

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

Update on Restructuring Process, Operational and Financial Information

The board of directors (the “**Board**”) of the Company wishes to provide an update on the Chapter 11 restructuring process, in addition to providing operational and financial 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. Those discussions have been constructive and are continuing. The Company will provide an update to shareholders as soon as an amended plan is in place.

The Company is 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. On 29 June 2018, the Chapter 11 trustee filed in the NY Court a complaint against HSBC seeking redress for the damage caused by HSBC for conduct that had allegedly “exceeded the boundaries of commercial reasonableness”. On 2 October 2018, the Company’s indirect subsidiary, China Fishery group Limited (“**CFGL**”), filed in the NY Court a motion to join and intervene in those proceedings. Objections to CFGL’s motion have been filed by the Chapter 11 trustee and HSBC. Both the motion to intervene and the complaint are pending decisions of the NY Court.

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.

OPERATIONAL AND FINANCIAL UPDATE FOR CERTAIN MAJOR SUBSIDIARIES

(i) Operational Update

Throughout the financial year ended 28 September 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 operational for a limited period throughout the year.

Based on information provided by the Chapter 11 trustee, and made available to the Board, CFGL's operations in Peru have been continuing. The Peruvian Ministry of Produce set the Total Allowable Catch (the "TAC") for the second 2018 fishing season in the North/Centre region of Peru at 2.1 million tonnes, a 40% increase on last year's second season TAC. Fishing for the season commenced on 10 November and will run until the catch is fully utilised, or until the Government's marine institute (Imarpe) recommends its closure. If the TAC is fully utilised in the second season, as it was in the first 2018 season, 2018 would be the best fishing year for anchovy in seven years.

This is in contrast to 2017, and in particular the second 2017 fishing season in Peru's North/Centre region, during which the entire industry was impacted by a number of periods during which the Peruvian government suspended fishing owing to the high presence of juvenile fish.

(ii) Financial Update for Financial Year ended 28 September 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 and the independent review committee of its parent company, Pacific Andes International Holdings Limited (collectively, the "IRCs") have received and reviewed a draft report from RSM. While the report covered substantive matters, there remained additional work to be done and the IRCs saw fit to allow additional time to complete the report rather than leaving any open issues. As a consequence, RSM continues to investigate certain remaining matters and further information has been provided to RSM in that regard. RSM is now in the process of finalising its report to the IRCs and is expected to complete its report as soon as possible. The Company will announce further updates to keep the market informed of progress.

On behalf of the board of directors

Ng Puay Yee (Jessie)
Executive Chairman
20 December 2018