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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)

CLARIFICATION ANNOUNCEMENT

PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

Reference is made to the announcement of China Ocean Fishing Holdings Limited (the “**Company**”) dated 29 May 2017 and the circular of the Company dated 5 September 2017, both in relation to the proposed issuance of convertible bonds under specific mandate (the “**Circular**”). Capitalised terms used herein shall have the same meanings as defined in the Circular.

As requested by the Stock Exchange, the Company would like to clarify the following:

- a) Detailed breakdown of the intended use of proceeds of the Subscription are as follows: (i) approximately 50% of the proceeds, being approximately HK\$47 million, is to be applied towards the working capital of the supply chain business of the Group; (ii) approximately 50% of the proceeds, being approximately HK\$48 million is to be applied towards the fishing related operation including potential acquisitions. Depending on the financial position of the Group, the Company will utilize part of the proceeds from the Subscription in the Acquisition. None of the proceeds have been applied to settle the consideration in the Acquisition as the balance of the consideration in the amount of RMB5 million has been settled by the Company’s internal resources. Please see pages 17 to 18 of the Circular.
- b) The Company is still actively looking for potential acquisitions or co-operation targets but, as at the date hereof, no other entities have been identified as potential acquisition targets and no agreement has been entered into with any other party in relation to the potential acquisition of new fishing-related businesses. Please see page 18 of the Circular.

- c) Pages 20 to 21 of the Circular set out fund raising activities during the past twelve months of the Group. As set out in the Circular, in respect of placing of shares under the placing agreement dated 17 August 2016, the proposed intended use of proceeds of HK\$32.5 million was for the general working capital of the Group but the actual use of the net proceeds of HK\$15 million was lent to two independent third parties. Money lending business is one of the Group's business segment which requires working capital. In respect of the first equity fund raising exercise above, the announcement of which was made on 17 August 2016, the Board considered that the application of proceeds by lending to two independent third parties HK\$15 million each towards one of the Group's business segment is in line with the intended use of proceeds. Also, the Group will receive interest payment arising out of the loan, which will bring revenue to the Group. As such, the Board was of the view that the utilization of HK\$30 million in money lending business is in the interest of the shareholders of the Company. The remaining proceeds of HK\$2.5 million has been utilized to settle the Group's operating expenses, and the repayment of both loans have been further extended to the end of February 2018 at the lenders' request. The Board expects that both loans will be repaid in full on or before the end of February 2018. Please see page 20 of the Circular.
- d) In respect of placing of shares under the placing agreement dated 20 March 2017, the proposed intended use of proceeds of HK\$117.4 million was to be used as capital commitment for setting up a joint venture company in Cambodia under the joint venture agreement dated 20 January 2017 and/or general working capital of the Group. The actual use of the net proceeds of HK\$20 million was in aggregate lent to two independent third parties. As disclosed in the Circular, 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: (i) settlement of Group's expenses and payables of approximately HK\$1.6 million; (ii) loan to an independent third party of HK\$2.5 million with monthly interest rate of 1% repayable on 10 May 2018; and (iii) remittance of HK\$4.3 million 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 as general working capital to finance the Group's operation and settlement of the Group's operating expenses. The loans are due and expected to be repaid in full on or before 9 April 2018 and 23 April 2018. Please see page 21 of the Circular.
- e) The Company would like to confirm that (a) there is no relationship whatsoever between the Subscriber to the Subscription and the vendors of the Acquisition; and (b) there is no relationship whatsoever between the Acquisition and the Subscription, save and except that, subject to the financial position of the Group, part of the proceeds may be applied towards the cash portion of the Acquisition. Please see page 16 of the Circular.

- f) After reasonable enquiries with the Subscriber, the Company confirms that the Convertible Bonds is intended to be held by the Subscriber as beneficial owner. Please see page 16 of the Circular.
- g) Please see below shareholding structure of the Company immediately after the conversion of the convertible bonds to be issued after the completion of both the Acquisition and the Subscription. Please also refer to page 19 of the Circular.

	As at the Latest Practicable Date		Immediately after conversion of the convertible bonds issued pursuant to the Acquisition and Subscription	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Vendor A*	–	–	136,193,143	4.43
Vendor B*	–	–	102,144,857	3.32
Subscriber	–	–	416,666,667	13.56
Mr. Liu Yi	573,944,000	23.74	573,944,000	18.68
Mr. Chen Liang	3,972,000	0.16	3,972,000	0.13
Public Shareholders	1,839,559,513	76.10	1,839,559,513	59.88
Total	<u>2,417,475,513</u>	<u>100.00</u>	<u>3,072,480,180</u>	<u>100.00</u>

* as defined in the Acquisition Announcement

Note: the percentage figures have been subject to rounding adjustments. Accordingly, the total of the percentage figures as presented may not be equal to the arithmetic sum of the individual items.

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

Hong Kong, 22 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>.