



中國海洋捕撈

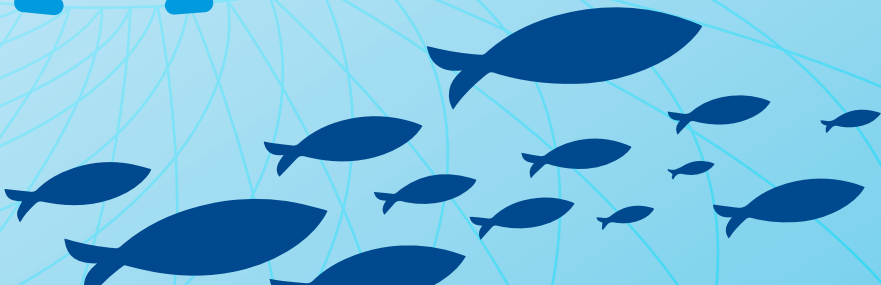
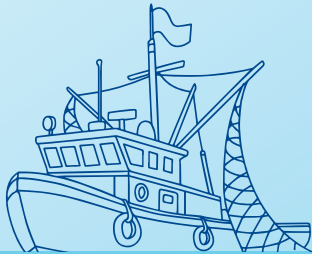
**CHINA OCEAN FISHING
HOLDINGS LIMITED**

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)

2019-2020
Third Quarterly Report





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Given that the companies listed on GEM are generally small and mid-sized companies, 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.

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This report, for which the directors of China Ocean Fishing Holdings Limited (the "Company" and the "Directors", respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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 report 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 report misleading.



HIGHLIGHTS

For the nine months ended 31 December 2019 (the “Period”)

- Revenue of the Group was approximately HK\$624,835,000 as compared to the revenue of approximately HK\$778,853,000 recorded in the corresponding period in 2018.
- Profit of the Group for the Period was approximately HK\$18,087,000 (2018: approximately HK\$28,804,000).
- Profit attributable to equity holders of the Company was approximately HK\$18,247,000 (2018: approximately HK\$24,739,000).
- The Directors do not recommend the payment of any dividend (2018: Nil).
- Basic earnings per share of the Company was approximately HK0.43 cents (2018: approximately HK0.67 cents).



FINANCIAL RESULTS

The board of Directors (the “Board” and “Directors” respectively) of China Ocean Fishing Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “Group”) for the nine months and three months ended 31 December 2019 together with the relevant comparative unaudited figures as follows:

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months and three months ended 31 December 2019

	Notes	For the nine months ended 31 December		For the three months ended 31 December	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue from contracts with customers	3	624,835	778,853	286,854	231,202
Cost of services rendered and cost of goods sold		(562,712)	(712,158)	(264,173)	(213,534)
Gross profit		62,123	66,695	22,681	17,668
Other revenue	3	4	8	1	3
Other income	4	8,810	21,932	4,318	8,235
Net loss on disposal of financial assets at fair value through profit or loss		-	(6,425)	-	(5,419)
Selling and distribution costs		(271)	(419)	(31)	(203)
Administrative expenses		(35,038)	(36,876)	(12,886)	(488)
Finance costs		(17,211)	(2,376)	(6,339)	(823)
Net unrealised loss on financial assets at fair value through profit or loss		-	(12,224)	-	(3,741)
Profit before taxation		18,417	30,315	7,744	15,232
Income tax expenses	5	(330)	(1,511)	489	(831)
Profit for the period		18,087	28,804	8,233	14,401



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

For the nine months and three months ended 31 December 2019

	For the nine months ended 31 December		For the three months ended 31 December	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Notes				
Other comprehensive (loss)/ income for the period, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on consolidation	(57,429)	(71,584)	17,167	(44,044)
Total comprehensive (loss)/income for the period	(39,342)	(42,780)	25,400	(29,643)
Profit for the period attributable to:				
Equity holders of the Company	18,247	24,739	8,812	14,903
Non-controlling interests	(160)	4,065	(579)	(502)
	18,087	28,804	8,233	14,401
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(39,182)	(46,845)	25,979	(29,141)
Non-controlling interests	(160)	4,065	(579)	(502)
	(39,342)	(42,780)	25,400	(29,643)
Earnings per share				
– Basic	HK\$0.43 cents	HK\$0.67 cents	HK0.21 cents	HK0.37 cents
– Diluted	HK\$0.43 cents	HK\$0.66 cents	HK0.21 cents	HK0.37 cents

6



Notes to the Financial Statements

1. CORPORATE INFORMATION

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

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

2. STATEMENT OF COMPLIANCE

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

These unaudited condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements and interim financial report as defined in Hong Kong Financial Reporting Standards ("HKFRSs"), and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2019 and have been prepared on the historical cost basis.

The accounting policies used in preparing these unaudited condensed consolidated financial information are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 March 2019.



Notes to the Financial Statements

3. REVENUE AND OTHER REVENUE

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

	For the nine months ended 31 December		For the three months ended 31 December	
	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>
Revenue from contracts with customers				
Supply chain management services business	606,200	735,076	284,744	219,864
Ocean fishing business	18,556	42,297	2,098	11,338
Services fees from:				
Interest income from loan to customers	79	1,480	12	–
Revenue	624,835	778,853	286,854	231,202
Interest income	4	8	1	3
Other revenue	4	8	1	3
Total revenue	624,839	778,861	286,855	231,205



Notes to the Financial Statements

4. OTHER INCOME

	For the nine months ended 31 December		For the three months ended 31 December	
	2019	2018	2019	2018
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest income from other loan	3,240	9,720	–	3,240
Government subsidiary income	4,301	6,559	3,862	–
Sundry income	1,269	5,653	456	4,995
	8,810	21,932	4,318	8,235

5. INCOME TAX EXPENSES

	For the nine months ended 31 December		For the three months ended 31 December	
	2019	2018	2019	2018
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Current tax				
– Hong Kong Profits Tax	–	500	–	–
– PRC EIT	330	1,011	(489)	831
Tax charge for the period	330	1,511	(489)	831

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong during the Period (2018: 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.



Notes to the Financial Statements

6. EARNINGS PER SHARE

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

	For the nine months ended 31 December		For the three months ended 31 December	
	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>
Profit attributable to equity holders of the Company	18,247	24,739	8,812	14,903
	Number of shares			
Weighted average number of ordinary shares in issue during the period	4,225,960,179	3,705,319,590	4,225,960,179	4,054,978,570
Effect of dilutive potential ordinary shares:				
– Convertible bonds	31,172,000	31,172,000	31,172,000	31,172,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,257,132,179	3,736,491,590	4,257,132,179	4,086,150,570



Notes to the Financial Statements

6. EARNINGS PER SHARE (*Continued*)

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 nine months ended 31 December 2019 (2018: nil).

The Company has dilutive potential ordinary shares on exercise of the convertible bonds. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect for the nine months ended 31 December 2019.

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2019 (2018: Nil).



Notes to the Financial Statements

8. RESERVES

Attributable to equity holders of the Company

	Attributable to equity holders of the Company			
	Reserves			
	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000
At 1 April 2018	33,176	947,369	594,707	20,609
Profit for the period	-	-	-	-
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
- Exchange difference on consolidation	-	-	-	(71,584)
Total comprehensive loss for the period	-	-	-	(71,584)
Transaction with equity holders				
<i>Contributions and distributions</i>				
Issue of shares under placement	9,084	349,620	-	-
Issue of convertible bonds	-	-	-	-
<i>Change in ownership interest</i>				
Acquisition of subsidiaries	-	-	-	-
	9,084	349,620	-	-
At 31 December 2018	42,260	1,296,989	594,707	(50,975)
At 1 April 2019	42,260	1,378,822	594,707	(34,918)
Profit for the period	-	-	-	-
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
- Exchange difference on consolidation	-	-	-	(57,429)
Total comprehensive loss for the period	-	-	-	(57,429)
At 31 December 2019	42,260	1,378,822	594,707	(92,347)



Notes to the Financial Statements

Attributable to equity holders of the Company					
Reserves					
Convertible bonds equity reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total reserves (Unaudited) HK\$'000	Subtotal (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
88,798	(791,908)	859,575	892,751	46,367	939,118
–	24,739	24,739	24,739	4,065	28,804
–	–	(71,584)	(71,584)	–	(71,584)
–	24,739	(46,845)	(46,845)	4,065	(42,780)
–	–	349,620	358,704	–	358,704
(3,412)	–	(3,412)	(3,412)	–	(3,412)
–	(474)	(474)	(474)	26,749	26,275
(3,412)	(474)	345,734	354,818	26,749	381,567
85,386	(767,643)	1,158,464	1,200,724	77,181	1,277,905
–	(748,718)	1,189,893	1,232,153	59,974	1,292,127
–	18,247	18,247	18,247	(160)	18,087
–	–	(57,429)	(57,429)	–	(57,429)
–	18,247	(39,182)	(39,182)	(160)	(39,342)
–	(730,471)	1,150,711	1,192,971	59,814	1,252,785



MANAGEMENT DISCUSSION AND ANALYSIS

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 continued its supply chain management services of aquatic products. The Group also expanded its operation to vertically integrated with fishing subsidiaries to secure the supply of aquatic products.

Money lending business

At the end of the Period, unsecured loans amounted to HK\$287,000 were granted to an individual with interest at a rate of 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\$79,000 from its money lending business.

Financial Review

The Revenue for the Group decreased for the Period to approximately HK\$624,835,000 as compared to approximately HK\$778,853,000 for the corresponding period in 2018 because of the uncertain market due to the trade conflicts between the United States and China, therefore, the Company has taken a more cautious approach when negotiating sales contracts with our customers. The Group's aquatic products business generated a total revenue of approximately HK\$606,200,000, the fishing operation also contributed to approximately HK\$18,556,000 to the Group's total revenue. 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 continued to concentrate on aquatic products during the Period.



The Group recorded an decrease in gross profit to approximately HK\$62,133,000 in the Period as compared to approximately HK\$66,695,000 in the corresponding period in 2018. The Group will continue to control the material costs and explore new business opportunities so as to improve the gross profit of the Group. The gross profit margin, excluding interest income received from the money lending business, increased from 8.6% to 9.9% during the Period. Gross profit margin of aquatic products from fishing operation were generally higher than from supply chain operation.

Net profit attributable to equity holders of the Company for the Period amounted to approximately HK\$18,247,000 as compared to a profit of approximately HK\$24,739,000 in the corresponding period in 2018. During the period, the administrative expenses decreased slightly to approximately HK\$35 million from HK\$37 million in 2018 because of the devaluation of Renminbi during the Period. Due to 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 components in administrative expenses being salaries and welfare for both staff and directors; rent and rates, legal and professional fee, exchange loss and depreciation.

Outlook

Despite the stable growth of the Company's supply chain management business during the Period because of the new contracts being signed with the Company's customers, the Company will pay close attention to its performance and future development. At the same time, the management will continuously monitor and review the overall operation and financial performance of the Group's businesses so as to cope with the ever-changing business environment. The management will continue to proactively seek other promising investment and business opportunities to broaden the source of income of the Group and enhance value to the shareholders of the Company through investment and/or 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 opportunities in the marine fishing business.

Liquidity, financial resources and capital structure

As at 31 December 2019, the Group had total assets of approximately HK\$1,710,910,000 (31 March 2019: approximately HK\$1,693,051,000), including bank balances and cash equivalent of approximately HK\$3,792,000 (31 March 2019: approximately HK\$14,326,000).

As at 31 December 2019, there was general banking facilities granted to a subsidiary of RMB33,000,000 (31 March 2019: RMB24,900,000) which was utilised. Excluding the above banking facilities, during the Period, the Group financed its operation mainly with its own working capital, proceeds from the issue of placing/subsription shares and borrowings.



As at 31 December 2019, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was approximately 2.1% (31 March 2019: 1.7%). The Group's total bank borrowings as at 31 December 2019 was HK\$36,667,000 (31 March 2019: HK\$28,953,000).

Exposure to fluctuations in exchange rates and related hedges

Most of the transactions of the Group are denominated in Hong Kong Dollar ("HKD") and Renminbi ("RMB"). The Group adopts a conservative treasury policy with most of the bank deposits being kept in HKD, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 31 December 2019, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

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

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

CHARGE ON GROUP ASSETS

As at 31 December 2019, the Group pledged certain leasehold land and building with carrying amount of approximately HK\$20.1 million (31 March 2019: approximately HK\$20.5 million) as collateral to secure borrowings granted to the Group.

CONTINGENT LIABILITIES

Save as disclosed above, the Group had no contingent liability as at 31 December 2019 (31 March 2019: Nil).

Employees and remuneration policies

As at 31 December 2019, the Group had 82 (31 December 2018: 133) employees including the Directors. Total staff costs (excluding Directors' emoluments) amounted to approximately HK\$9,079,000 for the Period, as compared to approximately HK\$9,909,000 in the corresponding period in 2018. Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and basic insurance for the elderly, basic medical insurance, work injury insurance and unemployment insurance to its employees in the PRC.



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

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

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

As at 31 December 2019, 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 (Note 1)	Beneficial owner	79,608,000	1.88%
Mr. Fan Guocheng	Beneficial owner	800,000	0.02%
Mr. Cai Haiming	Beneficial owner	151,404,857	3.58%

Note:

- (1) Ms. Wei Qing is beneficial interested in 67,852,000 shares through Sunny Sky Capital Management Limited.



Save as disclosed above, as at 31 December 2019, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the Directors to be notified to the Company and the Stock Exchange.

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

As at 31 December 2019, the interests and short positions of persons in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of the ordinary shares held	Approximate percentage of issued share capital
Liu Yi	Beneficial owner	724,292,000(L)	17.14%

(L) denotes long position

Save as disclosed above, as at 31 December 2019, the Directors were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or, who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.



SHARE OPTION SCHEME

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

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

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

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

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

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

During the Period, there were no purchases, sales or redemptions of the Company's listed shares by the Company or any of its subsidiaries.



DIRECTORS' INTEREST IN COMPETING INTERESTS

During the Period and up to the date of this report, the directors who have 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 are 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.



CHANGES OF DIRECTOR'S AND CHIEF EXECUTIVE'S INFORMATION

The changes of the Directors' and Chief Executive's information since the disclosure made in the Company's 2019-2020 Interim report dated 8 November 2019 were set out as follows:

- Mr. Cai Haiming has been appointed as a non-executive Director of the Company on 17 January 2020.

PRE-EMPTIVE RIGHT

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

CODE OF CONDUCT REGARDING DIRECTOR'S SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the 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, except for the deviation from 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. 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.



AUDIT COMMITTEE

The Audit Committee was established in October 2001, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of overseeing the financial reporting system, risk management and internal control systems of the Group. As at 31 December 2019, the Audit Committee comprises the three independent non-executive Directors of the Company, namely, Mr. Pang Pui Hung, Paton, Mr. Lam Man Hing and Mr. Li Cao. The chairman of the Audit Committee was Mr. Pang Pui Hung, Paton.

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

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

Hong Kong, 7 February 2020

As at the date of this report, the executive Directors are Mr. Liu Rongsheng, Mr. Fan Guocheng and Ms. Wei Qing; the non-executive Directors are Mr. Yang Yong, Mr. Lui Chun Pong and Mr. Cai Haiming; independent non-executive Directors are Mr. Pang Pui Hung, Paton, Mr. Lam Man Hing and Mr. Li Cao.