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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)

**MAJOR TRANSACTION
PROVISION OF FACILITY GUARANTEE**

PROVISION OF FACILITY GUARANTEE BY THE COMPANY

On 25 May 2012, the Company and PE, as guarantors entered into the Facility Agreement in favour of each of the Lenders in relation to, among other things, (i) the provision of the Facility A in an aggregate principal amount of EUR10 million (approximately HK\$98 million) by the Facility A Lenders to the Facility A Borrowers; and (ii) the provision of Facility B in an aggregate principal amount of EUR100 million (approximately HK\$980 million) by the Facility B Lenders to the Facility B Borrowers with an option to increase by a maximum amount of EUR30 million (approximately HK\$294 million). The Facilities are to replace the Bridge Facility and the Hedging Facility, details of which are set out in the announcement of the Company dated 30 August 2011.

LISTING RULES IMPLICATIONS

As the consideration ratio (as set out and calculated under Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 25% but is less than 75%, the Transaction constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules. Therefore, the Transaction, being giving financial assistance to the Borrowers by the Company, is subject to the applicable notification, announcement, circular and shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Transaction. As such, no Shareholder would be required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the Transaction.

N. S. Hong is currently holding about 54.9% of the issued share capital of the Company. Pursuant to Rule 14.44 of the Listing Rules, N. S. Hong has issued a written shareholder's approval to approve the Transaction and accordingly, no extraordinary general meeting will be convened by the Company to approve the Transaction.

A circular in relation to details of the Transaction will be despatched to the Shareholders as soon as practicable for the Shareholders' information on or around 22 June 2012 as the Company requires additional time to collate and finalise certain financial information to be included in the circular as required under the Listing Rules.

Reference is made to the announcement dated 30 August 2011 of the Company and the circular dated 22 September 2011 of the Company in relation to, among other things, the Bridge Facility and the Hedging Facility.

I. PROVISION OF FACILITY GUARANTEE BY THE COMPANY AND PE

On 25 May 2012, the Company and PE, as guarantors entered into the Facility Agreement in favour of each of the Lenders in relation to, among other things, (i) the provision of the Facility A in an aggregate principal amount of EUR10 million (approximately HK\$98 million) by the Facility A Lenders to the Facility A Borrowers; and (ii) the provision of Facility B in an aggregate principal amount of EUR100 million (approximately HK\$980 million) by the Facility B Lenders to the Facility B Borrowers with an option to increase by a maximum amount of EUR30 million (approximately HK\$294 million). The Facilities are to replace the Bridge Facility and the Hedging Facility, details of which are set out in the announcement of the Company dated 30 August 2011. Principal terms of the Facility Agreement are set out as follows.

Facility Agreement

(a) Date

25 May 2012

(b) Parties

- (i) the Borrowers;
- (ii) the Company and PE, as guarantors; and
- (iii) the Lenders.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Lenders and their ultimate beneficial owners are third parties independent of the Company and independent of the connected persons of the Company as at the date of this announcement.

(c) *Facility A*

Facility

Term loan facility.

Amount

EUR10 million (approximately HK\$98 million) provided by Facility A Lenders to Facility A Borrowers.

Maturity date

The date falling three years after the first utilisation of Facility A.

Repayment

The Facility A Borrowers shall repay the aggregate Facility A by 5 equal instalments with each instalment being a sum equal to one-fifth of the aggregate outstanding amount drawn down under Facility A on each Facility A repayment date.

Margin

2.70% per annum.

(d) *Facility B*

Facility

Facility B comprises of Facility B1 and Facility B2, which may be utilized by way of:

- (i) drawing of loans; and
- (ii) Ancillary Facilities.

Amount

Facility B1

Revolving facility of up to EUR90 million (approximately HK\$882 million) provided by Facility B1 Lenders to Facility B1 Borrowers.

Facility B2

Revolving facility of up to EUR10 million (approximately HK\$98 million) provided by Facility B2 Lender to Facility B2 Borrower.

Ancillary Facilities

Ancillary Facilities of not more than EUR1 million (approximately HK\$9.8 million) may be made available to each of the Facility B Borrowers respectively on a bilateral basis and on normal commercial terms by the Ancillary Lender to the Facility B Borrowers in place of part of the Ancillary Lender's unutilised Facility B Commitment (which shall be reduced by the amount of the Ancillary Facility commitment).

Ancillary Facilities may consist of overdraft, guarantee, bonding, documentary or stand-by letter of credit, short term loan facilities on terms not more favourable than the terms to Mandated Lead Arrangers.

Increase option

The Facility B Borrowers may, by giving the facility agent not less than 60 days prior written notice, request that Facility B be increased by a maximum of EUR30 million (approximately HK\$294 million). The Mandated Lead Arrangers shall each have the individual right but not the obligation to commit to such increase. Subject to majority Mandated Lead Arrangers' consent, the Facility B Borrowers shall have the right to request other banks or financial institutions to participate in the increase if one or more of the Mandated Lead Arrangers have refused the request of the Facility B Borrowers to increase Facility B. The financial covenants shall be in compliance for such request to be submitted.

Maturity date

The date falling one year from day of first utilization of Facility B, subject to the Extension Option (as defined below) and provided that the first drawdown must be made within 1 month from the date of the Facility Agreement.

Extension Option

The Facility B Borrowers may request that the termination date for Facility B be renewed and extended for a further period of 365 days by giving notice to the Agent no more than 90 days and not less than 60 days before the date falling:

- (i) on the first anniversary of the Facility Agreement; and
- (ii) if the facility period for Facility B has been extended in accordance with the Facility Agreement, the second anniversary of the Facility Agreement,

but in any event the termination date for any Facility B shall not extend beyond the date which falls two years after the initial termination date for that Facility B.

Repayment

Each loan shall be repaid on the last day of its interest period (subject to right to redraw and rollover) and on the final maturity date.

Margin

2.35% per annum.

(e) Interest on Facilities

The interest of the Facilities are the aggregate of the applicable:

- (i) Margin;
- (ii) EURIBOR (set by reference to Reuters or, if not available, on the basis of rates provided by agreed reference banks); and
- (iii) Mandatory Cost, if applicable.

(f) Security and the Guarantee

As security for the Facilities, the Borrowers have provided in favour of the Finance Party mortgages of buildings and land, debenture over all inventories, receivables and other assets, pledges of shares in the Borrowers by their respective holding companies and in PHG by Asarmona and Mastonia, charges over collection accounts and with the Security Agent being named as the loss payee of credit insurance, master cargo insurance and cold-store insurance of the Borrowers.

In addition, each Guarantor irrevocably, unconditionally, jointly and severally guarantees to each Finance Party punctual performance by each Borrower of all that Borrower's obligations under the Facility Agreement and the relevant agreements.

The Facility Agreement provided that pursuant to German law, enforcement of the guarantee obligations against PE, being a company incorporated in Germany shall, subject to certain requirements under German law, be limited to the amount that would not lead to the situation that (i) PE's net assets less its liabilities fall below its registered share capital or (ii) if PE's net assets are already below its registered share capital, the shortage in its net assets would be further increased in each case in violation of Sections 30 and 31 of the German Limited Liability Companies' Act.

II. INFORMATION OF THE PARTIES

(a) Borrowers

PP principally engages in the production and marketing of private label frozen fish products in Germany and other European countries.

PPA is a subsidiary of Gelmer and is the owner of the land where Gelmer's factory is located.

Gelmer principally engages in the production and marketing of private label frozen fish products in France and other European countries.

(b) Lenders

Rabobanks are members of the Rabobank Group which is an international financial services provider operating on the basis of cooperative principles. The Rabobank Group offers banking, asset management, leasing, insurance and real estate services.

Commerzbank Aktiengesellschaft is principally engaged in all aspects of banking for retail and corporate customers. It is also active in specialised fields, partly covered by its subsidiaries, such as mortgage banking and real-estate business, leasing and asset management.

UniCredit Bank AG, part of UniCredit Group, is principally engaged in corporate and investment banking, retail banking, and private banking services.

Deutsche Bank Luxembourg S.A. is principally engaged in private wealth management, international loans and agency services, treasury and global markets and corporate services of the financial markets.

CITIC Bank International Limited is principally engaged in commercial banking offering financial services including wealth management, personal banking, wholesale banking and global markets and treasury solutions.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Lenders are third parties independent of the Company and are not connected persons of the Company.

(c) The Guarantors

The Company and PE are the Guarantors of the Facilities on a joint and several basis.

The Group is a fully integrated group of companies with operations across the entire seafood value chain which includes harvesting, sourcing, ocean logistics and transportation, food safety testing, processing and distribution of frozen fish products, as well as fishmeal and fish oil; with businesses span across the world with particular emphasis in the China market while it has processing factories located in China, Japan, United States and Peru respectively.

PE is principally engaged in trading of seafood products and is the procurement and sales agent of the Borrowers Group in Europe.

III. REASONS FOR AND BENEFITS OF THE TRANSACTION

The purpose of Facility A is to refinance the outstanding indebtedness of Facility A Borrowers under the Bridge Loan Agreement, and the purposes of Facility B are to (i) refinance the outstanding indebtedness of the Facility B Borrowers under the Bridge Loan Agreement and for on-lending to PHG for repayment of its indebtedness under the Bridge Loan Agreement and (ii) for general corporate and working capital requirements of the Facility B Borrowers.

The Borrowers Group, in which the Company indirectly holds 19% equity interest, is a leading supplier and distributor of private label/co-pack frozen seafood products in Europe. Members of the Borrowers Group provide value-added products including frozen fish fingers, nuggets and gourmet fillets for the retail and catering market as well as for food service. They have extensive distribution networks to numerous wholesale and retail outlets, supermarkets and food service units all over Europe.

For the financial year ended 31 December 2011, the Borrowers Group's aggregated sales exceeded EUR267 million (approximately HK\$2,616.6 million). The Borrowers Group had a net asset value of about EUR1 million (approximately HK\$9.8 million) as of 31 December 2011.

Members of the Borrowers Group have been existing customers of the Group. It is expected that the Group's investment in the Borrowers Group will continue to bring overall commercial benefits to the Group including expansion of the Group's overall sales in Europe, long-term profits, integration and synergy of the Group's operations, further expansion of the Group's businesses in Europe, as well as closer co-operation between two groups of companies whereby the Borrowers Group's experience and

technology know-how will benefit the Group for its development of production and marketing of value added products in China.

The Borrowers Group requires financing to refinance the Bridge Facility on its expiration. With the provision of the Facility Guarantee by the Company and PE, the Borrowers Group will be able to refinance the Bridge Facility and will have more financial resources for its operations, future growth and expansion.

The Directors are of the view that the terms of the Transaction were negotiated on an arm's length basis and are fair and reasonable. The Directors consider that it is in the interest of the Company and the Shareholders as a whole to enter into the Transaction.

IV. LISTING RULES IMPLICATIONS

As the consideration ratio (as set out and calculated under Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 25% but is less than 75%, the Transaction constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules. Therefore, the Transaction, being giving financial assistance to Borrowers Group by the Company, is subject to the applicable notification, announcement, circular and shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all enquiries, no Shareholders or any of their respective associates have any material interest in the Transaction. As such, no Shareholder would be required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the Transaction.

N. S. Hong is currently holding about 54.9% of the issued share capital of the Company. Pursuant to Rule 14.44 of the Listing Rules, N. S. Hong has issued a written shareholder's approval certificate to approve the Transaction and accordingly, no extraordinary general meeting will be convened by the Company to approve the Transaction.

A circular in relation to details of the Transaction will be despatched to the Shareholders as soon as practicable for the Shareholders' information on or around 22 June 2012 as the Company requires additional time to collate and finalise certain financial information to be included in the circular as required under the Listing Rules.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the content requires otherwise:

“Agent”	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., (also known as Rabobank International), London Branch
“Ancillary Lender”	the consenting Lender or an affiliate of a Lender as specified in the Facility Agreement
“Asarmona”	Asarmona Holdings Limited, a limited liability company incorporated under the laws of Cyprus, the holding company of the Borrowers Group and in which the Company indirectly holds 19% equity interest
“Borrowers Group”	PHG, the Borrowers and their subsidiaries including Verwaltungsgesellschaft Hamburger Fischerei Pickenpack GmbH of Germany, and Pickenpack Sa.r.l., and Pickenpack Europe SAS both in France, and PE which is one of the Guarantors.
“Borrowers”	the Facility A Borrowers and Facility B Borrowers
“Bridge Loan Agreement”	the agreement dated 30 August 2011 entered into among PP (then known as Pickenpack Hussmann & Hahn Seafood Gesellschaft GmbH), PPA and Gelmer (then known as Icelandic Boulogne Sur Mer) and PHG as borrowers, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Zweigniederlassung Frankfurt a.M. and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., (Rabobank Nederland-Rabobank International), succursale de Paris as lenders and the Company as guarantor
“Bridge Facility”	the bridge facility in an aggregate principal amount of EUR90 million (approximately HK\$882 million) as referred to in the announcement of the Company dated 30 August 2011
“Company”	Pacific Andes International Holdings Limited, an exempted company incorporated in Bermuda with limited liability under the Companies Act 1981 of Bermuda (as amended), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“connected person(s)”	has the meaning ascribed to it in the Listing Rules

“Director(s)”	director(s) of the Company
“EUR”	Euro, the lawful currency of, amongst others, France and Germany
“EURIBOR”	the Euro Interbank Offered Rate
“Facilities”	Facility A and Facility B
“Facility A”	the Euro term loan facility in an aggregate amount of EUR 10 million (approximately HK\$98 million) granted by the Facility A Lenders to the Facility A Borrowers pursuant to the Facility Agreement
“Facility A Borrowers”	PP and PPA
“Facility A Lenders”	Rabobanks, Commerzbank Aktiengesellschaft and UniCredit Bank AG
“Facility Agreement”	the facility agreement dated 25 May 2012 entered into by the Borrowers, the Lenders, the Company and PE as guarantors, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., (also known as Rabobank International), London Branch as agent, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., (also known as Rabobank International), Hong Kong Branch as the security agent, whereby the Company provided the Facility Guarantee
“Finance Party”	the Lenders, the Agent and other parties specified in the Facility Agreement
“Facility B”	Facility B1 and Facility B2
“Facility B1”	the revolving facility in an aggregate amount of EUR 90 million (approximately HK\$882 million) granted by the Facility B1 Lenders to the Facility B1 Borrowers pursuant to the Facility Agreement
“Facility B2”	the revolving facility in an aggregate amount of EUR 10 million (approximately HK\$98 million) granted by the Facility B2 Lender to the Facility B2 Borrower pursuant to the Facility Agreement
“Facility B Borrowers”	Facility B1 Borrowers and Facility B2 Borrower

“Facility B Lenders”	Facility B1 Lenders and Facility B2 Lender
“Facility B1 Borrowers”	PP and Gelmer
“Facility B1 Lenders”	the Rabobanks, Commerzbank Aktiengesellschaft, UniCredit Bank AG, Deutsche Bank Luxembourg S.A.
“Facility B2 Borrower”	PP
“Facility B2 Lender”	CITIC Bank International Limited
“Facility Guarantee”	the guarantee provided by the Company and PE under the Facility Agreement
“Gelmer”	Gelmer, a société par actions simplifiée unipersonnelle incorporated under the laws of France (it being acknowledged for the avoidance of doubt that Gelmer was previously known, including at the time of conclusion of the Bridge Loan Agreement, as Icelandic Boulogne Sur Mer)
“Group”	the Company and its subsidiaries
“Guarantors”	the Company and PE
“Hedging Facility”	the hedging facility against the risks on interest rate and/or foreign exchange rate under the Bridge Loan Agreement as referred to in the announcement of the Company dated 30 August 2011
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lenders”	the Facility A Lenders and Facility B Lenders
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mandated Lead Arrangers”	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., (also known as Rabobank International), Hong Kong Branch, Commerzbank Aktiengesellschaft, UniCredit Bank AG, Deutsche Bank AG Filiale Deutschlandgeschäft and CITIC Bank International Limited

“Mandatory Cost”	the percentage rate per annum calculated by the Agent in accordance with the Facility Agreement
“Margin”	2.70% per annum for Facility A and 2.35% per annum for Facility B
“Mastonia”	Mastonia Investments Limited, a limited liability company incorporated under the laws of Cyprus, in which the Company indirectly holds 19% equity interest
“N. S. Hong”	N.S. Hong Investment (BVI) Limited, a controlling shareholder of the Company holding approximately 54.9% of the Company’s entire issued share capital
“PE”	Pickenpack Europe GmbH, a limited liability company incorporated under the laws of the Federal Republic of Germany
“PHG”	Pickenpack Holding Germany GmbH (previously known as Icelandic Holding Germany GmbH), a limited liability company incorporated under the laws of the Federal Republic of Germany
“PP”	Pickenpack GmbH, a limited liability company incorporated under the laws of the Federal Republic of Germany (it being acknowledged for the avoidance of doubt that PP was previously known, including at the time of conclusion of the Bridge Loan Agreement, as Pickenpack Hussmann & Hahn Seafood Gesellschaft GmbH)
“Rabobanks”	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Zweigniederlassung Frankfurt a.M. and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland – Rabobank International), succursale de Paris
“PPA”	Pickenpack Asset GmbH, a limited liability company incorporated under the laws of the Federal Republic of Germany
“Security Agent”	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., (also known as Rabobank International) Hong Kong Branch

“Shareholder(s)” the shareholder(s) of the Company

“Transaction” giving financial assistance to the Borrowers Group by the Company contemplated under the Facility Guarantee

For illustration purposes only, an exchange rate of EUR1.0 to HK\$9.8 has been applied in this announcement. No representation is made that any amount in EUR or HK\$ was, could have been or could be converted at such rate or at any other rate or at all.

By order of the Board
Pacific Andes International Holdings Limited
Ng Joo Siang
Vice-Chairman and Managing Director

Hong Kong, 27 May 2012

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.