

CHINA FISHERY GROUP LIMITED
(Incorporated in the Cayman Islands)

Update on Chapter 11 Restructuring Process, Operational and Financial Information and Change of Company Secretary

China Fishery Group Limited (the “**Company**”) wishes to provide an update on the Chapter 11 restructuring process, and operational and financial information in relation to certain major subsidiaries, 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 engaged in discussions with creditors and potential plan investors, to facilitate the filing of an amended restructuring plan with a committed plan investor. While those discussions have been constructive and are continuing, the economic consequences of the global Covid-19 pandemic have slowed progress with potential investors. Nonetheless, the Company continues to work towards the filing of an amended plan as soon as possible.

In previous announcements, information has been provided on a complaint against HSBC filed by the Chapter 11 trustee in the NY Court. Memoranda of Law have been filed by both the Chapter 11 trustee and HSBC in connection with HSBC’s motion to dismiss the amended complaint filed by the Chapter 11 trustee. As of this date, no further hearing has taken place.

As announced earlier, on 27 December 2019, the NY Court denied a motion by the Chapter 11 trustee to make an interim distribution of excess cash to creditors, following objection by certain bondholders. The Chapter 11 trustee subsequently filed a further motion for interim distribution which was approved by the NY Court. Accordingly, on 28 January 2020, the NY Court signed an order authorising the Chapter 11 trustee, in his discretion, to make interim distributions of up to US\$75 million of excess cash in aggregate in one or more distributions (the “**Order**”). It was ordered that the distributions be allocated on a *pari passu* basis as between the holders of CFG Senior Notes and holders of CFG Investment S.A.C’s US\$650 million Club Loan facility. The granting of the motion was without prejudice to any future distributions not subject to the Court’s order. As far as the Company is aware, no distribution has been made by the Chapter 11 trustee pursuant to the Order to date.

On 30 January 2020, the NY Court signed an order authorising certain CFG Senior Noteholders to issue subpoenas to a number of parties, including the Company, for the production of documents and examination of witnesses. The stated purpose was to enable the Noteholders to gather available information in respect of the ongoing dispute relating to the granting of a

guarantee over the CFG Senior Notes by Copeinca (the “**Copeinca Guarantee Dispute**”). The Company has provided documents requested under the subpoena.

Following hearings on 17 December 2019 and 22 January 2020, the NY Court approved an order that a mediation be conducted by a sitting Judge of the US Bankruptcy Court. The order referred to mediation the following:

- (a) The claims and defences of and against the Company’s indirect subsidiary, CFG Investment S.A.C. in the High Court of Hong Kong
- (b) The claims and defences of and against certain beneficial shareholders of Pacific Andes International Holdings and other entities in the High Court of Hong Kong
- (c) Proofs of claim filed in the NY Court by liquidators of certain entities within the Pacific Andes Group
- (d) The Copeinca Guarantee dispute.

A number of mediation parties, including Chapter 11 debtors such as the Company, were required to attend open and one-on-one sessions with the mediator, which were attended virtually by participants in Asia. One mediation session covering references (a), (b) and (c) above was held on 26 June 2020 and a second session covering reference (d) above was held on 30 June 2020. The mediation may progress until the termination date of 30 October 2020. The proceedings of the mediation are strictly confidential by virtue of a Protective Order issued by the NY Court, and therefore, no details can be disclosed.

The company can confirm that, 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 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 Peruvian Ministry of Production announced a Total Allowable Catch (“**TAC**”) of 2.413 million metric tonnes of anchovy for the first 2020 season in the North/Centre region of Peru. Fishing commenced later than usual on 13 May 2020, and concluded on 15 August 2020. The latest available information is that approximately 98.7% of the TAC has been caught by the industry. This shows that, despite the late start to the fishing, the season has been successful with almost 2.36 million tonnes of anchovy being caught to date.

The Peruvian Government has announced a TAC of 435,000 tonnes for the smaller south fishing region. The season commenced on 1 August 2020 and will continue until the end of 2020. However, to date, there has been no fishing activity.

(ii) Financial Update for the first half year ended 28 March 2020

The Company 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 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 represents the consolidated financial performance of the Company.

Based on the unaudited management accounts, CFG Investment S.A.C and Corporacion Pesquera Inca S.A.C. recorded a combined turnover of US\$147.8 million (approximately HK\$1,152.6 million) for the first half of financial year ended 28 March 2020 representing a decrease of 10% from US\$164.3 million (approximately HK\$1,281.8 million) for the first half of the financial year ended 28 March 2019. The reduction in turnover was primarily driven by a drop in the price of fishmeal in the first half year of FY2020. The combined loss before tax increased from US\$11.7 million (approximately HK\$91 million) for the first half of the financial year ended 28 March 2019 to US\$78.5 million (approximately HK\$612.5 million) for the first half of the year ended 28 March 2020. Despite the lower catch in the first half year of FY2020, the increase in loss was mainly attributable to the absorption of high fixed costs of production plant and fleet, and the accrual of interest expenses of US\$48.5 million (approximately HK\$378.2 million).

3. CHANGE OF COMPANY SECRETARY

The Board of Directors of the Company (the "**Board**") wishes to announce that Mr. Leong Chang Hong will be appointed as the Company Secretary in place of Ms. Tan Lay Hong who will be resigning as the Company Secretary with immediate effect.

The Board wishes to thank Ms. Tan Lay Hong for her past services rendered to the Company.

The Company will continue to provide updates as material developments arise.

By Order of the Board

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

10 September 2020