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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)

**ANNUAL RESULTS ANNOUNCEMENT
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 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 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

| | <i>Note</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| 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 income | 5 | 14,906 | 24,872 |
| Selling and distribution costs | | – | (740) |
| Administrative expenses | | (26,052) | (67,532) |
| Impairment loss on goodwill | | – | (116,971) |
| Net impairment loss on trade receivables | | (373,225) | (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 | | (604,339) | (351,759) |
| Finance costs | | (29,696) | (25,800) |
| Share of results of associate | | (22,996) | (146) |
| Loss before taxation from continuing operations | 6 | (657,031) | (377,705) |
| Income tax expenses | 7 | (177) | (2,563) |
| Loss for the year from continuing operations | | (657,208) | (380,268) |
| 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 | | <u>–</u> | <u>3,225</u> |
| Profit for the year from discontinued operation | | <u>–</u> | <u>556</u> |

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Loss for the year | (657,208) | (379,712) |
| Other comprehensive income/(expenses) for the year: | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Release of exchange different on disposal of subsidiaries | – | 18,854 |
| Exchange differences on consolidation | 31,759 | 59,521 |
| | 31,759 | 78,375 |
| Total comprehensive expenses for the year | (625,449) | (301,337) |
| Profit/(loss) for the year attributable to owners of the Company | | |
| – from continuing operations | (653,280) | (378,555) |
| – from discontinued operation | – | 566 |
| | (653,280) | (377,799) |
| Profit/(loss) for the year attributable to non-controlling interests | | |
| – from continuing operations | (3,928) | (1,913) |
| – from discontinued operation | – | – |
| | (3,928) | (1,913) |
| Total comprehensive expenses attributable to owners of the Company: | | |
| – from continuing operations | (621,521) | (299,990) |
| – from discontinued operation | – | 566 |
| Total comprehensive expenses attributable to owners of the Company: | (621,521) | (299,414) |
| Total comprehensive expenses attributable to non-controlling interests: | | |
| – from continuing operations | (3,928) | (1,913) |
| – from discontinued operation | – | – |
| | (3,928) | (1,913) |
| From continuing and discontinued operations | | |
| Basic and diluted | HK(12.76) cents | HK(8.57) cents |
| From continuing operations | | |
| Basic and diluted | HK(12.76) cents | HK(8.58) cents |
| From discontinuing operation | | |
| Basic | – | HK0.01 cents |
| Diluted | – | HK0.01 cents |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

| | <i>Note</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 5,365 | 10,192 |
| Construction-in-progress | | 265,968 | 440,659 |
| Right-of-use assets | | – | 190 |
| Interests in an associate | | 20,062 | 41,520 |
| Loan receivables and loan interest receivables | | 13,544 | 13,060 |
| Prepayments, other receivables and other assets | | 35,554 | 35,554 |
| | | <hr/> 340,493 | <hr/> 541,175 |
| Current assets | | | |
| Trade and other receivables | <i>10</i> | 682,024 | 984,534 |
| Loan receivables and loan interest receivables | | 3,399 | 9,229 |
| Bank balances and cash | | 1,554 | 9,656 |
| | | <hr/> 686,977 | <hr/> 1,003,419 |
| 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 |
| | | <hr/> 354,708 | <hr/> 318,242 |
| Net current assets | | <hr/> 332,269 | <hr/> 685,177 |
| Total assets less current liabilities | | <hr/> 672,762 | <hr/> 1,226,352 |

| | <i>Note</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</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 |
| | | <u>146,460</u> | <u>156,553</u> |
| NET ASSETS | | <u>526,302</u> | <u>1,069,799</u> |
| Capital and reserves | | | |
| Share capital | | 57,337 | 49,137 |
| Reserves | | 416,102 | 963,871 |
| | | <u>473,439</u> | <u>1,013,008</u> |
| Equity attributable to equity holders of the Company | | 473,439 | 1,013,008 |
| Non-controlling interests | | 52,863 | 56,791 |
| | | <u>526,302</u> | <u>1,069,799</u> |
| TOTAL EQUITY | | <u>526,302</u> | <u>1,069,799</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

| (In HK\$'000) | Attributable to equity holders of the Company | | | | | | | Non-controlling interests | Total |
|---|---|---------------|---------------------|------------------|--------------------|----------------|-----------|---------------------------|-----------|
| | Share capital | Share premium | Contributed surplus | Exchange reserve | Accumulated losses | Total reserves | Subtotal | | |
| 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 |
| Loss for the year | - | - | - | - | (377,799) | (377,799) | (377,799) | (1,913) | (379,712) |
| Other comprehensive income (expenses) | | | | | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | | | | | |
| Exchange differences on consolidation | - | - | - | 59,521 | - | 59,521 | 59,521 | - | 59,521 |
| Disposal of subsidiaries | - | - | - | 18,854 | - | 18,854 | 18,854 | - | 18,854 |
| Total comprehensive income(expenses) for the year | - | - | - | 78,375 | (377,799) | (299,424) | (299,424) | (1,913) | (301,337) |
| 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 |
| | 6,877 | 87,057 | - | - | - | 87,057 | 93,934 | - | 93,934 |
| 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 |

Attributable to equity holders of the Company

| <i>(In HK\$'000)</i> | Share capital | Share premium | Contributed surplus | Exchange reserve | Accumulated losses | Total reserves | Subtotal | Non- controlling interests | Total |
|---|----------------------|-------------------------|------------------------|----------------------|---------------------------|-----------------------|-----------------------|----------------------------------|-----------------------|
| At 1 April 2021 | <u>49,137</u> | <u>1,465,879</u> | <u>594,707</u> | <u>1,773</u> | <u>(1,098,488)</u> | <u>963,871</u> | <u>1,013,008</u> | <u>56,791</u> | <u>1,069,799</u> |
| Loss for the year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(653,280)</u> | <u>(653,280)</u> | <u>(653,280)</u> | <u>(3,928)</u> | <u>(657,208)</u> |
| Other comprehensive income/(expenses) | | | | | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | | | | | |
| Exchange differences on consolidation | <u>-</u> | <u>-</u> | <u>-</u> | <u>31,759</u> | <u>-</u> | <u>31,759</u> | <u>31,759</u> | <u>-</u> | <u>31,759</u> |
| Total comprehensive expenses for the year | <u>-</u> | <u>-</u> | <u>-</u> | <u>31,759</u> | <u>(653,280)</u> | <u>(621,521)</u> | <u>(621,521)</u> | <u>(3,928)</u> | <u>(625,449)</u> |
| Transactions with equity holders | | | | | | | | | |
| Issue of shares upon subscription | <u>8,200</u> | <u>73,752</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>73,752</u> | <u>81,952</u> | <u>-</u> | <u>81,952</u> |
| | <u>8,200</u> | <u>73,752</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>73,752</u> | <u>81,952</u> | <u>-</u> | <u>81,952</u> |
| At 31 March 2022 | <u><u>57,337</u></u> | <u><u>1,539,631</u></u> | <u><u>594,707</u></u> | <u><u>33,532</u></u> | <u><u>(1,751,768)</u></u> | <u><u>416,102</u></u> | <u><u>473,439</u></u> | <u><u>52,863</u></u> | <u><u>526,302</u></u> |

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 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 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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

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

The applications of these amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 | 2022 | 2021 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Segment revenue | | | | | | |
| Sale of goods to external customers | <u>298,744</u> | <u>618,937</u> | <u>-</u> | <u>2,786</u> | <u>298,744</u> | <u>621,723</u> |
| | <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>(446,390)</u> | <u>(176,010)</u> | <u>(185,418)</u> | <u>(20,141)</u> | <u>(631,808)</u> | <u>(196,151)</u> |
| Unallocated income | | | | | 2,153 | 1,145 |
| Unallocated expenses | | | | | <u>(27,553)</u> | <u>(185,262)</u> |
| Loss for the year from continuing operations | | | | | <u>(657,208)</u> | <u>(380,268)</u> |
| Assets and liabilities | | | | | | |
| Segment assets | <u>691,938</u> | <u>1,006,502</u> | <u>311,899</u> | <u>492,228</u> | <u>1,003,837</u> | <u>1,498,730</u> |
| Unallocated assets, including interests in associates | | | | | <u>23,633</u> | <u>45,864</u> |
| Consolidated total assets | | | | | <u>1,027,470</u> | <u>1,544,594</u> |
| Segment liabilities | <u>158,805</u> | <u>150,873</u> | <u>133,420</u> | <u>146,735</u> | <u>292,225</u> | <u>297,608</u> |
| 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 | | Ocean fishing business | | Consolidated | |
| | services business | | | | | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| 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 | - | - | 35,916 | 2,179 | 35,916 | 2,179 |
| - Net impairment loss for trade receivables | 370,813 | 166,038 | 2,412 | 11,996 | 373,225 | 178,032 |
| - Net impairment loss for loan and interest receivables | 6,886 | 24,709 | - | - | 6,886 | 24,709 |
| - Impairment loss on intangible assets | - | - | - | - | - | 695 |
| - Impairment loss of goodwill | - | - | - | 116,971 | - | 116,971 |
| - Impairment loss on property, plant and equipment | - | - | 2,125 | 1,937 | 2,125 | 1,937 |
| - Impairment loss on construction-in-progress | - | - | 25,927 | - | 25,927 | - |
| Write off of construction-in-progress | - | - | 165,940 | - | 165,940 | - |
| Additions to non-current assets | - | 11 | - | - | - | 11 |

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 (excluding prepayments, other receivables and other assets) by locations of assets:

| | Revenue from external customers | | Carrying amounts of non-current assets | |
|-----------|---------------------------------|-------------------------|--|-------------------------|
| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
| 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, three customers (2021: two customers) that individually accounted for over 10% of total revenue of the Group are set out below:

| | Consolidated | |
|---|-------------------------|-------------------------|
| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
| Customer A – Supply chain management service business | 24,007 | 461,110 |
| Customer B – Supply chain management service business | 215,382 | 71,648 |
| Customer C – Supply chain management service business | 42,765 | 49,006 |
| | <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 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|------------------------------|------------------------------|
| 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 | 298,744 | 621,723 |
| Interest income | 1 | 13 |
| 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 | 447 | 3,138 |
| | <u>14,906</u> | <u>24,872</u> |
| Other income | 14,906 | 24,872 |
| 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 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| 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 | 24,960 | 20,354 |
| Interest for bank borrowing | 4,431 | 4,298 |
| Lease interest expenses | 3 | 40 |
| | <u>29,696</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 | 283,692 | 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 | 373,225 | 178,032 |
| – Net impairment loss for other receivables | 35,916 | 2,179 |
| – Net impairment loss for loan and interest receivables | 6,886 | 24,709 |
| 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 |
| Provision for impairment on construction-in-progress | 25,927 | – |
| Loss on disposal of subsidiaries | – | 21,961 |
| Property rental expenses in respect of short-term lease | 2,279 | 1,842 |
| Write off of construction-in-progress | 165,940 | – |
| Write off (included in administrative expenses): | | |
| – Trade receivables | – | 18 |
| – Other receivables | 111 | 33,064 |
| | <u><u>111</u></u> | <u><u>33,064</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 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Continuing operations | | |
| Current tax | | |
| Hong Kong Profits Tax | | |
| – over-provision for prior year | – | (1,180) |
| PRC enterprise income tax | | |
| – current year | 177 | 47 |
| – (over)/under-provision for prior year | – | (659) |
| Mozambique corporate income tax, current year | – | 188 |
| Deferred tax | – | 4,167 |
| | <hr/> | <hr/> |
| Total income tax expenses | 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 loss per share is based on the loss attributable to equity holders of the Company for continuing and discontinued operations and the weighted average number of the Company's ordinary shares in issue during the year as follows:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss attributable to equity holders of the Company | | |
| from continuing operations | (653,280) | (378,355) |
| from discontinued operation | – | 556 |
| | <hr/> | <hr/> |
| | (653,280) | (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 loss 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 loss per share | <u>5,149,321,330</u> | <u>4,441,641,286</u> |

No adjustment has been made to the basic and diluted loss per share amounts for the continuing operation presented for the years ended 31 March 2022 and 31 March 2021 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

10. TRADE AND OTHER RECEIVABLES

| | Note | 2022 HK\$'000 | 2021 HK\$'000 |
|--|-------|------------------|------------------|
| Trade receivables from third parties | | 830,685 | 642,378 |
| Less: loss allowance | (ii) | <u>(560,007)</u> | <u>(181,205)</u> |
| Net trade receivables | (i) | <u>270,678</u> | <u>461,173</u> |
| Other receivables | | | |
| Prepayments and deposits | | 35,885 | 37,043 |
| Advance payment to suppliers | (iii) | 451,030 | 517,301 |
| Other receivables | | <u>10,809</u> | <u>6,780</u> |
| | | 497,724 | 561,124 |
| Less: loss allowance | | <u>(50,824)</u> | <u>(2,179)</u> |
| Net other receivables | | <u>446,900</u> | <u>558,915</u> |
| Less: non-current portion of prepayment and deposits | | <u>(35,554)</u> | <u>35,554</u> |
| | | <u>411,346</u> | <u>523,361</u> |
| | | <u>682,024</u> | <u>984,534</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 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|-------------------|-------------------------|-------------------------|
| Less than 90 days | 42,733 | 126,385 |
| 91 – 180 days | 11,309 | 43,088 |
| 181 – 270 days | – | 105,600 |
| 271 – 365 days | 34,055 | 100,510 |
| Over 1 year | 182,581 | 85,590 |
| | <u>270,678</u> | <u>461,173</u> |

(ii) Loss allowance for trade receivables

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|----------------------------------|-------------------------|-------------------------|
| At beginning of reporting period | 181,205 | 6,633 |
| Provision for loss allowance | 373,225 | 178,032 |
| Written off of trade receivables | – | (61) |
| Disposal of subsidiary | – | (3,401) |
| Exchange realignment | 5,577 | 2 |
| | <u>560,007</u> | <u>181,205</u> |

(iii) Advance payment to suppliers

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

11. TRADE AND OTHER PAYABLES

| | <i>Note</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|----------------------|-------------|--------------------------------|-------------------------|
| 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 |
| | | 227,536 | 162,092 |

(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 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| 91 – 180 days | – | 7,064 |
| 271 – 365 days | – | 24,293 |
| Over 1 year | 30,173 | – |
| | 30,173 | 31,357 |

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.

12. EVENTS AFTER THE REPORTING PERIOD (continued)

Subsequent Event (continued)

On 10 June 2022, the Company proposed to issue 800,000,000 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\$80,000,000. The proceeds will be used as repayment of borrowings, set/prepare sail of fishing vessels and general working capital of the Group.

On 9 September 2022, Mr. Liu Rongsheng has tendered his resignation as the chief executive officer and still acting as the chairman and executive director of the Company. While Mr. Cai Haipeng has been redesignated from non-executive director to executive director of the Company and has been appointed as the chief executive officer of the Company.

On 25 October 2022, Qisen Fishery (an indirect subsidiary of the Company) entered into the JV Agreement (as supplemented by the Supplemental Agreement) with Kanzun, pursuant to which the parties agreed to establish the JV Company with a registered capital of US\$1,000,000 (equivalent to approximately HK\$7,850,000). The equity interest in the JV Company will be held as to 80% by Qisen Fishery, among which 31% equity interest is registered in the name of Kanzun and held on behalf of Qisen Fishery, and 20% by Kanzun, respectively. The Group strives to expand its fishery business via collaboration with different potential partners. With the formation of the JV Company in Indonesia and the resources and assistance provided by Kanzun to the Group, the Group could further expand its fishery business to southeast Asian region.

On 14 November 2022, the Company entered into 2 Subscription Agreements with the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 100,000,000 Subscription Shares at the Subscription Price of HK\$0.15 per Subscription Share. The net proceeds will amount to approximately HK\$14,900,000. The proceeds are currently intended to be applied as general working capital.

Reference is made to the announcement of the Company on 19 May 2023, 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. (an indirect subsidiary of the Company) as the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the 35% equity interest in Shenzhen Yuduoduo Frozen Food Co., Ltd.* (深圳市魚多多凍鮮海產品有限公司), for the consideration of HK\$30,000,000.

Reference is made to the announcement of the Company on 19 May 2023, Jin Yu Tang (Shenzhen) Fishery Group Co., Ltd (a subsidiary of the Company) as the Purchaser and Ms. Pan Shuangjun and Mr. Zhang Weiliang as the Vendors entered into the supplemental agreement, pursuant to which the Purchaser and the Vendors have mutually agreed to cancel the Results Guarantee.

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\$653.3 million as compared to approximately HK\$377.8 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 construction-in-progress of HK\$373.2 million and HK\$165.9 million respectively; these impairment losses amounted to approximately 82.04% of the loss for the Year. The expected fair value loss on trade receivables of approximately HK\$373.2 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\$1,027,470,000 (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 RMB53,760,000 (31 March 2021: RMB54,450,000) of which RMB53,760,000 (31 March 2021: RMB54,450,000) 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 6.46% (31 March 2021: 4.20%). The Group's total bank borrowings as at 31 March 2022 was HK\$66,370,000 (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’s 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 financial statements of the Group for the Year have been reviewed by the Audit Committee, which is of the opinion that such statements comply with the applicable accounting standards, as well as the Stock Exchange’s and legal requirements, and that adequate disclosures have been made.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the external auditor of the Company:

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Company and the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements that the Group incurred a loss attributable to owners of the Company of approximately HK\$653,280,000 for the year ended 31 March 2022 and as of that date, the Group had net current assets of HK\$332,269,000 and the Group’s current portion of borrowings amounted to HK\$111,950,000, while its cash bank balances and cash equivalents amounted to HK\$ 1,554,000. These conditions along with the current situation as set forth in note 2, which indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in this announcement have been compared by the Company’s auditor, Elite Partners CPA Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 March 2022. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Audited Annual Results 2022 <i>HK\$'000</i> | Unaudited Annual Results Disclosed in the Announcement 2022 <i>HK\$'000</i> | Difference <i>HK\$'000</i> | <i>Notes</i> |
|---|---|---|-------------------------------|--------------|
| Net impairment loss for trade receivables | (373,225) | (333,201) | (40,024) | (i) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Audited Annual Results 2022 <i>HK\$'000</i> | Unaudited Annual Results Disclosed in the Announcement 2022 <i>HK\$'000</i> | Difference <i>HK\$'000</i> | <i>Notes</i> |
|--|---|---|-------------------------------|--------------|
| Non current assets | | | | |
| Prepayments, other receivable and other assets | 35,554 | – | 35,554 | (ii) |
| Current assets | | | | |
| Trade and other receivables | 682,024 | 757,602 | (75,578) | (i) & (ii) |

Notes:

- i. Loss allowance adjustments on trade receivables is resulted from impairment reassessment.
- ii. Certain comparative figures in the consolidated statement of profit or loss and other comprehensive income/consolidated statement of financial position have been reclassified.

AUDITOR'S AGREEMENT ON THE 2022 ANNUAL RESULTS

Following the adjustments described in Notes (i) to (ii) above, the Company's external auditor has agreed on the 2022 Annual Results (including the financial figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto) as set out in the 2022 Annual Results. The audited annual results of the Group for the year ended 31 March 2022 have been reviewed by the Audit Committee of the Company and were approved by the Board on 19 May 2023.

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>.