



## News Release

### China Fishery ahead of target on gearing reduction

- Net-debt-to-equity ratio improved year-on-year from 102% to 73%
- Successful Rights Issue to redeem Copeinca Senior Notes
- As foreshadowed, 1HFY2015 results impacted by reduced catch in the major Peruvian fishery
- Strong start of the 2015 A Season Anchovy fishing in Peru - positive outlook for the second half of FY2015

**Singapore, 11 May 2015** – In releasing its first half 2015 results for the period ended 28 March, 2015, leading global industrial fishing company, China Fishery Group Limited (“China Fishery” or the “Group”) (SGX: B0Z.SI), today reported it is well ahead of target in reducing its net-debt-to-equity ratio.

“In March 2014, we announced that we were targeting to reduce our net-debt-to-equity ratio to 75% within 3 years. I am pleased to report that our net-debt-to-equity ratio has improved from 102% in March 2014 to 73% as of 28 March, 2015, well ahead of that target,” said Ng Joo Siang, Group Managing Director. “We are very pleased that our tight focus on improved efficiency, reduction in borrowings and reduction in interest expense is delivering early results. Net-debt-to-equity ratio will be further reduced as the Group will today make full payment to discharge all its obligations under the Copeinca Senior Notes,” Mr Ng added.

As foreshadowed in earlier announcements, the results for the second quarter were impacted by the Peruvian Government’s closure of the 2014 B season fishing in the North Centre Anchovy fishery. In fact, as a result of this closure and the temporary warming of the water in the 2014 A season, there was virtually no production of fishmeal or fish oil during the six months ended 28 March, 2015. This is the primary driver of a 38.3% decrease in Group revenue for the six-months ended 28 March, 2015 (“1HFY2015”), from US\$325.1 million to US\$200.6 million, and net profit reduction of 44.0% from US\$33.3 million to US\$18.6 million.

“The reduced volume of fishing in Peru in 2014 and 1Q2015 made the first half of 2015 truly challenging. However, through our rigorous initiatives to improve efficiency and reduce cost, the Group has remained profitable, and is better placed than ever to capitalise on the increased Total Allowable Catch of 2.58 million MT announced for the 2015 A season which commenced in April, 2015,” said Mr Ng.

Operations in Namibia recorded higher sales volume and selling prices in 1HFY2015, contributing 11.1% of total revenue. The business benefited from lower fuel costs and the appreciation of the US Dollar against local currencies. There was a strong start to the 2015 fishing season with Jack Mackerel in abundance, delivering higher catch volumes compared to the same time last year.

The Group recently announced that the rights issue which was completed on 30 April 2015 had been oversubscribed, with a total subscription of 108%. The rights issue raised S\$283 million (approximately US\$208 million) before deduction of transaction costs. This equity funding will be used for the redemption of the Copeinca Senior Notes which will further deliver of the Group's strategy of reducing borrowings, and will lower annual interest expense by approximately US\$23 million.

As of the end of the quarter, the refund of prepayments under the former Long Term supply Agreements was on schedule. US\$180 million had been received, which is 75% of the full amount to be refunded. The balance of approximately US\$61.6 million is scheduled to be fully repaid by March 2016.

### **Outlook**

As we emerge from the successful transformation from a Group heavily dependent on the Russian Long Term Supply Agreements to one receiving most of its revenue and profit from Peruvian fishmeal operations, our strategies remain firmly in place. We will continue to realise synergies from the further integration of the Peruvian Fishmeal Operations to become a world leader in the production of fishmeal and fish oil, while reducing borrowings and strengthening our balance sheet.

There has been a strong start to the important A season fishing in the North Centre Anchovy fishery in Peru. The Group caught 50% of its quota in the first month after the official start of the season. During this period, the fish were also well located geographically, which allowed the Group to achieve a high level of efficiency in fishing operations and optimize the use of production facilities. This is a very positive indicator for the expanded fishmeal and fish oil operations, and for the Group as a whole for the second half of 2015.

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### **About China Fishery Group Limited**

Listed on the Mainboard of Singapore Stock Exchange since 2006, China Fishery is a global integrated industrial fishing company with access to fish in some of the world's most important fishing grounds, including the Anchovy fishery in Peru. Employing the latest catch and processing solutions, China Fishery sources, harvests, onboard-processes and delivers high quality catch to consumers around the world.

China Fishery is also one of the world's leading producers of fishmeal and fish oil through its processing plants located strategically along Peru's coastal areas.

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