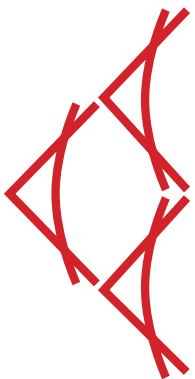




Annual Report 2009



**CHINA
FISHERY**
GROUP LIMITED

CONTENTS

2	Corporate Mission
3	Corporate Profile
4	Financial Highlights
6	A Message to Investors
9	Management Discussion on Financials
11	Directors' Profile
13	Key Management
14	Corporate Information
16	Report on Corporate Governance
24	Report of the Directors
27	Statement of Directors
28	Independent Auditors' Report
29	Statements of Financial Position
30	Consolidated Income Statement
31	Consolidated Statement of Comprehensive Income
32	Statements of Changes in Equity
33	Consolidated Statement of Cash Flows
35	Notes to the Financial Statements
85	Supplementary Information
88	Shareholders' Information
90	Notice of Annual General Meeting

Corporate Mission

As a leading global industrial fishing company, China Fishery Group Limited (“China Fishery”) is committed to securing access to under-utilised and abundant ocean resources to meet the growing needs of health and value-conscious consumers worldwide. We will continue to offer responsibly-derived range of quality staple food products via our fishing, on-board processing and fishmeal production operations.



Corporate Profile

Listed on the Mainboard of the Singapore Exchange in 2006, China Fishery is a global, integrated industrial fishing company with rights to fish in some of the world's most important fishing grounds.

Employing state-of-the-art technology on-board its vessels, China Fishery harvests, processes and delivers high quality catch to consumers the world over.

In 2006, China Fishery established fishmeal processing operations in Peru, where it has fishmeal processing plants and purse-seine fishing vessels deployed strategically along Peru's coastal areas.

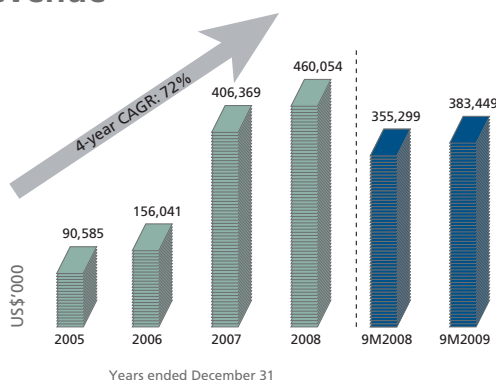
Riding on an ever-growing global demand for fish, China Fishery is committed to continually securing access to under-utilised and abundant ocean resources, and fulfilling the needs of health and value-conscious consumers through sustainable fishing practices.



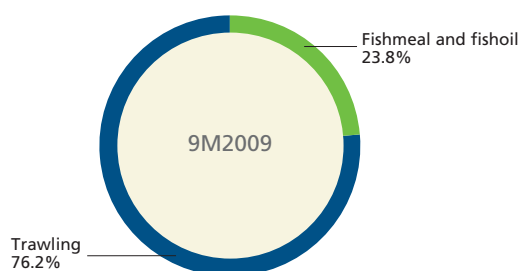
Financial Highlights

As a result of the change in financial year end date of the Group, the current financial period for the Group covers the nine-month period from January 1, 2009 to September 28, 2009 ("9M2009"). Accordingly, the comparative figures for the corresponding period of the immediately preceding year for the nine-month period ended September 30, 2008 ("9M2008") are presented in the diagrams below.

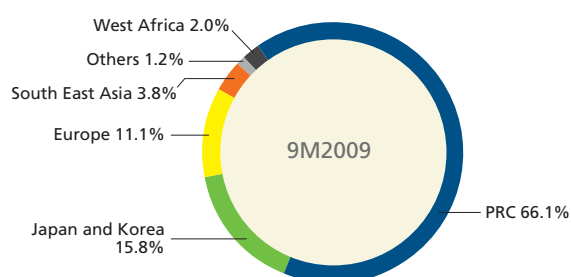
Revenue



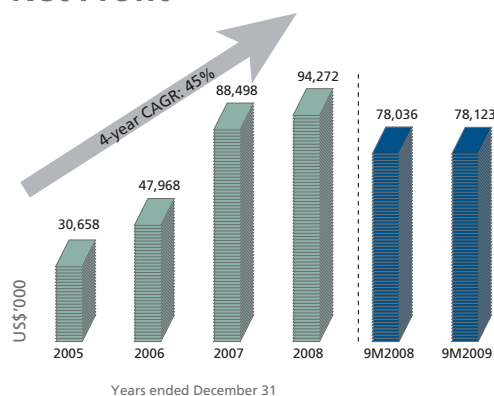
Revenue by Business Segment



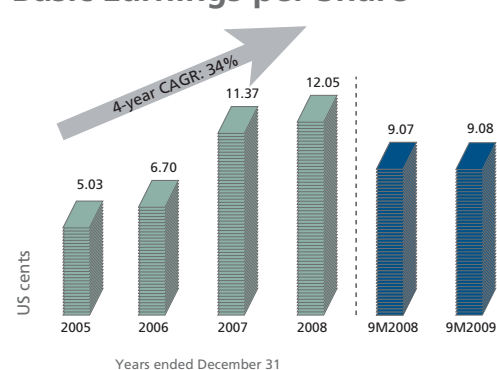
Revenue by Geographical Segment



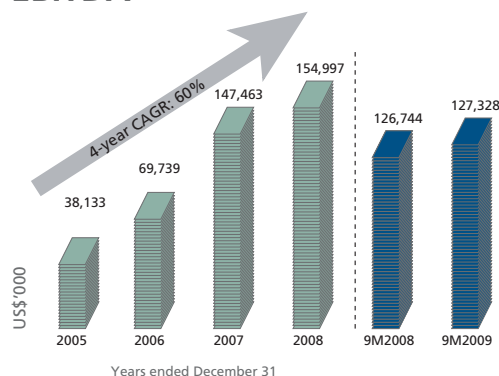
Net Profit



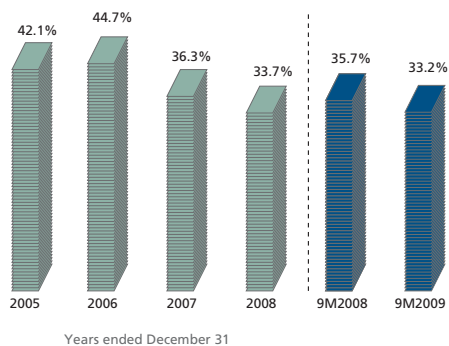
Basic Earnings per Share



EBITDA



EBITDA Margin



A Message to Investors



Dear valued Investors,

On behalf of your Board of Directors (“Board”), I am pleased to deliver the annual report of China Fishery Group Limited (“China Fishery” or “the Company”) and its subsidiaries (collectively “China Fishery Group” or “the Group”) for the financial period ended September 28, 2009 (“9M2009”).

On August 26, 2009, the Group changed its financial year end date from December 31 to September 28. The Board of Directors considered that the change of financial year end date not only can align the Group’s business cycle with that of its business activities, it would also enable the Singapore-listed parent company, Pacific Andes Resources Development Limited and its subsidiaries (“Pacific Andes Group”) to have a co-terminous year end date, thereby facilitating the preparation of the consolidated financial statements and saving audit costs accordingly. As a result of the change of financial year end date, this report covers a 9-month period from January 1, 2009 to September 28, 2009. In 9M2009, the Group continued to achieve strategic growth despite the global economic downturn. We have successfully improved our fleet efficiency and expanded our South Pacific fishing fleet while maintaining gross profit margin during the period. The Board believes that the Group’s sustainable gross profit margin against the backdrop of a challenging global macro-economic environment is a true reflection of the resilient nature of the fishing industry, and in particular, the Group’s proven business model.

In line with the Group’s continued strong performance in 9M2009, the Board has recommended a first and final dividend of Singapore 4.2 cents (S\$0.042) per ordinary share in respect of 9M2009, subject to shareholders’ approval at the forthcoming Annual General Meeting. This dividend will be payable in cash with an option for shareholders entitled to the said dividend to elect to receive their distributions in the form of fully paid shares through the China Fishery Group Limited Scrip Dividend Scheme (the “Scrip Dividend Scheme”) adopted by the Board. The Scrip Dividend Scheme allows shareholders to receive their dividend entitlement wholly in cash or fully paid shares or through a combination of cash and fully paid shares. The Board believes that the implementation of the Scrip Dividend Scheme offers shareholders an opportunity to increase their shareholding in the Company and to participate in the future growth potential of the Group.

Operational Review

In 9M2009, the Group’s focus was on improving our fleet utilisation to enhance fleet efficiency and margins. The Group also ensured that building blocks are in place for our South Pacific operations in order for the Group to be in the best-possible position to capitalise on increasing global demand for fish protein.

Trawling operations

In 9M2009, we adopted a flexible approach in our North Pacific operations and adjusted our fishing plan to improve fleet efficiency and margins. This entailed deferring part of our fishing activities to the fourth quarter of the calendar year, which enabled us to significantly reduce costs while still utilising our full calendar year catch volume entitlement. Notwithstanding this deferment in fishing activity, the Group recorded a revenue growth of 8.8% in our trawling operations in 9M2009 on the back of increased catch volume and better fish prices.

Besides improving fleet efficiency and margins, the Group’s strategic move to change our fishing plan in the North Pacific had allowed us to re-deploy excess vessel requirements in the North Pacific to our South Pacific operations. The Group also added seven catcher vessels and a factory trawler to our South Pacific operations, bringing the total number of vessels in the South Pacific Ocean to 13.

Trial fishing operations in the South Pacific Ocean, which commenced in the second quarter of 2009, contributed a maiden revenue of US\$7.8 million. The Chilean Jack Mackerel, a target catch in the South Pacific Ocean, is one of the top 10 marine harvested fish species globally. The Chilean Jack Mackerel has been used increasingly for human consumption, and demand for this fish is particularly strong in Africa. Generally, as a fish specie is used increasingly for human consumption, its value will also increase. With the Group’s strong presence in the South Pacific Ocean, we are well-positioned to benefit from the continued strong demand for fish protein.

Fishmeal operations

The Individual Transferable Quota (“ITQ”) system has been implemented in Peru since April 2009. The Group’s fishmeal operations have begun to see benefits from the implementation of the ITQ system, including enhanced margins, improved product quality and better product yield rates. The utilisation of the Group’s vessels and fishmeal processing plants has also improved. This has enabled the Group to reduce the number of processing plants from 8 to 6, and the number of vessels in operation from 39 to 29 in 9M2009.

While fishmeal prices softened in the period in line with falling commodity prices worldwide, the Group recorded a 5.3% increase in revenue from our fishmeal and fish oil operations in 9M2009. This was the result of higher fishmeal inventory sales. With continuous enhancements in operating efficiency and fleet utilisation, the Group expects to see improvements in the profitability in our fishmeal operations.

Financial Review

The Group achieved a 7.9% growth in revenue to US\$383.4 million in 9M2009, with a maiden contribution of US\$7.8 million from trial fishing operations in the South Pacific. Profit attributable to shareholders amounted to US\$78.1 million and earnings per share was US 9.08 cents.

The Group continued to improve its financial position with a reduction in the net debt to equity ratio from 92.2% to 84.3% despite the additional US\$85 million new bank loans secured for the expansion of the South Pacific operations. Total capital expenditure in FY2009 was US\$120.8 million, with the majority incurred for the expansion of the South Pacific operations. The Group’s cash and bank balances as at September 28, 2009 amounted to US\$22.9 million.

Outlook and Development Plans

Currently about one third of the world’s ocean resources are under-utilised, with these resources being used to produce fishmeal for aquaculture and animal farming industries instead of human consumption.

As global consumption of fish is expected to continue its upward trend in line with a growing world population and increasing health consciousness, there is a growing trend towards maximising the utilisation of fish catch to satisfy the demand for human consumption.

The Group believes that with proper marketing, these under-utilised resources, can be introduced for human consumption to narrow the widening demand-supply gap.

As part of our strategy to tap and commercialise these under-utilised resources for higher-value human consumption and to capitalise on the under-utilised Chilean Jack Mackerel resources, we will commence our South Pacific operations in 2010. The Group’s South Pacific operations boasts the most efficient fishing fleet, a comprehensive logistics support system, and a high calibre fishing crew and management.

We will also continue to strive for higher margins in our North Pacific and fishmeal operations through improved fleet utilisation. Our fishmeal operations is also expected to benefit from the upward trend in fishmeal prices since September 2009 as a result of an overall shortage of fishmeal in the market to meet the strong market demand, particularly in China.

Acknowledgement

I would like to express my deep appreciation to my fellow Directors for their invaluable guidance and support.

On behalf of your Board, I extend my sincere appreciation and thanks for the unyielding support of all our stakeholders, including our customers, business partners, bankers, advisers, shareholders, staff and crew members. With your continued support, we look forward to the future development and success of China Fishery.

Ng Joo Kwee
Executive Chairman

December 23, 2009

Management Discussion on Financials

As a result of the change in financial year end for the Group, the consolidated income statement results cover the nine-month period from January 1, 2009 to September 28, 2009. Accordingly, the comparative figures described in revenue and profit below are for the corresponding nine-month period ended September 30, 2008.

9 months ended September 28, 2009 versus 9 months ended September 30, 2008

REVENUE

The Group's total revenue increased 7.9% to US\$383.4 million.

Trawling operations reported a revenue growth of 8.8% to US\$292.3 million due to an increase in both catch volume and fish prices. The Group implemented a strategic move to improve its fleet efficiency and margin by deferring part of its fishing activity to the fourth quarter of the calendar year. This enabled the Group to significantly reduce its costs while utilising its calendar year annual catch volume. Revenue growth was partially affected by this deferment. The strategic move has allowed the Group to re-deploy excess vessel requirements in the North Pacific to its South Pacific operations and to capitalise on future quota allocation.

The Group also commenced trial operations in the South Pacific Ocean in June 2009, which generated revenue of US\$7.8 million.

Revenue for fishmeal and fish oil operations increased 5.3% to US\$91.2 million despite lower fishmeal and fish oil prices, as a result of higher sales from inventory.

The trawling and fishmeal processing operations accounted for 76.2% and 23.8% of total revenue respectively.

The PRC remains the Group's key market, representing 66.1% of total revenue. Japan and Korea accounted for 15.8%, while Europe accounted for 11.1%. The lower contribution from the Japanese and Korean markets was attributed mainly to lower selling prices of premium fish products.

PROFIT

Gross profit increased 5.8% to US\$127.6 million. Gross profit margin remained stable at 33.3%. Gross margin of the trawling operations improved from 28.6% to 35.8% due mainly to better vessel utilisation in the North Pacific Ocean, and reduced vessel operating costs. Catch volume was maintained. Gross margin of the fishmeal and fish oil operations declined from 50.6% to 30.4%, due mainly to lower fishmeal prices.

EBITDA increased 0.5% to US\$127.3 million.

Other operating income increased by 188.6% to US\$3.6 million, due mainly to an exchange gain in the hedging of Japanese Yen receivables. Selling expenses increased by 73.3% from US\$12.3 million to US\$21.4 million due to a change in sales terms in the Group's trawling operations, resulting in higher freight expenses. Higher sales volume of fishmeal also led to higher freight expenses. Finance costs were reduced by 6.5% to US\$21.0 million as a result of lower interest rates.

Net profit was maintained at US\$78.1 million. Net profit growth was affected by the deferment of part of the Group's fishing activities to the fourth quarter of the calendar year.

September 28, 2009 versus December 31, 2008

FINANCIAL RESOURCES

The Group continues to maintain a strong financial position with cash and bank balances of US\$22.9 million as at September 28, 2009. The Group's gearing ratio (net debt to equity) improved from 92.2% to 84.3%.

ASSETS

As at September 28, 2009, the Group's total assets amounted to US\$840.9 million, comprising US\$672.3 million in non-current assets and US\$168.6 million in current assets.

Compared to December 31, 2008, non-current assets increased by 15.8% to US\$672.3 million. The Group invested US\$110.6 million to upgrade its fleet of supertrawlers, to construct a factory trawler, and to acquire several catcher vessels for the Group's fleet expansion in South Pacific Ocean.

Current assets increased by 22.9% to US\$168.6 million. Other receivables and prepayments increased by 115.4% as at December 31, 2008 to US\$45.3 million due mainly to a down payment made for the purchase of catcher vessels and other equipment for the Group's South Pacific operations.

LIABILITIES

As at September 28, 2009, the Group's total liabilities amounted to US\$427.0 million, comprising US\$124.8 million in current liabilities and US\$302.2 million in non-current liabilities.

Compared to December 31, 2008, total liabilities increased by only US\$44.9 million from US\$382.1 million to US\$427.0 million despite new bank loans of US\$85 million to fund the Group's South Pacific operations.

As at September 28, 2009, total interest bearing borrowings was US\$371.7 million. Short term bank borrowings accounted for approximately 26.5% of total borrowings.

TOTAL EQUITY

Total equity increased from US\$335.8 million to US\$413.9 million due mainly to the retention of the current period's profit.

Directors' Profile

Executive Directors

MR NG JOO KWEE

49, is the Executive Chairman of the Company, responsible for the overall management and strategic development of the Company. Mr Ng was appointed to the Board of the Company on October 31, 2005 and last re-elected as a Director of the Company on April 30, 2009. He is also an Executive Director of Pacific Andes International Holdings Limited ("PAIH"), a company listed on The Stock Exchange of Hong Kong Limited, as well as an Executive Director of Pacific Andes Resources Development Limited ("PARD"), a company listed on the Singapore Exchange Securities Trading Limited. From 1983 to 1989, Mr Ng was president of a seafood trading and fishing company in Taiwan. In 1989, Mr Ng joined PAIH as General Manager of its China operations, overseeing the daily operations, trading and sourcing activities. Mr Ng is a brother of Mr Ng Joo Siang, Executive Director of the Company.

MR SUNG YU CHING

64, is the Managing Director of the Company, overseeing the operational management and business development of the Group. Mr Sung was appointed to the Board of the Company on October 31, 2005 and last re-elected as a Director of the Company on April 28, 2008. He is also the Chairman of Chuan-Chuan Yoo International Trade Ltd ("Chuan-Chuan"), a company engaged in the trading of seafood products, vessel spare parts and appliances, and provision of ship repairing and construction agency services. Mr Sung graduated from the marine engineering department of National Taiwan Ocean College and obtained his marine engineering licence in Taiwan. From 1990 to 1997, Mr Sung worked with Tong Ta Ship Repairs Co., a ship repairing company in Taiwan and actively participated in arranging Russian fishing vessels for repair in Taiwan. In 1997, Mr Sung started his trading business and became a shareholder in Chuan-Chuan.

MR NG JOO SIANG

50, is an Executive Director of the Company. Mr Ng was appointed to the Board of the Company on April 25, 2006 and last re-elected as a Director of the Company on April 30, 2007. Mr Ng oversees the general management, sales and business development as well as strategic planning of the Group. He is also the Managing Director of PAIH and an Executive Director of PARD, responsible for the overall strategic planning, development, corporate policy formulation, investment and management of the Pacific Andes Group. Mr Ng graduated from the Louisiana State University in Baton Rouge, Louisiana, with a Bachelor's degree in International Trade and Finance, and has over 20 years of experience in the trading of seafood products. Prior to joining PARD in 1986, Mr Ng was in the ship agency business. Mr Ng is a brother of Mr Ng Joo Kwee, Executive Chairman of the Company.

MR CHAN TAK HEI

40, is the Finance Director of the Company, responsible for the overall financial management and corporate planning of the Group. Mr Chan was appointed to the Board of the Company on February 15, 2005 and was last re-elected as a Director of the Company on April 30, 2007. Mr Chan graduated from the Hong Kong Polytechnic University with a Bachelor's degree in Accountancy and is a fellow member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group in February 2005, Mr Chan was working with PAIH as its Financial Controller since 1995.

Directors' Profile

Independent Directors

MR LIM SOON HOCK

59, was appointed as an Independent Director of the Company on January 16, 2006 and was last re-elected as a Director of the Company on April 28, 2008. He is also the Chairman of the Audit Committee and a member of both the Nominating and Remuneration Committees. Mr Lim is best known for his work as the former Vice President and Managing Director of Compaq Computer Asia Pacific Pte Ltd, where he was the first Asian appointed to the position. Mr Lim also sits on the Board of Directors of several public listed companies, government agencies and civic organisations. He is presently the Managing Director of PLAN-B ICAG Pte Ltd, a boutique corporate advisory firm. He holds a Bachelor of Engineering degree with Honours in Electrical Engineering from the University of Singapore and is a Fellow of the Institution of Engineers, Singapore, Institution of Engineering and Technology, UK and the Singapore Institute of Directors. Mr Lim was appointed a Justice of the Peace in May 2008. In 2009, he was awarded the Public Service Medal and the NUS Distinguished Alumni Service Award.

MR TSE MAN BUN

66, was appointed as an Independent Director of the Company on January 16, 2006 and was last re-elected as a Director of the Company on April 30, 2009. He is also the Chairman of the Nominating Committee and a member of both the Audit and Remuneration Committees. Mr Tse has over 40 years of working experience in the banking industry apart from which, he also has an in-depth understanding of the commerce and manufacturing industries. He joined The Hongkong & Shanghai Banking Corporation Limited in 1968 and retired from the bank in December 2002. Mr Tse is currently an Executive Director of CDRS Development Group Limited and an Independent Non-Executive Director of HSBC Insurance (Asia) Limited, HSBC Life (International) Limited, Crystal International Limited and Tysan Holdings Limited.

MR TAN NGIAP JOO

64, was appointed as an Independent Director of the Company on January 12, 2009 and was last re-elected as a Director of the Company on April 30, 2009. He is also the Chairman of the Remuneration Committee and a member of both the Audit and Nominating Committees. Mr Tan was previously the Deputy President of OCBC Bank (Singapore) Limited. Prior to this, he was a Chief Executive Officer of Bank of Singapore (Australia) Limited. Presently, he sits on the Boards of Directors of several Singapore companies. He is the Chairman and Director of United Engineers Limited and a Director of British and Malayan Trustees Limited, Kian Ann Engineering Ltd and Mapletree Logistics Trust Management Ltd. Mr Tan holds a Bachelor of Arts degree from the University of Western Australia.

Key Management

BREDIKHIN GENNADY

is our Fleet Manager for our fishing operations in the Pacific Ocean. He is responsible for the overall management of the fishing operations in the Pacific Ocean. His responsibilities include supervision of catch discharges, monitoring of on-board supplies, and the formulation of fishing strategies. He joined our Group as a Fleet Manager of China Fisheries International Limited ("CFIL") in 2001. Prior to joining our Group, he was involved in the fishing operations of a fishing company in Russia from 1975 to 1997, holding the post of Overseas Department Manager. Mr Bredikhin graduated from the Kaspian Marine College in 1975.

ROMAN EMELIANOV

is our Chief Port Engineer. He is responsible for the technical aspects of the fishing vessels, including the maintenance and repair of the fishing vessels. He graduated from Kamchatka State Marine University in 1994 with a Masters degree in Marine Engineering. He joined our Group as a mechanical engineer of CFIL in 2001. He was promoted to the position of Chief Port Engineer of the Company in 2002. Prior to joining our Group, he worked as an engineer at various fishing companies in Russia from 1996 to 2001.

WONG MAN YUK RAYMOND

is the Financial Controller for our Group. He is responsible for the financial management of the Group. He graduated from Hong Kong Baptist University with a Bachelor's degree in Accountancy in 1998 and is a fellow member of the Association of Chartered Certified Accountants, and a member of the Hong Kong Institute of Certified Public Accountants. He was with Deloitte Touche Tohmatsu from 1998 to 2003 and before leaving the firm, he held the position of Audit Senior. From 2003 until he joined the Group in October 2005, Mr Wong was with Pacific Andes International Holdings Limited as Deputy Financial Controller.

JOSE MIGUEL TIRADO MELGAR

is the General Manager of CFG Investment S.A.C.. Prior to joining the company, he was an independent investor owning fishing vessels, processing plants and a fishing vessel shipyard in Peru. Mr Tirado graduated from Bentley College in Boston, Massachusetts, in 1990 with a Bachelor's degree in Management.

FRANCISCO JAVIER PANIAGUA JARA

a General Manager of CFG Investment S.A.C., is responsible for all corporate, legal and regulatory matters relating to our Peruvian operations. Prior to joining the Group, Mr Paniagua was an attorney with Estudio Echeopar and in-house counsel with Banco Latino, both in Lima, Peru. He was also an attorney with Cleary, Gottlieb, Steen & Hamilton New York office. Mr Paniagua holds a Bachelor's degree in General Studies and a Law degree, both from Pontificia Universidad Católica del Perú, and an LLM from Cornell Law School.

ISAAC FINGER

is the Chief Financial Officer of CFG Investment S.A.C., a position he has held since April 2008. Prior to joining our Peruvian subsidiary, he worked as Chief Financial Officer at Hochschild Mining PLC for 4 years. Mr Finger graduated from Universidad de Lima with a Bachelor's degree in Industrial Engineering and has a Master of Science in Finance from the University of Rochester, New York.



Corporate Information

Board of Directors

EXECUTIVE

Ng Joo Kwee (Executive Chairman)
Sung Yu Ching (Managing Director)
Ng Joo Siang
Chan Tak Hei

NON-EXECUTIVE

Lim Soon Hock (Independent)
Tse Man Bun (Independent)
Tan Ngiap Joo (Independent)

Audit Committee

Lim Soon Hock (Chairman)
Tse Man Bun
Tan Ngiap Joo

Nominating Committee

Tse Man Bun (Chairman)
Lim Soon Hock
Tan Ngiap Joo

Remuneration Committee

Tan Ngiap Joo (Chairman)
Lim Soon Hock
Tse Man Bun

Company Secretaries

Maurice Ngai, FCS, FCIS
Yvonne Choo, FCIS

Solicitors

David Lim & Partners

Auditors

Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way #32-00
DBS Building, Tower 2
Singapore 068809
Partner-in-charge: Tsia Chee Wah
Date of appointment: September 2, 2008

Principal Bankers

CITIC Ka Wah Bank Limited
HSBC
Nyi Landsbanki Island hf.
Oversea-Chinese Banking Corporation Ltd
Standard Chartered Bank (Hong Kong) Limited

Registered Office

Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town, Grand Cayman
Cayman Islands

Principal Office

Rooms 3312-3314
Hong Kong Plaza
188 Connaught Road West
Hong Kong
Tel: 852-2548 2666
Fax: 852-2548 9666
Email: ir@chinafish.com

Cayman Islands Registrar and Share Transfer Agent

Appleby Corporate Services (Cayman) Ltd
Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town, Grand Cayman
Cayman Islands

Singapore Share Transfer Agent

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758
Tel: 65-6323 6200
Fax: 65-6323 6990

Company Registration Number

99414

Company Website

<http://www.chinafisherygroup.com>

Report on Corporate Governance

The Directors are committed to maintaining a high standard of corporate governance within the Group and China Fishery Group Limited (the "Company") and confirm that the Company has adhered to the principles and guidelines as set out in the Code of Corporate Governance 2005 (the "Code") unless otherwise specified.

Board Matters

Principle 1: Board's Conduct of its Affairs

The Board oversees the business affairs of the Company and assumes responsibility for the Group's overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.

The Board is supported by the Audit Committee ("AC"), Remuneration Committee ("RC") and Nominating Committee ("NC").

The Board conducts regular scheduled meetings at least four times a year and meets as and when warranted by particular circumstances between these scheduled meetings. The Company's Articles of Association provide for meetings to be held via telephone and video conferencing.

The Company has in place orientation programmes for newly-appointed Directors to ensure that they are familiar with the Group's structure, its business and operations. Newly appointed Directors are expected to participate in the orientation programmes which include meetings with the Chairman/Managing Director and the Finance Director to obtain in-depth information and an understanding of the business. The Company has also set aside a training budget for its Directors to attend relevant courses and seminars. The Directors are provided with updates on changes in the relevant laws and regulations, where appropriate, to enable them to make well-informed decisions and to discharge their duties responsibly.

Board approval is required for matters likely to have a material impact on the Group's operations as well as matters other than in the ordinary course of business.

Details of Directors' attendance at Board and Board committee meetings held in the 9 months ended September 28, 2009 ("9M2009") are summarised in the table below:

	Board	AC	RC	NC
Ng Joo Kwee	2	–	–	–
Sung Yu Ching (note)	–	–	–	–
Ng Joo Siang	3	–	–	–
Chan Tak Hei	3	–	–	–
Lim Soon Hock	3	4	1	2
Tse Man Bun	3	4	1	2
Tan Ngiap Joo	3	4	1	2
Total held in 9M2009	3	4	1	2

Note: The absence of Sung Yu Ching at Board meetings in 9M2009 which were held in Hong Kong, was with the consent of the Board. During the period, Mr Sung was involved with the retrofitting of the Group's factory vessel in Taiwan.

Principle 2: Board Composition

The Board comprises 7 Directors. The Board is of the view that its current size is appropriate, taking into account the nature and scope of operations of the Group.

As at the date of this report, the Board comprises the following Directors:

Executive Directors:

Ng Joo Kwee (Executive Chairman)
Sung Yu Ching (Managing Director)
Ng Joo Siang
Chan Tak Hei

Non-Executive Independent Directors:

Lim Soon Hock
Tse Man Bun
Tan Ngiap Joo

The NC, which reviews the independence of each Director on an annual basis, adopts the Code's definition of what constitutes an independent Director.

As a group, the Directors bring with them a broad range of expertise and experience in areas such as accounting, finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The diversity of the Directors' experience allows for the useful exchange of ideas and views. The profile of all Board members is set out in the section entitled 'Directors' Profile' of this Annual Report.

The Non-Executive Directors constructively challenge Management and assist in the development of proposals on strategy. The Non-Executive Directors also review the performance of Management at meetings.

Principle 3: Chairman and Managing Director

Ng Joo Kwee is the Executive Chairman of the Company. Mr Ng is one of the founders of the Group and plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. Mr Ng is responsible for the workings of the Board and ensures the integrity and effectiveness of the governance process of the Board.

The Company's Managing Director ("MD") is Sung Yu Ching, who is responsible for the day-to-day running of the Group and the quality, quantity and timeliness of information flow between the Board and Management. Mr Sung was granted leave of absence to attend Board meetings held in Hong Kong during the 9M2009 period that he was involved with the retrofitting of the Group's factory vessel in Taiwan. His responsibility with regard to Board matters during the period was assigned to Mr Ng Joo Siang.

Mr Ng Joo Sang is an Executive Director of the Company and a founder of Singapore-listed parent company, Pacific Andes Resources Development Limited ("Pacific Andes Group"). Mr Ng is responsible for the overall management of the Company, including implementing major business strategies and co-ordinating the business and operations of both Pacific Andes Group and China Fishery Group.

There is a clear division of responsibilities between the Chairman and the MD. This ensures a balance of power and authority at the top such that there is no concentration of power in any single individual. The roles of Chairman and MD are separate in line with good corporate governance practices. This also ensures increased accountability and provides the Board with greater capacity for independent decision making.

Report on Corporate Governance

All major decisions made by the Executive Chairman and MD are endorsed by the Board. Their performance and remuneration packages are reviewed periodically by the NC and the RC respectively. The NC and RC comprise Non-Executive Independent Directors. As such, the Board believes that there are adequate safeguards in place against an unbalanced concentration of power and authority in any single individual.

Principle 4: Board Membership

The Directors who held office in 9M2009 and as at the date of this report are disclosed on page 14 (Corporate Information) and page 24 (Report of the Directors) of this Annual Report respectively. Profiles of Directors as at the date of this report are disclosed on pages 11 and 12 (Directors' Profile) of this Annual Report.

Principle 5: Board Performance

Nominating Committee

The NC, regulated by a set of written terms of reference, comprises 3 members, all of whom are Non-Executive Independent Directors, as follows:

Tse Man Bun (Chairman)
Lim Soon Hock
Tan Ngiap Joo

The NC is chaired by Tse Man Bun a Non-Executive Independent Director not associated with any substantial shareholder.

The principle functions of the NC stipulated in its terms of reference are summarised as follows:

- (a) Reviews and makes recommendations to the Board on all board appointments;
- (b) Reviews the Board structure, size and composition and makes recommendations to the Board with regards to any adjustment that are deemed necessary;
- (c) Determines the independence of the Board;
- (d) Makes recommendations to the Board for the continuation of services by any director who has reached the age of 70 (seventy) or otherwise;
- (e) Assesses the effectiveness of the Board and the academic and professional qualifications of each individual Director;
- (f) Decides whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when the Director has multiple Board representations and
- (g) Reviews and recommends Directors retiring by rotation for re-election at each Annual General Meeting ("AGM").

The NC had reviewed the independence of each Director for 9M2009 in accordance with the Code's definition of independence and is satisfied that at least one-third of the Board comprise Non-Executive Independent Directors.

The NC had adopted a formal process of evaluating the performance of the Board as a whole. This process involves the completion of a questionnaire by Board members. A summary of findings is prepared following the return of the completed questionnaires for review and deliberation by the NC. The Chairman of the NC confers with the Chairman of the Board on the findings, and appropriate follow-up actions are taken as necessary. A Board performance evaluation was carried out to assess and evaluate the Board's composition, size and expertise, timeliness of Board information accountability and processes. Quantitative financial criteria such as the Company's share price performance, return on equity (ROE), return on assets (ROA), and earnings per share (EPS) were also considered in the evaluation.

In accordance with the Company's Articles of Association, each Director retires at least once every three years by rotation and all newly-appointed Directors retire at the next AGM following their appointments. The retiring Directors are eligible to offer themselves for re-election. The NC had recommended the re-appointment of the following Directors who will be retiring at the forthcoming AGM:

- (1) Ng Joo Siang
- (2) Sung Yu Ching
- (3) Chan Tak Hei

The Board had accepted the NC's recommendation and accordingly, the above-named Directors will be offering themselves for re-election.

The NC has in place a process for the selection and appointment of new Directors.

Principle 6: Access to Information

All Directors have independent access to the Group's senior management and the Company Secretary. All Directors are provided with complete and adequate information prior to Board meetings and on an ongoing basis. The Company Secretary provides secretarial support and assistance to the Board and ensures adherence to Board procedures and relevant rules and regulations applicable to the Company. The Company Secretary attends all Board and Board committee meetings.

The Directors may seek independent professional advice to fulfill their duties and such cost will be borne by the Company.

Remuneration Committee

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The RC, regulated by a set of written terms of reference, comprises 3 members, all of whom are Non-Executive Independent Directors, as follows:

Tan Ngiap Joo (Chairman)
Lim Soon Hock
Tse Man Bun

The RC reviews and recommends to the Board (a) the remuneration package of each Director and senior executives of the Group, (b) fees for Non-Executive Independent Directors subject to shareholders' approval at the AGM, and (c) all service contracts and terms of employment of the Executive Directors. The RC has delegated the review of the remuneration of senior executives to the Group Managing Director. The RC also has access to external professional advice on remuneration matters, if required.

The RC had recommended to the Board an amount of HK\$720,000 (equivalent to US\$92,308 or S\$128,059) as Directors' fees for the year ending September 28, 2010, to be paid monthly in arrears. The Board will table this recommendation at the forthcoming AGM for shareholders' approval.

Directors' fees payable to the Non-Executive Independent Directors are set in accordance within a remuneration framework and in consideration of the contribution, effort, time incurred and responsibilities of the Non-Executive Independent Directors.

Executive Directors do not receive Directors' fees.

The remuneration for the Executive Directors and senior executives comprises a basic salary plus any other fixed allowances and an annual performance bonus tied to individual performance as well as the Group's performance.

Directors' Remuneration

The remuneration paid for the financial period ended September 28, 2009 is shown below:

Name of Director	Director's fees (%)	Salary (%)	Bonus (%)	Others (%)	Total (%)
S\$500,000 and above					
Nil	-	-	-	-	-
S\$250,000 to below S\$500,000					
Chan Tak Hei	-	82	-	18	100
Below S\$250,000					
Ng Joo Kwee	-	66	29	5	100
Sung Yu Ching	-	69	31	-	100
Ng Joo Siang	-	66	29	5	100
Lim Soon Hock	100	-	-	-	100
Tse Man Bun	100	-	-	-	100
Tan Ngiap Joo	100	-	-	-	100

Employees' Remuneration

The annual remuneration paid to each of the top five executives (who are not Directors of the Company) is less than S\$250,000 as set out below:

Name of Executive	Salary (%)	Bonus (%)	Others (%)	Total (%)
Below S\$250,000				
Francisco Paniagua	95	-	5	100
José Miguel Tirado Melgar	95	-	5	100
Isaac Finger Kogan	95	-	5	100
Gennady Bredikhin	100	-	-	100
Pascual Segami	95	-	5	100

The existing service agreements for the Executive Directors (except for Ng Joo Siang who has an on-going service agreement with the Company's holding company), which commenced on January 25, 2006, are for a period of 5 years. The service agreement provides for termination by the Executive Directors or the Company upon giving not less than 6 months' notice in writing.

With the exception of Ng Joo Siang and Ng Joo Kwee, there were no employees of the Company who are immediate family members of a Director or the Chairman or the MD and whose remuneration exceeds S\$150,000 during the financial period under review. Ng Joo Siang, Executive Director, is the brother of Ng Joo Kwee, Executive Chairman.

The Company has in place a Share Awards Scheme (the "Scheme") administered by the RC.

All the Executive Directors, Non-Executive Directors and employees of the Group, except those who are controlling shareholders or their associates, are eligible to participate in the Scheme. Details of the Scheme and grants of awards under the Scheme made during the financial period under review are disclosed under Report of the Directors on page 24 of this Annual Report.

Principle 10: Accountability

The Board provides shareholders with a detailed and balanced explanation and analysis of the Company's performance, financial position and prospects on a quarterly basis in the Group's quarterly and full-year results announcements.

Management provides the Board with financial statements of the Group's performance, position and prospects on a regular basis.

Principle 11: Audit Committee

The AC, regulated by a set of written terms of reference, comprises 3 Non-Executive Independent Directors, as follows;

Lim Soon Hock (Chairman)
Tse Man Bun
Tan Ngiap Joo

The Board is of the view that the AC members have adequate accounting or related financial management expertise and experience to discharge the AC's functions.

The AC meets at least four times a year and as and when deemed appropriate, to carry out its functions.

The AC has full access to and the co-operation of Management. The AC also has full discretion to invite any Director or executive officer to attend its meetings and has been given adequate resources to enable it to discharge its functions.

The AC performs the following functions:

- Reviews the annual and quarterly financial statements of the Company and the Group before submission to the Board for adoption;
- Reviews with the external and internal auditors, their audit plans and audit reports;
- Reviews the cooperation given by Management to the external and internal auditors;
- Nominates and reviews the appointment or re-appointment of external auditors;
- Reviews the scope and findings of the internal audit including the effectiveness of the Company's internal audit function;
- Reviews interested person transactions;
- Reviews the independence of the external auditors annually; and
- Reviews hedging policies that the Company may have with regard to the costs of bunkers and foreign exchange.

The AC reviews arrangements by which the staff may, in confidence, report possible improprieties which may cause financial or non-financial loss of the Company. The objective is to ensure that arrangements are in place, for the independent investigation of such concerns and for appropriate follow-up action.

The AC had reviewed the non-audit services provided by the external auditors, Deloitte & Touche LLP and is of the opinion that the provision of such services does not affect their independence.

Annually, the AC meets with the external and internal auditors without the presence of Management. The Group has an in-house internal audit functions.

The AC had recommended the re-appointment of Deloitte & Touche LLP as the Company's auditors at the forthcoming AGM.

Principle 12: Internal Controls

The Board ensures that Management maintains a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The AC reviews the adequacy of financial, operational and compliance controls and risk management policies.

The AC is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interest and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and management of business risks.

The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks and takes appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board. The Group's financial risk management objectives and policies are outlined in the financial statements. Risk management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the Group can make more informed decisions and benefit from a better balance between risk and reward. This helps to protect and also create shareholders' value.

Based on the information provided to the AC, nothing has come to the AC's attention to cause the AC to believe that the Group's system of internal controls and risk management processes are inadequate. The Board supports this observation.

Principle 13: Internal Audit ("IA")

The Board understands the importance of maintaining a sound system of internal controls and audit. The Company has an internal audit function which reports directly to the AC. The internal auditor has adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC, on an annual basis, assesses the effectiveness of the IA function by examining the scope of the internal audit work, the independence of areas reviewed and the internal audit reports on the state of the Group's internal controls.

The AC is satisfied that the IA function is adequately resourced and has the appropriate standing within the Company to undertake its activities independently and objectively.

The AC also meets annually with the internal auditor without the presence of Management, annually.

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

In line with continuous disclosure obligations, the Company is committed to regular and proactive communication with its shareholders. It is the Board's policy that shareholders are informed of all major developments within the Group.

Information is communicated to shareholders on a timely basis through:

- (a) Announcements and press releases made via SGXNET on major developments of the Group;
- (b) Financial statements containing a summary of the financial information and affairs of the Group for the respective quarters and full-year which are released via SGXNET;
- (c) Annual reports sent to all shareholders; and
- (d) Notices of and explanatory notes for annual general meetings and extraordinary general meetings.

At the AGM, shareholders are given opportunities to communicate their views on matters pertaining to the Group and to participate in the meeting. Issues seeking approval of shareholders, if any, are usually tabled as separate resolutions.

The Chairmen of the AC, RC and NC as well as the external auditors will be available at the forthcoming AGM to address any queries raised by shareholders.

Securities Transactions

The Company has adopted an internal code governing dealings in securities by Directors and key officers of the Company and its subsidiaries to provide guidance on dealing in the Company's shares. All Directors and key officers of the Company and its subsidiaries who have access to unpublished price sensitive information are required to observe this code.

The Directors and key officers have been informed not to deal in the Company's shares at all times whilst in possession of unpublished price sensitive information and during the periods commencing at least 31 days and 14 days prior to the announcement of the Company's results for the full-year and for the three quarters respectively.

Interested Person Transactions

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions. All interested person transactions are subject to review by the AC.

Interested person transactions for 9M2009 undertaken pursuant to the shareholders' general mandate under Rule 920 of the Listing Manual of the SGX-ST are as follows

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 of the Listing Manual of the SGX-ST) US\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST (excluding transactions less than S\$100,000) US\$'000
Pacific Andes Resources Development Limited (formerly known as Pacific Andes (Holdings) Limited) and its subsidiaries:		
Sales of catches	Nil	Nil
Sales of fishmeal products	Nil	2,651
Purchase of bunker and other vessel supplies	Nil	Nil

Material Contracts

Except for the service agreements entered into with Ng Joo Kwee, Sung Yu Ching and Chan Tak Hei and the interested person transactions conducted under the general mandate given by shareholders, no material contract involving the interests of any Director or controlling shareholders of the Company has been entered into by the Company or any of its subsidiary companies in 9M2009.

Risk and Management

The Company has not constituted a Risk Management Committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and AC. The Company also has in place an internal audit function reporting directly to the AC.

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial period from January 1, 2009 to September 28, 2009. During the financial period, the company changed its financial year end from December 31 to September 28 in order to be co-terminous with its penultimate holding company, Pacific Andes International Holdings Limited.

1 Directors

The directors of the Company in office at the date of this report are:

Executive Directors:

Ng Joo Kwee – Executive Chairman
Sung Yu Ching – Managing Director
Ng Joo Siang
Chan Tak Hei

Independent Directors:

Lim Soon Hock
Tse Man Bun
Tan Ngiap Joo

In accordance with Article 107 of the Company's Articles of Association, Ng Joo Siang, Sung Yu Ching and Chan Tak Hei, are subject to retirement and re-election at the forthcoming Annual General Meeting.

2 Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 Directors' Interests in Shares and Debentures

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company except as follows:

Name of director and company in which interest is held	Direct	
	At beginning of period or date of appointment, if later	At end of period
The Company	Ordinary shares of US\$0.05 each	
Chan Tak Hei	40,000	–
Tan Ngiap Joo	–	20,000

The directors' interests in the shares of the Company at October 19, 2009 were the same at September 28, 2009.

4 Directors' Receipt and Entitlement to Contractual Benefits

Since the beginning of the financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 Share Options

a. Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

b. Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

c. Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6 Share Awards Scheme

The CFGL Share Awards Scheme ("CFGL SAS") in respect of ordinary shares in the Company was approved by the shareholders on April 30, 2007.

The CFGL SAS is administered by the Remuneration Committee, currently comprising Tan Ngiap Joo, Lim Soon Hock and Tse Mun Bun.

The Company would at its discretion and on a free-of-charge basis grant shares under the CFGL SAS to participants of the scheme. The shares will vest 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 participants 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.

1,221,826 share awards have been granted under CFGL SAS during the current financial period, but no share awards will be vested until February 16, 2012. There were an aggregate of 1,221,826 share awards which have not been released as at September 28, 2009.

During the current financial period:

- (i) no directors or employees of the Company and its subsidiaries has received shares pursuant to the release of awards granted under CFGL SAS which, in aggregate, represent 5% or more of the aggregate of (a) total number of new shares available under CFGL SAS, and (b) total number of existing shares purchased for delivery of awards released under CFGL SAS; and
- (ii) no Common Parent Participants has received 5% or more of the total number of shares available to Common Parent Participants under CFGL SAS.

Report of the Directors

Since the commencement of CFGL SAS to the end of the current financial period, there were no grants of share awards to Common Parent Participants.

The aggregate number of ordinary shares which may be issued under the CFGL SAS shall not exceed 15% of the issued share capital of the Company from time to time.

At no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

7 Audit Committee, Nominating Committee and Remuneration Committee

Details of the Company's Audit Committee, Nominating Committee and Remuneration Committee are set out in the Report on Corporate Governance on page 16 of the Annual Report.

8 Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Sung Yu Ching
Managing Director

Chan Tak Hei
Finance Director

December 23, 2009

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company as set out on pages 29 to 84 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at September 28, 2009, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Sung Yu Ching
Managing Director

Chan Tak Hei
Finance Director

December 23, 2009



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHINA FISHERY GROUP LIMITED

We have audited the accompanying financial statements of China Fishery Group Limited which comprise the statements of financial position of the Group and the Company as at September 28, 2009, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 84.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the 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 of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at September 28, 2009 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Deloitte & Touche LLP

Public Accountants and Certified Public Accountants

Singapore

December 23, 2009

Statements of Financial Position

September 28, 2009

	Note	Group		Company	
		September 28, 2009 US\$'000	December 31, 2008 US\$'000	September 28, 2009 US\$'000	December 31, 2008 US\$'000
ASSETS					
Current assets					
Cash and bank balances	7	22,933	7,621	34	24
Trade receivables	8	31,746	18,871	-	-
Other receivables and prepayments	9	45,346	21,056	-	-
Prepaid income tax		5,902	8,288	-	-
Deferred expenses	10	32,716	25,910	-	-
Inventories	11	7,816	33,349	-	-
Current portion of deferred charter hire	12	22,133	22,133	-	-
Total current assets		168,592	137,228	34	24
Non-current assets					
Deferred charter hire	12	180,123	196,600	-	-
Property, plant and equipment	13	349,947	244,238	-	-
Investment properties	14	2,423	-	-	-
Goodwill	15	64,102	64,102	-	-
Other intangible assets	16	74,189	74,189	-	-
Associate	17	1,500	1,500	-	-
Subsidiaries	18	-	-	186,840	155,067
Total non-current assets		672,284	580,629	186,840	155,067
Total assets		840,876	717,857	186,874	155,091
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	19	6,851	14,047	-	-
Other payables and accrued expenses	20	18,998	18,533	162	465
Income tax payable		432	975	-	-
Financial guarantee contract		-	-	525	525
Current portion of finance leases	21	4,807	4,595	-	-
Current portion of bank loans	22	93,705	64,935	-	-
Total current liabilities		124,793	103,085	687	990
Non-current liabilities					
Financial guarantee contract		-	-	1,706	2,100
Finance leases	21	10,423	14,003	-	-
Bank loans	22	43,210	15,144	-	-
Senior notes	23	219,562	218,602	-	-
Deferred tax liabilities	24	29,011	31,251	-	-
Total non-current liabilities		302,206	279,000	1,706	2,100
Capital and reserves					
Share capital	25	43,014	39,104	43,014	39,104
Share premium		101,325	105,235	101,325	105,235
Revaluation reserve	26	2,720	2,738	-	-
Merger reserve	26	(30,503)	(30,503)	-	-
Retained earnings		297,321	219,198	40,142	7,662
Net equity		413,877	335,772	184,481	152,001
Total liabilities and equity		840,876	717,857	186,874	155,091

See accompanying notes to financial statements.

Consolidated Income Statement

Year ended September 28, 2009

		Group	
		January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
	Note		
Revenue	27 & 28	383,449	460,054
Cost of sales		(47,960)	(41,755)
Charter hire expenses		(60,920)	(77,345)
Vessel operating costs		<u>(146,923)</u>	<u>(194,699)</u>
Gross profit		127,646	146,255
Other operating income	29	3,556	1,642
Selling expenses		(21,394)	(15,556)
Administrative expenses		(9,497)	(12,526)
Finance costs	30	<u>(20,992)</u>	<u>(31,197)</u>
Profit before tax		79,319	88,618
Income tax (expense) benefit	31	<u>(1,196)</u>	<u>5,654</u>
Profit for the year	32	<u><u>78,123</u></u>	<u><u>94,272</u></u>
Basic earnings per share (US cents)	33	<u>9.08</u>	<u>12.05</u>
Diluted earnings per share (US cents)	33	<u>9.07</u>	<u>12.05</u>

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended September 28, 2009

	Group	
	January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
Profit for the year	78,123	94,272
Revaluation of properties, representing other comprehensive income for the year	<u>(18)</u>	<u>1,546</u>
Total comprehensive income for the year, attributable to the owners of the Company	<u><u>78,105</u></u>	<u><u>95,818</u></u>

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended September 28, 2009

	Share capital US\$'000	Share premium US\$'000	Revaluation reserve US\$'000	Merger reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Group						
Balance at January 1, 2008	39,104	105,235	1,192	(30,503)	137,497	252,525
Total comprehensive income for the year	–	–	1,546	–	94,272	95,818
Final dividend of 2.19 Singapore cents per ordinary share in respect of financial year 2007	–	–	–	–	(12,571)	(12,571)
Balance at January 1, 2009	39,104	105,235	2,738	(30,503)	219,198	335,772
Total comprehensive income for the year	–	–	(18)	–	78,123	78,105
Bonus issue of shares (Note 25)	3,910	(3,910)	–	–	–	–
Balance at September 28, 2009	<u>43,014</u>	<u>101,325</u>	<u>2,720</u>	<u>(30,503)</u>	<u>297,321</u>	<u>413,877</u>

	Share capital US\$'000	Share premium US\$'000	Retained earnings US\$'000	Total US\$'000
Company				
Balance at January 1, 2008	39,104	105,235	2,626	146,965
Total comprehensive income for the year	–	–	17,607	17,607
Final dividend of 2.19 Singapore cents per ordinary share in respect of financial year 2007	–	–	(12,571)	(12,571)
Balance at January 1, 2009	39,104	105,235	7,662	152,001
Total comprehensive income for the year	–	–	32,480	32,480
Bonus issue of shares (Note 25)	3,910	(3,910)	–	–
Balance at September 28, 2009	<u>43,014</u>	<u>101,325</u>	<u>40,142</u>	<u>184,481</u>

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended September 28, 2009

	Group	
	January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
Note		
Operating activities		
Profit before income tax	79,319	88,618
Adjustments for:		
Allowance for doubtful trade receivables	–	1,908
Amortisation of deferred charter hire	16,477	22,134
Amortisation of senior notes issuing expenses	960	1,279
Depreciation expense	12,204	13,048
Fair value gain on revaluation of investment properties	(194)	–
(Gain) loss on disposal of property, plant and equipment	(8)	5
Interest expense	20,032	29,918
Interest income	(48)	(17)
Provision for claims	699	150
	<u>129,441</u>	<u>157,043</u>
Operating cash flows before movements in working capital		
Trade receivables	(12,875)	(11,123)
Other receivables and prepayments	(24,290)	14,868
Deferred expenses	(6,806)	(9,361)
Inventories	25,533	(8,019)
Trade payables	(7,196)	(31,995)
Other payables and accrued expenses	(5,579)	(14,378)
	<u>98,228</u>	<u>97,035</u>
Cash generated from operations		
Interest paid	(16,581)	(33,156)
Income tax paid	(1,593)	(6,920)
	<u>80,054</u>	<u>56,959</u>
Net cash from operating activities		
Investing activities		
Purchase of property, plant and equipment (Note A)	118,883	(41,962)
Proceeds from disposal of property, plant and equipment	625	7
Acquisition of subsidiaries	–	(19,734)
Interest received	48	17
	<u>(118,210)</u>	<u>(61,672)</u>
Net cash used in investing activities		

Consolidated Statement of Cash Flows

Year ended September 28, 2009

	Note	Group	
		January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
Financing activities			
Additions of bank loans		177,889	80,534
Repayment of bank loans		(121,053)	(65,643)
Obligations under finance leases		(3,368)	(8,213)
Pledged deposit	7	(5,679)	–
Dividends paid		–	(12,571)
Net cash from (used in) financing activities		<u>47,789</u>	<u>(5,893)</u>
Net increase (decrease) in cash and cash equivalents		9,633	(10,606)
Cash and cash equivalents at beginning of year		<u>7,621</u>	<u>18,227</u>
Cash and cash equivalents at end of year		<u><u>17,254</u></u>	<u><u>7,621</u></u>
Cash and cash equivalents consist of:			
Cash at banks	7	16,125	6,081
Cash on hand	7	<u>1,129</u>	<u>1,540</u>
		<u><u>17,254</u></u>	<u><u>7,621</u></u>
Note A			
Purchase of property, plant and equipment		120,777	56,662
Less: Property, plant and equipment purchased under finance lease arrangements		–	(14,700)
Less: Finance cost capitalised as construction-in-progress		<u>(1,894)</u>	–
Cash payments on purchase of property, plant and equipment		<u><u>118,883</u></u>	<u><u>41,962</u></u>

See accompanying notes to financial statements.

Notes to the Financial Statements

September 28, 2009

1. General

The Company is incorporated in Cayman Islands with its principal place of business in the Republic of China and registered office at Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands. The Company's shares are listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in United States dollars and all values are rounded to the nearest thousand (US\$'000) except when otherwise indicated.

The principal activity of the Company is that of investment holding. The principal activities of the associate and subsidiaries are disclosed in Notes 17 and 18 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended September 28, 2009 were authorised for issue by the Board of Directors on December 23, 2009.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the financial statements and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS").

The financial statements are also prepared in accordance with International Financial Reporting Standards.

Adoption of New and Revised Standards

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2009. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below.

FRS 1 – Presentation of Financial Statements (Revised)

FRS 1 (2008) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised standard requires the presentation of a third statement of financial position at the beginning of the earliest comparative period presented if the entity applies new accounting policies retrospectively or makes retrospective restatements or reclassifies items in the financial statements.

Amendments to FRS 107 – Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The amendments to FRS 107 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

FRS 108 – Operating Segments

The Group adopted FRS 108 with effect from January 1, 2009. FRS 108 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 in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (FRS 14 Segment Reporting) required an entity to identify two sets of segments (Business and Geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 108, the identification of the Group's reportable segments are disclosed in Note 28.

The comparatives have been restated to conform to the requirements of FRS 108.

2. Summary of Significant Accounting Policies (continued)

Adoption of New and Revised Standards (continued)

At the date of authorisation of these financial statements, the following amendments to FRSs relevant to the Group and Company were issued but not effective:

- FRS 7 – Statement of Cash Flows (Amendments)
- FRS 27 – Consolidated and Separate Financial Statements (Revised)
- FRS 28 – Investments in Associates (Revised)
- FRS 103 – Business Combinations (Revised)

Improvements to Financial Reporting Standards (issued in June 2009)

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above amendments to FRSs issued but not effective at the date of authorisation of these financial statements in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 27 (Revised) – Consolidated and Separate Financial Statements; and FRS 103 – (Revised) Business Combinations

FRS 27 (Revised) is effective for annual periods beginning on or after July 1, 2009. FRS 103 (Revised) is effective for business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after July 1, 2009.

Apart from matters of presentation, the principal amendments to FRS 27 that will impact the Group concern the accounting treatment for transactions that result in changes in a parent's interest in a subsidiary. It is likely that these amendments will significantly affect the accounting for such transactions in future accounting periods, but the extent of such impact will depend on the details of the transactions, which cannot be anticipated. The changes will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

Similarly, FRS 103 is concerned with accounting for business combination transactions. The changes to the Standard are significant, but their impact can only be determined once the details of future business combinations is known. The amendments to FRS 103 will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 28 (Revised) – Investments in Associates

In FRS 28 (Revised), the principle adopted under FRS 27 (Revised) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendment to FRS 28 (Revised); therefore, when significant influence is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

FRS 28 (Revised) will be adopted for periods beginning on or after July 1, 2009 and will be applied prospectively in accordance with the relevant transitional provisions and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

2. Summary of Significant Accounting Policies (continued)

Adoption of New and Revised Standards (continued)

Amendments to FRS 7 – Statement of Cash Flows

The amendments (part of Improvements to FRSs issued in June 2009) specify that only expenditure that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in FRS 38 Intangible Assets for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) will be reclassified from investing to operating activities in the statement of cash flows. The amendments to FRS 7 will be adopted for periods beginning on or after January 1, 2010.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the Company's financial statements, investment in subsidiaries is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Common Control Business Combination Outside the Scope of FRS 103

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The restructuring exercise in 2005 resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of FRS 103 *Business Combinations*. For such common control business combinations, merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the financial statements of the constituent entities prior to the common control combination. The carrying amounts are included as if consolidated financial statements had been prepared by the controlling party, including adjustments required for conforming the combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

Merger reserve represents the difference between the nominal amount of the share capital of the combining entities at the date on which it was acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

2. Summary of Significant Accounting Policies (continued)

Business Combinations Within the Scope of FRS 103

Where there is no common control prior to acquisition, the acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Goodwill arising on consolidation is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceed the cost of the business combination, the excess is recognised immediately in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with banks and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are 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 impacted.

Objective evidence of impairment could include:

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

2. Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For certain categories of financial asset, such as trade receivables, 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 60 days, as well as 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 is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. 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.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables when the recognition of interest would be immaterial.

2. Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

Interest-bearing bank loans and senior notes are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision and the amount initially recognised less, when appropriate, cumulative amortisation. The amount amortised on a straight-line basis over the period of the guarantee is the deemed guarantee income for the issuer.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Leases

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 on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Company 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 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 charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Deferred Expenses

Expenses incurred in catching fish and other marine catches during voyages are deferred in the statement of financial position and released to profit or loss as expenses when the fish and marine catches are sold and revenue is recognised for the sale. Expenses on each voyage are 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 as an expense in profit or loss immediately.

2. Summary of Significant Accounting Policies (continued)

Deferred Expenses (continued)

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 the Arrangers (Note 12). 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 to profit or loss and does not include this cost in deferred expenses. Variable charter hire costs are determined when the revenue from the sale of fish and marine products can be determined. Variable charter hire cost is accrued as an expense at the same time when revenue is recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of processing and costs to be incurred in marketing, selling and distribution.

Deferred Charter Hire

Deferred charter hire represents future charter hire expense for fishing vessels which have been prepaid or contractually agreed to be prepaid. They are amortised and charged to profit or loss as charter hire expense proratably over the period for which the prepayment is made and the benefits are expected to accrue.

Property, Plant and Equipment

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

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for 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 carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is charged to profit or loss. On subsequent sale or retirement of a revalued building, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained earnings.

Properties, plant and equipment with the exception of leasehold building are stated at cost less accumulated depreciation and any accumulated impairment losses.

2. Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment (continued)

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method on the following bases:

Freehold buildings	–	33 years
Leasehold buildings	–	25 years upon every revaluation or the lease term, if shorter
Fishing vessels	–	10 to 17 years
Fishing nets	–	4 years
Plant and machinery	–	10 years
Vehicles	–	20 years
Furniture, fittings and office equipment	–	4 to 10 years

Freehold land is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceed and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. 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.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Summary of Significant Accounting Policies (continued)

Other Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed 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 policy below.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported on the same basis as intangible assets acquired separately.

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

The results and assets and liabilities of the associate are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in consolidated profit or loss.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Impairment of Assets excluding Goodwill

At the end of each 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). Where 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.

2. Summary of Significant Accounting Policies (continued)

Impairment of Assets excluding Goodwill (continued)

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

Recoverable amount is the higher of fair value less costs to sell 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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.

The amount recognised as a provision is 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.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of fishes and related products are 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.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income is recognised on a straight-line basis over the term of the relevant lease.

2. Summary of Significant Accounting Policies (continued)

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.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employment Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Income Tax

Income tax expense 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 as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which 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 arising on investments in subsidiaries and associate 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.

The carrying amount of deferred tax assets is reviewed at the end of each 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. Summary of Significant Accounting Policies (continued)

Income Tax (continued)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Foreign Currency Transactions and Translation

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in United States dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. 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 retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences which relate to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation accumulated in a separate component of equity, shall be reclassified from equity to income statement (as a reclassification adjustment) when the gain or loss on disposal is recognised.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in foreign currency translation reserves (attributed to minority interest, as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, 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 ongoing 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.

(i) Critical judgements in applying the Group's accounting policies

Management did not make any material judgements that have a significant effect on the amounts recognised in the financial statements except for those affecting accounting estimates as disclosed in paragraph 3(ii).

(ii) Key sources of estimation uncertainty

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 and liabilities within the next financial year, are discussed below.

Carrying amount of deferred charter hire

As at September 28, 2009, the carrying amount of deferred charter hire (Note 12) was US\$202,256,000 (December 31, 2008: US\$218,733,000). The operation of vessels under the vessel operating agreements with the Arrangers (Note 12) have been profitable after deducting amortisation of the deferred charter hire over the periods for which the charter hires have been prepaid. Management expects the operations to remain profitable in the foreseeable future and the carrying amount of the deferred charter hire to be recoverable from future operations.

Carrying amount of fishing vessels and fishing permits

The carrying amount of fishing vessels (in use and construction-in-progress) and fishing permits was US\$148,105,000 and US\$74,189,000, respectively, as at September 28, 2009 (December 31, 2008: US\$76,416,000 and US\$74,189,000 respectively). Determining whether the carrying amount of these assets can be realised requires an estimation of the value in use of the cash-generating units and a suitable discount rate in order to calculate present value. Management has evaluated these projections using assumptions on catch quantities, prices of catch and operating costs after considering efficiencies that can be achieved when the operations become part of the Group's larger operations. With effect from January 2009, the fishing system in Peru changed from the previous "Olympic" system to "Individual Transferable Quota ("ITQ")" system which entitles fishing companies holding valid licensed fishing vessels to a share of fishing quotas determined by the authorities. Management has evaluated the impact of the quota allocation under the ITQ system and included such consideration in the estimation of the value in use. Based on these evaluations, management is of the view that the carrying amounts of the fishing vessels and fishing permits are realisable through future operations.

Carrying amount of goodwill

Information relating to the carrying amount and management's assessment of goodwill is provided in Notes 15 and 34.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

(ii) Key sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

The carrying amounts of property, plant and equipment amounting to US\$349,947,000 (December 31, 2008: US\$244,238,000) have been determined after charging depreciation on a straight-line basis over the estimated useful lives of these assets.

Components of these carrying amounts are detailed in Note 13.

Management reviews the estimated useful lives of these assets at the end of each annual reporting period and has determined that the useful lives as stated in Note 2 remain appropriate.

4. 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:

	Group		Company	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Financial assets				
Loans and receivables (including cash and bank balances)	<u>83,680</u>	<u>43,885</u>	<u>183,199</u>	<u>151,416</u>
Financial liabilities				
Financial guarantee contract	–	–	2,231	2,625
Amortised cost	<u>395,303</u>	<u>348,305</u>	<u>162</u>	<u>465</u>
	<u>395,303</u>	<u>348,305</u>	<u>2,393</u>	<u>3,090</u>

(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, credit and liquidity. The Group does not enter into any significant financial derivative contracts, such as forward foreign exchange contracts to manage its exposure to Japanese Yen.

There has been no 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 exchange risk management

The Group entities transact largely in their functional currencies, which in most instances is the United States dollar. Foreign exchange risk arises largely from transactions denominated in currencies such as Singapore dollar, Peruvian Nuevo Soles, Chinese Renminbi, Hong Kong dollar and Euro.

4. Financial Instruments, Financial Risks and Capital Risks Management (continued)

(b) Financial risk management policies and objectives (continued)

(i) Foreign exchange risk management (continued)

During the year, the Group entered into forward foreign exchange contracts to manage its exposure to Japanese Yen. The Group recorded a fair value gain of US\$809,000 (Note 29). There are no outstanding forward foreign exchange contracts as at the end of the reporting period.

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

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000	September 28, 2009 US\$'000	December 31, 2008 US\$'000	September 28, 2009 US\$'000	December 31, 2008 US\$'000	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Peruvian Nuevo Soles	5,851	5,807	6,144	14,927	-	-	-	-
Chinese Renminbi	141	608	1,359	226	-	-	-	-
Hong Kong dollars	184	222	99	66	80	99	16	-
Euro	454	1,161	1,400	355	-	-	-	-
Singapore dollars	52	3	26	6	42	3	5	6

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 period end for a 10% change in foreign currency rates.

If Peruvian Nuevo Soles, the major currency, weakens or strengthens by 10% against the functional currency of each Group entity, Group profit will increase or decrease by US\$29,000 (December 31, 2008: increase or decrease by US\$912,000), respectively.

(ii) Interest rate risk management

Interest-earning financial assets comprise bank balances (Note 7). Summary quantitative data of the Group's interest-bearing financial liabilities can be found in section (iv) of this Note.

The Group mitigates its exposure to changes in interest rates by locking in fixed rate borrowings through the issue of senior notes (Note 23) and use of finance leases for which rates are fixed at inception of the finance leases (Note 21). 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.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period and 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 possible change in interest rates.

4. Financial Instruments, Financial Risks and Capital Risks Management (continued)

(b) Financial risk management policies and objectives (continued)

(ii) Interest rate risk management (continued)

Interest rate sensitivity (continued)

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group and Company profit for the year ended September 28, 2009 would decrease/increase by approximately US\$394,000 and US\$627,000 (December 31, 2008: decrease/increase by US\$357,000 and US\$745,000 respectively). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(iii) Credit risk management

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

Sales of fish and other marine catches and fishmeals are made to companies which the Group has assessed 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. Sales of fishmeals are covered by letters of credit issued by reputable financial institutions. Trade debtors that are neither past due nor impaired are substantially companies with good collection track record 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 estimated irrecoverable amount.

There is no concentration of credit risk except that 70% (December 31, 2008: 73%) of the Group's receivables at the end of the financial year relate to 3 entities (December 31, 2008: 3 entities).

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

The maximum amount the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee is US\$350.7 million (December 31, 2008: US\$269.2 million). Based on expectations at the end of the reporting period, the Company 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.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the Group's maximum exposure to credit risk.

Further details of credit risks on trade and other receivables are disclosed in Note 8 and 9 respectively.

4. Financial Instruments, Financial Risks and Capital Risks Management (continued)

(b) Financial risk management policies and objectives (continued)

(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

Non-derivative financial liabilities

The following tables detail the contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate %	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
Group						
September 28, 2009						
Non-interest bearing	-	23,596	-	-	-	23,596
Finance lease liabilities	8.88%	7,159	14,586	-	(6,515)	15,230
Variable interest rate instruments	3.69%	91,247	44,340	-	(4,616)	130,971
Fixed interest rate instruments	9.26%	5,863	313,551	-	(93,908)	225,506
		<u>127,865</u>	<u>372,477</u>	<u>-</u>	<u>(105,039)</u>	<u>395,303</u>
December 31, 2008						
Non-interest bearing	-	31,026	-	-	-	31,026
Finance lease liabilities	8.15%	7,229	19,071	-	(7,702)	18,598
Variable interest rate instruments	5.09%	67,491	16,146	-	(4,415)	79,222
Fixed interest rate instruments	9.25%	713	329,207	-	(110,461)	219,459
		<u>106,459</u>	<u>364,424</u>	<u>-</u>	<u>(122,578)</u>	<u>348,305</u>

4. 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)

Non-derivative financial liabilities (continued)

	Weighted average effective interest rate %	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
Company						
September 28, 2009						
Non-interest bearing	-	162	-	-	-	162
Financial guarantee contract	-	525	1,706	-	-	2,231
		<u>687</u>	<u>1,706</u>	<u>-</u>	<u>-</u>	<u>2,393</u>
December 31, 2008						
Non-interest bearing	-	465	-	-	-	465
Financial guarantee contract	-	525	2,100	-	-	2,625
		<u>990</u>	<u>2,100</u>	<u>-</u>	<u>-</u>	<u>3,090</u>

The maximum amount that the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee, is US\$350.7 million (December 31, 2008: US\$269.2 million). The earliest period that the guarantee could be called is within 1 year (2008: 1 year) from the end of the reporting period. As mentioned in Note 4(iii), the Company considers that it is more likely than not that no amount will be payable under the arrangement.

4. 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)

Non-derivative financial assets

	Weighted average effective interest rate %	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
Group						
September 28, 2009						
Non-interest bearing	-	78,001	-	-	-	78,001
Variable interest rate instruments	0.78%	5,679	-	-	-	5,679
		<u>83,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,680</u>
December 31, 2008						
Non-interest bearing	-	43,885	-	-	-	43,885
		<u>43,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,885</u>
Company						
September 28, 2009						
Non-interest bearing	-	34	-	-	-	34
Variable interest rate instruments	3.74%	-	-	190,015	(6,850)	183,165
		<u>34</u>	<u>-</u>	<u>190,015</u>	<u>(6,850)</u>	<u>183,199</u>
December 31, 2008						
Non-interest bearing	-	24	-	-	-	24
Variable interest rate instruments	5.41%	-	-	159,582	(8,190)	151,392
		<u>24</u>	<u>-</u>	<u>159,582</u>	<u>(8,190)</u>	<u>151,416</u>

4. Financial Instruments, Financial Risks and Capital Risks Management (continued)

(b) Financial risk management policies and objectives (continued)

(v) *Other risk management*

The Group prepaid US\$288 million (December 31, 2008: US\$288 million) of charter hire fees for 17 vessels (December 31, 2008: 17) fishing vessels, the benefits of which are to be realised over 10 to 18 years up to 2025 (December 31, 2008: 10 to 18 years up to 2025). The Group mitigates the risk relating to obligations of the counterparties in respect of the prepayment arrangements and the vessel operating agreements through the security documents described in Note 12.

(vi) *Fair values of financial asset and financial liabilities*

The carrying amounts of cash and bank balances, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(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 service 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 debt, which comprises the borrowings disclosed in Notes 21 to 23, 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 each class of 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 redemption of existing debt.

Management also ensures that the Group maintains gearing ratios within a set range to comply with the loan covenants imposed by banks.

The Group's overall strategy remains unchanged from December 31, 2008. The Group is in compliance with externally imposed capital requirements for the financial years ended September 28, 2009 and December 31, 2008.

5. Holding Company and Related Company Transactions

The Company is a subsidiary of Super Investment Limited, a company incorporated in Cayman Islands. Its intermediate holding company is Pacific Andes Resources Development Limited ("PARD") (formerly known as Pacific Andes (Holdings) Limited), a company incorporated in Bermuda with its shares listed on the Singapore Exchange Securities Trading Limited. Its penultimate holding company is Pacific Andes International Holdings Limited, a company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company is N.S. Hong Investment (BVI) Limited, a company incorporated in the British Virgin Islands.

Some of the Company's transactions are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

5. Holding Company and Related Company Transactions (continued)

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of trading transactions entered between the Group and other related companies that are not members of the Group are disclosed below:

	Group	
	January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
Sale of marine products to related companies	2,651	17,415

Sale of marine products to related companies were transacted at prevailing market prices.

6. Other Related Party Transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year comprise:

	Group	
	January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
Short-term benefits	1,031	1,345
Post-employment benefits	44	58
	1,075	1,403

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

7. Cash and Bank Balances

	Group		Company	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Cash at banks	16,125	6,081	34	24
Cash on hand	1,129	1,540	–	–
Pledged fixed deposit	5,679	–	–	–
Total	<u>22,933</u>	<u>7,621</u>	<u>34</u>	<u>24</u>

Cash at banks bears interest at rates ranging from 0.001% to 0.01% (December 31, 2008: 0.01% to 0.75%) per annum.

The pledged fixed deposit, which bears interest ranging from 0.14% to 1.42% (December 31, 2008: Nil), per annum is held as security for term loans granted to the Group (Note 22b).

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

	Group		Company	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Euro	597	355	–	–
Chinese Renminbi	370	163	–	–
Hong Kong dollar	98	66	16	–
Peruvian Nuevo Soles	830	1,571	–	–
Singapore dollars	<u>22</u>	<u>6</u>	<u>5</u>	<u>6</u>

8. Trade Receivables

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Outside parties	<u>31,746</u>	<u>18,871</u>

An allowance for estimated irrecoverable amount from the sale of goods to third parties of US\$1,375,000 (December 31, 2008: US\$3,031,000) has been determined by reference to management's estimation of irrecoverable amounts. The Group has provided for receivables over 120 days based on historical experience.

Included in the Group's trade receivable balance are debtors with carrying amount of US\$3,076,000 (December 31, 2008: US\$1,681,000) and US\$1,000 (December 31, 2008: US\$57,000) that are less than 3 months past due and over 3 months past due that have not been provided for as at the end of the reporting period, respectively. The Group does not hold any collateral over these balances and has not provided for allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable.

8. Trade Receivables (continued)

The remaining trade receivables balance of US\$28,669,000 (December 31, 2008: US\$17,133,000) is neither past due nor impaired.

The credit period granted on sale of goods in the Pacific Ocean and Peruvian Waters are up to 30 days and 60 days (December 31, 2008: 30 days and 60 days), respectively. No interest is charged on overdue balances.

Movement in the allowance for doubtful debts:

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Balance at beginning of the year	3,031	1,123
Increase in allowance recognised in income statement	–	1,908
Written off against trade receivables during the year	(1,656)	–
	<u>1,375</u>	<u>3,031</u>
Balance at end of the year	<u>1,375</u>	<u>3,031</u>

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

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Euro	134	–
Peruvian Nuevos Soles	3	44
	<u>137</u>	<u>44</u>

9. Other Receivables and Prepayments

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Arrangers (Note 12)	23,724	1,694
Prepayments for fishmeal and operating expenses	16,345	3,663
Value added tax recoverable	3,882	12,198
Others	1,395	3,501
	<u>45,346</u>	<u>21,056</u>

The balances with the Arrangers as of September 28, 2009 and December 31, 2008 are unsecured, interest-free and represent advances to the Arrangers to pay for fishing tickets so as to be able to fish in the Pacific Ocean.

Notes to the Financial Statements

September 28, 2009

9. Other Receivables and Prepayments (continued)

The balances with the Arrangers are stated net of amounts payable to vessel owners in respect of payments made by the vessel owners on behalf of the Group. This offset has been effected on the basis of arrangements amongst members of the Group, the vessel owners and the Arrangers. The balances with Arrangers as at September 28, 2009 also include down payment made for the intended purchase of catcher vessels and other equipment for the Group's South Pacific operations.

The other receivables balances are neither past due nor impaired.

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

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Chinese Renminbi	989	63
Euro	669	–
Singapore dollar	4	–
Hong Kong dollar	1	–
Peruvian Nuevo Soles	<u>5,311</u>	<u>13,312</u>

10. Deferred Expenses

This comprises costs incurred in operating the fishing vessels to be recovered through subsequent sales of fish and other marine products.

11. Inventories

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Fishmeal	3,671	27,948
Frozen fish	–	2
Packing materials	439	198
Supplies	<u>3,706</u>	<u>5,201</u>
	<u>7,816</u>	<u>33,349</u>

Fishmeal with carrying amounts of US\$3,615,000 (December 31, 2008: US\$24,310,000) have been pledged as security for the Group's bank overdrafts and inventory loans totalling US\$5,230,000 (December 31, 2008: US\$35,072,000) (Note 22d).

12. Deferred Charter Hire

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Total deferred charter hire	288,000	288,000
Less accumulated amortisation	<u>(85,744)</u>	<u>(69,267)</u>
	202,256	218,733
Included as current asset	<u>(22,133)</u>	<u>(22,133)</u>
Included as non-current asset	<u>180,123</u>	<u>196,600</u>

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Accumulated amortisation:		
At beginning of year	69,267	47,133
Amortisation during the year charged as charter hire expenses	<u>16,477</u>	<u>22,134</u>
At end of year	<u>85,744</u>	<u>69,267</u>

A subsidiary, China Fisheries International Limited ("CFIL"), entered into vessel operating agreements with two companies, Perun Limited ("Perun") and Alatir Limited ("Alatir") (collectively as "Arrangers"), to prepay fixed charter hire for 17 (December 31, 2008: 17) vessels for 10 to 18 years (December 31, 2008: 10 to 18 years) up to December 31, 2005 (December 31, 2008: December 31, 2005). To secure the benefits from the prepayments and to ensure that the counterparties comply with their obligations under the vessel operating agreements, the counterparties executed the following documents in favour of CFIL:

- (i) charges of all the issued shares of Perun and Alatir (the "Charges");
- (ii) debentures over all the present and future assets of Perun and Alatir (the "Debentures"); and
- (iii) entrusted management agreements to vest upon the nominees of CFIL, the management and control of Perun and Alatir in respect of and limited to the performance and obligations of the vessel operating agreements.

If an event of default occurs, CFIL shall, pursuant to the terms of the Charges and Debentures, be entitled to exercise its rights over the security created by those security documents. Such events of default include, among others:

- (i) any default by the counterparties in the due performance of any undertaking, condition or obligation on its part to be performed and observed in the vessel operating agreements, the Charges, the Debentures or any other instruments or agreements entered into for the benefit of CFIL; and
- (ii) any failure of the counterparties to pay any sum payable from time to time to CFIL on the due date whether in connection with the vessel operating agreements, the Charges, the Debentures or any other security granted in favour of CFIL by each of Perun and Alatir.

13. Property, Plant and Equipment

	Freehold land US\$'000	Freehold buildings US\$'000	Leasehold buildings US\$'000	Fishing vessels US\$'000	Fishing nets US\$'000	Plant and machinery US\$'000	Vehicles US\$'000	Furniture, fittings and office equipment US\$'000	Construction- in-progress US\$'000	Total US\$'000
Group										
Cost or valuation:										
At January 1, 2008	4,203	16,273	7,193	58,343	6,213	97,758	838	3,022	-	193,843
Additions	225	783	-	647	682	16,632	23	799	36,871	56,662
Acquired on acquisition of subsidiaries	1,101	4,116	-	7,300	1,696	27,372	60	461	-	42,106
Disposals	-	-	-	-	-	-	(16)	(14)	-	(30)
Reclassifications	-	-	-	-	-	191	90	(281)	-	-
Reclassification to other intangible assets	-	-	-	(3,517)	-	-	-	-	-	(3,517)
Adjustment on asset revaluation	-	-	1,244	-	-	-	-	-	-	1,244
At December 31, 2008	5,529	21,172	8,437	62,773	8,591	141,953	995	3,987	36,871	290,308
Additions	-	-	-	14,546	-	13,837	170	151	92,073	120,777
Disposals	(37)	(72)	-	(333)	-	(312)	(122)	(22)	-	(898)
Reclassifications	(182)	635	-	283	-	4,873	-	-	(5,609)	-
Reclassification to investment properties (Note 14)	-	-	(2,229)	-	-	-	-	-	-	(2,229)
Adjustment on asset revaluation	-	-	(324)	-	-	-	-	-	-	(324)
At September 28, 2009	5,310	21,735	5,884	77,269	8,591	160,351	1,043	4,116	123,335	407,634
Comprising:										
December 31, 2008										
At cost	5,529	21,172	-	62,773	8,591	141,953	995	3,987	36,871	281,871
At valuation	-	-	8,437	-	-	-	-	-	-	8,437
	5,529	21,172	8,437	62,773	8,591	141,953	995	3,987	36,871	290,308
September 28, 2009										
At cost	5,310	21,735	-	77,269	8,591	160,351	1,043	4,116	123,335	401,750
At valuation	-	-	5,884	-	-	-	-	-	-	5,884
	5,310	21,735	5,884	77,269	8,591	160,351	1,043	4,116	123,335	407,634
Accumulated depreciation:										
At January 1, 2008										
At January 1, 2008	-	469	73	7,151	1,851	6,153	347	960	-	17,004
Acquired on acquisition of subsidiaries	-	2,166	-	2,752	463	10,472	39	446	-	16,338
Depreciation	-	433	315	2,672	2,173	7,001	137	317	-	13,048
Disposals	-	-	-	-	-	-	(10)	(8)	-	(18)
Reclassifications	-	-	-	-	-	33	108	(141)	-	-
Eliminated on revaluation	-	-	(302)	-	-	-	-	-	-	(302)
At December 31, 2008	-	3,068	86	12,575	4,487	23,659	621	1,574	-	46,070
Depreciation	-	408	220	3,210	898	7,012	120	336	-	12,204
Disposals	-	(15)	-	(58)	-	(88)	(115)	(5)	-	(281)
Eliminated on revaluation	-	-	(306)	-	-	-	-	-	-	(306)
At September 28, 2009	-	3,461	-	15,727	5,385	30,583	626	1,905	-	57,687
Carrying amount:										
At December 31, 2008										
At December 31, 2008	5,529	18,104	8,351	50,198	4,104	118,294	374	2,413	36,871	244,238
At September 28, 2009	5,310	18,274	5,884	61,542	3,206	129,768	417	2,211	123,335	349,947

13. Property, Plant and Equipment (continued)

The carrying amount of the Group's property, plant and equipment includes an amount of US\$45,730,000 (December 31, 2008: US\$47,559,000) in respect of assets held under finance leases (Note 21).

The leasehold buildings situated in Hong Kong and Singapore were revalued by BMI Appraisals Limited, independent valuers not connected with the Group, on an open market value basis as at September 28, 2009 (December 31, 2008: September 30, 2008).

At September 28, 2009, had the leasehold buildings been carried at historical cost less accumulated depreciation, their carrying amounts would have been approximately US\$5,411,000 (December 31, 2008: US\$5,631,000).

Included in construction-in-progress is a fishing vessel amounted to US\$86.6 million that is pledged as security for term loans granted to the Group (Note 22b).

14. Investment Properties

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Balance at beginning of year	–	–
Transfer from property, plant and equipment (Note 13)	2,229	–
Fair value gain on investment properties (Note 29)	194	–
	<u>2,423</u>	<u>–</u>
Balance at end of year	<u>2,423</u>	<u>–</u>

The investment properties in Singapore, leased out under operating lease, were valued at US\$2,423,000 by BMI Appraisals Limited, a firm of independent professional valuers, on an open market value basis as at September 28, 2009.

15. Goodwill

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Cost:		
At beginning of year	64,102	71,544
Arising on acquisition of subsidiaries (Note 34)	–	5,411
Adjustment to goodwill provisionally determined ^(a)	–	(12,853)
	<u>64,102</u>	<u>64,102</u>
At end of year	<u>64,102</u>	<u>64,102</u>

^(a) In 2008, the Group completed the valuation of the Peruvian operations acquired in 2007. The provisional fair values assigned to the net assets acquired increased by US\$12,853,000 resulting in a decrease in goodwill of US\$12,853,000.

Goodwill acquired in a business combination is allocated, at acquisition to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the Peruvian operations.

15. Goodwill (continued)

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

For year ended September 28, 2009 and December 31, 2008, the Group engaged an independent financial advisor located in Hong Kong, BMI Appraisals Limited, to determine the value of the Peruvian operations as of September 28, 2009 and September 30, 2008 respectively. Based on the report of the advisor, dated December 11, 2009 and December 19, 2008, management updated their assessment as of September 28, 2009 and December 31, 2008, respectively.

With effect from January 2009, the fishing system in Peru changed from the previous "Olympic" system to "Individual Transferable Quota ("ITQ")" system which entitles fishing companies holding valid licensed fishing vessels to a share of fishing quotas determined by the authorities. Management has evaluated the impact of the quota allocation under the ITQ system and included such consideration in the estimation of the value in use. Based on these evaluations, management is of the view that the carrying amounts of the fishing vessels and fishing permits are realisable through future operations.

The assessment of recoverability of the carrying amount of goodwill includes:

- (i) forecasted projected cash flows up to 2017 (December 31, 2008: 2016) and projection of terminal value using the perpetuity method;
- (ii) growth rate of 3.3% up to 2017 (December 31, 2008: 3.3%); and
- (iii) use of 14.03% and 12.31% for the fishmeal and trawling businesses respectively (December 31, 2008: 13.44% for overall) to discount the projected cash flows to net present values.

As at September 28, 2009, any reasonably possible change to key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amount of goodwill.

Based on the above assessment, management expects the carrying amount of goodwill to be recoverable and there is no impairment in value of the goodwill.

16. Other Intangible Assets

	Fishing permits	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Cost:		
At beginning of year	74,189	60,248
From acquisition of subsidiaries (Note 34)	–	10,424
Reclassification from fishing vessels (Note 13)	–	3,517
	<hr/>	<hr/>
At end of year	<u>74,189</u>	<u>74,189</u>

16. Other Intangible Assets (continued)

Fishing permits are granted by the authority in Peru. The fishing permits are attached to fishing vessels and are transferable to other vessels of no bigger capacity should the original vessels become obsolete or sink. For the financial year ended December 31, 2008, the cost of purchase of a fishing vessel with the attached fishing permit and the cost of acquiring the subsidiary which owns the fishing vessels and attached fishing permits (Note 34) are allocated to the respective component of assets acquired on the basis of valuation reports dated February 10, 2008, July 2, 2008 and July 3, 2008 prepared by independent third party valuer in Peru, J.R.Z. Adjustadores y Peritos de Seguros S.A.C..

Management has obtained legal advice that the fishing 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 permits are not amortised.

As stated in Note 15, the Group has engaged independent valuer to determine the value of the Peruvian operations. 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 permits.

17. Associate

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Unquoted equity shares, at cost	1,500	1,500

Details of the associate are as follows:

Name of associate	Country of incorporation and operation	Principal activities	Effective proportion of ownership interest and voting power held	
			2009 %	2008 %
Servicios Pesqueros Chimbote S.A. ⁽¹⁾	Peru	Provision of logistic and warehousing services for fishing industry	50	50

⁽¹⁾ Not audited as the associate is deemed not material.

17. Associate (continued)

Summarised financial information in respect of the Group's associate is set out below:

	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Total assets	321	300
Total liabilities	<u>(137)</u>	<u>(118)</u>
Net assets	<u>184</u>	<u>182</u>
Group's share of associate's net assets	<u>92</u>	<u>91</u>

The Group did not account for its share of the associate's results from the date of acquisition to September 28, 2009 as it is not material.

18. Subsidiaries

	Company	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Unquoted equity shares, at cost	*	*
Amount due from a subsidiary	183,165	151,392
Fair value of a financial guarantee contract	<u>3,675</u>	<u>3,675</u>
	<u>186,840</u>	<u>155,067</u>

* Amount less than US\$1,000.

The amount due from a subsidiary is unsecured and earns interest at 3% above the 3-months London Interbank Offer Rate. The interest earned ranged from 3.32% to 4.27% (December 31, 2008: 5.67% to 8.14 %) per annum.

Management considers the amount due from the subsidiary to approximate fair value as the interest charged is determined with reference to market rate.

18. Subsidiaries (continued)

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective proportion of ownership interest and voting power held	
			September 28, 2009 %	December 31, 2008 %
Smart Group Limited ⁽¹⁾	Cayman Islands	Investment holding	100	100
Subsidiaries of Smart Group Limited				
China Fisheries International Limited ⁽¹⁾	Samoa/Worldwide	Management and operation of fishing vessels and sale of fish and other marine catches	100	100
CFG Peru Investments Pte Limited ⁽²⁾	Singapore	Investment holding	100	100
CFGL (Singapore) Private Limited ⁽²⁾	Singapore	Property holding	100	100
Premium Choice Group Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Management and operation of fishing vessels	100	100
South Pacific Shipping Agency Limited ^{(1) (5)}	British Virgin Islands/ Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	–
Speedy Gain International Limited ⁽¹⁾	Cayman Islands	Investment holding	100	100
Subsidiaries of China Fisheries International Limited				
Admired Agents Limited ^{(1) (7)}	British Virgin Islands/ Worldwide	Agent for procurement of provisions and supplies for the Group	80	80
Champion Maritime Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Inactive (formerly an agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group)	100	100

18. Subsidiaries (continued)

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective proportion of ownership interest and voting power held	
			September 28, 2009 %	December 31, 2008 %
Subsidiaries of China Fisheries International Limited (continued)				
Chanery Investment Inc. ⁽¹⁾	British Virgin Islands/ Worldwide	Inactive	100	100
Chiksano Management Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Excel Concept Limited ^{(1) (7)}	British Virgin Islands/ Worldwide	Agent for sales of fish and other marine catches of the Group	80	80
Fortress Agents Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Agents for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Gain Star Management Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Growing Management Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Hill Cosmos International Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Inactive (formerly an agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group)	100	100

18. Subsidiaries (continued)

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective proportion of ownership interest and voting power held	
			September 28, 2009 %	December 31, 2008 %
Subsidiaries of China Fisheries International Limited (continued)				
Loyal Mark Holdings Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Metro Island International Limited ⁽¹⁾⁽⁷⁾	British Virgin Islands/ Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	80	80
Mission Excel International Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Nippon Fishery Holdings Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Inactive	100	75
Ocean Expert International Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Pioneer Logistics Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Inactive (formerly an agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group)	100	100
Sea Capital International Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Inactive (formerly an agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group)	100	100

18. Subsidiaries (continued)

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective proportion of ownership interest and voting power held	
			September 28, 2009 %	December 31, 2008 %
Subsidiaries of China Fisheries International Limited (continued)				
Shine Bright Management Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group	100	100
Superb Choice International Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Inactive (formerly an agent for sales of fish and other marine catches of the Group)	100	100
Toyama Holdings Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Inactive	100	75
Nidaro International Limited ⁽¹⁾	British Virgin Islands/ Worldwide	Inactive (formerly an agent for the sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group)	100	100
Subsidiary of Chanery Investment Inc.				
Powertech Engineering (Qingdao) Co. Ltd ⁽⁶⁾	People's Republic of China	Agent for vessel repairing service	100	100
Subsidiaries of CFG Peru Investments Pte Limited				
CFG Investment S.A.C. ⁽³⁾	Peru	Investment holding, operation of fishing vessel and sale of fish and marine catches	100	100
Grenadine Bay Inc ⁽³⁾	Panama	Investment holding	100	100
Protein Trading Limited ⁽¹⁾	Samoa	Procurement and marketing agent for fishmeal	100	100
CFG Investments (Hong Kong) Ltd ⁽¹⁾	Hong Kong	Investment holding	100	100

18. Subsidiaries (continued)

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective proportion of ownership interest and voting power held	
			September 28, 2009 %	December 31, 2008 %
Subsidiary of CFG Investments (Hong Kong) Limited				
CFG Investments (Shanghai) Ltd ⁽⁵⁾	People's Republic of China	Procurement and marketing agent for fishmeal	100	–
Subsidiaries of CFG Investment S.A.C.				
Macro Capitales S.A. ⁽³⁾	Panama	Investment holding	100	100
Pesquera Bari S.A.C. ⁽³⁾	Peru	Investment holding	100	100
Epesca Pisco S.A.C. ⁽³⁾	Peru	Investment holding, operation of fishmeal plant and fishmeal depot	100	100
Sustainable Pelagic Fishery S.A.C. ^{(3) (4)}	Peru	Operation of fishing vessel	100	–
Sustainable Fishing Resources S.A.C. ^{(3) (4)}	Peru	Operation of fishing vessel	100	–
Subsidiaries of Epesca Pisco S.A.C.				
Pesquera Mistral S.A.C. ⁽³⁾	Peru	Operation of fishing vessel and sale of fish	100	100
Pesquera Ofelia S.R.L. ⁽³⁾	Peru	Operation of fishing vessel and sale of fish	100	100
Subsidiaries of Premium Choice Group Limited				
Ringston Holdings Ltd ^{(1) (5)}	Cyprus	Investment holding	100	–
Subsidiary of Ringston Holdings Ltd				
CJSC Invest Group ^{(1) (5)}	Russia	Investment holding	100	–
Subsidiary of CJSC Invest Group				
LLC Kredo ^{(1) (5)}	Russia	Operation of fishing vessel and sale of fish	100	–

Notes to the Financial Statements

September 28, 2009

18. Subsidiaries (continued)

- (1) Audited by Deloitte & Touche LLP, Singapore for sole purpose of inclusion of their financial position and operating results in the consolidated financial statements of the Group.
- (2) Audited by Deloitte & Touche LLP, Singapore.
- (3) Audited by overseas practices of Deloitte Touche Tohmatsu.
- (4) Acquired during the financial year.
- (5) Incorporated during the financial year.
- (6) Not audited as deemed not material to the Group.
- (7) The share of the minority interests in the net assets and profit or loss of these subsidiaries are not material.

The subsidiaries have representatives in Hong Kong, People's Republic of China, Taiwan, Russia and Peru to perform various aspects of their activities.

During the year, the acquisition of the subsidiaries of CFG Investments S.A.C. resulted in inclusion of post-acquisition revenue of US\$1,773,000 and losses of US\$1,130,000 in the Group's financial statements. For the year ended December 31, 2008, the acquisition of the subsidiaries of CFG Peru Investments Pte Limited and CFG Investments S.A.C. resulted in inclusion of post-acquisition revenue of US\$3,209,000 and losses of US\$375,000 in the Group's financial statements.

It is not practicable to estimate the change in revenue and operating results for the Group had the above acquisitions being effected at the beginning of the financial year as financial statements prior to the acquisitions have not been prepared based on International Financial Reporting Standards or Singapore Financial Reporting Standards.

19. Trade Payables

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Outside parties	<u>6,851</u>	<u>14,047</u>

The average credit period on purchase of goods is 30 days (December 31, 2008: 30 days). No interest is charged on overdue balances. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Trade payables principally comprise amounts outstanding for vessel operating costs and trade purchases.

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

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Hong Kong dollar	22	10
Chinese Renminbi	141	408
Euro	454	1,161
Peruvian Nuevo Soles	<u>1,158</u>	<u>3,573</u>

20. Other Payables and Accrued Expenses

	Group		Company	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Accrued expenses	1,699	1,537	162	465
Interest payable	6,821	1,476	–	–
Provision for claims (Note 36)	2,253	1,554	–	–
Consideration payable (Note 34)	5,108	12,596	–	–
Statutory employees profit share ^(a)	1,269	–	–	–
Others	1,848	1,370	–	–
Total	18,998	18,533	162	465

Movements in provision for claims:

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
At beginning of year	1,554	1,459
Provision during the year	699	150
Payment during the year	–	(55)
At end of year	2,253	1,554

(a) In accordance with Peruvian labour laws, employees of the Group's Peruvian subsidiaries are entitled to 10% share of the taxable profit of the Peruvian subsidiaries. The movements of the balance during the financial year are as follows:

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
At beginning of year	–	6,390
Arising on adjustment to goodwill provisionally determined (Note 15)	–	(6,506)
Charged to profit or loss	1,269	116
At end of year	1,269	–

20. Other Payables and Accrued Expenses (continued)

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

	Group		Company	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Hong Kong dollar	162	212	80	99
Singapore dollar	52	3	42	3
Chinese Renminbi	–	200	–	–
Peruvian Nuevo Soles	<u>4,693</u>	<u>2,234</u>	<u>–</u>	<u>–</u>

21. Finance Leases

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Amounts payable under finance leases:				
Within one year	5,233	4,969	4,807	4,595
In the second to fifth year inclusive	13,123	17,797	10,423	14,003
Less: Future finance charges	<u>(3,126)</u>	<u>(4,168)</u>	<u>NA</u>	<u>NA</u>
Present value of lease obligations	<u>15,230</u>	<u>18,598</u>	15,230	18,598
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u>(4,807)</u>	<u>(4,595)</u>
Amount due for settlement after 12 months			<u>10,423</u>	<u>14,003</u>

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in United States dollar, the functional currency of the respective Group entities.

The carrying amounts of the Group's lease obligations approximate their fair value.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 13).

22. Bank Loans

	Group	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
Bank loans	<u>136,915</u>	<u>80,079</u>
The bank loans are repayable as follows:		
On demand or within one year	93,705	64,935
In the second year	22,585	7,559
In the third year	20,625	7,559
In the fourth year	—	26
	<u>136,915</u>	<u>80,079</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(93,705)</u>	<u>(64,935)</u>
Amount due for settlement after 12 months	<u>43,210</u>	<u>15,144</u>

The bank loans comprise the following:

- (a) Term loans of US\$16,875,000 (December 31, 2008: US\$22,500,000) are unsecured and repayable in 16 (December 31, 2008: 16) equal quarterly instalments with the next instalment of US\$1,875,000 due in December 2009 (December 31, 2008: US\$1,875,000 due in March 2009). Interest is charged on US\$787,500 (December 31, 2008: US\$1,050,000) at 2.5% above the 3-months London Interbank Offer Rate and at 3% above the 3-months London Interbank Offer Rate for US\$16,087,500 (December 31, 2008: US\$21,450,000). The loans are guaranteed by the Company.
- (b) Secured term loans of US\$30,000,000 (December 31, 2008: Nil) and unsecured term loans of US\$15,000,000 (December 31, 2008: Nil) are repayable in 9 quarterly instalments with the next instalment of US\$2,500,000 (December 31, 2008: Nil) and US\$1,250,000 (December 31, 2008: Nil) respectively. Interest is charged at interest rates ranging from 3.27% to 4.30% per annum (December 31, 2008: Nil). The secured term loans are secured over a fishing vessel under construction (Note 13), ordinary shares of a subsidiary and a fixed deposit (Note 7). The loans are guaranteed by the Company.
- (c) A bridging loan of US\$40,000,000 (December 31, 2008: Nil) is unsecured and has current maturity, bear variable interest rates at 3.75% per annum (December 31, 2008: Nil).
- (d) Inventory loans of US\$5,230,000 (December 31, 2008: US\$35,072,000) have current maturities, bears variable interest rate ranging from 4.95% to 7.00% (December 31, 2008: from 5.65% to 8.40%) per annum and are secured over the Group's fishmeal (Note 11).
- (e) Revolving loans of US\$12,700,000 (December 31, 2008: US\$17,500,000) are unsecured and repayable in October 2009 (December 31, 2008: January 2009). Interest is charged at interest rates ranging from 2.23% to 2.88% (December 31, 2008: from 2.34% to 3.70%) per annum. The loans are repriced on a monthly basis and are guaranteed by the Company.
- (f) Trust receipts of US\$11,166,000 (December 31, 2008: US\$4,150,000) are unsecured and repayable between October 2009 and January 2010 (December 31, 2008: February and April 2009). Interest is charged at interest rates ranging from 2.04% to 2.74% (December 31, 2008: from 3.53% to 4.32%) per annum. The trust receipts are guaranteed by the Company.
- (g) The remaining borrowings of US\$5,944,000 (December 31, 2008: US\$857,000) are unsecured, bear fixed interest rates ranging from 7.08% to 10.00% (December 31, 2008: 7.00% to 10.00%) per annum and repayable quarterly to semi-annually.

23. Senior Notes

On December 19, 2006, the Group, through its subsidiary, CFG Investment S.A.C., issued guaranteed senior fixed rate notes with aggregate nominal value of US\$225,000,000 (the "Notes") which carry fixed interest of 9.25% per annum and will be fully repayable by December 19, 2013.

The Notes are listed on the Singapore Exchange Securities Trading Limited. They are unsecured and guaranteed by the Company and certain subsidiaries of the Group. The guarantees are effectively subordinated to secured obligations of each guarantor, to the extent of the value of assets serving as security. In 2007, the Company recognised the fair value of the above financial guarantee of US\$3,675,000 on the statement of financial position as additional investment in subsidiary and a financial guarantee contract liability. Amortisation of the financial guarantee obligation amounted to US\$394,000 (December 31, 2008: US\$525,000) during the year.

At any time prior to December 19, 2010, the Group 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 of outstanding Notes. At any time prior to and up to December 19, 2009, the Group may redeem up to 35% of the Notes, with net cash proceeds from issue of ordinary shares of the Company or sale of ordinary shares of CFG Investment S.A.C., at the redemption price equal to 109.25% of the principal amount of the Notes plus accrued and unpaid interests, if any, as of the redemption date.

The Notes contain certain covenants that limit the Company's and 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.

The net carrying amount of the Notes is stated net of issue expenses totalling US\$8,957,000. Such expenses are amortised over the life of the Notes by charging the expenses to profit or loss and increasing the net carrying amount of the Notes with the corresponding amount. As of September 28, 2009, accumulated amortisation amounted to US\$3,519,000 (December 31, 2008: US\$2,559,000).

Management estimates the fair value of the Notes at September 28, 2009 to be approximately US\$246,908,000 (December 31, 2008: US\$235,148,000). The fair value has been calculated by assuming redemption on December 19, 2013, using effective interest rate of 5.15% to 7.51% (December 31, 2008: 6.63% to 9.15%) per annum with reference to the US Treasury Zero Coupon Bonds and holding the credit risk margin constant.

24. Deferred Tax Liabilities

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the current financial year:

	Accelerated tax depreciation US\$'000	Fair value adjustments ⁽¹⁾ US\$'000	Provisions US\$'000	Tax losses ⁽²⁾ US\$'000	Total US\$'000
At beginning of year	4,999	24,920	(982)	–	28,937
Arising on acquisition of subsidiaries (Note 34)	3,202	3,359	–	–	6,561
Arising on adjustment to goodwill provisionally determined (Note 15)	–	599	–	–	599
Credited to income statement (Note 31)	–	–	(1,713)	(3,133)	(4,846)
At December 31, 2008	8,201	28,878	(2,695)	(3,133)	31,251
Credited to income statement (Note 31)	(5,329)	–	131	2,958	(2,240)
At September 28, 2009	<u>2,872</u>	<u>28,878</u>	<u>(2,564)</u>	<u>(175)</u>	<u>29,011</u>

⁽¹⁾ Being deferred tax effect on fair value adjustments of property, plant and equipment and fishing permits on business combinations.

⁽²⁾ Subject to agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of US\$583,000 (December 31, 2008: US\$10,443,000) available for offset against future profits. A deferred tax asset has been recognised in respect of US\$583,000 unutilized tax losses (December 31, 2008: US\$10,443,000). The Group has elected the option for the tax losses, which may be carried forward indefinitely subject to availability and the conditions imposed by law including the retention of majority shareholders defined, to be offset at 50% of profit before tax generated in subsequent financial years.

25. Share Capital

	Group and Company Number of ordinary shares	
	at US\$0.05 per share	Amount US\$'000
Authorised:		
At January 1, 2008, December 31, 2008 and September 28, 2009	<u>1,600,000,000</u>	<u>80,000</u>
Issued and paid up:		
At January 1, 2008 and December 31, 2008	782,080,000	39,104
Issue of bonus shares during the year ^(a)	<u>78,207,997</u>	<u>3,910</u>
At September 28, 2009	<u>860,287,997</u>	<u>43,014</u>

Fully paid ordinary shares carry one vote per ordinary share and carry a right to dividends.

(a) On May 29, 2009, the Company issued 78,207,997 bonus shares of US\$0.05 each on the basis of one bonus share credited as fully paid for every ten existing shares of US\$0.05 each for the capital of the Company. For the purposes of effecting the bonus shares, a sum of US\$3,910,000 was transferred from share premium account.

Notes to the Financial Statements

September 28, 2009

26. Reserves

Revaluation reserve

The revaluation reserve arises on the revaluation of leasehold buildings. Where a revalued leasehold building is sold, the portion of the revaluation revenue that relates to that asset, and is effectively realised, is transferred directly to retained earnings. The revaluation reserve is not available for distribution to the Company's shareholders.

Merger reserve

Merger reserve represents the difference between the aggregate nominal amounts of the share capital of the combining entities and the nominal amount of share capital issued by the Company during the restructuring exercise undertaken in 2005.

27. Revenue

	Group	
	January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
Sale of fish and marine catches	271,925	310,671
Sale of fishmeal and fish oil	91,165	116,768
Rental of fishing quota	20,359	32,615
	<u>383,449</u>	<u>460,054</u>

28. Segment Information

In prior years, segment information reported externally was analysed on the basis of the geographical location and principal activities of the Group's operating divisions. However, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focused on the category of major fishing and production locations. The Group's reportable segments under FRS 108 are therefore as follows:

North Pacific Ocean
Peruvian Waters
South Pacific Ocean

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of FRS 108.

28. Segment Information (continued)

Geographical segments

	North Pacific Ocean		Peruvian Waters		South Pacific Ocean ⁽¹⁾		Total	
	September 28, 2009	December 31, 2008	September 28, 2009	December 31, 2008	September 28, 2009	December 31, 2008	September 28, 2009	December 31, 2008
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	<u>284,505</u>	<u>343,286</u>	<u>91,165</u>	<u>116,768</u>	<u>7,779</u>	<u>-</u>	<u>383,449</u>	<u>460,054</u>
Segment results	85,984	94,735	16,575	28,361	(1,861)	-	100,698	123,096
Corporate expenses	(387)	(3,281)	-	-	-	-	(387)	(3,281)
Finance costs	(902)	(2,751)	(20,090)	(28,446)	-	-	(20,992)	(31,197)
Profit (loss) before income tax	84,695	88,703	(3,515)	(85)	(1,861)	-	79,319	88,618
Income tax (expense) benefit	-	-	(1,196)	5,654	-	-	(1,196)	5,654
Profit (loss) for the year	<u>84,695</u>	<u>88,703</u>	<u>(4,711)</u>	<u>5,569</u>	<u>(1,861)</u>	<u>-</u>	<u>78,123</u>	<u>94,272</u>
Other information								
Segment assets	371,549	381,556	338,708	334,801	129,119	-	839,376	716,357
Interest in associate	-	-	1,500	1,500	-	-	1,500	1,500
Total assets							<u>840,876</u>	<u>717,857</u>
Capital expenditure	28,008	44,738	4,309	53,528	88,460	-	<u>120,777</u>	<u>98,266</u>
Depreciation and amortisation	19,321	24,221	9,545	12,240	775	-	<u>29,641</u>	<u>36,461</u>

⁽¹⁾ Excludes Peruvian Waters

Revenue based on locations of the customers (which are different from the fishing and production locations) are as follows:

	North Pacific Ocean		Peruvian Waters		South Pacific Ocean ⁽¹⁾		Total	
	September 28, 2009	December 31, 2008	September 28, 2009	December 31, 2008	September 28, 2009	December 31, 2008	September 28, 2009	December 31, 2008
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue								
People's Republic of China	200,394	196,381	53,093	61,692	-	-	253,487	258,073
Japan and Korea	52,275	88,227	8,176	-	-	-	60,451	88,227
South East Asia	-	-	14,522	19,696	-	-	14,522	19,696
Europe	30,382	50,577	12,000	25,206	-	-	42,382	75,783
West Africa	-	-	-	-	7,779	-	7,779	-
Others *	1,454	8,101	3,374	10,174	-	-	4,828	18,275
	<u>284,505</u>	<u>343,286</u>	<u>91,165</u>	<u>116,768</u>	<u>7,779</u>	<u>-</u>	<u>383,449</u>	<u>460,054</u>

⁽¹⁾ Excludes Peruvian Waters

* Others include North & South America

28. Segment Information (continued)

Information about major customers

Customers from the North Pacific Ocean segment with revenue more than 10% of the Group's total revenue amounted to approximately US\$188.6 million (December 31, 2008: US\$201.3 million)

29. Other Operating Income

	Group	
	January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
Interest income	48	17
Fair value gain on investment properties (Note 14)	8	–
Gain on revaluation of investment properties	194	–
Gain from forward foreign exchange contracts	809	–
Net foreign exchange gains	1,742	–
Rental income	370	637
Others	385	988
	<u>3,556</u>	<u>1,642</u>

30. Finance Costs

	Group	
	January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
Amortisation of senior notes issue expenses	960	1,279
Interest on:		
Bank loans	5,130	8,072
Finance leases	1,187	1,033
Senior notes	15,609	20,813
	<u>22,886</u>	<u>31,197</u>
Total finance costs		
	<u>22,886</u>	<u>31,197</u>
Less: Finance costs capitalised in construction-in-progress (Note 13)	(1,894)	–
	<u>20,992</u>	<u>31,197</u>

31. Income Tax (Expense) Benefit

(a) Operations excluding Hong Kong and Peruvian operations

The Group has no income tax liability from operations outside of Hong Kong and Peru as it fishes in international waters. Additionally, under the terms of the vessel operating agreements executed by the Group with the Arrangers, the Arrangers bear all tax consequences, if any, relating to the agreements.

(b) Hong Kong

Certain subsidiaries act as procurement and marketing agents for the Group and some administrative personnel are located in Hong Kong. Tax on agency income is considered immaterial and has not been provided for.

(c) Peruvian operations

	Group	
	January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
Current tax	3,436	(808)
Deferred tax (Note 24)	(2,240)	(4,846)
	1,196	(5,654)

Income tax is calculated at the Peruvian tax rate of 30% applied to the estimated assessable profit for the year after deduction of statutory employees' profit share of 10% from the estimated assessable profit.

The total charge (benefit) for the year can be reconciled to the accounting profit as follows:

	Group	
	January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
Loss before tax of Peruvian operations	(3,515)	(85)
Tax expense (benefit) at Peruvian tax rate of 30% (December 31, 2008: 30%)	(1,055)	(25)
Tax effect of expenses/income that are not deductible/taxable in determining taxable profit	1,870	(2,531)
Tax effect of unutilised tax losses recognised as deferred tax asset	–	(3,133)
Effect of employees' profit share	381	35
	1,196	(5,654)

32. Profit for the Year

Profit for the year has been arrived at after charging (crediting):

	Group	
	January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
Depreciation and amortisation:		
Amortisation of deferred charter hire (Note 12)	16,477	22,134
Depreciation of property, plant and equipment (Note 13)	12,204	13,048
Amortisation of senior notes issue expenses (Note 23)	960	1,279
	<u>29,641</u>	<u>36,461</u>
Total depreciation and amortisation		
	<u>443</u>	<u>637</u>
Directors' remuneration of the Company		
	11	6
Non-audit fees paid to auditors of the Company	45,491	53,277
Crew wages and employee benefits expense (including directors' remuneration)	624	1,049
Defined contribution plan expense	41,145	37,171
Cost of inventories recognised as expense *	960	1,280
Amortisation of senior notes issue expenses	(2,551)	1,089
Net foreign exchange (gains) losses	<u>(2,551)</u>	<u>1,089</u>

* This comprises cost of inventories relating to the operations in Peru, the nature of which is stated in Note 11. It excludes cost incurred in fishing in the North and South Pacific Ocean which are recorded as deferred expenses in Note 10.

33. Earnings Per Share

The basic earnings per ordinary share for the year ended September 28, 2009 is calculated based on the Group's profit attributable to shareholders of US\$78,123,000 for the year ended September 28, 2009 divided by the weighted average number of 860,287,997 ordinary shares in issue for the year ended September 28, 2009.

The diluted earnings per ordinary share for the year ended September 28, 2009 is calculated based on the Group's profit attributable to shareholders of US\$78,123,000 for the year ended September 28, 2009 divided by the weighted average number of 861,361,533 ordinary shares in issue for the year ended September 28, 2009.

The basic earnings per ordinary share for the year ended December 31, 2008 is calculated based on the Group's profit attributable to shareholders of US\$94,272,000 for the year ended December 31, 2008 divided by the weighted average number of 782,080,000 ordinary shares in issue for the year ended December 31, 2008. For the year ended December 31, 2008, there is no difference between the basic and diluted earnings per share as the Company has no potential dilutive ordinary shares.

34. Acquisition of Subsidiaries

The Group acquired the following subsidiaries and accounted for these acquisitions using the purchase method of accounting:

September 28, 2009

Subsidiaries incorporated in Peru	Date of acquisition
Sustainable Pelagic Fishery S.A.C.	April 30, 2009
Sustainable Fishing Resources S.A.C.	May 14, 2009

Sustainable Pelagic Fishery S.A.C. and Sustainable Fishing Resources S.A.C. were inactive at the date of acquisition. They are acquired to carry out the operation of fishing vessels.

December 31, 2008

Subsidiaries incorporated in Peru	Date of acquisition
Epesca Pisco S.A.C.	April 9, 2008
Pesquera Ofelia S.R.L.	May 27, 2008
Pesquera Mistral S.A.C.	September 12, 2008

The net assets acquired and the goodwill arising are as follows:

	Acquirees' carrying amount before combination US\$'000	Fair value adjustments US\$'000	Fair value US\$'000
Cash and bank balances	1,246	–	1,246
Other receivables and prepayments	1,077	–	1,077
Inventories	1,907	–	1,907
Property, plant and equipment	26,376	(608)	25,768
Fishing permits (Note 15)	–	10,424	10,424
Trade payables	(21)	–	(21)
Other payables and accrued expenses	(2,628)	–	(2,628)
Income tax payable	(20)	–	(20)
Finance leases	(3,027)	–	(3,027)
Deferred tax liabilities (Note 24)	(3,202)	(3,359)	(6,561)
	<u>21,708</u>	<u>6,457</u>	<u>28,165</u>
Goodwill arising on acquisitions			<u>5,411</u>
Total consideration, satisfied by cash			<u>33,576</u>
Net cash outflow arising on acquisitions:			
Total consideration			33,576
Cash and cash equivalents acquired			(1,246)
Consideration payable (Note 20)			<u>(12,596)</u>
Cash consideration			<u>19,734</u>

Notes to the Financial Statements

September 28, 2009

34. Acquisition of Subsidiaries (continued)

During the year, the Group settled US\$7,488,000 (December 31, 2008: Nil) of the consideration payable. As at end of the financial year, the consideration payable amounted to US\$5,108,000 (Note 20).

The provisional fair values for subsidiaries acquired in 2007 was finalised during the year ended December 31, 2008 with the provisional fair values assigned to the net assets acquired increased by US\$12,853,000 resulting in a decrease in goodwill of US\$12,853,000 (Note 15).

35. Operating Lease Arrangements

The Group as lessee

	Group	
	January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
(a) Minimum lease expenditure under operating leases recognised as an expense in the year	<u>60,920</u>	<u>77,345</u>
Comprising:		
Amortisation of deferred charter hire (Note 12)	16,477	22,134
Variable charter hire	24,931	28,859
Fixed charter hire	<u>19,512</u>	<u>26,352</u>
(b) As at September 28, 2009 and December 31, 2008, the Group has ongoing commitments to pay variable charter hire for 17 fishing vessels under the first, second and third vessel operating agreements entered into with Perun and Alahir for a period of 10 to 18 years up to December 31, 2025. Variable charter hire is calculated at 20% of the net profit derived from operating the fishing vessels before deduction of amortisation of fixed deferred charter hire which has been prepaid.		
(c) As at September 28, 2009 and December 31, 2008, the Group has ongoing commitment to pay variable charter hire for 6 fishing vessels under the fourth vessel operating agreement entered into with Perun up to December 31, 2011. Variable charter hire is calculated at 20% of the net profit derived from operating the fishing vessels after deduction of fixed charter hire payable annually.		

35. Operating Lease Arrangements (continued)

The Group as lessor

The Group rents out a portion of its freehold buildings in Peru and leasehold buildings in Singapore under operating leases. Property rental income earned during the year was US\$370,000 (December 31, 2008: US\$637,000). At the end of reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
Within one year	205	80
In the second to fifth year inclusive	94	—
	299	80

36. Contingent Liabilities

- (a) Certain members of the Group are parties to legal processes in Peru amounting to approximately US\$5,722,000 (December 31, 2008: US\$3,370,000). These relate to fishing compliance, former employees and miscellaneous claims. The Group's legal advisor has advised the Group that US\$2,253,000 (December 31, 2008: US\$1,554,000) of these claims is likely to have unfavourable outcome for the Group and the outcome for claims of US\$3,469,000 (December 31, 2008: US\$1,816,000) 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.

The Group made a provision of US\$2,253,000 (December 31, 2008: US\$1,554,000) (Note 20) for those claims where the outcome is likely to be unfavourable to the Group.

- (b) At the end of the reporting period, the Company had contingent liabilities arising from unsecured guarantees given to banks in respect of banking facilities utilised by subsidiaries amounting to US\$125,741,000 (December 31, 2008: US\$44,150,000) and unsecured guarantee given in respect of the issuance of senior fixed rate notes with aggregate nominal value of US\$225,000,000 (December 31, 2008: US\$225,000,000).

37. Commitments

At the end of the reporting period, the Group had commitments for the acquisition of property, plant and equipment that were not provided for in the financial statements amounting to US\$11,934,000 (December 31, 2008: US\$18,546,000).

38. Subsequent Events

Subsequent to the end of the reporting period, the Directors proposed a Scrip Dividend Scheme (the "Scheme") and intend to implement the Scheme for the final dividend declared for the financial year ended September 28, 2009 ("Final Dividend"), subject to receipt of the requisite regulatory approvals. The Scheme would provide shareholders with the option to elect for their distributions to be paid:

- (i) in cash.
- (ii) in fully paid shares
- (iii) in a combination of cash and fully paid shares

Subject to the requisite regulatory approvals (if any) being obtained for the Scheme, the Directors intend to apply the Scheme to the Final Dividend declared. The price at which each new share is to be issued will be S\$1.16. This is calculated based on the arithmetic average of the daily volume weighted average price of the Company's shares for the period of 20 market days from October 29, 2009 to November 25, 2009 (both dates inclusive). A discount of 10% is applied.

This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is US\$26,041,000 (calculated at 4.20 Singapore cents per ordinary share). The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 – *Events After The Balance Sheet Date*.

39. Comparatives

The financial statements cover the financial year from January 1, 2009 to September 28, 2009. The comparative figures cover the financial year from January 1, 2008 to December 31, 2008.

Supplementary Information

The reporting currency of the Group is in United States Dollars. A Singapore Dollars equivalent of the consolidated income statement and statement of financial position of the Group is provided as Supplementary Information for shareholders and investors in Singapore.

Statement of Financial Position

September 28, 2009

	Group (Unaudited)	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
ASSETS		
Current assets		
Cash and bank balances	32,747	10,997
Trade receivables	45,332	27,231
Other receivables and prepayments	64,752	30,384
Prepaid income tax	8,428	11,960
Deferred expenses	46,717	37,388
Inventories	11,161	48,123
Current portion of deferred charter hire	31,605	31,938
	<hr/>	<hr/>
Total current assets	240,742	198,021
	<hr/>	<hr/>
Non-current assets		
Deferred charter hire	257,208	283,694
Property, plant and equipment	499,710	352,436
Investment properties	3,460	–
Goodwill	91,535	92,499
Other intangible assets	105,939	107,055
Associate	2,142	2,165
	<hr/>	<hr/>
Total non-current assets	959,994	837,849
	<hr/>	<hr/>
Total assets	<u>1,200,736</u>	<u>1,035,870</u>

Supplementary Information

	Group (Unaudited)	
	September 28, 2009 US\$'000	December 31, 2008 US\$'000
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	9,783	20,270
Other payables and accrued expenses	27,128	26,743
Income tax payable	617	1,407
Current portion of finance leases	6,864	6,631
Current portion of bank loans	133,807	93,701
	<u>178,199</u>	<u>148,752</u>
Total current liabilities		
Non-current liabilities		
Finance leases	14,884	20,206
Bank loans	61,702	21,853
Senior notes	313,526	315,443
Deferred tax liabilities	41,426	45,097
	<u>431,538</u>	<u>402,599</u>
Total non-current liabilities		
Capital and reserve:		
Share capital	61,422	56,427
Reserves	529,577	428,092
	<u>590,999</u>	<u>484,519</u>
Total equity		
Total liabilities and equity	<u><u>1,200,736</u></u>	<u><u>1,035,870</u></u>

Consolidated Income Statement

Year ended September 28, 2009

	Group (Unaudited)	
	January 1, 2009 to September 28, 2009 (9 months) US\$'000	January 1, 2008 to December 31, 2008 (12 months) US\$'000
Revenue	547,550	663,859
Cost of sales	(68,485)	(60,253)
Charter hire expenses	(86,991)	(111,609)
Vessel operating costs	(209,800)	(280,951)
	<hr/>	<hr/>
Gross profit	182,274	211,046
Other operating income	5,078	2,369
Selling expenses	(30,550)	(22,447)
Administrative expenses	(13,561)	(18,075)
Finance costs	(29,976)	(45,017)
	<hr/>	<hr/>
Profit before tax	113,265	127,876
Income tax (expense) benefit	(1,708)	8,159
	<hr/>	<hr/>
Profit for the year	<u>111,557</u>	<u>136,035</u>
	<hr/>	<hr/>
Basic earnings per share (Singapore cents)	<u>12.97</u>	<u>17.39</u>
	<hr/>	<hr/>
Diluted earnings per share (Singapore cents)	<u>12.97</u>	<u>17.39</u>

* Exchange rate

September 28, 2009: S\$1 = US\$0.7003

December 31, 2008: S\$1 = US\$0.6930

Shareholders' Information

AS AT DECEMBER 11, 2009

Authorised share capital	:	US\$80,000,000
Issued and fully paid-up capital	:	US\$43,014,000
Class of shares	:	Ordinary share of US\$0.05 each
Voting rights	:	One vote per share

Statistics of Shareholdings

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 999	108	3.92	35,212	0.00
1,000 – 10,000	1,696	61.61	7,696,898	0.89
10,001 – 1,000,000	935	33.96	31,107,700	3.62
1,000,001 and above	14	0.51	821,448,187	95.49
Total	<u>2,753</u>	<u>100.00</u>	<u>860,287,997</u>	<u>100.00</u>

Treasury Shares

The Company does not hold any Treasury Shares.

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Super Investment Limited ⁽¹⁾	671,088,000	78.01	–	–
Zhonggang Fisheries Limited ⁽¹⁾	–	–	671,088,000	78.01
Pacific Andes Resources Development Limited ^{(2) (3)}	–	–	678,868,600	78.91
Golden Target Pacific Limited ⁽³⁾	7,780,600	0.90	671,088,000	78.01

Notes:

- (1) Zhonggang Fisheries Limited ("Zhonggang Fisheries") owns 49.9% of the shares in Super Investment Limited ("Super Investment") and is therefore deemed to be interested in 671,088,000 shares in the Company held by Super Investment.
- (2) Pacific Andes Resources Development Limited ("PARD") owns 100% of the shares in Golden Target Pacific Limited ("Golden Target"). PARD is therefore deemed to be interested in 7,780,600 shares held by Golden Target and 671,088,000 shares in the Company held by Super Investment through Golden Target. PARD is also deemed to be interested in 671,088,000 shares held by Super Investment through Zhonggang Fisheries.
- (3) Golden Target owns 47% of the shares in Super Investment and 70% of the shares in Zhonggang Fisheries. Golden Target is therefore deemed to be interested in 671,088,000 shares in the Company held by Super Investment. Golden Target is also deemed to be interested in 671,088,000 shares held by Super Investment through Zhonggang Fisheries.

Twenty Largest Shareholders

No.	Name of Shareholders	Number of Shares	%
1.	SUPER INVESTMENT LIMITED	671,088,000	78.01
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	75,495,100	8.78
3.	HSBC (SINGAPORE) NOMINEES PTE LTD	26,444,650	3.07
4.	DBS NOMINEES PTE LTD	16,419,430	1.91
5.	NOMURA SINGAPORE LIMITED	7,741,600	0.90
6.	DBSN SERVICES PTE LTD	7,088,800	0.82
7.	RAFFLES NOMINEES (PTE) LTD	6,040,000	0.70
8.	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,453,007	0.40
9.	DBS VICKERS SECURITIES (S) PTE LTD	1,560,500	0.18
10.	DB NOMINEES (S) PTE LTD	1,463,000	0.17
11.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,417,700	0.16
12.	LIM BEE LENG	1,157,000	0.13
13.	OCBC SECURITIES PRIVATE LTD	1,062,300	0.12
14.	KIM ENG SECURITIES PTE. LTD.	1,017,100	0.12
15.	CHAN KWEE SOON	900,000	0.10
16.	PHILLIP SECURITIES PTE LTD	854,100	0.10
17.	YAP CHYE LEE OR SOH SWEE NGAN	715,000	0.08
18.	CIMB-GK SECURITIES PTE LTD	636,000	0.07
19.	KOH SAN HO	500,000	0.06
20.	PETER LEONG KOCK WAH	495,000	0.06
	Total	<u>825,548,287</u>	<u>95.94</u>

Percentage of Shareholding in Public's Hands

21.09% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CHINA FISHERY GROUP LIMITED (the "Company") will be held at Meeting Room 208-209, Level 2, Suntec Singapore, International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, January 22, 2010 at 2:30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the period ended September 28, 2009 together with the Auditors' Report thereon.

(Resolution 1)
2. To declare a first and final dividend of 4.20 Singapore cents per ordinary share (tax not applicable) for the period ended September 28, 2009 (2008: Bonus Issue – 1 bonus share for every 10 ordinary shares).

(Resolution 2)
3. To re-elect the following Directors retiring pursuant to Article 107 of the Company's Articles of Association:

Mr Ng Joo Siang	(Resolution 3)
Mr Sung Yu Ching	(Resolution 4)
Mr Chan Tak Hei	(Resolution 5)
4. To approve the payment of Directors' fees of HK\$720,000 (equivalent to US\$92,308 or S\$128,059) for the year ending September 28, 2010, payable monthly in arrears 9-month period ended September 28, 2009: HK\$540,000 (equivalent to US\$69,231 or S\$99,900).

(Resolution 6)
5. To re-appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.

(Resolution 7)
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. SHARE ISSUE MANDATE

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

- (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued Shares in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty percent (20%) of the total number of issued Shares in the capital of the Company.
- (b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued Shares shall be based on the total number of issued Shares of the Company as at the date of the passing of this Resolution, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of convertible securities;
 - (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of Shares.

- (c) and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of Shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of such convertible securities.
- (d) the fifty percent (50%) limit in sub-paragraph (a) above may be increased to one hundred percent (100%) for issues of Shares and/or Instruments by way of a renounceable rights issue where shareholders of the Company are entitled to participate in the same on a pro-rata basis.

See Explanatory Note (i)

(Resolution 8)

8. DISCOUNT FOR NON PRO-RATA SHARE ISSUE

- (a) That subject to and conditional upon the passing of Ordinary Resolution 8 above, approval be and is hereby given to the Directors of the Company at any time to issue, other than on a pro-rata basis to shareholders of the Company, Shares (excluding convertible securities), at an issue price for each Share which shall be determined by the Directors of the Company in their absolute discretion provided that such price shall not represent a discount of more than twenty percent (20%) to the weighted average price of a Share for trades done on the SGX-ST (as determined in accordance with the requirements of SGX-ST); and
- (b) That (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

See Explanatory Note (ii)

(Resolution 9)

9. AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE CFGL SHARE AWARDS SCHEME

That authority be given to the Directors of the Company to allot and issue from time to time such number of fully-paid Shares in the Company as may be required to be issued pursuant to the vesting of the awards under the CFGL Share Awards Scheme (the "Scheme"), provided that the aggregate number of new Shares to be issued pursuant to:

- (a) the Scheme, shall not exceed ten percent (10%) of the total number of issued Shares in the capital of the Company as at the date of approval of the Scheme by the shareholders; and
- (b) the Scheme and any other share scheme which the Company may have in place, shall not exceed fifteen percent (15%) of the total number of issued Shares in the capital of the Company from time to time.

See Explanatory Note (iii)

(Resolution 10)

10. CHINA FISHERY GROUP LIMITED SCRIP DIVIDEND SCHEME

That authority be given to the Directors of the Company to allot and issue from time to time such number of new fully-paid Shares in the Company as may be required to be allotted and issued pursuant to the China Fishery Group Limited Scrip Dividend Scheme (the "Scrip Dividend Scheme").

See Explanatory Note (iv)

(Resolution 11)

By Order of the Board

Yvonne Choo
Company Secretary

Singapore, December 30, 2009

Notice of Annual General Meeting

Explanatory Notes:

- (i) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued Shares in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro-rata basis.

This increased limit of up to one hundred percent 100% (referred to in sub-paragraph (d)) for renounceable pro-rata rights issue is one of the new measures introduced by the Singapore Exchange Limited, in consultation with the Monetary Authority of Singapore, on February 20, 2009 to accelerate and facilitate listed issuers' fund raising efforts and will be in effect until December 31, 2010. The increased limit will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares in the Company up to 100% (from the existing 50%) of its issued capital by way of a pro-rata renounceable rights issue. The increased limit will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. This mandate is conditional upon the Company: (i) making periodic announcements on the use of the proceeds as and when the funds are materially disbursed; and (ii) providing a status report on the use of proceeds in the annual report.

For the purpose of this Resolution, the total number of issued Shares is based on the Company's total number of issued Shares at the time this proposed Resolution is passed after adjusting for new Shares arising from the conversion or exercise of convertible securities or any new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

- (ii) The Ordinary Resolution (9) in item (8) above is pursuant to measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated February 19, 2009 and which became effective on February 20, 2009. Under the measures implemented by the SGX-ST, listed issuers will be allowed to undertake non pro-rata placements of new Shares priced at discounts of up to 20% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such units is executed, subject to the conditions that (a) shareholders approval be obtained in a separate resolution at a general meeting to issue new shares on a non pro-rata basis at discount exceeding 10% but not more than 20%; and (b) that the resolution seeking a general mandate from shareholders for issuance of new shares on a non pro-rata basis is not conditional upon this Resolution.
- (iii) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors to allot and issue new fully-paid Shares pursuant to the vesting of the awards under the Scheme (which was approved by shareholders at the Extraordinary General Meeting held on April 30, 2007), provided that the aggregate number of Shares to be issued pursuant to (a) the Scheme shall not exceed ten percent (10%) of the total number of issued Shares in the capital of the Company as at the date of approval of the Scheme by the shareholders and (b) the Scheme and any other share scheme which the Company may have in place, shall not exceed fifteen percent (15%) of the total number of issued Shares in the capital of the Company from time to time.
- (iv) The Ordinary Resolution 11 proposed in item 10 above, if passed, will empower the Directors to allot and issue new fully-paid Shares pursuant to the Scrip Dividend Scheme. The terms and conditions of the Scrip Dividend Scheme will be announced on SGXNet at a later date. The Company will be applying for the listing and quotation of such new Shares pursuant to the Scrip Dividend Scheme.

Notes:

1. A Shareholder is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. If a Depositor wishes to appoint a proxy/proxies to attend the Annual General Meeting (the "Meeting"), then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758, at least forty-eight (48) hours before the time of the Meeting.
3. If the Depositor is a corporation, then the Depositor Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney and must be deposited at the office of the Singapore Share Transfer Agent, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758, at least forty-eight (48) hours before the time of the Meeting.



CHINA FISHERY GROUP LIMITED

Rooms 3312-14, Hong Kong Plaza, 188 Connaught Road West, Hong Kong
www.chinafisherygroup.com