

CHINA FISHERY GROUP LIMITED (PROVISIONAL LIQUIDATORS APPOINTED)

(Incorporated in the Cayman Islands)

UPDATE ON THE APPOINTMENT OF PROVISIONAL LIQUIDATORS

Reference is made to the announcements made by China Fishery Group Limited (Provisional Liquidators Appointed) (the "**Company**") on 27 November 2015, 30 November 2015, 4 December 2015 and 9 December 2015 in relation to, *inter alia*, the appointment of the joint provisional liquidators of the Company by both the High Court of the Hong Kong Special Administrative Region (the "**Hong Kong Court**") and the Grand Court of the Cayman Islands (the "**Cayman Court**").

Discontinuance of the appointment of Provisional Liquidators by the Hong Kong Court

Pursuant to the Orders of the Hong Kong Court dated 25 November 2015, Mr Edward Simon Middleton and Mr Fergal Thomas Power (both of KPMG Hong Kong), and Mr Kris Beighton (of KPMG Cayman Islands), were appointed as joint provisional liquidators (collectively, the "**Hong Kong JPLs**") of the Company and China Fisheries International Limited (a wholly owned indirect subsidiary of the Company incorporated in Samoa (the "**Court Orders**").

The Company wishes to announce that, following a hearing on 30 - 31 December 2015, and 4 - 5 January 2016 (the "**Hearing**"), the Hong Kong Court ordered that the appointment of the Hong Kong JPLs pursuant to the Court Orders be discontinued (the "**Discontinuance Orders**").

Whilst the Court refused the petitioner's applications for leave to appeal and for a stay of execution of the Discontinuance Orders, it is noted that the petitioner remains entitled to seek leave from the Court of Appeal of the Hong Kong Special Administrative Region to appeal the Discontinuance Orders.

For the avoidance of doubt, Mr. Fergal Thomas Power (of KPMG Hong Kong), Mr. Kris Beighton and Mr. Alexander Lawson (of KPMG Cayman Islands) remain appointed as joint provisional liquidators (collectively, the "**Cayman JPLs**") of the Company pursuant to the Order of the Cayman Court dated 8 December 2015.

Deed of Undertaking

It has come to the attention of the joint provisional liquidators of the Company that a deed of undertaking (the "**Deed**") dated 28 December 2015 was executed by: (i) the Company's parent shareholder, Pacific Andes International Holdings Limited, ("**PAIH**" and collectively with its subsidiaries, the "**Group**"); and (ii) a subsidiary of PAIH, Pacific Andes Resources Development Limited ("**PARD**"); in favour of (iii) three of the Group's bank lenders of its club loan which hold a majority of the borrowings under the club loan (the "**Majority Club Lenders**"); and (iv) the Court.

It is a term of the Deed that, *inter alia*, in the event of the dismissal or withdrawal of the provisional liquidators of the Company in both Hong Kong and the Cayman Islands, PAIH and PARD shall procure, *inter alia*, the following:

- (a) within 5 business days, PriceWaterhouseCoopers shall be engaged by the Company and its subsidiaries (the "**CF Group**") to undertake an independent reporting accountant role (in addition to being fully involved in a sale process for the CF Group's Peruvian business and/or assets (the "**Peruvian Business**");
- (b) the appointment of a chief restructuring officer ("**CRO**") by PAIH and PARD shall, as soon as possible, be ratified by the Company and be extended to the Company and the CF Group whereupon his scope of work shall include all aspects of the business and affairs of the CF

Group, including in particular an active involvement in the sales process for the Peruvian Business in conjunction with the existing management (as overseen by the independent review committee formed of three of the current independent non-executive directors of PAIH, together with such other individuals as may become members from time to time) and a professional advisory firm;

- (c) PAIH and PARD shall, as soon as possible, consult the Majority Club Lenders on the constitution of the board of directors of the Company and its subsidiaries as well as to reasonably procure upon request of the Majority Club Lenders any change in board member(s) of the Company and its subsidiaries;
- (d) a new chief financial officer shall be appointed for the CF Group (if appropriate) by 30 March 2016 (or such later date as the parties to the Deed may subsequently agree) who shall be reasonably acceptable to the Majority Club Lenders, PAIH and PARD; and
- (e) a guarantee shall be executed (on terms acceptable to the Majority Club Lenders) by CFG Peru Investments Pte Ltd. (an indirect subsidiary of the Company) in respect of the liabilities owed under the club loan by 15 January 2016 (subject to time extension(s) as agreed by the Majority Club Lenders as may be reasonably required by PAIH and PARD to procure the execution of the guarantee by CFG Peru Investments Pte. Ltd.).

Undertakings along similar lines were given to the Court by the Company at the Hearing.

Neither the Cayman JPLs nor the Hong Kong JPLs have been involved in the negotiation or promotion of the Deed, nor are they parties to it.

The Deed also included an undertaking by PAIH and PARD to procure co-operation and render all reasonably necessary assistance to the Cayman JPLs in the due and proper discharge of their duties to the Company as long as their appointment is continued by the Cayman Court.

The Cayman JPLs and Hong Kong JPLs also note that they were provided with copies of non-binding memorandums of understanding dated 23 and 24 December 2015 (the “**MOUs**”) signed by two prospective buyers for the sale of the Company and its subsidiaries’ Peruvian Business on 29 December 2015. The MOUs were purportedly to be entered into by CFG Peru Investments Pte. Ltd., a 100% owned indirect subsidiary of the Company, as the vendor, although it was not executed by CFG Peru Investments Pte. Ltd.. Neither the Cayman JPLs, the Hong Kong JPLs nor the board of directors of CFG Peru Investments Pte. Ltd. have been involved in any negotiations with these parties, nor were they informed of its existence until 29 December 2015. The prospective buyers have not, as of the date hereof, contacted any of the Cayman JPLs, Hong Kong JPLs or the board of directors of CFG Peru Investments Pte. Ltd..

For the avoidance of doubt, neither the Cayman JPLs, the Hong Kong JPLs nor the board of directors of CFG Peru Investments Pte. Ltd. are parties to the MOUs, nor have they executed any agreements with these prospective buyers. The Cayman JPLs have been and continue to be in discussions with numerous prospective buyers.

The Company will continue to update the shareholders of any material developments.

Any queries from shareholders of the Company should continue to be directed to Ms. Yvonne Chong, KPMG Associate Director at +852 2140 2296.

For and on behalf of

CHINA FISHERY GROUP LIMITED
(Provisional Liquidators Appointed)

Fergal Thomas Power
Kris Beighton
and Alexander Lawson

*Joint and Several Provisional Liquidators
Acting as agents without personal liability
6 January 2016*