



PACIFIC ANDES

INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

PACIFIC ANDES ANNOUNCES FY2010 INTERIM RESULTS

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Well-poised to strengthen a leading position in the global seafood industry

Financial Highlights

HK\$ million	1H FY2010	1H FY2009	YOY Changes
Turnover	6,179	5,708	+8.3%
Gross profit	1,215	1,185	+2.6%
EBITDA	1,158	1,136	+2.0%
Profit for the period	671	656	+2.4%
Net debt to equity ratio	73.4%	92.8%	-20.9%

- Higher expected catch volume from the fishing division in FY2010
- Continue strengthen distribution network in the PRC as well as in Eastern Europe and Africa to increase sales volumes further
- Higher production capacity at the Hongdao processing complex to satisfy rising global demand for Group's frozen fish products

(Hong Kong, 23 June 2010) – Leading international frozen seafood supplier **Pacific Andes International Holdings Limited** (HKEx: 1174) (“Pacific Andes” or “the Group”), today announced its interim results for the six months ended 28 March 2010 (“1HFY2010”).

During the period under review, turnover increased by 8.3% to HK\$6,179 million (US\$797 million). Gross profit grew by 2.6% to HK\$1,215 million (US\$157 million) while gross profit margin went down slightly from 20.8% to 19.7%, mainly because the processing and distribution division increased its share of the business, which normally operates at a lower margin compared to the fishing division. Profit for the period increased by 2.4% to HK\$671 million (US\$87 million). Profit attributable to owners of the Company increased by 2.4% to HK\$335 million (US\$43 million). Taking account of the dilution effects of the one-for-two rights issue completed in June 2009, basic earnings per share were HK11.2 cents (1HFY2009: HK16.1 cents based on 2,037 million shares as restated for the rights issue).

Business Review

During 1HFY2010, the overall market for frozen fish and fish products remained strong with global demand for fish products continuing to increase. This positive market trend is underpinned by confidence in fish as a healthy source of protein, and is mainly being driven by emerging economies such as The People's Republic of China (“The PRC”) and regions such as Africa.

The **fishing division** recorded an increase in turnover of 1.5% to HK\$2,149 million (US\$277 million) during the period under review, accounting for 34.8% of Group's turnover. The increase was mainly driven by higher catch volumes from North Pacific trawling operations despite lower selling prices for fish roe as well as lower sales volume of fishmeal products primarily due to lower inventory carried forward from last period.

The **frozen fish SCM division** performed steadily. Revenue decreased slightly by 0.8% to HK\$1,842 million (US\$238 million). This was mainly caused by the temporary delay in product shipments as a result of the temporary closure of ports in northern China in early 2010 when the region was hit by its worst winter weather in decades.

Turnover in the **processing and distribution division** leapt 26.6% to HK\$2,171 million (US\$280 million). This was predominately because increased production capacity at the Hongdao processing complex which began operation in mid 2009 enabled the Group to raise sales volumes. In addition, through the adoption of the full traceability system at the state-of-the-art production facility, the Group was able to capture additional market share particularly in the European markets.

Outlook

The Group remains positive about the growth potential of all business divisions, and is particularly confident in its development strategy of targeting under-utilised and sustainable fishery resources.

In the fishing division, higher Peruvian quota share following the acquisition of two Peruvian fishing companies and rising contributions from South Pacific operations are expected to have a positive impact on the Group's revenue and profitability in the second half of FY2010. Subsequent to the reporting period, the Group's Singapore-listed subsidiary China Fishery Group Limited ("China Fishery") acquired two Peruvian fishing companies at a total consideration of HK\$876 million (US\$113 million) and increased its fishing quota from 4.85% to 6.05% in the North of Peru and from 7.11% to 10.91% in South of Peru respectively. These transactions will enable the Group to increase production volume of fishmeal, and will further enhance economies of scale, allowing higher operating efficiencies for operations in Peru.

Also, higher expected catch volumes in the North Pacific will enhance operating efficiencies in the region.

The frozen fish SCM division will continue to benefit from increasing global demand for fish, particularly in the PRC, where demand for fish as a healthy source of protein continues to grow. The Group will continue to focus on strengthening its distribution in the PRC as well as in Eastern Europe and Africa to increase sales volumes further.

As the Group has continued to focus on the well-being of its workers in the PRC and proactively raised the average wage of its PRC workers by 12% after Chinese New Year in early 2010. This move preemptively addressed the nationwide challenge of labour shortages by ensuring enhanced retention of skilled workforce and better productivity at the Hongdao processing complex. With a higher production capacity at Hongdao, the Group expects to increase sales to satisfy the continual rising demand for its products.

Mr. Ng Joo Siang, Vice-Chairman and Managing Director of Pacific Andes, said, “Despite increasing export price due to the recent depreciation of Euro, we expect that the demand for our frozen fish products in the European markets will remain stable, since these are perceived as consumer staples which serve the basic needs of consumers.”

“We remain confident about the Group’s future prospects. While ensuring organic business growth, we see an opportunity-rich environment which we intend to seize. The Group will continue to search for good opportunities for growth in the highly fragmented fishing and seafood processing industry, creating fruitful returns for shareholders.” Mr. Ng concluded.

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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 particular emphasis in the China market. Its processing factories are located in China, Japan, United States and Peru. Today, Pacific Andes is the world’s largest fishing group, the largest supplier of frozen fish into the PRC market and the world’s largest 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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