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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)

**DISCLOSEABLE TRANSACTIONS
DISPOSAL OF AN ASSOCIATE**

THE DISPOSALS

The Board is pleased to announce that on 19 May 2023, the Purchaser and the Vendor (an indirect subsidiary of the Company) entered into the Equity Transfer Agreement, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Target Shares, being the 35% equity interest in the Target, for the consideration of RMB30,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal pursuant to the Equity Transfer Agreement is more than 5% but all are less than 25%, the transaction contemplated under the Equity Transfer Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but are exempted from the circular and Shareholders' approval requirements under Chapter 17 of the GEM Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 19 May 2023, the Purchaser and the Vendor (an indirect subsidiary of the Company) entered into the Equity Transfer Agreement, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Target Shares, being the 35% equity interest in the Target, for the consideration of RMB30,000,000.

THE EQUITY TRANSFER AGREEMENT

A summary of the principal terms of the Equity Transfer Agreement is set out as follows:

- Date : 19 May 2023
- Parties : Penglide Seafood (Shenzhen) Co. Ltd.* (鵬利得海產(深圳)有限責任公司) as the Purchaser; and
Shenzhen Yuduoduo Ocean Technology Co., Ltd., a company established in the PRC with limited liability and is an indirect subsidiary of the Company, as the Vendor
- To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, The Purchaser and its respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.
- Asset to be disposed of : The Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Target Shares, being the 35% equity interest in the Target.
- Consideration : RMB30,000,000 and shall be settled in the following manner:
1. RMB3,000,000, being 10% of the Consideration, shall be paid to the Vendor's designated bank account on or before 15 May 2023;
 2. RMB3,000,000, being 10% of the Consideration, shall be paid to the Vendor's designated bank account on or before 30 June 2023;

3. RMB6,000,000, being 20% of the Consideration, shall be paid to the Vendor's designated bank account on or before 31 August 2023;
4. RMB6,000,000, being 20% of the Consideration, shall be paid to the Vendor's designated bank account on or before 30 October 2023;
5. RMB3,000,000, being 10% of the Consideration, shall be paid to the Vendor's designated bank account on or before 31 December 2023; and
6. RMB9,000,000, being the remaining 30% of the Consideration, shall be paid to the Vendor's designated bank account on or before 31 March 2024.

Target Shares transfer arrangement : The Vendor shall transfer the Target Shares to the Purchaser within 10 Business Days after receiving all the Consideration.

Completion : The completion of the sale and purchase of the Target Shares shall be taken place upon the Consideration being fully settled by the Purchaser.

INFORMATION ON THE PARTIES

The Purchaser

The Purchaser is a company established in the PRC with limited liability and is principally engaged in the development of physical enterprises that utilize the internet and logistics.

The Company, the Group and the Vendor

The Company is incorporated in Bermuda with limited liability and its Shares are listed on the GEM of the Stock Exchange and is principally engaged in investment holding. The Group is principally engaged in the provision of supply chain management services and fishing and catching business in open sea beyond the coastal region.

The Vendor is a company established in the PRC with limited liability and is an indirect subsidiary of the Company. It is principally engaged in catching fishery business.

The Target

The Target is a company established in Shenzhen, Guangdong Province of the PRC with limited liability and is principally engaged in operating retail stores in Guangdong Province.

The table below sets out some financial information of the Target for the year ended March 31, 2021:

	For the year ended 31 March 2021 <i>RMB'000</i>
Revenue	1,598
Loss before taxation	306
Net loss	306
Net assets	98,579

REASONS FOR AND BENEFITS OF THE DISPOSAL

Reference is made to the announcements of the Company dated 4 March 2021 in relation to the proposed investment in the Target for the development of the retail stores business.

Being affected by the COVID epidemic, the Vendor was unable to provide quality seafood and fruits imported from Africa and other countries to the retail stores of the Target using the cold storage logistics operation as proposed, which in turn affect the development of the Target. As such, the Group intend to withdraw from the Target Company to focus in its developments given there will be no impact on its own business operation and the development upon Completion of the Disposal.

In addition, with the cash inflow from the Disposal, the Group considered that the Disposal would offer an opportunity to focus its resources in the further exploration and development of fishery related businesses with better prospects or higher growth potential that will best serve the interests of the Company and its shareholders in the long run.

Taking into account of the above, the Directors consider that the terms of the Equity Transfer Agreement, including the Consideration, are fair and reasonable and on normal commercial terms and the Disposal is in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

As at the date of this announcement, the Group indirectly holds 35% equity interest in the Target Company which is classified as investment in an associate in the consolidated financial statement of the Company. Immediately after the Completion, the Group will retain no equity interest in the Target Company and the Target Company will cease to be an associate of the Company.

For illustrative purpose, it is expected that the Group will recognise a loss on the Disposal of approximately HK\$1.7 million, which is calculated based on (i) the balance of investment in associate of approximately HK\$41.5 million as at 31 March 2021; and (ii) the Consideration.

The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit and will be assessed after the Completion.

USE OF PROCEEDS

It is expected that the net proceeds from the Disposal of approximately HK\$37 million will be utilised for working capital for the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal pursuant to the Equity Transfer Agreement is more than 5% but all are less than 25%, the transaction contemplated under the Equity Transfer Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but are exempted from the circular and Shareholders' approval requirements under Chapter 17 of the GEM Listing Rules.

SUSPENSION OF TRADING

As the Company is unable to publish the 2022 Audited Annual Results on 26 August 2022, trading in the shares of the Company on the Stock Exchange will be suspended with effect from 9:00 a.m. on 29 August 2022 as required under Rule 17.49A of the GEM Listing Rules, until the publication of the 2022 Audited Annual Results.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

DEFINITIONS

“associates(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China” or PRC”	the People’s Republic of China and, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	China Ocean Group Development Limited, an a limited liability company incorporated under the laws of the Bermuda, the Shares of which are listed on the GEM of the Stock Exchange (stock code: 8047)
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Equity Transfer Agreement
“Consideration”	being the consideration of the transfer of the Target Shares pursuant to the Equity Transfer Agreement, i.e. RMB30,000,000
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Shares pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 19 May 2023 entered into among the Purchaser and the Vendor in relation to the transfer of the Target Shares
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited
“Group”, “we”, “us”, or “our”	the Company, its subsidiaries and consolidated affiliated entity(ies)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a person or entity who is not considered a connected person of the Company under the Listing Rules
“Purchaser”	Penglide Seafood (Shenzhen) Co. Ltd.* (鵬利得海產(深圳)有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of China
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target”	Shenzhen Hailat Frozen Food Co., Ltd.* (深圳市海叻凍鮮海產品有限公司), a company established in Shenzhen, Guangdong Province of the PRC with limited liability
“Target Shares”	35% equity interest in the Target
“Vendor”	Shenzhen Yuduoduo Ocean Technology Co. Ltd., a company established in the PRC with limited liability and is an indirect subsidiary of the Company;
“%”	per cent.

* *for identification purpose only*

For the purpose of this announcement, unless otherwise indicated, the exchange rate of US\$1=HK\$7.85 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or at all.

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

Hong Kong, 19 May 2023

As at the date of this announcement, the executive Directors are Mr. Liu Rongsheng, Mr. Cai Haipeng, Mr. Fan Guocheng and Ms. Wei Qing; the non-executive Directors are Mr. Lui Chun Pong and Mr. Cai Haiming; 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>.