

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited 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.



中國海洋集團

**CHINA OCEAN GROUP
DEVELOPMENT LIMITED**

China Ocean Group Development Limited

中國海洋集團發展有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8047)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

Characteristics of GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “**Directors**”) of China Ocean Group Development Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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.

The board of the Directors (the “**Board**”) is pleased to announce the unaudited consolidated results of the Group for the year ended 31 March 2022 (the “**Year**”), together with the comparative figures for the year ended 31 March 2021. For the reasons explained in the paragraph headed “REVIEW OF UNAUDITED ANNUAL RESULTS” in this announcement, the auditing process for the annual results of the Group for the Year has not been completed.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

		2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
	Note		
Continuing operations			
Revenue from contracts with customers	5	298,744	621,723
Cost of services rendered and cost of goods sold		<u>(283,692)</u>	<u>(580,169)</u>
Gross profit		15,052	41,554
Other revenue	5	1	13
Other income	5	14,905	24,859
Selling and distribution costs		–	(740)
Administrative expenses		(26,052)	(67,532)
Impairment loss on goodwill		–	(116,971)
Net impairment loss on trade receivables		(333,201)	(178,032)
Net impairment loss on other receivables		(35,916)	(2,179)
Impairment loss on property, plant and equipment		(2,125)	(1,937)
Impairment loss on construction in progress		(25,927)	–
Impairment loss on intangible assets		–	(695)
Net impairment loss on loan and interest receivables		(6,886)	(24,709)
Write off of construction in progress		(165,940)	–
Gain/(loss) on change in fair value on contingent consideration payable		1,774	(3,429)
Loss on disposal of subsidiaries		<u>–</u>	<u>(21,961)</u>
Loss from continuing operations		(564,315)	(351,759)
Finance costs		(29,696)	(25,800)
Share of results of associate		<u>(22,996)</u>	<u>(146)</u>
Loss before taxation from continuing operations	6	(617,007)	(377,705)
Income tax expenses	7	<u>(177)</u>	<u>(2,563)</u>
Loss for the year from continuing operations		<u>(617,184)</u>	<u>(380,268)</u>

	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
<i>Note</i>		
Discontinued operation		
Loss for the year from discontinued operation	–	(2,669)
Gain on disposal of equity interest in discontinued operation before release of foreign currency translation reserve, net of income tax	–	3,225
	<u>–</u>	<u>3,225</u>
Profit/(loss) for the year from discontinued operation	–	556
	<u>–</u>	<u>556</u>
Loss for the year	(617,184)	(379,712)
	<u>(617,184)</u>	<u>(379,712)</u>
Other comprehensive income/(loss) for the year:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on consolidation	31,759	59,521
	<u>31,759</u>	<u>59,521</u>
	31,759	59,521
	<u>31,759</u>	<u>59,521</u>
Total comprehensive loss for the year	(585,425)	(320,191)
	<u>(585,425)</u>	<u>(320,191)</u>
Loss attributable to:		
Equity holders of the Company	(613,594)	(377,799)
Non-controlling interests	(3,590)	(1,913)
	<u>(617,184)</u>	<u>(379,712)</u>
	(617,184)	(379,712)
	<u>(617,184)</u>	<u>(379,712)</u>
Total comprehensive loss attributable to:		
Equity holders of the Company	(581,835)	(318,278)
Non-controlling interests	(3,590)	(1,913)
	<u>(585,425)</u>	<u>(320,191)</u>
	(585,425)	(320,191)
	<u>(585,425)</u>	<u>(320,191)</u>
Loss per share	9	
From continuing and discontinued operation		
Basic	HK(11.98) cents	HK(8.57) cents
Diluted	HK(11.92) cents	HK(8.51) cents
	<u>HK(11.98) cents</u>	<u>HK(8.57) cents</u>
	<u>HK(11.92) cents</u>	<u>HK(8.51) cents</u>
From continuing operations		
Basic	HK(11.98) cents	HK(8.58) cents
Diluted	HK(11.92) cents	HK(8.52) cents
	<u>HK(11.98) cents</u>	<u>HK(8.58) cents</u>
	<u>HK(11.92) cents</u>	<u>HK(8.52) cents</u>
From discontinuing operations		
Basic	–	HK0.01 cents
Diluted	–	HK0.01 cents

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

		2022	2021
		(Unaudited)	(Audited)
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		5,365	10,192
Construction in progress		265,968	440,659
Right-of-use assets		–	190
Interest in an associate		20,062	41,520
Loan receivables and loan interest receivables		13,544	13,060
		304,939	505,621
Current assets			
Trade and other receivables	<i>10</i>	757,602	1,020,088
Loan receivables and loan interest receivables		3,399	9,229
Bank balances and cash		1,554	9,656
		762,555	1,038,973
Current liabilities			
Trade and other payables	<i>11</i>	227,536	162,092
Bank Loan		5,225	1,964
Borrowings		111,950	139,085
Corporate bonds		–	5,530
Lease liabilities		–	197
Tax payable		9,997	9,374
		354,708	318,242
Net current assets		407,847	720,731
Total assets less current liabilities		712,786	1,226,352

	2022 (Unaudited) <i>HK\$'000</i>	2021 (Audited) <i>HK\$'000</i>
<i>Note</i>		
Non-current liabilities		
Deferred income	60,044	58,850
Borrowings	64,689	78,907
Corporate bonds	4,551	—
Contingent consideration payables	12,855	14,629
Deferred tax liabilities	4,321	4,167
	146,460	156,553
NET ASSETS	556,326	1,069,799
Capital and reserves		
Share capital	57,337	49,137
Reserves	455,788	963,871
Equity attributable to equity holders of the Company	513,125	1,013,008
Non-controlling interests	53,201	56,791
TOTAL EQUITY	556,326	1,069,799

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

	Attributable to equity holders of the Company								
	Reserves							Non-controlling interests	Total
(In HK\$'000)	Share capital (Audited)	Share premium (Audited)	Contributed surplus (Audited)	Exchange reserve (Audited)	Accumulated losses (Audited)	Total reserves (Audited)	Subtotal (Audited)	(Audited)	(Audited)
At 1 April 2020	42,260	1,378,822	594,707	(76,602)	(720,689)	1,176,238	1,218,498	58,704	1,277,202
Profit for the year	–	–	–	–	(377,799)	(377,799)	(377,799)	(1,913)	(379,712)
Other comprehensive income (loss)									
Items that may be reclassified subsequently to profit or loss									
Exchange differences on consolidation	–	–	–	59,521	–	59,521	59,521	–	59,521
Total comprehensive income(loss) for the year	–	–	–	59,521	(377,799)	(318,278)	(318,278)	(1,913)	(320,191)
Transactions with equity holders									
Issue of shares upon subscription	3,300	35,772	–	–	–	35,772	39,072	–	39,072
Issue of shares upon conversion of debts	1,577	17,319	–	–	–	17,319	18,896	–	18,896
Issue of shares upon acquisition of an associate	2,000	33,966	–	–	–	33,966	35,966	–	35,966
Disposal of subsidiaries	–	–	–	18,854	–	18,854	18,854	–	18,854
	6,877	87,057	–	18,854	–	105,911	112,788	–	112,788
At 31 March 2021	49,137	1,465,879	594,707	1,773	(1,098,488)	963,871	1,013,008	56,791	1,069,799

(In HK\$'000)	Attributable to equity holders of the Company								
	Reserves						Non-controlling interests	Total	
	Share capital (Unaudited)	Share premium (Unaudited)	Contributed surplus (Unaudited)	Exchange reserve (Unaudited)	Accumulated losses (Unaudited)	Total reserves (Unaudited)			
							Subtotal (Unaudited)		
At 1 April 2021	49,137	1,465,879	594,707	1,773	(1,098,488)	963,871	1,013,008	56,791	1,069,799
Loss for the year	-	-	-	-	(613,594)	(613,594)	(613,594)	(3,590)	(617,184)
Other comprehensive income (loss)									
Items that may be reclassified subsequently to profit or loss									
Exchange differences on consolidation	-	-	-	31,759	-	31,759	31,759	-	31,759
Total comprehensive income(loss) for the year	-	-	-	31,759	(613,594)	(581,835)	(581,835)	(3,590)	(585,425)
Transactions with equity holders									
Issue of shares upon subscription	8,200	73,752	-	-	-	73,752	81,952	-	81,952
	8,200	73,752	-	-	-	73,752	81,952	-	81,952
At 31 March 2022	57,337	1,539,631	594,707	33,532	(1,712,082)	455,788	513,125	53,201	566,326

Notes:

1. CORPORATE INFORMATION

China Ocean Group Development 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 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 Room 03, 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 ocean fishing.

2. STATEMENT OF COMPLIANCE

These unaudited 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 Companies Ordinance. These unaudited 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”).

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7 HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. 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;
- Ocean fishing segment which provides fishing and catching business in open sea beyond the coastal region.

(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 2022 and 2021 is set out below.

4. SEGMENTAL INFORMATION (continued)

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

	Continuing operations					
	Supply chain management		Ocean fishing business		Consolidated	
	services	business				
	2022	2021	2022	2021	2022	2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Sale of goods to external customers	298,744	618,937	-	2,786	298,744	621,723
	<u>298,744</u>	<u>618,937</u>	<u>-</u>	<u>2,786</u>	<u>298,744</u>	<u>621,723</u>
Segment results	<u>(408,738)</u>	<u>(176,010)</u>	<u>(183,046)</u>	<u>(20,141)</u>	<u>(591,784)</u>	<u>(196,151)</u>
Unallocated income					2,153	1,145
Unallocated expenses					<u>(27,553)</u>	<u>(185,262)</u>
(Loss)/profit for the year from continuing operations					<u>(617,184)</u>	<u>(380,268)</u>
Assets and liabilities						
Segment assets	729,590	1,006,502	314,270	492,228	1,043,860	1,498,730
Unallocated assets, including interests in associates					<u>23,633</u>	<u>45,864</u>
Consolidated total assets					<u>1,067,493</u>	<u>1,544,594</u>
Segment liabilities	158,805	150,873	133,420	146,735	292,225	297,608
Unallocated liabilities					<u>208,943</u>	<u>177,187</u>
Consolidated total liabilities					<u>501,168</u>	<u>474,795</u>

4. SEGMENTAL INFORMATION (continued)

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

	Continuing operations					
	Supply chain management					
	services business		Ocean fishing business		Consolidated	
	2022	2021	2022	2021	2022	2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information						
Amortisation of intangible assets	-	-	-	-	-	81
Depreciation						
- Property, plant and equipment	98	216	3,122	2,582	3,220	3,384
- Right-of-use assets	-	-	-	-	190	572
Impairment loss:						
- Net impairment loss for other receivables	-	-	568	2,179	568	2,179
- Net impairment loss for trade receivables	333,161	166,038	40	11,996	333,201	178,032
- Impairment loss of goodwill	-	-	-	116,971	-	116,971
- Net impairment loss for loan and interest receivables	6,886	24,709	-	-	6,886	24,709
- Impairment loss on property, plant and equipment	-	-	2,125	1,937	2,125	1,937
- Impairment loss on intangible assets	-	-	-	-	-	695
Additions to non-current assets	-	11	-	-	-	11
	<u>-</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>

4. 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	
	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
Hong Kong	42,765	200,982	2	266
PRC	255,979	417,955	304,937	495,385
Others	—	2,786	—	9,970
	<u>298,744</u>	<u>621,723</u>	<u>304,939</u>	<u>505,621</u>

(c) Information about major customers

For the year ended 31 March 2022, two customers (2021: two customers) that individually accounted for over 10% of total revenue of the Group are set out below:

	Supply chain management services business		Consolidated	
	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
Customer A	24,007	461,110	24,007	461,110
Customer B	215,382	71,648	215,382	71,648
Customer C	42,765	49,006	42,765	49,006
	<u>282,154</u>	<u>581,764</u>	<u>282,154</u>	<u>581,764</u>

5. REVENUE AND OTHER INCOME

An analysis of the Group's revenue and other income during the year is as follows:

	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
Continuing operations		
Revenue from contracts with customers		
Sale of goods from:		
Supply chain management services business	298,744	618,937
Ocean fishing business	—	2,786
	<u>298,744</u>	<u>621,723</u>
Revenue	<u>298,744</u>	<u>621,723</u>
 Interest income	 <u>1</u>	 <u>13</u>
 Other revenue	 <u>1</u>	 <u>13</u>
 Interest income from other loan	 2,568	 3,446
Government subsidy income	4,927	1,608
Waiver of other payables	6,963	16,667
Sundry income	<u>447</u>	<u>3,138</u>
 Other income	 <u>14,905</u>	 <u>24,859</u>
 Total revenue	 <u><u>313,650</u></u>	 <u><u>646,595</u></u>

6. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

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

	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
Employee benefit expenses (including directors' remuneration)		
Salaries, allowances and benefits in kind	11,186	14,012
Pensions	511	397
	<u>11,697</u>	<u>14,409</u>
Finance costs		
Corporate bond interest	302	1,108
Interest for other borrowing	22,025	20,354
Interest for bank borrowing	4,431	4,298
Lease interest expenses	3	40
	<u>26,761</u>	<u>25,800</u>
Other items		
Amortisation (included in administrative expenses):		
– Intangible assets	–	81
Auditor's remuneration	1,500	1,150
Cost of goods sold	283,504	580,169
Depreciation		
– Property, plant and equipment	3,220	3,384
– Right-of-use assets	190	572
Exchange loss, net	78	40
Impairment loss:		
– Net impairment loss for trade receivables	333,201	178,032
– Net impairment loss for other receivables	568	2,179
– Net impairment loss for loan and interest receivables	35,348	24,709
Loss on disposal of subsidiaries	–	21,961
Property rental expenses in respect of short-term lease	2,279	1,842
Provision for impairment on intangible assets	–	695
Provision for impairment on goodwill	–	116,971
Provision for impairment on property, plant and equipment	2,125	1,937
Write off (included in administrative expenses):		
– Trade receivables	–	18
– Other receivables	111	33,064
– Construction in progress	165,940	–
	<u><u>165,940</u></u>	<u><u>–</u></u>

7. INCOME TAX EXPENSES

The Group's profits are taxed at different rates depending on the country in which the profits arises. The key applicable tax rates are as below:

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 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 2022 (2021: 25%).

According to the relevant law and regulations in PRC Enterprises Income Tax – Section 27 subsection 1, enterprises engaged in catching fishery business can be exempted from PRC Enterprises Income Tax. The Ministry of Agriculture of the PRC issued the ocean fishing license to a subsidiary of the Company which was expired on 31 March 2021. It will be subject to PRC enterprise income tax thereafter.

No Cambodia corporate income tax has been provided as there is no estimated taxable profits determined in accordance with relevant income tax rules and regulations of Cambodia for the year ended 31 March 2022 (2021: Nil).

No Mozambique Corporate income tax has been provided as there is no estimated taxable profits determined in accordance with relevant income tax rules and regulations of Mozambique for the year ended 31 March 2022. (The provision for the Mozambique corporate income tax is based on the statutory tax rate of 32% on the estimated taxable profits determined in accordance with the relevant income tax rules and regulations of Mozambique for the year ended 31 March 2021. Tax benefit for Mozambique Investment Law for fishing industry can enjoy 50% reduction on corporate income tax rate.)

7. INCOME TAX EXPENSES (continued)

	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
Continuing operations		
Current tax		
Hong Kong Profits Tax		
– current year	–	–
– over-provision for prior year	–	(1,180)
PRC enterprise income tax		
– current year	177	47
– (over)/under-provision for prior year	–	(659)
Cambodia corporate income tax, current year	–	–
Mozambique corporate income tax, current year	–	188
Discontinued operation	–	–
Deferred tax	–	4,167
	<hr/>	<hr/>
Total income tax expenses from continuing and discontinued operation	177	2,563
	<hr/> <hr/>	<hr/> <hr/>

8. DIVIDENDS

The Board do not recommend the payment of a dividend for the Year (2021: Nil).

9. LOSS PER SHARE

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

	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
Loss attributable to equity holders of the Company		
from continuing operation	(613,594)	(378,355)
from discontinued operation	–	556
	<hr/>	<hr/>
	(613,594)	(377,799)
	<hr/> <hr/>	<hr/> <hr/>

9. LOSS PER SHARE (continued)

	Number of shares	
	2022	2021
Weighted average number of ordinary shares in issue during the year for the purposes of basic earnings per share	<u>5,118,149,330</u>	<u>4,410,469,286</u>
Effect to dilutive potential ordinary share		
– Convertible bonds	<u>31,172,000</u>	<u>31,172,000</u>
Weighted average number of ordinary shares in issue during the year for the purposes of diluted earnings per share	<u>5,149,321,330</u>	<u>4,441,641,286</u>

Diluted loss per share is calculated by adjusting the number of ordinary shares outstanding due to the effect of all dilutive potential ordinary shares and the Group's profit attributable to owners of the Company.

The Company has dilutive potential ordinary shares attributable to convertible bonds.

10. TRADE AND OTHER RECEIVABLES

		2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
	Note		
Trade receivables from third parties		830,685	642,378
Less: loss allowance	(ii)	<u>(519,983)</u>	<u>(181,205)</u>
Net trade receivables	(i)	<u>310,702</u>	<u>461,173</u>
Other receivables			
Prepayments		322	1,469
Advance payment to suppliers	(iii)	451,030	517,301
Deposits		10,771	10,782
Other receivables		<u>35,601</u>	<u>31,542</u>
		497,724	561,094
Less: loss allowance		<u>(50,824)</u>	<u>(2,179)</u>
Net other receivables		<u>446,900</u>	<u>558,915</u>
		<u>757,602</u>	<u>1,020,088</u>

10. TRADE AND OTHER RECEIVABLES (continued)

(i) Aging of trade receivables

The Group grants credit term ranging from 30 days to 90 days to its customers upon the delivery of products or when the services are rendered and invoices are issued under supply chain management services business and ocean fishing business. The aging of trade receivables (net of loss allowances) based on invoice date is as follows:

	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
Less than 90 days	72,276	146,154
91 – 180 days	42,666	37,712
181 – 270 days	68,400	81,764
271 – 365 days	62,023	79,657
Over 1 year	65,337	115,886
	<u>310,702</u>	<u>461,173</u>

(ii) Loss allowance for trade receivables

	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
At beginning of reporting period	181,205	6,633
Provision for loss allowance	333,201	178,032
Written off of trade receivables	–	(61)
Disposal of subsidiary	–	(3,401)
Exchange realignment	5,577	2
At end of reporting period	<u>519,983</u>	<u>181,205</u>

Included in the Group's trade receivables balance are debtors with carrying amounts of approximately HK\$238,426,000 (2021: approximately HK\$315,019,000), which were past due at the end of the reporting period but no provision for loss allowances has been made as there has not been a significant change in credit quality and the directors believe that the amounts are fully recoverable.

(iii) Advance payment to suppliers

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

11. TRADE AND OTHER PAYABLES

		2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
	Note		
Trade payables	(i)	30,173	31,357
Accruals		45,098	23,815
Contract liabilities		–	2,133
Other tax payables		2,965	6,369
Due to directors		2,933	1,101
Due to shareholder		250	250
Other payables		146,117	97,067
		<u>227,536</u>	<u>162,092</u>

(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:

	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000
91 – 180 days	–	7,064
271 – 365 days	–	24,293
Over 1 year	30,173	–
	<u>30,173</u>	<u>31,357</u>

12. EVENTS AFTER THE REPORTING PERIOD

Subsequent Event

On 21 April 2022, the Company has completed the subscription agreement IV and VI with the subscriber IV and VI (an independent third parties), of the Subscription Shares IV and VI of 150,000,000 new Shares and 200,000,000 new Shares at HK\$0.10 per Subscription Share (the “Partial Completion”). 350,000,000 Subscription Shares was allotted and issued by the Company pursuant to the subscription agreement IV and VI. The net proceeds received by the Company from the Completion were utilised as repayment of borrowings and general working capital of the Group as stated in the Announcement dated 7 January 2022.

On 5 May 2022, pursuant to a resolution passed at the special general meeting (“SGM”) of the Company, refreshment of the general mandate for the Directors to allot, issue and deal with new Shares up to 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the SGM.

On 10 June 2022, the Company proposed to issue 80 million subscription shares (the “Subscription Shares”) to a subscriber at a subscription price of HK\$0.10 per Subscription Share, representing a total subscription price of HK\$80 million. The proceeds will be used as repayment of borrowings, set/prepare sail of fishing vessels and general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW

Supply chain management and related services

The supply chain management service 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 great 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.

During the year, the Group continued its supply chain management services of aquatic products. The Group also expanded its operation to vertically integrate with fishing subsidiaries to secure the supply of aquatic products. Due to the of the continuity of the outbreak of COVID-19, the Group had experienced difficulties in the renewal of fishing licenses from overseas government because fishing vessels inspection by PRC officials, which is one of the pre-requisite for renewal, was unable to carry out due to travel restrictions being imposed. As management was unable to estimate the time required to recommence the existing overseas fishing operation in the current overseas country, the management began to seek for alternative overseas fishing grounds. The management is also actively seeking for alternative procedures to complete the fishing licenses renewal.

FINANCIAL REVIEW

The Revenue for the Group decreased for the Year to approximately HK\$298.7 million as compared to approximately HK\$621.7 million for the previous Year due to the continued outbreak of the novel coronavirus (COVID-19) and the relevant anti-epidemic measures, including but not limited to, the increased hygiene and sanitary inspections, especially for aquatic and food products at the ports in Mainland China. As a result, it has prolonged the time required for customs clearance. As such, it has adversely affected the Company's operations resulting in a decrease in the revenue for the Year, because the customers were more conscientious in placing their orders and the Group exercised extra care on the selection of orders. The Group's aquatic products supply chain business generated a total revenue of approximately HK\$298.7 million as compared to HK\$618.9 million last year, no revenue arose from the fishing operation during the Year. The Group has continued to develop business relationship with its business partners and potential partners in the PRC in order to increase and explore new sources of income. The Group continued to concentrate on aquatic products during the Year.

The Group recorded a decrease in gross profit to approximately HK\$15.1 million in the Year as compared to approximately HK\$41.6 million in the previous Year. The Group will continue to control the material costs and explore new business opportunities so as to improve the gross profit of the Group. The gross profit margin, decreased from 6.7% to 5.0% during the Year. Gross profit margin of aquatic products from fishing operation were generally higher than from supply chain operation.

Loss attributable to equity holders of the Company for the Year amounted to approximately HK\$613.6 million as compared to approximately HK\$377.7 million in the previous Year. During the Year, the administrative expenses decreased to approximately HK\$26.1 million from HK\$67.5 million last year which is mainly due to the Group's tightening of cost control and the restriction imposed on travelling because of COVID-19, travelling and transportation expenses reduced significantly and the Group's implementation of cost-saving measures and streamlining of administrative procedures. The major components in administrative expenses being salaries and welfare for both staff and directors; rent and rates and depreciation.

During the year, the Group incurred heavy impairment losses on trade receivables and contrition in progress of HK\$333.2 million and HK\$165.9 million respectively; these impairment losses amounted to approximately 80.86% of the loss for the year. The expected fair value loss on trade receivables of approximately HK\$333.2 million for the Year (2021: approximately HK\$178.0 million) and expected impairment loss on other receivables of approximately HK\$35.9 million for the Year (2021: approximately HK\$2.2 million) due to the adverse impact caused by the outbreak of COVID-19 pandemic and the weakened demand of customers due to deterioration of their overall financial condition brought by the uncertain global macro-economic environment; and the increase in the impairment of construction in progress of approximately HK\$165.9 million provided for the Year mainly because of the ship-builder's inability to obtain the government's approval for the construction of the fishing vessels resulting in a dismantling order from the government. The Group would initiate legal action against the ship-builder to recover the progress payment made, however, the financial strength of the ship-builder is rather weak, thus, it was expected that even the Group succeed in obtaining a favourable judgement, the ship-builder may not be able to fully settle the amount claimed. Thus, for prudence purpose, full impairment on the progress payment was made.

Included in the total assets, there were advance payments to suppliers amounting to HK\$451.0 million (31 March 2021: HK\$517.3 million); as a trading practice, the suppliers usually require the Group to place a deposit to secure the supply of aqua-products. The amount of deposit were made in accordance with the supply contracts with the supplier, however, with reduction in trading volume, some of these deposits were applied to the settlement of purchases to the suppliers. The Group has performed an expected loss assessment to write down the advance payment to suppliers to its fair value.

Outlook

The Company's supply chain management business has been adversely affected by the continuity of the outbreak of COVID-19 during the Year, however, 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 continue to proactively seek other promising investment and business opportunities to broaden the source of income of the Group and enhance value to the shareholders of the Company through investment and/or acquiring business or projects that have promising outlooks and prospects, and with the Group's management team having extensive experience in the marine fishing business, the Group will also explore further opportunities in the marine fishing business.

Liquidity, financial resources and capital structure

As at 31 March 2022, the Group had total assets of approximately HK\$1,067,494,000 (31 March 2021: approximately HK\$1,544,594,000), including bank balances and cash equivalent of approximately HK\$1,554,000 (31 March 2021: approximately HK\$9,656,000).

As at 31 March 2022, there was general banking facilities granted to a subsidiary of the Group of RMB53,566,000 (31 March 2021: RMB54,950,000) of which RMB53,566,000 (31 March 2021: RMB54,950,000) was utilised. Excluding the above banking facilities, during the Year, the Group financed its operation mainly with its own working capital and proceeds from the issue of placing/subscription shares and borrowings.

As at 31 March 2022, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was approximately 6.19% (31 March 2021: 4.24%). The Group's total bank borrowings as at 31 March 2022 was HK\$66,130,000 (31 March 2021: HK\$64,822,000).

SUBSCRIPTION OF NEW SHARES

- i) On 8 October 2021, the Company has completed the subscription agreement with the Subscriber (an independent third parties), of 190,000,000 new shares, (the "Subscription Share") at HK\$0.10 per Subscription Share (the "Subscription"). 190,000,000 Subscription Shares was allotted and issued by the Company pursuant to the subscription agreement.
- ii) On 28 January 2022, the Company has completed the subscription agreement I, II, III and V and the Subscription Shares I, II, III and V of 130,000,000 new Shares, 150,000,000 new Shares, 100,000,000 new Shares and 250,000,000 new Shares, respectively, (an aggregate total of 630,000,000 new shares) were issued to Subscriber I, II, III and V at HK\$0.10 per Subscription Share (the "Partial Completion"). The net proceeds received by the Company from the Partial Completion were utilised as repayment of borrowings and general working capital of the Group as stated in the Announcement.

Exposure to fluctuations in exchange rates and related hedges

Most of the transactions of the Group are denominated in Hong Kong Dollar (“HKD”) and Renminbi (“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 2022, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

Significant investment, material acquisitions and disposal of subsidiaries and affiliated companies

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

Charge on group assets

As at 31 March 2022, the Group had no charge on assets (31 March 2021: nil).

Contingent liabilities

Save as disclosed above, the Group had no contingent liability as at 31 March 2022 (31 March 2021: Nil).

Employees and remuneration policies

As at 31 March 2022, the Group had 59 (31 March 2021: 61) employees including the Directors. Total staff costs (excluding Directors’ emoluments) amounted to approximately HK\$8.2 million for the Year, as compared to approximately HK\$10.6 million in 2021. Remuneration is determined by reference to market terms and the performance, qualification and experience of 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:

In accordance with the CG Code provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual to ensure a balance of power and authority. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The roles of the chairman and the chief executive officer of the Company are performed by Mr. Liu Rongsheng. The Board considers that the present structure is more suitable for the Company for it provides strong and consistent leadership in the planning and execution of long-term business plans and strategies of the Company. The Directors will continue to review the effectiveness of the Group’s corporate governance structure to assess whether changes, including the separation of the roles of the chairman and chief executive officer, as and when necessary.

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 subscription 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.

AUDIT COMMITTEE

The Company sets 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. Kam Hou Yin, John as the chairman of the Audit Committee, Mr. Li Cao and Mr. Liu Qiang.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

REVIEW OF UNAUDITED ANNUAL RESULTS

As at the date of this announcement, the auditing process for the annual results for the year ended 31 March 2022 has not been completed due to the COVID-19 coronavirus outbreak.

With implementation of the tightened COVID-19 prevention and control quarantine measures and local lockdown arrangements in Hong Kong and the PRC respectively since March 2022 and up to present, thus disrupted the Group’s initial schedule and audit progress. Given that the estimated time for the Auditor to conduct the field works and perform the on-site visit on the subsidiaries of the Company in Shenzhen Province, the PRC and obtain the audit evidence necessary to conclude the process in accordance with the relevant auditing standards for audited results shall take further times, it would not be able to be completed by end of June 2022.

In addition, due to restrictions in force in parts of the PRC to combat the COVID-19 pandemic, causing delays in the time required for the Company to provide further evidence to the Auditors to complete its audit procedures, including but not limited to, the difficulties to contact the key customers and suppliers of the major subsidiaries of the Group and temporary suspension of express delivery services in the PRC lead to delay in certain confirmation procedures. Besides, such temporary suspension of express deliver services in the PRC also lead to delay in collecting certain bank confirmations of the Group’s subsidiaries in the PRC by the Auditors, which is also one of the key matters to complete its audit procedures.

Due the above-mentioned conditions, the annual audit of the Company was seriously affected. As such, the unaudited consolidated financial statements of the Group may still be subject to potential adjustments and finalisation during the remaining audit procedures. The unaudited annual results contained herein have not been agreed with the Company’s auditor as required under Rule 18.49 of the GEM Listing Rules. The Company expects that the audit of the consolidated financial statements of the Group for the Year will be completed soon and that the annual report of the Company for the Year will be despatched to the Shareholders as and when appropriate, in accordance with the GEM Listing Rules not later than 3 August 2022.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results of the Company for the Year as agreed with the Company's auditor and the material differences (if any) as compared with the unaudited consolidated financial statements contained herein, (ii) the proposed date on which the forthcoming annual general meeting of the Company will be held, and (iii) the period during which the register of members of the Company holding ordinary shares will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting.

Further announcement(s) will be made by the Company as and when necessary if there is any material development in the completion of the publication of the 2022 Audited Annual Results Announcement, despatch of the 2022 Annual Report and the date of the Board Meeting.

The financial information contained herein in respect of the 2022 annual results of the Group have not been audited. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By the Order of the Board
China Ocean Group Development Limited
Liu Rongsheng
Executive Director and Chairman

Hong Kong, 30 June 2022

As at the date of this announcement, the executive Directors are Mr. Liu Rongsheng, Mr. Fan Guocheng and Ms. Wei Qing; the non-executive Directors are Mr. Lui Chun Pong, Mr. Cai Haiming and Mr. Cai Haipeng; independent non-executive Directors are Mr. Kam Hou Yin John, Mr. Li Cao and Mr. Liu Qiang.

This announcement, for which the Directors 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 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.chinaoceangroup.com.hk>.