

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

UPDATE ON SUSPENSION OF TRADING

This announcement is made by Pacific Andes International Holdings Limited (the “**Company**”) pursuant to Rule 13.24A of the Rules Governing the Listing of Securities on the Stock Exchange.

The Company refers to its announcements and overseas regulatory announcements dated 29 November 2015, 1, 4, 9, 11, 17, 24, 28 and 31 December 2015, 5 and 6 January 2016, 4 and 28 February 2016, 1 and 20 March 2016, 5 April 2016, 2 and 6 June 2016, 3 and 18 July 2016 and 10 August 2016 (collectively the “**Announcements**”) relating to, among others, the Deed in favour of the Majority Club Lenders and the HK Court, the Resumption Conditions, the forensic review and the restructuring initiatives undertaken by various members of the Group. Unless otherwise stated, capitalised terms used herein shall have the same respective meanings as those defined in the Announcements.

UPDATE ON THE RESTRUCTURING INITIATIVES

Chapters 11 and 15 proceedings

As disclosed in the Announcements, the Company and various members of the Group have made protective filings under Chapters 11 and 15 of the United States Bankruptcy Code, which are currently before the United States Bankruptcy Court in New York.

On 9 August 2016, a motion for the appointment of a Chapter 11 trustee was filed in the New York Bankruptcy Court. At the time of filing, the motion was expressed to be made by four of the club lenders, Coöperatieve Rabobank U.A. (“**Rabobank**”), Standard Chartered Bank (Hong Kong) Limited (“**Standard Chartered**”), China CITIC Bank International Limited (“**CITIC**”), and DBS Bank (Hong Kong) Limited. However, CITIC wrote to the New York Judge confirming that they did not support the trustee motion, but were in favour of the appointment of a chief restructuring officer and DLA Piper LLP (US) filed a motion to cease its representation of CITIC. Agricultural Bank of China, Industrial and Commercial Bank of China, Huaxia Bank and Bank of Communications have also written to the Court to state that they do not support the trustee motion.

On 12 August 2016, joinder motions were filed in support of the trustee motion, by Bank of America, N.A., Malayan Banking Berhad (“**Maybank**”), an ad hoc committee of CFG Bondholders (representing approximately 29% of the CFG bonds) and the Pickenpack Insolvency Administrator. Between 18 and 23 August 2016, there was a discovery process that was undertaken in the context of the trustee motion, and witnesses of the movants (including representatives from Standard Chartered and Bank of America) and witnesses of the Company gave depositions in New York.

The evidentiary hearing of the trustee motion was held in the New York Bankruptcy Court on 29 and 30 August 2016. The Company strongly made its case before the Court that the appointment of a trustee would result in the immediate and severe destruction of value for all of the stakeholders across the Group. The Company has previously experienced the value destruction which took place as a result of the previous imposition of the joint provisional liquidators in November 2015 (which has been discharged). The Company believes that there will be a similar adverse reaction in Peru and globally to any appointment of a trustee which will result in severe destruction of value for all stakeholders across the Group. In addition, the bank lenders who are advocating the appointment of a trustee have made it clear that they are in favour of a quick sale of the Peruvian fishmeal business, which would not be in the best interests of all creditors and other stakeholders.

The Court will deliver its decision on the motion on a date to be determined.

The Company will announce further updates on the Chapters 11 and 15 proceedings as significant developments arise.

Section 210(10) proceedings

The Company also wishes to announce that, in relation to its subsidiaries, Pacific Andes Resources Limited (“**PARD**”), Pacific Andes Enterprises (BVI) Limited, Parkmond Group Limited and Pacific Andes Food (Hong Kong) Company Limited (collectively “**the PARD Companies**”) which are all included in the proceedings under section 210(10) of the Singapore Companies Act before the Singapore High Court, the moratoria on all actions or legal proceedings against those companies have been extended until 13 September 2016 or until further order of the Court.

The PARD Companies are applying to the Court for a four month extension of the moratoria, which is supported by the Informal Steering Committee of bondholders. The PARD Companies will continue to use every effort to have the moratoria extended in order to protect the interests of creditors, particularly subordinated creditors at a PARD level who would receive little or nothing from a quick sale of China Fishery Group Limited’s Peruvian fishmeal operations as demanded by certain bank lenders. The moratoria period will allow time for a consensual restructuring plan to be developed and agreed with creditors with the aim of maximising the financial return for all creditors.

On 17 August 2016, Maybank filed applications seeking an order to set aside or vary the moratoria. On 18 August 2016, Rabobank, on behalf of itself and on Standard Chartered, filed an affidavit opposing the extension of the moratoria.

As required by the Court, the PARD Companies filed an Indicative Outline Restructuring Plan (“**Restructuring Plan**”) in August 2016. The Restructuring Plan is subject to further negotiations amongst the various stakeholders and it represents a basis from which restructuring negotiations will take place amongst the various stakeholders. Accordingly, the Restructuring Plan may be amended. Pending finalization, the Restructuring Plan does not represent a binding offer, commitment or proposal in any form on any member of the PARD Group, any of their affiliates or any member of the Group or their affiliates.

A full day hearing has been set down for 13 September 2016 for the Court to consider the PARD Companies’ application to extend the moratoria for four months, Bank of America’s application for leave to commence winding up proceedings, and Maybank’s application to set aside the moratoria and the opposition by Rabobank and Standard Chartered to the PARD Group’s applications for an extension of the moratoria.

INDECOPI proceedings

There has been no progress in relation to the restructuring proceedings in Peru up to the issue time of this announcement. The Peruvian tribunal, INDECOPI, is yet to formally announce the commencement of the proceedings.

UPDATE ON THE OPERATIONAL AND FINANCIAL RESULTS OF CERTAIN MAJOR SUBSIDIARIES

The Company wishes to provide an update on the operational and financial results of certain major subsidiaries. Such financial information is based on the management accounts of the relevant subsidiaries, which information has not been audited or reviewed by the auditors of the Company and may therefore be subject to change, and in no way represents the consolidated financial performance of the Company.

During the six months ended 28 March 2016, Europaco Limited and National Fish & Seafood, Inc., the Group's Processing & Distribution Division's principal subsidiaries, engaged in frozen fish fillets distribution, recorded a combined unaudited turnover of HK\$1,294 million (approximately US\$166 million), which represents a decrease of 37.4% over HK\$2,068 million (approximately US\$265 million) for the same period ended 28 March 2015. The decrease in turnover was mainly due to limited funding for working capital. During the six months ended 28 March 2016, the subsidiaries recorded a combined unaudited loss before tax of HK\$120 million (approximately US\$15 million), compared to a loss of HK\$105 million (approximately US\$13 million) for the same period ended 28 March 2015.

Based on information provided by the board of directors of PARD in the nine months ended 28 June 2016, the Company's frozen fish supply chain division's trading operation was minimal due to limited working capital. The Company is exploring ways to obtain sufficient working capital so that these operations can be improved. The Company's ocean logistics and agency services continued to operate over the period.

During the nine months ended 28 June 2016, the Company's principal subsidiaries engaged in shipping and agency services, Paco Alpha Limited and Champion Shipping Limited, recorded a combined turnover of HK\$161 million (approximately US\$21 million) and a combined loss before tax of HK\$2.9 million (approximately US\$0.4 million).

Based on information provided by the board of directors of China Fishery Group Limited, the Company's operations in Peru and Namibia have been continuing. In Peru, the total allowable catch for 2015 B fishing season in the major North/Centre fishery was 1.11 million tonnes, lower than average for that fishery. The Group fully utilized its quota entitlement in that season. The 2016 A fishing season in the North/Centre fishery was impacted by warm water conditions caused by El Nino. As a result, the season, which would have normally commenced in April, did not commence until 18 June, and the Peruvian Government granted a much-reduced total allowable catch of 1.80 million tonnes. The Government concluded the season on 27 July 2016 and, as a consequence of the shortened season, the industry was only able to utilize 51% of its quota. In the smaller South fishery, the Government allocated a total allowable catch of 382,000 tonnes for both the A and B season. The Group utilized 72% of its quota in the A season and fishing continues in the B season in the South.

Fishing operations and sales of Horse Mackerel continued in Namibia with similar catch and sales volume as per previous seasons.

The Group was not able to obtain sufficient funding for working capital in Peru over this period and needed to seek working capital at a higher than normal cost due to the continuing adverse sentiment on the part of lenders caused by the imposition of joint provisional liquidators who were dismissed in January 2016. For this reason, fishmeal produced had to be sold to provide funding for fishing and fishmeal and fish oil production which has impacted margins. Accordingly, based on the unaudited management accounts, during the nine months ended 28 June 2016, Corporacion Pesquera Inca SAC and CFG Investment SAC, the principal subsidiaries engaged in Peruvian fishmeal and fish oil business recorded a combined turnover of US\$285 million (approximately HK\$2,223 million), which represents an increase of 150% over US\$114 million (approximately HK\$887 million) for the same period ended 28 June 2015. The increase in revenue was mainly attributable to no catch being allowed in 2014 B fishing season in the Peruvian North/Centre fishery which resulted in reduced revenue in the previous year. Combined profit before tax for the nine months ended 28 June 2016 was US\$5.8 million (approximately HK\$45 million), which reversed from a loss of US\$7.6 million (approximately HK\$59 million) for the same period ended 28 June 2015.

UPDATE ON THE FORENSIC REVIEW AND ANNOUNCEMENT OF FINANCIAL RESULTS

As disclosed in the Announcements, the IRC, through its legal advisor, appointed RSM on 6 June 2016 as independent forensic accountant to complete the forensic review of the financial aspects of the Group. The independent review committee of PARD also engaged RSM on 5 July 2016, through its legal advisor, (as a joint engagement by the IRC and the independent review committee of PARD) to undertake the forensic review. The forensic review is being independently conducted and, as at the date of this announcement, is on-going. RSM has recently indicated to the IRC, through its legal advisor, that it is aiming to complete the forensic review within September 2016, and issue a draft report to the IRC in late September 2016.

Finalisation of the 2015 Annual Results and the interim results for 2016 is dependent on, inter alia, completion of the forensic review. Upon completion of the forensic review, the Company will take all necessary steps to have the financial results audited and announced, and despatch its 2015 Annual Report as soon as practicable. The Company will keep the market updated on the timing of these actions.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 26 November 2015 (automatically converted to “**being suspended**” thereafter), and will remain suspended until further notice. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares. The Company will keep the public informed of the latest development by making further announcement(s) as and when appropriate.

By Order of the Board
Pacific Andes International Holdings Limited
Ng Puay Yee (Jessie)
Managing Director

Hong Kong, 9 September 2016

As at the date of this announcement, the executive directors of the Company are Ms. Ng Puay Yee (Jessie), Mr. Ng Joo Kwee and Mr. Ng Joo Puay, Frank, the non-executive director of the Company is Madam Teh Hong Eng whilst the independent non-executive directors of the Company are Mr. Lew V Robert, Mr. Tao Kwok Lau, Clement and Mr. Nguyen Van Tu, Peter.