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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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2017**

HIGHLIGHTS

For the nine months ended 31 December 2017 (the “Period”)

- Revenue from continuing operations of the Group was approximately HK\$823,932,000 as compared to the revenue of approximately HK\$109,500,000 recorded in the corresponding period in 2016.
- Profit of the Group for the Period was approximately HK\$24,094,000 (2016: loss of approximately HK\$6,066,000).
- Profit attributable to equity holders of the Company was approximately HK\$22,217,000 (2016: loss of approximately HK\$6,066,000).
- The Directors do not recommend the payment of an interim dividend (2016: Nil).
- Earnings per share of the Company was approximately HK0.87 cents (2016: loss per share of approximately HK0.33 cents).

FINANCIAL RESULTS

The board of Directors (the “Board” and “Directors” respectively) of China Ocean Fishing Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “Group”) for the nine months and three months ended 31 December 2017 together with the relevant comparative unaudited figures as follows:

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months and three months ended 31 December 2017

	Notes	For the nine months ended 31 December		For the three months ended 31 December	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Continuing operations					
Revenue	3	823,932	109,500	418,337	5,900
Cost of services rendered and cost of goods sold		(778,307)	(101,284)	(398,303)	(2,641)
Gross profit		45,625	8,216	20,034	3,259
Other revenue	3	6	3	3	1
Other income	4	9,160	259	8,693	242
Selling and distribution costs		(266)	(2,940)	(265)	(169)
Administrative expenses		(21,707)	(33,749)	(12,111)	(10,165)
Finance costs		(2,452)	–	(2,452)	–
Net unrealised profit on financial assets at fair value through profit or loss		919	5,119	–	1,089
Share of results of associates		–	–	–	–
Gain on disposal of a subsidiary		–	194	–	–
Profit/(Loss) before taxation		31,285	(22,898)	13,902	(5,743)
Income tax expenses	5	(7,191)	(297)	(3,324)	(297)

Condensed Consolidated Statement of Comprehensive Income (Unaudited) *(Continued)*

For the nine months and three months ended 31 December 2017

	Notes	For the nine months ended 31 December		For the three months ended 31 December	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Profit/(Loss) for the period from continuing operations		24,094	(23,195)	10,578	(6,040)
Discontinued operations					
Profit for the period from discontinued operations	6	-	17,129	-	-
Profit/(Loss) for the period		24,094	(6,066)	10,578	(6,040)
Other comprehensive income/ (loss) for the period, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on consolidation		2,055	5,186	(392)	(534)
Share of other comprehensive income of associates – exchange differences on consolidation		-	-	-	-
Total comprehensive income/(loss) for the period		26,149	(880)	10,186	(6,574)

Condensed Consolidated Statement of Comprehensive Income (Unaudited) (Continued)

For the nine months and three months ended 31 December 2017

	For the nine months ended		For the three months ended	
	31 December		31 December	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(Loss) for the period				
attributable to:				
Equity holders of the Company	22,217	(6,066)	8,701	(6,040)
Non-controlling interests	1,877	–	1,877	–
	24,094	(6,066)	10,578	(6,040)
Total comprehensive income/(loss)				
attributable to:				
Equity holders of the Company	24,272	(880)	8,309	(6,574)
Non-controlling interests	1,877	–	1,877	–
	26,149	(880)	10,186	(6,574)
Earnings/(Loss) per share				
7				
From continuing and discontinued operations				
– Basic	HK\$0.87 cents	HK(0.33) cents	HK\$0.30 cents	HK(0.30) cents
– Diluted	HK\$0.75 cents	HK(0.33) cents	HK\$0.30 cents	HK(0.30) cents
From continuing operations				
– Basic	HK\$0.87 cents	HK(1.27) cents	HK\$0.30 cents	HK(0.30) cents
– Diluted	HK\$0.75 cents	HK(1.27) cents	HK\$0.30 cents	HK(0.30) cents

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda on 7 June 2001 as an exempted company with limited liability under the Bermuda Companies Act of 1981. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located at Room 03, 22/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are business of supply chain management services and money lending business.

2. STATEMENT OF COMPLIANCE

The unaudited condensed consolidated financial information for the Period have been prepared in accordance with applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). These financial statements are unaudited but have been reviewed by the Company's audit committee (the "Audit Committee").

These unaudited condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements and interim financial report as defined in Hong Kong Financial Reporting Standards ("HKFRSs"), and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2017 and have been prepared on the historical cost basis.

The accounting policies used in preparing these unaudited condensed consolidated financial information are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 March 2017, except for the adoption of the accounting policy for convertible bonds.

2. STATEMENT OF COMPLIANCE *(Continued)*

Convertible bonds

Convertible bonds issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity ("Convertible bond reserve").

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in "Convertible bond reserve" until the embedded option is exercised (in which case the balance stated in "Convertible bond reserve" will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in "Convertible bond reserve" will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 April 2017. The management does not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the financial position, financial performance and cash flows of the Group.

3. REVENUE AND OTHER REVENUE

An analysis of the Group's revenue and other revenue during the period is as follows:

	For the nine months ended 31 December		For the three months ended 31 December	
	2017	2016	2017	2016
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Sales of goods	810,759	104,202	413,647	2,683
Interest income from loan receivables	13,173	5,298	4,690	3,217
Revenue	823,932	109,500	418,337	5,900
Bank interest income	6	3	3	1
Other revenue	6	3	3	1
Total revenue and other revenue	823,938	109,503	418,340	5,901

4. OTHER INCOME

	For the nine months ended 31 December		For the three months ended 31 December	
	2017	2016	2017	2016
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Sundry income	705	259	238	242
Commission income	2,160	–	2,160	–
Government subsidies	6,295	–	6,295	–
Other income	9,160	259	8,693	242

5. INCOME TAX EXPENSES

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong during the Period (2016: Nil).

The Enterprise Income Tax ("EIT") provision in respect of operations in the People's Republic of China (the "PRC") is calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practises in respect thereof.

Deferred tax had not been provided for the Group because the Group had no significant temporary differences at the reporting date (2016: Nil).

	For the nine months ended 31 December		For the three months ended 31 December	
	2017 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>	2017 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>
Current tax				
– Hong Kong Profits Tax	1,541	–	1,362	–
– PRC EIT	5,650	297	1,962	297
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Tax charge for the period	7,191	297	3,324	297
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6. DISCONTINUED OPERATIONS

On 27 September 2016, Upper Power Limited, a wholly owned subsidiary of the Company, entered into and completed a sale and purchase agreement with an independent third party (the “Investor”) pursuant to which Upper Power Limited sold the entire equity interest of Media Magic Technology Limited and its subsidiaries (collectively known as “Media Magic”), which is engaged in the energy management business, at a consideration of HK\$100,000 (the “Disposal”). Upon completion of the Disposal, the Group no longer has any equity interest in Media Magic.

Management considers that following the Disposal, the Group’s control over Media Magic had been discontinued and thereby constituted discontinued operations. Accordingly, certain comparative figures in the consolidated statement of comprehensive income have been re-presented to separately reflect the results of the continuing operations and discontinued operations. The results of the discontinued operations for the periods ended 31 December 2017 and 2016 have been analysed as follows:

Profit for the period from discontinued operations

	For the nine months ended 31 December		For the three months ended 31 December	
	2017 (Unaudited) HK\$’000	2016 (Unaudited) HK\$’000	2017 (Unaudited) HK\$’000	2016 (Unaudited) HK\$’000
Revenue	–	–	–	–
Cost of services rendered and cost of goods sold	–	(2)	–	–
Other income	–	(2)	–	–
Selling and distribution costs	–	–	–	–
Administrative expenses	–	(433)	–	–
Loss before taxation	–	(435)	–	–
Income tax expenses	–	–	–	–
Loss after taxation	–	(435)	–	–
Profit on disposal of subsidiaries	–	17,564	–	–
Income tax related to Profit on disposal of subsidiaries	–	–	–	–

6. DISCONTINUED OPERATIONS *(Continued)*

Profit for the period from discontinued operations *(Continued)*

	For the nine months ended 31 December		For the three months ended 31 December	
	2017	2016	2017	2016
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Net profit attributable to discontinued operations	–	17,129	–	–
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Profit from discontinued operations attributable to:				
– Equity holders of the Company	–	17,129	–	–
– Non-controlling interests	–	–	–	–
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	–	17,129	–	–
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7. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the profit/(loss) attributable to equity holders of the Company for continuing and discontinued operations and the weighted average number of the Company's ordinary shares in issue during the Period as follows:

	For the nine months ended 31 December		For the three months ended 31 December	
	2017	2016	2017	2016
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Profit/(Loss) attributable to equity holders of the Company from continuing and discontinued operations	22,217	(6,066)	8,701	(6,040)
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds (net of tax)	1,955	–	1,955	–
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	24,172	(6,066)	10,656	(6,040)
Profit/(Loss) attributable to equity holders of the Company from continuing operations	22,217	(23,195)	8,701	(6,040)
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds (net of tax)	1,955	–	1,955	–
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	24,172	(23,195)	10,656	(6,040)

7. EARNINGS/(LOSS) PER SHARE *(Continued)*

	For the nine months ended 31 December		For the three months ended 31 December	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Number of shares				
Weighted average number of ordinary shares in issue during the period	2,559,296,313	1,821,666,131	2,885,189,861	2,014,575,513
Effect of dilutive potential ordinary shares:				
– Convertible bonds	655,004,667	–	655,004,667	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	3,214,300,980	1,821,666,131	3,540,194,528	2,014,575,513

The calculation of diluted earnings/(loss) per share is based on the profit/(loss) attributable to equity holders of the Company, adjusted to reflect the interest on the convertible bonds for the nine months ended 31 December 2017 (2016: nil).

The Company has dilutive potential ordinary shares on exercise of the convertible bonds. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect for the nine months ended 31 December 2017.

No adjustment was made in calculating diluted loss per share for the nine months ended 31 December 2016 as conversion of convertible bonds would result in a decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share for the period.

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2017 (2016: Nil).

9. RESERVES

Attributable to equity holders of the Company

	Attributable to equity holders of the Company				Attributable to equity holders of the Company				Sub-total (Unaudited) HK\$'000	Non- controlling interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	
	Reserves				Reserves							
	Issued share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Convertible bond reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000				Total reserves (Unaudited) HK\$'000
At 1 April 2016	16,787	487,389	594,707	-	8,694	-	2,421	(782,237)	310,974	327,761	-	327,761
Loss for the period	-	-	-	-	-	-	-	(6,066)	(6,066)	(6,066)	-	(6,066)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
-Exchange difference on consolidation	-	-	-	-	5,186	-	-	-	5,186	5,186	-	5,186
Total Comprehensive income/(loss) for the period	-	-	-	-	5,186	-	-	(6,066)	(880)	(880)	-	(880)
Transaction with equity holders												
<i>Contributions and distributions</i>												
Issue of shares under placement	3,359	29,197	-	-	-	-	-	-	29,197	32,556	-	32,556
Disposal of subsidiaries	-	-	-	-	(9,126)	-	(2,421)	-	(11,547)	(11,547)	-	(11,547)
At 31 December 2016	20,146	516,586	594,707	-	4,754	-	-	(788,303)	327,744	347,889	-	347,889
At 1 April 2017	20,146	516,585	594,707	-	(6,359)	-	-	(849,436)	255,497	275,643	-	275,643
Profit for the period	-	-	-	-	-	-	-	22,217	22,217	22,217	1,877	24,094
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
-Exchange difference on consolidation	-	-	-	-	2,055	-	-	-	2,055	2,055	-	2,055
Total comprehensive income for the period	-	-	-	-	2,055	-	-	22,217	24,272	24,272	1,877	26,149
Transaction with equity holders												
<i>Contributions and distributions</i>												
Issue of shares under placement	8,864	335,102	-	-	-	-	-	-	335,102	343,966	-	343,966
Issue of convertible bonds	-	-	-	98,328	-	-	-	-	98,328	98,328	-	98,328
Capital contribution for subsidiaries	-	-	-	-	-	3,638	-	-	3,638	3,638	-	3,638
Total transaction with equity holders	8,864	335,102	-	98,328	-	3,638	-	-	437,068	445,932	-	445,932
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	44,230	44,230
At 31 December 2017	29,010	851,687	594,707	98,328	(4,304)	3,638	-	(827,219)	716,837	745,847	46,107	791,954

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

Supply chain management and related services

The supply chain management service is the main focus of the Group. The Group is providing intermediate service between suppliers and customers and it takes advantage of the business networks and resources in order to assist small and medium-sized enterprises in various industries to minimize the overall operation cost. Owing to the solid financial background of the Group and the great demand for supply chain service in mainland China, the Group has established many strategic partnerships with other supply chain companies, so as to undertake the operation of purchase and sales based on the services on import and export trade, logistic, customs clearance and storage.

During the Period, the Group expanded its supply chain management service to include aquatic products and signed new contracts for electronic products, the supply chain management and related services regained its forward momentum. The Group also expanded its operation to vertically integrate with a fishing subsidiary to secure the supply of aquatic products.

Money lending business

The Group obtained a money lender license in Hong Kong under the Money Lenders Ordinance through the acquisition of a subsidiary in June 2016 to broaden its source of income and expand its business operations, in order to generate profits and return for the Group and the shareholders. As at the end of the Period, unsecured loans totaling HK\$108,700,000 were granted to 7 individuals and 4 corporations. Depending on the financial strength of the various lenders, the Group charged interest at rates which varied from 10% to 18% per annum. The Group regularly assessed the recoverability risk of its loan receivables portfolio to ensure that impairment loss, if any, would be made in a timely manner. During the Period, the Group generated interest income of approximately HK\$13,173,000 from its money lending business.

Financial Review

The Revenue for the Group increased significantly for the Period to approximately HK\$823,932,000 as compared to approximately HK\$109,500,000 for the corresponding period in 2016. As the Group expanded into aquatic products during the Period and generated a total revenue of approximately HK\$566,542,000, the fishing operation also contributed to approximately HK\$6,928,000 to the Group's total revenue after the completion of the subsidiary in December 2017; the revenue from the trading of electronic products was approximately HK\$ 237,289,000 during the Period, which represented an increase of approximately 1.3 times when compare with the corresponding period in 2016. The Group has continued to develop its business relationships with its business partners and potential partners in the PRC in order to increase and explore new sources of income.

The Group recorded an increase in gross profit to approximately HK\$45,625,000 in the Period as compared to approximately HK\$8,216,000 in the corresponding period in 2016. The Group will continue to control the material costs and explore new business opportunities, so as to improve the gross profit of the Group. The gross profit margin, excluding interest income received from the money lending business, increased from 2.8% to 3.6% during the Period. Gross profit margin for aquatic products were generally higher at 4.2% than the electronic products at 2.3%. With the shift of trading to aquatic products, there would be a favourable impact on the Group's gross profit margin.

Net profit attributable to equity holders of the Company for the Period amounted to approximately HK\$22,217,000 as compared to a loss of approximately HK\$6,066,000 in the corresponding period in 2016. The major component of the Group's expenses were travelling and entertainment, rent and rates, salaries and payroll.

Outlook

With the stable growth of the Company's supply chain management business during the Period because of the expansion to aquatic products and new contracts negotiated with the Company's customers, the Company will pay close attention to its performance and future development. At the same time, the management will continuously monitor and review the overall operation and financial performance of the Group's businesses so as to cope with the ever-changing business environment. The management will continue to proactively seek other promising investment and business opportunities to broaden the source of income of the Group and enhance value to the shareholders of the Company through investment and/or acquisition of business or projects that have promising outlooks and prospects, and with the Group's new management team having extensive experience in the marine fishing business, the Group will also explore further opportunities in the marine fishing business.

Liquidity, financial resources and capital structure

As at 31 December 2017, the Group had total assets of approximately HK\$1,238,900,000 (31 March 2017: approximately HK\$326,143,000), including bank balances and cash equivalent of approximately HK\$100,832,000 (31 March 2017: approximately HK\$23,955,000).

For the Period, the Group financed its operations mainly with its own working capital, however, general banking facilities amounting to RMB16,000,000, equivalent to approximately HK\$19,048,000, was granted to a subsidiary. There was no charge on the Group's assets as at 31 December 2017 (31 March 2017: Nil).

As at 31 December 2017, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was approximately 1.5% (31 March 2016: Nil). The Group's total bank borrowings as at 31 December 2017 was HK\$19,048,000 (31 March 2016: Nil).

Placing of new shares

- a) On 10 April 2017, 402,900,000 Placing Shares were allotted and issued by the Company pursuant to the Placing Agreement. The net proceeds arising from the above placing amounted to approximately HK\$117.4 million, net of expenses, which

were used as to (i) approximately HK\$23.4 million for the capital commitment under a joint venture agreement entered into between a subsidiary of the Company and Khmer First Investment Holdings Group Co., Ltd. dated 20 January 2017 for setting up a joint venture company in Cambodia; and (ii) the remaining HK\$94 million as general working capital of the Group with approximately HK\$66.1 million being applied for the Group's expansion of the supply chain operations and approximately HK\$22.5 million for the Group's net operation outlays.

Please refer to the Company's announcements dated 10 April 2017 for further details.

- b) On 5 September 2017, a placing agreement (the "Placing Agreement") was entered into between the Company and Kingston Securities Limited (the "Placing Agent"), pursuant to which the Company had conditionally agreed to place through the Placing Agent on a best effort basis, of up to 483,480,000 new shares (the "Placing Shares") at HK\$0.48 per Placing Share (the "Placing"). On 3 October 2017, 483,480,000 Placing Shares were allotted and issued by the Company pursuant to the Placing Agreement. The gross proceeds from the Placing is approximately HK\$232 million and the net proceeds from the Placing, after deduction of commission and other expenses of the Placing from the gross proceeds, is approximately HK\$226 million which was applied as to (i) approximately HK\$150 million for development of aquatic trading business with a major PRC customer for its processed food manufacturing, (ii) approximately HK\$2 million for the development of fishing business in Mozambique, including the construction of fishing vessels and operating cash flows such as wages, fuel charges and other operating charges for the fishing operation, (iii) approximately HK\$11 million for the development of business and purchase of cold storage in Cambodia to facilitate the storage of aquatic products before its export to the PRC; and (iv) approximately HK\$16 million as general working capital of the Group. It is expected that the remaining balance of the net proceed would be applied as intended.

Please refer to the Company's announcements dated 6 September 2017 and 3 October 2017 for further details.

Issue of Convertible Bond

On 27 October 2017, the Company has completed the subscription agreement with the Subscriber (an independent third party), Mr. Liu Rongsheng (chairman, chief executive officer and an executive Director of the Company) and Mr. Liu Yi (a substantial shareholder of the Company) as guarantors, to which the Subscriber has agreed to subscribe for the convertible bonds in an aggregate principal amount of HK\$100 million. The convertible bonds shall carry the rights to convert into conversion shares at the initial conversion price of HK\$0.24 per conversion share. A maximum number of 416,666,667 conversion shares will be allotted and issued upon exercise of all conversion rights. The net proceeds from the Subscription after deduction of expenses amounted to approximately HK\$95 million. The proceeds were applied as to (i) approximately 50% of the proceeds from the Subscription, being approximately HK\$47 million towards the working capital of the supply chain business, in particular, the supply chain operation of aquatic products. The Group applied the proceeds to expand the trading of aquatic products; and (ii) to the maximum extent of approximately 50% of the proceeds from the Subscription, being approximately HK\$48 million towards the fishing related operation.

Please refer to the Company's announcements dated 29 May 2017, 11 September 2017 and 27 October 2017, together with, the Company's circular dated 5 September 2017 for further details.

Exposure to fluctuations in exchange rates and related hedges

Most of the transactions of the Group are denominated in Hong Kong Dollar (“HKD”) and Renminbi (“RMB”). The Group adopts a conservative treasury policy with most of the bank deposits being kept in HKD, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 31 December 2017, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

Significant investments, material acquisitions and disposal of subsidiaries and affiliated companies

During the period, the Group completed the acquisition of 80% of the equity interest in Stonechen Comercial-Produtos da Pesca de Moma, Limitada (“Stonechen Acquisition”) and 70% of the equity interest in Shenzhen Qisen Fishery Company Limited (“Qisen Acquisition”). For details of the Stonechen Acquisition, please refer to the Company’s announcement on 29 September 2017 and 4 October 2017. For details of the Qisen Acquisition, please refer to the Company’s announcements on 15 May 2017, 29 May 2017, 21 June 2017, 10 November 2017 and 28 November 2017; and the circular of the Company (the “Circular”) dated 13 November 2017, in relation to, amongst other things, the Acquisition and the issue of the Convertible Bonds.

As at 31 December 2017, the Group held investments in securities in Hong Kong (collectively, the “Investments”) with a market value of approximately HK\$2,000 (31 March 2017: approximately HK\$66,093,000), representing an investment portfolio of 1 (31 March 2017: 8) listed securities in Hong Kong.

Except those as disclosed under sections above, the Group had no other significant investments, material acquisition or disposal of subsidiaries and affiliated companies during the Period.

Pledge of Assets and Contingent liabilities

The Group had no pledge of assets and contingent liability as at 31 December 2017 (31 March 2017: Nil).

Employees and remuneration policies

As at 31 December 2017, the Group had 161 (31 December 2016: 24) employees including the Directors. Total staff costs (excluding Directors’ emoluments) amounted to approximately HK\$6,074,000 for the Period, as compared to approximately HK\$7,665,000 in the corresponding period in 2016. Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and basic insurance for the elderly, basic medical insurance, work injury insurance and unemployment insurance to its employees in the PRC.

Future plans for material investments or capital assets and their expected sources of funding in the coming year

Save as disclosed in the “Outlook” above, the Group has no future plans for material investments or capital assets in the coming year.

Events after the reporting date

The Company announced on 25 January 2018 that the Group acquired an aggregate of 30,000,000 ordinary shares of HK\$0.01 each of TOMO Holdings Limited (“TOMO Shares”) in the open market for an aggregate consideration of HK\$24 million (excluding stamp duty and related expenses). TOMO Holdings Limited (“TOMO”) is a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the GEM (Stock Code: 8463). TOMO is principally engaged in the (i) design, manufacture, supply and installation of passenger vehicle leather upholstery; and (ii) supply and installation of passenger vehicle electronic accessories. The closing price of the TOMO Shares at date of the acquisition was HK\$1.58 representing a discount of 49.4% to the Group.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”)) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including interest or short positions which they had taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by directors were as follows:

Long position in the Shares

Name of Director	Capacity	Number of ordinary Shares held	Approximate percentage of issued share capital
Mr. Chen Liang	Beneficial owner	6,272,000	0.22%
Ms. Wei Qing	Beneficial owner	9,996,000	0.34%
Mr. Fan Guocheng	Beneficial owner	800,000	0.03%

Save as disclosed above, as at 31 December 2017, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the Directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2017, the interests and short positions of persons in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of the ordinary shares held	Approximate percentage of issued share capital
Liu Yi	Beneficial owner	573,944,000 (L)	23.74%

(L) denotes long position

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or, who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Apart from as disclosed under the section headed "Directors' and chief executive's interests in shares, underlying shares and debentures" above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 18 October 2011 for the purpose of providing incentives or rewards to the eligible participants for their contribution to the Group and/or enabling the Group to recruit additional employees and retain existing employees and to provide them with a direct economic interest in attaining the long term business objectives of the Group.

Eligible participants of the Share Option Scheme include the employees, consultants, suppliers or customers of the Company and its subsidiaries, including any independent non-executive Directors of the Company.

No share option has been granted under the Share Option Scheme since its adoption.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the Period, there were no purchases, sales or redemptions of the Company's listed shares by the Company or any of its subsidiaries, save as those disclosed under the section headed "Placing of new Shares and Issue of Convertible Bond" above.

DIRECTORS' INTEREST IN COMPETING INTERESTS

During the Period and up to the date of this report, the director who has an interest in any business apart from the Group's business, which competes or is likely to compete either directly or indirectly, with the Group's business that need to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules is as follows:

Director	Name of company	Nature of business	Nature of interest
Mr. Liu Rongsheng	Royal Century Resources Holdings Limited ("Royal Century") and its subsidiaries	Money lending business	Executive director and chief executive officer of Royal Century
Mr. Pang Pui Hung, Paton	Markway Finance Limited ("Markway")	Money lending business	a director of Markway

As Mr. Liu Rongsheng is the executive director and chief executive officer of Royal Century and has not involved in the daily operation of the subsidiaries of Royal Century which are operating the money lending business, the Group is capable of carrying on its business independently to, and at arm's length from the business of those companies.

As Mr. Pang Pui Hung, Paton is an independent non-executive director of the Company and has not involved in the daily operation of the Group, the Group is capable of carrying on its business independently to, and at arm's length from the business of Markway.

Save as disclosed above, during the Period, none of the Directors or the controlling shareholders or substantial shareholders or their respective close associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the Bye-laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

CODE OF CONDUCT REGARDING DIRECTOR'S SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding director's securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Throughout the Period, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the Period.

CHANGES OF DIRECTOR'S AND CHIEF EXECUTIVE'S INFORMATION

The changes of the Directors' and Chief Executive's information since the disclosure made in the Company's 2017-2018 interim report dated 10 November 2017 were set out as follows:

- Mr. Chen Liang has been appointed as an executive Director of Ding He Mining Holdings Limited (Stock code: 705) with effect from 13 July 2017.

AUDIT COMMITTEE

The Audit Committee was established in October 2001, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of overseeing the financial reporting system, risk management and internal control systems of the Group. As at 31 December 2017, the Audit Committee comprises the three independent non-executive Directors of the Company, namely, Mr. Pang Pui Hung, Paton, Ms. Li Yuen Fong, Michelle and Mr. Zhu Yifeng. The chairman of the Audit Committee was Mr. Pang Pui Hung, Paton.

The unaudited financial statements of the Group for the Period have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 9 February 2018

As at the date of this announcement, the executive Directors are Mr. Liu Rongsheng, Lord Cao Yunde, Mr. Fan Guocheng, Mr. Chen Liang 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. Zhu Yifeng.

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 in this announcement misleading.

This announcement will remain on the "Latest Company Announcement" page of the GEM website at <http://www.hkgem.com> for seven days after the date of publication and on the website of the Company at <http://www.chinaoceanfishing.hk>