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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% OF EQUITY
INTERESTS IN LIANYUNGANG ANNI OCEAN FISHING CO., LTD.
SUPPLEMENTAL ANNOUNCEMENT**

Reference is made to the announcement of the Company dated 7 February 2018 (the “Announcement”) in relation to the acquisition of 65% Equity Interests in Lianyungang Anni Ocean Fishing Co., Ltd. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board would like to supplement the following:

Definitions

The definition of “Conditions” in the Announcement means “the condition to be satisfied before the issue of the Convertible Bond, which is the passing of a resolution at the general meeting of the Company approving the Specific Mandate, the Acquisition and the transaction contemplated thereunder by the shareholders of the Company.”.

The definition of “Completion Date” in the Announcement means “5 days upon satisfaction of the Conditions”.

Results Guarantee

The guaranteed results of RMB20 million (the “Results Guarantee”) is expected to be derived from the ordinary course of business of the Target Company only.

If the Target Company fails to meet the Results Guarantee for the first financial year after Completion, the Purchaser will request the Vendors to compensate the shortfall to the Purchaser by way of cash. If the Vendors fail to compensate the shortfall by way of cash, the Purchaser intends to sell the Convertible Bonds, and the proceeds received by the Purchaser from such sale (the “Proceeds”) shall be used as compensation to the Purchaser for failing to meet the Results Guarantee. If the Proceeds are not sufficient to cover the shortfall of the Results Guarantee, the Purchaser will not request further cash from the Vendors to satisfy the Results Guarantee.

The Company will keep the market informed about the performance of the Target Company by publishing announcements and/or disclosing the Target Company’s performance in the Company’s annual report and whether Results Guarantee is met.

Information on the Target Company

The net asset value of the Target Company as at 31 December 2015 and 2016 was RMB322,000 and RMB106,000 respectively.

Consideration

The Consideration was determined after arm’s length negotiations between the Company and the Vendors with reference to the business prospects and the synergies that may be derived from the business of the Target Company.

Conversion Price

The Conversion Price was determined with reference to the share price at the time when the Company signed the memorandum of understanding with the Vendors for the Acquisition on 13 October 2017 with a closing price of HK\$0.65 per share and a discount of 20% on the closing price.

Reasons for entering into the Acquisition

The Directors considered that the Acquisition will help to improve the profitability of the Group for the following reasons: (i) the Directors are of the view that the price of aquatic products will grow consistently as they become increasingly scarce; (ii) the Group and the Target Company can leverage the strengths of each other’s business as the Target Company can utilise the fishing distribution channels available to the Group and the Company can utilise the reliable fishing supply of the Target Company to expand its footprint in the fishing business; and (iii) the ocean fishing business is an encouraged business of the PRC government. The PRC government provides subsidies to such fishing companies, and the Target Company is one of such fishing companies which receives the aforementioned subsidies. So far as the Directors are aware, there is no sign that such subsidies policy of the PRC government will be changed in the near future and the subsidies enjoyed by the Target Company shall provide consistent cost savings to the Group as a whole (subject to Completion). In view of the above, the Directors are of the view that the terms and conditions of the Acquisition are fair and reasonable and on normal commercial terms.

Principal terms of the Convertible Bonds

The provisions for adjustment to the Conversion Price are as follows:

- i. If and whenever the Company shall issue any Shares or any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares 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;
- ii. If and whenever the Company shall offer to Shareholders new Shares subscription by way of rights, or shall grant to any options or warrants to subscribe for new Shares at a price below the par value of the Shares;
- iii. If and whenever the Shares by reason of any consolidation or sub-division become of a different nominal amount;
- iv. If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares (as defined in the Announcement) credited as fully paid by way of capitalisation of profits or reserves;
- v. If and whenever the Company shall make any capital distribution to Shareholders (as defined in the Announcement) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries; or
- vi. If the Company or the bondholder determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances (whether or not referred to in sub-paragraphs (i) to (v) above), or that an adjustment should be made in a manner other than in accordance with sub-paragraphs (i) to (v) above.

The closing price of the Company's shares as at 7 February 2018 was HK\$0.54.

It is expected that the Convertible Bonds would be issued on Completion.

At present, there is no long stop date being set to the Acquisition as there are certain approvals that need to be obtained prior to Completion and no reliable estimation of the time required to obtain such approval can be made. However, the Vendors and the Purchaser are committed to use their best effort to proceed to Completion as soon as possible.

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

Hong Kong, 20 February 2018

As at the date of this announcement, the executive Directors are Mr. Liu Rongsheng, Lord Cao Yunde, Mr. Chen Liang, Mr. Fan Guocheng 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>.