



China Fishery Reports Strong Fishing and Efficiency Improvements in Peru

- **Largest catch of Peruvian Anchovy in the major A season for the last three years**
- **Net-debt-to-equity ratio improves from 89.7% to 57.8%**

Singapore, 11 August 2015 – Leading global industrial fishing company, China Fishery Group Limited (“China Fishery” or the “Group”) (SGX: B0Z.SI), today reported its third quarter (“3QFY2015”) and nine months (“9MFY2015”) results for the financial year ending 28 September 2015.

There was a significant increase in the Anchovy catch in the Group’s expanded Peruvian Fishmeal and Fish oil operations during the important A Season in Peru. China Fishery caught 421,800 tons or 97% of its quota in the North Centre fishery by 28 June, and completed 100% of the quota a few days later. The Group caught 31,179 tons in the South fishery during the quarter, which is 14 times the catch in the same quarter in 2014.

“We were very pleased to achieve the highest Anchovy catch for the last three years in Peru’s most important A fishing season. Overall, this has enabled us to produce nearly 150,000 tons of Fishmeal from the A season,” said Mr. Ng Joo Siang, Group Managing Director. “We have ended the quarter with solid inventories of both fishmeal and fish oil to meet future demand,” said Mr Ng.

“In addition, our relentless focus on increased efficiency in Peru is paying dividends. Production efficiencies have delivered a reduction in production cost from US\$1,340 to US\$1,224 per ton of fishmeal,” said Mr Ng.

A large proportion of fishmeal is sold in China for use in aquaculture feed. With the normalization of fishmeal production in Peru from April 2015, the market price for fishmeal appears to have stabilized at US\$1,600/ton in mid-June 2015. This is despite a temporary softening of demand for fishmeal in China during the quarter, a result of the sustained heavy rainfall in southern China which has delayed the commencement of the aquaculture season in several major production regions. That notwithstanding, the price of US\$1,600 per ton is still above the average price of US\$1,468 over the last 5 years.

Revenue from the Peruvian Fishmeal Operations, which accounted for 59.5% of total revenue, decreased by 33.1% from US\$121.1 million to US\$81.1 million, due mainly to lower sales volume. Sales of our 2015 A Season production commenced towards the end of the quarter under review. Furthermore, because of the cancellation of the 2014 B fishing season, there was no inventory brought forward from the previous quarter, for sale in this quarter. This was a key reason for Group's 3QFY2015 revenue decreasing by 12.1% from US\$155.0 to US\$136.2 million, and net profit declining by 85.5% from US\$19.6 million to US\$2.8 million.

Revenue from China Fishery Fleet operations increased by 111.7% in the quarter, primarily due to higher sales volume of products in the African market.

With the completion of the 4-for-5 Rights Issue on 30 April, 2015, the Group raised approximately S\$282.5 million in net proceeds. S\$237.1 million has been used, together with internal funding of the Group, to fully redeem the US\$250.0 million 9.0% notes due 2017 issued by Copeinca (the "Copeinca Notes"). The remaining proceeds of approximately S\$45.4 million were used for general working capital purposes.

In March 2014, the Group announced that it was targeting to reduce its net-debt-to-equity ratio to 75% within three years. Following redemption of the Copeinca Notes, the Group is well ahead of that target at the end of the quarter, with net-debt-to-equity ratio reduced to 57.8%.

Outlook

"The operational merger in Peru has succeeded in achieving considerable margin expansion. While significant synergies and efficiencies have already been delivered to date, more will be achieved when the full merger of the two businesses in Peru is completed over the next two quarters. We will continue to focus on operational excellence and prudent cash management to ensure that we are well positioned for future growth and to meet any contingencies arising from a potential El Nino event," Mr Ng said.

For the 2015 B Season in the South Anchovy fishery, the Peruvian Ministry of Production has set the Total Allowable Catch (TAC) at 450,000 tons. This is very encouraging, as it means that the TAC for full year is 825,000 tons which is comparable to previous years. This indicates that fish stocks are currently healthy and of the same levels as earlier years. The season begins in August and will run until the end of December 2015.

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About China Fishery Group Limited

Listed on the Mainboard of Singapore Stock Exchange since 2006, China Fishery is a global integrated industrial fishing company with access to fish in some of the world's most important fishing grounds, including the Anchovy fishery in Peru. Employing the latest catch and processing solutions, China Fishery sources, harvests, onboard-processes and delivers high quality catch to consumers around the world.

China Fishery is also one of the world's leading producers of fishmeal and fish oil through its processing plants located strategically along Peru's coastal areas.

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