

CHINA FISHERY GROUP LIMITED
(Incorporated in the Cayman Islands)

Update on Chapter 11 Restructuring Process, Operational and Financial Information

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 any potential plan investor. Those discussions have been constructive and are continuing. The Company will provide an update as soon as a committed plan investor is in place.

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 the Chapter 11 trustee is taking in the sale process, which is running in parallel with the Company’s restructuring plan process. 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”. The complaint is yet to be heard, and is 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, CFG’s operations in Peru have been continuing. The Peruvian Ministry of Produce set the Total Allowable Catch (the “**TAC**”) for the first 2018 fishing season in the North/Centre region of Peru at 3.32 million tonnes. The season officially commenced on 12 April 2018 and concluded on 10 August 2018. The season was very successful with the industry catching approximately 98% of the TAC.

The Peruvian operations caught 561,510 tonnes of Anchovy during this season, which represents approximately 100% of their quota, and in addition, 447,851 tonnes were purchased from third parties for processing. 179,599 tonnes of fishmeal and 41,526 tonnes of fish oil were produced.

This was in contrast to the previous season, 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 nine months ended 28 June 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\$214 million (approximately HK\$1,669 million) for the 9 months ended 28 June 2018, which represents a decrease of 22% over US\$276 million (approximately HK\$2,153 million) for the 9 months ended 28 June 2017. The decrease in revenue was mainly attributable to low utilisation of the second 2017 fishing season quota in the north/centre region of the Peruvian coast. With this decrease in revenue, the combined loss before tax for the 9 months ended 28 June 2018 was US\$58 million (approximately HK\$452 million) as compared to the loss of US\$10 million (approximately HK\$78 million) for the 9 months ended 28 June 2017.

PROGRESS ON THE FORENSIC REVIEW

The Company understands that Pacific Andes International Holdings Limited independent review committee and Pacific Andes Resources Development independent review committee (collectively, the "IRCs") have received and reviewed an initial draft report from RSM. While the report adequately covers certain substantive matters, additional work remains to be done in certain other areas. Consequently, the IRCs have given RSM additional time to further engage with relevant third parties and try to obtain more information and where possible, documentation. RSM is now in that process and will finalise its report to the IRCs as soon as possible in near future. 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

24 August 2018