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中國海洋捕撈
CHINA OCEAN FISHING
HOLDINGS LIMITED

China Ocean Fishing Holdings Limited

中國海洋捕撈控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8047)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2018**

HIGHLIGHTS

For the three months ended 30 June 2018 (the "Period")

- Revenue of the Group was approximately HK\$342,384,000 as compared to the revenue of approximately HK\$221,827,000 recorded in the corresponding period in 2017.
- Profit of the Group for the Period was approximately HK\$6,738,000 (2017: approximately HK\$6,865,000).
- Profit attributable to equity holders of the Company was approximately HK\$7,234,000 (2017: approximately HK\$6,865,000).
- The Directors do not recommend the payment of any dividend (2017: Nil).
- Basic earnings per share of the Company was approximately HK0.22 cents (2017: approximately HK0.29 cents).

FINANCIAL RESULTS

The board (the "Board") of directors (the "Directors") of China Ocean Fishing Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the Period together with the comparative unaudited figures for the corresponding period in 2017 as follows:

Condensed Consolidated Statement of Comprehensive Income

	Notes	For the three months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Revenue	3	342,384	221,827
Cost of services rendered and cost of goods sold		(320,465)	(210,615)
Gross profit		21,919	11,212
Other revenue	3	9	2
Other income		3,650	453
Net gain on financial assets at fair value through profit or loss		–	919
Selling and distribution costs		(105)	–
Administrative expenses		(13,975)	(4,213)
Finance costs		(110)	–
Profit before taxation		11,388	8,373
Income tax expenses	4	(4,650)	(1,508)
Profit for the period		6,738	6,865
Other comprehensive income for the period, net of tax <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		(347)	(88)
Total comprehensive income for the period		6,391	6,777

Condensed Consolidated Statement of Comprehensive Income
(Continued)

		For the three months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
<i>Notes</i>		HK\$'000	<i>HK\$'000</i>
Profit/(loss) for the period			
attributable to:			
	Equity holders of the Company	7,234	6,865
	Non-controlling interests	(496)	–
		6,738	6,865
Total comprehensive income			
attributable to:			
	Equity holders of the Company	6,887	6,777
	Non-controlling interests	(496)	–
		6,391	6,777
Dividends	7	Nil	Nil
Earnings per share	5		
– Basic		HK0.22 cents	HK0.29 cents
– Diluted		HK0.20 cents	HK0.29 cents

Notes:

1. CORPORATE INFORMATION

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

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

2. STATEMENT OF COMPLIANCE

These unaudited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. These unaudited consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules"). The accounting policy adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2018.

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Group. The adoption of these new and revised HKFRSs has no material effect on the unaudited condensed consolidated financial statements, and there have otherwise been no significant changes to the accounting policies applied in these financial statements.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), unless otherwise stated. Other than subsidiaries operating in Cambodia and the People's Republic of China (the "PRC") of which the functional currency is US dollars and Renminbi respectively, the functional currency of the Company and other subsidiaries is HK\$.

3. REVENUE AND OTHER REVENUE

An analysis of the Group's revenue and other revenue during the Period is as follow:

	For the three months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Sale of goods from:		
Supply chain management services business	337,690	217,982
Ocean fishing business	3,513	–
Service fees from:		
Interest income from loans to customers	1,181	3,845
Revenue	342,384	221,827
Interest income	9	2
Other revenue	9	2
Total revenue	342,393	221,829

4. INCOME TAX EXPENSES

	For the three months ended 30 June	
	2018 (Unaudited) <i>HK\$'000</i>	2017 (Unaudited) <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax	500	52
– PRC EIT	4,150	1,456
Tax charge for the period	4,650	1,508

Hong Kong Profits Tax has been provided as the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong during the Period (2017: 16.5%).

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

5. EARNINGS PER SHARE

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

	For the three months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	7,234	6,865
	<hr/>	
	Number of shares For the three months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period	3,317,622,179	2,368,775,073
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Effect of dilutive potential ordinary shares – Convertible bonds	238,338,000	–
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Weighted average number of ordinary shares for the purpose of diluted earnings per share	3,555,960,179	2,368,775,073
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The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company, adjusted to reflect the interest on the convertible bonds for the three months ended 30 June 2018 (2017: nil).

The Company has dilutive potential ordinary shares on exercise of the convertible bonds. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect for the three months ended 30 June 2018.

6. RESERVES

	Attributable to equity holders of the Company							
	Share premium	Contributed surplus	Exchange reserve	Convertible bonds equity reserve	Accumulated losses	Subtotal	Non-controlling interest	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2017	516,585	594,707	(6,359)	-	(849,436)	255,497	-	255,497
Profit for the period	-	-	-	-	6,865	6,865	-	6,865
Other comprehensive income								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange difference on consolidation	-	-	(88)	-	-	(88)	-	(88)
Total comprehensive income for the period	-	-	(88)	-	6,865	6,777	-	6,777
Transaction with owners								
<i>Issue of shares under placement</i>	113,668	-	-	-	-	113,668	-	113,668
At 30 June 2017	630,253	594,707	(6,447)	-	(842,571)	375,942	-	375,942
At 1 April 2018	947,369	594,707	20,611	88,798	(791,912)	859,573	46,368	905,941
Profit for the period	-	-	-	-	7,234	7,234	(496)	6,738
Other comprehensive income								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange difference on consolidation	-	-	(347)	-	-	(347)	-	(347)
Total comprehensive income for the period	-	-	(347)	-	7,234	6,887	(496)	6,391
Transaction with owners								
<i>Issue of shares under placement</i>	-	-	-	-	-	-	-	-
At 30 June 2018	947,369	594,707	20,264	88,798	(784,678)	866,460	45,872	912,332

7. DIVIDENDS

The Directors do not recommend the payment of any dividend for the Period (2017: Nil).

REVIEW AND PROSPECT

OPERATIONAL REVIEW

Supply Chain Management and Related Services

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

During the Period, the Group expanded its supply chain management services of aquatic product, the supply chain management and related services has gathered its forward moving momentum again.

Money Lending Business

As at the end of the Period, unsecured loans totaling HK\$16,500,000 were granted to 3 individuals and 1 corporations. Depending on the financial strength of the various lenders, the Group charged interest at rates which varied from 10% to 15% per annum. The Group regularly assessed the recoverability risk of its loan receivables portfolio to ensure that impairment loss, if any, would be made in a timely manner. During the Period, the Group generated interest income of approximately HK\$1,181,000 from its money lending business.

FINANCIAL REVIEW

The Revenue for the Group increased for the Period to approximately HK\$342,384,000 as compared to approximately HK\$221,827,000 for the corresponding period in 2017. The Group has continued to develop business relationship with its business partners and potential partners in the PRC in order to increase and explore new sources of income.

The Group recorded an increase in gross profit to approximately HK\$21,919,000 in the Period as compared to approximately HK\$11,212,000 in the corresponding period in 2017. The Group will continue to control the material costs and explore new business opportunities so as to improve the gross profit of the Group.

Net profit attributable to equity holders of the Company for the Period amounted to approximately HK\$7,234,000 as compared to a profit of approximately HK\$6,865,000 in the corresponding period in 2017. During the period, the administrative expenses increased to approximately HK\$14 million from HK\$4.2 million in 2017 because of the expansion of the Company's operation in Mozambique and Cambodia. More staff were employed and operation set-up enhanced in anticipation of the commencement of large scale fishing operations. The major increase in administrative expenses being staff salaries and welfare; professional expenses incurred for the setting up of operations; exchange loss arising from the devaluation of RMB and depreciation of machinery set-up for the operations.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2018, the Group had total assets of approximately HK\$1,208.1 million (31 March 2018: approximately HK\$1,299.8 million), including net cash and bank balances of approximately HK\$32.1 million (31 March 2018: approximately HK\$19.8 million).

As at 30 June 2018, there was general banking facilities of RMB16,000,000 (31 March 2018: RMB16,000,000). Exclude the above bank facilities, during the Period, the Group financed its operations mainly with its own working capital and issue of placing shares.

As at 30 June 2018, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was 1.5% (31 March 2018: 1.5%). The Group's bank borrowings as at 30 June 2018 was approximately HK\$20,000,000 (31 March 2018: approximately HK\$20,000,000).

SUBSCRIPTION OF NEW SHARES

On 27 June 2018, the Company obtained the grant of a specific mandate from the shareholders to issue 670 million subscription shares to four subscribers at a subscription price of HK\$0.45 per subscription share, representing a total subscription proceed of HK\$301.5 million. The estimated net proceeds from the subscription after deduction of expenses, will amount to approximately HK\$290 million. The proceeds are currently intended to be applied, within three months after Completion, as follows, (i) approximately 13.79% (i.e. approximately HK\$40 million) to be used for the development of the aquiculture business in Cambodia; (ii) approximately 31.03% (i.e. approximately HK\$90 million) to development of aquatic trading business; (iii) approximately 6.90% (i.e. approximately HK\$20 million) for the construction of 1,000 Tons cold storage facilities in Mozambique to facilitate the storage before exporting the aquatic products to PRC; (iv) approximately 6.90% (i.e. approximately HK\$20 million) for the construction of pier in Mozambique; (v) approximately 3.45% (i.e. approximately HK\$10 million) for the construction of processing plant of fishing-related business in Mozambique; (vi) approximately 34.48% (i.e. approximately HK\$100 million) for the development of fishing business including the construction of steel fishing vessels; and (vii) approximately 3.45% (i.e. approximately HK\$10 million) to the general working capital of the Group.

Please refer to the Company's announcements dated 27 June 2018 and the Company's circular dated 8 June 2018 respectively for further details.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Most of the transactions of the Group are denominated in Hong Kong Dollar ("HKD"), United States Dollar ("USD") and Renminbi ("RMB"). As such, the Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between HKD, USD and RMB. The Group adopts a conservative treasury policy with most of the bank deposits being kept in HKD, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. As at 30 June 2017, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

CHARGE ON GROUP ASSETS

As at 30 June 2018, the Group's share investment was held at a securities margin account maintained with a stockbroker for margin facilities granted (2017: Nil).

OUTLOOK

Even though the supply chain management business is having a stable growth during the Period 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 of the Company 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.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

As at 30 June 2018, the Group held investments in securities in Hong Kong (collectively, the "Investments") with a market value of approximately HK\$50,701,000 (2017: approximately HK\$2,000), representing an investment portfolio of 1 (2017: 1) listed securities in Hong Kong, which accounted for approximately 5.3% of the net assets of the Group. As there was no change in the market price at the end of the reporting period, the Group does not have any net unrealised fair value gain or loss (2017: Nil).

Save as disclosed above, the Group had no significant investments, material acquisition or disposal of subsidiaries and affiliated companies during the Period.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2018.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had 148 (2017: 43) employees including directors. Total staff costs (excluding directors' emoluments) amounted to approximately HK\$3.3 million for the Period (2017: approximately HK\$1.4 million). Remuneration is determined by reference to market terms and the performance, qualifications and experience of the individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and basic insurance for the elderly, basic medical insurance, work injury insurance and unemployment insurance to its employees in the PRC.

EVENTS AFTER THE REPORTING DATE

- a) On 18 July 2018, the Company has completed the subscription agreements I & II with the subscribers I & II (both independent third parties), of 70,000,000 new shares and 80,000,000 new shares, respectively, (the "Subscription Share I & II respectively") at HK\$0.45 per Subscription Share (the "Subscription I & II respectively"). 70,000,000 Subscription Shares and 80,000,000 Subscription Shares respectively were allotted and issued by the Company pursuant to the subscription agreements. The gross proceeds from the Subscription I & II is approximately HK\$67.5 million and the net proceeds from the Placing, after deduction of commission and other expenses of the Placing from the gross proceeds, is approximately HK\$67 million which is intended to apply in accordance with the Company's circular dated 8 June 2018.
- b) On 27 July 2018, the Company has completed the subscription agreement III with the subscribers III (an independent third party), of 160,000,000 new shares (the "Subscription Share III") at HK\$0.45 per Subscription Share (the "Subscription III"). 160,000,000 Subscription Shares were allotted and issued by the Company pursuant to the subscription agreement III. The gross proceeds from the Subscription III is approximately HK\$72 million and the net proceeds from the Placing, after deduction of commission and other expenses of the Placing from the gross proceeds, is approximately HK\$71 million which is intended to apply in accordance with the Company's circular dated 8 June 2018.
- c) On 27 July 2018, the Group completed the acquisition of 65% equity interest in Lianyungang Anni Ocean Fishing Co., Ltd ("Lianyungang Anni"), a company incorporated in the PRC, for a total consideration of RMB72.3 million (equivalent to HK\$90.4 million) with two vendors (the "Vendors"), both are third parties independent to the Company and its connected persons. Lianyungang Anni is principally engaged in fishing business in opens seas and holds fishing license in Malaysia. The consideration shall be settled by cash of RMB59.3 million (equivalent to HK\$74.1 million) payable to the Vendors and by issue of zero coupon convertible bonds, at a conversion price of HK\$0.52 per share with a total of 31,172,000 conversion shares, in the principal amount of HK\$16.2 million by the Company.
- d) On 8 August 2018, Mr. Zhu Yifeng has resigned as an independent non-executive Director and a member of the Audit Committee and Mr. Lam Man Hing has been appointed as an independent non-executive Director and a member of the Audit Committee.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including interest or short positions which they had taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by directors were as follows:

Long position in the Shares

Name of Director	Capacity	Number of ordinary Shares held	Approximate percentage of issued share capital
Ms. Wei Qing (<i>Note 1, 2</i>)	Beneficial owner	79,996,000	2.41%
Mr. Fan Guocheng (<i>Note 1</i>)	Beneficial owner	800,000	0.02%

Notes :

- 1) Ms. Wei Qing and Mr. Fan Guocheng are the executive Directors.
- 2) Ms. Wei Qing is beneficially interested in 70,000,000 Shares through Sunny Sky Capital Management Limited.

Save as disclosed above, as at 30 June 2018, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the Directors to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

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

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

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under paragraphs headed "Directors, Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

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

As at 30 June 2018, the interests and short positions of persons in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO were as follows:

Long position in the Shares

Name of Shareholder	Capacity	Number of ordinary Shares held	Approximate percentage of issued share capital
Mr. Liu Yi	Beneficial owner	724,292,000	19.97%
COFCO Capital (Hong Kong) Co., Ltd	Beneficial owner	416,666,666	11.49%

Save as disclosed above, as at 30 June 2018, so far as is known to any Directors, no persons had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or, who was directly or indirectly, interested in 5% 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 members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHAREHOLDERS' INTERESTS IN SECURITIES OF SIGNIFICANCE

Other than the interests disclosed above in respect of the substantial shareholders, as at 30 June 2018, no person is individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company did not redeem any of its listed shares (the "Shares"), nor did the Company or any of its subsidiaries purchase or sell any such Shares during the Period.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

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

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

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

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

PRE-EMPTIVE RIGHTS

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

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all the Directors, each of the Directors confirmed that he/she had complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the Period.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. The Company has applied the principles in the CG Code and complied with the code provisions set out in the CG Code for the Period, save for the deviation from code provision A.2.1 and A.6.7 of the CG Code which is explained below.

In accordance with the CG Code provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual to ensure a balance of power and authority. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The roles of the chairman and the chief executive officer of the Company are performed by Mr. Liu Rongsheng. The Board considers that the present structure is more suitable for the Company for it provides strong and consistent leadership in the planning and execution of long-term business plans and strategies of the Company.

Under Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders, Mr. Yang Yong, a non-executive Director; Ms. Li Yuen Fong, Michelle and Mr. Zhu Yifeng, both independent non-executive Directors, were unable to attend the special general meetings of the Company held on 27 June 2018 due to their other business activities and unexpected engagement.

The Directors will continue to review the effectiveness of the Group's corporate governance structure to assess whether changes, including the separation of the roles of the chairman and chief executive officer, as and when necessary.

REVIEW BY AUDIT COMMITTEE

As required by Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee of the Board (the "Audit Committee") with written terms of reference which deal clearly with its authority and duties. The principal duties of the Audit Committee are the review and supervision of the Company's financial reporting process and internal control systems, as well as monitoring the risk management of the Company. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors (the "INEDs"), namely Mr. Pang Pui Hung, Paton (chairman of the Audit Committee), Ms. Li Yuen Fong, Michelle and Mr. Lam Man Hing.

The Company's unaudited condensed consolidated financial statements for the Period have been reviewed by the Audit Committee. The Audit Committee considered that the relevant financial statements had been prepared in compliance with the applicable accounting principles and requirements of the GEM Listing Rules.

By order of the board of
China Ocean Fishing Holdings Limited
Liu Rongsheng
Chairman & Executive Director

Hong Kong, 10 August 2018

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

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

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