THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Ocean Fishing Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of China Ocean Fishing Holdings Limited.

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)

(1) MAJOR TRANSACTION – ACQUISITION OF 70% OF EQUITY INTERESTS IN SHENZHEN QISEN FISHERY COMPANY LIMITED; (2) PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE; AND (3) NOTICE OF SGM

Terms used in this cover shall have the same meanings as defined in this circular.

A notice convening the SGM to be held at Room 03, 22/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. on 28 November 2017 is set out on pages 81 to 83 of this circular. A form of proxy for the special general meeting is enclosed herein. Whether or not you are able to attend the meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

13 November 2017

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

DEFINITIONS

In this circular, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein:

"Acquisition"	the acquisition of the Sale Equity by the Purchaser from the Vendors pursuant to the Sale and Purchase Agreement;
"Announcements"	the announcements of the Company dated 15 March 2017, 29 May 2017 and 21 June 2017 in relation to the Acquisition;
"Board"	the board of Directors;
"Business Day(s)"	a day (other than Saturday and Sunday) on which banks in Hong Kong are generally open for business;
"CB Conditions"	the conditions to be satisfied before the issue of the Convertible Bonds, which are set out in section headed "CB Conditions";
"Company"	China Ocean Fishing Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM;
"Completion"	completion of the Acquisition and the transactions contemplated under the Sale and Purchase Agreement in accordance with the terms therein;
"Completion Condition"	the condition to be satisfied before Completion is to take place, being the relevant industry and commerce bureau in the PRC approving the transfer of the Sale Equity to the Purchaser;
"Completion Date"	three days upon satisfaction of the Completion Condition;
"Consideration"	the sum of RMB60,909,000 to be paid by the Purchaser to the Vendors for the Sale Equity in such time, mode and manner as set out in the Sale and Purchase Agreement;
"Convertible Bonds"	the zero coupon convertible bonds in the principal amount of HK$57,201,120 to be issued by the Company under the Specific Mandate to the Vendors;
"Conversion Shares"	the Shares to be issued by the Company upon conversion of the Convertible Bonds;

"Director(s)"	the director(s) of the Company;
"Enlarged Group"	the Group as enlarged by the Target Group after completion of the Acquisition;
"GEM"	the Growth Enterprise Market of the Stock Exchange;
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Joint Venture Agreement"	as defined in the announcement of the Company dated 20 January 2017;
"Latest Practicable Date"	10 November 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
"Long Stop Date"	31 December 2017 (or any other date as agreed by the Company and the Vendors in writing);
"Maturity Date"	the maturity date of the Convertible Bonds
"MOU"	the memorandum of understanding dated 15 March 2017 entered into between the Vendors and the Purchaser, details of which were set out in announcement of the Company dated 15 March 2017;
"Placing Agreements"	as defined in the announcements of the Company dated 5 September 2017, 20 March 2017 and 17 August 2016;
"Purchaser"	Jin Yu Tang (Shenzhen) Fishery Co., Ltd, a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company;
"PRC" or "China"	the People's Republic of China, and for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"Sale and Purchase Agreement"	the sale and purchase agreement dated 29 May 2017 entered into between the Purchaser and the Vendors in relation to the Acquisition, and as supplemented and amended by the Supplemental Agreement;
"Sale Equity"	70% equity interest in the Target Group as at the date of the Sale and Purchase Agreement;
"Supplemental Agreement"	means the supplemental agreement dated 10 November 2017 entered into between the Vendors and the Purchaser pursuant to which the parties agreed the Long Stop Date would be 31 December 2017;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and modified from time to time;
"SGM"	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Specific Mandate);
"Share(s)"	the ordinary share(s) of HK$0.01 each in the issued share capital of the Company as at the Latest Practicable Date;
"Shareholder(s)"	the holder(s) of the Share(s);
"Specific Mandate"	the specific mandate to be granted to the Directors by the Shareholders at the SGM for the allotment and issue of up to a maximum of 238,338,000 Conversion Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription Agreement"	as defined in the circular of the Company dated 5 September 2017 in relation to the proposed issue of convertible bonds under specific mandate;
"Target Company"	Shenzhen Qisen Fishery Company Limited*, a limited liability company established in the PRC;
"Target Group"	the Target Company and its subsidiaries;
"Vendors"	Vendor A and Vendor B;
"Vendor A"	陳遂芳女士 (Ms. Chen Suifang*), an independent third party;

"Vendor B"	蔡海銘先生 (Mr. Cai Haiming*), an independent third party;
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong;
"RMB"	Renminbi, the lawful currency of the PRC;
''THB''	Thai Baht, the lawful currency of Thailand;
"%"	per cent.

* *For identification purpose only*

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)

Executive Directors:
Mr. Liu Rongsheng
Lord Cao Yunde
Mr. Fan Guocheng
Mr. Chen Liang
Ms. Wei Qing

Non-executive Director:
Mr. Yang Yong

Independent non-executive Directors:
Mr. Pang Pui Hung, Paton
Ms. Li Yuen Fong, Michelle
Mr. Zhu Yifeng

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Room 03, 22/F
China Resources Building
26 Harbour Road
Wan Chai
Hong Kong

13 November 2017

To the Shareholders,

Dear Sir or Madam,

(1) MAJOR TRANSACTION -
ACQUISITION OF 70% OF EQUITY INTERESTS IN SHENZHEN QISEN FISHERY COMPANY LIMITED;
(2) PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;
AND
(3) NOTICE OF SGM

INTRODUCTION

References are made to the Announcements relating to the Acquisition.

The purpose of this circular is to provide you with, *inter alia*, further details of (i) the Sale and Purchase Agreement and transactions contemplated thereunder; (ii) the Specific Mandate; (iii) financial and other information of the Group; (iv) financial and other information of the Target Group; (v) pro forma financial information of the Enlarged Group; and (vi) the notice of the SGM.

ACQUISITION

Set out below are the principal terms of the Sale and Purchase Agreement:

Date: 29 May 2017 (after trading hours)

Parties:

(i) Jin Yu Tang (Shenzhen) Fishery Co., Ltd, as Purchaser;

(ii) Ms. Chen Suifang, as Vendor A; and

(iii) Mr. Cai Haiming, as Vendor B;

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Vendors are third parties independent of each of the Company, the Purchaser and their respective connected persons (as defined under the GEM Listing Rules).

Assets to be acquired

Pursuant to the Sale and Purchase Agreement and subject to the conditions, (i) Vendor A has agreed to sell and the Purchaser has agreed to purchase from Vendor A, free from any encumbrances whatsoever, 40% of the equity interests in the Target Group; (ii) Vendor B has agreed to sell and the Purchaser has agreed to purchase from Vendor B, free from any encumbrances whatsoever, 30% of the equity interests in the Target Group. The Vendors are to sell to the Purchaser, in aggregate, the Sale Equity, representing 70% of the equity interest in the Target Group.

Consideration

The Consideration in the sum of RMB60,909,000 shall be settled and discharged by the Purchaser in the following manner:

(i) RMB5,000,000 already settled by the Purchaser in cash and was paid to the Vendors after signing of the MOU (approximately RMB2,857,143 was paid to Vendor A and approximately RMB2,142,857 was paid to Vendor B);

(ii) RMB5,000,000 to be settled by the Purchaser in cash is payable to the Vendors within three Business Days after Completion (approximately RMB2,857,143 payable to Vendor A and approximately RMB2,142,857 payable to Vendor B); and

(iii) the remaining balance of RMB50,909,000 (equivalent to HK$57,201,120), will be settled by issue of Convertible Bonds by the Company after Completion and satisfaction of the CB Conditions (Convertible Bonds in the principal amount of HK$32,686,354 is to be issued to Vendor A and Convertible Bonds in the principal amount of HK$24,514,766 is to be issued to Vendor B).

Basis of Consideration

The Consideration payable in respect of the Sale Equity has been arrived at after arm's length negotiations between the Purchaser and the Vendors and was determined with reference to (i) the historical operating and financial performance of the Target Group; and (ii) the business prospects and the synergies that may be derived from the business of the Target Group.

At the moment, due to the shortage of funds to process the fishing products and maintain them in cold storage facilities, the Target Group is selling its fishing products to a local customer in Thailand, namely Pichaleesukul (which is a third party independent from the Vendors and its ultimate beneficial owners), who will in turn export the fishing products to the PRC. Upon Completion, the Group intends to allocate more resources to the Target Group so that it will be able to process the fishing products in Thailand and exported them to the PRC by the Target Group directly. The Directors believe that with this arrangement, it will not only eliminate the single customer risk as the Target Group can sell the fishing products directly to the PRC customers and it will also bring a new revenue source to the Group.

In determining the Consideration, the Directors also used the net asset value of the Target group as the benchmark which, as at 30 June 2017, was approximately RMB120 million.

In determining the Consideration, the Directors also considered that the Acquisition will likely substantially improve the profitability of the Company. Firstly, the Directors are of the view that the price of aquatic product will grow consistently as the resources of ocean fish is becoming less and less. Secondly, the Company and the Target Group can leverage on each other's business – the Target Group can leverage on the fishing distribution channels available to the Group and the Company can leverage on the reliable fishing supply of the Target Group to expand its foot-prints in the fishing business. Thirdly, ocean fishing business is an encouraged business of the PRC government. The PRC government provides subsidies to such fishing companies and the Target Group is one of them. So far as the Directors are aware, there is no sign that such subsidies policy of the PRC government will be changed in the near future and the subsidies enjoyed by the Target Group shall be a consistent cost saver to the Group as a whole (subject to Completion).

In view of the above, the Directors are of the view that the Consideration is fair and reasonable and is on normal commercial terms.

Given that the remaining cash consideration from the Completion would only be RMB5 million and the completion of the COFCO CB (as defined below) has taken place on 27 October 2017, the Company will utilise its internal resources to settle the cash consideration of the Acquisition.

CB Conditions

The issue of Convertible Bonds is conditional upon the following CB Conditions:

(i) the Completion taking place; and

(ii) the passing of the resolution by the Shareholders in the SGM approving, the Sale and purchase Agreement and the transaction contemplated thereunder (including the Specific Mandate);

(iii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares, which has not been revoked as at Completion.

none of the Completion Conditions have been fulfilled as at the Latest Practicable Date.

In the event that the CB Conditions and the Completion Conditions are not fulfilled or waived in writing by the Purchaser by the Long Stop Date, then the Vendors and the Purchaser shall not be bound to proceed with the transactions contemplated under the Sale and Purchase Agreement and Vendors shall forthwith refund to the Purchaser all money paid by the Purchaser to the Vendors.

Completion

Subject to the satisfaction of the Completion Condition and terms of the Sale and Purchase Agreement having been fulfilled, Completion shall take place on the Completion Date, subject to the approval of the Sale and Purchase Agreement by the Shareholders at the SGM.

Upon Completion, the Company and Vendor A will be indirectly interested in 70% and 30%, respectively in the Target Group and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group in accordance with the Group's accounting policies.

The Company is acquiring a 70% interest in the Target Company as it does not wish to interfere with the existing operations and management of the Target Company by taking over its entire shareholding. The Company has no intention to acquire any further interest in the Target Company as at the Latest Practicable Date.

ISSUE OF CONVERTIBLE BONDS

Specific Mandate

The Conversion Shares to be issued upon exercise of conversion rights under the Convertible Bonds will be issued under the Specific Mandate and are subject to approval by the Shareholders at the SGM.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Principal amount:	An aggregate principal amount of RMB50,909,000 ,which converted to HK$57,201,120 of which HK$32,686,354 will be issued to Vendor A and HK$24,514,766 will be issued to Vendor B.
Interest:	Zero coupon rate.
Conversion price:	HK$0.24 per Conversion Share.
Maturity date:	The first anniversary of the date of issue of the Convertible Bonds.
Conversion:	The bondholder shall have the right to exercise the conversion rights of the Convertible Bonds of the aggregate principal amount in whole or in any integral multiple of RMB500,000 during the Conversion Period.
Conversion Shares:	Assuming that the Convertible Bonds is fully converted into Conversion Shares at the initial conversion price of HK$0.24, a total of 238,338,000 Conversion Shares will be issued which represent approximately 8.22% of the issued share capital of the Company as at the Latest Practicable Date and approximately 7.59% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to the allotment and issue of the Conversion Shares.
Adjustment to Conversion Price:	The Conversion Price of the Convertible Bonds is subject to adjustments in the following events: (a) If and whenever the Company shall issue any Shares or any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares with conversion price less than the then market price provided that the Conversion Price shall not at any time fall below the par value of the Shares;

(b) If and whenever the Company shall offer to Shareholders new Shares subscription by way of rights, or shall grant to Shareholders any options or warrants to subscribe for new Shares at a price below the par value of the Shares;

(c) If and whenever the Shares by reason of any consolidation or sub-division become of a different nominal amount;

(d) If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves;

(e) If and whenever the Company shall make any capital distribution to Shareholders or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries; or

(f) If the Company or the bondholder determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances (whether or not referred to in sub-paragraphs (a) to (e) above), or that an adjustment should be made in a manner other than in accordance with sub-paragraphs (a) to (e) above.

Redemption: The Company shall redeem the Convertible Bonds or the then outstanding principal amount thereof on the Maturity Date.

Transferability: The Convertible Bonds cannot be transferred to any other person.

Ranking of Conversion Shares: The Conversion Shares shall rank pari passu in all respects with all other existing Shares outstanding at the conversion date and all Conversion Shares shall have the right to participate in all dividends and other distributions the record date of which falls on or after the conversion date.

Conversion Period: On Maturity Date.

INFORMATION OF THE TARGET GROUP AND THE VENDORS

The Target Company is a company established in the PRC with limited liability. Its subsidiary, Shenzhen Richsum Ocean Fishery (Thailand) Co., Ltd., is a company established in the Thailand with limited liability. The Target Company and its subsidiary are together known as the Target Group. The Target Group is principally engaged in, amongst other things, fishing and catching business in open sea beyond the coastal region and has obtained the fishing right in Thailand which is in operation. The Target Group has been operating five trawlers in Phuket for its trawling operation since 2012. These trawlers were registered in Shenzhen, PRC, thus annual inspection was carried out by the representative of the Shenzhen authority in Phuket to ensure sea-worthiness of these vessels. So far as the Directors are aware, apart from the payment of a nominal amount of THB720 (equivalent to approximately HK$170) for the annual license renewal of the five trawlers, there are no other requirements for license renewal in Thailand.

At the moment, the Target Group is selling its fishing products to its sole local customer, namely Pichaleesukul, in Thailand, who will in turn export the fishing products to the PRC.

So far as the Directors are aware, the Target Group is in compliance of applicable law rules and regulations for purpose of its operation.

As at the date of the Sale and Purchase Agreement, Vendor A was interested in 70% equity interests in the Target Group and Vendor B was interested in 30% equity interests in the Target Group.

Vendor A has been in the fishing business for over 6 years and is a founder of the Target Group.

Vendor B has been in the fishing business for over 2 years and is a shareholder of the Target Group.

FINANCIAL INFORMATION OF THE TARGET GROUP

The following is a summary of the audited financial information of the Target Group:

RESULTS

	For the year ended 31 December 2015 *RMB'000*	**For the year ended 31 December 2016** *RMB'000*
Revenue	7,892	77,448
Profit before tax*	6,373	7,500
Profit after tax*	6,373	7,500

* The profits for the years ended 31 December 2015 and 2016 mainly arose from subsidies from local government bodies in the PRC. The Target Group received subsidies from local government bodies in the PRC, which aimed at encouraging the fishing business in open sea beyond the coastal region (the "**Subsidies**"). The Subsidies are expected to continue in future years given the substantial demand for aquatic products in PRC. As the Subsidies relate to operations rather than the amount of catches, the Directors considered them as a stable source of income for the Enlarge Group and included the Subsidies as part of the normal operating income of the Enlarge Group.

ASSETS

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	143,319	157,106	195,894	197,702
Net assets	101,511	107,884	115,384	120,444

As at 31 December 2016 and 30 June 2017, the Target Group has constructed 10 fishing trawlers. The capital commitment relates to the construction of 10 fishing trawlers with a construction cost of RMB13.7 million each. So far as the Directors are aware, the construction of these fishing trawlers would be completed in January 2018 and, subject to Completion taking place, the Group intends to fund the construction costs from its internal resources.

According to the financial statements of the Target Group, as at 30 June 2017, an amount of RMB86.1 million and RMB4.4 million was due from Shenzhen Qisen Industrial Co., Limited ("**SZ Qisen**") and Mr. Zheng Songjin ("**Mr. Zheng**"). The amounts were advanced to SZ Qisen for purpose of its working capital and personal advances to Mr. Zheng. As at the Latest Practicable Date, an aggregate amount of approximately RMB88.7 million has been received from SZ Qisen and Mr. Zheng and an aggregate amount of RMB1.8 million is still outstanding from SZ Qisen and Mr. Zheng. The Company has requested the remaining amount to be repaid to the Target Group before the Completion. With the settlement of the receivables before Completion, the Board would not expect material impairment on trade and other receivables of the Target Group after the Completion.

The audited financial statements of the Target Group were prepared in accordance with generally accepted accounting principles in Hong Kong.

REASONS FOR ENTERING INTO OF THE ACQUISITION

The principal activity of the Company is investment holding. The Group is principally engaged in supply chain management services and money lending business.

The Directors believe that the demand for aquatic products in the PRC will continue to be high in the foreseeable future and as such, the Group has been actively looking into opportunities to tap into the aquiculture sector. With reference to the announcement of the Company dated 25 May 2017, the Group has engaged a shipbuilder to construct eight fishing vessels so that the Group will be well-equipped to embark on the marine fishing business. With reference to the announcement of the Company dated 29 September 2017, the Group has purchased majority interest in a Mozambique company which holds fish catching license in Nampula, Mozambique. With reference to the announcement of the Company dated 10 October 2017, the Group has entered into a memorandum of understanding in relation to the potential acquisition of a company which is principally engaged in the freezing and intensive processing of aquatic products. With reference to the announcement of the Company dated 13 October 2017, the Group has entered into a memorandum of understanding in relation to the potential acquisition of a company which has ten newly built fishing trawlers and holds license to operate fishing and catching business in Malaysian waters. The Directors believe that the synergy effect from the Acquisition, together with the recent acquisitions of the Group, will provide a good leverage for the Group to enhance its presence in the aquiculture sector, in particular, the marine fishing business.

The Company has been actively looking for opportunities to create Shareholders' value through making investments and/or acquiring business or projects that have promising outlooks and prospects, in particular, marine fishing business. The Directors consider that the Acquisition could provide an opportunity for the Company to enter into the aquaculture which the Directors believe can bring a new income stream to the Group, and therefore it is in the interest of the Company and its Shareholders as a whole.

EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRCUTURE OF THE COMPANY

	As at the Latest Practicable Date		Immediately after Completion and upon conversion of the Convertible Bonds	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
Shareholders				
Vendor A	–	–	136,193,143	4.34
Vendor B	–	–	102,144,857	3.25
Liu Yi	573,944,000	19.78	573,944,000	18.28
Chen Liang *(Note 1)*	3,972,000	0.14	3,972,000	0.13
Public Shareholders	2,323,039,513	80.08	2,323,039,513	74.00
Total	2,900,955,513	100.00	3,139,293,513	100.00

Notes:

1. Chen Liang is an executive Director of the Company

FINANCIAL IMPACT OF THE ACQUISITION

Upon Completion, the Target Group will become an indirectly owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group in accordance with the Group's accounting policies.

Effect on assets and liabilities

Details of the financial effect of the Acquisition on the financial position of the Group together with the bases and assumptions taken into account in preparing the unaudited pro-forma financial information are set out, for illustration purpose only, in Appendix IV of this circular.

Effect on earnings

The Target Group recorded a profit after taxation of approximately RMB6.4 million, RMB7.5 million and RMB 5.1 million for the financial years ended 31 December 2015 ,31 December 2016 and six months' period ended 30 June 2017, respectively.

LISTING RULE IMPLICATIONS

As the applicable percentage ratios (calculated in accordance with Rule 19.06 of the GEM Listing Rules) exceeds 25% but are below 100%, the Acquisition constitutes a major transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the GEM Listing Rules.

The SGM will be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the Sale and Purchase Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

Save as disclosed in the table below, the Company has not undertaken any equity fund raising activities over the period from the date twelve months prior to the date of the announcement of the Company dated 29 May 2017 until the Latest Practicable Date:

Date of the initial announcement	Fund raising activity	Net proceeds (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
17 August 2016	Placing of new shares under general mandate	HK$32.5 million	For general working capital of the Group	As to (i) approximately HK$30 million used as working capital of the money lending business and lent to independent third parties; and (ii) the remaining used as general working capital of the Group

Date of the initial announcement	Fund raising activity	Net proceeds (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
20 March 2017	Placing of new shares under general mandate	HK$117.4 million	As to (i) approximately HK$23.4 million for the capital commitment under a joint venture agreement; and (ii) the remaining as general working capital of the Group	As to (i) approximately HK$20 million used as working capital of the money lending business and lent to independent third parties; (ii) approximately HK$80 million used to purchase electronic and aquatic products of the supply chain business; and (iii) the remaining used as general working capital of the Group
29 May 2017	Proposed issue of convertible bonds under specific mandate (the "**COFCO CB**")	HK$95 million	As to (i) approximately HK$47 million for the working capital of the supply chain business, in particular, the supply chain operation of aquatic products. The Group intend to use the proceeds to expand the trading of aquatic products; and (ii) approximately HK$48 million for the fishing related operation including potential acquisitions.	The proceeds has been placed in the bank account of the Group in Hong Kong and will be utilised as intended

Date of the initial announcement	Fund raising activity	Net proceeds (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
5 September 2017	Placing of new shares under general mandate	HK$226 million	As to (i) approximately HK$150 million for the development of aquatic trading business with a major PRC customer for its processed food manufacturing; (ii) approximately HK$30 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$30 million for the 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.	As to (i) approximately HK$143 million for the development of aquatic trading business; (ii) approximately HK$25 million for the investments in a PRC subsidiary of the Company for its development of fishing business in Mozambique and Cambodia; (iii) approximately HK$9 million as the general working capital of the Group; and (iv) the remaining proceeds are placed in the bank account of the Group and it will be utilised as intended..

SGM

The SGM will be held at Room 03, 22/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on at 11:00 a.m. on 28 November 2017 for the purpose of considering and, if thought fit, approving the ordinary resolutions in respect of the Sale and Purchase Agreement, and the transactions contemplated thereunder, including the issue of the Convertible Bonds under the Specific Mandate.

The notice convening the SGM is set out on pages 81 to 83 of this circular. A form of proxy for use at the SGM is also enclosed in this circular. Whether or not you are able to attend the SGM and/or vote at the SGM in person, you are requested to complete and return the enclosed form of proxy to the Company's Hong Kong branch share registrar, Tricor Tengis Limited at level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, including the proposed grant of the Specific Mandate to issue the Convertible Bonds and accordingly no Shareholder is required to abstain from voting on the resolution(s) to be proposed at the SGM.

RECOMMENDATION

The Board considers that the Acquisition, and the issuance of Convertible Bonds under Special Mandate is fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of the resolutions as set out in the notice of SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices of this circular.

Yours faithfully,
By Order of the Board
China Ocean Fishing Holdings Limited
Liu Rongsheng
Executive Director and Chairman

1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out in this circular the information for the last two financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 March 2017 have been set out in the Annual Report 2016-2017 of the Company which was posted on 29 June 2017 on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the Annual Report 2016-2017: http://www.hkexnews.hk/listedco/listconews/GEM/2017/0629/GLN20170629319.pdf

The audited consolidated financial statements of the Group for the year ended 31 March 2016 have been set out in the Annual Report 2015-2016 of the Company which was posted on 29 June 2016 on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the Annual Report 2015-2016: http://www.hkexnews.hk/listedco/listconews/GEM/2016/0629/GLN20160629213.pdf

The audited consolidated financial statements of the Group for the year ended 31 March 2015 have been set out in the Annual Report 2014-2015 of the Company which was posted on 30 June 2015 on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the Annual Report 2014-2015: http://www.hkexnews.hk/listedco/listconews/GEM/2015/0630/GLN20150630053.pdf

The three auditors' reports for the consolidated financial statements of the Group for the years ended 31 March 2015, 2016 and 2017 are unqualified reports.

2. STATEMENT OF INDEBTEDNESS

Other borrowings – unsecured

As at the close of business on 30 September 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had outstanding borrowings of RMB16,000,000 comprising of bank borrowings.

Contingent liabilities

As at 30 September 2017, the Enlarged Group had no material contingent liabilities arising in the ordinary course of business.

Save as aforesaid and apart from intra-group liabilities, the Enlarged Group did not, as at the close of business on 30 September 2017, have any mortgage, charges, debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 March 2017, the date to which the latest published audited financial statements of the Group were made up.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into accounts the financial resources available to the Enlarged Group, including the existing cash and bank balances and other internal resources available, the Enlarged Group has sufficient working capital after entering into the Acquisition for its present requirements and for at least 12 months from the date of publication of this circular in the absence of unforeseeable circumstances.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

After Completion, the Enlarged Group will continue its existing business plan in the respective segments and the Company will also continue its existing ordinary business.

The supply chain management service remains the main focus of the Group. Even though the supply chain management business is having a stable growth because of the new contract with 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 keep proactively seeking for other investment and business opportunities with promising prospect to broaden the source of income of the Group and enhance value to the Shareholders through making investments and/or acquiring 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 in the marine fishing business.

Looking forward, the Acquisition represents an expansion of the Group's existing business activities. As disclosed in the section of "Letter from the Board – Reasons for entering into of the Acquisition", after taking into account the factors set out in that section, the Directors consider that the Acquisitions is beneficial for the Group as it could provide the Enlarged Group stable and additional revenue stream in the future, thereby improving the financial results of the Enlarged Group. Further, the Enlarged Group will continue to implement prudent investment principal to identify investment opportunities that will enhance Shareholders' value.

Looking ahead, the Group will continue to strive for business growth and seize opportunities in order to bring greater returns to the Shareholders.

REANDA
REANDA LAU & AU YEUNG (HK) CPA LIMITED
利安達劉歐陽(香港)會計師事務所有限公司

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHINA OCEAN FISHING HOLDINGS LIMITED

Introduction

We report on the historical financial information of Shenzhen Qisen Fishery Company Limited (the "**Target Company**") and its subsidiary (together, the ''**Target Group**'') set out on pages 27 to 60, which comprises the consolidated statements of financial position as at 31 December 2014, 2015 and 2016, and 30 June 2017 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages 27 to 60 forms an integral part of this report, which has been prepared for inclusion in the circular of China Ocean Fishing Holdings Limited (the "**Company**") dated 13 November 2017 (the "**Circular**") in connection with the proposed acquisition of 70% equity interests in the Target Group (the "**Proposed Acquisition**") by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Group are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud to error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group as at 31 December 2014, 2015 and 2016 and 30 June 2017 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the six months ended 30 June 2016 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Target Group are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE GEM RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements have been made.

Dividends

No dividends have been paid by Target Company in respect of the Relevant Periods.

REANDA LAU & AU YEUNG (HK) CPA LIMITED
Certified Public Accountants

Franklin Lau Shiu Wai, Auditor
Practising Certificate number: P01886
HONG KONG, 13 November 2017

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Reanda Lau & Au Yeung (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB '000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December 2014	For the year ended 31 December 2015	For the year ended 31 December 2016	For the period ended 30 June 2016	For the period ended 30 June 2017
		RMB '000	*RMB '000*	*RMB '000*	*RMB '000* (unaudited)	*RMB '000*
Revenue	*5*	50,005	7,892	77,448	41,171	27,150
Cost of goods sold		(48,121)	(6,995)	(73,571)	(30,889)	(19,721)
Gross profit		1,884	897	3,877	10,282	7,429
Other revenue	*5*	4,248	8,343	8,372	359	399
Selling and distribution costs		(117)	(16)	(622)	(185)	(528)
Administrative expenses		(900)	(1,167)	(2,791)	(1,026)	(1,603)
Finance costs		(1,621)	(1,684)	(1,336)	(570)	(637)
Other operating expenses		–	–	–	–	–
Profit before taxation	*6*	3,494	6,373	7,500	8,860	5,060
Income tax expenses	*9*	–	–	–	–	–
Profit for the year/period		3,494	6,373	7,500	8,860	5,060

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at 30 June 2017
		RMB '000	*RMB '000*	*RMB '000*	*RMB '000*
Non-current assets					
Property, plant and equipment	*11*	18,058	16,160	14,263	13,315
Construction in progress	*12*	–	–	79,460	79,460
		18,058	16,160	93,723	92,775
Current assets					
Inventories	*13*	9,404	28,053	–	4,179
Trade and other receivables	*14*	115,538	107,787	102,127	100,730
Bank balances and cash					
– Unrestricted	*15*	319	106	44	18
– Restricted	*15*	–	5,000	–	–
		125,261	140,946	102,171	104,927
Current liabilities					
Trade and other payables	*16*	17,344	22,276	59,482	55,831
Borrowings	*17*	18,000	21,200	16,000	16,000
		35,344	43,476	75,482	71,831
Net current assets		89,917	97,470	26,689	33,096
Total assets less current liabilities		107,975	113,630	120,412	125,871
Non-current liabilities					
Deferred income	*18*	6,464	5,746	5,028	5,427
		6,464	5,746	5,028	5,427
Net assets		101,511	107,884	115,384	120,444

	Note	As at 31 December 2014 RMB '000	As at 31 December 2015 RMB '000	As at 31 December 2016 RMB '000	As at 30 June 2017 RMB '000
Capital and reserves					
Paid up capital	*19*	100,000	100,000	100,000	100,000
Reserves	*20*	1,511	7,884	15,384	20,444
Total equity		101,511	107,884	115,384	120,444

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid up capital	Statutory reserve	Other reserve	(Accumulated losses)/ Retained earnings	Total
	RMB '000	*RMB '000*	*RMB '000*	*RMB '000*	*RMB '000*
At 1 January 2014	20,000	–	–	(1,983)	18,017
Profit for the year	–	–	–	3,494	3,494
Injection of capital contribution	80,000	–	–	–	80,000
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Transfer from retained earnings to statutory and other reserve	–	343	172	(515)	–
At 31 December 2014 and 1 January 2015	100,000	343	172	996	101,511
Profit for the year	–	–	–	6,373	6,373
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Transfer from retained earnings to statutory and other reserve	–	637	319	(956)	–
At 31 December 2015 and 1 January 2016	100,000	980	491	6,413	107,884
Profit for the year	–	–	–	7,500	7,500
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					

	Paid up capital	Statutory reserve	Other reserve	(Accumulated losses)/ Retained earnings	Total
	RMB '000	*RMB '000*	*RMB '000*	*RMB '000*	*RMB '000*
Transfer from retained earnings to statutory reserve	–	750	–	(750)	–
At 31 December 2016 and 1 January 2017	100,000	1,730	491	13,163	115,384
Profit for the period	–	–	–	5,060	5,060
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Transfer from retained earnings to statutory reserve	–	506	–	(506)	–
At 30 June 2017	100,000	2,236	491	17,717	120,444
Period ended 30 June 2016 (unaudited)					
At 1 January 2016	100,000	980	491	6,413	107,884
Profit for the period	–	–	–	8,860	8,860
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Transfer from retained earnings to statutory reserve	–	886	–	(886)	–
At 30 June 2016	100,000	1,866	491	14,387	116,744

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	For the year ended 31 December 2014 *RMB '000*	For the year ended 31 December 2015 *RMB '000*	For the year ended 31 December 2016 *RMB '000*	For the period ended 30 June 2016 *RMB '000* (unaudited)	For the period ended 30 June 2017 *RMB '000*
OPERATING ACTIVITIES						
Profit before taxation		3,494	6,373	7,500	8,860	5,060
Depreciation of property, plant and equipment		1,899	1,898	1,897	948	948
Changes in working capital						
Inventories		(9,404)	(18,649)	28,053	11,989	(4,179)
Trade and other receivables		(85,342)	7,751	5,660	(20,071)	1,397
Trade and other payables		12,364	4,932	(21,854)	9,710	(3,651)
Deferred income		(718)	(718)	(718)	(359)	399
Net cash generated from/(used in) operating activities		(77,707)	1,587	20,538	11,077	(26)
INVESTING ACTIVITIES						
Purchase of property, plant and equipment		(4)	–	–	–	–
Increase in construction in progress		–	–	(20,400)	(10,000)	–
Net cash used in investing activities		(4)	–	(20,400)	(10,000)	–
FINANCING ACTIVITIES						
Proceeds from capital contribution		80,000	–	–	–	–
(Increase)/decrease in restricted bank balances		–	(5,000)	5,000	5,000	–
Drawndown of bank borrowings		–	5,000	16,000	–	–
Repayment of bank borrowings		(2,000)	(1,800)	(21,200)	(5,115)	–
Net cash generated from/(used in) financing activities		78,000	(1,800)	(200)	(115)	–
Net (decrease)/increase in cash and cash equivalents		289	(213)	(62)	962	(26)
Cash and cash equivalents at the beginning of reporting period		30	319	106	106	44
Cash and cash equivalents at the end of reporting period, represented by unrestricted bank balances and cash	*15*	319	106	44	1,068	18

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Shenzhen Qisen Fishery Company Limited is incorporated in in People's Republic of China ("**PRC**") on 3 June 2011 with limited liability.

The principal activity of the Target Group engaged in fishing and catching business in open sea beyond the coastal region and has obtained the fishing right in Thailand which is in operation. As at 30 June 2017 and up to the date of this report, Target Group has paid up capital of RMB100,000,000.

Particulars of the Target Group's subsidiary, which have substantially similar characteristics to a private company incorporated in Thailand, during the Relevant Periods are as set out in Note 24.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The Historical Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2017, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention. The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

(b) Basis of preparation

For the purpose of preparation of the Historical Financial Information, the Target Group has adopted all the revised standards and new interpretations applicable throughout the Relevant Periods.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

(c) Issued but not yet effective Hong Kong Financial Reporting Standards

Annual Improvements Project HKFRS 1 and HKAS 28	Annual Improvements 2014-2016 Cycle (amendments)[1]
HKFRS 2	Classification and Measurement of Share-based Payment Transactions (amendments)[1]
HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts (amendments)[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 15	Clarifications to HKFRS 15 (amendments)[1]
HKAS 40	Transfers of Investment Property (amendments)[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HKFRS 16	Leases[2]
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)[3]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 A date to be determined by the IASB

The Target Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the above developments are relevant to the Target Group's Consolidated financial statements but the adoption of them is unlikely to have a significant impact on the Target Group's results of operations and financial position. Further details are discussed below:

HKFRS 9 "Financial Instruments"

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39 – Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 16 "Leases"

HKFRS 16 no longer distinguished between finance leases and operating leases. Subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting.

3. PRINCIPAL ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Target Company and its subsidiary for the Relevant Period. The financial statements of the subsidiary is prepared for the same reporting year as that of the Company using consistent accounting policies.

Subsidiary

A subsidiary is an entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary is consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiary have been adjusted to conform with the Group's accounting policies.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is calculated to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately. The principal annual rates used are as follows:

Fishing vessels	10%
Transportation vehicles	20%
Computer and office equipment	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Financial assets

Classification

The Target Group classifies its financial assets as fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period. These are classified as noncurrent assets. The Target Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the consolidated statement of financial position.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Target Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and the transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Target Group has transferred substantially all risks and rewards of ownership. Financial assets carried at fair value through profit or loss is subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. The Target Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Impairment of financial assets

At the end of each reporting period, the Target Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and Cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise bank deposits with original maturity with three months, cash at banks, and short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Sale of goods is recognised on transfer of risk and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average costing method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of non-financial assets

At the end of each reporting period, the Target Group reviews internal and external sources of information to assess whether there is any indication that property, plant and equipment and other assets may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cashgenerating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Employee benefits

Short-term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Defined contribution plans

Pursuant to the laws and regulations of the PRC, contributions to the defined contribution retirement schemes for the Target Group's PRC staff are made to the relevant government authorities in the PRC, which are calculated on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. These contributions are expensed as incurred.

Taxation

The charge for current income tax is based on the results for the year/period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Government grants

Grants from the PRC government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with the attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to prepaid land lease payment and intangible assets are included in non-current liabilities as deferred income and are credited to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the expected useful lives of the related assets.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Related parties

A related party is a person or entity that is related to the Target Group.

(a) A person or a close member of that person's family is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) the entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Target Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Target Group's chief operating decision maker for the purpose of allocating resources to, and assessing the performance of, the Target Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Target Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimate uncertainty

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Target Group is based on the evaluation by management of the collectability of the trade and other receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required.

Impairment of property, plant and equipment

The management determines whether the Target Group's property, plant and equipment are impaired where an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment, which is equal to the higher of net selling price or the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from property, plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

Allowance for inventories

The Target Group's management reviews the condition of inventories, at the end of each reporting period, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable. The Target Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the latest market prices and current market conditions.

4. SEGMENTAL INFORMATION

The Target Group has been operating with one reportable and operating segment, being principally engaged in fishing and catching business in open sea beyond the coastal region and has obtained the fishing right in Thailand which is in operation. In a manner consistent with the way in which information is reported internally to the Target Group's chief operating decision makers, who are the directors of the Target Group, for the purposes of resource allocation and performance assessment, the Target Group has only one single operating segment, which is more than 90% of the Target Group's revenue during the Relevant Periods. Accordingly, no segment information except for entity-wide disclosure is provided.

(a) Geographical information

The Target Group operates within one geographical segment because its revenue are primarily generated in Asia (including PRC and Thailand). Its major assets are professional fishing boats, which the flag of 5 boats were registered in Shenzhen, PRC. The construction in progress for professional fishing vessels are also under the construction in the PRC. The following table provides an analysis of Target Group's revenue from external customers by geographical market and information about the non-current assets by locations of assets:

Revenue from external customers	For the year ended 31 December 2014 *RMB '000*	For the year ended 31 December 2015 *RMB '000*	For the year ended 31 December 2016 *RMB '000*	For the period ended 30 June 2017 *RMB '000*
PRC	19,939	7,892	37,112	27,150
Thailand	30,066	–	40,336	–
	50,005	7,892	77,448	27,150

Non-current assets	As at 31 December 2014 *RMB '000*	As at 31 December 2015 *RMB '000*	As at 31 December 2016 *RMB '000*	As at 30 June 2017 *RMB '000*
PRC	18,058	16,160	93,723	92,775

(b) Information about major customers

	For the year ended 31 December 2014 *RMB '000*	For the year ended 31 December 2015 *RMB '000*	For the year ended 31 December 2016 *RMB '000*	For the period ended 30 June 2017 *RMB '000*
For the year/period end, 2 customers that individually accounted for over 10% of total revenue of the company are set out below:				
Customer A	50,005	5,462	–	–
Customer B	–	2,430	77,448	27,150
	50,005	7,892	77,448	27,150

5. REVENUE

	For the year ended 31 December 2014	For the year ended 31 December 2015	For the year ended 31 December 2016	For the period ended 30 June 2017
	RMB '000	*RMB '000*	*RMB '000*	*RMB '000*
An analysis of Target Group's revenue during the year/period is as follows:				
Sales from fishing and catching business in open sea beyond the coastal region	50,005	7,892	77,448	27,150
Revenue	50,005	7,892	77,448	27,150
Government subsidy income *(note)*	4,248	8,343	8,370	399
Other income	–	–	2	–
Other revenue	4,248	8,343	8,372	399
Total revenue	54,253	16,235	85,820	27,549

Note: During the Relevant Periods, the Target Group received subsidies from local government bodies in the PRC, which aimed at the encouragement of fishing and catching business in open sea beyond the coastal region.

6. PROFIT BEFORE TAXATION

	For the year ended 31 December 2014	For the year ended 31 December 2015	For the year ended 31 December 2016	For the period ended 30 June 2017
	RMB '000	*RMB '000*	*RMB '000*	*RMB '000*
Profit before taxation is stated after charging:				
Employee benefit expenses (including directors' remuneration)				
Salaries, allowances and benefits in kind	3,574	1,227	10,134	3,177
Contribution to defined contribution schemes	8	33	37	26
	3,582	1,260	10,171	3,203
Other items				
Cost of goods sold	48,121	6,995	73,571	19,721
Depreciation of property, plant and equipment	1,899	1,898	1,897	948

7. DIRECTORS' REMUNERATION

During the Relevant Periods, no directors' remuneration were paid or payable to the director of the Target Group.

There was no arrangement under which a director waived or agreed to waive any remuneration for the Relevant Periods. In addition, no emoluments were paid by the Target Group to any of the directors as an inducement to join, or upon joining the Target Group or as a compensation for loss of office for the Relevant Periods.

There were no loans, quasi-loans or other dealings in favour of the directors of the Target Group that were entered into or subsisted during the Relevant Periods.

The directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Target Group's business to which the Target Group was a party and in which a director of the Target Group or a connected entity of a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Relevant Periods.

8. FIVE HIGHEST PAID INDIVIDUALS

	For the year ended 31 December 2014	For the year ended 31 December 2015	For the year ended 31 December 2016	For the period ended 30 June 2017
	RMB '000	*RMB '000*	*RMB '000*	*RMB '000*
Details of the remuneration of the five highest paid individuals, who are not directors, are as follows:				
Salaries, allowances and benefits in kind	756	756	756	480
Contribution to defined contribution schemes	–	–	–	–
	756	756	756	480

The five highest paid individuals' remuneration falls within the following band:

	Number of employees			
	For the year ended 31 December 2014	For the year ended 31 December 2015	For the year ended 31 December 2016	For the period ended 30 June 2017
Nil to HK$1,000,000	5	5	5	5

No remuneration was paid by the Target Group to any of the five highest paid individuals as an inducement to join or upon joining the Target Group, or as a compensation for loss of office for the Relevant Periods.

There was no arrangement under which any of the five highest paid individuals waived or agreed to waive any remuneration for the Relevant Periods.

9. INCOME TAX EXPENSES

According to the relevant law and regulations in PRC Enterprises Income Tax – Section 27 sub-section 1, enterprises engaged in catching fishery business can be exempted from PRC Enterprises Income Tax.

The Ministry of Agriculture, PRC issued the Ocean Fishing license to the Target Group, which will be renewal on 31 March 2018.

Thailand Corporate Income Tax is calculated at 20% of the net profit during the Relevant Periods.

Tax expense for the Relevant Periods is reconiliated to profit before taxation	**For the year ended 31 December 2014** *RMB '000*	**For the year ended 31 December 2015** *RMB '000*	**For the year ended 31 December 2016** *RMB '000*	**For the period ended 30 June 2017** *RMB '000*
Profit before taxation	3,494	6,373	7,500	5,060
Notional tax calculated on loss before taxation, calculated at the rates applicable to profits in countries concerned	874	1,593	1,875	1,265
Non-deductible expenses	12,689	2,466	19,580	5,622
Non-taxable income	(13,563)	(4,059)	(21,455)	(6,887)
Income tax charges	–	–	–	–

10. DIVIDENDS

No dividends has been declared or paid by the Target Group during the Relevant Periods.

11. PROPERTY, PLANT AND EQUIPMENT

Cost	Fishing vessels *RMB '000*	Transportation vehicles *RMB '000*	Computer and office equipment *RMB '000*	Total *RMB '000*
At 1 January 2014	19,940	9	6	19,955
Additions	–	–	4	4
At 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017	19,940	9	10	19,959
Accumulated depreciation				
At 1 January 2014	–	1	1	2
Depreciation	1,894	2	3	1,899
At 31 December 2014	1,894	3	4	1,901
Depreciation	1,894	2	2	1,898
At 31 December 2015	3,788	5	6	3,799
Depreciation	1,894	2	1	1,897
At 31 December 2016	5,682	7	7	5,696
Depreciation	947	1	–	948
At 30 June 2017	6,629	8	7	6,644
Net book value				
At 30 June 2017	13,311	1	3	13,315
At 31 December 2016	14,258	2	3	14,263
At 31 December 2015	16,152	4	4	16,160
At 31 December 2014	18,046	6	6	18,058

Fishing vessels were pledged to a PRC bank for borrowings for the year ended 31 December 2015 and were released on 18 November 2016 after repayment of such borrowings.

12. CONSTRUCTION IN PROGRESS

Professional fishing vessels	As at 31 December 2014 *RMB '000*	As at 31 December 2015 *RMB '000*	As at 31 December 2016 *RMB '000*	As at 30 June 2017 *RMB '000*
Opening book amount	–	–	–	79,460
Additions	–	–	79,460	–
Closing book amount	–	–	79,460	79,460

13. INVENTORIES

	As at 31 December 2014 *RMB '000*	As at 31 December 2015 *RMB '000*	As at 31 December 2016 *RMB '000*	As at 30 June 2017 *RMB '000*
Fishes	9,404	28,053	–	4,179

14. TRADE AND OTHER RECEIVABLES

	Note	As at 31 December 2014 *RMB '000*	As at 31 December 2015 *RMB '000*	As at 31 December 2016 *RMB '000*	As at 30 June 2017 *RMB '000*
Trade receivables from third parties	*(i)*	10,569	7,731	–	3,444
Prepayment and deposit		–	18	–	5,038
Other receivables		39	50	9	1,805
Amount due from a related company	*(ii)*	101,745	99,902	91,442	86,069
Amount due from director	*(iii)*	3,185	86	10,676	4,374
		104,969	100,056	102,127	97,286
		115,538	107,787	102,127	100,730

(i) Aging of trade receivables

The Target Group grants credit term ranging from 15 days to 30 days to its customers upon the delivery of fishery. The aging of trade receivables based on invoice date is as follows:

	As at 31 December 2014	**As at 31 December 2015**	**As at 31 December 2016**	**As at 30 June 2017**
	RMB '000	*RMB '000*	*RMB '000*	*RMB '000*
Less than 90 days	10,569	2,430	–	3,444
91 – 180 days	–	–	–	–
181 days – 270 days	–	–	–	–
271 days – 365 days	–	5,301	–	–
Over 1 year	–	–	–	–
	10,569	7,731	–	3,444
Trade receivables that are not impaired				
Current	10,569	2,430	–	3,444
Less than 90 days past due	–	–	–	–
91 – 180 days past due	–	–	–	–
181 days – 270 days past due	–	–	–	–
271 days – 365 days past due	–	5,301	–	–
Over 1 year past due	–	–	–	–
	–	5,301	–	–
	10,569	7,731	–	3,444

Receivables that were neither past due nor impaired as at reporting date of Relevant Periods relate to debtors for whom there was no history of default.

(ii) Amount due from a related company

Particulars of amount due from a related company are as follows:

	As at 1 January 2014	As at 31 December 2014	Maximum amount outstanding during the year
	RMB '000	*RMB '000*	*RMB '000*
深圳市啟森實業有限公司 (Shenzhen Qisen Industrial Co., Ltd.*)	–	101,745	101,745

	As at 1 January 2015	As at 31 December 2015	Maximum amount outstanding during the year
	RMB '000	*RMB '000*	*RMB '000*
深圳市啟森實業有限公司 (Shenzhen Qisen Industrial Co., Ltd.*)	101,745	99,902	104,243

	As at 1 January 2016	As at 31 December 2016	Maximum amount outstanding during the year
	RMB '000	*RMB '000*	*RMB '000*
深圳市啟森實業有限公司 (Shenzhen Qisen Industrial Co., Ltd.*)	99,902	91,442	116,598

	As at 1 January 2017	As at 30 June 2017	Maximum amount outstanding during the period
	RMB '000	*RMB '000*	*RMB '000*
深圳市啟森實業有限公司 (Shenzhen Qisen Industrial Co., Ltd.*)	91,442	86,069	92,506

The amount due is unsecured, interest-free and no fixed repayment term. Mr. Zheng Songjin, a director of the Target Group has significant influence in related company.

(iii) Amount due from director

Particulars of amount due from director are as follows:

	As at 1 January 2014	As at 31 December 2014	Maximum amount outstanding during the year
	RMB '000	*RMB '000*	*RMB '000*
鄭松進 (Zheng Songjin*)	–	3,185	3,185

	As at 1 January 2015	As at 31 December 2015	Maximum amount outstanding during the year
	RMB '000	*RMB '000*	*RMB '000*
鄭松進 (Zheng Songjin*)	3,185	86	3,185

	As at 1 January 2016	As at 31 December 2016	Maximum amount outstanding during the year
	RMB '000	*RMB '000*	*RMB '000*
鄭松進 (Zheng Songjin*)	86	10,676	11,417

	As at 1 January 2017	As at 30 June 2017	Maximum amount outstanding during the period
	RMB '000	*RMB '000*	*RMB '000*
鄭松進 (Zheng Songjin*)	10,676	4,374	10,676

The amount due is unsecured, interest-free and no fixed repayment term. Mr. Zheng Songjin is the director of the Target Group.

* *For identification purpose only*

15. BANK BALANCES AND CASH

	Note	As at 31 December 2014 RMB '000	As at 31 December 2015 RMB '000	As at 31 December 2016 RMB '000	As at 30 June 2017 RMB '000
Cash at bank and in hand	*(i)*	319	106	44	18
Pledged bank fixed deposits	*(ii)*	–	5,000	–	–
		319	5,106	44	18

(i) Cash at bank earns interest at floating rates based on daily bank deposit rates.

(ii) The pledged bank fixed deposits carry fixed interest rate at 6.16% per annum. Pledged bank fixed deposits represents deposits pledged to bank to secure banking facilities granted to the Target Group.

16. TRADE AND OTHER PAYABLES

	Note	As at 31 December 2014 RMB '000	As at 31 December 2015 RMB '000	As at 31 December 2016 RMB '000	As at 30 June 2017 RMB '000
Trade payables	*(i)*	18	18	–	–
Accruals		52	104	139	167
Other payables		17,274	18,424	59,343	45,664
Deposit received		–	3,730	–	–
Amount due to a shareholder	*(ii)*	–	–	–	10,000
		17,344	22,276	59,482	55,831

(i) Aging of trade payables

At the end of the each Relevant Periods, the aging analysis of the trade payables based on invoice date is as follows:

	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at 30 June 2017
	RMB '000	*RMB '000*	*RMB '000*	*RMB '000*
Less than 90 days	18	–	–	–
91 – 180 days	–	–	–	–
181 days – 270 days	–	–	–	–
271 days – 365 days	–	–	–	–
Over 1 year	–	18	–	–
	18	18	–	–

(ii) Amount due to a shareholder

The amount due to a shareholder unsecured, interest-free and have no fixed repayment term.

17. BORROWINGS

	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at 30 June 2017
	RMB '000	*RMB '000*	*RMB '000*	*RMB '000*
Loan from banks – secured	18,000	21,200	16,000	16,000

The borrowings are repayable as follows:

	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at 30 June 2017
	RMB '000	*RMB '000*	*RMB '000*	*RMB '000*
On demand or within one year	18,000	21,200	16,000	16,000
In the second year	–	–	–	–
	18,000	21,200	16,000	16,000
Portion of loan that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	–	–	–	–
Amount due for settlement within 12 months (shown under current liabilities)	18,000	21,200	16,000	16,000

The carrying amounts of the Target Group's borrowings are denominated in Renminbi.

The effective interest rate on the borrowings during the Relevant Periods was approximately 7.82%, 7.75%, 6.34% and 6.29% per annum for the year ended 31 December 2014, year ended 31 December 2015, year ended 31 December 2016 and period ended 30 June 2017 respectively.

For the year ended 31 December 2014, the bank borrowings of RMB18,000,000 were secured by (i) the fishing vessels of the Target Group amounted RMB18,046,000, (ii) personal guarantee of RMB20,000,000 by a shareholder and a director respectively and (iii) pledged properties owned by a shareholder and a director.

For the year ended 31 December 2015, the bank borrowings of RMB16,200,000 were secured by (i) the fishing vessels of the Target Group amounted RMB16,152,000, (ii) personal guarantee of RMB20,000,000 by a shareholder and a director respectively and (iii) pledged properties owned by a shareholder and a director. The pledged assets, personal guarantees and pledged properties by shareholder and a director had been released on 18 November 2016 after repayment of borrowings.

For the year ended 31 December 2015, the bank borrowings of RMB1,500,000 and RMB3,500,000 were pledged as fixed deposits for same amounts respectively.

For the year ended 31 December 2016 and period ended 30 June 2017, the bank borrowings of RMB16,000,000 were secured by (i) personal guarantee of RMB16,000,000 by a shareholder and a director respectively and (ii) pledged properties owned by a shareholder and a director.

18. DEFERRED INCOME

PRC government subsidy income	As at 31 December 2014 RMB '000	As at 31 December 2015 RMB '000	As at 31 December 2016 RMB '000	As at 30 June 2017 RMB '000
Opening book amount	7,182	6,464	5,746	5,028
Additions	–	–	–	798
Transfer to statement of comprehensive income	(718)	(718)	(718)	(399)
Closing book amount	6,464	5,746	5,028	5,427

19. PAID UP CAPITAL

	RMB '000
Target Company	
Paid up capital	
At 1 January 2014	20,000
Additions for the year	80,000
At 31 December 2014, 31 December 2015, 31 December 2016, 30 June 2017	100,000

20. RESERVES

	Statutory reserve RMB '000 (Note i)	Other reserve RMB '000 (Note ii)	(Accumulated losses)/ Retained earnings RMB '000	Total RMB '000
At 1 January 2014	–	–	(1,983)	(1,983)
Profit for the year	–	–	3,494	3,494
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Transfer from retained earnings to statutory and other reserve	343	172	(515)	–
At 31 December 2014 and 1 January 2015	343	172	996	1,511
Profit for the year	–	–	6,373	6,373

	Statutory reserve *RMB '000* *(Note i)*	Other reserve *RMB '000* *(Note ii)*	(Accumulated losses)/ Retained earnings *RMB '000*	Total *RMB '000*
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Transfer from retained earnings to statutory and other reserve	637	319	(956)	–
At 31 December 2015 and 1 January 2016	980	491	6,413	7,884
Profit for the year	–	–	7,500	7,500
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Transfer from retained earnings to statutory reserve	750	–	(750)	–
At 31 December 2016 and 1 January 2017	1,730	491	13,163	15,384
Profit for the period	–	–	5,060	5,060
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Transfer from retained earnings to statutory reserve	506	–	(506)	–
At 30 June 2017	2,236	491	17,717	20,444

Note:

(i) The laws and regulations of the People's Republic of China (the "**PRC**") require enterprises in the PRC to provide for certain statutory reserves, namely general reserve, enterprise expansion fund and staff welfare and bonus fund which are appropriated from the net profit as reported in the PRC statutory accounts.

The Target Group in the PRC is required to allocate at least 10% of their after-tax profit to the general reserve until the reserve has reached 50% of its registered capital. The general reserve can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital. The enterprise expansion fund can only be used to increase capital upon approval by the relevant authority. The staff welfare and bonus fund can only be used for the welfare of the employees of the Target Group in the PRC. Appropriation to the enterprise expansion fund and staff welfare and bonus fund is at the discretion of the board of directors of the Target Group in the PRC.

(ii) The Target Group sets aside 5% of its net profit after income tax, before distribution of dividend to shareholders, as stated in the financial statements prepared under PRC accounting standards to other reserve.

21. COMMITMENT

	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at 30 June 2017
	RMB '000	*RMB '000*	*RMB '000*	*RMB '000*
At the end of each of the Relevant Periods, The Target Group had the following outstanding capital commitments:				
Commitments for the acquisition of property plant and equipment (under construction in progress)				
– contracted but not provided for	–	137,000	57,540	57,540

22. CONTINGENT LIABILITIES

The Target Group had no material contingent liabilities as at 31 December 2015, 2016 and 30 June 2017.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's principal financial instruments comprise bank balances and cash, and borrowings. The main purpose of these financial instruments is to raise and maintain finance for the Target Group's operations. The Target Group has various other financial instruments such as trade and other receivables and payables, which arise directly from its business activities.

The accounting policies for financial instruments have been applied to the line items below:

	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at 30 June 2017
Loans and receivables at amortised cost	*RMB '000*	*RMB '000*	*RMB '000*	*RMB '000*
Trade and other receivables	115,538	107,787	102,127	100,730
Bank balances and cash				
– Unrestricted	319	106	44	18
– Restricted	–	5,000	–	–
Total	115,857	112,893	102,171	100,748
Financial liabilities at amortised cost				
Trade and other payables	17,344	22,276	59,482	55,831
Borrowings	18,000	21,200	16,000	16,000
Total	35,344	43,476	75,482	71,831

The main risks arising from the Target Group's financial instruments are credit risk, interest rate risk, liquidity risk and currency risk. The Target Group's does not have any written risk management policies and guidelines. However, the board of directors generally adopts conservative strategies on the Target Group's risk management and limits the Target Group's exposure to these risks to a minimum.

Credit risk

Credit risk refers to the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Target Group's credit risk is primarily attributable to trade receivables and bank balances.

A detailed discussion of the Target Group's credit risk in respect of trade receivables are set out in note 14 to the financial statements. The Target Group trades only with recognised and creditworthy third parties. Management closely monitors all outstanding debts and reviews the collectability of trade debtors periodically. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Target Group does not hold any collateral over these assets.

At the end of the each Relevant Periods, the Target Group had a concentration of credit risk as 100% of the total trade receivables were made up by the Target Group's largest customer's outstanding balances at the end of year 31 December 2014 and 31 December 2015 and period ended 30 June 2017 because there had only 1 customer. There are no trade receivables at the end of year 31 December 2016.

The Target Group's bank balances are placed with credit-worthy banks in the PRC.

Interest rate risk

The Target Group's exposure to cash flow interest rate risk mainly arises from the fluctuation of the prevailing market interest rate on the bank balances and borrowings. However, the management considers the Target Group's exposure to such interest rate risk is not significant as bank balances and borrowings are all short-term in nature. No sensitivity analysis is prepared as the fluctuation and impact is considered immaterial.

At the end of the each Relevant Periods, it was estimated that a general increase or decrease of 100 basis points in interest rates, with all loss other variables held constant, would increase or decrease the Target Group's profit before taxation as following:–

	As at 31 December 2014	**As at 31 December 2015**	**As at 31 December 2016**	**As at 30 June 2017**
	RMB '000	*RMB '000*	*RMB '000*	*RMB '000*
Effect on Target Group's profit before taxation	177	161	160	160

Liquidity risk

Management of the Target Group aims at maintaining sufficient level of bank balances and cash to finance the Target Group's operations and expected expansion. The Target Group's primary cash requirements include payments for operating expenses and additions or upgrades of property, plant and equipment and construction in progress.

The undiscounted contractual maturity profile of the Target Group's financial liabilities at the end of the reporting period, based on the earliest date on which the Target Group is required to settle the financial liabilities at the end of the each Relevant Periods is summarised below:

		As at 31 December 2014	
	Total carrying value	**Total contractual undiscounted cash flow**	**On demand**
	RMB '000	*RMB '000*	*RMB '000*
Trade and other payables	17,344	17,344	17,344
Borrowings	18,000	18,000	18,000
	35,344	35,344	35,344

		As at 31 December 2015	
	Total carrying value	**Total contractual undiscounted cash flow**	**On demand**
	RMB '000	*RMB '000*	*RMB '000*
Trade and other payables	22,276	22,276	22,276
Borrowings	21,200	21,200	21,200
	43,476	43,476	43,476

		As at 31 December 2016	
	Total carrying value	**Total contractual undiscounted cash flow**	**On demand**
	RMB '000	*RMB '000*	*RMB '000*
Trade and other payables	59,482	59,482	59,482
Borrowings	16,000	16,000	16,000
	75,482	75,482	75,482

	Total carrying value	As at 30 June 2017 Total contractual undiscounted cash flow	On demand
	RMB '000	*RMB '000*	*RMB '000*
Trade and other payables	55,831	55,831	55,831
Borrowings	16,000	16,000	16,000
	71,831	71,831	71,831

Currency risk

The management considers the Target Group is not exposed to significant foreign currency risk as the sales, income, purchases and expenses are denominated in the functional currency to entities within the Target Group, ie. Renminbi.

24. SUBSIDIARY

Particulars of the principal subsidiary of the Company for the Relevant Periods are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Nominal value of issued ordinary shares/ registered capital	Percentage of equity indirectly attributable to the Company	Principal activities
Shenzhen Richsum Ocean Fishery (Thailand) Co., Ltd.	Thailand	THB3,000,000	100%	Fishing and catching business in open sea beyond the coastal region and has obtained the fishing right in Thailand which is in operation

25. CAPITAL MANAGEMENT

The objectives of the Target Group's capital management are to safeguard the Target Group's ability to continue as a going concern and to provide returns for shareholders. The Target Group manages its capital structure and makes adjustments, including payment of dividend to shareholders, return of capital to shareholders or issue of new shares or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the end of each Relevant Periods.

II. SUBSEQUENT EVENTS

No significant events took place subsequent to 30 June 2017.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 30 June 2017 up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUP

Set out below is the management discussion and analysis on the Target Group for the years ended 31 December 2014, 2015 and 2016, together with the six months ended 30 June 2016 and 30 June 2017.

BUSINESS OVERVIEW

The Target Group is a limited liability company established in the PRC on 3 June 2011 and is currently owned as to 70% by Ms. Chen Siufang and as to 30% by Mr. Cai Haiming. The total registered capital of the Target Group as at the Latest Practicable Date was RMB100 million. The Target Group is principally engaged in fishing and catching business in open sea beyond the coastal region and has obtained the fishing right in Thailand which is in operation. For the years ended 31 December 2014, 2015 and 2016, together with the six months ended 30 June 2017, the Target Group only served one customer, namely, Pichaleesakul, a party independent from the Vendors. However, the management expected that after the Completion, new customers would be introduced to the Target Group which would help to expand the sales network and decrease the reliance upon a single customer.

FINANCIAL OVERVIEW

For the years ended 31 December 2014, 2015 and 2016, together with the six months ended 30 June 2016 and 30 June 2017, the revenue of the Target Group was RMB50.0 million ,RMB7.9 million, RMB77.4 million, RMB41.2 million and RMB27.2 million, respectively. The revenue for the year ended 31 December 2015 decreased significantly because there was some problem with the export license from Thailand, which arose from the intensification of political instability between Thailand and PRC and the unfavourable market conditions in 2015, therefore, management decided to pile up its inventory and waited for more favourable market conditions in 2016 to sell its products. It was expected that this difficulty in export would be a non-recurring event because after the completion of the Acquisition, the management intended to expand the Target Group's operating territories to mitigate the risk of relying solely on Thailand.

For the years ended 31 December 2014, 2015 and 2016, together with the six months ended 30 June 2016 and 30 June 2017, the gross profit of the Target Group was RMB1.9 million, RMB0.9 million, RMB3.9 million, RMB10.3 million and RMB7.4 million, respectively. The decrease in gross profit by RMB1.0 million from 2014 to 2015 was mainly attributable to decrease in revenue, however, the gross profit margin increased from 3.8% to 11.4%. For the year ended 31 December 2014, the cost of sales per tonne is RMB9,540 with the mark-up of approximately 3.9%, the selling price per tonne was RMB9,914. The increase in gross profit by RMB3.0 million from 2015 to 2016 was mainly attributable to the increase in revenue; however, the gross profit margin for the year ended 31 December 2016 decreased to 5.0% from 11.4% for the year ended 31 December 2015 because the quality of the catch during 2016 was lower thus the mark-up on the selling price was adversely affected. The cost of sales increased to RMB8,199 per tonne as compared to RMB5,679 per tonne in 2015, however the average selling price only increased from RMB6,407 per tonne in 2015 to RMB8,631 per tonne in 2016. The gross profit decreased by RMB2.9 million to RMB7.4 million in the six months' period ended 30 June 2017 from RMB10.3 million in the corresponding period in 2016 was mainly attributable to the non-recurring sales of inventory in 2016. The gross profit margin increased from 25.0% for the six months' period ended 30 June 2016 to 27.4% for the corresponding period in 2017 due to better quality of the catch which reduced the rate of spoilage and wastage.

For the years ended 31 December 2014, 2015 and 2016, together with the six months ended 30 June 2016 and 30 June 2017, the selling expenses of the Target Group amounted to RMB117,000, RMB16,000, RMB622,000, RMB185,000 and RMB528,000, respectively. The decrease in selling expenses to RMB16,000 for the year ended 31 December 2015 from RMB117,000 in 2014 mainly arose from the trimming down of the sales department, with workload taken up by operations staff, and the corresponding reduction in travelling and entertainment expenses. The increase in the selling expenses for the year ended 31 December 2016, together with the six months ended 30 June 2016 and 30 June 2017 were due to transportation fee being incurred for the local transportation of fishing products in Thailand.

For the years ended 31 December 2014, 2015 and 2016, together with the six months ended 30 June 2016 and 30 June 2017, the administrative expenses of the Target Group amounted to RMB0.9 million, RMB1.2 million, RMB2.8 million, RMB1.0 million and RMB1.6 million. The increase in administrative expenses was primarily driven by the increase in staff cost, travelling and entertainment expenses due to increase in operations. In order to cope with the increase in sales, more operations staff was employed and in order to expand the domestic and export market, the Target Group incurred more expenditure on business promotion and travelling.

For the years ended 31 December 2014, 2015 and 2016, together with the six months ended 30 June 2016 and 30 June 2017, the Target Group recorded a net profit of RMB3.5 million, RMB6.4 million, RMB7.5 million, RMB8.9 million and RMB5.1 million, respectively. The net profit was primarily in line with the revenue and gross profit during the years ended 31 December 2014, 2015 and 2016 given the reasons as discussed above.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Target Group's daily operation and capital expenditures are mainly funded by internally generated funds and shareholders' fund. The Target Group intended to utilise its excess resources given that it has consistently generated healthy net cash from operations during the three years ended 31 December 2016, together with the six months ended 30 June 2017. As at 31 December 2014, 2015 and 2016 and 30 June 2017, the net current assets of the Target Group amounted to RMB89.9 million, RMB97.5 million, RMB26.7 million and RMB33.1 million, respectively, and the total equity of the Target Group amounted to RMB101.5 million, RMB107.9 million, RMB115.4 million and RMB120.4 million, respectively.

As at 31 December 2014, 2015, 2016 and 30 June 2017, the Target Group had unrestricted cash and cash equivalents of RMB319,000, RMB106,000, RMB44,000 and RMB18,000, respectively, and bank borrowings of RMB18.0 million, RMB21.2 million, RMB16.0 million and RMB16.0 million, respectively. For the years ended 31 December 2014, 2015 and 2016, together with the six months ended 30 June 2017, the effective interest rate on the bank borrowings was approximately 7.82%, 7.75%, 6.34% and 6.29% per annum, respectively, and all the bank borrowings are repayable after one year and contain a repayment on demand clause in the second year. The gearing ratio of the Target Group, which is equal to total borrowings, inclusive of the amount due to a shareholder, over total equity, as at 31 December 2014, 2015, 2016 and 30 June 2017 was 17.7%, 19.7%, 13.9% and 21.6%, respectively. The fluctuation in gearing ratios was mainly attributable to the repayment of borrowings and advances from the shareholder in 2014, 2015, 2016 and 30 June 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, 2015, 2016 and 30 June 2017, the Target Group employed a total of 44, 44, 96 and 102 employees, respectively, for its operations. Total staff costs for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 were approximately RMB3.6 million, RMB1.3 million, RMB10.2 million and RMB3.2 million, respectively. The Target Group has remuneration policies that align with market practice and remunerates its employees based on the responsibilities of their roles and performance, market requirements and the performance of the Target Group. In addition to monthly salaries, the Target Group also provides benefits including discretionary bonus, social insurance and housing provident funds to its staff.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

There was no significant acquisition or disposal during the years ended 31 December 2014, 2015 and 2016, together with the six months ended 30 June 2017.

CHARGE ON ASSETS

As at 31 December 2014, 2015, 2016 and 30 June 2017, the Target Group's charge on assets was as follows:

(i) For the year ended 31 December 2014, the bark borrowings of RMB18,000,000 was secured by the fishing vessels amounted RMB18,046,000.

(ii) For the year ended 31 December 2015, the bank borrowings of RMB21,200,000 were secured by the fishing vessels amounted RMB16,152,000 and fixed deposits of RMB1,500,000 and RMB3,500,000 respectively.

(iii) There were no charges of assets in respect of the year ended 31 December 2016 after the pledged assets had been released on 18 November 2016 after repayment of borrowings.

(iv) There were no charges of assets for the six months' period ended 30 June 2017.

FOREIGN EXCHANGE EXPOSURE

During the years ended 31 December 2014, 2015 and 2016, together with the six months ended 30 June 2016 and June 2017, substantially all transactions of the Target Group were denominated in RMB, and most of the bank deposits were denominated in RMB to minimise foreign exchange exposure. The directors of the Target Group considered that the foreign exchange exposure of the Target Group was minimal, and therefore, the Target Group had not implemented any formal hedging policies to deal with such exposures.

CONTINGENT LIABILITIES

As at 31 December 2014, 2015, 2016 and 30 June 2017, the Target Group did not have material contingent liabilities.

CAPITAL COMMITMENTS

The capital commitment of the Target Group as at 31 December 2014, 2015, 2016 and 30 June 2017 was nil, RMB137 million, RMB57.5 million and RMB57.5 million, respectively, which related to the capital expenditure in respect of the acquisition of property, plant and equipment.

The capital commitment relates to the construction of 10 fishing trawlers with a construction cost of RMB13.7 million each. The Directors expected that the construction of these fishing trawlers would be completed in January 2018 and, depending on the availability of funds at the time of completion, it is presently expected that funds from internal resources would be used for the settlement of the construction costs.

SEGMENTAL INFORMATION

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the Target Group operated with one reportable and operating segment, being principally engaged in fishing and catching business in open sea beyond the coastal region, and has obtained fishing rights in Thailand which is in operation.

Since the ninety eighties, due to excessive fishing, China's domestic marine fishery resources had suffered a serious recession, during which a large number of domestic fishing businesses were shut down. At the same time, the seafood consumer market expanded rapidly and the conflict between supply and demand became increasingly prominent. In order to protect domestic fishery resources, increase the supply of fishery products and promote the Maritime Silk Road under China's Belt and Road Initiative project, the state government of the PRC encouraged coastal provinces and cities to actively explore international fishery opportunities, especially the development of offshore fishing.

Thailand is located next to the eastern Indian Ocean, with suitable climate and long coastline, its surrounding waters are rich in fishery resources. There had been moderate development of its fishing industry in recent years, and the Directors are of the view that the development potential remains to be very large. The proximity between Thailand and China's Guangdong province makes it an ideal target for the development of offshore fishing and catching business.

FUTURE PLANS

Save as disclosed above, the Target Group has no plans for material investments for the year ending 31 December 2017.

A. UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

(1) INTRODUCTION

The unaudited pro forma statement of financial position of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**") set out in section (2) below has been prepared by the Directors in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules, for illustrative purpose only, to provide information about how the Proposed Acquisition might have affected the financial position of the Group as if the Acquisition had been completed on 31 March 2017.

The Unaudited Pro Forma Financial Information has been prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2017 as set out in the Company's annual report for the year ended 31 March 2017 and the audited statement of the financial position of the Target Group as at 30 June 2017 as set out in accountants' report of the Target Group included in Section 1 of Appendix II to this circular, after making certain pro forma adjustments that are (i) directly attributable to the Acquisition and (ii) factually supportable, as further described in the accompanying notes.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 31 March 2017. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future financial position. The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group, as incorporated by reference in Appendix I to this circular, and that of the Target Group, as set out in Appendix II to this circular, and other financial information included elsewhere in this circular.

(2) UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP AS AT 31 MARCH 2017

	The Group as at 31 March 2017	The Target Group as at 30 June 2017	The Target Group as at 30 June 2017	Pro forma: adjustments		Unaudited pro forma: The Enlarged Group as at 31 March 2017
	HKD'000	*RMB'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
	Note (1)	*Note (2)*	*Note (2)*	*Note (3)*	*Note (4)*	
Non-current assets						
Property, plant and equipment	1,142	13,315	15,337	–	–	16,479
Construction in progress	–	79,460	91,528	–	–	91,528
Intangible assets	91	–	–	–	–	91
Other assets	786	–	–	–	–	786
	2,019	92,775	106,865	–	–	108,884
Current assets						
Other assets	121	–	–	–	–	121
Inventories	–	4,179	4,814	–	–	4,814
Financial assets at fair value through profit or loss	66,093	–	–	–	–	66,093
Trade and other receivables	141,542	100,730	116,028	–	–	257,570
Loans receivables	92,413	–	–	–	–	92,413
Bank balances and cash	23,955	18	21	(11,236)	(1,600)	11,140
	324,124	104,927	120,863	(11,236)	(1,600)	432,151
Current liabilities						
Trade and other payables	26,886	55,831	64,311	–	–	91,197
Borrowings	20,816	16,000	18,430	–	–	39,246
Tax payable	2,798	–	–	–	–	2,798
Convertible bonds	–	–	–	50,288	–	50,288
	50,500	71,831	82,741	50,288	–	183,529
Net current assets	273,624	33,096	38,122	(61,524)	(1,600)	248,622
Total assets less current liabilities	275,643	125,871	144,987	(61,524)	(1,600)	357,506

	The Group as at 31 March 2017	The Target Group as at 30 June 2017	The Target Group as at 30 June 2017	Pro forma: adjustments		Unaudited pro forma: The Enlarged Group as at 31 March 2017
	HKD'000	*RMB'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
	Note (1)	*Note (2)*	*Note (2)*	*Note (3)*	*Note (4)*	
Non-current liabilities						
Deferred income	–	5,427	6,251	–	–	6,251
	–	5,427	6,251	–	–	6,251
NET ASSETS	275,643	120,444	138,736	(61,524)	(1,600)	351,255
Capital and reserves						
Share capital	20,146	100,000	115,187	(115,187)	–	20,146
Reserves	255,497	20,444	23,549	12,042	(1,600)	289,488
	275,643	120,444	138,736	(103,145)	(1,600)	309,634
Non-controlling interests	–	–	–	41,621	–	41,621
TOTAL EQUITY	275,643	120,444	138,736	(61,524)	(1,600)	351,255

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Notes:

1. The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2017, as set out in the published annual report of the Company for the year ended 31 March 2017.

2. The amounts are extracted from the audited statement of financial position of the Target Group as at 30 June 2017 as set out in Appendix II to this circular, and is translated from RMB to HK$ at an exchange rate of HK$ = RMB0.868152.

3. Pursuant to the terms of Sale and Purchases Agreement entered on 29 May 2017, the total consideration payable by the Group to acquire 70% of the equity interest in the Target Group of RMB60,909,000 shall be settled and discharged in accordance with the mode and manner as set out thereunder:

(i) by cash already paid to the Vendors after signing of the memorandum of understanding of RMB5,000,000;

(ii) by cash payable to the Vendors within three Business Days after Completion of RMB5,000,000;

(iii) by issue of Convertible Bonds after completion and satisfaction of the CB Conditions.

Completion is conditional upon the relevant industry and commerce bureau in the PRC approving the transfer of the Sales Equity to the Group.

The issue of Convertible Bonds is conditional upon Completion taking place and the passing of the resolution by the Shareholders in the SGM approving the Specific Mandate, the Sale and Purchase Agreement and the transactions contemplated.

Under the completion of Acquisition, the Group acquired 70% equity interest of the Target Group. The acquisition is accounted for as an acquisition of a subsidiary. For illustrative purpose, gain on bargain purchase is calculated based on the excess on the Group's interest in the fair value of net identifiable assets and liabilities of the Target Group over the cost of investment, as follows:

	HKD'000	*HKD'000*
Consideration payable for the Acquisition at 31 March 2017		
– by cash (RMB10,000,000)		11,236*
– by convertible bonds		77,279
		88,515
Fair value of the identifiable net assets acquired at 30 June 2017	138,736	
Less: Non-controlling interest (30% of fair value of the identifiable net assets acquired)	(41,621)	97,115
Gain on bargain purchase		8,600

* The amount is translated from RMB to HK$ at an exchange rate of HK$ = RMB0.89 for the exchange rate using by the Company as at 31 March 2017.

Pursuant to the Sale and Purchases Agreement, the Consideration will be satisfied by the issuance of the Convertible Bonds which is convertible into new shares of the Company at an initial conversion price of HK$0.24 per Conversion Shares (subject to adjustments).

An analysis of the pro forma fair value of the Consideration assuming the Acquisition had taken place on 31 March 2017 is set out as follows:

	Face value	Face value*	Fair value as at 31 March 2017	Fair value** as at 30 June 2017
	RMB'000	*HKD'000*	*HKD'000*	*HK'000*
The Convertible Bond	50,909	57,201	77,279	102,146

* Per announcement dated 29 May 2017 at an exchange rate of HK$ = RMB0.89.

The Convertible Bond is designated as financial instrument at fair value through profit or loss, and will be measured at fair value on the actual Completion Date of the Acquisition considering both the fair value of the debt component and the conversion feature. The conversion option is a derivative as it will be settled other than by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments. Any transaction costs directly attributable to the issuance of the Convertible Bond are recognized immediately in profit or loss.

For the purpose of the Unaudited Pro Forma Financial Information, the fair value of the Convertible Bond as at 31 March 2017 is estimated by the Directors with reference to the valuation report issued by Peak Vision Appraisals Limited, an independent firm of surveyors who has professional qualifications and relevant experience. The fair value of the Convertible Bond comprises the fair value of the debt component of HK$50,288,000 and the conversion option derivative of HK$26,991,000 respectively as at 31 March 2017.

In the opinion of the Directors, the fair value of the Convertible Bond to be issued is subject to the changes upon actual Completion of the Acquisition and may be substantially different from its fair value used in preparing the Unaudited Pro Forma Financial Information, the amount of the Consideration for the Acquisition and, accordingly, the goodwill or gain on bargain purchase arising from the Acquisition upon actual Completion of the Acquisition will be different from the amounts presented above.

**For illustrative purpose, in the opinion of the Directors, if the Completion of Acquisition was assumed to have taken place on 30 June 2017, the fair value of the Convertible Bond will be comprised of the fair value of the debt component of HK$50,932,000 and the conversion option derivative of HK$51,214,000 respectively. Accordingly, a goodwill of HK$16,267,000 is estimated to arise from the Acquisition, which will be different from the amounts presented above.

For the purpose of the Unaudited Pro Forma Financial Information, the Directors had also assumed that (i) the fair values of assets and liabilities of the Target Group either approximate to their respective carrying values or that any fair value adjustments would be immaterial; and (ii) all identifiable assets or liabilities have been properly identified for the purpose of the Group's accounting under business combination.

In the opinion of the Directors, the fair values of the identifiable assets and liabilities of the Target Group are subject to change on the date of the completion for acquisition, where the fair values of the assets and liabilities being acquired shall be reassessed. Accordingly, the goodwill or gain on bargain purchase so calculated, if any, may be different from that in the calculation above.

4. The adjustment represents the estimated acquisition-related costs (including advisory, legal, accounting and other professional fees) and for the purpose of preparation of the Unaudited Pro Forma Financial Information of approximately HK$1,600,000 which will be expensed in profit or loss of the Group as incurred.

5. No other adjustments have been made to the Unaudited Pro Forma Financial Information of the Enlarged Group to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 30 June 2017.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP INCLUDED IN CIRCULAR

REANDA

REANDA LAU & AU YEUNG (HK) CPA LIMITED
利安達劉歐陽(香港)會計師事務所有限公司

To the Directors of China Ocean Fishing Holdings Limited 13 November 2017

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") of China Ocean Fishing Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") by the director of the Company (the "**Directors**") for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the unaudited pro forma statement of assets and liabilities as at 31 March 2017 and related notes as set out in Section A of Appendix IV to the circular dated 13 November 2017 (the "**Circular**") issued by the Company in connection with the proposed acquisition (the "**Proposed Acquisition**") of 70% equity interest in Shenzhen Qisen Fishery Company Limited (the "**Target Group**") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix IV to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Acquisition on the Group's financial position as at 31 March 2017 as if the Proposed Acquisition had taken place on 31 March 2017. As part of this process, information about the assets and liabilities of the Group and the Target Group has been extracted by the Directors from the Company's published annual report for the year ended 31 March 2017 and the financial information of the Target Group for the six months ended 30 June 2017 (on which an accountants' report has been published), respectively.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline ("**AG**") *7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

OUR INDEPENDENCE AND QUALITY CONTROL

We have compiled with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owned to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Unaudited Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Proposed Acquisition on unadjusted financial information of the Group as if the transaction have been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

– the related pro forma adjustments give appropriate effect to those criteria; and

– the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,
REANDA LAU & AU YEUNG (HK) CPA LIMITED
Certified Public Accountants

Franklin Lan Shin Wai, Auditor
Practising Certificate number: PO1886
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or, chief executive of the Company was taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Interest or short positions in the shares of the Company:

Name of Director	Number of Shares interested	Approximate percentage (%)
Chen Liang	3,972,000	0.14

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are 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 and short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

As at the Latest Practicable Date, the register of substantial Shareholders maintained under Section 336 of the SFO shown that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and the chief executive of the Company.

Long position in the Shares

Name	Capacity/Nature of interests	Number of ordinary/ underlying Shares held	Approximate percentage (%)
Liu Yi	Beneficial owner	573,944,000	19.78
Chen Quan	Beneficial owner *(Note 1)*	237,512,000	8.19
Liu Yida	Beneficial owner *(Note 2)*	188,308,000	6.49

Note:

1. Based an public information, Chen Quan is beneficially interested in 237,512,000 Shares.

2. Based on public information, Liu Yida is beneficially interested in 188,308,000 Shares through Sunny Sky Capital Management Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executives of the Company, no other person (not being a director or chief executive of the Company) had any interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange, 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 any other member of the Group or held any option in respect of such capital.

3. DIRECTORS' SERVICE CONTRACTS

Each of the current executive Directors have entered into a service agreement with the Company to serve as an executive Director for an initial term of three years commencing from their date of appointment, and will continue thereafter until terminated by not less than three months' notice in writing served by either party.

Each of the current independent non-executive Directors has entered into a letter of appointment with the Company for a term of one to three years commencing on the following dates respectively, with all the term being renewed automatically for successive term of one year each commencing from the date next after the expiry of the then current term, unless terminated by not less than three months' notice in writing served by either party.

Name of Directors	Commencing date
Mr. Pang Pui Hung, Paton	16 May 2017
Ms. Li Yuen Fong, Michelle	14 September 2016
Mr. Zhu Yifeng	10 October 2017

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and proposed Directors has a service agreement with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or proposed Directors, directly or indirectly, had any interest in any assets which had since 31 March 2017 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting as at the Latest Practicable Date, in which any of the Directors were materially interested and which was significant to the business of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor the controlling Shareholders had any interest in a business which causes or may cause significant competition with the business of the Group.

6. EXPERTS AND CONSENTS

Name	Qualifications
Reanda Lau & Au Yeung (HK) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the experts identified above had no shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the experts identified above had no direct or indirect interest in any assets which have been, since 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the experts identified above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s) and/or references to its name in the form and context in which they are included.

7. MATERIAL CONTRACTS

Save for the Sale and Purchase Agreement, the Subscription Agreement and the Placing Agreements and the Joint Venture Agreement, there were no material contracts (not being contracts entered into in the ordinary course of business carried on by the Group) being entered into by any member of the Group within the two (2) years immediately preceding the Latest Practicable Date:

8. LITIGATION

As at the Latest Practicable Date, the Group was not engaged in any other litigation or claims of material importance known to the Directors to be pending or threatened against the Group.

9. GENERAL

(a) The registered address of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(b) The head office and principal place of business of the Company in Hong Kong is at Room 03, 22/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

(c) The share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The company secretary of the Company is Mr. Lam Chi Ming, Francis ("**Mr. Lam**"). Mr. Lam has been appointed as the company secretary of the Company with effect from 16 May 2017. Mr. Lam has over 30 years of experience in the field of financial and general management. Mr. Lam is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lam obtained a Bachelor's degree of Arts in Economics and Social Studies from the University of Manchester. Mr. Lam has held senior financial and company secretarial positions in several companies of which shares are listed on the Stock Exchange since November 1991.

(e) the compliance officer of the Company is Mr. Chen Liang ("**Mr. Chen**"). Mr. Chen, aged 47, holds a Doctoral Degree in Coal, Oil and Gas Geology and Exploration from China University of Petroleum (Beijing). He worked for various oil companies and research institutes in China and abroad. Since December 2011 to August 2013, Mr. Chen has been chief executive officer & executive director of China Natural Investment Company Limited ("**China Natural Investment**") (stock code: 8250), a Company listed on the GEM of the Stock Exchange. In August 2013, Mr. Chen resigned as chief executive officer and remained as an executive director of China Natura Investment (now renamed "Silk Road Energy Services Group Limited") until March 2016. From May 2013 to March 2015, Mr. Chen was an executive director of Birmingham International Holdings Limited (stock code: 2309), a company listed on the Main Board of the Stock Exchange. Since August 2015 to now, Mr. Chen has been an independent nonexecutive director of Chinese Energy Holdings Limited (stock code: 8009), a Company listed on the GEM of the Stock Exchange. Mr. Chen has accumulated over 20 years of working experience in energy and natural resource industry.

(f) the Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The audit committee (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Pang Pui Hung, Paton (as the chairman of the Audit Committee), Ms. Li Yuen Fong, Michelle and Mr. Zhu Yifeng. The primary duties of the Audit Committee are to review the Company's annual report and accounts, half-year report, quarterly reports and monthly reports and to provide advice and comments thereon to the board of Directors. The Audit Committee is also responsible for reviewing and monitoring the Company's internal control procedures. The biography of the members of the Audit Committee are set out below:

(i) Mr. Pang Pui Hung, Paton ("**Mr. Pang**"), aged 48, obtained a master degree in Professional Accounting from the Hong Kong Polytechnic University. He has over 25 years of experience in the finance and accounting fields and has been a fellow member of the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and Association of International Accountants. Mr. Pang is also registered as Certified Tax Advisor in Hong Kong. Mr. Pang has been engaged in provision of consultancy services in accounting and financial management. He worked for accounting firms and was responsible for the audits of a number of new listing applicants and companies listed on the Stock Exchange. Mr. Pang has been engaging in senior financial and company secretarial positions in several companies of which shares are listed on the Stock Exchange since June 2014.

(ii) Ms. Li Yuen Fong, Michelle ("**Ms. Li**"), aged 45, graduated from Williams Business College in Australia with a diploma of Business (Information Technology). She was accredited with a Microsoft Certified Professional + Internet, and obtained a diploma for Microsoft Certified Solutions Expert (MCSE) in 2001. She also received a diploma in TCM Cosmetology 中醫美容專業文憑 from Heilongjiang University of Chinese Medicine 黑龍江中醫藥大學 in 2003. She has extensive management experience in retails services industries, such as beauty servicing, wine and food and beverage.

(iii) Mr. Zhu Yifeng ("**Mr. Zhu**"), aged 61, graduated from 浙江教育學院經濟管理專業 Zhejiang Education Institute of Economics and Management* and holds the qualification of an economist. He is currently the chairman of 浙江豐匯遠洋漁業有限公司 Zhejiang Fenghui Ocean Fishery Co., Ltd*. Mr. Zhu has successively completed the development and industrialization of the research and development of the resources of symlectoteuthis oualaniensis, a kind of cuttlefish in the Indian Ocean, and has been involved in the resources development of Dosidicus gigas, a kind of squid in Chile and the Southeast Pacific Ocean and the development of important economic fishery resources in the high seas, as well as major projects for the use of autonomous satellites on offshore fisheries such as information gathering, service and their integrated use. Mr. Zhu is a member of the 遠洋漁業協同創新理事會 Ocean Fishery Collaborative Innovation Council* and a senior engineer at the 國家遠洋漁業工程技術研究中心 National Oceanic Fishery Engineering Technology Research Center* (上海海洋大學 Shanghai Ocean University*). He has over 30 years of experience in offshore fishing, aquaculture, marketing and management.

* *for identification purposes only*

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the head office and principal place of business of the Company at Room 03, 22/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including the date of SGM:

1. the memorandum of association and bye-laws of the Company;

2. the annual reports of the Company for the financial years ended 31 March 2016, and 31 March 2017;

3. the interim report of the Company for the six months ended 30 September 2016; and

4. the accountants' report on the Target Group, the text of which is set out in Appendix II to this circular;

5. the report on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

6. the letters of consent from the experts referred to in the section headed "Experts and Consents" above in this appendix;

7. the service contracts of the Directors referred to in the section headed ''Directors' service contracts'' above in this appendix;

8. this circular;

9. the Sale and Purchase Agreement;

10. the Subscription Agreement;

11. the Placing Agreements; and

12. the Joint Venture Agreement.

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)

NOTICE IS HEREBY GIVEN that a special general meeting ("**Meeting**") of China Ocean Fishing Holdings Limited (the "**Company**") will be held at Room 03, 22/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on at 11:00 a.m. on 28 November 2017 for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

ORDINARY RESOLUTION

"**THAT**:

1. the terms and conditions of the sale and purchase agreement dated 29 May 2017 (the "**Sale and Purchase Agreement**", a copy of which has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification) entered into between Chen Suifang, ("**Vendor A**"), Cai Haiming ("**Vendor B**") (collectively, "**Vendors**") and Jin Yu Tang Shenzhen Fishery Co., Ltd (the "**Purchaser**"), in relation to the acquisition of 70% equity interests ("**Sale Equity**") of Shenzhen Qisen Fishery Company Limited (the "**Target Company**"), at a consideration of RMB60,909,000, which shall be satisfied as to RMB10,000,000 in cash and RMB50,909,000 by issue of the Convertible Bonds (as defined below) by the Company to the Vendors be and are hereby approved, confirmed and ratified;

2. the terms and conditions of the instrument of the convertible bond (the "**Convertible Bond Instrument**") to be entered into between the Company and each of Vendor A and Vendor B in relation to the convertible bond in the aggregate principal amount of RMB50,909,000 (equivalent to HK$57,201,120) to be issued by the Company (the "**Convertible Bonds**") under Specific Mandate (as defined below), a copy of which has been produced to the Meeting marked "B" and signed by the chairman of the Meeting for the purpose of identification, pursuant to which the Company is to issue to Vendor A (as to principal amount of HK$32,686,354) and Vendor B (as to principal amount of HK$24,514,766) which is convertible into shares of the Company (the "**Conversion Shares**") at the conversion price of HK$0.24 per share (subject to adjustment) be and are hereby approved, confirmed and ratified;

3. the grant of specific mandate (the "**Specific Mandate**") to the directors (the "**Directors**") of the Company to allot and issue the Convertible Bond and to issue and allot the Conversion Shares (as defined in the circular of the Company dated 13 November 2017) to the Vendors pursuant to the Sale and Purchase Agreement and the Convertible Bond Instrument be and is hereby approved, confirmed and ratified; the Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and

4. any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Convertible Bonds to the Vendors (the "**Transactions**")."

On behalf of the Board
China Ocean Fishing Holdings Limited
Liu Rongsheng
Executive Director and Chairman

Hong Kong, 13 November 2017

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Room 03, 22/F,
China Resources Building,
26 Harbour Road,
Wanchai Hong Kong

Notes:

1. A form of proxy for use at the Meeting is enclosed herewith.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.

3. Any shareholder of the Company entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.

4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the above Meeting or any adjournment thereof (as the case may be).

5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened or at any adjourned meeting (as the case may be) and in such event, the form of proxy will be deemed to be revoked.

6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, the most senior shall alone be entitled to vote. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.

7. As at the date of this notice, the executive Directors are Mr. Liu Rongsheng, Lord Cao Yunde, Mr. Fan Guocheng, Mr. Chen Liang and Ms. Wei Qing, 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.