

CHINA FISHERY GROUP LIMITED
(Incorporated in the Cayman Islands)

Update on Chapter 11 Restructuring Process, Operational, Financial and Corporate Information

China Fishery Group Limited (the “**Company**”) wishes to provide an update on the Chapter 11 restructuring process, operational and financial information in relation to certain major subsidiaries, and an update on the current Board composition, as follows:

1. 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. As reported previously, those discussions have been constructive and are continuing. The Company is endeavouring to facilitate the filing of an amended plan as soon as possible.

The Company has been 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. In the Company’s last announcement, it was noted that the Chapter 11 trustee had filed a complaint against HSBC in the NY Court and that the Company had filed a motion to join and intervene in those proceedings. Following a hearing on the Company’s motion to intervene, on 27 December 2018 an order was signed by the NY Court denying the Company’s motion to intervene. Subsequently, on 8 March 2019, the trustee filed an amended complaint against HSBC, which contained a substantial volume of redacted information. The amended complaint is pending decision of the NY Court.

On 15 February 2019, the Chapter 11 trustee also filed in the NY Court a motion seeking authorization for him to make an interim distribution to certain creditors of excess cash in the indicative amount of US\$75 million. The payments would be in satisfaction of a portion of the amounts currently due and outstanding on the Senior Notes and the Club Loan. This motion was originally fixed for hearing on 13 March 2019. However, the motion was subsequently adjourned for hearing on 18 April 2019 in the NY Court. The Company will provide an update on this motion in its next announcement.

Also on 15 February 2019, the Chapter 11 trustee filed a motion to amend and extend a previously approved loan for the payment of his administrative expenses. The NY Court had earlier approved a loan with super priority to the entity over which the trustee was appointed of US\$20 million, and the trustee sought an order increasing the existing loan by US\$10 million to US\$30 million, on the basis that the US\$20 million had been substantially utilised by the

trustee. He also sought an extension of the loan term to 31 December 2019. On 18 March 2019 the Court signed an order approving the increased loan amount and extension of the loan term.

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.

2. OPERATIONAL AND FINANCIAL UPDATE FOR CERTAIN MAJOR SUBSIDIARIES

(i) Operational Update

Based on information provided by the Chapter 11 trustee, and made available to the Board, CFGL's operations in Peru have been continuing. The second 2018 fishing season in the North/Centre region concluded on 21 January 2019 with the industry utilising approximately 100% of the 2.1 million tonnes Total Allowable Catch ("TAC"). Taking into consideration the very successful first 2018 season, 2018 was the best fishing year for seven years in the important North/Centre region. The Ministry of Production has advised that the assessment of the biomass in the North/Centre prior to announcement of the TAC for the first season of 2019 commenced on 12 February and was completed on 29 March 2019. No announcement of the TAC has been made to date.

The Ministry of Production announced a TAC of 540,000 tonnes for first 2019 fishing season in the South region of Peru, which is slightly higher than the TAC for the previous year. Fishing commenced on 8 January 2019 and to date, 30% of the TAC has been caught by the industry.

(ii) Financial Update for the first quarter ended 28 December 2018 and 12 months ended 31 December 2018

The Company also wishes to provide shareholders with an update on the financial results of certain of the Company's major subsidiaries. Such financial information is based on the unaudited management accounts, which have not been audited or reviewed by the auditors of the Company and may, therefore, be subject to change, and in no way represent the consolidated financial performance of the Company.

First Quarter FY2019

Based on the unaudited management accounts, Corporacion Pesquera Inca S.A.C. and CFG Investment S.A.C., the principal subsidiaries engaged in Peruvian fishmeal and fish oil business recorded a combined turnover of US\$26 million (approximately HK\$203 million) for the first quarter ended 28 December 2018, which represents an increase of 550% over the same quarter in the previous financial year. The increase in revenue was mainly attributable to increased catch and production of fishmeal and fish oil in the second 2018

season in the north/centre region, as well as an increase in selling price of fishmeal in first quarter of FY2019. Despite this increase in revenue, a combined loss before tax for the first quarter of 2019 of US\$23 million (approximately HK\$179 million) was recorded for these subsidiaries, as compared to the loss of US\$96 million (approximately HK\$749 million) for the first quarter of the previous financial year. The loss for the first quarter ended 28 December 2018 was mainly attributable to the accrual of interest expenses of US\$22 million (HK\$171m) and an impairment of property, plant and equipment of US\$9 million (approximately HK\$70 million).

12 months ended 31 December 2018

The Company also wishes to provide the unaudited results of the Peruvian operations for the 12 months ended 31 December 2018, which equates to the Peru financial year under the local accounting standards.

Based on the unaudited management accounts, the consolidated turnover of CFG Investment S.A.C for the 12 months ended 31 December 2018 increased by 33% to US\$418.9 million (HK\$3,267.4 million) from US\$314.2 million (HK\$2,450.8 million) for the corresponding period in 2017. The consolidated EBITDA increased 113% from US\$72.6 million (HK\$566.3m) for the calendar year ended 31 December 2017 to US\$154.9 million (HK\$1,208.2 million) for the 12 months ended 31 December 2018.

CFG Investment SAC recorded a consolidated net profit of US\$13.4 million (HK\$104.5 million) for the 12 months ended 31 December 2018 as compared to a consolidated net loss of US\$36.4 million (HK\$283.9 million) for the corresponding period the year before.

3. PROGRESS ON THE FORENSIC REVIEW

The Company understands that Pacific Andes International Holdings Limited's independent review committee and Pacific Andes Resources Development Limited's independent review committee (collectively, the "IRCs") have recently received a draft report on the forensic review conducted by RSM. The IRCs are currently in the process of reviewing the draft in order to determine whether the IRCs are satisfied that the draft deals adequately with the scope of the forensic review.

The Company will make further announcements to keep the market informed of progress as further developments arise.

4. RE-DESIGNATION OF MR. SUNG YU CHING

Following an extensive tenure as Managing Director of the Company, Mr. Sung Yu Ching has decided to step down from the role of Managing Director with effect from 1 April 2019. Consequently, the Board has resolved that Mr. Sung be concurrently re-designated as a Non-Executive and Non-Independent Director ("**Re-designation**") with effect from the same date.

Following Mr. Sung's Re-designation, the composition of the Board is as follows:

Mr. Ng Joo Kwee – Executive Chairman

Ms. Ng Puay Yee – Executive Director and Chief Executive Officer

Mr. Sung Yu Ching – Non-Executive and Non-Independent Director

Mr. Tse Man Bun – Lead Independent Non-Executive Director

Mr. Lim Soon Hock – Independent Non-Executive Director

Mr. Tan Ngiap Joo – Independent Non-Executive Director

There are no changes to the Nominating, Remuneration and Audit and Risk Management Committees.

The Board thanked Mr. Sung for his long term commitment to the Company and is looking forward to his continuing contribution to the Board.

By Order of the Board

Ng Puay Yee (Jessie)

Executive Director and Chief Executive Officer

18 April 2019