

PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED

(Incorporated in Bermuda with limited liability)

(the "**Company**")

**COMPANY HOLDS CONSTRUCTIVE MEETINGS WITH BONDHOLDERS
PATH FORWARD AGREED IN PRINCIPLE**

The Company wishes to provide an update regarding constructive meetings and discussions that were held with multiple holders of the S\$200,000,000 8.50% bonds due 2017 (the "**Bonds**", and holders of the Bonds, the "**Bondholders**") in Singapore on Monday, 25 January 2016. The meetings were hosted and facilitated by DBS Bank Ltd. and led by Ms Jessie Ng, Executive Chairman of the Company. Also in attendance were representatives of PriceWaterhouseCoopers (in their role as independent reporting accountants to Pacific Andes International Holdings Limited and the Company) and lawyers from Ashurst Hong Kong.

Update to Bondholders: The Company provided a full update to Bondholders / Bondholder representatives regarding the material events and circumstances that have occurred since the appointment in November and December 2015 of joint provisional liquidators ("**JPLs**") with respect to the Company's material subsidiaries China Fishery Group Limited ("**CFGL**") and China Fisheries International Limited ("**CFIL**"). This included the steps that were taken before the High Court of the Hong Kong Special Administrative Region (the "**HK Court**") that culminated in the removal of the JPLs on 5 January 2016 and the execution of the deed of undertaking (the "**Deed of Undertaking**") amongst CFGL, CFIL and The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") on 20 January 2016 that paved the way for HSBC to agree to take all necessary action (and any action reasonably requested by CFGL and CFIL) to (i) remove and terminate the appointment of the JPLs in the Cayman Islands, (ii) cause the winding up petitions in the Cayman Islands and Hong Kong to be dismissed, and (iii) remove and terminate any appeal with respect to the order issued by the HK Court discontinuing the appointment of the JPLs. As noted in the announcement made by the Company on 24 January 2016, the JPLs have not yet been removed due to their demands for the immediate payment of USD3.1 million on account of their fees.

Exercise of Put Option: The representatives of the Company responded to Bondholders' questions with respect to the exercise of the put option pursuant to Condition 6(d) of the terms and conditions of the Bonds. It was noted by certain Bondholders that the exercise of this put option within the stipulated time period under those terms and conditions had caused anxiety among certain Bondholders. In response, representatives of the Company assured all Bondholders that there would be no prejudice to any Bondholder who had not taken steps to exercise this put option. Rather, the Company fully intends to treat all Bondholders fairly and transparently and all rights of Bondholders would be respected on a fair and equal basis.

Next Coupon Payment: With respect to the interest payment that is due under the Bonds on 30 January 2016, the Company explained that the preservation of cash for use in the ordinary course of business was the highest priority at this time given existing cash constraints. Consequently, the Company was not in a position to commit to the payment of this coupon in a timely manner. However, all Bondholder claims with respect to this coupon payment and other amounts due under the Bonds would be addressed in the context of the open and transparent process (more fully described below).

Open and Transparent Process: The Company informed Bondholders that it wanted to proactively work in close collaboration with Bondholders in stabilising the Company and its business with a view to working with Bondholders in achieving a satisfactory settlement of their Bonds. The recently announced Deed of Undertaking contemplates an approximate six-month period for the sale of the Peruvian fishmeal and fish oil business and this sale could, subject to various factors that are outside the control of the Company, lead to satisfactory settlement of the Bonds. It was therefore most important that this sale be pursued in as stable and certain an environment as possible for the benefit of all creditors (and other stakeholders) of the Company. In order to achieve this, the following specific stabilisation proposals were made by the Company and accepted in principle by the Bondholders present at the meetings:

- (a) **Bondholder Committee** – the establishment of an informal committee of Bondholders (“**Informal Steering Committee**”) which would be intended to informally represent all Bondholders and thereby assist in establishing an effective line of communication and discussion process that Bondholders would have confidence in. This Informal Steering Committee would in no way prejudice or affect the legal rights of Bondholders but instead would play an important role in ensuring the effectiveness of communications between the Company and Bondholders and in ensuring that the voice and views of Bondholders are heard by the Company and other stakeholders.
- (b) **Committee Legal Adviser** – the Informal Steering Committee should hire a reputable and experienced restructuring lawyer to aid and assist the committee in its functions. The Company would be fully responsible for the reasonable fees and expenses of such legal adviser.
- (c) **Stabilisation Measures** – it was agreed in principle that, once the matters referred to in paragraph (a) and (b) above are achieved, discussions between the Company and the committee would immediately focus on measures to be agreed to ensure stability and to encourage and facilitate effective communications between the Company and Bondholders.

Next Steps: The Company looks forward to implementing the measures described above and to working closely and collaboratively with the Bondholders and other stakeholders.

GENERAL

The Company will continue to update Shareholders of any material developments as and when appropriate.

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
28 January 2016