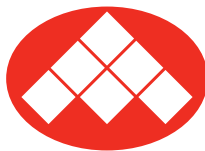


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PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED

太平洋恩利國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1174)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN
A PANAMANIAN COMPANY
BY AN INDIRECT NON-WHOLLY-OWNED SUBSIDIARY
OF THE COMPANY**

The Directors are pleased to announce that, on 17 May 2010 (Peruvian Time), the Purchaser, which is a company wholly-owned by CFG Investment S.A.C., an indirect non-wholly-owned subsidiary of the Company, entered into a Stock Purchase Agreement with the Sellers for the purchase of the entire issued share capital of the Target Company at the consideration of US\$95 million (approximately HK\$741 million) subject to adjustments, if any.

Completion will take place upon fulfillment of certain conditions precedent and is expected to take place by 24 May 2010. At Completion, the Consideration, subject to adjustments and after deduction of the Escrow Sum shall be paid by the Purchaser.

The Acquisition constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

THE STOCK PURCHASE AGREEMENT

Date

17 May 2010, Peruvian time

Parties

The Purchaser: Epesca Pisco S.A.C. which is wholly-owned by CFG Investment S.A.C., an indirect non-wholly-owned subsidiary of the Company

The Sellers: Silkfield International Corporation, Orbel Business Corp. and Harleston Technologies Corp., each holding 33.33% issued share capital of the Target Company

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, the Sellers and their respective ultimate beneficial owners are Independent Third Parties.

ASSETS TO BE ACQUIRED

Pursuant to the Stock Purchase Agreement, the Sellers have agreed to sell and the Purchaser has agreed to acquire the Sale Shares.

The Target Company is a corporation duly organized and existing under the laws and regulations of Panama. The Target Company has two wholly-owned subsidiaries namely, Bluefield Overseas Corporation (“**Bluefield**”) which is a company subsisting under the laws of the British Virgin Islands; and Sunset Holdings Group S.A. (“**Sunset**”) which is a company subsisting under the laws of Panama. Bluefield and Sunset collectively own 100% equity interest in Alejandria, which in turn owns the Plant and the Fishing Assets.

Based on the valuation on the Plant and Fishing Assets of the Target Group prepared by the Surveyor on an open market basis as at 30 April 2010, the value of the Plant and Fishing Assets was approximately US\$96.68 million (approximately HK\$754.10 million). The net asset value of the Target Group as at 30 April 2010 was approximately US\$63.86 million (approximately HK\$498.11 million), taking into account of the valuation prepared by the Surveyor. The Surveyor and its ultimate beneficial owner are Independent Third Parties.

According to the unaudited financial statements of the Target Group, the net profit before taxation of the Target Group for the two financial years ended 31 December 2009 were approximately US\$2.51 million (approximately HK\$19.58 million) and US\$0.44 million (approximately HK\$3.43 million) respectively and the net profit after taxation of the Target Group for the two financial years ended 31 December 2009 were approximately US\$1.67 million (approximately HK\$13.03 million) and US\$0.16 million (approximately HK\$1.25 million) respectively.

CONSIDERATION AND ADJUSTMENTS

The Consideration, subject to adjustments, and the Escrow Sum, which was arrived at after arm's length negotiations between the Purchaser and the Sellers on a willing buyer willing seller basis, taking into account the reasons and benefits set out in the paragraph headed "Reasons for and benefits of the Acquisition" below.

The Purchaser and the Sellers agree that the Consideration shall be adjusted as follows:

- (1) all liabilities recorded in the financial statements of the Target Group and the other liabilities not recorded in the financial statements of the Target Group but revealed during the due diligence conducted by the Purchaser and agreed by the Purchaser and the Sellers will be deducted from the Consideration; and
- (2) a sum of (i) cash and cash equivalents of the Target Group as at Completion, (ii) account receivables of the Target Group from related parties of the Sellers as at Completion, (iii) monthly income tax prepayments effectively paid by Alejandria until Completion, and (iv) value added tax credit in excess of those generated by Alejandria will be added to the Consideration.

ESCROW SUM

On Completion, the Purchaser shall deduct the Escrow Sum from the Consideration and transfer such sum to an escrow account as collateral for the payment of the material contingencies of the Target Group except for (i) fishing contingencies of regulatory fishing fines; (ii) litigations related to specific mechanism to calculate crew salaries; and (iii) tax treatment for fishing net expenses recognition. The escrow arrangement will remain in effect for three years from Completion.

The Escrow Sum will only be released by a written notice signed by the Purchaser and the Sellers. The written notice shall be issued when the corresponding contingencies have materialized. The Escrow Sum that has not been applied to cover the contingencies will be transferred to the Sellers subject to any dispute which will be resolved by a judicial or arbitral decision.

SOURCE OF FUNDING

The Consideration would be funded by bank borrowings and internal resources of China Fishery and its subsidiaries.

COMPLETION

Completion is conditional upon:

- (i) the delivery by the Sellers to the Purchaser all applicable corporate and financing documentation of the Target Group;
- (ii) execution of the escrow agreement amongst the Sellers, the Purchaser and the bank;
- (iii) the Sellers having confirmed that the Sale Shares and the issued share capital of each member of the Target Group are free of any encumbrances;
- (iv) the Sellers, after completion of the due diligence, having confirmed that the Fishing Assets and the Plant are free of any encumbrances;
- (v) resignation of all existing officers, directors and attorneys of the Target Group; and
- (vi) there being no material breach of the warranties and representations set out in the Stock Purchase Agreement.

Completion is expected to take place latest by 24 May 2010. At Completion, the Parties will execute a procedural closing agreement; the Purchaser shall pay the Consideration subject to adjustments to the Sellers and shall pay the Escrow Sum to the bank account held by the Sellers. Transfer of the Sale Shares free from encumbrances to the Purchaser shall also take place at the same time, and the Plant and Fishing Assets shall remain in the Target Group.

OTHER TERMS

The Purchaser and the Sellers agree that the Sellers will continue to employ the office workers of Alejandria, whereas the Purchaser will retain the workers operating the Plant and the crew members operating the Fishing Assets.

INFORMATION OF THE SELLERS

The Sellers and the Target Group principally engage in the fishing and fishmeal production in Peru. The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, the Sellers and the respective ultimate beneficial owners are Independent Third Parties.

INFORMATION OF THE GROUP

The Group is principally engaged in the frozen seafood business covering fishing, fishmeal processing, supply chain management, onshore and offshore processing, and international distribution of a variety of frozen seafood products.

REASONS FOR AND BENEFITS OF THE ACQUISITION

In line with a worldwide growing population and rising popularity of fish as a healthy source of protein, the aquaculture and animal farming industries have been growing. Demand for fishmeal, a vital component of aquaculture and animal-farming feed, has grown in tandem and is expected to remain strong over the long-term. On the supply side, global production of fishmeal has remained steady over the past few years. Driven by a growing demand and limited supply, the price of fishmeal has been increasing.

With the Acquisition, the Group will increase its fishing quota allocation in North Peru from 5.08% to 6.05% and in South Peru from 7.87% to 10.91%. Further, the Group will become the sixth largest fishmeal company in Peru. A higher catch volume will allow the Group to increase its fishmeal production volume. In addition, the Group will also be able to further improve its economies of scale and efficiency of its operations in Peru.

The Acquisition is in line with China Fishery’s strategy of seizing opportunities worldwide that will enable the Group to gain access to under-utilised yet abundant fish species and becoming a significant supplier of fish products to the growing China market and a leading consolidator in the global industrial fishing industry.

The Directors believe that the terms of the Stock Purchase Agreement are fair and reasonable and are in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Acquisition contemplated under the Stock Purchase Agreement constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of the Sale Shares
“Alejandria”	Pesquera Alejandría S.A.C. a corporation duly organized under the laws and regulations of the Republic of Peru which owns the Fishing Assets and the Plant
“China Fishery”	China Fishery Group Limited, an indirect non-wholly-owned subsidiary of the Company, the securities of which are listed and traded on the Singapore Exchange Securities Trading Limited

“Company”	Pacific Andes International Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares and warrants are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Completion”	completion of the acquisition of the Sale Shares on or about 24 May 2010 in Peru
“Contingent Liabilities”	Contingent liabilities of the Target Group incurred before the Completion as described in the Stock Purchase Agreement
“Consideration”	US\$95 million (approximately HK\$741 million)
“Directors”	the directors of the Company
“Escrow Sum”	US\$1,000,000 (approximately HK\$7,800,000)
“Fishing Assets”	6 fishing vessels which are owned by Alejandria together with fishing permits, collectively have on board storage capacity of approximately 1,865.58 m ³ ; and fishing quotas equivalent to 0.97% of the total fishing quota in Northern Peru and 3.04% of the total fishing quota in Southern Peru
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	parties independent of the Company and its connected person(s) (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Plant”	the fishmeal processing plant situated at Tambo de Mora, Province of Chincha, Department of Ica with a processing capacity of 40 metric tonnes of raw materials per hour
“Purchaser”	Epesca Pisco S.A.C., a company incorporated in Peru, an indirect non-wholly-owned subsidiary of the Company
“Sale Shares”	100% of entire issued share capital of the Target Company

“Sellers”	Silkfield International Corporation, Orbel Business Corp. and Harleston Technologies Corp., which are subsisting under the laws of Panama, and each hold 33.33% issued share capital of the Target Company
“Shareholders”	the Shareholders of the Company
“Stock Purchase Agreement”	the Stock Purchase agreement dated 17 May 2010 (Peruvian time) entered into by the Purchaser and the Sellers in relation to the Acquisition
“Surveyor”	JRZ Adjustadores y Peritos de Seguros S.A.C., being a registered surveyor in Peru
“Target Company”	Dorbes Holding Corp., a company subsisting under the law of Panama
“Target Group”	the Target Company, Bluefield Overseas Corp., Sunset Holdings Group S.A. and Alejandria
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the Board
Pacific Andes International Holdings Limited
Chan Tak Hei
Company Secretary

Hong Kong, 18 May 2010

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