



# PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED

太平洋恩利國際控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock code: 1174)

## ANNOUNCEMENT

This announcement is made pursuant to the disclosure requirement under Rule 13.09(2) of the Hong Kong Listing Rules.

China Fishery Group Limited, the Singapore-listed subsidiary of the Company (in which the Company is indirectly interested in approximately 78.01% of its issued share capital), published an announcement in Singapore after trading hours on 22 May 2007 in relation to an acquisition of a Peruvian company by Pesquera Isla Blanca S.A. which is an indirect non-wholly-owned subsidiary of the Company.

This announcement is made pursuant to the disclosure requirement under Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

The board of directors of Pacific Andes International Holdings Limited (the "Company") is pleased to announce that China Fishery Group Limited, the Singapore-listed subsidiary of the Company (in which the Company is indirectly interested in approximately 78.01% of its issued share capital), published an announcement in Singapore after trading hours on 22 May 2007 in relation to an acquisition of a Peruvian company by Pesquera Isla Blanca S.A., which is an indirect non-wholly-owned subsidiary of the Company. The contents of the announcement are set out as follows:

### CHINA FISHERY GROUP LIMITED

#### Acquisition of shares of a Peruvian Company

##### 1. INTRODUCTION

The Board of Directors of China Fishery Group Limited ("China Fishery") wishes to announce that Pesquera Isla Blanca S.A., ("the Purchaser"), an indirect wholly-owned subsidiary of the China Fishery has on 21 May 2007 (Peruvian time) entered into a sale and purchase agreement ("Agreement") with individual shareholders ("Sellers") of a Peruvian company, namely Pesquera Pocoma SAC ("Corporation") for the purchase of the entire issued share capital of the Corporation (the "Sale Shares") ("the Purchase").

##### 2. THE CORPORATION

2.1 The Corporation is a stock corporation duly organized and existing under the laws and regulations of Peru. The principal business of the Corporation is the extraction and commercialization of hydrobiological resources like fishing. The Corporation owns *inter alia* 3 vessels (the "Vessels") with total authorised fish hold capacity of 691.59 m<sup>3</sup>.

2.2 The Corporation is the holder of fishing permits, which allow it to fish in the Peruvian Exclusive Economic Zone.

##### 3. CONSIDERATION AND PAYMENT

3.1 The consideration for the acquisition of the Sale Shares is US\$10,465,000 (approximately HK\$81,627,000) ("Consideration"). The Sale Shares shall be transferred to the Purchaser free from encumbrances. The Consideration was arrived at pursuant to negotiations between the parties on a willing buyer and willing seller and at an arm's length basis.

3.2 Within 2 business days from the signing of the Agreement, part of the Consideration amounting to approximately US\$3,619,632 (approximately HK\$28,233,000) shall be paid to the Sellers as security deposit (the "Security Deposit"). The Security Deposit shall be applied to the Consideration on the Completion Date subject to the fulfillment of certain conditions precedent.

3.3 The remainder of the Consideration i.e. US\$6,845,368 (approximately HK\$53,394,000) will be paid on the Completion Date, subject to adjustments of the Consideration as set out in paragraph 4.

3.4 The Purchaser has commissioned the Peruvian law firm, Estudio Ehecopar Abogados, to carry out legal due diligence on the Corporation and the Vessels which is to be completed within 3 weeks from the date of execution of the Agreement.

3.5 The Purchaser has commissioned a valuation of the Vessels and fishing permits which was carried out by JRZ Peritos de Seguros S.A.C.. The valuation dated 5 April 2007 was done on an open market basis and indicated the value of the Vessels and fishing permits as approximately US\$11,233,000 (approximately HK\$87,617,000) ("Valuation"). The book value of the Corporation as at 30 April 2007 is approximately US\$9,811,000 (approximately HK\$76,526,000), taking into account the Valuation and the liabilities of the Corporation.

3.6 None of the relative figures computed on the applicable bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited's Listing Manual amounts to 5% or more.

##### 4. CONSIDERATION ADJUSTMENTS

The Consideration is subject to the following adjustments:-

(a) liabilities relating to the Vessels; and

(b) the following contingencies:-

(i) as declared by the Sellers prior to the commencement of the due diligence exercise;

(ii) as discovered during the due diligence exercise;

(iii) which originated from events which took place prior to Completion Date and may become a reality within one year from the Completion Date; and

(iv) relating to the Vessels.

in the event that they materialize.

##### 5. RATIONALE

Factors taken into account in arriving at the Consideration include the Valuation, the capacity of the Vessels, the difficulty in obtaining fishing permits for fishing in the Peruvian Exclusive Economic Zone and the fact that the Purchase will complement the existing businesses and development plans of the China Fishery and its subsidiaries ("China Fishery Group"). The Purchase will increase the capacity of the China Fishery Group's purse seine fishing fleet in Peru, which will enable the China Fishery Group to increase its harvests of Peruvian Anchovy and hence achieve greater economies of scale in its fishmeal operations. Peruvian Anchovy is the key raw material used in fishmeal production.

##### 6. SOURCE OF FUNDS

The Purchase is funded from both internal resources and the proceeds from the issuance by the China Fishery's indirect wholly-owned subsidiary CFG Investment S.A.C of the 9.25% senior notes due 2013.

##### 7. COMPLETION

7.1 Completion shall take place approximately within forty (40) days from the date of execution of the Agreement, subject to the fulfillment of conditions precedent ("Completion Date").

7.2 The Purchaser is entitled to terminate the Agreement if the Sellers breach their obligations or there is any false or inaccurate representations by the Sellers, or if contingencies and liabilities of the Corporation or the Vessels are found to exceed the Consideration. The Sellers are entitled to terminate the Agreement if the Purchaser breaches its obligations.

\* For identification purpose only

**8. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS**

Save for their interests in the shares of China Fishery, none of the Directors and so far as the Directors are aware, none of the controlling shareholders, has any interest, direct or indirect, in the Purchase.

**DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS**

As far as the Directors are aware, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in China Fishery), in the aforesaid transaction.

By order of the Board  
**Pacific Andes International Holdings Limited**  
**Cheng Nai Ming**  
*Company Secretary*

Hong Kong, 22 May 2007

*As at the date of this announcement, the executive directors of the Company are Madam Teh Hong Eng, Mr. Ng Joo Siang, Mr. Ng Joo Kwee, Mr. Ng Joo Puay, Frank, Ms. Ng Puay Yee and Mr. Cheng Nai Ming whilst the independent non-executive directors of the Company are Mr. Lew V. Robert, Mr. Kwok Lam Kwong, Larry and Mr. Yeh Man Chun, Kent.*

“Please also refer to the published version of this announcement in South China Morning Post.”