



**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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2017**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE  
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*The Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement, for which the directors (the “Director”) of China Ocean Fishing Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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.*

## FINANCIAL RESULTS

The board of Directors (the “Board”) of the Company hereby announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2017 (the “Year”) together with the comparative figures for the corresponding year in 2016 as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 March 2017*

|  | Note | 2017<br>HK\$'000       | 2016<br>HK\$'000        |
|--|------|------------------------|-------------------------|
| <b>Continuing operations</b>   |      |                        |                         |
| Revenue  | 4    | 121,667                | 1,662,929               |
| Cost of services rendered and cost of goods sold                               |      | <u>(112,758)</u>       | <u>(1,653,639)</u>      |
| Gross profit   |      | 8,909                  | 9,290                   |
| Other revenue  | 4    | 2                      | 510                     |
| Other income   |      | 76                     | 21                      |
| Selling and distribution costs   |      | (2,939)                | (10,747)                |
| Administrative expenses  |      | (82,446)               | (54,883)                |
| Finance costs  |      | (1,278)                | –                       |
| Net unrealised profit on financial assets at fair value through profit or loss |      | 7,144                  | –                       |
| Other operating expenses   |      | (13,109)               | (132,398)               |
| Share of results of associates   |      | –                      | (8,811)                 |
| Gain on disposal of subsidiaries   |      | <u>779</u>             | <u>–</u>                |
| <b>Loss before taxation from continuing operations</b>                         | 5    | <b>(82,862)</b>        | <b>(197,018)</b>        |
| Income tax expenses  | 6    | <u>(1,466)</u>         | <u>(1,622)</u>          |
| <b>Loss for the year from continuing operations</b>                            |      | <b><u>(84,328)</u></b> | <b><u>(198,640)</u></b> |
| <b>Discontinued operations</b>   |      |                        |                         |
| Profit/(loss) for the year from discontinued operations                        | 9    | <u>17,129</u>          | <u>(7,226)</u>          |
| <b>Loss for the year</b>   |      | <b><u>(67,199)</u></b> | <b><u>(205,866)</u></b> |

|   | Note | 2017<br>HK\$'000       | 2016<br>HK\$'000        |
|---|------|------------------------|-------------------------|
| <b>Other comprehensive loss for the year:</b>                         |      |                        |                         |
| <i>Items that may be reclassified subsequently to profit or loss:</i> |      |                        |                         |
| Exchange differences on consolidation                                 |      | (5,925)                | (11)                    |
| Share of other comprehensive loss of associates                       |      | —                      | (293)                   |
|   |      | <u>(5,925)</u>         | <u>(304)</u>            |
| <b>Total comprehensive loss for the year</b>                          |      | <b><u>(73,124)</u></b> | <b><u>(206,170)</u></b> |
| <b>Loss attributable to:</b>  |      |                        |                         |
| Equity holders of the Company   | 8    | (67,199)               | (205,532)               |
| Non-controlling interests   |      | —                      | (334)                   |
|   |      | <u>(67,199)</u>        | <u>(205,866)</u>        |
| <b>Total comprehensive loss attributable to:</b>                      |      |                        |                         |
| Equity holders of the Company   |      | (73,124)               | (205,785)               |
| Non-controlling interests   |      | —                      | (385)                   |
|   |      | <u>(73,124)</u>        | <u>(206,170)</u>        |
| <b>Loss per share</b>   |      |                        |                         |
| From continuing and discontinued operations                           | 8    |                        |                         |
| Basic   |      | (HK3.60 cents)         | (HK13.57 cents)         |
| Diluted   |      | <u>(HK3.60 cents)</u>  | <u>(HK13.57 cents)</u>  |
| From continuing operations  |      |                        |                         |
| Basic   |      | (HK4.51 cents)         | (HK13.11 cents)         |
| Diluted   |      | <u>(HK4.51 cents)</u>  | <u>(HK13.11 cents)</u>  |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

|   | <i>Note</i> | 2017<br><i>HK\$'000</i> | 2016<br><i>HK\$'000</i> |
|---|-------------|-------------------------|-------------------------|
| <b>Non-current assets</b>                             |             |                         |                         |
| Property, plant and equipment                         |             | 1,142                   | 5,559                   |
| Intangible assets                                     |             | 91                      | 109                     |
| Other assets  |             | 786                     | 6,790                   |
|   |             | <u>2,019</u>            | <u>12,458</u>           |
| <b>Current assets</b>                                 |             |                         |                         |
| Other assets  |             | 121                     | 906                     |
| Inventories   |             | –                       | 10,018                  |
| Financial assets at fair value through profit or loss |             | 66,093                  | –                       |
| Trade and other receivables                           | <i>10</i>   | 141,542                 | 313,937                 |
| Loans receivables                                     |             | 92,413                  | –                       |
| Bank balances and cash                                |             | 23,955                  | 7,444                   |
|   |             | <u>324,124</u>          | <u>332,305</u>          |
| <b>Current liabilities</b>                            |             |                         |                         |
| Trade and other payables                              | <i>11</i>   | 26,886                  | 15,380                  |
| Borrowings  |             | 20,816                  | –                       |
| Tax payable   |             | 2,798                   | 1,622                   |
|   |             | <u>50,500</u>           | <u>17,002</u>           |
| <b>Net current assets</b>                             |             | <u>273,624</u>          | <u>315,303</u>          |
| <b>Total assets less current liabilities</b>          |             | <u>275,643</u>          | <u>327,761</u>          |
| <b>NET ASSETS</b>                                     |             | <u><u>275,643</u></u>   | <u><u>327,761</u></u>   |
| <b>Capital and reserves</b>                           |             |                         |                         |
| Share capital   |             | 20,146                  | 16,787                  |
| Reserves  |             | 255,497                 | 310,974                 |
| Equity attributable to equity holders of the Company  |             | <u>275,643</u>          | <u>327,761</u>          |
| Non-controlling interests                             |             | <u>–</u>                | <u>–</u>                |
| <b>TOTAL EQUITY</b>                                   |             | <u><u>275,643</u></u>   | <u><u>327,761</u></u>   |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

| (In HK\$'000)  | Attributable to equity holders of the Company |               |                     |                  |                   |                    |           |                |          |                           |       |
|--|---|---------------|---------------------|------------------|-------------------|--------------------|-----------|----------------|----------|---------------------------|-------|
|  | Share capital                                 | Share premium | Contributed surplus | Exchange reserve | Reserves          |                    |           | Total reserves | Subtotal | Non-controlling interests | Total |
|  |   |               |                     |                  | Statutory reserve | Accumulated losses | Total     |                |          |                           |       |
| At 1 April 2015  | 13,254  | 437,446       | 594,707             | 9,127            | 2,512             | (576,705)          | 467,087   | 480,341        | (2,251)  | 478,090                   |       |
| Loss for the year  | -   | -             | -                   | -                | -                 | (205,532)          | (205,532) | (205,532)      | (334)    | (205,866)                 |       |
| <b>Other comprehensive income (loss)</b>                             |   |               |                     |                  |                   |                    |           |                |          |                           |       |
| <i>Items that may be reclassified subsequently to profit or loss</i> |   |               |                     |                  |                   |                    |           |                |          |                           |       |
| Exchange differences on consolidation                                | -   | -             | -                   | 40               | -                 | -                  | 40        | 40             | (51)     | (11)                      |       |
| Share of other comprehensive loss of associates                      | -   | -             | -                   | (293)            | -                 | -                  | (293)     | (293)          | -        | (293)                     |       |
| Total comprehensive loss for the year                                | -   | -             | -                   | (253)            | -                 | (205,532)          | (205,785) | (205,785)      | (385)    | (206,170)                 |       |
| <b>Transactions with equity holders</b>                              |   |               |                     |                  |                   |                    |           |                |          |                           |       |
| <i>Contributions and distributions</i>                               |   |               |                     |                  |                   |                    |           |                |          |                           |       |
| Issue of shares upon placing in August 2015                          | 883   | 13,978        | -                   | -                | -                 | -                  | 13,978    | 14,861         | -        | 14,861                    |       |
| Issue of shares upon placing in September 2015                       | 2,650   | 35,965        | -                   | -                | -                 | -                  | 35,965    | 38,615         | -        | 38,615                    |       |
| Total transactions with equity holders                               | 3,533   | 49,943        | -                   | -                | -                 | -                  | 49,943    | 53,476         | -        | 53,476                    |       |
| <b>Disposal of subsidiaries</b>                                      | -   | -             | -                   | (180)            | (91)              | -                  | (271)     | (271)          | 2,636    | 2,365                     |       |
| At 31 March 2016   | 16,787  | 487,389       | 594,707             | 8,694            | 2,421             | (782,237)          | 310,974   | 327,761        | -        | 327,761                   |       |

Attributable to equity holders of the Company

|  | Reserves      |                |                     |                  |                   |                    |                | Subtotal       | Non-controlling interests | Total          |
|--|---------------|----------------|---------------------|------------------|-------------------|--------------------|----------------|----------------|---------------------------|----------------|
|  | Share capital | Share premium  | Contributed surplus | Exchange reserve | Statutory reserve | Accumulated losses | Total reserves |                |                           |                |
| (In HK\$'000)  |               |                |                     |                  |                   |                    |                |                |                           |                |
| At 1 April 2016  | 16,787        | 487,389        | 594,707             | 8,694            | 2,421             | (782,237)          | 310,974        | 327,761        | -                         | 327,761        |
| Loss for the year  | -             | -              | -                   | -                | -                 | (67,199)           | (67,199)       | (67,199)       | -                         | (67,199)       |
| <b>Other comprehensive income (loss)</b>                             |               |                |                     |                  |                   |                    |                |                |                           |                |
| <i>Items that may be reclassified subsequently to profit or loss</i> |               |                |                     |                  |                   |                    |                |                |                           |                |
| Exchange differences on consolidation                                | -             | -              | -                   | (5,925)          | -                 | -                  | (5,925)        | (5,925)        | -                         | (5,925)        |
| Total comprehensive loss for the year                                | -             | -              | -                   | (5,925)          | -                 | (67,199)           | (73,124)       | (73,124)       | -                         | (73,124)       |
| <b>Transactions with equity holders</b>                              |               |                |                     |                  |                   |                    |                |                |                           |                |
| <i>Contributions and distributions</i>                               |               |                |                     |                  |                   |                    |                |                |                           |                |
| Issue of shares upon placing   | 3,359         | 29,196         | -                   | -                | -                 | -                  | 29,196         | 32,555         | -                         | 32,555         |
| Disposal of subsidiaries   | -             | -              | -                   | (9,128)          | (2,421)           | -                  | (11,549)       | (11,549)       | -                         | (11,549)       |
| At 31 March 2017   | <u>20,146</u> | <u>516,585</u> | <u>594,707</u>      | <u>(6,359)</u>   | <u>-</u>          | <u>(849,436)</u>   | <u>255,497</u> | <u>275,643</u> | <u>-</u>                  | <u>275,643</u> |

*Notes:*

## **1. CORPORATE INFORMATION**

China Ocean Fishing Holdings Limited (formerly known as “Sky Forever Supply Chain Management Group Limited”) (the “Company”) is incorporated in Bermuda on 7 June 2001 as an exempted company with limited liability under the Bermuda Companies Act of 1981. The Company’s shares are listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located at Suite 2203, 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 and money lending business.

## **2. STATEMENT OF COMPLIANCE**

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities at fair value through profit or loss which have been measured at fair value.

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 company’s accounting policies.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

## 2. STATEMENT OF COMPLIANCE *(continued)*

2.(a) The consolidated financial statements have been prepared on a going concern basis, the Group had incurred a loss attributable to shareholders of approximately HK\$67 million for the year ended 31 March 2017. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. In preparing the consolidated financial statements, the Directors have carefully reviewed the Group's cash position as at the end of the reporting period and the cash flow forecast for the next twelve months. In reviewing the Group's cash flows, the Directors have considered the following factors:

- A major and controlling shareholder confirms that fund, if required, will be made available to the Company through shareholder's loans to meet the present and future cashflow requirement from operation and settlement of its outstanding obligations
- Continuous development and improvement of the Group's sales of goods and services and future cash flows to be generated from new revenue source and new businesses
- Continuous effort to control cost of the Group.

The Directors believe that the Group is able to meet its financial obligations in full as and when they fall due and consider that the preparation of the consolidated financial statements on going concern basis is appropriate.

### 2(b) CHANGES IN ACCOUNTING POLICIES

During the year ended 31 March 2017, the Group adopted the following revised and amended standards of HKFRS below, which are relevant to its operations and have an impact on the consolidated financial statements:

|  |  |
|--|--|
| HKAS 1 (amendment)   | Disclosure initiative  |
| HKAS 16 (amendment) and HKAS 38 (amendment)                        | Clarification of acceptable methods of depreciation and amortisation |
| HKAS 27 (amendment)  | Equity method in separate financial statements                       |
| HKFRS 10 (amendment), HKFRS 12 (amendment) and HKAS 28 (amendment) | Investment entities: applying the consolidation exception            |
| HKFRS 11 (amendment)   | Accounting for acquisitions of interests in joint operations         |
| Annual Improvements Project  | Annual improvements 2012-2014 cycle                                  |

The adoption of such revised and amended standards did not have material impact on the consolidated financial statements.



## 2. STATEMENT OF COMPLIANCE *(continued)*

### 2(c) Standards and amendments to published standards that are not effective during the year and have not been early adopted by the Group

|  |  |
|--|--|
| HKAS 7 (amendments)                          | Disclosure Initiative <sup>1</sup>   |
| HKAS 12 (amendments)                         | Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>                              |
| HKFRS 2 (amendments)                         | Classification and measurement of share-based payment transaction <sup>2</sup>                     |
| HKFRS 9                                      | Financial Instruments <sup>2</sup>   |
| HKFRS 10 (amendment) and HKAS 28 (amendment) | Sale or contribution of assets between an investor and its associate or joint venture <sup>4</sup> |
| HKFRS 15                                     | Revenue from contracts with customer <sup>2</sup>  |
| HKFRS 16                                     | Leases <sup>3</sup>  |

*Note:*

- 1 Effective for annual periods beginning on or after 1 January 2017
- 2 Effective for annual periods beginning on or after 1 January 2018
- 3 Effective for annual periods beginning on or after 1 January 2019
- 4 To be determined by the IASB

## 3. SEGMENTAL INFORMATION

The Group manages its businesses by individual companies, which are organised by a mixture of both business lines and geographical locations. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers, who are the directors of the Company, for the purposes of resource allocation and performance assessment, the Group has presented the following reporting segments. No operating segments have been aggregated to form the following reporting segments:

- Supply chain management segment which provides services involving the planning and implementation of an integrated solution for the effective flow of business, logistic, information and funds;
- Money lending segment which provides money lending services.

### 3. SEGMENTAL INFORMATION *(continued)*

#### (a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision makers monitor the results, assets and liabilities attributable to each reporting segment on the following bases:

Segment assets include all allocated assets with the exception of interest in associates and other corporate assets. Segment liabilities include trade and other payables attributable to the sales/service activities of the individual segment.

Revenue and expenses are allocated to the reporting segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. However, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

Information regarding the Group's reporting segments as provided to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2017 and 2016 is set out below.

### 3. SEGMENTAL INFORMATION (continued)

#### (a) Segment results, assets and liabilities (continued)

##### Continuing operations

|  | Continuing operations                        |                  |                        |                  |                  |                  |
|--|--|------------------|------------------------|------------------|------------------|------------------|
|  | Supply chain management services<br>business |                  | Money lending business |                  | Consolidated     |                  |
|  | 2017<br>HK\$'000                             | 2016<br>HK\$'000 | 2017<br>HK\$'000       | 2016<br>HK\$'000 | 2017<br>HK\$'000 | 2016<br>HK\$'000 |
| <b>Segment revenue</b>   |  |                  |                        |                  |                  |                  |
| Sale of goods to external customers                                | 113,482                                      | 1,662,799        | -                      | -                | 113,482          | 1,662,799        |
| Service fees from external customers                               | -  | 130              | 8,185                  | -                | 8,185            | 130              |
|  | <u>113,482</u>                               | <u>1,662,929</u> | <u>8,185</u>           | <u>-</u>         | <u>121,667</u>   | <u>1,662,929</u> |
| <b>Segment results</b>   | <u>(54,984)</u>                              | <u>(160,204)</u> | <u>6,463</u>           | <u>-</u>         | <u>(48,521)</u>  | <u>(160,204)</u> |
| Gain on disposal of subsidiaries                                   |  |                  |                        |                  | 799              | -                |
| Impairment loss of goodwill  |  |                  |                        |                  | -                | -                |
| Unallocated income   |  |                  |                        |                  | 7,143            | 499              |
| Unallocated expenses   |  |                  |                        |                  | (42,283)         | (28,502)         |
| Share of results of associates                                     |  |                  |                        |                  | -                | (8,811)          |
| <b>Loss before taxation</b>  |  |                  |                        |                  | <u>(82,862)</u>  | <u>(197,018)</u> |
| Income tax expenses  |  |                  |                        |                  | <u>(1,466)</u>   | <u>(1,622)</u>   |
| <b>Loss for the year from continuing operations</b>                |  |                  |                        |                  | <u>(84,328)</u>  | <u>(198,640)</u> |
| <b>Assets and liabilities</b>                                      |  |                  |                        |                  |                  |                  |
| Segment assets   | 134,144                                      | 321,206          | 92,413                 | -                | 226,557          | 321,206          |
| Assets relating to discontinued operations                         |  |                  |                        |                  | -                | 5,569            |
| Unallocated assets, including interests in associates              |  |                  |                        |                  | 99,587           | 17,988           |
| Consolidated total assets  |  |                  |                        |                  | <u>326,144</u>   | <u>344,763</u>   |
| Segment liabilities  | 18,054                                       | 3,708            | 588                    | -                | 18,642           | 3,708            |
| Liabilities relating to discontinued operations                    |  |                  |                        |                  | -                | 8,101            |
| Unallocated liabilities  |  |                  |                        |                  | 31,858           | 5,193            |
| Consolidated total liabilities                                     |  |                  |                        |                  | <u>50,500</u>    | <u>17,002</u>    |
| <b>Other segment information</b>                                   |  |                  |                        |                  |                  |                  |
| Amortisation of intangible assets                                  | 13   | -                | -                      | -                | 13               | 13               |
| Amortisation of other assets                                       | -  | -                | -                      | -                | -                | 1,024            |
| Bad debts written off  | 46,056                                       | 984              | -                      | -                | 46,056           | 984              |
| Depreciation   | 88   | 69               | -                      | -                | 88               | 4,268            |
| Impairment loss of intangible assets                               | -  | 14,775           | -                      | -                | -                | 14,775           |
| Impairment loss of property, plant and equipment                   | -  | 3,934            | -                      | -                | -                | 3,934            |
| Loss on disposal of property, plant and equipment and other assets | -  | -                | -                      | -                | -                | 1,751            |
| Provision for prepayment   | -  | 24,999           | -                      | -                | -                | 24,999           |
| Write down of inventories  | -  | 64,651           | -                      | -                | -                | 64,651           |
| Write off of prepayment  | -  | 2,508            | -                      | -                | -                | 2,508            |
| Additions to non-current assets                                    | -  | 8,016            | -                      | -                | -                | 8,779            |

### 3. SEGMENTAL INFORMATION *(continued)*

#### (b) Geographical information

The Group's operations are primarily derived from external customers located in Hong Kong and the PRC. The following table provides an analysis of the Group's revenue from external customers by geographical market and information about the non-current assets by locations of assets:

|           | Revenue from external customers |                         | Carrying amounts of non-current assets |                         |
|-----------|---------------------------------|-------------------------|--|-------------------------|
|           | 2017<br><i>HK\$'000</i>         | 2016<br><i>HK\$'000</i> | 2017<br><i>HK\$'000</i>                | 2016<br><i>HK\$'000</i> |
| Hong Kong | 8,185                           | 298,945                 | 1,341                                  | 11,788                  |
| PRC       | 113,482                         | 1,366,066               | 287                                    | 670                     |
| Others    | –                               | –                       | 391                                    | –                       |
|           | <u>121,667</u>                  | <u>1,665,011</u>        | <u>2,019</u>                           | <u>12,458</u>           |

#### (c) Information about major customers

For the year ended 31 March 2017, three customers (2016: three customers) that individually accounted for over 10% of total revenue for continuing operations of the Group are set out below:

|            | Supply chain management services business |                         | Consolidated            |                         |
|------------|---|-------------------------|-------------------------|-------------------------|
|            | 2017<br><i>HK\$'000</i>                   | 2016<br><i>HK\$'000</i> | 2017<br><i>HK\$'000</i> | 2016<br><i>HK\$'000</i> |
| Customer A | 39,446                                    | –                       | 39,446                  | –                       |
| Customer B | 36,303                                    | –                       | 36,303                  | –                       |
| Customer C | 28,343                                    | –                       | 28,343                  | –                       |
| Customer D | –   | 401,740                 | –                       | 401,740                 |
| Customer E | –   | 214,768                 | –                       | 214,768                 |
| Customer F | –   | 214,284                 | –                       | 214,284                 |
|            | <u>104,092</u>                            | <u>830,792</u>          | <u>104,092</u>          | <u>830,792</u>          |

#### 4. REVENUE

An analysis of the Group's revenue during the year from continuing operations is as follows:

|   | 2017<br><i>HK\$'000</i> | 2016<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Continuing operations                     |                         |                         |
| Sale of goods from:                       |                         |                         |
| Supply chain management services business | 113,482                 | 1,662,799               |
| Interest income from loan receivables     | 8,185                   | –                       |
| Service fees from:                        |                         |                         |
| Supply chain management services business | –                       | 130                     |
| <b>Revenue</b>                            | <b>121,667</b>          | 1,662,929               |
| Interest income from continuing operation | 2                       | 510                     |
| <b>Other revenue</b>                      | <b>2</b>                | 510                     |
| <b>Total revenue</b>                      | <b>121,669</b>          | 1,663,439               |

## 5. LOSS BEFORE TAXATION

Loss before taxation from both continuing and discontinued operations is stated after charging (crediting):

|   | 2017<br><i>HK\$'000</i>  | 2016<br><i>HK\$'000</i>  |
|---|--------------------------|--------------------------|
| <b>Employee benefit expenses (including directors' remuneration)</b>                      |                          |                          |
| Salaries, allowances and benefits in kind   | 10,327                   | 15,890                   |
| Contribution to defined contribution schemes  | 341                      | 686                      |
|   | <u>10,668</u>            | <u>16,576</u>            |
| <b>Other items</b>  |                          |                          |
| Amortisation (included in administrative expenses):                                       |                          |                          |
| – Intangible assets   | 13                       | 13                       |
| – Other assets  | 906                      | 1,024                    |
| Auditor's remuneration  | 571                      | 900                      |
| Bad debts written off   | 46,056                   | 984                      |
| Cost of services rendered (including relevant employee benefit expenses and depreciation) | 2                        | 1,838                    |
| Cost of goods sold  | 112,758                  | 1,653,639                |
| Depreciation of property, plant and equipment   | 2,033                    | 4,268                    |
| Exchange (gain) loss, net   | (709)                    | (1,634)                  |
| Gain on disposal of subsidiaries  | (779)                    | –                        |
| Impairment loss (included in other operating expenses):                                   |                          |                          |
| – Goodwill  | 6,046                    | –                        |
| – Intangible assets   | –                        | 14,775                   |
| – Property, plant and equipment   | –                        | 3,934                    |
| Loss on disposal of fair value through profit or loss                                     | 1,293                    | –                        |
| Loss on disposal of property, plant and equipment and other assets                        | –                        | 1,751                    |
| Operating lease payments for premises   | 4,420                    | 9,840                    |
| Provision for deposit paid  | 5,000                    | –                        |
| Provision for prepayment  | –                        | 24,999                   |
| Sponsorship fee on naming right over a football team                                      | –                        | 23,055                   |
| Write-down of inventories   | –                        | 64,651                   |
| Write-off of prepayment   | –                        | 2,508                    |
|   | <u><u>          </u></u> | <u><u>          </u></u> |

## 6. INCOME TAX EXPENSES

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong during the year ended 31 March 2017 (2016: 16.5%).

The provision for the PRC enterprise income tax is based on the statutory tax rate of 25% on the estimated taxable profits determined in accordance with the relevant income tax rules and regulations of the PRC for the year ended 31 March 2017 (2016: 25%).

|  | 2017<br><i>HK\$'000</i> | 2016<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>Continuing operations</b>   |                         |                         |
| <b>Current tax</b>   |                         |                         |
| Hong Kong Profits Tax, current year  | 1,167                   | 1,622                   |
| PRC enterprise income tax, current year                                      | 299                     | –                       |
| <b>Discontinued operations</b>   | –                       | –                       |
| <b>Total income tax expenses from continuing and discontinued operations</b> | <b>1,466</b>            | <b>1,622</b>            |

*Tax expense for the year is reconciled to loss before taxation from continuing operations*

|   | 2017<br><i>HK\$'000</i> | 2016<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Loss before taxation from continuing operations   | <b>(82,862)</b>         | <b>(197,018)</b>        |
| Notional tax calculated on loss before taxation, calculated at the rates applicable to profits in countries concerned | <b>(14,359)</b>         | (41,455)                |
| Share of results of associates  | –                       | 1,454                   |
| Non-deductible expenses   | <b>46,190</b>           | 15,881                  |
| Non-taxable revenue   | <b>(40,562)</b>         | (2)                     |
| Unrecognised tax losses   | <b>10,237</b>           | 9,499                   |
| Unrecognised temporary differences  | –                       | 16,245                  |
| Utilisation of previously unrecognised tax losses   | –                       | –                       |
| Tax concessions   | <b>(40)</b>             | –                       |
| Income tax charges  | <b>1,466</b>            | <b>1,622</b>            |

## 7. DIVIDENDS

The Directors do not recommend the payment of a dividend for the Year (2016: Nil).

## 8. LOSS PER SHARE

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

|  | <b>2017</b><br><b>HK\$'000</b> | 2016<br><i>HK\$'000</i>     |
|--|--------------------------------|-----------------------------|
| Loss attributable to equity holders of the Company from continuing and discontinued operations | <u><u>(67,199)</u></u>         | <u><u>(205,532)</u></u>     |
| Loss attributable to equity holders of the Company from continuing operations                  | <u><u>(84,328)</u></u>         | <u><u>(198,640)</u></u>     |
|  | <b>Number of shares</b>        |                             |
|  | <b>2017</b>                    | 2016                        |
| Weighted average number of ordinary shares in issue during the year                            | <u><u>1,868,312,938</u></u>    | <u><u>1,514,686,669</u></u> |

### For discontinued operations

Basic earnings per share for the discontinued operations is HK\$0.92 cents per share (2016: loss of HK\$0.48 per share), based on the profit for the year from the discontinued operations of approximately HK\$17,129,000 (2016: loss of HK\$7,226,000) and the denominators detailed above for both basic and diluted earnings/(loss) per share.

The Company had no dilutive potential ordinary shares for the years ended 31 March 2017 and 2016. Accordingly, the diluted loss per share for continuing and discontinued operations is the same as basic loss per share.



## 9. DISCONTINUED OPERATIONS

### (a) Disposal of Media Magic Technology Limited (“Media Magic”)

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

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

#### (i) Profit/(loss) for the year from discontinued operations contributed by Media Magic

|   | 2017<br>HK\$’000     | 2016<br>HK\$’000      |
|---|----------------------|-----------------------|
| Revenue   | –                    | 2,082                 |
| Cost of services rendered and cost of goods sold          | <u>(2)</u>           | <u>(1,513)</u>        |
|   | (2)                  | 569                   |
| Selling and distribution costs                            | –                    | (24)                  |
| Administrative expenses                                   | <u>(433)</u>         | <u>(3,607)</u>        |
| Loss before taxation                                      | (435)                | (3,062)               |
| Income tax expenses                                       | <u>–</u>             | <u>–</u>              |
| Loss after taxation                                       | (435)                | (3,062)               |
| Gain on disposal of subsidiaries                          | 17,564               | –                     |
| Income tax related to gain on disposal of subsidiaries    | <u>–</u>             | <u>–</u>              |
| Net profit/(loss) attributable to discontinued operations | <u><u>17,129</u></u> | <u><u>(3,062)</u></u> |

**9. DISCONTINUED OPERATIONS** *(continued)*

**(a) Disposal of Media Magic Technology Limited (“Media Magic”)** *(continued)*

*(ii) Net cash inflows (outflows) attributable to discontinued operations contributed by Media Magic*

|                                   | <b>2017</b>     | 2016       |
|-----------------------------------|-----------------|------------|
|                                   | <b>HK\$’000</b> | HK\$’000   |
| Net cash flows                    |                 |            |
| Operating activities              | (672)           | 263        |
| Investing activities              | —               | —          |
|                                   | <hr/>           | <hr/>      |
| Total net cash inflows (outflows) | <b>(672)</b>    | <b>263</b> |

**(b) Disposal of Boomtech Limited (“Boomtech”)**

On 27 July 2015, Power Chance Holdings Limited, an indirect wholly owned subsidiary of the Company, entered into and completed a sale and purchase agreement with an independent third party, pursuant to which Power Chance Holdings Limited sold the entire equity interest and assigned the outstanding shareholders’ loan of Boomtech at a consideration of HK\$400,000 (the “Boomtech Disposal”). Upon completion of the Boomtech Disposal, the Group no longer has any equity interest in Boomtech. As all the relevant percentage ratio (as defined in the GEM Listing Rules) in respect of the Boomtech Disposal fall below 5%, such disposal does not constitute a notifiable transaction of the Company and hence is not subject to any disclosure requirements under chapter 19 and 20 of the GEM Listing Rules.

Boomtech and its subsidiaries (together as the “Boomtech Group”) are engaged in the provision of integrated solutions for lightning electromagnetic pulse protection and its related engineering design, construction and technical services.

Management considers that following the Boomtech Disposal, the Group’s control over Boomtech had been discontinued and thereby constituted discontinued operations. Accordingly, certain comparative figures in the consolidated statement of comprehensive income have been re-presented to reflect the results of the continuing operations and discontinued operations. The results and cash flows of Boomtech for the period from 1 April 2015 to 27 July 2015 included in the consolidated statement of comprehensive income for the year ended 31 March 2016 are as follows:

**9. DISCONTINUED OPERATIONS** *(continued)*

**(b) Disposal of Boomtech Limited (“Boomtech”)** *(continued)*

*(i) Loss for the year from discontinued operations contributed by Boomtech*

|  | 2016<br><i>HK\$'000</i> |
|--|-------------------------|
| Revenue  | 760                     |
| Cost of services rendered                        | <u>(326)</u>            |
|  | 434                     |
| Other revenue                                    | –                       |
| Other income                                     | –                       |
| Selling and distribution costs                   | (89)                    |
| Administrative expenses                          | <u>(1,058)</u>          |
| Loss before taxation                             | (713)                   |
| Income tax expenses                              | <u>–</u>                |
| Loss after taxation                              | (713)                   |
| Loss on disposal of subsidiaries                 | <u>(3,451)</u>          |
| Net loss attributable to discontinued operations | <u><u>(4,164)</u></u>   |

*(ii) Net cash inflows attributable to discontinued operations contributed by Boomtech*

|                        | 2016<br><i>HK\$'000</i> |
|------------------------|-------------------------|
| Net cash flows         |                         |
| Operating activities   | 978                     |
| Investing activities   | <u>–</u>                |
| Total net cash inflows | <u><u>978</u></u>       |

## 10. TRADE AND OTHER RECEIVABLES

|   | <b>2017</b>               | 2016            |
|---|---------------------------|-----------------|
| <i>Note</i>                                 | <b><i>HK\$'000</i></b>    | <i>HK\$'000</i> |
| <b>Trade receivables from third parties</b> | <b>116,272</b>            | 380,004         |
| Allowance for bad and doubtful debts        | (ii) <u>–</u>             | <u>(79,385)</u> |
|   | (i) <u><b>116,272</b></u> | <u>300,619</u>  |
| <b>Other receivables</b>                    |                           |                 |
| Prepayments                                 | <b>833</b>                | 2,661           |
| Advance payment to suppliers                | (iii) <b>9,590</b>        | –               |
| Deposits                                    | –                         | 2,629           |
| Other receivables                           | <b>8,924</b>              | 223             |
| Other tax recoverable                       | <b>5,923</b>              | 7,520           |
| Due from associates                         | (iv) <u>–</u>             | <u>285</u>      |
|   | <u><b>25,270</b></u>      | <u>13,318</u>   |
|   | <u><b>141,542</b></u>     | <u>313,937</u>  |

### (i) Aging of trade receivables

Except for 360 days being granted to certain customers under supply chain management business, the Group grants credit term ranging from 30 days to 180 days to its customers upon the delivery of products or when the services are rendered and invoices are issued. The aging of trade receivables (net of allowances of bad and doubtful debts) based on invoice date is as follows:

|                   | <b>2017</b>            | 2016            |
|-------------------|------------------------|-----------------|
|                   | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| Less than 90 days | <b>2,099</b>           | –               |
| 91 – 180 days     | <b>9,251</b>           | 35,657          |
| 181 – 270 days    | <b>76,579</b>          | 261,999         |
| 271 – 365 days    | <b>28,343</b>          | 1,010           |
| Over 1 year       | <u>–</u>               | <u>1,953</u>    |
|                   | <u><b>116,272</b></u>  | <u>300,619</u>  |

## 10. TRADE AND OTHER RECEIVABLES (continued)

### (ii) Allowance for bad and doubtful debts

|                                   | 2017<br><i>HK\$'000</i> | 2016<br><i>HK\$'000</i> |
|-----------------------------------|-------------------------|-------------------------|
| At beginning of reporting period  | 79,385                  | 78,405                  |
| Disposal of subsidiaries          | (79,385)                | –                       |
| Exchange realignment              | –                       | 980                     |
|                                   | <hr/>                   | <hr/>                   |
| <b>At end of reporting period</b> | <b>–</b>                | <b>79,385</b>           |
|                                   | <hr/> <hr/>             | <hr/> <hr/>             |

Included in the Group's trade receivables balance are debtors with carrying amounts of approximately HK\$114,173,000 (2016: HK\$300,619,000), which were past due at the end of the reporting period but not impaired as there has not been a significant change in credit quality and the directors believe that the amounts are fully recoverable.

|                            | 2017<br><i>HK\$'000</i> | 2016<br><i>HK\$'000</i> |
|----------------------------|-------------------------|-------------------------|
| Current                    | 2,099                   | –                       |
|                            | <hr/>                   | <hr/>                   |
| Less than 90 days past due | 9,251                   | –                       |
| 91 – 180 days past due     | 81,839                  | 52,257                  |
| 181 – 270 days past due    | 23,083                  | 245,399                 |
| 271 – 365 days past due    | –                       | 1,161                   |
| Over 1 year past due       | –                       | 1,802                   |
|                            | <hr/>                   | <hr/>                   |
|                            | 114,173                 | 300,619                 |
|                            | <hr/>                   | <hr/>                   |
|                            | 116,272                 | 300,619                 |
|                            | <hr/> <hr/>             | <hr/> <hr/>             |

Receivables that were neither past due nor impaired as at 31 March 2017 relate to debtors for whom there was no history of default.

### (iii) Advance payment to suppliers

The amounts represented payments made in advance to suppliers for purchase of goods.

### (iv) Due from associates

The amounts due are unsecured, interest-free and have no fixed repayment term.

## 11. TRADE AND OTHER PAYABLES

|                    | <i>Note</i> | <b>2017</b><br><b>HK\$'000</b> | 2016<br><i>HK\$'000</i> |
|--------------------|-------------|--------------------------------|-------------------------|
| Trade payables     | (i)         | <b>455</b>                     | 18                      |
| Accruals           |             | <b>9,764</b>                   | 2,807                   |
| Other tax payables |             | –                              | 2,061                   |
| Other payables     |             | <b>16,667</b>                  | 8,374                   |
| Due to directors   | (ii)        | –                              | 2,120                   |
|                    |             | <b>26,886</b>                  | <b>15,380</b>           |

### (i) Aging of trade payables

At the end of the reporting period, the aging analysis of the trade payables based on invoice date is as follows:

|                   | <b>2017</b><br><b>HK\$'000</b> | 2016<br><i>HK\$'000</i> |
|-------------------|--------------------------------|-------------------------|
| Less than 90 days | <b>455</b>                     | 18                      |
| 91 – 180 days     | –                              | –                       |
|                   | <b>455</b>                     | <b>18</b>               |

### (ii) Due to directors

The amounts due to directors are unsecured, interest-free and have no fixed repayment term.

## 12. EVENTS AFTER THE REPORTING PERIOD

### Subsequent Event

- (i) On 10 April 2017, the Company has completed the placing of 402,900,000 placing shares to independent third parties, at the placing price of HK\$0.3 per placing share. The net proceed from the placing are approximately HK\$117.4 million. After the completion, the issued share capital of the Company is increased to 2,417,475,513 ordinary shares.
- (ii) On 25 May 2017, Yu Heng Shipping (Hainan) Company Limited, a wholly-owned subsidiary of the Group, entered into a shipbuilding agreement with a Shipbuilder, an independent third party, to construct eight fishing vessels at a consideration of RMB12.7 million for each new vessel, with an aggregate consideration of RMB101.6 million (equivalent to HK\$114.1 million). Payment of the consideration will be made in six installments according to the stages of construction of the eight fishing vessels. Up to the date of these consolidated financial statements, the construction is not completed.

## 12. EVENTS AFTER THE REPORTING PERIOD *(continued)*

### **Subsequent Event** *(continued)*

- (iii) On 29 May 2017, Jin Yu Tang (Shenzhen) Fishery Co., Ltd (深圳市進玉堂漁業有限公司) (“Jin Yu Tang”), a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement with two vendors (the “Vendors”), both are third parties independent to the Company and its connected persons, in relation to acquisition of 70% equity interest in Shenzhen Qisen Fishery Company Limited (“Shenzhen Qisen”), a company incorporated in the PRC, for a total consideration of RMB60.9 million (equivalent to HK\$68.4 million).

Shenzhen Qisen is principally engaged in marine fishing business and holds a ocean fishing license granted by the Ministry of Agriculture of the PRC.

The consideration shall be settled by cash of RMB10 million (equivalent to HK\$11.2 million) payable to the Vendors and by issue of the zero coupon convertible bonds, at a conversion price of HK\$0.24 per share with a total of 238,338,000 conversion shares, in the principal amount of HK\$57.2 million by the Company.

- (iv) On 29 May 2017, the Company has entered into the subscription agreement with the Subscriber (an independent third party), Mr. Liu Rongsheng (chairman, chief executive officer and an executive Director of the Company) and Mr. Liu Yi (a substantial shareholder of the Company) as guarantors, to which the Subscriber has agreed to subscribe for the convertible bonds in an aggregate principal amount of HK\$100 million.

The convertible bonds shall carry the rights to convert into conversion shares at the initial conversion price of HK\$0.24 per conversion share. A maximum number of 416,666,667 conversion shares will be allotted and issued upon exercise of all conversion rights.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OPERATIONS REVIEW**

#### **Supply chain management and related services**

The supply chain management 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 minimise the overall operation cost. Owing to the solid financial background of the Group and the high 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.

In December 2016, the Group entered into a series of contractual arrangement with the beneficial owner of Jin Yu Tang to obtain an effective control of Jin Yu Tang. Jin Yu Tang is an investment holding company and operates a small scale fishery trading operation. Since the acquisition, Jin Yu Tang contributed approximately HK\$2,857,000 to the Group's revenue.

#### **Money lending business**

During the Year, the Group began to explore new opportunities to broaden its source of income and expand the business operations, e.g. the money lending business, in order to generate profits and return for the Group and its shareholders. The Group obtained a money lender license in Hong Kong under the Money Lenders Ordinance through the acquisition of a licensed entity in June 2016. The Group then commenced its money lending business during the Year. As at the end of the Year, unsecured loans totaling HK\$87,000,000 were granted to 6 individuals and 1 corporation. During the Year, depending on the financial strength of the various lenders, the Group charged interest at rates which varied from 6% to 24% 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 Year, the Group generated interest income of HK\$8,185,000 from its money lending business which resulted in a profit before tax of HK\$6,463,000.



## **FINANCIAL REVIEW**

### **Results**

After the completion of the various trading contracts, the revenue for the Group reduced significantly during the Year to approximately HK\$121,667,000 as compared to approximately HK\$1,662,929,000 in 2016. The Group has continued to develop business relationship with its business partners and potential partners particularly in the PRC in order to increase and explore new sources of income.

The Group experienced substantial decreases in the service fee income from the energy management business, as a result, the Group disposed the energy management business during the Year.

The Group recorded a decrease in gross profit to approximately HK\$8,909,000 for the Year as compared with approximately HK\$9,290,000 in 2016. The gross profit margin, however, improved from 0.56% in the corresponding period in 2016 to 7.32% during the Year because of the interest income from loans receivables. The Group will continue to control the material costs and explore new business so as to improve the gross profit of the Group.

During the Year, administrative expenses from continuing operation incurred by the Group were approximately HK\$82,446,000 (2016: approximately 54,883,000). The major component of the Group's expenses were bad debt written off, rent and rates, salaries and payroll, legal and professional fees and depreciation. However, the Group recorded a gain on disposal of subsidiaries for the energy management business of approximately HK\$17,129,000 during the Year (2016: loss on disposal of subsidiaries for the lightning electromagnetic pulse business of HK\$4,164,000) from its discontinued operation. Overall, net loss attributable to equity holders of the Company for the Year amounted to approximately HK\$67,199,000 (2016: approximately HK\$205,866,000).

### **Liquidity, financial resources and capital structure**

As at 31 March 2017, the Group had total assets of approximately HK\$326.1 million (2016: HK\$344.8 million), including net cash and bank balances of approximately HK\$23.9 million (2016: HK\$7.4 million).

For the Year, the Group financed its operations mainly with its own working capital and issue of placing shares. There were no general banking facilities as at 31 March 2017 (2016: Nil).

As at 31 March 2017, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was zero (2016: Zero). The Group had no bank borrowings as at 31 March 2017 (2016: Nil).

## **Placing of new shares**

1. On 17 August 2016, a share placing agreement (the “Placing Agreement A”) was entered into between the Company and Kingston Securities Limited (the “Placing Agent”), pursuant to which the Company had appointed the Placing Agent to place, on a best effort basis, of up to 335,760,000 new Shares (the “Placing Shares”) to not less than six places at HK\$0.10 per Placing Share. On 6 September 2016, 335,760,000 Placing Shares were allotted and issued by the Company pursuant to the Placing Agreement A.

The net proceeds arising from above placing amounted to approximately HK\$32.5 million, net of expenses, which were used as general working capital of the Group.

Please refer to the Company’s announcements dated 17 August 2016 and 6 September 2016 respectively for details.

2. On 20 March 2017, a placing agreement (the “Placing Agreement B”) was entered into between the Company and the Placing Agent, pursuant to which the Company had appointed the Placing Agent to place, on a best effort basis, of up to 402,900,000 new Shares (the “Placing Shares B”), to currently expected not less than six places at a price of HK\$0.30 per Placing Shares B. On 10 April 2017, 402,900,000 Placing Shares B were allotted and issued by the Company pursuant to the Placing Agreement.

The net proceeds arising from the above placing amounted to approximately HK\$117.4 million, net of expenses, which were used as to (i) approximately HK\$23.4 million for the capital commitment under a joint venture agreement entered into between a subsidiary of the Company and Khmer First Investment Holdings Group Co., Ltd. dated 20 January 2017 for setting up a joint venture company in Cambodia; and (ii) the remaining HK\$94 million as general working capital of the Group with approximately HK\$66.1 million to be applied for the Group’s expansion of the supply chain operations and approximately HK\$22.5 million for the Group’s net operation outlays.

Please refer to the Company’s announcements dated 20 March 2017 and 10 April 2017 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 31 March 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 31 March 2017, the Group did not have any charge on its assets (2016: Nil).

## **Segment information**

An analysis of the Group's performance for the Year by a mixture of business lines and geographical locations is set out in note 4 to the consolidated financial statements.

## **Outlook**

Noting that the supply chain management business is not having a stable growth during the Year, 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**

As at 31 March 2017, the Group held investments in securities in Hong Kong (collectively, the "Investments") with a market value of HK\$66,093,000 (2016:Nil), representing an investment portfolio of 8 (2016: Nil) listed securities in Hong Kong, which accounted for approximately 24% of the net assets of the Company. The Group recorded net unrealised fair value gain and a realised loss on disposal of HK\$7,144,000 and HK\$1,293,000 respectively (2016: Nil) in respect of investment in listed securities held for trading as at 31 March 2017. The unrealised gain was caused by the changes in market expectation and market performance from the PRC market and the global economy.

The Hong Kong stock market has been volatile during the Year. Looking forward, the Board believes that the performance of the listed equity securities will be dependent on market sentiment which is susceptible to external market conditions such as interest rate movements, geo-political conditions and macro-economic performance. To mitigate the associated financial risks, the Group will regularly review its investment strategy and take appropriate steps in response to market changes whenever necessary.

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

## **Material acquisitions or disposals of subsidiaries and affiliated companies**

On 20 January 2017, the Company announced that Jin Yu Tang, a wholly owned subsidiary of the Company, entered into a joint venture agreement with Khmer First Investment Holding Group Co., Ltd. (高棉第一投資控股集團有限公司) for the purpose of investing in fishing activities Cambodian coastal area, aquatic process, sale of fishing products, cultivation in aquaculture and import and export trading (subject to the approval of the relevant license from the Cambodian government). Jin Yu Tang will subscribe for 800 Shares at par value for a total subscription amount of 32,000 million Riels, representing 80% of the issued shares of the joint venture company.

## **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.

## **Future plans for material investments and expected source of funding**

Other than disclosed elsewhere in the announcement, the Group did not have any plan for material investment or acquisition of material capital assets as at 31 March 2017. However, the Group is constantly looking for opportunities for investments or capital assets to enhance the shareholders’ value.

## **Contingent liabilities**

The Group had no contingent liabilities as at 31 March 2017.

## **Employees and remuneration policies**

As at 31 March 2017, the Group had 40 (2016: 43) employees including directors. Total staff costs (excluding directors' emoluments) amounted to approximately HK\$6.8 million for the Year (2016: HK\$12.4 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.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules throughout the Year. The Company has applied the principles in the CG Code and complied with the code provisions set out in the CG Code for the Year, save and except for the following:

Code provision A.6.7 of the CG Code provides that independent non-executive Director and other non-executive directors should attend general meetings and develop a balanced understanding of the views of Shareholders. Ms. Li Mei and Mr. Liu Weiliang were not able to attend the AGM held on 5 August 2016 (the "2016 AGM") due to other business engagement. Other Board members who attended the 2016 AGM were already of sufficient calibre and number for answering questions raised by the Shareholders at the 2016 AGM.

## **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 a specific enquiry with all the Directors, each of them confirmed that he/she had complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the Year.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Except for placing of new shares disclosed in the "Management Discussion and Analysis", the Company did not redeem any of its listed shares, nor did the Company or any of its subsidiaries purchase or sell any such shares during the Year.

## **DIVIDENDS**

The Board did not recommend the payment of any dividend during the Year (2016: Nil).

## **AUDIT COMMITTEE**

The Company set up an audit committee (the “Audit Committee”) on 18 October 2001, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Audit Committee comprised the three independent non-executive Directors, namely Mr. Pang Pui Hung, Paton as the chairman of the Audit Committee, Ms. Li Mei and Ms. Li Yuen Fong, Michelle. During the year, the Audit Committee held four meetings to review and supervise the financial reporting process, and to provide advice and recommendations to the Board.

The financial statements of the Group for the Year have been reviewed by the Audit Committee, which is of the opinion that such statements comply with the applicable accounting standards, as well as the Stock Exchange’s and legal requirements, and that adequate disclosures have been made.

## CHANGES IN DIRECTOR'S INFORMATION

| <b>Name of Director</b>       | <b>Details of changes</b>   |
|-------------------------------|---|
| Mr. Liu Rongsheng             | <ul style="list-style-type: none"><li>– Appointed as executive Director and Chairman of the Board on 7 September 2016</li><li>– Appointed as the Chief Executive Officer and chairman of the Nomination Committee on 16 May 2017</li></ul>  |
| Dr. Chu Ping Hang             | <ul style="list-style-type: none"><li>– Appointed as executive Director on 7 September 2016</li><li>– Appointed as Chief Executive Officer, compliance officer and authorized representative on 2 December 2016</li><li>– Resigned as the Chief Executive Officer on 20 February 2017</li><li>– Resigned as executive Director, compliance officer and authorized representative on 16 May 2017</li></ul> |
| Mr. Chen Liang                | <ul style="list-style-type: none"><li>– Appointed as executive Director on 20 February 2017</li><li>– Appointed as compliance officer and authorized representative on 16 May 2017</li></ul>  |
| Mr. Wu Zhinan                 | <ul style="list-style-type: none"><li>– Resigned as executive Director on 14 September 2016</li></ul>   |
| Mr. Gan Weiming               | <ul style="list-style-type: none"><li>– Appointed as executive Director on 14 September 2016</li><li>– Appointed as the Chief Executive Officer on 20 February 2017</li><li>– Resigned as the Chief Executive Officer on 16 May 2017</li></ul>  |
| Mr. Liu Weiliang              | <ul style="list-style-type: none"><li>– Resigned as independent non-executive Director, a member of each of the Audit Committee, Remuneration Committee and Nomination Committee on 14 September 2016</li></ul>   |
| Ms. Li Yuen Fong,<br>Michelle | <ul style="list-style-type: none"><li>– Appointed as independent non-executive Director, a member of each of the Audit Committee, Remuneration Committee and Nomination Committee on 14 September 2016</li></ul>  |
| Mr. Chen Jiang                | <ul style="list-style-type: none"><li>– Resigned as the Chairman of the Board and appointed as the Co-Chief Executive Officer on 7 September 2016</li><li>– Resigned as executive Director and Chief Executive Officer and ceased to be compliance officer, and authorized representative on 2 December 2016</li></ul>  |
| Lord Cao Yunde                | <ul style="list-style-type: none"><li>– Appointed as executive Director and Co-Chairman on 20 February 2017</li></ul>   |
| Ms. Huang He                  | <ul style="list-style-type: none"><li>– Resigned as executive Director on 20 February 2017</li></ul>  |
| Mr. Fan Guocheng              | <ul style="list-style-type: none"><li>– Appointed as executive Director on 16 May 2017</li></ul>  |
| Mr. Chui Man Lung,<br>Everett | <ul style="list-style-type: none"><li>– Resigned as independent non-executive Director, chairman of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 16 May 2017</li></ul>   |
| Mr. Pang Pui Hung,<br>Paton   | <ul style="list-style-type: none"><li>– Appointed as independent non-executive Director, chairman of each of the Audit Committee and the Remuneration Committee and on 16 May 2017</li></ul>  |

## **CORPORATE GOVERNANCE FUNCTION**

The Board is also responsible for performing the corporate governance duties as set out below:

- a) to develop and review the Company's policies and practices on corporate governance;
- b) to review and monitor the training and continuous professional development of the Directors and senior management;
- c) to review and monitor the Company's policies and practices and compliance with legal and regulatory requirements;
- d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and the Directors; and
- e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board has reviewed this corporate governance report in discharge of its corporate governance functions, ensuring compliance with the GEM Listing Rules.



## **SCOPE OF WORK OF REANDA LAU & AU YEUNG (HK) CPA LIMITED**

The figures in respect of Company's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Company's auditor, Reanda Lau & Au Yeung (HK) CPA Limited ("Reanda Lau & Au Yeung"), to the amounts set out in the Company's draft consolidated financial statements for the Year. The work performed by Reanda Lau & Au Yeung in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Reanda Lau & Au Yeung on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the Stock Exchange's website (<http://www.hkex.news.hk>) and the Company's website (<http://www.chinaoceanfishing.hk>). The annual report of the Company for the Year will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 21 June 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 of China Ocean Fishing Holdings Limited 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 seven days from the date of its publication. This announcement will also be published on the Company's website at <http://www.chinaoceanfishing.hk>.*