

# Pacific Andes

Fri, 21 Aug 2009

## Head to South

**BUY (unchanged)**

### Financial summary

| Year to Mar        | 08A    | 09A    | 10F    | 11F    | 12F    |
|--------------------|--------|--------|--------|--------|--------|
| Turnover (HK\$m)   | 10,017 | 11,168 | 13,490 | 14,795 | 15,507 |
| Net Profit (HK\$m) | 373    | 517    | 617    | 840    | 986    |
| EPS (HK\$)         | 0.216  | 0.279  | 0.238  | 0.297  | 0.348  |
| EPS Δ%             | (20.0) | 29.2   | (14.9) | 24.8   | 17.4   |
| P/E (x)            | 6.3    | 4.9    | 5.7    | 4.6    | 3.9    |
| P/B (x)            | 0.70   | 0.64   | 0.77   | 0.68   | 0.60   |
| EV/EBITDA (x)      | 4.6    | 4.3    | 3.6    | 2.7    | 2.2    |
| Yield (%)          | 4.0    | 4.3    | 4.8    | 6.5    | 7.7    |
| ROE (%)            | 13.1   | 13.7   | 13.7   | 15.7   | 16.3   |
| ROCE (%)           | 13.0   | 11.6   | 12.8   | 14.7   | 15.8   |
| N. Gear. (%)       | 128.8  | 106.5  | 87.4   | 66.2   | 48.2   |

Source: SBI E2-Capital

### Price Performance

|                          | 1 mth | 3 mth | 12 mth |
|--------------------------|-------|-------|--------|
| Relative to HSI (%)      | +61.1 | +38.1 | +31.8  |
| Actual price changes (%) | +67.9 | +60.7 | +31.8  |

|                            | 09F   | 10F  | 11F  |
|----------------------------|-------|------|------|
| Consensus EPS (HK\$)       | 1 Mar |      |      |
| Previous forecasts (HK\$m) | n.a.  | n.a. | n.a. |
| Previous EPS (HK\$)        | n.a.  | n.a. | n.a. |

### Price Chart



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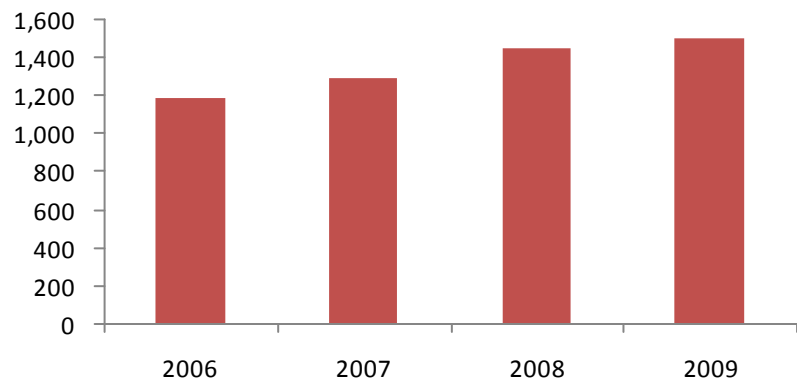
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|---------|-----------------|-------------------|---------------|
| Ticker: | 1174.HK         | 12 mth range:     | HK\$0.34-1.58 |
| Price:  | HK\$1.36        | Market cap:       | US\$493.1m    |
| Target: | HK\$2.09 (+54%) | Daily t/o, 3 mth: | US\$1.6m      |
|         |                 | Free float %:     | 37.6%         |

### Key points:

- ★ Significant drop in oil price to improve trawling profitability.
- ★ Strong demand for Alaska Pollock in the economy downturn.
- ★ Ramping-up in the South Pacific.
- ★ Fishing Jack Mackerel to contribute HK\$1.6b turnover by 2011.
- ★ Hongdao Processing Complex launched operation in Feb.
- ★ Favorable change in Peru's fishing system.
- ★ Target at HK\$2.09 with conservative valuation.

**Full-year harvest secured by the quota system.** Sales of Alaska Pollock dropped 15.9% in IQ FY03/10A to 38,119 tonnes because the company has adjusted its fishing schedule, shifting part of quota to the fourth quarter (or third quarter of the fiscal year), to conserve vessels for new operation in the South Pacific. Nevertheless, full-year volume should be intact at 224,883 tonnes based on Russia's total allowable catch (TAC) (2009: 1.51m tonnes), quota allocated to Pacific Andes (PAIH) (20% of total TAC) and average 74.5% processing yield rate. Upside surprise exists as Russia will reportedly raise 2010 TAC to 1.79m tonnes, which will impact PAIH's performance in 4Q FY03/10F.

**Chart 1: Russia's Alaska Pollock TAC (tonnes '000)**

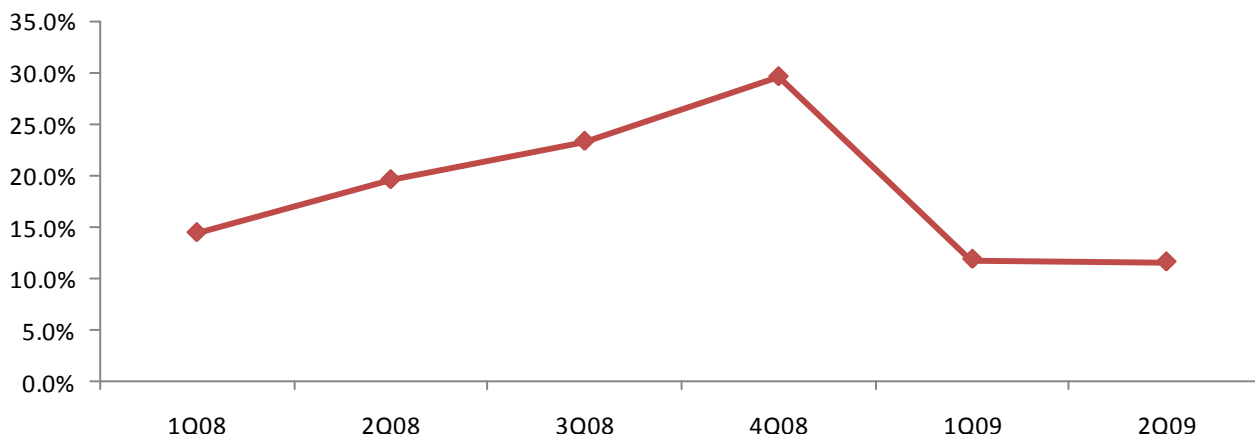


Source: Company data

**Margin enhanced on lower oil price.** Fuel costs used to account for near 20% of turnover from trawling division (i.e. catching Alaska Pollock in Russia), which, following the correction of oil price (2-3 months lag due to inventory), has dropped significantly (IH 2009: 12.1%, IH 2008: 17.2%), resulting in an apparent margin improvement. The management estimates this ratio will be at 13-14% if oil price stays at present level (US\$70-75/barrel).

**Chart 2: Bunker / sales ratio (trawling segment)**

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Source: Company data

**Solid Alaska Pollock price.** Due to limited supply of Alaska Pollock and other wild-caught ocean species under strict regulation on fishing activities globally, Alaska Pollock's price has been going up ~9% each year steadily. For 2009, we believe it will stay in this trend, especially considering that current global economy slowdown has somewhat stimulated demand for Alaska Pollock, which is one of the cheapest eatable fish in the world. The 17.4% decline in effective ASP in 1Q FY03/10A to US\$1,940/tonne was mainly due to the change in fishing schedule, which reduced high-end products output, such as fish roe, during the period. In fact, ASP enhanced 23.3% YoY in the previous quarter (4Q FY03/09A), comprising ~11% from increase in selling prices and ~12% as a result of change in delivery method from "at sea" to "at port".

**New driver from the South Pacific.** Fishing in the South Pacific, a new business line, commenced this year. The company has five super trawlers (catch capacity: 150 tonne/day) there. A factory vessel (processing capacity: 1,500 tonne/day) and a catch trawler (catch capacity: 400 tonne/day) will join soon. Catch volume of Jack Mackerel from Jan to Jul totaled ~10,000 tonnes, according to the management. Based on 245 fishing days (Mar-Oct) per year, 1,150 tonnes aggregate fishing capacity and 1,500 tonnes processing capacity, we calculate a theoretical catch volume of 281,750 tonnes and processing volume of 294,000 tonnes. The company has signed contracts to sell all output at US\$700/tonne. Considering the high uncertainty of fishing activities, 20% cushion has been adopted and we expect related revenue to reach HK\$1,581.8m by 2011 (sales volume: 294,000 tonnes, raw fish: 76.7% self-catch and 23.3% outsourced from third-parties).

**Hongdao plant to strengthen processing division.** The Hongdao Processing Complex launched operation in Feb. This new plant, carrying 60,000 tonnes fillet capacity, will replace some old plants to improve overall operating efficiency (e.g. higher fish processing yield). In addition, it allows PAIH to produce more value-added products and enhance traceability reporting capability. The latter has been a rising issue, especially in developed countries, in choosing seafood suppliers.

**Favorable change in Peru's fishing system.** Peru changed its anchovy fishing system from Olympic system to Individual Transferable Quota (ITQ) system. The old Olympic system grants only a certain total fishing volume. Fishing companies, thus, are forced to expand their fleet as large as possible and rush to sea hurriedly once fishing season is opened in order to maximize harvest. The new system, however, by allocating certain quota to individuals, enables better arrangement for both fleet and fishing schedule, saving operating expenses.

**Strong cash inflow since FY03/11F.** After purchasing factory vessel and catcher vessels (total US\$60m) in FY03/10F, we estimate capex will decline to ~HK\$350m each year without other major expansion plan. The company's net profit will increase 19.3% and 36.2%, respectively, in FY03/10F and FY03/11F to HK\$616.7m and HK\$839.9m. Together with huge non-cash depreciation and charter hire expenses (~HK\$400m), we expect strong free cash inflow to be recorded since FY03/11F. Based on this cash flow, using a 13.2% required rate of return on equity, we derive the company's fair value at HK\$3.21 per share.

**Table 1: Growth analysis**

| Year to Mar (HK\$m)      | 09A      | 10F      | (growth drivers)                | 11F      | (growth drivers)                |
|--------------------------|----------|----------|---------------------------------|----------|---------------------------------|
| Turnover                 | 11,167.8 | 13,489.7 |                                 | 14,795.1 |                                 |
| Gross profit             | 2,052.1  | 2,587.1  |                                 | 3,096.6  |                                 |
| Incremental gross profit |          | 535.0    |                                 | 509.5    |                                 |
| Fishing                  |          | 338.8    | lower oil price                 | 436.9    | South Pacific operation         |
| Frozen fish SCM          |          | 14.3     |                                 | 12.2     |                                 |
| Filet processing         |          | 182.0    | strong filet price              | 60.4     | contribution from Hongdao plant |
| Operating profit         | 1,523.1  | 1,856.2  | HK\$101.7m one-off gain in 09A* | 2,303.2  |                                 |
| Net profit               | 516.8    | 616.7    |                                 | 839.9    |                                 |

Source: Company data and SBI E2-Capital

Note: \* including HK\$86.1m compensation received from suppliers of fish and HK\$20.2m gain on repurchase of convertible bonds.

**Table 2: Free cash flow to equity\***

| Year to Mar (HK\$m)         | 10F       | 11F     | 12F       | 13F     | 14F     | 15F     | 16F     | 17F     |
|-----------------------------|-----------|---------|-----------|---------|---------|---------|---------|---------|
| EBIT                        | 1,852.1   | 2,298.6 | 2,538.6   | 2,648.2 | 2,799.3 | 2,794.7 | 2,875.8 | 2,964.0 |
| Depreciation/amortization   | 370.2     | 406.0   | 421.9     | 431.5   | 439.2   | 447.1   | 455.3   | 463.8   |
| Net int. paid               | (639.6)   | (628.3) | (568.0)   | (442.2) | (396.5) | (467.7) | (486.4) | (482.6) |
| Tax paid                    | (77.1)    | (54.6)  | (68.7)    | (97.3)  | (110.5) | (111.1) | (126.5) | (133.0) |
| Dividends received          |           |         |           |         |         |         |         |         |
| Gross cash flow             | 1,505.6   | 2,021.8 | 2,323.8   | 2,540.1 | 2,731.5 | 2,662.9 | 2,718.2 | 2,812.2 |
| Changes. in working capital | (1,017.1) | (590.0) | (323.1)   | (217.1) | (218.3) | (245.3) | (242.0) | (248.6) |
| Operating cash flow         | 488.5     | 1,431.7 | 2,000.7   | 2,323.0 | 2,513.1 | 2,417.6 | 2,476.2 | 2,563.6 |
| Capex                       | (979.4)   | (311.9) | (372.9)   | (346.9) | (357.3) | (368.0) | (379.1) | (390.5) |
| Debt financing              | (88.2)    | (625.7) | (1,008.1) | (551.8) | 493.1   | 353.0   | 18.6    | 170.2   |
| FCFE                        | (579.0)   | 494.2   | 619.7     | 1,424.3 | 2,648.9 | 2,402.6 | 2,115.7 | 2,343.4 |

Source: SBI E2-Capital

Note: \* assuming a long-term constant capital structure comprising 60% equity and 40% debt

**Target at HK\$2.09.** PAIH has three main business divisions: fishing, frozen fish supply chain management (SCM) and filet processing. Employing a SOTP method, we estimate another fair value at HK\$2.98 per share. With the three businesses conducted and controlled by three different listing bodies, the HK listco, Pacific Andes Holding (PAH SP) and China Fishery (CFG SP), the corporate structure presents somewhat complicated, which might discourage investors seeking for pure exposure. Hence, we set our target price at HK\$2.09 at this stage, representing 30% discount to the SOTP fair value or 8.8x one-year forward P/E.

**Table 3: Valuation references**

|                  | 10F   | 11F      |
|------------------|---|----------|
| Discounted FCFE  | Risk-free rate = 2.55%<br>Risk premium = 10.56%<br>Require rate of return to equity = 13.11%<br>Long-term growth rate = 3.0%  | HK\$3.21 |
| Sum-Of-The-Parts | Net profit in FY03/11F = HK\$839.9m<br>Fishing: HK\$616.6m, P/E: 11.3x *<br>Frozen fish SCM: HK\$60.1m, current book value: HK\$444.5m, P/B: 0.5x **<br>Filet processing: HK\$163.3m, P/E: 7.9x *** | HK\$2.98 |

Source: SBI E2-Capital

Note:

\* choose two-year average P/E of Kaichuang (600097 CH) and Copeinca (COP NO) as reference with 10% discount to reflect the difference in fiscal year end. The two companies are engaged in trawling and fishmeal business respective.

\*\* no P/E comparable. Adopt net assets value valuation with adjustment to goodwill.

\*\*\* 10% discount to two-year industry average P/E to reflect the difference in fiscal year end

**Table 4: Peers comparison**

| Company           | Ticker    | Market cap<br>(US\$m) | Fiscal<br>Yr-end | Historical<br>P/E (x) | One-Year<br>P/E (x) | Two-Year<br>P/E (x) | ROE (%) | Net Gearing<br>(%) |
|-------------------|-----------|-----------------------|------------------|-----------------------|---------------------|---------------------|---------|--------------------|
| Pacific Andes     | 1174 HK   | 493.1                 | 03/2009          | 4.9                   | 5.7                 | 4.6                 | 13.9    | 110.4              |
| <b>Fishing</b>    |           |                       |                  |                       |                     |                     |         |                    |
| Kaichuang         | 600097 CH | 521.2                 | 12/2008          | 3.3                   | 19.1                | 15.9                | 32.9    | 23.2               |
| Nippon Suisan     | 1332 JP   | 817.1                 | 03/2009          | n.a.                  | n.a.                | n.a.                | (19.8)  | 287.2              |
| ITATA             | ITATA CI  | 308.8                 | 12/2008          | 44.2                  | n.a.                | n.a.                | 0.8     | 12.6               |
| Aker Seafoods     | AKS NO    | 60.4                  | 12/2008          | n.a.                  | n.a.                | 20.3                | (9.1)   | 191.6              |
| Copeinca          | COP NO    | 271.3                 | 12/2008          | n.a.                  | 26.3                | 9.1                 | (6.4)   | 48.6               |
| Average           |           |                       |                  | 23.7                  | 22.7                | 15.1                | (0.3)   | 112.6              |
| <b>Processing</b> |           |                       |                  |                       |                     |                     |         |                    |
| Kyokuyo           | 1301 JP   | 222.4                 | 03/2009          | 13.0                  | n.a.                | n.a.                | 9.1     | 137.4              |
| Toyo Suisan Kai   | 2875 JP   | 2,797.3               | 03/2009          | 17.7                  | n.a.                | n.a.                | 9.7     | (30.4)             |
| Tassal            | TGR AU    | 323.1                 | 06/2008          | 9.0                   | 10.0                | 8.8                 | 13.9    | 17.2               |
| Average           |           |                       |                  | 13.2                  | 10.0                | 8.8                 | 10.9    | 41.4               |

Source: Bloomberg, SBI E2-Capital

**Table 5: P&L**

| Y/F 31 Mar (HK\$m)   | 08A       | 09A       | 10F        | 11F        | 12F        |
|--|-----------|-----------|------------|------------|------------|
| Revenue  | 10,017.4  | 11,167.8  | 13,489.7   | 14,795.1   | 15,507.3   |
| Cost of sales  | (8,186.1) | (9,115.7) | (10,902.6) | (11,698.5) | (12,142.0) |
| Gross profit   | 1,831.3   | 2,052.1   | 2,587.1    | 3,096.6    | 3,365.3    |
| Other income   | 210.1     | 170.8     | 62.2       | 67.4       | 70.6       |
| Selling and distribution expenses  | (229.2)   | (304.9)   | (326.7)    | (356.6)    | (369.6)    |
| Administrative expenses  | (350.4)   | (373.7)   | (439.0)    | (473.6)    | (491.1)    |
| Other expenses   | (32.3)    | (21.2)    | (27.4)     | (30.6)     | (31.5)     |
| Operation profit   | 1,429.4   | 1,523.1   | 1,856.2    | 2,303.2    | 2,543.6    |
| Gain on deemed acquisition/discount on acquisition of additional interests in subsidiaries | 0.0       | 12.9      |            |            |            |
| Gain on dilution of interest in a subsidiary   | 24.7      | 0.0       |            |            |            |
| Finance costs  | (533.2)   | (508.5)   | (683.3)    | (674.1)    | (615.6)    |
| Share of results of associates   | 0.4       | (0.7)     |            |            |            |
| Profit before taxation   | 921.3     | 1,026.7   | 1,172.8    | 1,629.2    | 1,928.0    |
| Taxation   | (37.1)    | (0.9)     | (77.1)     | (54.6)     | (68.7)     |
| Profit for the period  | 884.3     | 1,025.8   | 1,095.7    | 1,574.6    | 1,859.3    |
| Attributable to:   |           |           |            |            |            |
| Shareholders of the company  | 372.9     | 516.8     | 616.7      | 839.9      | 986.0      |
| Minority interest  | 511.4     | 509.1     | 479.0      | 734.7      | 873.2      |
| EPS - Basic (HK\$)   | 0.216     | 0.279     | 0.238      | 0.297      | 0.348      |
| EPS - Diluted (HK\$)   | 0.215     | 0.274     | 0.237      | 0.296      | 0.348      |
| Proposed DPS (HK\$)  | 0.055     | 0.059     | 0.065      | 0.089      | 0.104      |
| Proposed dividend  | 100.5     | 167.1     | 185.0      | 252.0      | 295.8      |

Source: Bloomberg, SBI E2-Capital

Note: \* 944m new shares were issued in Jun 09 via a two for one rights issue at HK\$0.6 each.

| P & L (HK\$m)             | 08A       | 09A       | 10F       | 11F       | 12F       | Cash Flow (HK\$m)   | 08A       | 09A       | 10F       | 11F       | 12F       |   |
|---------------------------|-----------|-----------|-----------|-----------|-----------|---|-----------|-----------|-----------|-----------|-----------|---|
| Year to Mar               |           |           |           |           |           | Year to Mar   |           |           |           |           |           |   |
| Turnover                  | 1,374.3   | 1,521.9   | 1,852.1   | 2,298.6   | 2,538.6   | EBIT  | 1,374.3   | 1,521.9   | 1,852.1   | 2,298.6   | 2,538.6   |   |
| % chg                     | (478.1)   | (507.3)   | (679.3)   | (669.5)   | (610.6)   | Depre./amort.   | 319.2     | 363.2     | 370.2     | 406.0     | 421.9     |   |
| Gross profit              | 24.7      | 12.9      | 0.0       | 0.0       | 0.0       | Net int. paid   | (406.2)   | (474.3)   | (639.6)   | (628.3)   | (568.0)   |   |
|                           | 0.4       | (0.7)     | 0.0       | 0.0       | 0.0       | Tax paid  | (75.2)    | (42.6)    | (77.1)    | (54.6)    | (68.7)    |   |
| EBITDA                    |           |           |           |           |           | Dividends received  | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       |   |
| Depre./amort.             | 921.3     | 1,026.7   | 1,172.8   | 1,629.2   | 1,928.0   | Gross cashflow  | 1,212.1   | 1,368.2   | 1,505.6   | 2,021.8   | 2,323.8   |   |
| EBIT                      | (37.1)    | (0.9)     | (77.1)    | (54.6)    | (68.7)    |   |           |           |           |           |           |   |
| Net int. income/(exp.)    | (511.4)   | (509.1)   | (479.0)   | (734.7)   | (873.2)   | Chgs. in working cap.   | (474.7)   | (469.4)   | (1,017.1) | (590.0)   | (323.1)   |   |
| Exceptionals              | 372.9     | 516.8     | 616.7     | 839.9     | 986.0     | Operating cashflow  | 737.4     | 898.8     | 488.5     | 1,431.7   | 2,000.7   |   |
| Associates                | 20.0      | 38.6      | 19.3      | 36.2      | 17.4      |   |           |           |           |           |           |   |
| Jointly-controlled entit. |           |           |           |           |           | Capex   | (3,936.6) | (1,089.0) | (979.4)   | (311.9)   | (372.9)   |   |
| Pre-tax profit            | (100.5)   | (167.1)   | (185.0)   | (252.0)   | (295.8)   | Free cashflow   | (3,199.1) | (190.2)   | (490.9)   | 1,119.9   | 1,627.8   |   |
| Tax                       | 272.4     | 349.7     | 431.7     | 587.9     | 690.2     |   |           |           |           |           |           |   |
| Minority interests        |           |           |           |           |           | Dividends paid  | (18.5)    | (45.5)    | (167.1)   | (185.0)   | (252.0)   |   |
| Net profit                | 0.216     | 0.279     | 0.238     | 0.297     | 0.348     | Net distribution to MI  | (52.9)    | (115.6)   | (160.2)   | (263.5)   | (327.0)   |   |
| % chg                     | 0.215     | 0.274     | 0.237     | 0.296     | 0.348     | Investments   | (14.2)    | (11.3)    | 0.0       | 0.0       | 0.0       |   |
|                           | 0.055     | 0.059     | 0.065     | 0.089     | 0.104     | Disposals   | 2.6       | 13.4      | 0.0       | 0.0       | 0.0       |   |
| Dividends                 | 1,725.9   | 1,854.2   | 2,596.1   | 2,832.1   | 2,832.1   | New shares  | 1,563.6   | 1.9       | 916.3     | 0.0       | 0.0       |   |
| Retained earnings         | 1,828.1   | 1,888.1   | 2,832.1   | 2,832.1   | 2,832.1   | Others  | (163.5)   | (147.4)   | (162.7)   | (285.2)   | (365.3)   |   |
|                           | 1,725.9   | 1,855.7   | 2,597.5   | 2,833.5   | 2,833.5   |   |           |           |           |           |           |   |
| EPS (HK\$) - Basic        |           |           |           |           |           | Net cashflow  | (1,817.4) | (381.2)   | 95.7      | 649.7     | 1,010.4   |   |
| EPS (HK\$) - F.D.         |           |           |           |           |           |   |           |           |           |           |           |   |
| DPS (HK\$)                | 18.3      | 18.4      | 19.2      | 20.9      | 21.7      | Net (debt)/cash - Beg.  | (4,439.0) | (6,256.4) | (6,637.6) | (6,541.9) | (5,892.2) |   |
| No. sh.s o/s (m) - W.A.   | 16.9      | 16.9      | 16.5      | 18.3      | 19.1      | Net (debt)/cash - End.  | (6,256.4) | (6,637.6) | (6,541.9) | (5,892.2) | (4,881.8) |   |
| No. sh.s o/s (m) - Y.E.   | 7.0       | 7.0       | 7.0       | 7.0       | 7.0       |   |           |           |           |           |           |   |
| No. sh.s o/s (m) - F.D.   | 9.2       | 9.2       | 8.7       | 11.0      | 12.4      |   |           |           |           |           |           |   |
|                           | 3.7       | 4.6       | 4.6       | 5.7       | 6.4       | Interim Results (HK\$m)   | 07A       | 08A       | 09A       |           |           |   |
| Margins (%)               | 1,374.3   | 1,521.9   | 1,852.1   | 2,298.6   | 2,538.6   | Six months to Jun   | 3,789.8   | 5,085.0   | 5,460.1   |           |           |   |
| Gross                     | (478.1)   | (507.3)   | (679.3)   | (669.5)   | (610.6)   | Turnover  | 52.4      | 34.2      | 7.4       |           |           |   |
| EBITDA                    | 24.7      | 12.9      | 0.0       | 0.0       | 0.0       | % chg   |           |           |           |           |           |   |
| EBIT                      | 0.4       | (0.7)     | 0.0       | 0.0       | 0.0       |   | 493.8     | 674.2     | 626.4     |           |           |   |
| Pre-tax                   |           |           |           |           |           | Profit from operations  | (111.9)   | (255.6)   | (254.3)   |           |           |   |
| Net                       | 921.3     | 1,026.7   | 1,172.8   | 1,629.2   | 1,928.0   | Interest expenses   | 1.0       | 0.6       | (0.6)     |           |           |   |
|                           |           |           |           |           |           | Associates  | 0.0       | 24.7      | 5.8       |           |           |   |
|                           |           |           |           |           |           | Jointly-controlled entit.   | 382.9     | 444.0     | 377.3     |           |           |   |
|                           |           |           |           |           |           | Pre-tax profit  | (12.0)    | (21.6)    | (7.1)     |           |           |   |
|                           |           |           |           |           |           | Tax   | (194.7)   | (234.8)   | (180.4)   |           |           |   |
|                           |           |           |           |           |           | Minority interests  | 176.1     | 187.5     | 189.8     |           |           |   |
|                           |           |           |           |           |           | Net profit  | 147.5     | 6.5       | 1.2       |           |           |   |
|                           |           |           |           |           |           | % chg   |           |           |           |           |           |   |
|                           |           |           |           |           |           |   | 0.139     | 0.115     | 0.104     |           |           |   |
|                           |           |           |           |           |           | EPS (HK\$) - Basic  | 3,789.8   | 5,085.0   | 5,460.1   |           |           |   |
|                           |           |           |           |           |           | DPS (HK\$)  | 52.4      | 34.2      | 7.4       |           |           |   |
|                           |           |           |           |           |           |   |           |           |           |           |           |   |
| Balance Sheet (HK\$m)     |           |           |           |           |           | Shareholding Structure  |           |           |           |           |           |   |
| Year to Mar               |           |           |           |           |           | Shares o/s (m)  |           |           |           |           |           | % |
| Fixed assets              | 3,111.4   | 4,210.5   | 4,497.7   | 4,576.1   | 4,699.8   | N.S. Hong   |           |           |           | 1,527.1   | 53.9      |   |
| Intangible assets         | 4,822.3   | 4,805.7   | 4,633.1   | 4,460.4   | 4,287.8   | Leung Hok Pang  |           |           |           | 238.5     | 8.4       |   |
| Other LT assets           | 14.5      | 13.7      | 13.7      | 13.7      | 13.7      | Others  |           |           |           | 1,066.5   | 37.7      |   |
| Cash                      | 376.6     | 402.8     | 458.6     | 503.0     | 527.2     | Total   |           |           |           | 2,832.1   | 100.0     |   |
| Accounts receivable       | 3,634.3   | 4,078.2   | 4,889.9   | 5,346.3   | 5,595.3   |   |           |           |           |           |           |   |
| Other receivables         | 274.3     | 292.6     | 269.6     | 295.6     | 309.9     |   |           |           |           |           |           |   |
| Inventories               | 1,933.5   | 1,774.4   | 2,122.2   | 2,277.1   | 2,363.4   |   |           |           |           |           |           |   |
| Due from related co.s     | 27.1      | 1.4       | 0.0       | 0.0       | 0.0       |   |           |           |           |           |           |   |
| Other current assets      | 3.0       | 85.6      | 73.9      | 73.9      | 73.9      |   |           |           |           |           |           |   |
| Total assets              | 14,196.9  | 15,664.9  | 16,958.6  | 17,546.2  | 17,870.9  |   |           |           |           |           |           |   |
|                           |           |           |           |           |           |   |           |           |           |           |           |   |
| Accounts payable          | (696.3)   | (542.2)   | (648.5)   | (695.9)   | (722.3)   | Background  |           |           |           |           |           |   |
| Other payable             | (266.6)   | (914.5)   | (502.2)   | (538.9)   | (559.3)   | PAIH began seafood sourcing and distribution business in 1986 and commence seafood processing in China through contacted factories in 1991. The company listed on Hong Kong stock exchange in 1994 and spun off its frozen fish SCM division under PAH on Singapore exchange in 1996. In 1998, the company launched its in-house seafood processing operation in the PRC. In 2004 PAIH diversified into upstream fishing by acquiring controlling stake in CFGL, which listed on Singapore exchange in 2006. Also in 2006, PAIH tapped in to fishmeal market through various acquisitions in Peru |           |           |           |           |           |   |
| Tax payable               | (40.2)    | (98.3)    | (98.3)    | (98.3)    | (98.3)    | Key Ratios  | 08A       | 09A       | 10F       | 11F       | 12F       |   |
| Due to related co.s       | (10.1)    | 0.0       | 0.0       | 0.0       | 0.0       | Net gearing (%)   | 128.8     | 106.5     | 87.4      | 66.2      | 48.2      |   |
| ST debts                  | (3,898.6) | (3,132.1) | (3,532.0) | (3,452.0) | (2,981.1) | Net ROE (%)   | 13.1      | 13.7      | 13.7      | 15.7      | 16.3      |   |
| Other current liab.       | (22.7)    | (36.5)    | (37.9)    | (37.0)    | (24.8)    | EBIT ROCE (%)   | 13.0      | 11.6      | 12.8      | 14.7      | 15.8      |   |
| LT debts                  | (2,734.3) | (3,908.3) | (3,468.5) | (2,943.2) | (2,427.8) | Dividend payout (%)   | 27.0      | 32.3      | 30.0      | 30.0      | 30.0      |   |
| Other LT liabilities      | (716.9)   | (384.3)   | (346.4)   | (309.4)   | (284.6)   | Effective tax rate (%)  | 4.0       | 0.1       | 6.6       | 3.4       | 3.6       |   |
| Total liabilities         | (8,385.8) | (9,016.3) | (8,633.8) | (8,074.6) | (7,098.2) | Net interest coverage (x)   | 2.9       | 3.0       | 2.7       | 3.4       | 4.2       |   |
|                           |           |           |           |           |           | A/R turnover (days)   | 123.8     | 126.0     | 121.3     | 126.3     | 128.8     |   |
| Share capital             | 182.8     | 188.8     | 283.2     | 283.2     | 283.2     | A/P turnover (days)   | 26.8      | 20.2      | 16.1      | 16.6      | 16.7      |   |
| Reserves                  | 3,352.9   | 3,801.8   | 4,714.8   | 5,390.4   | 6,145.3   | Stock turnover (days)   | 86.1      | 74.2      | 65.2      | 68.6      | 69.7      |   |
| Shareholders' funds       | 3,535.7   | 3,990.6   | 4,998.0   | 5,673.7   | 6,428.5   |   |           |           |           |           |           |   |
| Minority interest         | 2,275.4   | 2,658.0   | 3,326.7   | 3,797.9   | 4,344.2   |   |           |           |           |           |           |   |
| Total                     | 5,811.1   | 6,648.6   | 8,324.8   | 9,471.5   | 10,772.7  |   |           |           |           |           |           |   |
|                           |           |           |           |           |           |   |           |           |           |           |           |   |
| Capital employed          | 12,444.1  | 13,689.0  | 15,325.2  | 15,866.7  | 16,181.7  |   |           |           |           |           |           |   |
| Net (debt)/cash           | (6,256.4) | (6,637.6) | (6,541.9) | (5,892.2) | (4,881.8) |   |           |           |           |           |           |   |

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