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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

 **KINGSTON SECURITIES**

THE PLACING

The Board is pleased to announce that on 5 September 2017 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 483,480,000 Placing Shares, to currently expected not less than six Placees, whose ultimate beneficial owners shall be Independent Third Parties, at the Placing Price of HK\$0.48 per Placing Share.

The Placing Price of HK\$0.48 per Placing Share represents (i) a discount of approximately 12.73% to the closing price of HK\$0.55 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 15.79% to the average of the closing prices per Share of approximately HK\$0.57 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The maximum number of the Placing Shares represents (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$232 million and the net proceeds will be approximately HK\$226 million (after deduction of commission and other expenses of the Placing). The Directors intend to apply the net proceeds from Placing as to (i) approximately HK\$150 million for development of aquatic trading business with a major PRC customer for its processed food manufacturing, (ii) approximately HK\$30 million for the development of fishing business in Mozambique, including the construction of fishing vessels and operating cash flows such as wages, fuel charges and other operating charges for the fishing operation, (iii) approximately HK\$30 million for the purchase of cold storage in Cambodia to facilitate the storage of aquatic products before its export to the PRC; and (iv) approximately HK\$16 million as general working capital of the Group.

Shareholders and potential investors of the Company shall be aware that Completion is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

The Board is pleased to announce that on 5 September 2017 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement in relation to the Placing.

The Placing Agreement

Date: 5 September 2017

Parties:

Issuer: The Company

Placing Agent: Kingston Securities Limited

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will charge the Company a placing commission of 2.5% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares successfully placed by the Placing Agent. The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares are expected to be placed to not less than six Placees, whose ultimate beneficial owners shall be Independent Third Parties.

Placing Shares

As at the date of this announcement, the Company has 2,417,475,513 Shares in issue. Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the maximum number of Placing Shares of up to 483,480,000 Shares under the Placing represents (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$4,834,800.

Placing Price

The Placing Price of HK\$0.48 per Placing Share represents:

- (i) a discount of approximately 12.73% to the closing price of HK\$0.55 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 15.79% to the average of the closing prices per Share of approximately HK\$0.57 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to, amongst other things, the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of this announcement.

Conditions of the Placing

The Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares (subject to allotment and/or despatch of certificates for the Placing Shares); and
- (ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement.

Completion

Completion shall take place within four Business Days after the fulfilment of the conditions as set out in paragraph headed “Conditions of the Placing” above are satisfied (or such other date as may be agreed between the Company and the Placing Agent in writing).

If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before the Long Stop Date, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches hereof).

Application for listing

The Company will make an application to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 483,495,102 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Termination and force majeure

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances (inclusive of any pandemics or epidemics) which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date,

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under this Placing Agreement; or
- (ii) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement(s) relating to the Placing; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated and the Placing Agent shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent thereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Shareholders and potential investors of the Company shall be aware that Completion is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$232 million, and the net proceeds will be approximately HK\$226 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.47 per Placing Share.

The Directors intend to apply the net proceeds from Placing as to (i) approximately HK\$150 million for development of aquatic trading business with a major PRC customer for its processed food manufacturing; (ii) approximately HK\$30 million for the development of fishing business in Mozambique, including the construction of fishing vessels and operating cash flows such as wages, fuel charges and other operating charges for the fishing operation; (iii) approximately HK\$30 million for the purchase of cold storage in Cambodia to facilitate the storage of aquatic product before its export to the PRC; and (iv) approximately HK\$16 million as general working capital of the Group.

The Directors believe that the Placing represents an opportunity to raise capital for the Group while broadening the Shareholder and capital base. Accordingly, the Directors are of the view that the Placing is in the best interest of the Company and its Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement and (ii) the effect on the shareholding structure immediately upon Completion (assuming all the Placing Shares are fully placed) are set out below:

	As at the date of this announcement		Immediately upon Completion (assuming all the Placing Shares are fully placed)	
	<i>No. of Shares</i>	<i>Approx.%</i>	<i>No. of Shares</i>	<i>Approx.%</i>
Shareholders				
Liu Yi	573,944,000	23.74	573,944,000	19.78
Chen Liang (<i>Note 1</i>)	3,972,000	0.16	3,972,000	0.14
The Placees (<i>Note 2</i>)	–	–	483,480,000	16.67
Other public Shareholders	1,839,559,513	76.10	1,839,559,513	63.41
Total	2,417,475,513	100.00	2,900,955,513	100.00

Notes:

1. Mr. Chen Liang is an executive Director.
2. The Placing Shares will be placed by the Placing Agent to currently expected not less than six independent Placees.
3. The percentages are subject to rounding error, in any.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

Apart from the fund raising activities mentioned below, the Company has not carried out other equity fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of the initial announcement	Fund raising activity	Net proceeds Raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
29 May 2017	Proposed issue of convertible bonds under specific mandate	HK\$95 million	As to (i) approximately 50% of the net proceeds, being approximately HK\$47 million, is to be applied towards the working capital of the supply chain business, in particular, the supply chain operation of aquatic products. The Group will use the proceeds to expand the trading of aquatic products; and (ii) the remaining net proceeds, being approximately HK\$48 million, is to be applied towards the fishing related operation including potential acquisitions. However, given that there is no immediate acquisition target in the fishing-related business, apart from the proposed acquisition by the Company of 70% equity interest in the Shenzhen Qisen Fishery Company Limited, with a balance payment of RMB5 million, the proceeds may be used to expand the Group's supply chain and money lending business if profitable opportunities arises in those segments.	Not applicable (not yet completed)

Date of the initial announcement	Fund raising activity	Net proceeds Raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
20 March 2017	Placing of new Shares under the general mandate	HK\$117.4 million	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 Holding Group Co., Limited 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. (Note)	Used as working capital of the money lending business with HK\$5 million and HK\$15 million being lent to two independent third parties for one year with a monthly interest rate of 1.25% and 1% respectively and HK\$80 million for the supply chain business of electronic products and aquatic products

Note:

As the setting up of the joint venture operation with the Cambodia business partner is still undergoing some regulatory approval procedures which is expected to take a considerable amount of time, the Board decided to utilize the proceeds in the Group's other businesses which will bring in revenue to the Group. The remaining proceeds of HK\$17.4 million has been applied to the settlement of Group's expenses and payables of approximately HK\$1.6 million, loan to an independent third party of HK\$2.5 million with monthly interest rate of 1% repayable on 10 May 2018 and HK\$4.3 million being remitted to the Group's subsidiary for their general working capital and approximately HK\$9 million is not yet utilized, and the Board expects to apply such proceeds for general working capital to finance the Group's operation and settlement of the Group's operating expenses.

The loans are to be due and expected to be repaid in full on or before 9 April 2018 and 23 April 2018.

Date of the initial announcement	Fund raising activity	Net proceeds Raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
17 August 2016	Placing of new Shares under the general mandate	HK\$32.5 million	For general working capital of the Group	Used as to (i) working capital of the money lending business and HK\$15 million each was lent to two independent third parties with a monthly interest rate of 1% with a maturity dates in August 2017 subsequently extended to November 2017; and (ii) approximately HK\$2.5 million for general working capital of the Group, which were mainly operating expenses, including salaries, travelling and entertainment expenses.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 2 August 2017
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	China Ocean Fishing Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM (stock code: 8047)
“Completion”	the completion of the Placing in accordance with the terms and condition set out in the Placing Agreement
“Completion Date”	within four Business Days after the fulfilment of the conditions set out in the Placing Agreement are satisfied (or such later date as may be agreed between the Company and the Placing Agent in writing)
“connected persons”	has the meanings as ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“General Mandate”	the general mandate granted to the Board pursuant to the ordinary resolution passed by the Shareholders at the AGM to allot, issue and deal with Shares up to 20% of the then issued share capital of the Company (being 2,417,475,513 Shares) as at the date of passing such resolution, which is equivalent to 483,495,102 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Long Stop Date”	26 September 2017 or such later date as may be agreed between the Company and the Placing Agent in writing
“Placee(s)”	any person or entity procured by the Placing Agent to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares on and subject to the terms and conditions set out in the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 5 September 2017 in relation to the Placing
“Placing Price”	HK\$0.48 per Placing Share
“Placing Share(s)”	up to 483,480,000 new Shares to be placed pursuant to the Placing Agreement

“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Shareholders”	holders of the issued Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, 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, 5 September 2017

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

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 in this announcement misleading.

This announcement will remain on the “Latest Company Announcement” page of the GEM website at <http://www.hkgem.com> for seven days after the date of publication. This announcement will also be published on the website of the Company at <http://www.chinaoceanfishing.hk>.