

CHINA FISHERY GROUP LIMITED
(Incorporated in the Cayman Islands)

Update on Chapter 11 Proceedings before the US Bankruptcy Court

The board of directors (the “**Board**”) of China Fishery Group Limited (the “**Company**”) wishes to provide an update on Chapter 11 proceedings currently before the United States Bankruptcy Court in New York.

The Board has today become aware of a press release issued by an “ad hoc group of creditors of China Fishery Group Limited” (the “**Ad Hoc Group**”) advising that the Ad Hoc Group has entered into a Restructuring Support Agreement for a recapitalization and restructuring transaction in respect of the fishmeal business of CFG Investment S.A.C.. A copy of the press release is attached.

The Board would like to confirm that this is an initiative taken by the Ad Hoc Group and not in conjunction with the Board.

The Company will announce further updates on these proceedings as significant developments arise.

By Order of the Board

Ng Puay Yee (Jessie)
Executive Director and Chief Executive Officer

3 March 2021

US\$300,000,000 9.75% SENIOR NOTES DUE 2019 (the “Senior Notes”)
ISSUED BY CFGI INVESTMENT S.A.C. (“CFGI”)
Reg S CUSIP: P25239 AB3 | 144A CUSIP: 125260 AB5

TERM AND REVOLVING LOANS (the “Club Loans”)
BORROWED BY CFGI, CHINA FISHERIES INTERNATIONAL LIMITED AND
CORPORACION PESQUERA INCA S.A.C. (“Copeinca”)
pursuant to a facility agreement dated 20 March 2014 (as amended from time to time)

**THE AD HOC GROUP OF CREDITORS OF CHINA FISHERY GROUP
ANNOUNCE SUPPORT FOR A PROPOSED BALANCE SHEET RESTRUCTURING**

- Binding Agreement Demonstrates Broad Commitment Across Creditor Classes
- US\$150 Million in Committed New Money Financing to Support Continued Operations and Growth of the Business
- More than US\$700 Million of Existing Debt Converted into New Equity, Significantly Reducing Outstanding Indebtedness and Facilitating a Path to Exit Chapter 11

2 March 2021 – The ad hoc group of holders of the Senior Notes and Club Loans (the “**Ad Hoc Group**”) is pleased to announce that agreement has been reached between holders representing in excess of 56% of the Senior Notes and 71% of the Club Loans for a recapitalisation and restructuring transaction (the “**Transaction**”) which will strengthen, safeguard and provide funding for the fishmeal business of CFGI and its subsidiaries (the “**Peruvian OpCos**”).

The Transaction comprises:

- a restructuring of the Peruvian OpCos’ principal third party indebtedness – the Senior Notes and the Club Loans (the “**Senior Debt**”) – involving a significant de-leveraging, extension of maturities and the transfer of ownership of the Peruvian OpCos to holders of the Senior Debt (the “**Senior Creditors**”);
- a recapitalisation of the business with US\$150 million of committed new money fully backstopped by those Senior Creditors that commit to backstop the new money on the terms and by the deadlines set out in the RSA (as defined below) (the “**Backstop Parties**”); and
- a settlement of the ‘Intercreditor Dispute’ concerning the Copeinca guarantee and its resulting impact on the allocation of value to holders of the Club Loans and Senior Notes which is set out in more detail in the Allocation Record Date, Cash Distributions and Allocation of New Notes and Equity sections below.

The Transaction is expected to significantly reduce outstanding indebtedness and annual interest costs, improve the capital structure and liquidity, and result in an enhanced financial foundation that paves the way for future strategic growth of the business.

RESTRUCTURING SUPPORT AGREEMENT

Members of the Ad Hoc Group have entered into a restructuring support agreement (the “**RSA**”) to support implementation of the Transaction. The Transaction is conditioned on the satisfaction of certain conditions precedent. Pursuant to the RSA, the consenting holders of the Senior Debt have agreed the following key terms for the Transaction, among other things:

- **Debt Exchange** – all outstanding Senior Debt claims will be exchanged for:
 - o US\$300 million in new senior secured notes (“**New Notes**”); and
 - o 100% equity interest (“**Equity**”)¹ in a newly established entity (“**NewCo**”) controlled by the holders of the Senior Debt that will own the Peruvian OpCos (via a transfer of the shares of CFGI) following the Transaction.
- **New Money Facility** – the Backstop Parties will be providing backstop commitments in respect of a US\$150 million new money facility (“**New Money Facility**”), with the holders of the Senior Debt being offered the opportunity to participate in the New Money Facility *pro rata* to their holdings.
- **Cash Consent Fees** – holders of the Senior Debt who become a party to the RSA as “Consenting Creditors” by:
 - o **11:59 p.m. (London time) on 16 March 2021** will be entitled to receive their *pro rata* share of approximately **US\$22 million in cash** (equal to 2% of the estimated amount of Senior Debt as of 31 December 2020) on closing of the Transaction (“**Earlybird Consent Fee**”); and
 - o **11:59 p.m. (London time) on 30 March 2021** will be entitled to receive their *pro rata* share of approximately **US\$11 million in cash** (equal to 1% of the estimated Senior Debt as of 31 December 2020) on closing of the Transaction (“**Regular Consent Fee**”).

For the avoidance of doubt, Consenting Creditors eligible for the Earlybird Consent Fee will benefit from **both** the Earlybird Consent Fee and the Regular Consent Fee.

- **Allocation Record Date** – 31 December 2020 (“**Allocation Record Date**”) will form the basis of amounts owed under the Senior Notes and the Club Loans for purposes of allocating consideration as between holders of the Senior Notes on the one hand and holders of the Club Loans on the other hand pursuant to the Transaction (i.e., the parties agree to treat interest as if it stopped accruing on the Allocation Record Date for allocation purposes between the two groups), with such amounts outstanding under:

¹ Subject to dilution in connection with the adoption of any management incentive plan in favor of senior management of the Peruvian OpCos.

- o the Club Loans as of the Allocation Record Date (the “**Club Loan Claims**”);
 - o the Senior Notes as of the Allocation Record Date (the “**Senior Note Claims**”); and
 - o the Senior Debt as of the Allocation Record Date (the “**Senior Debt Claims**”).
- **Cash Distributions** – subject to approval from the U.S. Bankruptcy Court, CFGI will take all necessary actions consistent with Peruvian and Singapore law to make a distribution of:
 - o not less than US\$75 million from the excess cash of the Peruvian OpCos to the Club Loan agent and the Senior Notes trustee to be applied in accordance with the Senior Notes and Club Loan documents (the “**Interim Distribution**”); and
 - o the net proceeds from the sale by Sustainable Fishing Resources S.A.C. of the *Damanzaihao*, *Enterprise* and *Pacific Champion* vessel to the Senior Notes trustee to be applied in accordance with the Senior Notes indenture (the “**SFR Distribution**”).

The Interim Distribution will be allocated in the following proportions to the Senior Notes trustee and the Club Loan agent:

Senior Notes trustee	Club Loan agent
$87.5\% \times \frac{\text{Senior Note Claims}}{\text{Senior Debt Claims}}$	$\frac{(12.5\% \times \text{Senior Note Claims}) + \text{Club Loan Claims}}{\text{Senior Debt Claims}}$

- **Allocation of New Notes and Equity** – the New Notes and Equity will be allocated in the following proportions to holders of the Senior Notes (collectively, on the one hand) and holders of the Club Loans (collectively, on the other hand):

Holders of the Senior Notes	Holders of the Club Loans
$87.5\% \times \frac{\text{Senior Note Claims}}{\text{Senior Debt Claims}}$	$\frac{(12.5\% \times \text{Senior Note Claims}) + \text{Club Loan Claims}}{\text{Senior Debt Claims}}$

provided that such accrued claim amounts shall be reduced by 100% of any Interim Distributions and 50% of any SFR Distributions received by holders of the Senior Notes and/or Club Loans prior to closing of the Transaction. Further allocation to individual holders of Senior Notes and Club Loans will be based on the claims of such holders as of a later record date that is closer in time to the closing of the Transaction and not the Allocation Record Date.

- **Undertakings** – the Consenting Creditors undertake to take all actions necessary to support, facilitate, implement, consummate or otherwise give effect to the Transaction.
- **Transfer Restrictions** – the Consenting Creditors may not transfer any of their debt which is subject to the RSA unless the transferee has agreed or agrees to be bound by the terms of the RSA; and
- **Termination Events** – certain customary termination events apply (some of which are automatic and some of which are voluntary and exercisable by different parties), including (without limitation) failure to complete the Transaction by an initial longstop date of 31 October

2021 (or such later deadline as may be agreed under the RSA), *provided that* if the National Institute for the Defense of Competition and the Protection of Intellectual Property of Peru (otherwise known as INDECOPI) has not confirmed by the initial longstop date that Law No. 31112 (*Ley que establece el Control Previo de Concentración Empresarial*) of Peru (in relation to Peru's newly enacted merger control laws) does not apply to the Restructuring, the longstop date shall be automatically extended to 31 January 2022.

New Money Facility

The New Money Facility will consist of a US\$150 million facility and bear interest in cash at the rate of LIBOR plus 9% per annum. The New Money Facility will mature 10 years from the date of drawdown of the New Money Facility (which is anticipated to occur on or around closing of the Transaction).

The New Money Facility will rank senior as to right of payment and proceeds of enforcement of security to the New Notes, provided that payments in accordance with the terms of the New Notes will be permitted for so long as there are no defaults outstanding under the New Money Facility and otherwise in accordance with a customary intercreditor agreement between lenders of the New Money Facility and holders of the New Notes.

The Backstop Parties shall be entitled to a backstop commitment fee equal to 5% of their respective backstop commitments on the New Money Facility, which shall be payable in cash at the closing of the Transaction.

New Notes

The New Notes will have an aggregate principal amount of US\$300 million, bear cash interest at the rate of LIBOR plus 9% per annum and mature 10 years from the date of closing of the Transaction.

The New Notes will rank junior as to right of payment and proceeds of enforcement of security to the New Money Facility, provided that payments in accordance with the terms of the New Notes will be permitted for so long as there are no defaults outstanding under the New Money Facility and otherwise in accordance with a customary intercreditor agreement between lenders of the New Money Facility and holders of the New Notes.

NEXT STEPS

The Ad Hoc Group has appointed Lucid Issuer Services Limited to act as information agent (the “**Information Agent**”) in connection with the RSA. Holders of the Senior Debt that wish to support the Transaction as a “Consenting Creditor” and/or commit to underwrite the New Money Facility as a Backstop Party must submit certain documents to the Information Agent by the deadlines set out in the RSA.

Please note that the summary of the Transaction and the RSA in this announcement is for informational purposes only and is not a substitute for careful review of the RSA. Holders of the Senior Debt are urged to review the RSA and consult their own advisors as to the consequences of acceding to the RSA as a Consenting Creditor and/or Backstop Party.

Acceding to the RSA as a “Consenting Creditor”

Holders of the Senior Debt who wish to accede to the RSA as a Consenting Creditor should provide to the Information Agent a properly completed and executed:

- deed (in the form set out in the RSA) by which they agree to accede to the RSA as a Consenting Creditor; and
- notice (in the form set out in the RSA) setting out their holdings of the Senior Debt together with evidence of such holdings.

Electing to Backstop the New Money Facility

Holders of the Senior Debt who wish to underwrite the New Money Facility as a Backstop Party should provide to the Information Agent **by 11:59 p.m. (London time) on 16 March 2021** a properly completed and executed:

- deed (in the form set out in the RSA) by which they agree to accede to the RSA as a Consenting Creditor and confirm their undertaking to underwrite the New Money Facility; and
- notice (in the form set out in the RSA) setting out their holdings of the Senior Debt together with evidence of such holdings.

Implementation of the Transaction

Members of the Ad Hoc Group intend to proceed to file a Chapter 11 plan of reorganisation to restructure the Senior Debt by way of a scheme of arrangement in Singapore and a scheme of arrangement or a restructuring plan in England to implement the Transaction.

There can be no guarantee that the Transaction as contemplated by the RSA will be implemented on the terms set out above and any restructuring of the Senior Debt may be on significantly different terms to the ones set forth in this announcement or not be consummated at all.

How to obtain additional information

The RSA and a presentation summarising the Transaction are available to investors who beneficially hold Senior Notes and/or Club Loans on a password protected section of the Information Agent's website at www.lucid-is.com/cfg. For assistance and access, please contact the Information Agent at:

Lucid Issuer Services Limited
Tankerton Works
12 Argyle Walk
London WC1H 8HA

email: cfg@lucid-is.com

Investors who beneficially hold Senior Notes and/or Club Loans may contact Kirkland & Ellis LLP (who are acting as legal advisors to the Ad Hoc Group) and Houlihan Lokey (who are acting as financial advisors to the Ad Hoc Group) using the contact details set out below for more information about the RSA and the Transaction.

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