailed procedures for conducting a poll will be explained to Shareholders at the inception of general meeting to ensure that Shareholders are familiar with such voting procedures. Separate resolution will be proposed by the chairperson of general meeting in respect of each substantial issue. The poll results will be posted on the websites of the Company and the Stock Exchange on the same day of the general meeting.

Pursuant to the Bye-Laws, a special general meeting can be convened on the written requisition of any two or more members holding in aggregate not less than one-tenth of such of the paid up capital of the Company as the date of the deposit carries the right of voting at general meetings of the Company. Such requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the office of the Company.

Enquiries directed to the Board are facilitated by email to ir@pacificandes.com or through the online messaging system on the Company's website. All the Company's announcements, press releases and conducive corporate information are made available on the Company's website to enhance the transparency of the Company. To further promote effective communication, Shareholders, investors and other stakeholders may subscribe to the email alerts on the Company's website at http://www.pacificandes.com/html/ir_alert.php.

Investor Relations and Communication

There was no amendment made to the constitutional documents of the Company during the year.

The Company has a proactive policy for promoting investor relations and communications by maintaining regular dialogue and fair disclosure with institutional investors, fund managers, analysts and the media. To ensure our investors have a better understanding of the Group, our Management attends investor meetings on a regular basis and has participated in a number of investor conferences in the region and communicates with research analysts and institutional investors in an on-going manner.

The Group recognises the importance of timely and non-selective disclosure of information. The Company's corporate website www.pacificandes.com, which features a dedicated Investor Relations section, facilitates effective communication with Shareholders, investors and other stakeholders, making corporate information and other relevant financial and non-financial information available electronically and in a timely manner. Latest information of the Company includes annual reports, interim reports, announcements, press releases and constitutional documents.

Details of the last Shareholders' meeting, key calendar events for Shareholders' attention as well as share information, including market capitalisation as of 28 September 2014, are set out in the "Investor" section on the Company's corporate website.

The Group values feedback from Shareholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions are welcome, and they can be addressed to the Investor Relations Department by mail or by email to the Group at ir@pacificandes.com.

CORPORATE SOCIAL RESPONSIBILITY

Pacific Andes remains committed to offering a responsibly-derived range of quality seafood products. As a globally operating company, Pacific Andes employs people from more than 16 countries. In late 2013 we embarked on two important processes: we established Vision, Mission and Values which will be reflected across the Group and we revised our risk management approach at Group level.

The Board-level CSR Committee, established by its fishery and fish supply arm China Fishery, continued its oversight to uphold the Company's commitment. Dr. Keith Sainsbury, a marine ecologist with a wealth of expertise and research on the assessment, ecology and conservation of marine resources and ecosystems, continued to provide advisory services to the Committee.

Risk Management

To ensure an acceptable balance between risk and return, we refined our risk management approach at Group level. Based on ISO 31000, the internationally recognised standard for Enterprise Risk Management, we simplified our risk assessment process and risk matrix. This allows us to identify, assess and mitigate risks more effectively through a cross functional approach. We also established a Risk Management Committee at head office which will carry out a Group-wide Enterprise Risk Assessment at least annually and more often if necessitated by changes in the business environment.

Atlantic Pacific Fishing

China Fishery's subsidiary in Namibia, Atlantic Pacific Fishing, continued to successfully harvest horse mackerel in partnership with three local Namibian consortium groups holding horse mackerel fishing rights. In line with the national policy of 'Namibianisation' in the fishing sector, the joint venture structure lays the foundation for transferring knowledge to the local industry. We appointed a Namibian general manager with significant knowledge of the Namibian fishing industry and we embarked on a comprehensive training program for Namibian crew members enabling them to work in the bridge, engine room and deck positions. We will appoint Cadets as understudies in need of seagoing experience who have the potential to be up-skilled to higher positions over time.

Pacific Andes completed a stakeholder engagement exercise, working with a local Namibian consultant and fisheries expert. 17 stakeholder representatives from the Ministry of Fisheries and Marine Resources and other government departments, trade unions, NGOs, community groups, joint venture shareholders and the media provided feedback on our operations in Namibia in terms of expectations on corporate governance, social and environmental issues. This will assist our continued development of an effective business strategy for our Namibian subsidiary and help us to prioritise and develop measures to meet key stakeholders' expectations and concerns.

Group-wide Sustainability Platform

In order to ensure a robust system for environmental data collection and management at Group level, Pacific Andes launched a web-based platform in 2013. This online platform is used to capture all relevant environmental data across operations, to set targets and key performance indicators, and reduce our environmental impacts. It has enabled us to measure our global carbon footprint and participate in the Hong Kong Government Carbon Footprint Repository for the first time. As the platform continues to develop, we will be able to perform more sophisticated data analysis, regular reporting and target setting at Group and regional levels.

CORPORATE SOCIAL RESPONSIBILITY

Sustainable Aquaculture Project

Pacific Andes' US-based subsidiary, National Fish & Seafood ("NFS"), in collaboration with the Global Aquaculture Alliance ("GAA") and Sustainable Fisheries Partnership ("SFP"), launched in July 2014 a project to bring small-scale shrimp farmers closer to Best Aquaculture Practices ("BAP") certification. With the support of GAA, National Fish & Seafood will pilot the first four groups of shrimp farmers in Vietnam, Indonesia and India. These four groups will also develop the first Aquaculture Improvement Projects ("AIP") through SFP to document improvements in practices being made at the farm and zonal levels. The AIP will bring together all stakeholders: farmers, processors, importer, and local government to determine the carrying capacity of the given region and develop policies towards sustainable development of the shrimp farming industry.

NFS, as the primary unit in the Group involved with aquaculture sourcing, procures directly from over 10,000 shrimp ponds across Asia and Central/South America. The project enables full integration of the aquaculture supply chain and ensures constant supply of certified products for customers.

APEC Policy Partnership on Food Security ("PPFS")

We continued our active participation in 2014 on APEC's Policy Partnership on Food Security, an initiative that brings private sector knowledge and resources to APEC governments to ensure sustainable fisheries and food security by 2020. In February 2014 we became one of the Co-Chairs of the Working Group 2: "Sustainable Development of Agriculture and Fisheries Sectors" under PPFS. As the only direct fishing and fish processing company on the policy group, we have an important role to play in driving the sustainable fisheries and aquaculture agendas.

Fishing for a Future

In October 2013, Ng Joo Siang, the Vice-Chairman and Managing Director of Pacific Andes attended the Fishing for a Future global dialogue in Italy. The dialogue brought together leaders in the field of global fisheries and aquaculture to review the urgent need to develop strategies and alignment on meeting the vast demand-supply gap for fish protein in the years to come. This meeting was instrumental in initiating internal thinking on this issue to better understand the future role we can play.

Sustainability Report

The Group's second Sustainability Report 'Responsible seafood – from global to local' was published in July 2014. In line with the theme, the Report is structured around two core sections, namely a Global section and a Local section outlining each country's operation. The report meets the Global Reporting Initiative ("GRI")'s A+ level of reporting, the highest level available. Selected quantitative data of the report was independently assured by Deloitte Touche Tohmatsu. Pacific Andes will continue to produce a stand-alone Sustainability Report every two years.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

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

We have audited the consolidated financial statements of Pacific Andes International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 129, which comprise the consolidated statement of financial position as at 28 September 2014, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 28 September 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 December 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 28 September 2014

	Notes	2014 HK$'000	2013 HK$'000 (restated)
Revenue	6	**12,540,593**	13,286,029
Cost of sales		**(10,286,618)**	(11,257,630)
Gross profit		**2,253,975**	2,028,399
Other income and gains	7	**1,137,789**	759,300
Gain on bargain purchase on acquisition of subsidiaries	42	**–**	448,580
Selling and distribution expenses		**(508,686)**	(550,091)
Administrative expenses		**(642,265)**	(630,403)
Other expenses	8	**(181,312)**	(590,753)
Finance costs	9	**(989,900)**	(726,154)
Share of results of a joint venture		**(3,125)**	6,763
Share of results of associates		**35,504**	57,540
Profit before taxation	10	**1,101,980**	803,181
Taxation	12	**(98,302)**	53,113
Profit for the year		**1,003,678**	856,294
Profit for the year attributable to:			
Owners of the Company		**485,753**	366,314
Non-controlling interests		**517,925**	489,980
		1,003,678	856,294
Earnings per share			
Basic	14	**9.5 HK cents**	7.2 HK cents
Diluted	14	**9.5 HK cents**	7.2 HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 September 2014

	2014 HK$'000	2013 HK$'000 (restated)
Profit for the year	**1,003,678**	856,294
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of properties	**146,197**	181,014
Deferred tax liability arising on revaluation of properties	**(30,179)**	(39,830)
Items that may be subsequently reclassified to profit or loss:		
Fair value changes of available-for-sale investments	**(3,282)**	104,317
Reclassification adjustment to profit or loss upon disposal of interest in an associate	**4,000**	–
Reclassification adjustment to profit or loss upon disposal of interest in a joint venture	**26,105**	–
Reclassification adjustment to profit or loss upon disposal of interests in subsidiaries	**(10,141)**	–
Reclassification adjustment transfer to profit or loss upon derecognition of available-for-sale investments	**–**	(101,035)
Exchange differences arising on translation of foreign operations	**(22,623)**	39,806
Other comprehensive income for the year	**110,077**	184,272
Total comprehensive income for the year, net of tax	**1,113,755**	1,040,566
Total comprehensive income attributable to:		
Owners of the Company	**594,129**	534,671
Non-controlling interests	**519,626**	505,895
	1,113,755	1,040,566

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 September 2014

	Notes	**28.9.2014** **HK$'000**	28.9.2013 HK$'000 (restated)	29.9.2012 HK$'000 (restated)
Non-current assets				
Property, plant and equipment	15	**7,540,256**	7,841,246	6,953,714
Investment properties	16	**549,792**	578,707	524,891
Prepaid lease payments	17	**39,468**	40,848	42,528
Goodwill	18	**2,976,668**	2,976,668	2,976,668
Receivable from/prepayment to suppliers	19	**167,896**	1,786,916	887,040
Advance to a supplier	19	**–**	–	315,900
Available-for-sale investments	20	**37,655**	44,699	46,344
Interests in associates	21	**38,855**	543,513	506,445
Interest in a joint venture	22	**–**	98,797	97,648
Deposit paid for acquisition of property, plant and equipment		**–**	–	47,266
Other intangible assets	23	**9,560,792**	9,560,792	1,847,868
Other long term receivables	24	**409,137**	390,109	478,080
		21,320,519	23,862,295	14,724,392
Current assets				
Inventories	25	**2,695,131**	2,467,509	2,816,087
Trade, bills, other receivables and prepayments	26	**11,886,902**	9,788,115	10,342,059
Trade receivables with insurance coverage	27	**410,193**	546,197	511,218
Trade receivables from associates	28	**66,052**	95,065	89,808
Receivable from/prepayment to suppliers – current portion	19	**850,200**	205,123	172,640
Advance to a supplier	19	**315,900**	315,900	–
Amounts due from associates	28	**31,115**	3,424	13,672
Amount due from a joint venture	29	**–**	27,731	26,580
Held-for-trading investments	30	**172,365**	8,668	7,085
Other financial assets	31	**13,658**	–	–
Tax recoverable		**59,279**	102,349	15,670
Pledged deposits	32	**–**	111	207
Bank balances and cash	33	**1,245,314**	921,335	690,969
		17,746,109	14,481,527	14,685,995
Current liabilities				
Trade, bills and other payables	34	**1,835,753**	1,448,356	2,438,267
Bank advances drawn on discounted trade receivables with insurance coverage and discounted bills	27	**662,587**	609,446	569,828
Bonds	37	**–**	721,476	–
Other financial liabilities	31	**57,000**	159,218	288,975
Taxation		**188,100**	126,470	149,553
Obligations under finance leases – due within one year	35	**–**	30,151	29,555
Bank borrowings – due within one year	36	**8,649,128**	10,717,775	7,238,674
		11,392,568	13,812,892	10,714,852
Net current assets		**6,353,541**	668,635	3,971,143
Total assets less current liabilities		**27,674,060**	24,530,930	18,695,535

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 September 2014

	Notes	**28.9.2014 HK$'000**	28.9.2013 HK$'000 (restated)	29.9.2012 HK$'000 (restated)
Non-current liabilities				
Obligations under finance leases				
– due after one year	35	**–**	3,666	33,817
Bank borrowings – due after one year	36	**3,844,895**	1,557,981	2,083,892
Long term payables	34	**193,984**	1,445,457	–
Bonds	37	**1,197,169**	–	690,082
Senior notes	38	**4,097,426**	4,080,896	2,120,094
Deferred taxation	39	**2,549,325**	2,590,922	559,269
		11,882,799	9,678,922	5,487,154
Net assets		**15,791,261**	14,852,008	13,208,381
Capital and reserves				
Share capital	40	**472,207**	472,207	472,207
Share premium and reserves		**7,851,521**	7,302,665	6,819,936
Equity attributable to owners of the Company		**8,323,728**	7,774,872	7,292,143
Non-controlling interests				
Share of net assets of subsidiaries		**7,467,533**	7,077,136	5,916,238
Total equity		**15,791,261**	14,852,008	13,208,381

The financial statements on pages 35 to 129 were approved and authorised for issue by the Board of Directors on 27 December 2014 and are signed on its behalf by:

Ng Joo Siang
DIRECTOR

Ng Joo Puay, Frank
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 September 2014

	Attributable to owners of the Company										Non-controlling Interests	
	Share capital HK$'000	Share premium HK$'000	Properties revaluation reserve HK$'000	Translation reserve HK$'000	Other reserve HK$'000	Investment revaluation reserve HK$'000	Goodwill reserve HK$'000	Special reserve HK$'000	Retained profits HK$'000	Total HK$'000	Share of net assets of subsidiaries HK$'000	Total HK$'000
At 29 September 2012	472,207	3,163,790	603,597	177,229	297,098	–	(135,913)	9,800	2,704,335	7,292,143	5,916,238	13,208,381
Surplus on revaluation of properties	–	–	177,538	–	–	–	–	–	–	177,538	3,476	181,014
Deferred tax liability arising on revaluation of properties	–	–	(39,830)	–	–	–	–	–	–	(39,830)	–	(39,830)
Fair value changes of available-for-sale investments	–	–	–	–	–	38,727	–	–	–	38,727	65,590	104,317
Reclassification adjustment transfer to profit or loss upon derecognition of available-for-sale investments	–	–	–	–	–	(36,546)	–	–	–	(36,546)	(64,489)	(101,035)
Exchange differences arising on translation of foreign operations	–	–	–	28,468	–	–	–	–	–	28,468	11,338	39,806
Other comprehensive income	–	–	137,708	28,468	–	2,181	–	–	–	168,357	15,915	184,272
Profit for the year (restated (note 2))	–	–	–	–	–	–	–	–	366,314	366,314	489,980	856,294
Total comprehensive income for the year	–	–	137,708	28,468	–	2,181	–	–	366,314	534,671	505,895	1,040,566
Acquisition of interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	60,420	60,420
Release upon disposal of property, plant and equipment	–	–	(8,738)	–	–	–	–	–	8,738	–	–	–
Issue of shares by a subsidiary	–	–	–	–	–	–	–	–	–	–	661,742	661,742
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(67,159)	(67,159)
Dividends recognised as distribution	–	–	–	–	–	–	–	–	(51,942)	(51,942)	–	(51,942)
At 28 September 2013 (as restated)	472,207	3,163,790	732,567	205,697	297,098	2,181	(135,913)	9,800	3,027,445	7,774,872	7,077,136	14,852,008
Surplus on revaluation of properties	–	–	141,286	–	–	–	–	–	–	141,286	4,911	146,197
Deferred tax liability arising on revaluation of properties	–	–	(30,179)	–	–	–	–	–	–	(30,179)	–	(30,179)
Fair value changes of available-for-investments	–	–	–	–	–	(2,181)	–	–	–	(2,181)	(1,101)	(3,282)
Reclassification adjustment to profit or loss upon disposal of interest in an associate	–	–	–	4,000	–	–	–	–	–	4,000	–	4,000
Reclassification adjustment to profit or loss upon disposal of interest in a joint venture	–	–	–	26,105	–	–	–	–	–	26,105	–	26,105
Reclassification adjustment to profit or loss upon disposal of interests in subsidiaries	–	–	–	(10,141)	–	–	–	–	–	(10,141)	–	(10,141)
Exchange differences arising on translation of foreign operations	–	–	–	(20,514)	–	–	–	–	–	(20,514)	(2,109)	(22,623)
Other comprehensive income	–	–	111,107	(550)	–	(2,181)	–	–	–	108,376	1,701	110,077
Profit for the year	–	–	–	–	–	–	–	–	485,753	485,753	517,925	1,003,678
Total comprehensive income (expense) for the year	–	–	111,107	(550)	–	(2,181)	–	–	485,753	594,129	519,626	1,113,755
Acquisition of additional of interests in subsidiaries	–	–	–	–	6,669	–	–	–	–	6,669	(62,272)	(55,603)
Release upon disposal of property, plant and equipment	–	–	(5,650)	–	–	–	–	–	5,650	–	–	–
Release upon disposal of subsidiaries	–	–	(7,318)	–	–	–	–	–	7,318	–	–	–
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(66,957)	(66,957)
Dividends recognised as distribution	–	–	–	–	–	–	–	–	(51,942)	(51,942)	–	(51,942)
At 28 September 2014	472,207	3,163,790	830,706	205,147	303,767	–	(135,913)	9,800	3,474,224	8,323,728	7,467,533	15,791,261

The retained profits of the Group include retained profits of HK$100,069,000 (2013: HK$76,700,000) and retained profits of HK$79,843,000 (2013: 82,968,000) attributable to associates and a joint venture of the Group, respectively.

The special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries at the date on which they were acquired by the Company and the nominal value of the Company's shares issued for the exchange of shares under the group reorganisation in 1994.

The other reserve of the Group represents the effect from acquisition of remaining interest in a subsidiary without a change in control.

During the year ended 28 September 2014, the Group had acquired the additional 0.9% equity interest in Copeinca AS at a consideration of HK$55,603,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28 September 2014

	Note	2014 HK$'000	2013 HK$'000 (restated)
Operating activities			
Profit before taxation		**1,101,980**	803,181
Adjustments for:			
Interest income		**(13,192)**	(7,100)
Interest expense		**989,900**	726,154
Amortisation of prepayment to suppliers		**108,143**	237,641
Share of results of associates		**(35,504)**	(57,540)
Share of results of a joint venture		**3,125**	(6,763)
Amortisation of prepaid lease payments		**1,005**	1,005
Depreciation of property, plant and equipment		**802,912**	929,511
Loss (gain) on disposal of available-for-sale investments		**1,532**	(101,035)
Fair value changes on investment properties		**(7,646)**	(5,711)
Fair value change on held-for-trading investments		**30,061**	(1,583)
Unrealised gain on derivative financial instruments		**(118,876)**	(133,757)
Loss from financial guarantee contracts, net		**3,000**	4,000
Impairment loss on property, plant and equipment		**16,844**	350,356
Gain on disposal of property, plant and equipment		**(7,464)**	(3,541)
Gain on bargain purchase on acquisition of subsidiaries		**–**	(448,580)
Gain on disposal of interest in an associate		**(316,447)**	–
Loss on disposal of interest in a joint venture		**22,705**	
Gain on disposal of interests in subsidiaries	44	**(56,961)**	–
Operating cash flows before movements in working capital		**2,525,117**	2,286,238
(Increase) decrease in inventories		**(228,252)**	921,792
(Increase) decrease in trade, bills, other receivables and prepayments		**(2,093,296)**	1,007,821
Decrease (increase) in trade receivables with insurance coverage		**136,004**	(34,979)
Decrease (increase) in trade receivables with associates		**29,013**	(5,257)
(Increase) decrease in amounts due from associates		**(27,691)**	10,248
Increase in amount due from a joint venture		**(551)**	(1,151)
(Decrease) increase in trade, bills and other payables		**(855,368)**	230,563
Cash (used in) generated from operations		**(515,024)**	4,415,275
Tax paid		**(65,381)**	(92,695)
Interest paid		**(1,014,086)**	(658,772)
Net cash (used in) from operating activities		**(1,594,491)**	3,663,808

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28 September 2014

	Note	2014 HK$'000	2013 HK$'000 (restated)
Investing activities			
Interest received		**13,192**	7,100
Dividend received from an associate		**12,135**	20,472
Proceeds on disposal of available-for-sale investments		**14,229**	222,016
Proceeds on disposal of property, plant and equipment		**95,362**	15,331
Addition to property, plant and equipment (Note)		**(536,465)**	(222,848)
Proceeds on disposal of investment properties		**35,234**	–
Addition to available-for-sale investments		**(11,999)**	(116,054)
Repayment from (advances to) suppliers		**865,800**	(1,170,000)
(Additions to) repayment of other long term receivables		**(19,028)**	87,971
Repayments of other receivables from a third party		**70,161**	–
Decrease in pledged deposits		**111**	96
Proceeds on disposal of subsidiaries	44	**39,941**	–
Proceeds on disposal of an associate	21	**690,822**	–
Proceeds on disposal of a joint venture		**78,000**	–
Acquisition of assets	43	**–**	(19,500)
Acquisition of subsidiaries	42	**–**	(5,745,191)
Net cash from (used in) investing activities		**1,347,495**	(6,920,607)
Financing activities			
Proceeds from shares issued by a subsidiary		**–**	661,742
Net proceeds from issue of bonds		**1,221,742**	–
Acquisition of the additional interest in a subsidiary		**(55,603)**	–
Redemption of bonds		**(710,938)**	–
Dividend paid to non-controlling shareholders		**(66,957)**	(67,159)
Dividend paid		**(51,942)**	(51,942)
Repayments of obligations under finance leases		**(33,817)**	(29,555)
Repayments of mortgage loans		**(19,583)**	(12,432)
Net bank advances drawn on discounted trade receivables with insurance coverage and discounted bills raised		**53,141**	39,618
Increase in bank overdrafts		**257**	9,436
Bank borrowings raised		**5,420,000**	2,763,540
Repayment of bank borrowings		**(4,886,206)**	(663,000)
(Repayment) additions of working capital loans, net		**(296,201)**	845,600
Net cash from financing activities		**573,893**	3,495,848
Net increase in cash and cash equivalents		**326,897**	239,049
Cash and cash equivalent at beginning of the year		**921,335**	690,969
Effect of foreign exchange rate changes		**(2,918)**	(8,683)
Cash and cash equivalents at end of the year		**1,245,314**	921,335
Representing by:			
Bank balances and cash		**1,245,314**	921,335

Note: During the year, the Group acquired property, plant and equipment with an aggregate cost of HK$762,969,000 (2013: HK$222,848,000) of which HK$536,465,000 (2013: HK$222,848,000) was paid in cash and HK$226,504,000 (2013: nil) was acquired through trade in of certain assets with a net book value amounting to HK$226,504,000 (2013: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

1. General

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is N.S. Hong Investment (BVI) Limited, a company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is different from the functional currency of the Company, which is United States dollars, as the directors of the Company control and monitor the performance and financial position of the Company and the Group by using Hong Kong dollars.

The Company acts as an investment holding company and provides corporate management services to group companies. Details of the principal activities engaged by the principal subsidiaries, associates and a joint venture are set out in notes 52, 53, and 22 respectively.

2. Application of New and Revised Hong Kong Financial Reporting Standards/Restatement

In the current year, the Group has applied for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

- recognised financial instruments that are set off in accordance with HKAS 32 "Financial Instruments: Presentation"; and

- recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements and disclosures relating to the Group's offsetting arrangements, master netting agreements or similar agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

2. Application of New and Revised Hong Kong Financial Reporting Standards/Restatement – continued

Impact of the Application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) – Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its investees at 29 September 2013.

Impact of the Application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures", and the guidance contained in a related interpretation, HK(SIC) – Int 13 "Jointly Controlled Entities – Non-Monetary Contribution by Venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties of joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognizes it assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in a joint arrangement in accordance with the requirements of HKFRS 11. The directors concluded that the Group's investment in a joint arrangement, Able Team Investments Limited, which was classified as a jointly controlled entity under HKAS 31 and was accounted for using the proportionate consolidation method, should be classified as a joint venture under HKFRS 11 and accounted for using equity method. The change in accounting of the Group's investment in a joint arrangement has been applied in accordance with the relevant transitional provisions set out in HKFRS 11. The initial investment as at 29 September 2013 for the purpose of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated. Also, the directors performed an impairment assessment on the initial investment as at 29 September 2013 and concluded that no impairment loss is required. Comparative amounts of 2013 have been restated to reflect change in accounting for the Group's investment in joint arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

2. Application of New and Revised Hong Kong Financial Reporting Standards/Restatement – continued

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (see notes 52, 22 and 21 for details).

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces that requirement previously included in various HKFRSs.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for "fair value" and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements. The Group has applied the new fair value measurement and disclosure requirements prospectively and there is no significant change in fair value measurement of the Group. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Disclosures of fair value information are set out in notes 5(b), 15 and 16. Other than the additional disclosures, the application of HKFRS 13 has had no material effect on the amounts recognised in the consolidated financial statements.

Except as described above, the application of the other new or revised HKFRSs in the current year has had no material effect on the amounts reported and/or disclosures sets out in these consolidated financial statements.

Summary of the Effect of the above Changes in Accounting Policy/Restatement

The effect of the changes in the Group's accounting policy described above on the results for the current and preceding year by line items presented in the consolidated income statement as follows:

	2014	2013
	HK$'000	HK$'000
Impact on profit for the year:		
Decrease in revenue	**(8,407)**	(16,739)
Decrease in cost of sales	**2,817**	6,104
Decrease in other income	**(4,296)**	(24,103)
Decrease in administrative expenses	**10,537**	18,330
Decrease in finance costs	**1,603**	3,280
(Decrease) increase in share of results of a joint venture	**(3,125)**	6,763
Decrease in taxation	**871**	6,365
Net impact on profit for the year	**–**	–

In addition, the Group has completed the valuation of the assets acquired and liabilities assumed of Copeinca AS ("Copeinca") which was acquired by the Group during the year ended 28 September 2013. The fair value of net identificable assets acquired decreased by HK$51,004,000, resulting in a decrease in gain on bargain purchase from HK$499,584,000 to HK$448,580,000 ("Restatement"). Details are set out in note 42. As such, the profit for the year ended 28 September 2013 reduced from HK$907,298,000 to HK$856,294,000, whereby profit attributable to the owners of the Company and non-controlling interests for the year ended 28 September 2013 reduced from HK$385,944,000 and HK$521,354,000 to HK$366,314,000 and HK$489,980,000, respectively. The basic and diluted earnings per share decreased from 7.6 HK cents per share to 7.2 HK cents per share, which also took into account the retrospective adjustment of the bonus element on the rights issue completed in December 2014. Details are set out in 54.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

2. Application of New and Revised Hong Kong Financial Reporting Standards/Restatement – continued

Summary of the Effect of the above Changes in Accounting Policy/Restatement – continued

The effect of the change in accounting policy described above and Restatement on the financial positions of the Group as at the end of the immediately preceding financial year, i.e. 28 September 2013 and 29 September 2012 is disclosed as follows:

	At 28 September 2013 HK$'000 (originally stated)	HKFRS 11 HK$'000	Restatement HK$'000	At 28 September 2013 HK$'000 (restated)
Property, plant and equipment	7,874,208	(15,022)	(17,940)	7,841,246
Investment properties	728,041	(149,334)	–	578,707
Interest in a joint venture	–	98,797	–	98,797
Trade, bills, other receivables and prepayments	9,795,621	(7,506)	–	9,788,115
Amount due from a joint venture	18,486	9,245	–	27,731
Bank balances and cash	924,452	(3,117)	–	921,335
Trade, bills and other payables	1,465,579	(17,223)	–	1,448,356
Bank borrowings – due within one year	10,719,971	(2,196)	–	10,717,775
Bank borrowings – due after one year	1,579,565	(21,584)	–	1,557,981
Deferred taxation	2,622,238	(25,934)	(5,382)	2,590,922
Long term payables	1,407,011	–	38,446	1,445,457
Total effect on net assets and equity		–	(51,004)	

	At 29 September 2012 HK$'000 (originally stated)	HKFRS 11 HK$'000	At 29 September 2012 HK$'000 (restated)
Property, plant and equipment	6,972,874	(19,160)	6,953,714
Investment properties	657,110	(132,219)	524,891
Interest in a joint venture	–	97,648	97,648
Trade, bills, other receivables and prepayments	10,354,291	(12,232)	10,342,059
Amount due from a joint venture	17,719	8,861	26,580
Bank balances and cash	693,471	(2,502)	690,969
Trade, bills and other payables	2,453,209	(14,942)	2,438,267
Bank borrowings – due within one year	7,242,519	(3,845)	7,238,674
Bank borrowings – due after one year	2,102,575	(18,683)	2,083,892
Deferred taxation	581,403	(22,134)	559,269
Total effect on net assets and equity		–	

The Group's cash flows for the year ended 28 September 2013 have been restated accordingly. The net cash from operating activities had decreased by HK$11,820,000, the net cash used in investing activities had decreased by HK$9,658,000 and the net cash from financing activities had decreased by HK$1,252,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

2. Application of New and Revised Hong Kong Financial Reporting Standards/Restatement – continued

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[7]
HKFRS 14	Regulatory Deferral Accounts[5]
HKFRS 15	Revenue from Contracts with Customers[6]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS16 and HKAS 41	Agriculture: Bearer Plant[4]
Amendments to HKAS 19	Defined Benefit Plans: Employees Contributions[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2010-2012 Cycle[3]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2011-2013 Cycle[2]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2012-2014 Cycle[4]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for accounting periods beginning on or after 1 January 2014.
2 Effective for accounting periods beginning on or after 1 July 2014.
3 Effective for accounting periods beginning on or after 1 July 2014, with limited exceptions.
4 Effective for accounting periods beginning on or after 1 January 2016.
5 Effective for first annual financial statements beginning on or after 1 January 2016.
6 Effective for accounting periods beginning on or after 1 January 2017.
7 Effective for accounting periods beginning on or after 1 January 2018.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revision version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Specifically, pursuant to HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Under HKFRS 9, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. Furthermore, HKFRS 9 requires certain simple debt instruments to be measured at FVTOCI when certain requirements are met. In addition, under HKFRS 9, entities may take an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

2. Application of New and Revised Hong Kong Financial Reporting Standards/Restatement – continued

In relation to the impairment of financial assets, HKFRS 9 adopts an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition, In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company consider that the adoption of HKFRS 9 in the future will affect the classification and measurement of the Group's available-for-sale investments as well as the impairment assessment of financial assets but is unlikely to affect the Group's financial liabilities. However, it is not practicable to provide a reasonable estimate of the financial effect on the Group's financial statements until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipates that the application of HKFRS 15 in the future may affect the amounts reported and related disclosures. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Other than set out above, the directors anticipate that the application of the new HKFRSs and will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance, which for the current financial year continues to be those disclosures required under the predecessor Companies Ordinance (Cap 32), in accordance with the transitional and saving provisions which are set out in Part 9 of Schedule 11 of the Hong Kong Companies Ordinance (Cap.622).

The consolidated financial statements have been prepared on the historical cost basis except for certain properties, investment properties, available-for-sale investments, held-for-trading investments and derivative financial instruments, which are measured at revalued amounts or fair values as appropriate, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Basis of consolidation – continued

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

Allocation of Total Comprehensive Income to Non-Controlling Interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's Ownership Interests in Existing Subsidiaries

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement", when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Business Combinations – continued

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period which cannot exceed one year from the acquisition date, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill arising on acquisitions of net assets and operations of another entity prior to 1 January 2001 continues to be held in reserves, and will be charged to the retained profits at the time when the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Interests in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. Any retained portion of an interest in an associate or a joint venture that has not been classified as held for sale is accounted for using equity method.

Upon disposal or partial disposal of the Group's interest in an associate or a joint venture in which the Group lost significant influence or joint control and discontinued the use of equity method, any retained interest that is within the scope of IAS 39 is measured at fair value on that date, the difference between the carrying amount of the associate or joint venture at the date, and the proceeds from disposing of such interest (or partial interest) in the associate or joint venture and the fair value of the retained interest is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income from operating leases is recognised in the profit or loss on a straight-line basis over the terms of the relevant leases.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Property, Plant and Equipment

Property, plant and equipment, other than leasehold land and buildings and construction in progress are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Freehold land is stated at cost and is not amortised.

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and amortisation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any revaluation increase arising on the revaluation of leasehold land and buildings is recognised in other comprehensive income and accumulated in the properties revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued land and building is recognised in profit or loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Property, Plant and Equipment – continued

Construction in progress is property, plant and equipment in the course of construction for production (own use purposes). Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

If an investment property carried at fair value becomes an item of property, plant and equipment because its use has changed as evidenced by commencement of owner-occupation, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

When leasehold land and buildings are in the course of development for production, or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of cost of buildings under construction.

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment other than freehold land and construction in progress over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method as follows:

Leasehold land and buildings	25 years or lease term, whichever is shorter
Buildings on freehold land	33 years
Leasehold improvements	3 – 10 years
Furniture and fixtures	3 – 10 years
Office equipment	$2\frac{1}{2}$ – 10 years
Motor vehicles	$2\frac{1}{2}$ – 20 years
Plant and machinery	2 – 10 years
Vessels	5 – 20 years
Fishing nets	4 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Vessel component costs include the cost of major components which are usually replaced or renewed at drydockings. The Group capitalises drydocking costs as they are incurred and depreciates these costs over their estimated useful lives of 5 years, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Investment Properties

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. For a transfer of an owner-occupied property to an investment property, the deemed cost of investment properties is the fair value of the owner-occupied property at the date of transfer. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and conditions, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

Impairment Losses on Tangible and Intangible Assets other than Goodwill (See Accounting Policy in respect of Goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Intangible Assets

Intangible Assets Acquired Separately

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses above).

The estimated useful lives of such assets are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the accounting policy described above.

Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets above).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss in the period when the asset is derecognised.

Deferred Expenditure

Expenditure incurred which is directly attributable to activities carried out for the purpose of catching fish and other marine catches during voyages is initially recognised as prepaid expenses in the consolidated statement of financial position and released to profit or loss as an expense when the fish and marine catches are sold and revenue is recognised for the sale. Expenditure on each voyage is deferred to the extent that there is reasonable probability of recovery from sale of fish and other marine catches from that voyage. When it is probable that the costs incurred or to be incurred on a voyage will exceed the estimated value of the catches, the expected loss is recognised in profit or loss immediately.

Prepayment to Suppliers

The amount represents prepayment for future supply of fishery products under the long term supply agreements or future charter hire expense for fishing vessels under the vessel operating agreements which have been prepaid or contractually agreed to be prepaid. They are amortised and charged to profit or loss as cost of sales pro-ratably over the period for which the prepayment is made and the benefits are expected to accrue.

Under the vessel operating agreements, the Group pays charter hire fees based on fixed rates and variable rates based on contracted percentages of the annual operating profit attributable to the vessels procured by counterparties (note 19). As the fixed portions of charter hire cost are payable during the charter hire period regardless of whether the vessels are deployed (save for certain exceptions during the earlier part of the charter hire), the Group expenses fixed charter hire cost on a time proportionate basis in profit or loss and does not include this cost in deferred expenses.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Financial Instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit and loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial Assets

The Group's financial assets are classified into financial assets at FVTPL, loans and receivables and available-for-sale investments. The classification depends on the nature and purpose of the financial assets and determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Financial Assets at FVTPL

Financial assets as at FVTPL represent the financial asset that is held for trading as follows:

- it has been acquired principally for the purpose of selling in the near future; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other long term receivables, trade, bills and other receivables, trade receivables with insurance coverage, trade receivables from associates, receivables from suppliers, amounts due from associates, amount due from a joint venture, pledged deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Financial Instruments – continued

Financial Assets – continued

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL and loans and receivables or held to maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment of financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

Impairment of Financial Assets

Financial assets, other than those at financial assets at FVTPL, are assessed for indicators of impairment at end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, bills receivables and trade receivables with insurance coverage, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days to 180 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Financial Instruments – continued

Financial Assets – continued

Impairment of Financial Assets – continued

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent period.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, bills receivables and trade receivables with insurance coverage, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in the investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial Liabilities and Equity Instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Rights, options, or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount of any currency are equity instruments, regardless of the currency in which the exercise price is denominated if the entity offers the rights, options, or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

Financial Liabilities at FVTPL

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Financial Instruments – continued

Financial Liabilities and Equity Instruments – continued

Other Financial Liabilities

The Group's other financial liabilities (including trade, bills and other payables, bank advances and borrowings, bonds and senior notes) are subsequently measured at amortised cost, using the effective interest rate method.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

A financial guarantee contracts issued by the Group are initially measured at their fair values less transaction costs and, subsequently measured at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derivative Financial Instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Share-Based Payment Transactions

Equity-Settled Share-Based Payment Transactions

Share Options/Share Awards Granted to Employees

The fair value of services received determined by reference to the fair value of share options or share awards granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve or share awards reserve).

At the end of the reporting period, the Group revises its estimates of the number of options and shares that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve or share awards reserve.

At the time when the share options or share awards are exercised, the amount previously recognised in the share options reserve or share awards reserve will be transferred to share premium. When the share options or share awards are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve or share awards reserve will be transferred to retained profits.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributable to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Taxation – continued

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

3. Significant Accounting Policies – continued

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as Lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold Land and Building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Retirement Benefits Costs

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are charged as an expense when employee have rendered service entitling them to the contributions.

4. Critical Accounting Judgment and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

4. Critical Accounting Judgment and Key Sources of Estimation Uncertainty – continued

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred Taxation on Investment Properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties in Hong Kong and Singapore are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties in Hong Kong and Singapore, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of these investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Carrying Amounts of Receivables from/Prepayments to Suppliers and Advance to a Supplier

As at 28 September 2014, the carrying amounts of receivables from/prepayments to suppliers and advance to a supplier were HK$1,018,096,000 (2013: HK$1,992,039,000) and HK$315,900,000 (2013: HK$315,900,000) respectively (note 19). The operation of vessels under the long term supply agreements (the "LSA") with the suppliers has been profitable after deducting recognition of the prepayment to suppliers over the periods for which the amounts have been prepaid in the past. After the termination of the LSA, the suppliers have agreed to refund the prepaid amounts to the Group in accordance with the repayment schedule with the final payment due in March 2016. The Group continuously monitors collections and payments from the suppliers. If the financial conditions of these suppliers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be considered.

Carrying Amount of Vessels and Fishing and Plant Permits

The carrying amounts of vessels and fishing and plant permits (see notes 15 and 23) totalled HK$2,202,915,000 and HK$9,536,829,000, respectively, as at 28 September 2014 (2013: restated HK$2,104,529,000 and HK$9,536,829,000 respectively). Determining whether the carrying amounts of these assets can be recovered requires an estimation of the value in use of the cash-generating units and a suitable discount rate in order to calculate present value. Any change in estimates or assumptions may result in decrease in recoverable amount and impairment of vessels and fishing and plant permits being recognised in profit or loss. Management has evaluated these projections using assumptions on catch quantities, prices of catch and operating cost of this cash-generating unit. During the year ended 28 September 2014, impairment on vessels of nil (2013: HK$312,556,000) has been recognised in the profit or loss.

Carrying Amount of Goodwill

The Group in determining whether goodwill is impaired estimates the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. Any change in estimates or assumptions may result in decrease in recoverable amount and impairment of goodwill being recognised in profit or loss.

Based on management's assessment, management is of the view that the net carrying amount of goodwill of HK$2,976,668,000 (2013: HK$2,976,668,000) is not impaired. Information relating to the carrying amount and management's assessment of goodwill is provided in note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

4. Critical Accounting Judgment and Key Sources of Estimation Uncertainty – continued

Key Sources of Estimation Uncertainty – continued

Useful Lives of Property, Plant and Equipment

The carrying amount of property, plant and equipment amounting to HK$6,814,954,000 (2013 restated: HK$7,172,717,000) (excluding the carrying amounts of freehold land of HK$340,775,000 (2013: HK$213,581,000), and construction in progress of HK$384,527,000 (2013 restated: HK$454,948,000)), have been determined after charging depreciation on a straight-line basis over the estimated useful life of these assets.

Components of these carrying amounts are detailed in note 15. Any change in estimated useful lives of these assets will affect the depreciation charge to be recognised in profit or loss in each reporting period.

Management reviews the estimated useful lives of these assets at the end of the reporting period and has determined that the useful lives as stated in note 3 remain appropriate.

Estimation of Allowance of Doubtful Debts

At 28 September 2014, the Group provided the aggregate allowance for doubtful trade, bills and other receivables amounting to nil (2013: HK$172,000), where there is objective evidence of impairment. The identification of doubtful debts requires the use of judgment and estimates of future cash receipts. Where the future discounted cash flow of trade, bills and other receivables and other long term receivables is lower than the carrying amount, such difference represents the allowance for doubtful debts and is recognised as an expense in profit or loss.

5. Financial Instruments, Financial Risks and Capital Risks Management

a. Categories of Financial Instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2014 **HK$'000**	2013 HK$'000 (restated)
Financial assets		
Available-for-sale investments	**37,655**	44,699
Financial assets at FVTPL		
– Held-for-trading investments	**172,365**	8,668
– Derivative financial instruments classified as held for trading	**13,658**	–
Loans and receivables (note) (including cash and cash equivalents)	**5,524,380**	4,545,706
	5,748,058	4,599,073
Financial liabilities		
Amortised cost	**20,325,030**	20,483,279
Obligations under finance lease	–	33,817
Derivative financial instruments classified as held for trading	–	105,218
Financial guarantee contracts	**57,000**	54,000
	20,382,030	20,676,314

Note: It includes the receivables from suppliers of HK$1,018,096,000 as at 28 September 2014 which will be fully refundable upon termination of LSA. Details are set out in note 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

5. Financial Instruments, Financial Risks and Capital Risks Management – continued

b. Financial Risk Management Policies and Objectives

The Group's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Group.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, interest rates, other price risk, credit qualities of counterparties and liquidity.

There has been no material change to the Group's exposure to these financial risks or the manner in which it manages and measures these risks. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign Currency Risk Management

Non-derivative Foreign Currency Monetary Assets and Monetary Liabilities

The Group entities transact largely in their functional currencies, which in most instances is the United States dollars. In addition, certain group entities with functional currency of Chinese Renminbi and United States dollars obtained borrowings denominated in United States dollars, Hong Kong dollars, Euro and Singapore dollars. Foreign exchange risk arises largely from transactions denominated in foreign currencies listed out below.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Liabilities		Assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars	**649,910**	994,911	**70,717**	109,002
Peruvian Nuevo Soles	**145,324**	97,365	**307,892**	223,774
Chinese Renminbi	**63**	737,242	**4,463**	3,211
Hong Kong dollars	**392,246**	53,390	**8,121**	4,823
Euro	**26,942**	272,648	**832,076**	1,116,667
Singapore dollars	**1,217,805**	927	**1,491**	2,083
Japanese Yen	**266**	896	**724**	144
British pounds	**210**	210	**2,652**	22,074
Norwegian Kroner	**333**	1,637	**3,080**	7,802
Namibian dollars	**17,003**	9,888	**111,061**	45,784
Canadian dollars	**–**	–	**2,519**	–
Australian dollars	**–**	–	**3,231**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

5. Financial Instruments, Financial Risks and Capital Risks Management – continued

b. Financial Risk Management Policies and Objectives – continued

(i) Foreign Currency Risk Management – continued

Non-derivative Foreign Currency Monetary Assets and Monetary Liabilities – continued

Foreign currency sensitivity

The following details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate that represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates.

	2014		2013	
	Increase (decrease) in foreign exchange rates	**Increase (decrease) in Group's profit HK$'000**	Increase (decrease) in foreign exchange rates	Increase (decrease) in Group's profit HK$'000
United States dollars	**10%**	**(57,919)**	10%	(79,591)
	(10%)	**57,919**	(10%)	79,591
Peruvian Nuevo Soles	**10%**	**16,257**	10%	12,641
	(10%)	**(16,257)**	(10%)	(12,641)
Chinese Renminbi	**10%**	**440**	10%	(73,403)
	(10%)	**(440)**	(10%)	73,403
Euro	**10%**	**80,513**	10%	84,402
	(10%)	**(80,513)**	(10%)	(84,402)
Singapore dollars	**10%**	**(121,631)**	10%	115
	(10%)	**121,631**	(10%)	(115)
Namibian dollars	**10%**	**9,406**	10%	3,590
	(10%)	**(9,406)**	(10%)	(3,590)
Hong Kong dollars	**10%**	**(38,413)**	10%	(4,857)
	(10%)	**38,413**	(10%)	4,857

For other foreign currencies, the management considers that the amounts involved are insignificant and accordingly no sensitivity analysis is presented.

In management's opinion, the sensitivity analysis is unrepresentative of the foreign exchange risk inherent in the financial assets and financial liabilities as the year end exposure does not reflect the exposure during the year.

Derivative Financial Liabilities

The Group has entered into structured foreign currency forward contracts with banks to reduce its exposure to currency fluctuation risk of contracted and anticipated sales which are denominated in foreign currencies. The derivative is not accounted for under hedge accounting. The Group is required to estimate the fair value of the structured foreign currency forward contract and cross-currency interest rate swap contract at end of the reporting period.

At 28 September 2014, the fair values of structured foreign currency forward contracts and cross-currency interest rate swap contract amounted to HK$13,658,000 (2013: HK$87,101,000) and nil (2013: HK$18,117,000) respectively. The Group has exposure to fluctuation of the exchange rate of the relevant foreign currencies against the functional currencies of each group entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

5. Financial Instruments, Financial Risks and Capital Risks Management – continued

b. Financial Risk Management Policies and Objectives – continued

(i) Foreign Currency Risk Management – continued

Derivative financial liabilities – continued

Foreign currency sensitivity

The following details the sensitivity based on the exposure to the Group's structured foreign currency forward contracts outstanding at the end of the reporting period. The sensitivity to foreign currency risk has been determined based on management's assessment of the reasonably possible change in forward exchange rate between various foreign currencies and functional currencies of respective group entities. If the forward exchange rate had been 10% higher/lower while all other input variables of the valuation models were held constant, the Group's profit for the year would increase (decrease) as follows:

	2014		2013	
	Increase (decrease) in foreign exchange rates	**Increase (decrease) in Group's profit HK$'000**	Increase (decrease) in foreign exchange rates	Increase (decrease) in Group's profit HK$'000
Euro	**10%**	**624**	10%	3,755
	(10%)	**(624)**	(10%)	(3,755)
Japanese Yen	**10%**	**900**	10%	3,107
	(10%)	**(900)**	(10%)	(3,107)
British pounds	**10%**	**276**	10%	593
	(10%)	**(276)**	(10%)	(593)

In management's opinion, the sensitivity analysis is unrepresentative of the foreign currency risk inherent in the structured foreign currency forward contracts because (i) the year end exposure does not reflect the exposure during the year; and (ii) the valuation models involve multiple input variables and certain variables are interdependent.

(ii) Interest Rate Risk Management

Non-derivative financial assets and financial liabilities

Interest-earning financial assets comprise loan receivable, pledged deposits and bank balances (notes 26(c), 32 and 33). Summary quantitative data of the Group's interest-bearing financial liabilities can be found in section (iv) of this note.

The Group is exposed to cash flow interest rate risk primarily from variable rate bank borrowings (note 36). The Group manages its exposure to cash flow interest rate risk relating to changes in interest rates by entering into fixed rate borrowings through issue of senior notes (note 38) and bonds (note 37) and use of finance leases for which rates are fixed at inception of the finance leases (note 35). Although the Group is also exposed to fair value interest rate risk in relation to fixed rate borrowings, the Group's policy is to obtain the most favourable interest rates available and also by reviewing the terms of the interest-bearing liabilities to minimise the adverse effects of changes in interest rates.

The sensitivity analyses below have been determined based on the exposure to variable interest rates for variable rate borrowings at the end of the reporting period and assuming the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by HK$54,929,000 (2013: HK$53,796,000). In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk inherent in variable rate borrowings as the year end exposure does not reflect the exposure during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

5. Financial Instruments, Financial Risks and Capital Risks Management – continued

b. Financial Risk Management Policies and Objectives – continued

(ii) Interest Rate Risk Management – continued

Non-derivative Financial Assets and Financial Liabilities – continued

At 28 September 2013, the Group entered into cross-currency interest rate swap contract with a bank to reduce its exposure to interest rate risk in relation to fixed-rate bonds (note 37). The derivative is not accounted for under hedge accounting. The Group is required to estimate the fair value of the interest rate swap contract at 28 September 2013, which therefore exposed the Group to interest rate risk.

Interest rate sensitivity

The sensitivity to interest rate risk has been determined based on management's assessment of the reasonably possible change in forward interest rate. If forward interest rates had been 50 basis points higher/lower and all other variable were held constant, the Group's profit for the year ended 28 September 2013 would increase/decrease by HK$910,000.

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk inherent in the interest rate swap because (i) the year end exposure does not reflect the exposure during the year; and (ii) the valuation model involves multiple input variables and certain variables are interdependent.

(iii) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

As at 28 September 2014 and 28 September 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities in relation to financial guarantees issued by the Group as disclosed in note 48.

Sales of goods, fishes and related products are made to companies which the Group assesses to be of good credit rating through their trading and payment history as well as such commercial information which the Group obtains from time to time. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customers. Limits and credit quality attributed to customers are reviewed periodically. Trade receivables that are neither past due nor impaired are due substantially from companies with good collection track records with the Group. Management considers that the credit risk associated with the Group's trade receivables has been mitigated by the above risk management practices. The recoverable amount of each individual trade receivable is reviewed at the end of each reporting period and allowance is made for any estimated irrecoverable amount.

The Group has concentration of credit risk as 29% (2013: 25%) and 58% (2013: 43%) of the Group's trade receivables, bills receivables and trade receivables with insurance coverage were due from the Group's largest customer and the five largest customers respectively. The Group allows a credit period of 30 days to 180 days to these five largest customers. These five largest customers include one supermarket chain, and four corporations which are engaged in selling of seafood products. The supermarket chain mainly operates in North America and the four corporations operate in many different countries. They have good historical repayment records and low default rates, and such trade and bills receivables are neither past due nor impaired. Other trade receivables consist of a large number of customers, spread across diverse geographical areas. In this regard, the Group does not have any other significant concentration of credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

5. Financial Instruments, Financial Risks and Capital Risks Management – continued

b. Financial Risk Management Policies and Objectives – continued

(iii) Credit Risk Management – continued

As at 28 September 2014, the Group has loan receivables of HK$721,223,000 (2013: HK$862,755,000) due from Asarmona Holdings Limited ("Asarmona") (notes 24 and 26). The loan of HK$408,209,000 (2013: HK$389,181,000) which is classified as non-current, is secured by (i) 81% unlisted equity shares of two investees of which the Group holds 19% interest each and (ii) 100% equity interest in Asarmona, a wholly-owned subsidiary of one of the investees. The Group has classified its investments in the two investees as available-for-sale investments. The loan of HK$313,014,000 (2013: HK$473,574,000), which is classified as current, is unsecured, carries interest at 3% per annum above Euro Interbank Offered Rate ("Euribor") and repayable within 10 business days after service of a written demand by the Group.

The Group also provided guarantees to banks in respect of the facility guarantee and operational guarantee in favour of the wholly-owned operating entities held by Asarmona (note 48), which are one of the leading suppliers and distributors of private label of co-pack frozen seafood products in Europe. The management closely monitors the financial positions of the investees and provision is made if it is probable that the guaranteed amount is claimed by the counterparty of the guarantee.

As at 28 September 2014, the Group has significant concentration of credit risk due from two suppliers. As explained in note 19, the Group has the receivables due from the two suppliers amounting to HK$1,018,096,000 (2013: classified as prepayments of HK$1,992,039,000, the benefits of which were expected to be realised over 10 to 18 years up to 2030) and advance to a supplier of HK$315,900,000 (2013: HK$315,900,000). In addition, the Group has made advances to these suppliers to finance the working capital for supply of fish to the Group as detailed in note 26(a). As at 28 September 2014, these amounts are unsecured (2013: unsecured other than the prepayments which were secured under the LSA through security documents described in note 19) and interest-free (2013: interest-free). As continuous settlement is noted from the suppliers, based on the repayment schedule, the Group considers such credit risk is not significant.

The credit risk on bank balances is limited because the counterparties are reputable financial institutions.

Other than as explained above, the Group has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics.

(iv) Liquidity Risk Management

The Group maintains sufficient cash and cash equivalents and obtains a mix of short-term and long-term external financing to fund its operations.

Liquidity and Interest Risk Analyses

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

5. Financial Instruments, Financial Risks and Capital Risks Management – continued

b. Financial Risk Management Policies and Objectives – continued

(iv) Liquidity Risk Management – continued

Liquidity and Interest Risk Analyses – continued

	Weighted average effective interest rate %	On demand or within 1 year HK$'000	Within 2 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
2014						
Non-derivative financial liabilities						
Non-interest bearing	–	**1,772,776**	**101,049**	–	**1,873,825**	**1,873,825**
Variable interest rate instruments (note a)	**3.27**	**9,531,174**	**3,963,552**	**94,612**	**13,589,338**	**13,156,610**
Fixed interest rate instruments	**9.36**	**512,990**	**6,673,047**	–	**7,186,037**	**5,294,595**
Financial guarantee contracts (note b)	–	**1,168,000**	–	–	**1,168,000**	**57,000**
		12,984,940	**10,737,648**	**94,612**	**23,817,200**	**20,382,030**

	Weighted average effective interest rate %	On demand or within 1 year HK$'000	Within 2 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flows HK$'000 (restated)	Total carrying amount HK$'000 (restated)
2013						
Non-derivative financial liabilities						
Non-interest bearing	–	1,388,694	1,407,011	–	2,795,705	2,795,705
Obligations under finance leases	8.06	37,541	4,375	–	41,916	33,817
Variable interest rate instruments (note a)	2.83	11,474,424	1,567,007	–	13,041,431	12,885,202
Fixed interest rate instruments	9.44	1,170,532	3,331,989	2,339,757	6,842,278	4,802,372
Financial guarantee contracts (note b)	–	1,148,000	–	–	1,148,000	54,000
		15,219,191	6,310,382	2,339,757	23,869,330	20,571,096

The undiscounted cash flows for variable rates instruments are subject to changes if the changes in interest rates is not equal to the estimated interest rates.

Notes:

(a) Bank borrowings with a repayment on demand clause are included in the "on demand or within 1 year" time band in the above maturity analysis. As at 28 September 2014 and 28 September 2013, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$107,853,000 and HK$127,435,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank borrowings will be repaid two to twenty years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$122,122,000 (2013: HK$146,864,000).

(b) The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

5. Financial Instruments, Financial Risks and Capital Risks Management – continued

b. Financial Risk Management Policies and Objectives – continued

(iv) Liquidity Risk Management – continued

Liquidity and Interest Risk Analyses – continued

Derivative financial liabilities

At 28 September 2014, the undiscounted contractual net cash outflows on structured foreign exchange forward contracts and cross-currency interest rate swap that settle on a net basis based on remaining contractual maturity within 1 year and within 2 to 5 years from the end of the reporting date were HK$(1,590,000) (2013: HK$37,261,000) and HK$15,248,000 (2013: HK$67,957,000) respectively.

(v) Other Risk Management

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The management had performed an analysis of the nature of market risk associated with the equity securities and concluded that the quoted price risk was more prominent in evaluating the market risk of this kind of investments. The management managed this exposure in accordance with the limits set by the Group.

The management considered that the Group's exposure to equity security price risk arising from equity investments which are stated at cost less impairment or fair value is minimal as the amount involved is insignificant for both years.

(vi) Fair Values of Financial Assets and Financial Liabilities

Fair Value of the Group's Material Financial Assets and Financial Liabilities that are Measured at Fair Value on a Recurring Basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets/financial liabilities	Fair value as at 28 September 2014 HK$'000	Fair value as at 28 September 2013 HK$'000	Fair value hierarchy	Valuation technique(s) and key inputs	Sensitivity
Listed equity securities classified as held-for-trading investments	**172,365**	8,668	Level 1	Quoted bid prices in an active market	Not applicable
Listed equity securities classified as available-for-sale investments	**6,237**	14,909	Level 1	Quoted bid prices in an active market	Not applicable
Structured foreign currency forward contracts treated as derivative financial instruments classified as other financial assets (liabilities)	**13,658**	(87,101)	Level 3	Discounted cash flows 1) Volatility of exchange rates 2) Correlation of the exchange rates involved in the contract	A significant increase in volatility would result in a significant decrease in fair value and vice versa. A significant increase in correlation would result in a significant increase in fair value and vice versa.
Interest rate swaps treated as derivative financial instruments classified as other financial liabilities	**–**	(18,117)	Level 2	Discounted cash flows 1) applicable yield curves derived from quoted interest rates	Not applicable

There were no transfers between Levels 1 and 2 in the current and prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

5. Financial Instruments, Financial Risks and Capital Risks Management – continued

b. Financial Risk Management Policies and Objectives – continued

(vi) Fair Values of Financial Assets and Financial Liabilities – continued

Fair Value of the Group's Material Financial Assets and Financial Liabilities that are not Measured at Fair Value on a Recurring Basis – continued

The fair value of financial guarantee contracts at initial recognition is at the present value of the expected loss of the guarantee where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

Except for senior notes, the directors consider that the carrying amounts of financial assets and financial liabilities that are recorded at amortised cost in the consolidated financial statements approximate to their fair values.

	2014		2013	
	Carrying amount HK$'000	**Fair Value HK$'000**	Carrying Amount HK$'000	Fair Value HK$'000
Financial liabilities				
Senior notes (note 38)	**4,097,426**	**4,087,044**	4,080,896	4,086,732

c. Capital Risk Management Policies and Objectives

The Group's objectives in managing capital are to maintain an optimal capital structure so as to maximise the return to its shareholders, to protect the interests of its stakeholders, safeguard the Group's ability to continue as a going concern and to be able to serve its debts when they are due. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, obtain various forms of borrowings in the market and issue new shares at an appropriate price when necessary.

The capital structure of the Group consists of net debt, which comprises the obligations under finance leases, bank borrowings, bonds and senior notes disclosed in notes 35, 36, 37 and 38, net of cash and cash equivalents and shareholders' equity.

Management constantly reviews the capital structure to achieve the aforementioned objectives. As a part of this review, management considers the cost of capital and the risks associated with the share capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the repayment of existing debt.

The Group's overall strategy remains unchanged from the last year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

6. Revenue and Segment Information

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the board of directors) in order to allocate resources to segments and to assess their performance.

The Group's operating and reportable segments under HKFRS 8 are based on different business divisions which are summarised as follows:

Frozen fish supply chain management ("SCM")	–	sales of frozen fish and other seafood products and shipping services
Fish fillets processing and distribution	–	selling and processing of frozen seafood products and distribution
Fishery and Fish supply	–	sales of fish and other marine catches from fishery and fish supply activities and the production and sale of fishmeal and fish oil
Others	–	property leasing in Russia through its joint venture and laboratory testing service income

During the year ended 28 September 2014, the Group disposed of the subsidiaries that carry out the laboratory testing service and the joint venture that carries out property leasing in Russia. As the business operation of this segment is considered as insignificant to the Group, this business has not been classified and presented as discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

These divisions are the basis on which the Group reports its segment information to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance.

Segment sales and expenses: Segment sales and expenses are the sales and operating expense reported in the Group's consolidated 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 cash and cash equivalents, receivables, prepayments, advances, inventories, receivables from/prepayment to suppliers, properties, certain property, plant and equipment and intangible assets. Additions to non-current assets are the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year and comprises purchase of property, plant and equipment, investment properties, goodwill and other intangible assets directly attributable to the segment. Segment liabilities consist principally of account payable and accrued expenses.

There are no inter-segment sales and expenses during the current and prior year.

Investment in associates: Income from associates is allocated as they are specifically attributable to operating segments, and correspondingly the investments in associates are included in segment assets of the Group.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by each segment without the allocation of certain other income, fair value changes in investment properties, fair value change in derivative financial instruments, administrative expenses, other expenses, finance costs and taxation.

Upon application of HKFRS 11 in the current year, the Group's interest in a joint venture is accounted for using equity method. As such, the Group's share of results of a joint venture and interests thereon are included in the measure of segment result and segment assets, respectively, in respect of the Fish fillets processing and distribution operating and reportable segment. Previously, the joint venture's income, certain expenses, assets and liabilities were included in the measure of segment revenue, segment results, segment assets and segment liabilities, respectively, in respect of Others operating and reportable segment. In addition, the Group has retrospectively adjusted the fair value of the assets and liabilities of Copeinca upon finalisation of their fair value in current financial year.

In addition, the Group has retrospectively adjusted the fair value of the assets and liabilities of Copeinca upon finalisation of their fair value (note 42) in current financial year.

Hence, certain comparative figures of segment information have been restated.

Information regarding the above segments is reported below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

6. Revenue and Segment Information – continued

For the Year Ended 28 September 2014

Segment Revenue and Results

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishery and Fish supply HK$'000	Others HK$'000	Consolidated HK$'000
REVENUE					
External sales	**3,205,464**	**4,368,814**	**4,920,517**	**45,798**	**12,540,593**
RESULTS					
Segment result	**922,369**	**282,041**	**1,522,142**	**22,402**	**2,748,954**
Unallocated corporate income					**143,798**
Unallocated corporate expenses					**(800,872)**
Finance costs					**(989,900)**
Profit before taxation					**1,101,980**

As at 28 September 2014

Segment Assets and Liabilities

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishery and Fish supply HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	**8,611,580**	**5,784,168**	**24,017,036**	**–**	**38,412,784**
Unallocated corporate assets					**653,844**
Total assets					**39,066,628**
LIABILITIES					
Segment liabilities	**126,801**	**1,422,328**	**537,608**	**–**	**2,086,737**
Unallocated corporate liabilities					**21,188,630**
Total liabilities					**23,275,367**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

6. Revenue and Segment Information – continued

As at 28 September 2014 – continued

Other Segment Information

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000	Fishery and Fish supply HK$'000	Others HK$'000	Consolidated HK$'000
Interests in associates	**1,851**	**898**	**36,106**	**–**	**38,855**
Additions to non-current assets*	**63,299**	**38,192**	**654,755**	**6,723**	**762,969**
Net exchange gain	**49,529**	**239,214**	**59,945**	**–**	**348,688**
Depreciation of property, plant and equipment	**44,948**	**147,792**	**601,459**	**8,713**	**802,912**
Impairment of property, plant and equipment	**–**	**–**	**16,844**	**–**	**16,844**
Gain on disposal of interest in an associate	**316,447**	**–**	**–**	**–**	**316,447**
Loss on disposal of interest in a joint venture	**–**	**22,705**	**–**	**–**	**22,705**
Gain on disposal of interests in subsidiaries	**–**	**–**	**–**	**56,961**	**56,961**
Amortisation of prepaid lease payments	**–**	**1,005**	**–**	**–**	**1,005**
Amortisation of prepayments to suppliers	**–**	**–**	**108,143**	**–**	**108,143**
Share of results of associates	**35,504**	**–**	**–**	**–**	**35,504**
Share of results of a joint venture	**–**	**(3,125)**	**–**	**–**	**(3,125)**

* Non-current assets excluding available-for-sale investments, receivable from/prepayment for suppliers, advances to a supplier, interests in associates and other long term receivables.

For the Year Ended 28 September 2013

Segment Revenue and Results

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000 (restated)	Fishery and Fish supply HK$'000 (restated)	Others HK$'000 (restated)	Consolidated HK$'000 (restated)
REVENUE					
External sales	4,434,985	4,479,369	4,329,107	42,568	13,286,029
RESULTS					
Segment result	538,347	407,212	1,634,281	15,639	2,595,479
Unallocated corporate income					155,012
Unallocated corporate expenses					(1,221,156)
Finance costs					(726,154)
Profit before taxation					803,181

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

6. Revenue and Segment Information – continued

As at 28 September 2013

Segment Assets and Liabilities

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000 (restated)	Fishery and Fish supply HK$'000 (restated)	Others HK$'000 (restated)	Consolidated HK$'000 (restated)
ASSETS					
Segment assets	8,247,319	5,620,719	23,670,458	93,115	37,631,611
Unallocated corporate assets					712,211
Total assets					38,343,822
LIABILITIES					
Segment liabilities	50,676	2,302,377	532,862	7,898	2,893,813
Unallocated corporate liabilities					20,598,001
Total liabilities					23,491,814

Other Segment Information

	Frozen fish SCM HK$'000	Fish fillets processing and distribution HK$'000 (restated)	Fishery and Fish supply HK$'000 (restated)	Others HK$'000 (restated)	Consolidated HK$'000 (restated)
Interests in associates	542,615	898	–	–	543,513
Interest in a joint venture	–	98,797	–	–	98,797
Additions to non-current assets*	9,926	89,844	128,534	14,044	242,348
Additions to non-current assets* arising from acquisition of subsidiaries	–	–	9,384,335	–	9,384,335
Net exchange gain	124,637	74,749	106,493	–	305,879
Gain on bargain purchase on acquisition of subsidiaries	–	–	448,580	–	448,580
Depreciation of property, plant and equipment	41,164	128,841	749,818	9,688	929,511
Impairment of property, plant and equipment	–	–	350,356	–	350,356
Amortisation of prepaid lease payments	–	1,005	–	–	1,005
Amortisation of prepayments to suppliers	–	–	237,641	–	237,641
Share of results of associates	57,540	–	–	–	57,540
Share of results of a joint venture	–	6,763	–	–	6,763

* Non-current assets excluding available-for-sale investments, prepayments to suppliers, interests in associates and other long term receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

6. Revenue and Segment Information – continued

Geographical Information

The Group's operations are located in Hong Kong and other regions in the People's Republic of China ("PRC"), North America, South America, Europe, East Asia, Africa and other parts of the world. The Group does not have a single identifiable country of domicile.

The Group's revenue from external customers based on the locations of the customers and information about its segment assets (non-current assets excluding available-for-sale investments, interests in associates, interest in a joint venture, receivables from suppliers and other long term receivables) by geographical location are detailed below. The geographical location of customers is based on the location where the goods are delivered and services are rendered by the Group.

	Revenue from External customers		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000 (restated)
Hong Kong and other regions in the PRC	**5,794,151**	7,685,153	**3,164,145**	3,307,817
North America	**2,817,061**	2,436,599	**48,430**	42,498
South America	**497,125**	52,395	**14,749,697**	15,101,587
Europe	**1,870,393**	1,734,511	**2,525,795**	4,180,423
East Asia	**783,715**	643,634	**178,909**	152,852
Africa	**379,970**	671,228	**–**	–
Others	**398,178**	62,509	**–**	–
	12,540,593	13,286,029	**20,666,976**	22,785,177

Information about Major Customers

For the year ended 28 September 2014, there is no customer with revenue more than 10% of the Group's total revenue.

For the year ended 28 September 2013, there is only one customer with revenue more than 10% of the Group's total revenue, namely a customer from fishery and fish supply segment with revenue of HK$1,745,625,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

7. Other Income and Gains

	2014 HK$'000	2013 HK$'000 (restated)
Agency income	**9,247**	9,690
Compensation received from suppliers of fish (note i)	**179,158**	156,234
Exchange gain, net (note ii)	**348,688**	305,879
Fair value gain on held-for-trading investments	**–**	1,583
Fair value gain on investment properties (note 16)	**7,646**	5,711
Unrealised gain on derivative financial instruments	**118,876**	133,757
Rental income from properties	**17,276**	15,544
Gain on disposal of property, plant and equipment	**7,464**	3,541
Interest income	**13,192**	7,100
Gain on disposal of available-for-sale investments, net	**–**	101,035
Gain an disposal of interest in an associate (note 21)	**316,447**	–
Gain an disposal of interests in subsidiaries (note 44)	**56,961**	–
Sundry income	**62,834**	19,226
	1,137,789	759,300

Notes:

i. Compensation received from suppliers of fish relates to compensation for non-delivery of fish from suppliers within stipulated timeframe.

ii. Exchange gains, net included the realised gain of HK$251,049,000 (2013: HK$346,232,000) on structured foreign currency forward contracts and cross-currency interest rate swap contract with banks for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

8. Other Expenses

	2014 HK$'000	2013 HK$'000
Other expenses comprise of:		
Impairment loss on property, plant and equipment (note 15)	**16,844**	350,356
Transaction costs attributable to issue of rights shares of a listed subsidiary	**–**	31,960
Loss on disposal of available-for-sale investments	**1,532**	–
Fair value loss on held-for-trading investments	**30,061**	–
Expenses related to acquisition of subsidiaries	**–**	104,972
Loss on financial guarantee contracts	**3,000**	4,000
Loss on disposal of interest in a joint venture	**22,705**	–
Contingency expense	**65,593**	13,804
Others	**41,577**	85,661
	181,312	590,753

9. Finance Costs

	2014 HK$'000	2013 HK$'000 (restated)
Interest on bank borrowings wholly repayable within five years	**531,090**	626,009
Interest on bank borrowings wholly repayable after five years	**1,758**	–
Interest on finance leases	**1,782**	4,268
Interest on bonds wholly repayable within five years	**55,409**	53,186
Interest on senior notes wholly repayable within five years	**399,861**	–
Interest on senior notes wholly repayable after five years	**–**	42,691
	989,900	726,154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

10. Profit Before Taxation

	2014 HK$'000	2013 HK$'000 (restated)
Profit before taxation has been arrived at after charging:		
Amortisation of prepayment to suppliers (included in cost of sales)	**108,143**	237,641
Variable price for the supply of fish (included in cost of sales)	**144,004**	303,492
Auditor's remuneration	**16,540**	15,859
Depreciation of property, plant and equipment	**802,912**	929,511
Amortisation of prepaid lease payments (included in administrative expenses)	**1,005**	1,005
Cost of inventories included in cost of sales	**8,132,103**	9,717,402
Transportation, declaration and certificate expenses (included in selling and distribution expenses)	**134,139**	209,889
Directors' emoluments (note 11)	**27,829**	28,218
Salary costs	**204,196**	230,972
Crew wages	**285,571**	141,344
Retirement benefit scheme contributions	**27,347**	15,130
Total staff costs	**517,114**	387,446
and after crediting		
Net rental income after outgoings of HK$1,890,000 (2013: HK$3,529,000)	**15,386**	12,015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

11. Directors' and Employee's Emoluments

	Fees HK$'000	Salaries and other benefits-in-kind-cash HK$'000	Benefits in-kind HK$'000	Performance related incentive payment HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
2014						
Executive Directors						
Teh Hong Eng	**–**	**3,104**	**1,782**	**800**	**–**	**5,686**
Ng Joo Siang	**–**	**3,967**	**1,782**	**800**	**216**	**6,765**
Ng Joo Kwee	**–**	**3,140**	**982**	**800**	**216**	**5,138**
Ng Joo Puay, Frank	**–**	**2,482**	**948**	**640**	**173**	**4,243**
Ng Puay Yee	**–**	**3,579**	**571**	**600**	**162**	**4,912**
Independent Non-Executive Directors						
Lew V Robert	**360**	**5**	**–**	**–**	**–**	**365**
Kwok Lam Kwong, Larry	**360**	**–**	**–**	**–**	**–**	**360**
Tao Kwok Lau, Clement	**360**	**–**	**–**	**–**	**–**	**360**
	1,080	**16,277**	**6,065**	**3,640**	**767**	**27,829**

	Fees HK$'000	Salaries and other benefits-in-kind-cash HK$'000	Benefits in-kind HK$'000	Performance related incentive payment HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
2013						
Executive Directors						
Teh Hong Eng	–	3,183	1,974	800	–	5,957
Ng Joo Siang	–	3,955	1,974	800	216	6,945
Ng Joo Kwee	–	3,375	1,153	800	216	5,544
Ng Joo Puay, Frank	–	2,562	899	640	173	4,274
Ng Puay Yee	–	2,981	675	600	162	4,418
Independent Non-Executive Directors						
Lew V Robert	360	–	–	–	–	360
Kwok Lam Kwong, Larry	360	–	–	–	–	360
Tao Kwok Lau, Clement	360	–	–	–	–	360
	1,080	16,056	6,675	3,640	767	28,218

Mr. Ng Joo Siang is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

None of the directors waived any emoluments for both years.

Performance related incentive payment is determined having regard to the performance of individuals and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

11. Directors' and Employee's Emoluments – continued

Benefits-in-kind mainly represent the estimated monetary value with reference to the rateable value of accommodation provided to certain directors of the Company.

Benefits-in-kind-cash represent the tax benefit and children education benefits provided to certain directors of the Company.

Details of the emoluments of the five highest paid individuals included four (2013: four) directors set out above. The emoluments of the remaining one (2013: one) highest paid individuals are as follows:

	2014	2013
	HK$'000	HK$'000
Salaries and other benefits	**4,478**	4,614
Retirement benefits scheme contributions	**238**	238
	4,716	4,852

12. Taxation

	2014	2013
	HK$'000	HK$'000
		(restated)
The charge comprises:		
Current tax on profit for the year		
– Hong Kong	**306**	292
– People's Republic of China	**6,531**	8,265
– other jurisdictions	**153,561**	20,190
	160,398	28,747
Under (over) provision in prior year		
– Hong Kong	**(44)**	(9,026)
– other jurisdictions	**9,727**	(16,075)
	9,683	(25,101)
Deferred taxation (note 39)	**(71,779)**	(56,759)
Tax charge (credit) for the year	**98,302**	(53,113)

Hong Kong Profit Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for the period.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxation in other jurisdictions is mainly derived from the Peruvian tax rate of 30% applied to the estimated assessable profit for the year after deduction of statutory employee profit sharing of 10% from the estimated assessable profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

12. Taxation – continued

In the opinion of the directors, substantially all of the Group's profit neither arises in, nor are derived from, Hong Kong and accordingly those profits are not subject to Hong Kong Profits Tax.

The tax charge (credit) for the year can be reconciled to the profit before taxation as follows:

	2014 HK$'000	2013 HK$'000 (restated)
Profit before taxation	**1,101,980**	803,181
Tax at average income tax rate of 23.1% (2013: 27.5%)	**254,557**	221,138
Tax effect of expenses not deductible for tax purpose	**75,378**	60,475
Tax effect of income not taxable for tax purpose	**(242,000)**	(284,846)
Under(over)provision in respect of prior year	**9,683**	(25,101)
Tax effect of tax losses not recognised	**14,874**	5,089
Utilisation of tax losses previously not recognised	**(16,155)**	(16,517)
Utilisation of other deductible temporary differences previously not recognised	**114**	136
Tax effect of share of results of associates	**(5,858)**	(9,494)
Others	**7,709**	(3,993)
Tax charge (credit) for the year	**98,302**	(53,113)

Note: The average income tax rate represents the weighted average tax rate of the operations in different jurisdictions on the basis of the relative amounts of profit before taxation and the relevant statutory rates.

13. Dividends

	2014 HK$'000	2013 HK$'000
Dividends:		
Proposed final dividend of 1.1 HK cents per share in 2013	–	51,942

The directors do not recommend the payment of a final dividend for year ended 28 September 2014.

On 7 March 2014, the Company declared a final dividend of 1.1 HK cents per share for the year ended 28 September 2013. Subsequently, cash dividend of HK$51,942,000 were paid.

On 8 March 2013, the Company declared a final dividend of 1.1 HK cents per share for the year ended 28 September 2012. Subsequently, cash dividend of HK$51,942,000 were paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

14. Earnings Per Share

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

	2014 **HK$'000**	2013 HK$'000 (restated)
Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	**485,753**	366,314
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	**5,103,353,734**	5,103,353,734
Effect of dilutive potential ordinary shares in respect of warrants	**–**	–
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	**5,103,353,734**	5,103,353,734

During the current year, the outstanding warrants issued by the Company's listed subsidiary, China Fishery Group Limited ("China Fishery"), are not included in the calculation of diluted earnings per share as the exercise price was higher than the average market price of the shares of China Fishery.

As noted in note 54, Company completes the rights issue pursuant to which 2,361,034,342 rights shares were issued at the subscription price of HK$0.18 per rights share by allotting one rights share for every two existing shares held by the qualifying shareholders on 18 December 2014. As such, the bonus element of the rights issue is adjusted retrospectively in calculation of earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

15. Property, Plant and Equipment

	Land and buildings HK$'000	Freehold land HK$'000	Buildings on freehold land HK$'000	Leasehold improvement HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Vessels HK$'000	Fishing nets HK$'000	Construction in progress HK$'000	Total HK$'000
THE GROUP												
COST OR VALUATION												
At 29 September 2012 (as originally stated)	2,008,240	65,958	179,603	116,919	28,172	197,240	52,168	3,544,096	2,435,811	63,983	624,416	9,316,606
Effect of changes in accounting policy (note 2)	–	–	–	–	(246)	(191)	(251)	(19,056)	–	–	(10,395)	(30,139)
At 29 September 2012 (as restated)	2,008,240	65,958	179,603	116,919	27,926	197,049	51,917	3,525,040	2,435,811	63,983	614,021	9,286,467
Additions	27,270	–	–	20,180	654	2,546	916	94,873	1,603	–	74,806	222,848
Acquisition of subsidiaries (restated) (note 42)	–	145,491	112,305	–	3,136	15,436	69	718,099	597,186	47,076	47,626	1,686,424
Acquisition of assets (note 43)	–	–	–	–	–	–	–	–	19,500	–	–	19,500
Disposals	(10,700)	–	–	(30)	(209)	(864)	(3,410)	(2,024)	(20,905)	–	–	(38,142)
Reclassification	161,253	1,270	27,991	–	313	2,325	–	82,845	12,136	372	(288,505)	–
Reclassification from investment properties (note 16)	2,849	–	–	–	–	–	–	–	–	–	–	2,849
Adjustment on revaluation	99,677	–	–	–	–	–	–	–	–	–	–	99,677
Exchange realignment	35,094	862	3,737	2,017	(205)	307	769	18,708	8,195	1,357	7,000	77,841
As at 28 September 2013 (as restated)	2,323,683	213,581	323,636	139,086	31,615	216,799	50,261	4,437,541	3,053,526	112,788	454,948	11,357,464
Additions	15,611	–	–	4,285	541	2,959	590	127,434	249,266	85	362,198	762,969
Disposal of subsidiaries	(38,255)	–	–	(32,618)	–	(1,214)	(346)	(50,537)	–	–	(3,051)	(126,021)
Disposals	(11,709)	–	(2,358)	(11,542)	(592)	(3,509)	(3,406)	(1,329,415)	(52,013)	(10,459)	–	(1,425,003)
Reclassification	–	127,194	48,870	–	1,974	30,681	286	125,428	74,963	20,016	(429,412)	–
Adjustment on revaluation	53,862	–	–	–	–	–	–	–	–	–	–	53,862
Exchange realignment	(6,965)	–	–	(509)	(2)	(310)	(92)	(1,183)	–	–	(156)	(9,217)
As at 28 September 2014	2,336,227	340,775	370,148	98,702	33,536	245,406	47,293	3,309,268	3,325,742	122,430	384,527	10,614,054
Comprising:												
28 September 2014												
At valuation	2,336,227	–	–	–	–	–	–	–	–	–	–	2,336,227
At cost	–	340,775	370,148	98,702	33,536	245,406	47,293	3,309,268	3,325,742	122,430	384,527	8,277,827
	2,336,227	340,775	370,148	98,702	33,536	245,406	47,293	3,309,268	3,325,742	122,430	384,527	10,614,054
28 September 2013 (as restated)												
At valuation	2,323,683	–	–	–	–	–	–	–	–	–	–	2,323,683
At cost	–	213,581	323,636	139,086	31,615	216,799	50,261	4,437,541	3,053,526	112,788	454,948	9,033,781
	2,323,683	213,581	323,636	139,086	31,615	216,799	50,261	4,437,541	3,053,526	112,788	454,948	11,357,464
DEPRECIATION, AMORTISATION AND IMPAIRMENT												
At 29 September 2012 (as originally stated)	–	–	22,990	98,894	24,449	109,610	40,110	1,477,398	513,499	56,782	–	2,343,732
Effect of changes in accounting policy (note 2)	–	–	–	–	(129)	(91)	(237)	(10,522)	–	–	–	(10,979)
At 29 September 2012 (as restated)	–	–	–	–	24,320	109,519	39,873	1,466,876	513,499	56,782	–	2,332,753
Provided for the year	81,444	–	8,933	9,730	1,616	16,011	4,352	645,457	141,504	20,464	–	929,511
Impaired during the year	–	–	–	–	560	1,605	87	35,137	312,556	411	–	350,356
Eliminated on disposals	(107)	–	–	(30)	(207)	(636)	(3,187)	(1,280)	(20,905)	–	–	(26,352)
Adjustment on revaluation	(81,337)	–	–	–	–	–	–	–	–	–	–	(81,337)
Exchange realignment	–	–	869	1,632	(239)	(815)	551	6,079	2,343	867	–	11,287
As at 28 September 2013 (as restated)	–	–	32,792	110,226	26,050	125,684	41,676	2,152,269	948,997	78,524	–	3,516,218
Eliminated on disposal of subsidiaries	(697)	–	–	(20,242)	–	(689)	(267)	(35,774)	–	–	–	(57,669)
Provided for the year	93,220	–	29,301	7,593	1,514	30,972	4,292	403,024	194,318	38,678	–	802,912
Impaired during the year	–	–	–	–	–	–	–	16,844	–	–	–	16,844
Eliminated on disposals	(188)	–	(371)	(11,542)	(578)	(2,802)	(3,406)	(1,063,562)	(20,488)	(7,664)	–	(1,110,601)
Adjustment on revaluation	(92,335)	–	–	–	–	–	–	–	–	–	–	(92,335)
Exchange realignment	–	–	–	(334)	(2)	(315)	(64)	(856)	–	–	–	(1,571)
As at 28 September 2014	–	–	61,722	85,701	26,984	152,850	42,231	1,471,945	1,122,827	109,538	–	3,073,798
CARRYING VALUES												
As at 28 September 2014	2,336,227	340,775	308,426	13,001	6,552	92,556	5,062	1,837,323	2,202,915	12,892	384,527	7,540,256
As at 28 September 2013 (as restated)	2,323,683	213,581	290,844	28,860	5,565	91,115	8,585	2,285,272	2,104,529	34,264	454,948	7,841,246

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

15. Property, Plant and Equipment – continued

The carrying amount of the Group's plant and machinery include an amount of nil (2013: HK$26,463,000) in respect of assets held under finance leases.

The Group's freehold land of HK$340,775,000 (2013: HK$213,581,000) are all situated outside Hong Kong.

The net book values of leasehold land and buildings shown above comprises:

	2014	2013
	HK$'000	HK$'000
Land and building in Hong Kong held under long leases	**705,667**	672,640
Land and buildings outside Hong Kong held under medium-term leases	**1,630,560**	1,651,043
	2,336,227	2,323,683

During the year ended 28 September 2014, the Group made an impairment loss of HK$16,844,000 on the property, plant and equipment, related to the plant and machineries (2013: HK$350,356,000 for the processing vessel and certain fishing vessels and plant and machineries).

The recoverable amount is the higher of fair value less costs of disposal and value in use. The recoverable amounts of property, plant and equipment were determined based on value in use calculation and based on certain key assumptions. The value in use calculation of the processing vessel uses cash flow projections based on financial budgets approved by management covering a five-year period (2013: five-year) and discount rates of 17.62% (2013: 13.7%). Key assumptions for the value in use calculations including budgeted gross margin and forecasted fishing activities, which are determined based on the unit's past performance and management's expectations for the market development including trend of fish consumption, fish prices and level of fishing activities.

During the year ended 28 September 2014, the impairment loss recognised is mainly related to certain plant and machineries that management has identified for scrapping. During the year ended 28 September 2013, the impairment losses of the processing vessel recognised are mainly attributable to the under-utilised operating capacity of the processing vessel, which is normally used for fish catches in international waters, due to limited catch and low volumes of supplies from suppliers to support the North Atlantic processing activity. Impairment losses are fully provided on other idling fishing vessels and recognised in the profit or loss.

The Group's interests in leasehold land and buildings in Singapore, Hong Kong, Japan and Russia cannot be allocated reliably between the land and building elements and so the entire leases are classified as finance leases. The leasehold land and buildings of the Group in Hong Kong and the PRC, Singapore, Japan and Russia were revalued at 28 September 2014 and 2013 on a basis of a valuation carried out on that date by BMI Appraisals Limited, independent property valuers. BMI Appraisals Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation gave rise to a net revaluation increase of HK$146,197,000 (2013: HK$181,014,000) which has been credited to the properties revaluation reserve.

The following table gives information about how the revalued amount of the land and buildings are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised as Level 3 based on the degree to which the inputs to the fair value measurements is observable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

15. Property, Plant and Equipment – continued

Property, plant and equipment held by the Group	Fair value as at 28 September 2014 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity
Commercial property in Singapore	43,800	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Approximate HK$12,917 per sq. ft.	There is no indication that any slight change in the adjusted market price would result in significantly higher or lower fair value measurement.
Commercial properties in Hong Kong	149,307	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Ranged from HK$9,050 per sq. ft. to HK$10,193 per sq. ft.	There is no indication that any slight change in the adjusted market price would result in significantly higher or lower fair value measurement.
Residential properties in Hong Kong	556,360	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Ranged from HK$8,916 per sq. ft. to HK$37,117 per sq. ft.	There is no indication that any slight change in the adjusted market price would result in significantly higher or lower fair value measurement.
Factories in Japan	33,041	Level 3	Depreciated replacement cost method The key input is the construction cost.	Construction cost: Ranged from HK$1,765 per sqm. to HK$2,270 per sqm.	There is no indication that any slight change in the construction cost would result in significantly higher or lower fair value measurement.
Factories in the PRC	1,264,101	Level 3	Depreciated replacement cost method The key input is the construction cost.	Construction cost: Ranged from HK$1,522 per sqm. to HK$7,918 per sqm.	There is no indication that any slight change in the construction cost would result in significantly higher or lower fair value measurement.
Residential properties in PRC	285,020	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Ranged from HK$77,635 per sqm. to HK$78,853 per sqm.	There is no indication that any slight change in the adjusted market price would result in significantly higher or lower fair value measurement.
Commercial properties in Moscow	4,598	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Approximate HK$53,155 per sqm.	There is no indication that any slight change in the adjusted market price would result in significantly higher or lower fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

15. Property, Plant and Equipment – continued

Certain land and buildings have been pledged to secure bank loans of the Group (note 49).

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

	HK$'000
Cost	1,701,516
Accumulated depreciation	(421,878)
Carrying value	
At 28 September 2014	1,279,638
At 28 September 2013	1,365,705

16. Investment Properties

	2014 **HK$'000**	2013 HK$'000 (restated)
FAIR VALUE		
At beginning of the year	**578,707**	524,891
Exchange realignment	**(1,327)**	3,688
Additions	**–**	47,266
Disposals	**(35,234)**	–
Transferred to property, plant and equipment (note 15)	**–**	(2,849)
Increase in fair value recognised to profit or loss	**7,646**	5,711
At end of the year	**549,792**	578,707

The Group's leasehold interests in land and building of HK$549,792,000 (2013: HK$578,707,000) which are held to earn rentals or capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The carrying amount of investment properties includes land and buildings situated in Hong Kong and outside of Hong Kong as follows:

	2014 **HK$'000**	2013 HK$'000 (restated)
Land and buildings in Hong Kong held under long leases	**101,490**	100,450
Land and buildings in Hong Kong held under medium-term leases	**204,960**	199,530
Land and buildings outside Hong Kong held under medium-term leases	**10,171**	9,241
Land and buildings outside Hong Kong held under long leases	**233,171**	269,486
	549,792	578,707

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

16. Investment Properties – continued

The investment properties of the Group were revalued at 28 September 2014 and 2013 on a basis of a valuation carried out on that date by BMI Appraisals Limited, independent property valuers. BMI Appraisals Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The revaluation gave rise to a fair value gain of HK$7,646,000 (2013: restated HK$5,711,000) which has been recognised in the profit or loss.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised as Level 3 based on the degree to which the inputs to the fair value measurements is observable.

Property held by the Group	Fair value as at 28 September 2014 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity
Commercial property in Singapore	26,400	Level 3	Income capitalisation method The key inputs are (1) Term yield (2) Reversionary yield (3) Monthly term rental (4) Monthly reversionary rental	Term yield: 3.60%	There is no indication that any slight change in the term yield would result in significantly higher or lower fair value measurement.
				Reversionary yield: 3.60%	There is no indication that any slight change in the reversionary yield would result in significantly higher or lower fair value measurement.
				Monthly term rental: HK$45.2 per sq. ft.	There is no indication that any slight change in the monthly term rental would result in significantly higher or lower fair value measurement.
				Monthly reversionary rental: HK$42.9 per sq. ft.	There is no indication that any slight change in the monthly reversionary rental would result in significantly higher or lower fair value measurement.
Residential properties in Singapore	34,295	Level 3	Income capitalisation method The key inputs are (1) Term yield (2) Reversionary yield (3) Monthly term rental (4) Monthly reversionary rental	Term yield: 3.30%	There is no indication that any slight change in the term yield would result in significantly higher or lower fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

16. Investment Properties – continued

Property held by the Group	Fair value as at 28 September 2014 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity
				Reversionary yield: 3.86%	There is no indication that any slight change in the reversionary yield would result in significantly higher or lower fair value measurement.
				Monthly term rental: HK$15.8 per sq. ft.	There is no indication that any slight change in the monthly term rental would result in significantly higher or lower fair value measurement.
				Monthly reversionary rental: an average of HK$42.0 per sq. ft.	There is no indication that any slight change in the monthly reversionary rental would result in significantly higher or lower fair value measurement.
Commercial properties in PRC	78,512	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Ranged from HK$23,866 per sqm. to HK$59,123 per sqm.	There is no indication that any slight change in the adjusted market price would result in significantly higher or lower fair value measurement.
Residential properties in PRC	93,375	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Ranged from HK$13,865 per sqm. to HK$39,572 per sqm.	There is no indication that any slight change in the adjusted market price would result in significantly higher or lower fair value measurement.
Residential properties in Japan	10,760	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Approximately HK$71,063 per sqm.	There is no indication that any slight change in the adjusted market price would result in significantly higher or lower fair value measurement.
Commercial properties in Hong Kong	10,800	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Approximately HK$9,000 sq. ft.	There is no indication that any slight change in the adjusted market price would result in significantly higher or lower fair value measurement.
Residential properties in Hong Kong	295,650	Level 3	Direct comparison method The key input is the adjusted market price.	Adjusted market price: Ranged from HK$13,184 per sq. ft. to HK$25,000 per sq. ft.	There is no indication that any slight change in the adjusted market price would result in significantly higher or lower fair value measurement.

Certain investment properties have been pledged to secure mortgage loans and short term loans of the Group (note 49).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

17. Prepaid Lease Payments

	2014	2013
	HK$'000	HK$'000
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong:		
Medium-term lease	**40,848**	42,228
Analysed for reporting purposes as:		
Non-current asset	**39,468**	40,848
Current asset (included in trade, bills, other receivables and prepayments in note 26)	**1,380**	1,380
	40,848	42,228

18. Goodwill

	HK$'000
GROSS AMOUNT	
At 29 September 2012, 28 September 2013 and 28 September 2014	2,990,023
IMPAIRMENT	
At 29 September 2012, 28 September 2013 and 28 September 2014	(13,355)
CARRYING AMOUNTS	
At 28 September 2014	2,976,668
At 28 September 2013	2,976,668

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

18. Goodwill – continued

For the purposes of impairment testing, goodwill is allocated to four groups of cash generating units (CGUs). The carrying amounts of goodwill after impairment as at 28 September 2014 and 2013 allocated to the groups of units are as follows:

	2014	2013
	HK$'000	HK$'000
Frozen Fish SCM division		
– Pacific Andes Resources Limited ("PARD")	**13,245**	13,245
Fish Fillets processing and distribution division		
– National Fish and Seafood Inc.	**15,594**	15,594
Fishery and Fish supply division:		
Contract supply business		
– China Fisheries International Limited ("CFIL")	**1,780,068**	1,780,068
Peruvian fishmeal operation		
– CFG Investment S.A.C. ("CFGI")	**1,167,761**	1,167,761
	2,976,668	2,976,668

The recoverable amounts of these CGUs or groups of CGUs have been determined based on a value in use calculations. These groups of CGUs operate in related and similar business environments. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and the expected changes to selling prices and direct costs. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to these groups of CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of the future changes in the market. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of these groups of CGUs to exceed the recoverable amount of these groups of CGUs.

Frozen Fish SCM Division and Fish Fillets Processing and Distribution Division

The management of the Group conducted impairment reviews on each of the Frozen Fish SCM CGU and Fish Fillets processing and distribution CGU.

The value in use calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and discount rates of 20% (2013: 20%) for the Fish Fillets processing and distribution CGU and 20% (2013: 20%) for the Frozen Fish SCM CGU. A key assumption for the value in use calculations is the budgeted gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Management considered that the recoverable amounts of these CGUs exceed their carrying amounts and there is no impairment in goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

18. Goodwill – continued

Fishery and Fish Supply Division

The Group has engaged an independent financial advisor, BMI Appraisals Limited, to determine the value in use of each of the Contract supply business CGU and Peruvian fishmeal operation CGU under Fishery and Fish supply division at 28 September 2014 and 2013. Based on the report of the valuer dated 17 December 2014 and management's assessment of business prospects, management considered that the recoverable amounts of these CGUs exceed their carrying amounts and there is no impairment in goodwill, other intangible assets and other assets allocated to these CGUs.

The key inputs and assumptions for determining the value in use of the CGUs for the Contract supply business and Peruvian fishmeal operation under Fishery and Fish supply division are as follows:

(i) forecasted projected cash flows up to 2024 (2013: 2023). Key assumptions included the past performance and management's expectations for the market development, including trend of fish consumption, fish prices and level of fishing activities;

(ii) industry growth rate of 2.5% (2013: 3%) per annum during the forecast period and extrapolation period. Projection of terminal value is determined by using the perpetuity method; and

(iii) use of 10.25% (2013: 8.93%) for CFIL and use of 24.52% (2013: 18.01%) for CFGI to discount the projected cash flows to net present values.

The fishing and plant permit in note 23 amounting to HK$1,838,918,000 (2013: HK$1,838,918,000) is allocated to the CGU of CFGI and HK$7,697,911,000 (2013: HK$7,697,911,000) to the CGU of Corporacion Pesquera Inca S.A.C. (a subsidiary of Copeinca) ("CPI") which are under Fishery and Fish supply division.

19. Receivables from/Prepayment to Suppliers and Advance to a Supplier

Receivables from/Prepayment to Suppliers

	2014 **HK$'000**	2013 HK$'000
Receivables from/prepayment to suppliers	**3,394,560**	3,394,560
Less: accumulated amortisation	**(1,510,664)**	(1,402,521)
Less: repayments from suppliers	**(865,800)**	–
	1,018,096	1,992,039
Included as current assets	**(850,200)**	(205,123)
Included as non-current assets	**167,896**	1,786,916

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

19. Receivables from/Prepayment to Suppliers and Advance to a Supplier – continued

Receivables from/Prepayment to Suppliers – continued

Since January 2004, a subsidiary, CFIL had entered into four vessel operating agreements with two companies, Perun Limited ("Perun") and Alatir Limited ("Alatir"), to prepay charter hire for certain vessels for a specified period of time up to 31 December 2030 together with the allocated fish quotas in Pacific Ocean.

With effect from 16 July 2012, these four vessel operating agreements were replaced by the long term supply agreements ("LSA") for the purpose of simplifying the fish supply arrangements between CFIL and the counterparties and further clarifying the rights and obligations of the counterparties. Summary of these arrangements are set out in the Company's announcement on 16 July 2012. The Group did not believe that there will be any financial impact to the Group in replacing the vessel operating agreements with LSA as the underlying commercial terms remain substantially unchanged.

In November 2012, the Group has entered into a New LSA to replace the Fourth LSA. The New LSA took retrospective effect from 1 October 2012 and shall terminate on 30 September 2030. During the financial year ended 28 September 2013, the fixed fees payable under the New LSA for the entire duration of the LSA, amounting to US$150,000,000 (approximately HK$1,170 million) in aggregate, was prepaid by the Group to Perun. As at 28 September 2013, prepayments to these suppliers were secured by charges of all the issued shares of the counterparties as well as debentures over all the present and future assets of the counterparties. Details are set out in the Group's consolidated financial statements for the year ended 28 September 2013.

On 24 March 2014, the Company announced termination of the four LSA including and the New LSA with effect from 1 April 2014. Under the termination agreements, the Group will be entitled to refund the prepayments to suppliers in cash or in the form of fish supply of HK$850,200,000 in the next 12 months since termination, and the remaining balance of HK$167,896,000 by 28 March 2016. The amounts are unsecured and interest free.

Advance to a Supplier

The advance to a supplier, Perun, as of 28 September 2013 was unsecured, interest-free and represented advance for working capital under the long term supply agreements. As at 28 September 2014, the advance amount remained unsecured, interest-free and will be offset against future purchases of fish from the supplier.

The fair value of the Group's advance to a supplier approximates their carrying amount.

20. Available-for-Sale Investments

	2014	2013
	HK$'000	HK$'000
Listed equity securities	**6,237**	14,909
Unlisted equity securities	**7,802**	7,802
Unlisted debt securities	**–**	2,685
Unlisted investment fund	**23,616**	19,303
	37,655	44,699

The unlisted equity securities and the investment fund are carried at cost, less impairment as no fair value can be reliably determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

21. Interests in Associates

	2014 HK$'000	2013 HK$'000
Cost of investments - unlisted	**38,026**	1,920
Deemed cost of investments in Tassal Group Limited ("Tassal") – listed outside Hong Kong (note)	**–**	408,690
Adjustment on share of net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition of Tassal (note)	**–**	74,718
Share of post-acquisition results and other comprehensive income, net of dividends received	**829**	58,185
	38,855	543,513
Market value of listed investments	**–**	752,470

Note: The deemed cost of investments is based on the quoted market price at the date of initial recognition. The fair values of assets and liabilities of Tassal were reassessed at the date of initial recognition and adjustment on share of net fair value of the identifiable assets, liabilities and contingent liabilities over the deemed cost of acquisition of Tassal after the reassessment is HK$74,718,000.

In the prior year, the Group held a 22.73% interest in Tassal and accounted for the investment as an associate. In June 2014, the Group disposed of a 18.09% interest in Tassal to a thrid party for the proceeds of A$96,725,000 (approximately HK$690,822,000). The Group has accounted for the remaining 4.64% interest as held-for-trading investments. The fair value at the date of disposal was A$3.92 (approximately HK$28) per share, which was determined by reference to the stock price quoted on the Australian Stock Exchange. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

	HK$'000
Proceeds of disposal	690,822
Plus: fair value of investment retained (4.64%)	193,758
Less: carrying amount of the 22.73% investment on the date of loss of significant influence	(564,133)
Less: Reclassification of translation reserve to profit or loss	(4,000)
Gain recognised	316,447

Particulars of the Group's principal associates as at 28 September 2014 and 2013 are set out in note 53.

The financial year end date for Tassal is 30 June. For the purpose of applying the equity method of accounting, the consolidated financial information of Tassal for the year ended 30 June 2014 and 2013 have been used as the Group considers that it is impracticable for Tassal to prepare a separate set of financial statements as of 28 September.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

21. Interests in Associates – continued

Summarised Financial Information of Material Associate – Tassal

Summarised financial information in respect of the Group's material associate, Tassal, is set out below.

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with Australian equivalents to International Financial Reporting Standards (A-IFRS). The associate is accounted for using the equity method in the Group's consolidated financial statements.

	2013 HK$'000
Current assets	1,723,469
Non-current assets	1,890,286
Current liabilities	(578,113)
Non-current liabilities	(785,552)

	29.9.2013 to date of disposal HK$'000	29.9.2012 to 28.9.2013 HK$'000
Revenue	**935,772**	1,898,907
Profit for the period/year	**156,344**	253,962
Other comprehensive income for the period/year	**22**	(5,861)
Total comprehensive income for the period/year	**156,366**	248,101
Dividends received from the associate during the period/year	**12,135**	20,472

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2013 HK$'000
Net assets of the associate	2,250,090
Proportion of the Group's ownership interest in the associate	511,445
Others	29,239
Carrying amount of the Group's interest in the associate	540,684

Aggregate Information of Associates that are Not Individually Material

	2014 HK$'000	2013 HK$'000
The Group's share of loss	**(33)**	(186)
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive expense	**(33)**	(186)
Aggregate carrying amount of the Group's interest in these associates	**38,855**	2,829

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

22. Interest in a Joint Venture

	2014 HK$'000	2013 HK$'000 (restated)
Cost of investment in an unlisted joint venture	–	32,175
Share of post-acquisition profits and other comprehensive income, net of dividends received	–	66,622
	–	98,797

At 28 September 2013 and 2014, the Group had interest in the following joint venture:

Name of joint venture	Form of business structure	Place of incorporation or registration/ operation	Effective interest held by the Company 2014	Effective interest held by the Company 2013	Principal activity
Able Team	Incorporated	Hong Kong/Russia	– (Note)	33.3%	Property holding

Note: During the year, the Group disposed of its entire interest in Able Team to its joint venture partner at a consideration of US$15,000,000 (approximately HK$117,000,000).

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with Hong Kong Financial Reporting Standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

22. Interest in a Joint Venture – continued

	2013 HK$'000
Non-current assets	493,562
Current assets	31,901
Current liabilities	(86,078)
Non-current liabilities	(142,697)
Net assets	296,688

	29.9.2013 to date of disposal HK$'000	29.9.2012 to 28.9.2013 HK$'000
Revenue	**25,246**	50,267
Cost of sales	**(8,459)**	(18,330)
Other income	**12,900**	72,381
Administrative expenses	**(31,643)**	(55,045)
Finance costs	**(4,812)**	(9,850)
Loss before taxation	**(6,768)**	39,423
Taxation	**(2,616)**	(19,114)
(Loss) profit for the period/year	**(9,384)**	20,309
Other comprehensive expense for the period/year	**(30,868)**	(16,859)

Reconciliation of the above summarised financial information to the carrying amount of the interest in a joint venture recognised in the consolidated financial statements:

	2013 HK$'000
Net assets of the joint venture	296,688
Proportion of the Group's ownership interest in the joint venture	33.3%
Carrying amount of the Group's interest in a joint venture	98,797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

23. Other Intangible Assets

	Fishing and plant permits HK$'000	Club memberships HK$'000	Total HK$'000
Cost			
At 28 September 2012	1,823,905	23,963	1,847,868
From acquisition of subsidiaries (note 42)	7,697,911	–	7,697,911
Exchange realignment	15,013	–	15,013
At 28 September 2013 and 28 September 2014	9,536,829	23,963	9,560,792

Fishing and plant permits are granted by the authority in Peru. The fishing permits are attached to fishing vessels and are transferable to other vessels. Management has obtained legal advice that the fishing and plant permits do not have a finite term and remain in full force and good standing as long as the applicable legal requirements are complied with. Accordingly, the cost of fishing and plant permits is not amortised.

During the year ended 28 September 2013, the cost of acquiring the subsidiaries which owns the fishing vessels and plant (note 42) are allocated to the respective component of assets acquired on the basis of valuation report dated 13 December 2013 prepared by independent third party valuer in Peru, JRB Consultores S.A.C..

The Group has engaged independent valuer to determine the value of the Peruvian operations on CPI. Based on the report and management's assessment of business prospects, management expects the carrying amount of fishing permits to be recoverable and there is no impairment in value of the fishing and plant permits.

Club memberships have infinite life and are not amortised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

24. Other Long Term Receivables

Included in other long term receivables is a loan receivable of HK$408,209,000 (2013: HK$389,181,000) due from Asarmona. The loan is interest free and is secured by (i) 81% unlisted equity shares of two investees of which the Group holds 19% interest each and (ii) 100% equity interest in Asarmona, a wholly-owned subsidiary of one of the investees. The purpose of making the loan is to finance the working capital of the underlying operating entities held by the two investees and Asarmona. The loan was agreed to be repayable by 28 September 2017.

The Group's other long term receivables that are not denominated in the functional currencies of the respective entities are as follows:

	2014 **HK$'000**	2013 HK$'000
Euro	**408,209**	389,181

25. Inventories

	2014 **HK$'000**	2013 HK$'000
Inventories, at cost, consists of the following:		
Frozen fish and other seafood products	**1,328,194**	980,481
Fillets and portions	**480,819**	810,687
Fishmeal	**613,395**	557,277
Supplies	**160,499**	35,165
Fuel	**27,335**	30,524
Packing materials	**84,889**	53,375
	2,695,131	2,467,509

Certain inventories have been pledged as security for the financing facilities obtained from banks (note 49).

26. Trade, Bills, Other Receivables and Prepayments

	2014 **HK$'000**	2013 HK$'000 (restated)
Trade and bills receivables	**1,772,959**	1,839,515
Current portion of prepaid lease payments (note 17)	**1,380**	1,380
Balances with suppliers (note a)	**903,430**	801,487
Deferred expenditure (note b)	**325,296**	372,629
Prepayments for fish and other seafood products	**7,503,208**	5,815,115
Other receivables and prepayments	**1,067,615**	484,415
Loan receivable (note c)	**313,014**	473,574
	11,886,902	9,788,115

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

26. Trade, Bills, Other Receivables and Prepayments – continued

The Group maintains a defined credit policy. For sales of goods, the Group generally allows credit period of 30 days to 180 days to its trade customers. The aged analysis of trade and bills receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period is as follows:

	2014	2013
	HK$'000	HK$'000
Less than 30 days	**560,282**	615,825
31 – 60 days	**282,603**	265,130
61 – 90 days	**100,574**	226,555
91 – 120 days	**819,742**	683,314
Over 120 days	**9,758**	48,691
	1,772,959	1,839,515

An allowance for estimated irrecoverable amount of trade receivables of nil (2013: HK$172,000) has been determined by reference to management's estimation of irrecoverable amounts. The Group has provided fully for receivables over 180 days old based on historical experience.

At the end of the reporting period, no trade receivable is past due.

The directors of the Company are of the opinion that the credit quality of the remaining trade receivable balances of HK$1,772,959,000 (2013: HK$1,839,515,000) that are neither past due nor impaired at the end of the reporting period is of good quality. Bills receivable are repayable on the pre-determined date and the counterparties are mainly banks with high credit rating, therefore, the directors of the Company consider these balances are not impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

26. Trade, Bills, Other Receivables and Prepayments – continued

The Group's trade, bills, other receivables and prepayments that are not denominated in the functional currencies of the respective entities are as follows:

	2014 HK$'000	2013 HK$'000
United States dollars	**42,768**	2,788
Peruvian Nuevo Soles	**300,444**	119,161
Chinese Renminbi	**1,527**	41
Hong Kong dollars	**2,125**	2,109
Euro	**316,106**	475,247
Singapore dollars	**46**	–
Japanese Yen	**31**	–
Norwegian Krone	**226**	226
Namibian dollars	**98,206**	35,806
British pounds	**706**	500
Australian dollars	**2,593**	–

Movement in the Allowance for Doubtful Debts

	2014 HK$'000	2013 HK$'000
Balance at beginning of the year	**172**	334
Written off against trade receivables during the year	**(172)**	(162)
Balance at end of the year	**–**	172

Notes:

a. The balances with suppliers represent advances to the suppliers, Perun and Alatir to finance the working capital for the supply of fish to the Group under the LSA as disclosed in note 19. The balances with suppliers were stated net of amounts payable to suppliers in respect of payments made by the suppliers on behalf of the Group. This offset had been effected on the basis of arrangements amongst members of the Group and the suppliers. In addition, the amount was interest-free.

After the termination of the LSA arrangement during the year, the balances with suppliers are interest-free and unsecured.

b. Deferred expenditure represents prepaid vessel and fishing-related operating expenses in respect of other fishing vessels which are not subject to the LSA.

c. Loan receivable represent the amount due from Asarmona. The loan is unsecured, carries interest at 3% per annum above Euribor and repayable within 10 business days after service of a written demand of Asarmona by the Group and expected to be recovered in the next twelve months after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

27. Trade Receivables with Insurance Coverage/Bank Advances Drawn on Discounted Trade Receivables with Insurance Coverage and Discounted Bills

The trade receivables with insurance coverage have been discounted with full recourse to certain banks under the receivable discounting facilities, where the Group continues to recognise as the Group remains exposed to the credit risk. The Group generally allows a credit period of 30 days to 180 days to its trade customers.

The aged analysis of the trade receivables with insurance coverage based on the invoice date at the end of the reporting period is as follows:

	28.9.2014	28.9.2013
	HK$'000	HK$'000
Less than 30 days	**262,130**	203,696
31 – 60 days	**61,374**	148,327
61 – 90 days	**22,488**	49,593
91 – 120 days	**15,990**	38,222
Over 120 days	**48,211**	106,359
	410,193	546,197

Trade receivables with insurance coverage are neither past due nor impaired.

The Group's trade receivables with insurance coverage that are not denominated in the functional currencies of the respective entities are as follows:

	2014	2013
	HK$'000	HK$'000
Euro	**104,470**	239,328
British pounds	**–**	15,316

The bank advances drawn on discounted trade receivable with insurance coverage and discounted bills carried an average effective interest rate of approximately 2.5% (2013: 2.6%) per annum and are repayable within one year. At 28 September 2014, these bank advances include an aggregate amount of HK$57,764,000 (2013: HK$61,749,000) representing bank advances drawn by the Group on discounted trade receivables with insurance coverage of associates of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

28. Trade Receivables from Associates and Amounts due from Associates

The amounts due from associates are unsecured, interest-free and are repayable on demand and the directors expect to recover these amounts within twelve months from the end of the reporting period.

For trade receivables from associates on sales of goods, the Group allows an average credit period of 30 days to 60 days. The age of trade receivables from associates at the end of the reporting period are all less than 30 days and they are neither past due nor impaired. The directors of the Company are of the opinion that the credit quality of the trade receivables from associates is of good quality.

29. Amount due from a Joint Venture

At 28 September 2013, the amount due from a joint venture is unsecured, interest-free and is repayable within one year.

30. Held-for-Trading Investments

Held-for-trading investments represents equity securities listed outside Hong Kong.

31. Other Financial (Assets) Liabilities

	2014	2013
	HK$'000	HK$'000
Derivative financial instruments (note)	**(13,658)**	105,218
Financial guarantee contracts (note 48)	**57,000**	54,000
	43,342	159,218
Shown under other financial assets	**(13,658)**	–
Shown under other financial liabilities	**57,000**	159,218

Note:

The Group has entered into structured foreign currency forward contracts and cross-currency interest rate swap with banks to reduce its exposure to currency fluctuation risk of contracted and anticipated sales and payment of operating expenses which are denominated in foreign currencies and interest rate risk in relation to fixed-rate bonds. The derivatives are not accounted for under hedge accounting. At 28 September 2014, the fair value of the structured foreign currency forward contracts amounted to HK$13,658,000 (2013: HK$87,101,000) and cross-currency interest rate swap of nil (2013: HK$18,117,000), which are settled on a net basis. The major terms of the structured foreign currency forward contracts and cross-currency interest rate swap are as follows:

(i) Structured foreign currency forward contracts

Aggregate principal amounts	Maturity dates	Contracted exchange rates
At 28 September 2014		
Sell JPY82,795,419,000	From June 2016 to September 2017	US$1 at JPY97.40 to JPY101.70
Sell Euro 272,000,000	From August 2016 to August 2017	Euro 1 at US$1.3340 to US$1.3900
Sell GBP11,000,000	August 2015	GBP1 at US$1.6115
Sell US$50,000,000	July 2015	US$1 at RMB6.70
At 28 September 2013		
Sell JPY66,410,460,000	From October 2013 to July 2016	US$1 at JPY89.90 to JPY94.95
Sell Euro 194,500,000	From January 2014 to July 2015	Euro 1 at US$1.2800 to US$1.3845
Sell GBP23,000,000	August 2015	GBP1 at US$1.6115
Sell US$430,000,000	From July 2015 to May 2016	US$1 at RMB6.40 to RMB6.70
Sell Euro 30,000,000	May 2016	Euro 1 at RMB8.55

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

31. Other Financial (Assets) Liabilities – continued

Note: – continued

(ii) Cross-currency interest rate swap contract

As at 28 September 2013, the Group received 0.65% per annum on principal amount of RMB600,000,000 and paid London Inter-Bank Offer Rate on principal amount of US$95,238,000. The maturity date is 2 June 2014.

No cross-currency interest rate swap contract outstanding as at 28 September 2014.

32. Pledged Deposits

Deposits are pledged to the banks to secure an export invoice discounting facility and short term loans granted to the Group. The interest rates on the deposits ranged is 0.30% per annum.

33. Bank Balances and Cash

Bank balances and cash comprises cash at bank and on hand held by the Group.

The interest rates on cash placed with financial institutions ranged from nil to 0.01% (2013: 5.3%) per annum.

The Group's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	2014 **HK$'000**	2013 HK$'000
United States dollars	**27,949**	106,214
Peruvian Nuevo Soles	**7,448**	104,613
Chinese Renminbi	**2,936**	3,170
Hong Kong dollars	**5,996**	2,714
Euro	**3,291**	12,911
Singapore dollars	**1,445**	2,078
British pounds	**1,946**	6,258
Japanese Yen	**693**	144
Namibian dollars	**12,855**	9,978
Canadian dollars	**2,519**	–
Norwegian Kroner	**2,854**	7,576
Australian dollars	**638**	–

34. Trade, Bills and Other Payables

	2014 **HK$'000**	2013 HK$'000 (restated)
Trade, bills and other payables	**1,819,644**	2,701,382
Interest payable	**99,772**	94,323
Provision for claims	**110,321**	98,108
	2,029,737	2,893,813
Included as current liabilities	**(1,835,753)**	(1,448,356)
Included as long term payables under non-current liabilities	**193,984**	1,445,457

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

34. Trade, Bills and Other Payables – continued

As at 28 September 2013, long term payables include payables to fish suppliers of HK$1,170,000,000, which are interest free, unsecured and repayable on the 24th month from the date of the agreement dated 27 September 2013. HK$585,000,000 was repaid during the year and the remaining HK$585,000,000 is reclassified to other payables in current liabilities as at 28 September 2014.

Included in trade, bills and other payables are trade and bills payables of HK$871,252,000 (2013: HK$1,126,503,000). The average credit period on purchase of goods is 30 days (2013: 30 days). The aged analysis of trade and bills payables based on the invoice date at the end of the reporting period is as follows:

	2014	2013
	HK$'000	HK$'000
Less than 30 days	**221,937**	302,070
31 – 60 days	**69,624**	159,646
61 – 90 days	**14,725**	21,420
Over 90 days	**564,966**	643,367
	871,252	1,126,503

The Group's trade, bills and other payables that are not denominated in the functional currencies of the respective entities are as follows:

	2014	2013
	HK$'000	HK$'000
United States dollars	**65,471**	226,585
Peruvian Nuevo Soles	**145,324**	97,365
Chinese Renminbi	**63**	15,766
Hong Kong dollars	**4,226**	7,637
Euro	**6,390**	3,309
Singapore dollars	**20,636**	927
British pounds	**210**	210
Japanese Yen	**266**	896
Norwegian Krone	**333**	1,637
Namibian dollars	**17,003**	9,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

35. Obligations under Finance Leases

	Minimum lease payments 2014 HK$'000	Minimum lease payments 2013 HK$'000	Present value of minimum lease payments 2014 HK$'000	Present value of minimum lease payments 2013 HK$'000
Amounts payable under finance leases:				
Within one year	–	37,541	–	30,151
In more than one year but not more than two years	–	4,375	–	3,666
In more than two years but not more than three years	–	–	–	–
	–	41,916	–	33,817
Less: future finance charges	–	(8,099)	–	–
Present value of lease obligations	–	33,817	–	33,817
Less: Amount due within one year shown under current liabilities			–	(30,151)
Amount due after one year			–	3,666

As at 28 September 2013, certain of its plant and machineries were held under finance leases and the effective borrowing rate is 8.06% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All finance lease obligations are denominated in United States dollars, the functional currency of the relevant group entities.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (note 15).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

36. Bank Borrowings

	2014 HK$'000	2013 HK$'000 (restated)
Bank borrowings comprise:		
Trust receipt loans	**4,002,420**	5,044,337
Club loans	**–**	1,868,455
Mortgage loans	**107,853**	127,436
Other bank loans	**8,518,481**	5,242,694
Bank overdrafts	**27,010**	26,753
	12,655,764	12,309,675
Less: issuing costs	**(161,741)**	(33,919)
	12,494,023	12,275,756
Analysed as:		
Secured	**2,307,339**	1,505,399
Unsecured	**10,186,684**	10,770,357
	12,494,023	12,275,756
The maturity of bank borrowings is as follows:		
Within one year	**8,547,224**	10,599,111
In the second year	**1,304,152**	1,557,981
In the third year	**1,324,491**	–
In the fourth year	**1,073,881**	–
In the fifth year	**50,000**	–
Over five years	**92,371**	–
	12,392,119	12,157,092
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain repayable on demand clause (shown under current liabilities)	**101,904**	118,664
	12,494,023	12,275,756
Less: Amount shown under current liabilities	**(8,649,128)**	(10,717,775)
Shown under non-current liabilities	**3,844,895**	1,557,981

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

36. Bank Borrowings – continued

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2014 HK$'000	2013 HK$'000 (restated)	**2014**	2013
Effective interest rate:				
Variable-rate borrowings	**12,494,023**	12,275,756	**1.24% to 6.75% per annum**	1.37% to 6.90% per annum

The mortgage loans bear interest at 2.25% below the Hong Kong dollars Prime lending rate in Hong Kong and are repriced on a monthly basis.

The Group's bank borrowings that are not denominated in the functional currencies of the respective entities are as follows:

	2014 HK$'000	2013 HK$'000
United States dollars	**584,439**	768,326
Hong Kong dollars	**388,020**	45,753
Euro	**20,552**	269,339

37. Bonds

As at 28 September 2014, the Singapore dollar denominated unsecured and unguaranteed bonds ("SG bonds") issued on 30 July 2014 will be redeemed on 30 July 2017. Interest of 8.5% per annum will be paid semi-annually until the settlement date. The interest expense charged for the SG Bonds is calculated by applying an effective interest rate of 9.5% per annum to the bonds outstanding.

As at 28 September 2013, the Chinese Renminbi denominated unsecured and unguaranteed bonds issued on 2 June 2011 was redeemed on 3 June 2014. Interest of 6.5% per annum will be paid semi-annually until the settlement date. The interest expense charged is calculated by applying an effective interest rate of 7.5% per annum to the bonds outstanding.

Management estimates that the fair values of the bonds approximate their carrying amounts as the bonds' effective interest rates approximate the market rates available at the end of the reporting period.

At 28 September 2014, the outstanding principal of the bonds amounted to S$200,000,000 (approximately HK$1,227,000,000) (2013: RMB570,000,000 (approximately HK$726,539,000)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

38. Senior Notes

On 24 July 2012, the Group, through its subsidiary, CFGI issued guaranteed senior fixed rate notes with aggregate nominal value of US$300 million (approximately HK$2,340 million) (the "Notes") which carry fixed interest rate of 9.75% per annum (interest payable semi-annually in arrear) and will be fully repayable by 30 July 2019.

The Notes are listed on the Singapore Exchange Securities Trading Limited. They are unsecured and guaranteed by a subsidiary, China Fishery and certain subsidiaries of China Fishery. The guarantees are effectively subordinated to secured obligations of each guarantor, to the extent of the value of assets serving as security.

Prior to 30 July 2016, CFGI may redeem the Notes in whole or, subject to certain conditions, in part at the principal amount of the Notes plus accrued interest to the redemption date and a "make-whole" premium. On or after 30 July 2016, CFGI may redeem the Notes in whole or in part at the principal amount of the Notes plus an applicable premium and accrued interest provided that any partial redemption shall not result in less than US$100 million (approximately HK$780 million) of outstanding Notes. At any time prior to and up to 30 July 2016, CFGI may redeem up to 35% of the Notes, with net cash proceeds from issue of ordinary shares of China Fishery or sale of ordinary shares of CFGI, at the redemption price equal to 109.75% of the principal amount of the Notes plus accrued and unpaid interests, if any, as of the redemption date.

The Notes contained certain covenants that limited China Fishery's ability and the ability of certain subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred shares;
- declare dividends or purchase or redeem shares;
- make investments or other specified restricted payments;
- issue or sell shares of certain subsidiaries;
- sell assets or create any lien; and
- enter into sale and leaseback transactions.

The net carrying amount of the Notes was stated net of issue expenses totalling US$17,045,000 (approximately HK$132,951,000). Such expenses were amortised over the life of the Notes by charging the expenses to the profit or loss using effective interest rate of 10.92% per annum and increasing the net carrying amount of the Notes with the corresponding amount. As at 28 September 2014, accumulated amortisation amounted to US$2,934,700 (approximately HK$22,891,000) (2013: US$1,668,000 (approximately HK$13,012,000)).

At 28 September 2014, the outstanding principal of the Notes amounted to US$288,000,000 (approximately HK$2,246,400,000) (2013: US$288,000,000 (approximately HK$2,246,400,000)).

Since the trading volume of the Notes in public market is low, management considered that the market price at 28 September 2014 may not be representative of the fair value of the Notes. Management estimates the fair value of the Notes at 28 September 2014 to be approximately HK$2,156,544,000 (2013: HK$2,126,982,000). The fair value has been calculated by assuming redemption on 30 July 2019, using effective interest rate of 14.19% per annum with reference to the US Treasury Zero Coupon Bonds and holding the credit risk margin constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

38. Senior Notes – continued

CPI, a subsidiary of Copeinca which was acquired by the Group during the year ended 28 September 2013, has issued guaranteed senior fixed rate notes with nominal value of US$250 million (approximately HK$1,950 million) ("Copeinca Notes"), which carry fixed interest rate of 9% per annum (interest payable semi-annually in arrear) and will be due in 2017. The Copeinca Notes are unsecured but guaranteed by Copeinca. In addition, certain covenants set out in the Copeinca Notes need to be compiled with.

Prior to 10 February 2014, CPI may redeem the CPI Notes in whole or, subject to certain conditions, in part at the principal amount of the CPI Notes plus accrued interest to the redemption date with an applicable premium. On or after 10 February 2014, CPI may redeem the CPI Notes in whole or in part at the principal amount of the CPI Notes plus an applicable premium and accrued interest provided that any partial redemption shall not result in less than US$100,000 (approximately HK$780,000) of outstanding CPI Notes. At any time prior to and up to 10 February 2013, CPI may redeem up to 35% of the CPI Notes at a redemption price equal to 109% of the principal amount of the CPI Notes plus accrued and unpaid interest, if any, as of the redemption date.

The CPI Notes contained certain covenants that limited Copeinca's ability and the ability of certain subsidiaries' abilities to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred shares;
- declare dividends or purchase or redeem shares;
- make investments or other specified restricted payments;
- issue or sell shares of certain subsidiaries;
- sell assets or create any lien; and
- enter into sale and leaseback transactions.

Management estimated the fair value of the CPI Notes at 28 September 2014 to be approximately US$247,000,000 (approximately HK$1,930,500,000) (2013: US$251,250,000 (approximately HK$1,959,750,000)). The fair value has been calculated based on the bid price as at 28 September 2014 and 2013.

The net carrying amount of the Copeinca Notes was stated net of issue expenses totalling US$948,000 (approximately HK$7,394,000). Such expenses were amortised over the life of the Copeinca Notes by charging the expenses to the profit or loss using effective interest rate of 9.59% per annum and increasing the net carrying amount of the Copeinca Notes with the corresponding amount. As at 28 September 2014, accumulated amortisation amounted to US$144,000 (approximately HK$1,123,000) (2013: US$112,000 (approximately HK$874,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

39. Deferred Taxation

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

	Accelerated tax depreciation HK$'000 (restated)	Fair value adjustment HK$'000 (restated) (Note)	Tax losses HK$'000	Others HK$'000	Total HK$'000 (restated)
At 28 September 2012 (as originally stated)	126,513	486,869	(18,498)	(13,481)	581,403
Effect of changes in accounting policy (note 2)	(22,134)	–	–	–	(22,134)
At 28 September 2012 (as restated)	104,379	486,869	(18,498)	(13,481)	559,269
Acquisition of subsidiaries (restated) (note 42)	–	2,042,834	–	–	2,042,834
Credit to profit or loss	(2,491)	(53,157)	(1,111)	–	(56,759)
Charge to other comprehensive income	39,830	–	–	–	39,830
Exchange realignment	–	5,748	–	–	5,748
At 28 September 2013 (as restated)	141,718	2,482,294	(19,609)	(13,481)	2,590,922
Credit to profit or loss	(1,325)	(70,554)	100	–	(71,779)
Charge to other comprehensive income	30,179	–	–	–	30,179
Exchange realignment	3	–	–	–	3
At 28 September 2014	170,575	2,411,740	(19,509)	(13,481)	2,549,325

Note: Being deferred tax effect on fair value adjustments of fishing and plant permits on business combination.

At the end of the reporting period, the Group has unutilised estimated tax losses of HK$236,418,000 (2013: HK$231,275,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$118,238,000 (2013: HK$118,845,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$118,180,000 (2013: HK$112,430,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$36,457,000 that will gradually expire until 2020 (2013: HK$62,690,000 that will gradually expire until 2019). During the year, no unutilised tax losses expired (2013: nil). Other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of nil (2013: HK$5,529,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the New Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

40. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 29 September 2012, 28 September 2013 and 28 September 2014	8,000,000,000	800,000
Issued and fully paid:		
At 29 September 2012, 28 September 2013 and 28 September 2014	4,722,068,685	472,207

41. Share Option Scheme and Share Award Plan

Share Option Scheme

On 9 September 2004, the Company adopted a share option scheme (the "Scheme"). The Scheme is to provide incentives to any participant to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group. Under the terms of the Scheme, which was adopted on 9 September 2004 and will expire on 8 September 2014, the Board may grant options to any individual being an employee, officer, agent, consultant or representative of the Company or any other members of the Group (including any executive, non-executive and independent non-executive director of any member of the Group) based on his work experience, knowledge in the industry and other relevant factors to subscribe for the shares in the Company (the "Shares"). The subscription price for the Shares under the options to be granted under the Scheme will be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the option, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the option; and (c) the nominal value of the Shares.

The exercisable period will be determined by the Board and in any event must not be more than 10 years from the date of the grant of the option. The total number of Shares issued and which may be issued upon exercise of all options (whether exercised, cancelled or outstanding) granted under the Scheme and any other share option scheme(s) of any member of the Group in any 12-month period immediately preceding any proposed date of the grant of options to each participant must not exceed 1% of shares in issue as at the proposed grant date.

No option has been granted since the adoption of the Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

41. Share Option Scheme and Share Award Plan – continued

Share Award Plan

The Company adopted a share award plan ("Plan") on 28 October 2006 for the benefit of the directors and the employees of the Group.

The Plan is administered by the Remuneration Committee of the Company, currently comprising Kwok Lam Kwong, Larry, Tao Kwok Lau, Clement, Ng Joo Siang and Ng Joo Puay, Frank.

The Remuneration Committee may determine in its sole discretion to grant shares to participants of the Plan. The shares will be vested only after satisfactory completion of time based targets and/or time-and-performance-based targets and shall not be more than 10 years from the date of the grant of the shares. Upon vesting, at the discretion of the employer, the participant may receive any or a combination of the following:

(a) new ordinary shares credited as fully paid up;
(b) existing shares repurchased from open market; and
(c) cash equivalent value of such shares.

The number of shares in respect of which share award had been granted on 3 March 2010 under the Plan, to the employees of the Group was 1,087,998, representing 0.04% of the shares of the Company in issue at that date. The number of shares forfeited as a result of termination of employees amounted to 207,241 at 28 September 2012. The remaining outstanding was 880,757, representing 0.02% of the shares of the Company in issue at 28 September 2012. The share awards was vested on 31 December 2012 upon satisfaction of specified service condition. During the year ended 28 September 2013, vested share awards was settled by payment of cash equivalent value of shares of the Company.

The number of shares in respect of which share award had been granted on 31 December 2010 under the Plan, to the employees of the Group was 262,895, representing 0.009% of the shares of the Company in issue at that date. The number of shares forfeited as result of termination of employees was 185,473 at 28 September 2012, respectively. The remaining outstanding was 77,422, representing 0.002% of the shares of the Company in issue at 28 September 2012. The share awards will be vested on 31 December 2013 upon satisfaction of specified service condition. All the share awards have been forfeited during the year ended 28 September 2013.

The total number of shares in respect of which award may be granted under the Scheme is not permitted to exceed 5% of the shares of the Company in issue at any point in time. The estimated fair value of the award granted on 3 March 2010 and 31 December 2010 is insignificant to the Group. The key inputs to fair value include expected volatility and expected life.

Expected volatility was determined by using the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

41. Share Option Scheme and Share Award Plan – continued

Warrants

On 27 January 2014, China Fishery issued 96,153,846 warrants to a related party. Each warrant entitles the holder to subscribe for one ordinary share of US$0.05 each at the exercise price of S$0.52 per share at any time from the date of issue up to and including 27 January 2017. The warrants are not listed or traded on the Main Board of the Singapore Stock Exchange. As at 28 September 2014, there were 96,153,846 outstanding warrants at an exercise price of S$0.52 each.

42. Acquisition of Subsidiaries

Year Ended 28 September 2013

During the year ended 28 September 2013, the Group acquired 99.1% equity interest in Copeinca, Peru's second largest fishing company listed on the Oslo Børs with a secondary listing on the Lima Stock Exchange. The acquisition was completed on 30 August 2013.

The Group acquired Copeinca primarily to expand the Peruvian operations.

(a) Consideration Transferred (at Acquisition Date Fair Values)

	Total HK$'000
Consideration	**6,143,981**

(b) Assets Acquired and Liabilities Assumed at the Date of Acquisition

	Total HK$'000
Property, plant and equipment	**1,704,364**
Other intangible assets	**7,697,911**
Inventories	**573,214**
Trade, bills, other receivables and prepayments	**453,842**
Tax recoverable	**56,297**
Bank balances and cash	**398,790**
Trade, bills, and other payables	**(137,378)**
Taxation	**(35,582)**
Bank borrowings	**(10,046)**
Senior notes	**(1,949,211)**
Deferred taxation	**(2,048,216)**
Fair value of net identifiable assets acquired	**6,703,985**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

42. Acquisition of Subsidiaries – continued

Year Ended 28 September 2013 – continued

The provisional fair value of trade and other receivables at the date of acquisition amounted to HK$453,842,000 and equal to the gross amount. There were no contractual cash flows not expected to be collected.

(c) Gain on Bargain Purchase Arising on Acquisition

	Total HK$'000
Cash consideration	6,143,981
Add: non-controlling interests	60,420
Less: Fair value of net identifiable assets acquired	(6,703,985)
Gain on bargain purchase on acquisition credited to profit or loss	(499,584)

In relation to above acquisition, as the Group had made competitive offer price in acquiring the shares of Copeinca from the existing shareholders. The intrinsic value of the fishing and plant permit had not been reflected by the market price and also the offer price made by the Group. After re-assessment by the management of the Group, the fair value of net identifiable assets exceeded the purchase consideration, resulting in the bargain purchase gain.

(d) Net Cash Outflow on Acquisition of Subsidiaries

	2014 **HK$'000**
Total consideration paid in cash	**6,143,981**
Less: Bank balances and cash	**(398,790)**
	5,745,191

(e) During the year ended 28 September 2013, the acquisition of the subsidiary resulted in inclusion of post-acquisition revenue of HK$246 million and profit of HK$56 million in the Group's consolidated financial statements.

Had the acquisition been completed on 29 September 2012, total Group revenue for the year would have been HK$14,653 million, and profit for the year would have been HK$556 million (restated). The pro forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 29 September 2012, nor was it intended to be a projection of future results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

42. Acquisition of Subsidiaries – continued

Year Ended 28 September 2014

During the year ended 28 September 2014, the Group has completed the valuation of the assets acquired and liabilities assumed of Copeinca. The fair value assigned to the net assets acquired decreased by HK$51,004,000 to HK$6,652,981,000, which lead to a decrease in the gain on bargain purchase of HK$51,004,000. Such amounts have been restated retrospectively.

	Total	**Restatements**	**Adjusted total**
	HK$'000	HK$'000	HK$'000
Property, plant and equipment (note 15)	1,704,364	(17,940)	1,686,424
Other intangible assets (note 22)	7,697,911	–	7,697,911
Inventories	573,214	–	573,214
Trade, bills, other receivables and prepayments	453,842	–	453,842
Tax recoverable	56,297	–	56,297
Bank balances and cash	398,790	–	398,790
Trade, bills, and other payables	(86,023)	–	(86,023)
Taxation	(35,582)	–	(35,582)
Bank borrowings	(10,046)	–	(10,046)
Long term payables	(51,355)	(38,446)	(89,801)
Senior notes	(1,949,211)	–	(1,949,211)
Deferred taxation (note 39)	(2,048,216)	5,382	(2,042,834)
Fair value of net identifiable assets acquired	6,703,985	(51,004)	6,652,981

43. Acquisition of Assets

During the year ended 28 September 2013, the Group acquired the entire issued share capital of J. Wiludi & Asociados Consultores En Pesca S.A.C. which own a fishing vessel for a consideration of HK$19,500,000. The transaction was determined by management to be an acquisition of assets rather than a business combination as defined in HKFRS 3 (Revised) "Business Combinations".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

44. Disposal of Subsidiaries

On 19 August 2014, the Group disposed its entire interest in Sino Analytica Limited and its subsidiaries. The net assets of Sino Analytica Limited at the date of disposal were as follows:

	HK$'000
Consideration received:	
Cash received	50,931

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment (note 15)	68,352
Inventories	630
Trade, other receivables and prepayments	7,588
Bank balances and cash	10,990
Trade and other payables	(3,103)
Amounts due to other entities of the Group	(80,346)
Net assets disposed of	4,111
Gain on the disposal of subsidiaries:	
Consideration received	50,931
Net assets disposed of	(4,111)
	46,820
Reclassification adjustment to profit or loss upon disposal of subsidiaries	10,141
Gain on disposal	56,961
Net cash inflow arising on disposal	
Cash consideration	50,931
Less: bank balances and cash	(10,990)
	39,941

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

45. Retirement Benefits Scheme

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those funds of the Group under the control of trustees. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme.

Employees of the subsidiaries in the PRC, the United States, Singapore, Japan and Peru are members of pension schemes operated by the respective governments and private sectors. The subsidiaries are required to contribute a certain percentage of the relevant part of the payroll of these employees to the pension schemes to fund the benefits. The only obligation for the Group with respect to the pension schemes is the required contributions under the pension schemes.

46. Operating Lease Arrangements

The Group as Lessee

	2014	2013
	HK$'000	HK$'000
Minimum lease payments paid and expensed during the year:		
Rental of premises	**9,999**	10,936

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2014	2013
	HK$'000	HK$'000
Within one year	**3,889**	5,069
In the second to fifth years inclusive	**6,753**	9,190
After five years	**1,166**	2,698
	11,808	16,957

Leases for premises are negotiated with lease terms between 1 to 7 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

46. Operating Lease Arrangements – continued

The Group as Lessor

Rental income earned from properties during the year were HK$17,276,000 (2013: HK$15,544,000). Certain of the Group's investment properties and a portion of its freehold building and equipment in Peru have committed tenants ranging from one to five years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments in respect of investment properties and a portion of its freehold building and equipment which fall due as follows:

	2014	2013
	HK$'000	HK$'000
Within one year	**8,723**	8,622
In the second to fifth years inclusive	**16,481**	7,772
After five years	**265**	1,931
	25,469	18,325

47. Commitments

	2014	2013
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**12,246**	111,115

With effect from 16 July 2012, the Group had ongoing commitments to pay variable price for the supply of fish under the first, second and third LSA entered into with Perun and Alatir for a period of 10 to 18 years up to 31 December 2030. Variable price was calculated at 20% of the revenue derived from the sales of fish before deduction of amortisation of fixed prepayment to suppliers.

In addition, the Group had ongoing commitment to pay fixed price for the supply of fish of US$12,000 (approximately HK$93,600) per day per vessel for 6 fishing vessels under the fourth LSA entered into with Perun up to 31 December 2012. The fourth LSA was replaced by the New LSA in November 2012. The LSAs and the new LSA have been terminated with effect from 1 April 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

48. Contingent Liabilities

Certain subsidiaries of the Group are parties to legal processes in Peru with potential claims amounting to US$30,164,000 (approximately HK$235,277,000) (2013: US$31,864,000 (approximately HK$248,539,000)). These relate to environmental matters, employment disputes and miscellaneous claims, and also include an arbitration proceeding with a former shareholder of Copeinca regarding the proper exercise price payable under an option agreement. The Group's legal advisor has advised that US$14,144,000 (approximately HK$110,323,000) (2013: US$12,578,000 (approximately HK$98,108,000)) of these claims is likely to have unfavourable outcome for the Group and the outcome for claims of US$16,019,000 (approximately HK$124,948,000) (2013: US$19,286,000 (approximately HK$150,431,000)) cannot be reasonably ascertained. Additionally, there are claims which the legal advisor has opined to have remote chances of resulting in unfavourable outcomes for the Group. At the end of the reporting period, the Group had made a provision of US$14,144,000 (approximately HK$110,321,000) (2013: US$12,578,000 (approximately HK$98,108,000)) for these claims where the outcome is likely to be unfavourable to the Group.

At 28 September 2014, the Group provided guarantees of Euro110,000,000 (approximately HK$1,168,000,000) (2013: Euro110,000,000 (approximately HK$1,148,000,000)) to banks with the option to increase by a maximum amount of Euro30,000,000 (approximately HK$319,000,000) (2013: Euro 30,000,000 (approximately HK$313,000,000)) in respect of the facility guarantee and operational guarantee in favour of the wholly-owned operating entities held by Asarmona (see Note 5b (iii)). Details of the arrangements are set out in the Company's circular dated 22 June 2013. At 28 September 2014, an amount of HK$57,000,000 (2013: HK$54,000,000) has been recognised in the consolidated statement of financial position as liabilities.

Save as disclosed above, no member of the Group is engaged in any litigation or claims of material importance known to the directors to be pending or threatened against any members of the Group.

49. Pledge of Assets

(a) At 28 September 2014, the Group has pledged land and buildings and investment properties with aggregate carrying values of approximately HK$627,200,000 (2013: HK$321,930,000) and HK$292,600,000 (2013: restated HK$286,740,000) respectively, as collateral for mortgage loans and term loans granted to the Group by certain banks. In addition to the above, inventories of a subsidiary in the United States of America of HK$505,735,000 (2013: HK$297,834,000) were pledged as security for general banking facilities arranged for that subsidiary.

(b) At 28 September 2013, deposits amounting to HK$111,000 were pledged to a bank to secure an export invoice discounting facility granted to the Group.

(c) At 28 September 2014, inventories of fishmeal of HK$385,974,000 (2013: HK$63,885,000) and inventories of frozen fish and fillets amounting to HK$249,483,000 (2013: HK$205,341,000) were also pledged as security for the revolving inventory financing facilities obtained from banks.

(d) At 28 September 2013, the obligations under finance leases were secured by the lessors' title to the leased property, plant and equipment of a subsidiary in Peru with carrying values of HK$26,463,000.

(e) At 28 September 2014 and 2013, shares and net assets of certain subsidiaries were also pledged as securities for revolving inventory financing and term loan facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

50. Transfer of Financial Assets

The following were the financial assets of the Group (measured at amortised cost) transferred to banks, which did not qualify for derecognition in their entirety, at the end of the reporting periods:

Trade receivables with insurance coverage discounted to banks with recourse and bills receivable:

	2014	2013
	HK$'000	HK$'000
Carrying amount of transferred assets	**410,193**	546,197
Carrying amount of associated liabilities	**604,823**	547,697

Under the above arrangements, the Group transferred the contractual rights to receive cash flows from the trade receivables with insurance coverage and bills receivables to certain banks by discounting them for cash on a full recourse basis. Therefore, the directors of the Company consider the Group retained substantially all of the risk and rewards of ownership of the trade receivables with insurance coverage and bills receivables and continued to recognise the trade and bills receivables in the consolidated statement of financial position. Associated liabilities have been recognised and included in bank advances drawn on discounted trade receivables with insurance coverage and discounted bills.

51. Related Party Transactions

(a) During the year, the Group had entered into the following significant transactions with associates of the Group:

	2014	2013
	HK$'000	HK$'000
Sales of frozen seafood	**607,827**	599,010
Vessel charter income	**207,621**	247,528
Purchases of frozen seafood	**35,627**	20,707
Agency income	**9,247**	9,690

(b)

	2014	2013
	HK$'000	HK$'000
Bank advances drawn by the Group on discounted trade receivables with insurance coverage of:		
– associates of the Group	**57,764**	61,749
The above advances are secured by trade receivables of:		
– associates of the Group	**64,182**	68,610

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

52. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 28 September 2014 and 2013 are as follows:

Name	Place/ country of incorporation or registration/ operation	Issued and fully paid-up capital/ contributed capital	Proportion of nominal value of issued capital held by the Company/ subsidiaries 2014 %	2013 %	attributable to the Group 2014 %	2013 %	Principal activities
Aqua Foods (Qingdao) Co., Ltd.	PRC (note a)	Registered US$5,000,000	**100**	100	**100**	100	Seafood processing
Bonaire Developments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	**100**	100	**100**	100	Property holding
CFG Investment S.A.C. ("CFGI")	Peru	Registered US$5,000,300	**71**	71	**38**	38	Fishing and fishmeal processing
Copeinca AS (note d) (formerly known as Copeinca ASA)	Norway	Ordinary NOK351,000,000	**100**	99	**38**	38	Investment holding
Champion Shipping Limited	British Virgin Islands/ Worldwide	Ordinary US$1	**100**	100	**66**	66	Vessel holding
Corporacion Pesquera Inca S.A.C. ("CPI")	Peru	Registered Peruvian Nuevo Sales 457,417,784	**100**	99	**38**	38	Operation of fishing vessels and fishmeal plants, sales of fish and marine catches, fishmeal and fish oil
Chasterton Group Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	**100**	100	**100**	100	Property holding
China Fishery Group Limited (note c)	Cayman Islands	Ordinary US$102,317,728	**71**	71	**38**	38	Investment holding
China Fisheries International Limited	Samoa/Worldwide	Ordinary US$1,000	**71**	71	**38**	38	Management and operation of fishing vessels and sales of fish and other marine catches
Clamford Holding Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	**100**	100	**100**	100	Investment holding
Europaco Limited	British Virgin Islands/ Worldwide	Ordinary US$1	**100**	100	**100**	100	Trading of processed seafood products
Europaco (AP) Limited	British Virgin Islands/ Worldwide	Ordinary US$1	**100**	100	**100**	100	Trading of processed seafood products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

52. Particulars of Principal Subsidiaries – continued

Name	Place/ country of incorporation or registration/ operation	Issued and fully paid-up capital/ contributed capital	Proportion of nominal value of issued capital held by the Company/ subsidiaries 2014 %	2013 %	attributable to the Group 2014 %	2013 %	Principal activities
Europaco (EP) Limited	British Virgin Islands/ Worldwide	Ordinary US$1	**100**	100	**100**	100	Trading of processed seafood products
Europaco (GP) Limited	British Virgin Islands/ Worldwide	Ordinary US$1	**100**	100	**100**	100	Trading of processed seafood products
Europaco (HP) Limited	Hong Kong/Worldwide	Ordinary HK$2	**100**	100	**100**	100	Trading of processed seafood products
Europaco (QP) Limited	Samoa/Worldwide	Ordinary US$1	**100**	100	**100**	100	Trading of processed seafood products
Fastact Group Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	**100**	100	**100**	100	Property holding
Glorious Ocean Limited	Hong Kong/Hong Kong	Ordinary HK$2	**100**	100	**100**	100	Property holding, provision of treasury and administrative services
Grandluck Enterprises Limited	Hong Kong/Hong Kong	Ordinary US$1	**100**	100	**100**	100	Property holding
National Fish and Seafood Limited	Hong Kong/Worldwide	Ordinary HK$2	**100**	100	**60**	60	Trading of frozen seafood products
National Fish & Seafood Inc.	USA/Worldwide	Ordinary US$10,000	**60**	60	**60**	60	Trading and processing of frozen seafood products
Nouvelle Foods International Limited	British Virgin Islands/ Worldwide	Ordinary US$1	**100**	100	**100**	100	Trading of processed seafood products
Pacific Andes Enterprises (BVI) Limited	British Virgin Islands/ Worldwide	Ordinary US$1	**100**	100	**66**	66	Trading of frozen seafood products
Pacific Andes Enterprises (Hong Kong) Limited	Hong Kong/Hong Kong	Ordinary HK$200 Non-voting deferred HK$10,000,000 (note b)	**100**	100	**100**	100	Property holding, provision of treasury and administrative services and trading of frozen seafood products
Pacific Andes Food (Hong Kong) Company Limited	Hong Kong/Worldwide	Ordinary HK$10,000	**100**	100	**66**	66	Provision of treasury and administrative services
Pacific Andes Food Limited	PRC (note a)	Registered US$117,000,000	**100**	100	**100**	100	Seafood processing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

52. Particulars of Principal Subsidiaries – continued

Name	Place/ country of incorporation or registration/ operation	Issued and fully paid-up capital/ contributed capital	Proportion of nominal value of issued capital held by the Company/ subsidiaries 2014 %	2013 %	attributable to the Group 2014 %	2013 %	Principal activities
Pacific Andes Food (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	**100**	100	**100**	100	Investment holding
Pacific Andes Resources Development Limited ("PARD") (note c)	Bermuda/Singapore	Ordinary S$239,549,617	**66**	66	**66**	66	Investment holding
Pacific Andes International Holdings (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	**100**	100	**100**	100	Investment holding
Pacific Andes Treasury Management Limited	Hong Kong/ Hong Kong	Ordinary HK$10,000,000	**100**	100	**100**	100	Provision of treasury services
Pacos Processing Limited	Cayman Island/Worldwide	Ordinary US$1	**100**	100	**100**	100	Trading of processed seafood products
Pacos Trading Limited	Cayman Island/Worldwide	Ordinary US$1	**100**	100	**66**	66	Investment holding
Paco Alpha Limited	British Virgin Islands/ Worldwide	Ordinary US$1	**100**	100	**66**	66	Vessel holding
Paco Beta Limited	British Virgin Islands/ Worldwide	Ordinary US$1	**100**	100	**66**	66	Trading of marine fuel
Parkmond Group Limited	British Virgin Islands/ Worldwide	Ordinary US$1	**100**	100	**66**	66	Trading of frozen seafood products
Pelican Food Limited	British Virgin Islands/ Worldwide	Ordinary US$100	**100**	100	**100**	100	Investment holding
Qingdao Canning Foodstuff Co. Ltd.	PRC (note a)	Registered US$12,100,000	**100**	100	**100**	100	Seafood processing
Sevenseas Enterprises Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	**100**	100	**100**	100	Property holding
Xinxing Foodstuffs (Qingdao) Company Limited	PRC (note a)	Registered US$910,000	**100**	100	**100**	100	Seafood processing
青島太平洋恩利國際貿易有限公司	PRC (note a)	Registered RMB30,000,000	**100**	100	**100**	100	Trading of seafood products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

52. Particulars of Principal Subsidiaries – continued

Notes:

(a) The subsidiaries are wholly foreign owned enterprises registered in the PRC.

(b) The non-voting deferred shares carry practically no rights to dividends nor receive notice of nor to attend or vote at any general meeting of the relevant company nor to participate in any distribution on winding up.

(c) The subsidiaries are listed on the Singapore Exchange Securities Trading Limited.

(d) The subsidiary was previously listed on the Oslo Stock Exchange of Norway with a secondary listing on Bolsa de Valores de Lima (being the stock exchange in Peru) and delisted during the current financial year.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or constituted a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Except for PARD which has issued bonds (note 37), CFGI and Copeinca which has issued senior notes (note 38), none of the subsidiaries had any debt securities outstanding at the end of the reporting period.

Details of Non-wholly Owned Subsidiary that have Material Non-controlling Interest

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	**2014**	2013	**2014**	2013
				HK$'000	HK$'000	**HK$'000**	HK$'000
PARD	Bermuda/Singapore	**33.55%**	33.55%	**319,861**	250,866	**3,665,444**	3,373,266
China Fishery	Cayman Islands/ Worldwide	**42.08%**	42.08%	**203,252**	241,655	**3,868,426**	3,699,636
Individually immaterial subsidiaries with non-controlling interests				**(5,188)**	(2,541)	**(66,337)**	4,234
				517,925	489,980	**7,467,533**	7,077,136

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2014	2013
	HK$'000	HK$'000
PARD and its subsidiaries		
Current assets	**14,928,324**	11,313,199
Non-current assets	**17,798,205**	20,182,128
Current liabilities	**(6,842,359)**	(9,046,643)
Non-current liabilities	**(10,822,523)**	(8,386,815)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

52. Particulars of Principal Subsidiaries – continued

Details of Non-wholly Owned Subsidiaries that Have Material Non-controlling Interest – continued

	2014	2013
	HK$'000	HK$'000
Revenue	**8,125,981**	8,764,092
Cost of sales	**(6,332,934)**	(7,359,796)
Other income	**917,415**	1,142,900
Share of results of associates	**35,504**	57,540
Expenses	**(1,483,191)**	(1,680,940)
Taxation	**(92,529)**	70,567
Profit for the year	**1,170,246**	994,363
Other comprehensive income	**10,695**	43,332
Total comprehensive income for the year	**1,180,941**	1,037,695
Dividends paid to non-controlling interests	**37,174**	36,636
Net cash (used in) from operating activities	**(885,305)**	4,050,085
Net cash from (used in) investing activities	**1,181,353**	(6,917,102)
Net cash from financing activities	**113,897**	3,037,499
Net cash inflow	**409,945**	170,482

	2014	2013
	HK$'000	HK$'000
China Fishery and its subsidiaries		
Current assets	**6,684,795**	4,537,962
Non-current assets	**15,214,563**	17,055,496
Current liabilities	**(2,790,356)**	(4,522,736)
Non-current liabilities	**(9,678,583)**	(7,961,866)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

52. Particulars of Principal Subsidiaries – continued

Details of Non-wholly Owned Subsidiaries that Have Material Non-controlling Interest – continued

	2014 HK$'000	2013 HK$'000
Revenue	**4,920,517**	4,329,107
Cost of sales	**(3,282,626)**	(3,190,292)
Other income	**116,633**	699,964
Expenses	**(1,145,453)**	(1,284,543)
Taxation	**(112,382)**	56,964
Profit for the year	**496,689**	611,200
Other comprehensive income	**6,396**	33,673
Total comprehensive income for the year	**503,085**	644,873
Dividends paid to non-controlling interests	**–**	–
Net cash from operating activities	**89,911**	2,093,387
Net cash from (used in) investing activities	**518,926**	(6,914,302)
Net cash (used in) from financing activities	**(183,659)**	5,001,571
Net cash inflow	**425,178**	180,656

53. Particulars of Principal Associates

Particulars of the Group's principal associates as at 28 September 2014 and 2013 are as follows:

Name	Forms of business structure	Place of incorporation	Attributable proportion of nominal value of issued/registered capital held by the Company 2014 %	2013 %	Principal activities
Global Research Group Inc.	Incorporated	British Virgin Islands	**50**	50	Investment holding
Global Research Services Inc.	Incorporated	British Virgin Islands	**50**	50	Provision of interactive electronic data base
Pacos Processing Limited	Incorporated	Republic of Cyprus	**20**	20	Trading of processed seafood products
Paco-EP Limited	Incorporated	Republic of Cyprus	**20**	20	Trading of processed seafood products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 September 2014

53. Particulars of Principal Associates – continued

Name	Forms of business structure	Place of incorporation	Attributable proportion of nominal value of issued/ registered capital held by the Company 2014 %	2013 %	Principal activities
Paco-GP Limited	Incorporated	Republic of Cyprus	**20**	20	Trading of processed seafood products
Paco-HP Limited	Incorporated	Republic of Cyprus	**20**	20	Trading of processed seafood products
Pacos (QP) Limited	Incorporated	Republic of Cyprus	**20**	20	Trading of processed seafood products
Pacos Trading Limited	Incorporated	Republic of Cyprus	**13***	13*	Provision of shipping services
Paco (ET) Limited	Incorporated	Republic of Cyprus	**13***	13*	Inactive
Paco (GT) Limited	Incorporated	Republic of Cyprus	**13***	13*	Inactive
Paco (HT) Limited	Incorporated	Republic of Cyprus	**13***	13*	Inactive
Tassal Group Limited ("Tassal") (note)	Incorporated	Australia	**Note**	23	Hatching, farming, processing, sales and marketing of Atlantic salmon
Aproferrol S.A.	Incorporated	Peru	**38**	N/A	Processing of waste water from companies that produce fishmeal and fish oil in Chimbote, Peru

* The Group is able to exercise significant influence because these companies are associates of Pacos Trading Limited (Cayman), a wholly owned subsidiary of PARD which owned 20% interests on them, and Pacos Trading Limited (Cayman) is able to exercise significant influence on these associates.

Note: The Group has disposed of its about 18.09% interest in Tassal during the year, and the remaining interest of 4.64% in Tassal is treated as held-for-trading investments as at 28 September 2014.

54. Events after the Reporting Period

On 11 November 2014, the Company announced proposing to raise approximately HK$410.4 million (after deduction of expenses) by way of the rights issue, pursuant to which 2,361,034,342 rights shares will be issued at the subscription price of HK$0.18 per rights share. The Company will provisionally allot one rights share for every two existing shares held by the qualifying shareholders as at the close of business on the 25 November 2014. The prospectus regarding the rights issue were issued on 26 November 2014. The rights issue was completed on 18 December 2014.

On 4 December 2014, the Company's subsidiary, PARD, announced proposing to raise approximately S$192.3 million (approximately HK$1,153.8 million) (after deduction of expenses) by way of the rights issue on the basis of four rights shares for every five existing ordinary shares held by the shareholders of PARD, in which 3,832,793,870 rights shares will be issued at the subscription price of S$0.051 (approximately HK$0.31) per rights share. The rights issue is not yet completed at the date these consolidated financial statements were authorised to issue.

FINANCIAL SUMMARY

	2010 HK$'000 (Note 1,2)	2011 HK$'000 (Note 2)	2012 HK$'000 (restated)	2013 HK$'000 (restated)	**2014** **HK$'000**
Results					
Turnover	11,470,543	14,245,411	14,589,468	13,286,029	**12,540,593**
Operating profit	1,144,452	988,644	744,133	745,641	**1,066,476**
Share of results of associates	1,515	(242)	38,459	57,540	**35,504**
	1,145,967	988,402	782,592	803,181	**1,101,980**
Taxation	(55,138)	(61,759)	(44,092)	53,113	**(98,302)**
Profit for the year	1,090,829	926,643	738,500	856,294	**1,003,678**
Non-controlling interests	(597,804)	(565,979)	(470,625)	(489,980)	**(517,925)**
	493,025	360,664	267,875	366,314	**485,753**

	2010 HK$'000 (Note 1,2)	2011 HK$'000 (Note 2)	2012 HK$'000 (restated)	2013 HK$'000 (restated)	**2014** **HK$'000**
Assets and liabilities					
Total assets	21,164,871	26,368,914	29,410,387	38,343,822	**39,066,628**
Total liabilities	(10,736,796)	(15,029,333)	(16,202,006)	(23,491,814)	**(23,275,367)**
Total equity	10,428,075	11,339,581	13,208,381	14,852,008	**15,791,261**
Equity component of convertible bonds of a listed subsidiary	(35,482)	(35,482)	–	–	**–**
Share of net assets of subsidiaries	(4,583,702)	(5,097,748)	(5,916,238)	(7,077,136)	**(7,467,533)**
Equity attributable to owners of the Company	5,808,891	6,206,351	7,292,143	7,774,872	**8,323,728**

Notes:

1. Restatement regarding the adoption of amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" has not been performed for the year ended 28 September 2010.

2. Restatement regarding the adoption of HKFRS 11 "Joint Arrangements" has not been performed for as at 28 September 2010 and 2011.