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中國海洋捕撈
CHINA OCEAN FISHING
HOLDINGS LIMITED

China Ocean Fishing Holdings Limited

中國海洋捕撈控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8047)

ANNOUNCEMENT

INTERNAL CONTROL FOLLOW-UP REVIEW

References are made to the announcement (the “**Announcement**”) of China Ocean Fishing Holdings Limited (the “**Company**”) dated 29 June 2018. Unless otherwise specified, terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Internal Control Review Report I was submitted to the Stock Exchange on 15 June 2018. As stated in the Announcement, the Directors and Management also confirmed that they would fully implement Gram Capital’s recommendations to strengthen and enhance the Company’s internal control system. Furthermore, the Company believes that by adopting the recommendations in the Internal Control Review Report I, the Directors and Management would be able to improve corporate governance within the Company and ensure the Company’s compliance with Chapters 19 and 20 of the GEM Listing Rules.

THE INTERNAL CONTROL REVIEW REPORT II

Gram Capital conducted a follow-up review based on the Internal Control Review Report I. The Internal Control Review Report II had been submitted to the Stock Exchange.

As stated in the Internal Control Review Report II, the objectives of the follow-up review conducted by Gram Capital are as follows:

- to review the Company’s progress of the implementation of the remedial measures proposed by Gram Capital in the Internal Control Review Report I;

- to communicate with the Directors and Management to identify the key hindrance, if any, the Company encountered during the process of adopting Gram Capital’s recommendations; and
- to communicate with the Directors and Management to ensure that they understand the importance of the Company’s on-going improvements on corporate governance and compliance with the GEM Listing Rules.

As stated in the Internal Control Review Report II, based on the results of Gram Capital’s review, Gram Capital considered that the Company has adopted all Gram Capital’s recommendations and made enhancement on their internal control and compliance systems.

Details of the findings on the Company’s progress of the implementation of the remedial measures proposed by Gram Capital in the Internal Control Review Report I are set out as follows:

<i>Recommendations in Internal Control Review Report I</i>	<i>Implementation progress</i>
<p>The Directors and Management have to attend GEM Listing Rules training to strengthen their understanding on the GEM Listing Rules, in particular Chapters 19 & 20 of the GEM Listing Rules.</p>	<p>The Company Secretary recommended certain CPT courses and seminars regarding, among other things, Updated on Corporate Governance Code and Associated Listing Rules, Compliance Control Guide for Share Option Scheme, to Directors.</p> <p>The Company Secretary will continuously to looking for courses/seminars, in particular Chapters 17, 19 and 20 of GEM Listing Rules, to Directors and Management.</p>
<p>The Company should prepare a list of connected parties so as to identify and check for any connected transaction before dealing with the prospective customers/suppliers/vendor(s)/purchaser(s). The Directors and Management should review such connected party transactions as identified if such transactions will be conducted frequently based on a monthly basis. The connected parties list should be updated quarterly and/or when there is a new appointment with the director or senior management.</p>	<p>The Company prepared a list of connected parties. The Company shall fully comply with the requirements.</p>

<p align="center"><i>Recommendations in Internal Control Review Report I</i></p>	<p align="center"><i>Implementation progress</i></p>
<p>The Company must ensure that the internal control manual for transactions/advances would be strictly followed. Warnings/disciplinary actions should be given to the staff who does not follow the internal control manual.</p>	<p>As confirmed by the Company Secretary, between 15 June 2018 (being the date of Internal Control Review Report I) and 31 August 2018, the Company had one corporate action, which was not previously disclosed with monetary value over HK\$500,000, being transaction contemplated under a shipbuilding agreement dated 13 July 2018 (the “New Transaction”). The Company followed recommended procedures.</p> <p>The Company shall continuously fully comply with the requirements.</p>
<p>All transactions with possible GEM Listing Rules implications (in particular, advances and provision of loan) should be executed subject to prior examination by Company Secretary and approval of by Chief Executive Officer (if he/she is a director) or any executive Director (if Chief Executive Officer is not a director).</p> <p>In this respect, Gram Capital recommended that</p> <p>(1) The form for proposed transaction (the “Preliminary Transaction Form”) should be filled out by the initiating staff each time for any proposed transaction (including acquisition/disposal of assets/company, provision/acceptance of services) and advance with monetary value over HK\$500,000 or cumulative annual monetary value over HK\$500,000 (e.g. entering into tenancy agreement). Such form should then be passed to relevant department head.</p> <p>(2) After reviewing the Preliminary Transaction Form, the department head should circulate the Preliminary Transaction Form to Company Secretary for his further action.</p>	<p>The Company followed recommended procedures for the New Transaction and shall continuously fully comply with this recommendation.</p>

<i>Recommendations in Internal Control Review Report I</i>	<i>Implementation progress</i>
<p>(3) After receiving the Preliminary Transaction Form, Company Secretary should fill in the transaction assessment form (the “Transaction Assessment Form”) and assess the notifiable/connected transaction implication. To facilitate timely completion of the Transaction Assessment Form, responsible staff were recommended to update the size tests calculation at least bi-weekly based on the updated financial information and size of market capitalisation of the Company.</p> <p>(4) The Transaction Assessment Form should be completed and (i) passed to the Chief Executive Officer and Chairman within one day of receipt of the relevant Preliminary Transaction Form; and (ii) kept by the Company for record for at least three years.</p> <p>(5) In the event that, based on the completed Transaction Assessment Form, the subject transaction constitutes notifiable/connected transactions for the Company, Company Secretary should provide such form for board of Directors’ discussion.</p> <p>(6) With the assistance of professional parties, Company Secretary should complete the transaction procedure form (the “Transaction Procedure Form”) and discuss the same with the Board.</p> <p>(7) After due consideration, the Board should direct Company Secretary to take necessary actions as set out under the Transaction Procedure Form for the subject transaction.</p>	

<i>Recommendations in Internal Control Review Report I</i>	<i>Implementation progress</i>
<p>To strengthen manpower allocation for GEM Listing Rules compliance function. In particular, Gram Capital considered that the newly appointed Compliance Officer should also be involved in the monitoring of compliance issue. Given their major responsibilities and heavy workload, the Company was recommended to appoint additional qualified staff involving in the monitoring of compliance issue.</p>	<p>The Company followed this recommendation.</p> <p>In particular, the Company formally established GEM 上市規則監察工作小組 (Working Group dedicated to GEM Listing Rules Monitoring, the “Working Group”), which constituted Ms. Wei Qing (Executive Director and Compliance Officer), the Company Secretary and two other staffs (one of whom was newly employed). The Working Group would be mainly focused on the Group’s GEM Listing Rules compliance. Ms. Wei Qing would be responsible for overall supervising the Working Group’s work.</p>
<p>The Company should consult its professional adviser each time before entering into a possible transaction.</p>	<p>The Company followed this recommendation and shall continuously fully comply with the requirements.</p>
<p>The Company should notify and consult the Stock Exchange as soon as practicable as and when necessary.</p>	<p>The Company shall notify and consult the Stock Exchange as soon as practicable as and when necessary.</p>
<p>The Company was recommended to appoint a compliance adviser on an ongoing basis for consultation on GEM Listing Rules compliance for at least one year.</p>	<p>The Company appointed Gram Capital Limited as compliance adviser to the Company for the period from 16 August 2018 to 15 August 2019.</p>

As mentioned in the table above, the Company appointed Gram Capital Limited as compliance adviser to the Company for the period from 16 August 2018 to 15 August 2019. Gram Capital Limited is a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

By order of the Board of
China Ocean Fishing Holdings Limited
Liu Rongsheng
Executive Director and Chairman

Hong Kong, 14 September 2018

As at the date of this announcement, the executive Directors are Mr. Liu Rongsheng, Mr. Fan Guocheng and Ms. Wei Qing, the non-executive Director is Mr. Yang Yong and independent non-executive Directors are Mr. Pang Pui Hung, Paton, Ms. Li Yuen Fong, Michelle and Mr. Lam Man Hing.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at <http://www.chinaoceanfishing.hk>.