

**CHINA FISHERY GROUP LIMITED**  
(Incorporated in the Cayman Islands)

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

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China Fishery Group Limited (the “**Company**”) wishes to provide an update on the Chapter 11 restructuring process, in addition to providing operational and financial information in relation to certain major subsidiaries.

**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. Those discussions have been constructive and are continuing. The Company will provide an update to shareholders as soon as an amended plan is in place.

The Company is 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. On 29 June 2018, the Chapter 11 trustee filed in the NY Court a complaint against HSBC seeking redress for the damage caused by HSBC for conduct that had allegedly “exceeded the boundaries of commercial reasonableness”. On 2 October 2018, the Company filed in the NY Court a motion to join and intervene in those proceedings. Objections to the Company’s motion have been filed by the Chapter 11 trustee and HSBC. Both the motion to intervene and the complaint are pending decisions of the NY Court.

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.

**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 Peruvian Ministry of Produce set the Total Allowable Catch (the “**TAC**”) for the second 2018 fishing season in the North/Centre region of Peru at 2.1 million tonnes, a 40% increase on last year’s second season TAC. Fishing for the season

commenced on 10 November and will run until the catch is fully utilised, or until the Government's marine institute (Imarpe) recommends its closure. If the TAC is fully utilised in the second season, as it was in the first 2018 season, 2018 would be the best fishing year for anchovy in seven years.

This is in contrast to 2017, and in particular the second 2017 fishing season in Peru's North/Centre region, during which the entire industry was impacted by a number of periods during which the Peruvian government suspended fishing owing to the high presence of juvenile fish.

## **(ii) Financial Update for the Financial Year ended 28 September 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.

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\$391 million (approximately HK\$3,050 million) for the financial year ended 28 September 2018, which represents an increase of 4% over US\$376 million (approximately HK\$2,933 million) for the financial year ended 28 September 2017. The increase in revenue was mainly attributable to increased catch and production of fishmeal and fish oil in the first 2018 season in the north/centre region, while at the same time being negatively impacted by the poor catch in the second 2017 fishing season. Despite this increase in revenue, a combined loss before tax for the financial year ended 28 September 2018 of US\$54 million (approximately HK\$421 million) was recorded for these subsidiaries, as compared to the loss of US\$38 million (approximately HK\$296 million) for the year ended 28 September 2017. The increase in loss was mainly attributable to provision for impairment in relation to property, plant and equipment amounting to US\$22 million (approximately HK\$172 million).

Separately from the above subsidiaries engaged in the Peruvian operations, the Board of Directors has noted that an amount of approximately US\$78 million is owed to the Company by two Russian fish suppliers since September 2015, and remains outstanding. Efforts to recover the amount have been unsuccessful to date, and liquidators have been appointed over the two suppliers. Accordingly, in view of the low chance of recovery of the amount, as a matter of prudence, the Directors have recommended that the Company make a provision in its accounts of US\$78 million.

## **PROGRESS ON THE FORENSIC REVIEW**

The Company understands that Pacific Andes International Holdings Limited ("**PAIH**") independent review committee and Pacific Andes Resources Development independent review committee (collectively, the "**IRCs**") have received and reviewed a draft report from RSM. While the report is substantially complete on the basis of currently available information and documents, the IRCs requested RSM to respond to certain comments made by the IRCs on the report. Consequently, certain further information has been provided to the IRCs.

Accordingly, RSM is now in the process of finalising its report to the IRCs. While the Company is not able at this point to estimate the exact timeframe for finalisation of the review, the Company will announce further updates to keep the market informed of progress.

By Order of the Board

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

20 December 2018