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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)**

**CLARIFICATION ON ANNOUNCEMENT  
ISSUE OF BONUS WARRANTS  
AND  
CLOSURE OF REGISTER OF MEMBERS**

The Board refers to the announcement of the Company dated 21 January 2010, relating to, among other things, the proposed issue of bonus warrants (the “**Announcement**”). The Board wishes to clarify that the issue of Bonus Warrants will not be made under the authority of the 2010 Allotment Mandate. Instead, the Board will seek specific approval from the shareholders of the Company at the 2010 AGM for such issuance.

Subject to obtaining the specific mandate for the proposed issue of Bonus Warrants and the satisfaction of certain other conditions, the Board proposes to issue Bonus Warrants to the shareholders whose names appear on the register of members of the Company on the Record Date, other than Overseas Shareholders, on the basis of one Bonus Warrant for every complete number of 5 existing Shares held by such Shareholders at the close of business on the Record Date.

Application will be made to the Listing Committee of the Stock Exchange, for listings of and permission to deal in, the Bonus Warrants and the Shares falling to be issued upon the exercise of the subscription rights attached to the Bonus Warrants. Application will also be made to the Bermuda Monetary Authority, if required, for approval for the issue of the Bonus Warrants and the Shares falling to be issued upon the exercise of the subscription rights attached to the Bonus Warrants.

A circular containing further details of the issue of the Bonus Warrants and the 2010 AGM will be dispatched to the Shareholders as soon as practicable.

Reference is made to the Announcement relating to the bonus issue of warrants. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those used in the Announcement.

## **ISSUE OF BONUS WARRANTS**

The Board refers to the Announcement and wishes to clarify that the issue of Bonus Warrants will not be made under the authority of the 2010 Allotment Mandate. Instead, the Board will seek specific approval from the shareholders of the Company at the 2010 AGM for such issuance.

Subject to obtaining the specific mandate for the proposed issue of Bonus Warrants and the satisfaction of certain other conditions, the Board proposes to issue Bonus Warrants to the Shareholders whose names appear on the register of members of the Company on the Record Date, other than Overseas Shareholders, on the basis of one Bonus Warrant for every complete number of 5 existing Shares held by such Shareholders at the close of business on the Record Date.

### **Bonus Warrants subscription price**

Each Bonus Warrant will entitle the holder thereof to subscribe one Share at an initial subscription price of HK\$1.80, subject to adjustment in accordance with the terms of the Bonus Warrants.

The subscription price represents: (i) a premium of approximately 5.9% to the closing price of HK\$1.70 per share as quoted on the Stock Exchange on 21 January 2010; (ii) a premium of approximately 0.6% to the average closing price of HK\$1.79 per Share as quoted on the Stock Exchange for the 5 trading days ended 21 January 2010; and (iii) a premium of approximately 26.8% to the closing price of HK\$1.42 per Share as quoted on the Stock Exchange as at the date of this announcement.

### **Shares to be issued upon exercise of the Bonus Warrants**

As at the date of this announcement, the Company has an authorized share capital of HK\$400,000,000 divided into 4,000,000,000 Shares, an issued share capital of HK\$303,317,871 divided into 3,033,178,713 Shares. The Company granted share awards of an aggregate of 7,009,801 shares in the Company to its employees on 16 January 2009 under the Company's Share Award Plan which was approved on 28 October 2006. The Share awards granted will not vest until 3 years from the date of the Grants.

The full exercise of all the Bonus Warrants will result in the issue of 606,635,742 Shares, representing approximately 20% of the issued share capital of the Company as at date of the 2010 AGM (i.e. 22 March 2010) and 16.67% of the resultant enlarged issued share capital of the Company.

As at the date of this announcement, save for the Share awards granted to its employees under the Company's Share Award Plan, the Company does not have any other outstanding warrants or any other convertible securities.

## **Subscription Period of the Bonus Warrants**

The Bonus Warrants will be exercisable at any time from 1 April 2010 until 15 June 2011, both dates inclusive. Any subscription rights not exercised on or before 15 June 2011, or such earlier date as provided in the instrument constituting the Bonus Warrants, will lapse.

## **Rights of the Overseas Shareholders**

It is not intended that the issue of the Bonus Warrants will be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda.

As at the date of this announcement, the Company had Overseas Shareholders in the People's Republic of China, Macau, Singapore and Malaysia.

The Board will make enquiries with lawyers in the relevant jurisdictions as to whether the exclusion of the Overseas Shareholders from the issue of Bonus Warrants is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange of that place pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place, not to offer the Bonus Warrants to the relevant Overseas Shareholders, no provisional allotment of nil-paid Bonus Warrants or allotment of fully paid Bonus Warrants will be made to such Overseas Shareholders.

For practical reasons, arrangements will be made for the Bonus Warrants which would otherwise have been distributed to the Overseas Shareholders to be sold in the market as soon as practicable after dealings in the Bonus Warrants commence if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong currency to the Overseas Shareholders at their risk pro rata to their respective entitlements, unless the amount falling to be distributed to any such person is less than HK\$100, in which case such amount would not be distributed but will be retained for the benefit of the Company.

## **Fractional entitlements**

No Shareholder shall be entitled to be issued any fraction of a Share under the issue of the Bonus Warrants. Fractional entitlements to the Bonus Warrants will not be issued to any Shareholder but will be aggregated and sold for the benefit of the Company.

## **Conditions of the Bonus Warrants**

The issue of the Bonus Warrants will be conditional upon (i) the Shareholders granting the specific mandate to the Board for the proposed issue of the Bonus Warrants; (ii) the Listing Committee of the Stock Exchange granting listings of, and permission to deal in, the Bonus Warrants and the Shares falling to be issued upon the exercise of the subscription rights

attached to the Bonus Warrants; and (iii) if necessary, the Bermuda Monetary Authority granting approval for the issue of the Bonus Warrants and the Shares falling to be issued upon the exercise of the subscription rights attached to the Bonus Warrants.

### **Applications for the issue of Bonus Warrants**

Application will be made to the Listing Committee of the Stock Exchange, for listings of and permission to deal in, the Bonus Warrants and the Shares falling to be issued upon the exercise of the subscription rights attached to the Bonus Warrants. If necessary, application will also be made to the Bermuda Monetary Authority for approval for the issue of the Bonus Warrants and the Shares falling to be issued upon the exercise of the subscription rights attached to the Bonus Warrants.

### **Closure of the Register**

The Register will be closed from Wednesday, 10 March 2010 to Monday, 15 March 2010 both dates inclusive, in order to determine entitlements to the proposed issue of the Bonus Warrants, during which period no transfer of Shares may be registered. The last day of dealings in Shares cum entitlement to the Bonus Warrants is Friday, 5 March 2010.

To qualify for the proposed entitlements, all transfers of Shares accompanied by the relevant share certificates, must be lodged with the Company's branch registrars in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (the "Branch Registrars") by not later than 4:30 p.m. on Tuesday, 9 March 2010.

### **REASONS FOR THE ISSUE OF BONUS WARRANTS**

The Directors are of the view that the Bonus Warrants will serve as a token of gratitude to Shareholders for their continual support and commitment to the Company; and to provide the Shareholders with an opportunity to participate in the growth of the Company.

## EXPECTED TIMETABLE FOR THE ISSUE OF THE BONUS WARRANTS

The expected timetable for the issue of the Bonus Warrant is set forth below:

2010

Last day of dealings in Shares cum entitlement to  
the Bonus Warrants . . . . . Friday, 5 March

First day of dealings in Shares ex entitlement to  
the Bonus Warrants . . . . . Monday, 8 March

Latest time for lodging share transfers for registration to  
qualify for entitlement to the issue of  
the Bonus Warrants. . . . . 4:30 p.m. on Tuesday, 9 March

Closure of register of members (both dates inclusive)  
from . . . . . Wednesday, 10 March  
to. . . . . Monday, 15 March

Record date for entitlement to the Bonus Warrants . . . . . Monday, 15 March

Dispatch of certificates for the Bonus Warrants. . . . . Tuesday, 30 March

First day of dealing in the Bonus Warrants . . . . . Thursday, 1 April

All times above refer to Hong Kong local time. Further announcement will be made if there is any change to the above expected timetable.

### GENERAL

A circular containing further details of the issue of the Bonus Warrants and the 2010 AGM will be dispatched to the Shareholders as soon as practicable.

## DEFINITIONS

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

“2010 AGM”	the Company’s annual general meeting tentatively scheduled to be held on 22 March 2010
“2010 Allotment Mandate”	a general mandate to be granted to the Board by the Shareholders at the 2010 AGM to allot and issue new Shares or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which would or might require the exercise of such power, equal to in aggregate up to 20 percent of the issued share capital of the Company as at the date of 2010 AGM
“Board”	the board of Directors of the Company
“Bonus Warrant(s)”	the warrants to be issued to the Company’s shareholders whose names appear on the Register at the close of business on the Record Date (other than Overseas Shareholders) on the basis of one Bonus Warrant for every 5 existing Shares held on the Record Date
“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 Stock Exchange
“Director(s)”	director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Overseas Shareholders”	Shareholder(s) whose name(s) appear on the Register at the close of business on the Record Date with registered address(es) outside Hong Kong
“Record Date”	Monday, 15 March 2010
“Register”	the register of holders of Shares
“Shareholder(s)”	holder(s) of Share(s)

“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong

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

Hong Kong, 27 January 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 Lan, Clement.*