

## PACIFIC ANDES ANNOUNCES FY2009 ANNUAL RESULTS

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### Investments Begin to Bear Fruit in FY2010

#### Financial Highlights

	For the six months ended 28 September		
	FY2009 (HK\$ million)	FY2008 (HK\$ million)	YOY Changes
Turnover	5,557	5,460	+1.8%
Gross profit	916	867	+5.6%
EBITDA	858	777	+10.4%
Net profit attributable to shareholders excluding one-off expenses	198	184	+7.8%
Dividend per share	HK1.7 cents	NA	NM

- **Fishing fleet for new South Pacific operations expanded, poising for further access to under-utilized and abundant ocean resources**
- **Hongdao Processing Complex in Qingdao commenced full commercial production in August 2009 after the EU export license was granted**
- **Significant rebound in fishmeal price due to stronger market demand since October 2009**
- **China Fishery Group Limited (“China Fishery”) applied for secondary listing on Oslo Børs ASA of Norway, a globally recognized exchange for the fishing and seafood industry**

(Hong Kong, 21 January 2010) – Leading international frozen seafood supplier **Pacific Andes International Holdings Limited** (HKEx: 1174) (“Pacific Andes” or “the Group”), today announced its annual results for the six months ended 28 September 2009 (“FY2009”), which is the first results announcement after the change of year end date to 28 September.

Despite uncertain economic conditions during the period, Pacific Andes achieved satisfactory growth on all fronts for the period ended 28 September 2009. Turnover increased by 1.8% to HK\$5,557 million (approximately US\$712 million). Gross profit grew 5.6% to HK\$916 million (approximately US\$117 million) while EBITDA rose 10.4% to HK\$858 million (approximately US\$110 million). Net profit decreased by 2.8% to HK\$360 million (approximately US\$46 million). Excluding the one-off expenses associated with the Rights Issue of its subsidiary of Pacific Andes Resources Development Limited (“PARD”), net profit attributable to shareholders went up 7.8% to HK\$198 million (approximately US\$25 million). Basic earnings per share were HK 7.1 cents (6MFY2008: HK 9.6 cents).

The Board of Directors has recommended a final dividend of HK1.7 cents per share for FY2009. Shareholders are provided with an option to receive the final dividend in the form of Scrip Shares in lieu of cash. The Board has also proposed a bonus warrants issue of 5 existing shares for 1 bonus warrant, to subscribe for shares of the Group at HK\$1.8 per share. The proceeds from the bonus warrants issue enable the Group to subscribe for the warrants of PARD which will expire in July 2011.

#### **Business Review**

The **fishing division**, which operates through its Singapore-listed subsidiary China Fishery, recorded a drop in turnover of 4.5% to HK\$1,670 million (approximately US\$214 million), accounting for 30.1% of Group’s turnover. This was mainly attributable to the partial shift of fishing activities in the North Pacific from first quarter to the fourth quarter of calendar year 2009, and the softening of fishmeal prices during the period under review.

To further secure access to under-utilized and abundant ocean resources, the Group expanded its fishing fleet for the new South Pacific operations during the period; adding seven catcher vessels and a factory trawler to the five super-trawlers that were re-deployed from North Pacific operations.

The implementation of the Individual Transferable Quota (“ITQ”) system in Peru has allowed the Group to add to its fleet and enhance plant utilization, improve product quality and achieve better product yield rates. Although fishmeal prices softened during the period, the Group is now witnessing a significant rebound in price due to stronger market demand since October 2009.

The **frozen fish SCM division**, which operates through its Singapore listed subsidiary PARD, continued to deliver stable and consistent returns with a 0.7% increase in turnover to HK\$2,057 million (approximately US\$264 million), or 37.0% of the Group’s turnover, despite an increase in trading volume. The turnover growth is mainly attributable to the increase in sales of lower-priced fish in view of the lower purchasing power as a result of uncertain economic conditions. During the period under review, the division expanded its market share and enhanced profitability by taking full advantage of economies of scale, meeting changing customer demands, adjusting product mix and diversifying geographical markets. The Group’s geographical reach was also expanded to the burgeoning growth regions of Eastern Europe and Africa.

The **processing and distribution division** recorded a 9.1% increase in turnover to HK\$1,811 million (approximately US\$232 million), or 32.6% of the Group’s turnover, due mainly to continuous increase in market demand for lower-priced fish fillets and portions. However, sales volume decreased during the period as shipments to Europe from the new processing plant were temporarily delayed due to the fact that the EU export license for the new production facilities were only granted in August 2009.

To increase the production capacity of the Group, its state-of-the-art, 333,000 square meter Hongdao Processing Complex in Qingdao commenced trial operations in February 2009. The new plant exemplifies the Group’s commitment to setting the highest standards for the industry. It also enhances the Group’s service to customers with fully traceable products, provides higher economies of scale and supports sustainable growth of the business. This division has helped the Group maintain its position as the world’s largest white fish fillet producer.

### **Market & Company Outlook**

Global demand for fish is expected to continue to increase steadily, supported by increasing population, rising affluence in developing countries, and growing health consciousness among consumers, leading to preference for more seafood-rich diets. There is a trend towards maximizing the use of fish catch to satisfy the increasing demand for human consumption.

In light of uncertain economic conditions, consumption of frozen ready-meals has risen across the global retail industry. Increasing food safety awareness, coupled with rising demand for environmentally-friendly products, has led to a rising preference for seafood products.

The Group’s key development plans for FY2010 are:

#### ***New revenue stream from South Pacific operations***

To tap and commercialize under-utilized fish resources for higher-value human consumption, the Group will commence its South Pacific fishing operations in 2010, which boasts the most efficient fishing fleet, a comprehensive logistics support system, and a high caliber fishing crew and management.

#### ***Benefit from strong fishmeal price***

Toward the end of the reporting period, stronger demand in the aquaculture industry and low inventory levels in the PRC had driven up prices for fishmeal products. With continued efforts to optimize efficiency and enhance fleet and plant utilization, the Group expects good performance from the Peruvian fishmeal operations in the year to come.

***Breadth and depth the Group's sales network***

The frozen fish SCM division has a very strong presence in the PRC and is currently the country's largest supplier of imported frozen fish. In addition to giving priority to the important PRC market, the Group is expanding its market presence, particularly in Eastern Europe and Africa. The Group also plans to drive product diversification with the aim of increasing share in its established markets.

***Drive greater operating efficiency at the Hongdao processing complex***

The Group will further streamline and optimize the operating efficiencies of production plants in the PRC. The Group expects full-scale operations at the Hongdao processing complex within fiscal year 2010 which helps to further solidify its leading position in the market.

***Fortify capital structure to provide financial strength and flexibility***

China Fishery intends to seek secondary listing of all of its ordinary shares on the Oslo Børs ASA of Norway - a globally recognised exchange for the fishing and seafood industry. The listing is intended to further raise the profile of China Fishery within the global investment community and to better reflect its shareholder value.

**Mr. Ng Joo Siang, Vice-Chairman and Managing Director of Pacific Andes**, said, "FY2010 is a year of harvest for Pacific Andes. By creating a stronger and more focused company we have been able to optimize shareholders' returns in the frozen seafood industry. As a result of our global orientation and vertically integrated operations, we are well-placed to exploit existing opportunities for growth in the highly fragmented fishing and seafood processing industry. We will take advantage of opportunities in order to further extend our value chain.

"With a stronger equity base and infrastructure, we are well-prepared and determined to continue the Group's growth and create fruitful returns to shareholders."

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**About Pacific Andes International Holdings Limited:**

Established in 1986 and listed on the Mainboard of Hong Kong Stock Exchange in 1994, Pacific Andes International Holdings Limited (1174.HK, "Pacific Andes") 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 and distribution of frozen fish products, as well as fishmeal and fish oil. Its businesses span across the world with factories located in China, Japan, United States and Peru. Today, Pacific Andes is the world's largest white fish fillet producer.

Pacific Andes achieved an uninterrupted growth of turnover and net profit for the past 10 years, posting a CAGR growth of 21% and 39% respectively.

Pacific Andes' resource development and supply chain management division, Pacific Andes Resources Development Limited, and its industrial fishing arm, China Fishery Group Limited, were listed on the Singapore Exchange in 1996 and 2006 respectively.

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