

CHINA FISHERY GROUP LIMITED
(Incorporated in the Cayman Islands)

Update on Chapter 11 Proceedings, and Operational and Financial Information

China Fishery Group Limited (the “**Company**”) wishes to provide an update on the Chapter 11 proceedings currently before the United States Bankruptcy Court in the Southern District of New York (the “**NY Court**”), in addition to providing operational and financial information in relation to certain major subsidiaries.

UPDATE ON RESTRUCTURING INITIATIVES

As announced on 4 October 2017 and 22 December 2017, the Company filed its Disclosure Statement and restructuring plan with the NY Court on 29 September 2017. Regular confidential discussions with creditors, bondholders and potential plan sponsors are continuing in order to facilitate the filing of an amended restructuring plan with a committed plan sponsor. As announced previously, those discussions have been encouraging and productive, and the Company will provide an update as soon as a committed plan sponsor is in place.

It is confirmed 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, 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 2017 fishing season in the North/Centre region of Peru at 1.49 Million tonnes. The season officially commenced on 27 November 2017 and concluded on 26 January 2018. The entire industry was impacted throughout the season by a number of periods during which fishing was suspended by the Government due to a high presence of juveniles, including for the extended period from 27 November 2017 to 6 January 2018. As a result, the Peruvian operations utilized 42.5% of their quota for the season which equated to a total catch of 107,129 tonnes of Anchovy. In addition, 42,152 tonnes were purchased from third parties for processing. 35,154 tonnes of fishmeal and 5,736 tonnes of fish oil were produced.

(ii) Financial Update for Year ended 28 September 2017

The Company also wishes to provide shareholders with an update on the financial results of certain major subsidiaries. Such financial information is based on the management accounts, which information has 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.

The key driver of the financial performance for year ended 28 September 2017 was the first 2017 fishing season in Peru's North/Centre region. The season concluded on 31 July 2017 and the Peruvian operations utilized 81% of their quota, catching 383,447 tonnes of Anchovy. 140,085 tonnes of Anchovy were also purchased from third parties for processing. Overall for the season, 120,003 tonnes of fishmeal and 15,759 tonnes of fish oil were produced for sale. While the quota was not fully utilized, the total catch was the largest in the North/Centre region since the first half of 2015, and represented an increase of 17.7% on the last season of 2016.

Accordingly, 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\$376.3 million (approximately HK\$2,935 million) for the year ended 28 September 2017, which represents an increase of 14% over US\$331.2 million (approximately HK\$2,583 million) for the year ended 28 September 2016. The increase in revenue was mainly attributable to the increase of 80% on the TAC for the second fishing season of 2016 in the north/centre region of the Peruvian coast due to recovery from the El Nino phenomenon. With this increase in revenue, the combined loss before tax for the year ended 28 September 2017 was US\$22.2 million (approximately HK\$173.2 million) as compared to the loss of US\$41million (approximately HK\$319.8 million) for the year ended 28 September 2016.

PROGRESS ON THE FORENSIC REVIEW

As previously disclosed by a parent of the Company, Pacific Andes International Holdings Limited ("**PAIH**"), the independent review committee of PAIH (the "**IRC**"), through its legal advisor, appointed RSM Corporate Advisory (Hong Kong) Limited ("**RSM**") on 6 June 2016 as independent forensic accountant to complete the forensic review of the financial aspects of PAIH and its subsidiaries. The independent review committee of Pacific Andes Resources Development Limited ("**PARD**"), through its legal advisor, also engaged RSM on 5 July 2016 (as a joint engagement by the IRC and the independent review committee of PARD, collectively, the "**IRCS**") to undertake the forensic review.

The Company understands that the outstanding work for completion of the RSM review has been substantially concluded. Accordingly, the Company has been advised that it is currently expected that the final draft report will be submitted to the IRCs by 15 February 2018. The Company will announce the findings of the review as soon as they are made available by the IRCs.

The Company will announce further updates as material developments arise.

By Order of the Board

Ng Puay Yee (Jessie)

Executive Director and Chief Executive Officer

31 January 2018