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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)**

**INSIDE INFORMATION  
CHANGE OF AUDITOR  
AND  
CONTINUED SUSPENSION OF TRADING**

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of China Ocean Group Development Limited (the “**Company**”) pursuant to Rule 17.50(4) of the Rules Governing the GEM Listing of Securities (“**GEM Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference are made to the announcements of the Company dated 29 June 2022, 30 June 2022, 3 August 2022 and 26 August 2022 (together, the “**Announcements**”) in relation to, among others, the delay in the publication of the audited annual results for the year ended 31 March 2022 (the “**2022 Audited Annual Results**”) and the despatch of the 2022 annual report of the Company (the “**2022 Annual Report**”) and the postponement of the meeting of the Board. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

**RESIGNATION OF AUDITOR**

The auditor, Reanda Lau & Au Yeung (HK) CPA Limited (“**Reanda Lau & Au Yeung**”) has tendered its letter of resignation (the “**Resignation Letter**”) as the auditor of the Company with effect from 3 October 2022.

## **Reasons for resignation**

With reference to the Reanda Lau & Au Yeung's resignation letter dated 3 October 2022, the reasons for the resignation of Reanda Lau & Au Yeung as the auditor of the Company and the matters which Reanda Lau & Au Yeung believe that should be brought to the attention of the shareholders of the Company (the "**Shareholders**") and the Stock Exchange are summarised as follows:

### **1. *Going concern assessment***

The Group had certain bonds, bank and other borrowings which were due on or before 31 March 2022. As at 22 September 2022, portion of the borrowings were overdue and not yet repaid. Some of the respective lenders have taken further action against the Group, while other portion of borrowings of the Group were in default and management has not entered into any extension agreement with or obtained waiver letter from the lenders.

In response to the above, the Auditor has requested management to provide, but has not yet provided with, (including but not limited to) the following information and explanations:

- the going concern assessment of the Group, including the Group's plans and measures to address the going concern issue, the cash flow forecast for at least the next twelve months, and the key assumptions and relevant information thereof;
- extension agreement and waiver letters in respect to the defaulted loans.

### **2. *Litigations***

As at 31 March 2022, the Group had litigations of claims from a shareholder and two bond holders in which the Group was the defendant.

The auditor has requested management to provide, but has not yet provide with, all the necessary supporting documents, explanations, the Group's assessment of the impact of the above litigations (including the impact on cash flow and contingent liabilities) and the draft legal opinions issued by external lawyers on the above litigations.

### **3. *Supplier and relevant parties interview***

The Group had advance payment to suppliers. There are considerable outstanding audit works on advance payment to suppliers, including the inspection of all the necessary supporting documents, explanation and arrange interviews with the relevant parties involved.

Reanda Lau & Au Yeung communicated the abovementioned matters to the Board and requested the Company's management to follow up on those matters in its letter dated 22 September 2022.

Reanda Lau & Au Yeung have been enquired by the management of the Group whether Reanda Lau & Au Yeung is able to indicate the completion date of its audit works of the 2022 Audited Annual Results. Giving the abovementioned significant works outstanding and the difficulty in rescheduling sufficient manpower of Reanda Lau & Au Yeung to deal with the above matters expeditiously, Reanda Lau & Au Yeung is unable to indicate to the management an estimation on the completion date of its audit works of the 2022 Audited Annual Results.

### **Other matters that need to be brought to the attention of the Shareholders**

The Board and the Audit Committee confirm that save as disclosed above in this announcement, there are no other matters or circumstances in connection with the resignation of Reanda Lau & Au Yeung that need to be brought to the attention of the Shareholders and the Stock Exchange.

### **APPOINTMENT OF AUDITOR**

The Board announces that, having considered the recommendation from the Audit Committee, it has resolved to appoint Elite Partners CPA Limited (“**Elite**”) as the new auditor of the Company with effect from 3 October 2022 to fill the casual vacancy following the resignation of Reanda Lau & Au Yeung and to hold office until the conclusion of the next annual general meeting of the Company. Pursuant to Article 155 of the articles of association of the Company, the Board has the power to fill the vacancy in the office of auditor and to fix the remuneration of the auditor so appointed. Accordingly, no extraordinary general meeting will be held for such purpose.

The Board welcomes to the appointment of Elite as the new auditor of the Company.

The Company is currently working with Elite on finalising the timetable for the publication of the 2022 Audited Annual Results. Further announcement(s) will be issued by the Company as and when necessary if there are other material developments in the completion of the respective auditing process.

### **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.**

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

Hong Kong, 3 October 2022

*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>.*