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PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED

太平洋恩利國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1174)

OVERSEAS REGULATORY ANNOUNCEMENT

**ANNOUNCEMENT IN RELATION TO
THE UNAUDITED RESULTS
FOR THE FIRST QUARTER ENDED 28 DECEMBER 2009 OF
PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED**

The Board of Directors of Pacific Andes International Holdings Limited (the “Company”) announces the unaudited consolidated results of Pacific Andes Resources Development Limited (“PARD”), the Company’s 65% owned subsidiary, the shares which are listed on the Singapore Exchange Securities Trading Limited, and its subsidiaries (the “PARD Group”) for the first quarter ended 28 December 2009.

This announcement is a reproduction of the announcement made by PARD pursuant to the Listing Manual of Singapore Exchange Securities Trading Limited on 10 February 2010. Hereinbelow is the unaudited results of PARD and PARD Group for the first quarter ended 28 December 2009 issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Directors

As at the date of this announcement, the executive directors of the Company are Madam Teh Hong Eng, Mr. Ng Joo Siang, Mr. Ng Joo Kwee, Mr. Ng Joo Puay, Frank and Ms. Ng Puay Yee whilst the independent non-executive directors of the Company are Mr. Lew V. Robert, Mr. Kwok Lam Kwong, Larry and Mr. Tao Kwok Lau, Clement.

10 February 2010

Below is the content of the announcement of PARD released in Singapore on 10 February 2010.

Note: The expressions “Company” and “Group” mean Pacific Andes Resources Development Limited and Pacific Andes Resources Development Limited and its subsidiaries respectively.

PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED

First Quarter Financial Statement for the Period Ended 28 December 2009

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Income Statement for the first quarter ended 28 December 2009

	Group		
	First quarter ended		
	29.09.2009 to	01.10.2008 to	Increase/
	28.12.2009	31.12.2008	(decrease)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Revenue	1,563,994	1,562,094	0.1
Cost of sales	<u>(1,252,632)</u>	<u>(1,272,732)</u>	(1.6)
Gross profit	311,362	289,362	7.6
Other operating income	8,372	12,852	(34.9)
Selling and distribution expenses	(60,230)	(23,680)	154.3
Administrative expenses	(40,908)	(50,149)	(18.4)
Finance costs	<u>(82,881)</u>	<u>(115,063)</u>	(28.0)
	135,715	113,322	19.8
Share of results of associates	<u>634</u>	<u>(70)</u>	1,005.7
Profit before income tax	136,349	113,252	20.4
Income tax benefit	<u>14,132</u>	<u>19,295</u>	(26.8)
Profit for the period	<u>150,481</u>	<u>132,547</u>	13.5
Attributable to:			
Owners of the Company	100,386	87,119	15.2
Minority interests	<u>50,095</u>	<u>45,428</u>	10.3
	<u>150,481</u>	<u>132,547</u>	13.5

Consolidated Statement of Comprehensive Income

	Group		Increase %
	First quarter ended		
	29.09.2009 to 28.12.2009 <i>HK\$'000</i>	01.10.2008 to 31.12.2008 <i>HK\$'000</i>	
Profit for the period	150,481	132,547	13.5
Other comprehensive income:			
Exchange difference on translation of the Group's overseas operation	<u>15</u>	<u>7</u>	114.3
Total comprehensive income for the period	<u>150,496</u>	<u>132,554</u>	13.5
Attributable to:			
Owners of the Company	100,401	87,126	15.2
Minority interests	<u>50,095</u>	<u>45,428</u>	10.3
	<u>150,496</u>	<u>132,554</u>	13.5

	Group		Increase/ (decrease) %
	First quarter ended		
	29.09.2009 to 28.12.2009 <i>HK\$'000</i>	01.10.2008 to 31.12.2008 <i>HK\$'000</i>	
Other operating income including interest income	8,372	12,852	(34.9)
Interest on borrowings	(80,386)	(112,568)	(28.6)
Amortisation of senior notes issuing expenses including in finance costs	(2,495)	(2,495)	–
Amortisation of deferred charter hire	(43,160)	(43,160)	–
Depreciation expense	(54,289)	(32,204)	68.6
(Loss) gain on disposal of property, plant and equipment	(639)	146	(537.7)
Foreign exchange gain(loss)	<u>5,151</u>	<u>(4,317)</u>	219.3

Note: A substantial portion of the Group's profit neither arises in, nor is derived from any tax jurisdictions and consequently is not subject to tax.

1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	28.12.2009	28.09.2009	28.12.2009	28.09.2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS				
Property, plant and equipment	3,091,364	2,871,988	–	–
Investment properties	37,555	37,540	–	–
Goodwill	2,708,107	2,705,828	–	–
Deferred charter hire	1,361,800	1,404,960	–	–
Available-for-sale investments	7,800	7,800	–	–
Held-to-maturity financial assets	–	–	47,385	47,385
Interests in subsidiaries	–	–	4,471,464	4,493,506
Interests in associates	13,256	12,622	–	–
Other intangible assets	581,399	581,399	–	–
	<u>7,801,281</u>	<u>7,622,137</u>	<u>4,518,849</u>	<u>4,540,891</u>
CURRENT ASSETS				
Inventories	430,167	372,624	–	–
Trade and bills receivables	1,622,068	1,406,890	–	–
Other receivables and prepayments	2,933,747	3,021,033	133	1,380
Current portion of deferred charter hire	172,640	172,640	–	–
Derivative financial instruments	1,878	–	–	–
Prepaid income tax	35,488	46,379	–	–
Pledged deposits	44,839	44,532	–	–
Bank balances and cash	197,896	173,359	717	874
	<u>5,438,723</u>	<u>5,237,457</u>	<u>850</u>	<u>2,254</u>
CURRENT LIABILITIES				
Trade and other payables	183,528	278,558	4,516	20,284
Income tax payable	21,784	16,351	–	–
Amounts due to Pacific Andes International Holdings Limited and its subsidiaries	1,522	3,111	–	–
Deferred consideration payable	20,125	39,839	–	–
Derivative financial instruments	–	5,640	–	–
Bank advances drawn on bills and discounted trade receivables with insurance coverage	133,175	31,110	–	–
Current portion of finance leases	43,423	37,491	–	–
Current portion of interest-bearing bank borrowings	2,749,435	2,461,918	–	–
	<u>3,152,992</u>	<u>2,874,018</u>	<u>4,516</u>	<u>20,284</u>
NET CURRENT ASSETS (LIABILITIES)	<u>2,285,731</u>	<u>2,363,439</u>	<u>(3,666)</u>	<u>(18,030)</u>

	Group		Company	
	28.12.2009	28.09.2009	28.12.2009	28.09.2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES				
Finance leases	104,148	81,302	–	–
Interest-bearing bank borrowings	352,700	411,403	–	–
Convertible bonds	598,927	591,666	598,927	591,666
Senior notes	1,663,703	1,661,208	–	–
Deferred tax liabilities	205,672	226,284	–	–
	<u>2,925,150</u>	<u>2,971,863</u>	<u>598,927</u>	<u>591,666</u>
NET ASSETS	<u>7,161,862</u>	<u>7,013,713</u>	<u>3,916,256</u>	<u>3,931,195</u>
CAPITAL AND RESERVES				
Share capital	705,138	705,133	705,138	705,133
Reserves	5,242,964	5,142,569	3,211,118	3,226,062
Attributable to owners of the Company	5,948,102	5,847,702	3,916,256	3,931,195
Minority interests	1,213,760	1,166,011	–	–
TOTAL EQUITY	<u>7,161,862</u>	<u>7,013,713</u>	<u>3,916,256</u>	<u>3,931,195</u>

Note: Deferred charter hire represent the prepayment made by China Fisheries International Limited, a wholly-owned subsidiary of China Fishery Group Limited, for long term chartering of fishing vessels.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 28.12.2009		As at 28.09.2009	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
365,344	2,560,689	118,083	2,412,436

Amount repayable after one year

As at 28.12.2009		As at 28.09.2009	
Secured	Unsecured	Secured	Unsecured
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
261,184	2,458,294	277,541	2,468,038

Details of any collateral

The Group had pledged certain land and buildings with aggregate net carrying values of approximately HK\$23.3 million (28.09.2009: HK\$23.5 million) to secure the mortgage loan of the Group granted by a bank.

Certain of the Group's office premises, fishmeal processing plants, fishing vessels and vehicles in Peru are held under finance leases with net carrying value of approximately HK\$233.2 million (28.09.2009: HK\$356.7 million).

The inventory loans of a Peruvian subsidiary of China Fishery Group Limited are pledged by its fishmeal inventories in Peru with net carrying value of approximately HK\$138.8 million (28.09.2009: HK\$28.2 million).

A fishing vessel with net carrying value of approximately HK\$776.1 million (28.09.2009: HK\$677.0 million), shares of a subsidiary (28.09.2009: shares of a subsidiary) and a deposit of approximately HK\$44.5 million (28.09.2009: HK\$44.3 million) were pledged as securities for a term loan as at 28 December 2009.

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

	29.09.2009 to 28.12.2009	01.10.2008 to 31.12.2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating activities		
Profit before income tax	136,349	113,252
Adjustments for:		
Share of results of associates	(634)	70
Interest expense	80,386	112,568
Interest income	(349)	(1,209)
Amortisation of deferred charter hire	43,160	43,160
Amortisation of senior notes issuing expenses	2,495	2,495
Depreciation expense	54,289	32,204
Excess of fair value of net assets over cost of business combination	–	(105)
Loss (gain) on disposal of property, plant and equipment	639	(146)
Fair value changes on forward contracts	(7,518)	–
	<hr/>	<hr/>
Operating cash flows before movements in working capital	308,817	302,289
Inventories	(57,543)	189,278
Trade and bills receivables, other receivables and prepayments	(127,892)	(198,899)
Trade and other payables	(51,769)	(183,969)
	<hr/>	<hr/>
Cash generated from operations	71,613	108,699
Interest paid	(116,386)	(118,142)
Income tax refund (paid)	9,844	(40,680)
	<hr/>	<hr/>
Net cash used in operating activities	(34,929)	(50,123)
	<hr/>	<hr/>
Investing activities		
Interest received	349	1,209
Proceeds on disposal of property, plant and equipment	–	146
Purchase of property, plant and equipment	(274,304)	(156,669)
Payment of deferred consideration payable	(19,714)	–
Net cash outflow arising on acquisition of additional interest in subsidiaries	(4,625)	(1,016)
Net cash outflow arising on acquisition of subsidiaries	–	(2,030)
	<hr/>	<hr/>
Net cash used in investing activities	(298,294)	(158,360)
	<hr/>	<hr/>

	29.09.2009 to 28.12.2009	01.10.2008 to 31.12.2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financing activities		
Proceeds from issue of shares on exercise of warrants	24	–
Transaction cost of issuing new shares	(25)	(329)
Net cash (repaid to) advanced from Pacific Andes International Holdings Limited and its subsidiaries	(1,589)	3,432
Bank advances drawn on bills and discounted trade receivables with insurance coverage raised	102,065	39,191
Obligation under finance leases	28,778	(16,013)
Net bank borrowings raised	217,077	5,682
Increase in pledged deposits	(307)	–
Net cash from financing activities	<u>346,023</u>	<u>31,963</u>
Exchange difference arising on consolidation	–	1
Net increase (decrease) in cash and cash equivalents	12,800	(176,520)
Cash and cash equivalents at beginning of the year/period	<u>168,487</u>	<u>347,111</u>
Cash and cash equivalents at end of the period (Note)	<u>181,287</u>	<u>170,592</u>
<i>Note:</i>		
Bank balances and cash	197,896	170,592
Bank overdrafts	(16,609)	–
	<u>181,287</u>	<u>170,592</u>

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

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Warrants reserve HK\$'000	Revaluation reserve HK\$'000	Currency exchange translation reserve HK\$'000	Retained earnings HK\$'000	Minority interests HK\$'000	Total HK\$'000
Group										
Balance at 1 October 2008	1,331,797	1,218,939	(52,655)	42,226	-	14,104	(2,323)	1,472,314	923,440	4,947,842
Share issue expenses	-	(329)	-	-	-	-	-	-	-	(329)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(1,121)	(1,121)
Total comprehensive income for the period	-	-	-	-	-	-	7	87,119	45,428	132,554
Balance at 31 December 2008	<u>1,331,797</u>	<u>1,218,610</u>	<u>(52,655)</u>	<u>42,226</u>	<u>-</u>	<u>14,104</u>	<u>(2,316)</u>	<u>1,559,433</u>	<u>967,747</u>	<u>5,078,946</u>
Balance at 1 April 2009	1,331,797	1,218,610	(52,655)	39,710	-	9,922	(2,328)	1,920,999	1,087,996	5,554,051
Capital reduction from S\$0.20 to S\$0.05	(998,848)	998,848	-	-	-	-	-	-	-	-
Issue of shares on rights issue	372,148	579,530	-	-	164,767	-	-	-	-	1,116,445
Issue of shares on exercise of warrants	36	206	-	-	(78)	-	-	-	-	164
Share issue expenses	-	(24,451)	-	-	-	-	-	-	-	(24,451)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(19,732)	(19,732)
Decrease in equity portion of convertible bonds on repurchase	-	-	-	(2,265)	-	-	-	-	-	(2,265)
Total comprehensive income for the period	-	-	-	-	-	7,598	16	284,140	97,747	389,501
Balance at 28 September 2009	705,133	2,772,743	(52,655)	37,445	164,689	17,520	(2,312)	2,205,139	1,166,011	7,013,713
Issue of shares on exercise of warrants	5	30	-	-	(11)	-	-	-	-	24
Share issue expenses	-	(25)	-	-	-	-	-	-	-	(25)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(2,346)	(2,346)
Total comprehensive income for the period	-	-	-	-	-	-	15	100,386	50,095	150,496
Balance at 28 December 2009	<u>705,138</u>	<u>2,772,748</u>	<u>(52,655)</u>	<u>37,445</u>	<u>164,678</u>	<u>17,520</u>	<u>(2,297)</u>	<u>2,305,525</u>	<u>1,213,760</u>	<u>7,161,862</u>

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Warrants reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Company						
Balance at 1 October 2008	1,331,797	1,218,939	42,226	–	103,111	2,696,073
Share issue expenses	–	(329)	–	–	–	(329)
Total comprehensive expense for the period	–	–	–	–	(15,617)	(15,617)
Balance at 31 December 2008	<u>1,331,797</u>	<u>1,218,610</u>	<u>42,226</u>	<u>–</u>	<u>87,494</u>	<u>2,680,127</u>
Balance at 1 April 2009	1,331,797	1,218,610	39,710	–	235,941	2,826,058
Capital reduction from S\$0.20 to S\$0.05	(998,848)	998,848	–	–	–	–
Issue of shares on rights issue	372,148	579,530	–	164,767	–	1,116,445
Issue of shares on exercise of warrants	36	206	–	(78)	–	164
Share issue expenses	–	(24,451)	–	–	–	(24,451)
Decrease in equity portion of convertible bonds on repurchase	–	–	(2,265)	–	–	(2,265)
Total comprehensive income for the period	–	–	–	–	15,244	15,244
Balance at 28 September 2009	705,133	2,772,743	37,445	164,689	251,185	3,931,195
Issue of shares on exercise of warrants	5	30	–	(11)	–	24
Share issue expenses	–	(25)	–	–	–	(25)
Total comprehensive expense for the period	–	–	–	–	(14,938)	(14,938)
Balance at 28 December 2009	<u>705,138</u>	<u>2,772,748</u>	<u>37,445</u>	<u>164,678</u>	<u>236,247</u>	<u>3,916,256</u>

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

During the first quarter ended 28 December 2009, 18,400 ordinary shares of S\$0.05 each were issued as a result of the exercise of warrants (31.12.2008: Nil). As at 28 December 2009, there were 278,087,499 outstanding warrants at an exercise price of S\$0.23 each (31.12.2008: Nil).

As at 28 December 2009, the outstanding Convertible Bonds amounted to US\$74,400,000 (31.12.2008: US\$83,900,000). Assuming full conversion of the outstanding Convertible Bonds at the adjusted conversion price of S\$0.6785 per share, the number of new ordinary shares to be issued would be 167,386,293 (31.12.2008: 149,740,851).

There was no conversion of Convertible Bonds during the first quarter ended 28 December 2009 (31.12.2008: Nil).

The Company did not make any purchases of its shares during the first quarter ended 28 December 2009 (31.12.2008: Nil).

Save as disclosed above, the Company did not have any convertibles and treasury shares as at 28 December 2009 (31.12.2008: Nil).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at the end of the current financial period is 2,782,528,526 shares (28.09.2009: 2,782,510,126 shares).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and method of computation adopted are consistent with those applied in the audited financial statements for the period ended 28 September 2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

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

	Group	
	First quarter ended	
	29.09.2009 to 28.12.2009	01.10.2008 to 31.12.2008
Earnings per ordinary share		
(i) Based on weighted average number of ordinary shares in issue	HK3.61 cents	HK5.17 cents
Weighted average number of ordinary shares used in calculation of basic earnings per share	<u>2,782,519,621</u>	<u>1,684,034,482</u>
(ii) Based on a fully diluted basis	HK3.56 cents	N/A
Weighted average number of ordinary shares used in calculation of diluted earnings per share	<u>2,818,151,381</u>	<u>N/A</u>

Note: The weighted average number of ordinary shares used in calculation of basic and diluted earnings per share as at 31 December 2008 has been adjusted by incorporating the effects of rights issue in July 2009. Diluted earnings per share are not applicable to the first quarter ended 31 December 2008 as it is anti-dilutive.

7. Net asset value (for the issuer and the group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	28.12.2009	28.09.2009	28.12.2009	28.09.2009
Net asset backing per ordinary share based on existing issued share capital as at the end of period reported on	<u>HK\$2.14</u>	<u>HK\$2.10</u>	<u>HK\$1.41</u>	<u>HK\$1.41</u>

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

1QFY2010 (3-month ended 28 December 2009) vs 1QFY2009 (3-month ended 31 December 2008)

Income Statement

PARD recorded stable revenue of HK\$1,564.0 million as compared to HK\$1,562.1 million in the same period last year.

Revenue from the frozen fish supply chain management (“frozen fish SCM”) division, which accounted for 49.4% of turnover, rose 3.1% to HK\$772.9 million from HK\$750.0 million due to an increase in sales volume.

Revenue from the fishing division, which accounted for 50.6% of total revenue, dropped 2.6% to HK\$791.1 million from HK\$812.1 million. The increase in revenue from the North Pacific trawling operations as a result of the Group’s strategic decision to defer usage of fishing quota from the previous quarter to 1QFY2010 was offset by lower revenue recorded from fishmeal sales due to lower sales volume despite higher fishmeal price.

The fall in sales volume of fishmeal from 32,800 MT to 6,200 MT was caused firstly by timing effect in sales activities, as the level of carry-over inventory available for sales in 1QFY2010 was significantly lower as compared to same period last year. Secondly, most of this quarter’s fishmeal production of 33,400 MT, which is a stable production compared to 33,700 MT in the corresponding period last year, has been retained as inventory for sale in 2QFY2010.

By markets, the People’s Republic of China (“PRC”) remained the Group’s largest market with sales of HK\$1,373.7 million, accounting for 87.8% of total revenue. Sales to East Asia amounted to HK\$34.8 million, accounting for 2.2% of total revenue. Sales to other geographical areas were up more than two-fold mainly due to increased sales to Africa, a new market for the Group.

Gross profit increased by 7.6% to HK\$311.4 million from HK\$289.4 million, due mainly to higher operating efficiencies achieved by the fishing operations.

Selling expenses increased by 154.3% to HK\$60.2 million in line with higher sales volume and a change in sales terms in the fishing division.

Finance costs decreased by 28.0% to HK\$82.9 million as a result of prevailing low market interest rates.

As a result of the above, net profit attributable to owners grew 15.2% to HK\$100.4 million from HK\$87.1 million while net profit margin increased to 9.6% compared to 8.5%.

28 December 2009 vs 28 September 2009

Statement of Financial Position

Non-current assets increased by 2.4% to HK\$7,801 million due to the acquisition of one additional catcher vessel for the fishing division's South Pacific operations during the period, coupled with the balance progress payment for the refurbishment of factory vessel.

The operating model of our factory vessel in South Pacific operations is a unique concept of harvesting and processing fish. This state-of-the-art factory vessel will further enhance the operating efficiency and cost effectiveness of the fleet by halving the crew size and decreasing fuel consumption as compared to a conventional fleet, plus this will lead to a reduction in carbon footprint. Moreover, the production concept of a factory vessel working alongside a fleet of catcher vessels enables the fleet to maximise its operating days at the high sea and achieve full production on most of the fishing days during the fishing season.

Current liabilities increased by 9.7% to HK\$3,153 million due mainly to an increase in bank borrowings from the fishing division, mainly due to higher fishmeal inventory loans and the funding for the South Pacific operations.

Net debt to equity ratio increased slightly to 75.4% from 72.1% mainly due to higher working capital required for the fishing division.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The first quarter ended 28 December 2009 results are consistent with the prospect statement disclosed to shareholders in the six-month period ended 28 September 2009 results announcement.

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

We remain positive on the market outlook for this year. The demand for frozen seafood products in the PRC continues to increase in line with growing affluence and rising demand for protein from fish. We intend to further strengthen our distribution in the PRC to leverage on this demand trend. We also have plans to continue expanding our distribution network in Europe and Africa to further increase the sales volume of frozen fish.

The outlook for the Group's fishing division is also positive. The South Pacific fishing fleet, which can process up to 2,100 MT of fish per day, is now in place and will commence its first major fishing season for Jack Mackerel. The Group has secured sales contracts to supply 200,000 MT (subject to catch volume) of Jack Mackerel at US\$1,060

per MT in 2010. As the major fishing season for the Jack Mackerel spans from March to October, we anticipate that the second half of the financial year should show significant contributions from the South Pacific operations. Meanwhile, the North Pacific trawling operations is set to benefit from a 13.5% increase in total allowable catch, leading to a corresponding higher expected catch volume. The Peruvian fishmeal operation is also expected to benefit from the anticipated rising fishmeal prices. The Group has contracted to sell 54,485 MT of fishmeal at an average price of US\$1,415 per MT, compared to the average selling price of about US\$900 per MT in 2009. This is expected to have a positive impact on the Group's revenue and profitability.

All in all, the Group will continue its efforts to manage costs and improve profitability in all areas of the business. We will also continue to explore options to further reduce our gearing and strengthen our balance sheet.

Barring unforeseen circumstances, the Group is expecting to deliver satisfactory results for the current financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared for the first quarter ended 28 December 2009.

13. Interested person transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	29.09.2009 to 28.12.2009	01.10.2008 to 31.12.2008	29.09.2009 to 28.12.2009	01.10.2008 to 31.12.2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Pacific Andes International Holdings Limited and its subsidiaries				
Administrative expenses	–	–	5,549	6,918
Interest expenses	22	55	–	–

14. Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual of the SGX-ST

On behalf of the Board, we confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Pacific Andes Resources Development Limited, which may render the financial statements in respect of the 1QFY2010 to be false or misleading in any material aspect.

For and on behalf of the Board of Pacific Andes Resources Development Limited

Ng Joo Siang
Chairman

Ng Joo Puay, Frank
Managing Director

BY ORDER OF THE BOARD

Wan Tiew Leng, Lynn
Company Secretary
10 February 2010