

PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED
(Incorporated in the Bermuda with limited liability)
(the “**Company**”)

Update on Restructuring Process, Operations and Forensic Review

The board of directors (the “**Board**”) of the Company wishes to provide an update on the Chapter 11 restructuring process and the forensic review, in addition to providing operational information in relation to certain major subsidiaries.

UPDATE ON RESTRUCTURING INITIATIVES

Since the Company filed its Disclosure Statement and restructuring plan with the United States Bankruptcy Court in the Southern District of New York Court (the “**NY Court**”) on 29 September 2017, the Company has been engaged in regular discussions with creditors and potential plan investors, to facilitate the filing of an amended restructuring plan with a committed plan investor. As reported previously, those discussions have been constructive and are continuing. The Company is endeavouring to facilitate the filing of an amended plan as soon as possible.

The Company has been advised that the Chapter 11 trustee of an indirect subsidiary of the Company, CFG Peru Investments Pte. Ltd, has also conducted meetings with creditors to update them on steps he is taking in pursuance of his process for the sale of assets. In the Company’s last announcement, it was noted that the Chapter 11 trustee had filed a complaint against HSBC in the NY Court and that the Company’s indirect subsidiary, China Fishery Group Limited (“**CFGL**”) had filed a motion to join and intervene in those proceedings. Following a hearing on the motion to intervene, on 27 December 2018 an order was signed by the NY Court denying CFGL’s motion to intervene. Subsequently, on 8 March 2019, the trustee filed an amended complaint against HSBC, which contained a substantial volume of redacted information. The amended complaint is pending decision of the NY Court.

On 15 February 2019, the Chapter 11 trustee also filed in the NY Court a motion seeking authorization for him to make an interim distribution to certain CFGL creditors of excess cash in the indicative amount of US\$75 million. The payments would be in satisfaction of a portion of the amounts currently due and outstanding on the CFGL’s Senior Notes and Club Loan. This motion was originally fixed for hearing on 13 March 2019. However, the motion was subsequently adjourned for hearing on 18 April 2019 in the NY Court. The Company will provide an update on this motion in its next announcement.

Also on 15 February 2019, the Chapter 11 trustee filed a motion to amend and extend a previously approved loan for the payment of his administrative expenses. The NY Court had earlier approved a loan with super priority to the entity over which the trustee was appointed of US\$20 million, and the trustee sought an order increasing the existing loan by US\$10 million to US\$30 million, on the basis that the US\$20 million had been substantially utilised by the trustee. He also sought an

extension of the loan term to 31 December 2019. On 18 March 2019 the Court signed an order approving the increased loan amount and extension of the loan term.

As at the date of this announcement, the Company has not entered into any binding agreement with any party with respect to the financial restructuring of the Company or its subsidiaries.

The Company will continue to engage and work closely with all creditors, including bondholders, to achieve the best possible consensual restructuring for all interested parties, and will continue to provide updates on any material developments.

SALE OF GROUP ASSETS

As previously advised, the liquidators of a direct subsidiary of the Company, Richtown Development Limited ("**Richtown**"), replaced the directors of a subsidiary of Richtown, Fantastic Buildings Limited ("**Fantastic Buildings**"), which provided the liquidators with effective control over Fantastic Buildings. Fantastic Buildings was the owner of commercial properties situated at 186 Connaught Road West, Hong Kong. On 6 November 2018, the new director of Fantastic Buildings appointed by the liquidators entered into an agreement to sell the properties to a third party purchaser for HK\$66.1 million (approximately US\$8.5 million). Public records show that this sale was completed on 31 December 2018. On 31 January 2019, the third party purchaser entered into a provisional agreement to on-sell the properties to another third party for HK\$90 million (approximately US\$11.5 million), and the Company has been advised that the second sale was completed on 1 April 2019.

OPERATIONAL AND FINANCIAL UPDATE FOR CERTAIN MAJOR SUBSIDIARIES

(i) Operational Update

Throughout the first quarter of the 2019 financial year ended 28 December 2018, the Company's frozen fish supply chain division's trading business was not operational due to the lack of availability of working capital. The Company will continue to explore opportunities to obtain working capital in the future. The Company's ocean logistics and agency services business was also not operational throughout the quarter.

Based on information provided by the Chapter 11 trustee, and made available to the Board, CFGI's operations in Peru have been continuing. The second 2018 fishing season in the North/Centre region concluded on 21 January 2019 with the industry utilising approximately 100% of the 2.1 million tonnes Total Allowable Catch ("**TAC**"). Taking into consideration the very successful first 2018 season, 2018 was the best fishing year for seven years in the important North/Centre region. The Ministry of Production has advised that the assessment of the biomass in the North/Centre prior to announcement of the TAC for the first season of 2019 commenced on 12 February and was completed on 29 March 2019. No announcement of the TAC has been made to date.

The Ministry of Production announced a TAC of 540,000 tonnes for first 2019 fishing season in the South region of Peru, which is slightly higher than the TAC for the previous year. Fishing commenced on 8 January 2019 and to date, 30% of the TAC has been caught by the industry.

(ii) Financial Update for First Quarter of 2019 Financial Year ended 28 December 2018

The Company has previously announced that the Eastern Caribbean Supreme Court of the British Virgin Islands appointed liquidators for a direct wholly-owned subsidiary of the Company, Richtown Development Limited (“**Richtown**”). As a consequence, the Company has been advised that it is not able to consolidate the financial performance of any entities at or below Richtown in the shareholding structure. Given that all operating subsidiaries of the Company are either direct or indirect subsidiaries of Richtown, the Company is not able to consolidate the financial performance of such operating subsidiaries, and therefore, not able to provide to the public any substantive financial update at this stage.

PROGRESS ON THE FORENSIC REVIEW

The Company understands that the Company’s independent review committee (“**PIRC**”) and the independent review committee of its parent company, Pacific Andes International Holdings Limited (collectively, the “**IRCs**”) have recently received a draft report on the forensic review conducted by RSM. The IRCs are currently in the process of reviewing the draft in order to determine whether the IRCs are satisfied that the draft deals adequately with the scope of the forensic review. The PIRC has sought confirmation that the responses to certain questions have been incorporated in the most recent draft.

The Company will make further announcements to keep the market informed of progress as further developments arise.

On behalf of the board of directors

Ng Puay Yee (Jessie)
Executive Chairman
18 April 2019