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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)

MAJOR TRANSACTION

ACQUISITION OF 70% EQUITY INTERESTS IN SHENZHEN QISEN FISHERY COMPANY LIMITED

THE ACQUISITION

The Board is pleased to announce that on 29 May 2017 (after trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Equity. The consideration for the Acquisition is RMB60,909,000 which shall be settled and discharged by the Purchaser by cash of RMB10 million payable to the Vendor and by issue of the Convertible Bonds by the Company.

LISTING RULES IMPLICATION

As the applicable percentage ratios (as 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.

A circular containing, among other matters, (i) further details of the Acquisition and the Specific Mandate, and (ii) a notice convening the SGM, is expected to be dispatched to the Shareholders on or before 7 July 2017.

The Board is pleased to announce that on 29 May 2017 (after trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Equity. The consideration for the Acquisition is RMB60,909,000 which shall be settled and discharged by the Purchaser by cash of RMB10 million payable to the Vendor and by issue of the Convertible Bonds by the Company.

Principal terms of the Sale and Purchase Agreement are set out below.

SALE AND PURCHASE AGREEMENT

Date: 29 May 2017 (after trading hours)

Parties:

- (i) 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 as the Purchaser;
- (ii) Chen Suifang 陳遂芳, as the Vendor A;
- (iii) Cai Haiming 蔡海銘, as the Vendor B;

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement and subject to the conditions, the Vendors have agreed to sell and the Purchaser has agreed to purchase from the Vendors, free from any encumbrances whatsoever, the Sale Equity, representing 70% of the equity interests in the Target Company as at the date of the Sale and Purchase Agreement.

Consideration

The Consideration in the sum of RMB60,909,000 which shall be settled and discharged by the Purchaser in accordance with the mode and manner as set out thereunder:

- (i) by cash already paid to the Vendor after signing of the MOU of RMB5,000,000;
- (ii) by cash payable to the Vendor within three Business Days after Completion of RMB5,000,000;
- (iii) by issue of Convertible Bonds after Completion and satisfaction of Conditions.

Completion is conditional upon the relevant industry and commerce bureau in the PRC approving the transfer of the Sale Equity to the Purchaser;

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 thereunder;

Completion

Completion shall take place on the Completion Date after satisfaction (or waiver by the Purchaser).

Upon Completion, the Company will be indirectly interested in 70% equity interests in the Target Company and the Vendor A will be directly interested in 30% equity interests in the Target Company and Vendor B will cease to have any interest in the Target Company.

EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE

	As at the date of this Announcement		Immediately after Completion and conversion of the Convertible Bonds	
	<i>No. of Shares</i>	<i>Approx.%</i>	<i>No. of Shares</i>	<i>Approx.%</i>
Vendor A	–	–	136,193,143	5.13%
Vendor B	–	–	102,144,857	3.84%
Liu Yi	507,500,000	20.99%	507,500,000	19.11%
Public Shareholders	<u>1,909,975,513</u>	<u>79.01%</u>	<u>1,909,975,513</u>	<u>76.92%</u>
	<u>2,417,475,513</u>	<u>100.00%</u>	<u>2,655,813,513</u>	<u>100.00%</u>

PRINCIPLE TERMS OF THE CONVERTIBLE BONDS

Principal amount: RMB50,909,000.00

Interest: Zero coupon rate

Conversion price: The price at which each Share shall be issued upon conversion shall be HK\$0.24 (subject to adjustment)

Maturity date:	The first anniversary of the date of issue of the Convertible Bond.
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 9.86% of the issued share capital of the Company as at the date hereof and approximately 8.97% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.
Adjustment to Conversion Price:	The Conversion Price of the Convertible Bonds is subject to adjustments in certain events, including, among other things, share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and further issue of shares or convertible securities 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.
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 COMPANY AND TARGET GROUP AND THE VENDORS

The Target Company is a company established in the People's Republic of China with limited liability. The Target Company 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.

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

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

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

FINANCIAL INFORMATION OF THE TARGET GROUP

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

	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	6,398	7,713
Profit after tax	6,398	7,713

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 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 to 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.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as 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 Conversion Shares will be issued under the Specific Mandate to be sought at the SGM. Applications will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Conversion Shares.

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.

A circular containing, among other matters, (i) further details of the Acquisition and the Specific Mandate, and (ii) a notice convening the SGM, is expected to be dispatched to the Shareholders on or before 7 July 2017.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Acquisition”	The acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement;
“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;
“Company”	China Ocean Fishing Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the GEM Board of the Stock Exchange;
“Completion”	the completion of the Acquisition and transactions contemplated under the Sale and Purchase Agreement in accordance with the terms therein;

“Consideration”	The sum of RMB60,909,000 to be paid by the Purchaser to the Vendor for the Sale Shares 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 Vendor;
“Convertible Shares”	The Shares to be issued by the Company upon conversion of a Convertible Bonds;
“Director(s)”	the director(s) of the Company;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the Growth Enterprise market of the Stock Exchange;
“Group”	The Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“MOU”	The memorandum of understanding dated 15 March 2017 entered into between Ms. Chen Suifang and Ms. Zou Lian as Vendors and the Purchaser, details of which are set out in announcement of the Company dated 15 March 2017;
“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”	People’s Republic of China;
“Sale and Purchase Agreement”	The sale and purchase agreement dated 29 May 2017 entered into between the Purchaser and the Vendor in relation to the Acquisition;
“Sale Equity”	70% equity interest in the Target Company as at the date of the Sale and Purchase Agreement;
“Share(s)”	Ordinary shares of HK\$0.01 each in the issued share capital of the Company as at the date of this announcement;

“Shareholder(s)”	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;
“Target Company”	Shenzhen Qisen Fishery Company Limited;
“Target Group”	The Target Company and its subsidiaries;
“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 Specific Mandate;
“Vendor”	Vendor A and Vendor B;
“Vendor A”	Ms. Chen Suifang, an independent third party;
“Vendor B”	Mr. Cai Haiming, an independent third party;
“HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“%”	Per cent.;

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

* *for identification purposes only*

Hong Kong, 29 May 2017

As at the date of this announcement, the executive Directors are Mr. Liu Rongsheng, Lord Cao Yunde, Mr. Gan Weiming, Mr. Fan Guocheng and Mr. Chen Liang and independent non-executive Directors are Mr. Pang Pui Hung, Paton, Ms. Li Mei and Ms. Li Yuen Fong, Michelle.

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>.