CHINA FISHERY GROUP LIMITED
(Incorporated in the Cayman Islands)

ACQUISITION OF A PERUVIAN COMPANY

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1. INTRODUCTION

The Board of Directors of China Fishery Group Limited (the "**Company**") wishes to announce that Epesca Pisco S.A.C (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company has on 17 May 2010 (Peruvian time) entered into a conditional stock purchase agreement (the "**SPA**" and the "**Acquisition**" respectively) with all the shareholders (the "**Sellers**") of Dorbes Holding Corporation ("**Dorbes**") for the acquisition of the entire issued share capital of Dorbes (the "**Sale Shares**") at a purchase price of US$95 million (the "**Consideration**"). Dorbes indirectly owns 100% of the shares of a Peruvian company, Pesquera Alejandría S.A.C. ("**Alejandria**"), which is the target of the Acquisition.

2. BACKGROUND INFORMATION ON THE ACQUISITION

2.1 The Sellers are Silkfield International Corporation, Orbel Business Corp. and Harleston Technologies Corp., all of which are companies incorporated in the Republic of Panama.

2.2 Dorbes is a company incorporated in the Republic of Panama and is wholly owned by the Sellers. Dorbes has 2 wholly-owned subsidiaries namely Bluefield Overseas Corporation ("**Bluefield**"), a company incorporated in the British Virgins Islands, and Sunset Holdings Group S.A. ("**Sunset**"), a company incorporated in Panama. Bluefield and Sunset collectively own all of the issued shares of Alejandria. Dorbes, Bluefield, Sunset and Alejandria shall be collectively referred to as the "**Target Group**").

2.3 Alejandria is a company incorporated in the Republic of Peru. Alejandria owns a fishmeal processing plant situated at Tambo de Mora, Province of Chincha, Department of Ica, with a processing capacity of 40 metric tonnes of raw materials per hour (the "**Plant**"), six (6) fishing vessels together with fishing permits, which collectively have on board storage capacity of approximately 1,865.58 m3, and fishing quotas equivalent to 0.97% of the total fishing quota in Northern Peru and 3.04% of the total fishing quota in Southern Peru (collectively the "**Fishing Assets**").

2.4 Pursuant to the fishing quotas, the six fishing vessels may undertake fishing in the Peruvian Exclusive Economic Zone. The principal fish caught is Peruvian anchovy.

2.5 The Purchaser has appointed J.R.Z Ajustadores y Peritos de Seguros S.A.C., being a registered surveyor in Peru, as the valuer, to conduct a valuation on the Sale Shares, the Plant and Fishing Assets of the Target Group which was done on an open market basis and placed the value of the Fishing Assets (together with the Plant) at approximately US$96.68 million (the "**Valuation**"). The net asset value of the Target Group as at 30 April 2010 is approximately US$63.86 million, taking into account the Valuation of the Plant and the Fishing Assets. The unaudited net profits for the year ended 31 December 2009 attributable to the Target Group is US$1.67 million.

3. SALIENT TERMS OF THE SPA

3.1 Consideration And Adjustments

The Consideration for the Acquisition was arrived at pursuant to negotiations between the parties on a willing buyer willing seller basis and at an arm's length basis, taking into account the rationale described below.

The Consideration shall be subject to the following adjustments:

(a) subject to the limit of the Escrow Sum (as defined below), materialised contingencies originated before Completion (as defined below) except for (i) the fishing contingencies of regulatory fishing fines nature, (ii) litigations related to specific mechanism to calculate crew salaries, and (iii) tax treatment for fishing net expenses recognition shall be deducted from the Consideration;

(b) a sum equivalent to (i) all liabilities registered in Target Group financial statements and (ii) non-registered liabilities revealed by the due diligence results and agreed to by both parties, shall be deducted from the Consideration; and

(c) a sum equivalent to (i) cash and cash equivalents, (ii) account receivables from related parties of Sellers, (iii) monthly income tax prepayments effectively paid by Alejandria until Completion and (iv) value added tax credit in excess of those generated by Alejandria, shall be adjusted in favour of the Sellers and added to the Consideration.

3.2 Escrow Sum

On Completion, the Purchaser shall deduct a sum of US$1,000,000 (the "**Escrow Sum**") from the Consideration and transfer such sum to an escrow account as collateral for the payment of the materialised contingencies referred to in paragraph 3.1(a) above.

The Escrow Sum will be held in a bank account held by the Sellers and will remain in effect for three (3) years from date of Completion. The Escrow Sum will only be released by a written notice signed by Purchaser and Sellers. The written notice shall be issued when the corresponding contingencies materialises. If there is any dispute over any contingencies, parties will resolve such dispute by a judicial or arbitral decision.

When the three (3) years period expires, the Escrow Sum that has not been applied to cover any materialised contingencies will be transferred to the Sellers except for such amounts which are the subject of disputes which will be resolved by a judicial or arbitral decision.

3.3 Completion

Completion of the Acquisition is expected to take place by 24 May 2010 (the "**Completion**") in which the Sellers and the Purchaser will execute a procedural closing agreement and the Purchaser shall pay (i) the Consideration less the adjustments and the Escrow Sum to the Sellers, and (ii) the Escrow Sum to the bank holding the escrow account. Transfer of the Sale Shares free from encumbrances to the Purchaser and the hand over of the Fishing Assets and the Plant shall also take place at the same time.

Completion is subject upon:

(i) the Sellers' delivery of all applicable corporate and financing documentation of Alejandria and the Target Group,

(ii) execution of the escrow agreement amongst the Sellers, the Purchaser and the bank,

(iii) confirmation of the absence of liens over the Sale Shares and issued share capital of the Target Group and Alejandria,

(iv) confirmation of the absence of liens over the Fishing Assets and the Plant,

(v) resignation of officers, directors and attorneys of the respective companies in the Target Group; and

(vi) there being no material breach of the warranties and representations set out in the SPA.

3.4 Other Terms

The parties agree that Sellers will continue to employ the current office workers of Alejandria and the Purchaser will employ the workers operating the Plant and the crew members operating the six (6) fishing vessels.

4. SOURCE OF FUNDS

The Consideration would be funded by bank borrowings and internal resources.

5. RATIONALE

In line with a worldwide growing population and rising popularity of fish as a healthy source of protein, the aquaculture and animal farming industries have been growing. Demand for fishmeal, a vital component of aquaculture and animal-farming feed, has grown in tandem and is expected to remain strong over the long-term. On the supply side, global production of fishmeal has remained steady over the past few years. Driven by a growing demand and limited supply, the price of fishmeal has been increasing.

With the Acquisition, the Company and its subsidiaries (the "**Group**") will increase its fishing quota allocation in North Peru from 5.08% to 6.05% and in South Peru from 7.87% to 10.91%. Further, the Group will become the sixth largest fishmeal company in Peru. A higher catch volume will allow the Group to increase its fishmeal production volume. In addition, the Group will also be able to further improve its economies of scale and efficiency of its operations in Peru.

The Acquisition is in line with the Group's strategy of seizing opportunities worldwide that will enable the Group to gain access to under-utilised yet abundant fish species and becoming a significant supplier of fish products to the growing China market and a leading consolidator in the global industrial fishing industry.

6. FINANCIAL EFFECTS OF THE ACQUISITION

6.1 The proforma financial effects of the Acquisition are purely for illustrative purposes only and do not reflect the future actual financial position of the Group after completion of the Acquisition.

The following proforma financial effects have been prepared based on the audited consolidated financial statements of the Company for the financial year ended 28 September 2009, and assuming that the Acquisition had been completed at the beginning of the financial year for the computation of the effect on the earnings per share, and at the end of the financial year for the computation of the effect on the net tangible assets per share.

6.2 Net tangible Assets ("**NTA**") Per Share

	Financial year ended 28 September 2009	**Proforma after the Acquisition**
NTA (US$'000)	275,586	170,748
Number of shares as at financial year ended	860,287,997	860,287,997
NTA per share (US$)	0.32	0.20

The net assets of the Target Group consist of fishing permits with total value of US$73.7 million which is classified as intangible assets by accounting standard. After taking into account the value of the fishing permits, the proforma net assets (excluding goodwill) per share as at the financial year ended 28 September 2009 of the Group, would have been decreased from US$0.41 to US$0.37 after the Acquisition.

6.3 Earnings Per Share ("**EPS**")

	Financial year ended 28 September 2009	**Proforma after the Acquisition**
Profit after tax (US$'000)	94,359	96,025
Average number of shares	860,287,997	860,287,997
EPS (US cents)	10.97	11.16

7. DISCLOSEABLE TRANSACTION

For the purposes of Chapter 10 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual, the relative figures under Rule 1006 of the SGX-ST Listing Manual based on the latest announced full year results of the Company i.e. the audited full year results for the financial year ended 28 September 2009 are as follows:

Listing Rule		**Relative Figure**
1006 (a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable
1006 (b)	Net profits attributable to the assets acquired compared with the group's net profits	2.46%
1006 (c)	Aggregate value of the consideration given, compared with the market capitalization of the Company based on the total number of issued shares excluding treasury shares	7.11%
1006 (d)	Number of equity securities issued as consideration for the acquisition, compared with the number of equity securities previously issued	Not applicable

Pursuant to the tests for Rule 1006 above, the Acquisition constitutes a discloseable transaction pursuant to Part VI of Chapter 10 of the SGX-ST Listing Manual.

8. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

Save for their interests in the shares of the Company, none of the Directors and so far as the Directors are aware, none of the controlling shareholders, has any interest, direct or indirect, in the Acquisition.

9. DOCUMENTS FOR INSPECTION

A copy of the SPA and the valuation report will be made available for inspection by the shareholders of the Company during the normal business hours at the office of the Company Secretary, KCS Corporate Services Pte. Ltd. at 36 Robinson #17-01, City House, Singapore 068877, for a period of 3 months from the date of this announcement.

10. FOLLOW UP ANNOUNCEMENT

The Company will make the necessary follow-up announcement upon the completion of the Acquisition.

By order of the Board
Yvonne Choo
Company Secretary
18 May 2010