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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF 65% EQUITY INTERESTS IN
LIANYUNGANG ANNI OCEAN FISHING CO., LTD.**

THE ACQUISITION

The Board is pleased to announce that on 7 February 2018 (after trading hours), the Purchaser and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Vendors has agreed to sell and the Purchaser has agreed to purchase the Sale Equity. The consideration for the Acquisition is RMB72.28 million which shall be settled and discharged by the Purchaser by cash of RMB59.28 million payable to the Vendors 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 5% but are below 25%, the Acquisition constitutes a disclosable transaction of the Company, however, as specific mandate is required to be obtained from Shareholders for the issuance of Convertible Bonds to be issued to the Vendors, under the GEM Listing Rules, the transaction 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 as soon as possible.

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

SALE AND PURCHASE AGREEMENT

Date: 7 February 2018 (after trading hours)

Parties:

- (i) Jin Yu Tang Shenzhen Fishery Co., Ltd, a company established in the PRC with limited liability and is a subsidiary of the Company as the Purchaser;
- (ii) Pan Shuangjun, as the Vendor A;
- (iii) 張偉亮 Zhang Weiliang*, 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 65% 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 RMB72.28million 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 Vendors after signing of the MOU of RMB8 million;
- (ii) by cash paid to the Vendors upon signing the Sale and Purchase Agreement of RMB7 million;

- (iii) by cash payable to the Vendors within five Business Days after Completion of RMB44.28 million; and
- (iv) 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;

Results Guarantee

Pursuant to the Sale and Purchase Agreement, the Vendors undertakes to the Purchaser that the profit of the Target Company for the first financial year after Completion shall not be less than RMB20 million. In the event that the profit of the Target Company is less than RMB20 million, the Vendors shall compensate the Purchaser for the difference between RMB20 million and the actual profit.

As a security to the abovementioned profit guarantee undertaking of the Vendors, Both Vendor A and B agreed to pledge the Convertible Bonds in favour of the Purchaser. Both Vendor A and B and the Purchaser will enter into a separate pledge agreement in relation thereof.

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 65% equity interests in the Target Company and the Vendor A will be directly interested in 35% 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	
	No. of Shares	Approx.%	No. of Shares	Approx.%
Vendor A	–	–	28,989,960	0.99%
Vendor B	–	–	2,182,040	0.07%
Liu Yi	573,944,000	19.78%	573,944,000	19.58%
Chen Liang (<i>Note i</i>)	6,272,000	0.22%	6,272,000	0.21%
Wei Qing (<i>Note i, ii</i>)	79,996,000	2.76%	79,996,000	2.73%
Fan Guocheng (<i>Note i</i>)	800,000	0.03%	800,000	0.03%
Public Shareholders	<u>2,239,943,513</u>	<u>77.21%</u>	<u>2,239,943,513</u>	<u>76.39%</u>
	<u>2,900,955,513</u>	<u>100.00%</u>	<u>2,932,127,513</u>	<u>100.00%</u>

Note:

- (i) Chen Liang, Wei Qing and Fan Guocheng are executive Directors of the Company.
- (ii) Based on public information, Wei Qing is beneficially interested in 70,000,000 Shares through Sunny Sky Capital Management Limited.

PRINCIPLE TERMS OF THE CONVERTIBLE BONDS

Principal amount:	HK\$16,209,440
Interest:	Zero coupon rate
Conversion price:	The price at which each Share shall be issued upon conversion shall be HK\$0.52 (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 HK\$2,000,000 during the Conversion Period.

Conversion Shares:	Assuming that the Convertible Bonds is fully converted into Conversion Shares at the initial conversion price of HK\$0.52, a total of 31,172,000 Conversion Shares will be issued which represent approximately 1.07% of the issued share capital of the Company as at the date hereof and approximately 1.06% 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 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 is in the process of obtaining the fishing right in Malaysia.

As at the date of the Sale and Purchase Agreement, Vendor A is interested in 93% equity interests in the Target Company and Vendor B is interested in 7% equity interests in the Target Company.

Vendor A has been principally involved with in the processing of aquatic products, and has been acquiring aquatic products from Zhejiang Wenling Shitang Aquatic Product Market and processing and selling them to Shanghai and Jiangsu Province since 1998.

Vendor B is a legal advisor, has been serving as legal advisor to many domestic large and medium-sized conglomerates over the years, as well as in positions related to finance such as independent supervisors.

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	For the year ended 31 December 2016
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	Nil	Nil
Loss before tax	88	215
Loss for the year	88	215

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 5% but are below 25%, the Acquisition constitutes a discloseable transaction of the Company, however, as specific mandate is required to be obtained from Shareholders for the issuance of Convertible Bonds to be issued to the Vendors, under the GEM Listing Rules the transaction 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 as soon as possible.

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 Vendors 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 RMB72.28 million to be paid by the Purchaser to the Vendors 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\$ 16,209,440 to be issued by the Company under the Specific Mandate to the Vendors;
“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 13 October 2017 entered into between Ms. Pan Shuangjun and Mr. Zhang Weiliang as Vendors and the Purchaser, details of which are set out in announcement of the Company dated 13 October 2017;
“Purchaser”	Jin Yu Tang Shenzhen Fishery Co., Ltd, a company established in the PRC with limited liability and is a subsidiary of the Company;
“PRC”	People’s Republic of China;
“Sale and Purchase Agreement”	The sale and purchase agreement dated 7 February 2018 entered into between the Purchaser and the Vendors in relation to the Acquisition;
“Sale Equity”	65% 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 31,172,000 Conversion Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Lianyungang Anni Ocean Fishing Co., Ltd.;
“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. Pan Shuangjun, an independent third party;
“Vendor B”	Mr. Zhang Weiliang, an independent third party;
“HK\$”	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

Hong Kong, 7 February 2018

As at the date of this announcement, the executive Directors are Mr. Liu Rongsheng, Lord Cao Yunde, Mr. Fan Guocheng, Mr. Chen Liang and Ms. Wei Qing, the non-executive Director is Mr. Yang Yong and independent non-executive Directors are Mr. Pang Pui Hung, Paton, Ms. Li Yuen Fong, Michelle and Mr. Zhu Yifeng.

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>.

** for identification purposes only*