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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 2023**

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 2023 (the “**Year**”), together with the comparative figures for the year ended 31 March 2022 as follows:

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 March 2023*

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>	5	<b>225,855</b>	298,744
Cost of services rendered and cost of goods sold		<u>(212,068)</u>	<u>(283,692)</u>
Gross profit		<b>13,787</b>	15,052
Other income	5	<b>4,266</b>	14,906
Selling and distribution costs		–	–
Administrative expenses		<b>(43,856)</b>	(26,052)
Net impairment loss reversed/(recognised) on trade receivables		<b>1,634</b>	(373,225)
Net impairment loss recognised on other receivables		–	(35,916)
Impairment loss on property, plant and equipment		–	(2,125)
Impairment loss on construction-in-progress		–	(25,927)
Net impairment loss reversed/(recognised) on loan and interest receivables		<b>822</b>	(6,886)
Write off of construction-in-progress		–	(165,940)
Gain on change in fair value on contingent consideration payable		<u>–</u>	<u>1,774</u>
<b>Loss from operations</b>		<b>(23,347)</b>	(604,339)
Finance costs		<b>(23,325)</b>	(29,696)
Share of results of associate		<u>(3,335)</u>	<u>(22,996)</u>
<b>Loss before taxation</b>	6	<b>(50,007)</b>	(657,031)
Income tax expenses	7	<u>(8)</u>	<u>(177)</u>
<b>Loss for the year</b>		<b><u>(50,015)</u></b>	<b><u>(657,208)</u></b>

	2023	2022
Note	HK\$'000	HK\$'000
<b>Other comprehensive (expenses)/income for the year:</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on consolidation	<u>(22,548)</u>	<u>31,759</u>
	<u>(22,548)</u>	<u>31,759</u>
<b>Total comprehensive expenses for the year</b>	<b><u>(72,563)</u></b>	<b><u>(625,449)</u></b>
Loss for the year attributable to		
– Owners of the Company	<u>(45,753)</u>	<u>(653,280)</u>
– Non-controlling interests	<u>(4,262)</u>	<u>(3,928)</u>
	<b><u>(50,015)</u></b>	<b><u>(657,208)</u></b>
Total comprehensive expenses attributable to		
– Owners of the Company	<u>(68,301)</u>	<u>(621,521)</u>
– Non-controlling interests	<u>(4,262)</u>	<u>(3,928)</u>
	<b><u>(72,563)</u></b>	<b><u>(625,449)</u></b>
Loss per share		
Basic and diluted	9	
	<b><u>HK(0.75) cents</u></b>	<b><u>HK(12.76) cents</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>250,953</b>	5,365
Construction-in-progress		–	265,968
Interests in an associate		<b>15,098</b>	20,062
Loan receivables and loan interest receivables		–	13,544
Prepayments, other receivables and other assets		<b>35,554</b>	35,554
		<b>301,605</b>	340,493
<b>Current assets</b>			
Trade and other receivables	<i>10</i>	<b>616,771</b>	682,024
Loan receivables and loan interest receivables		<b>14,411</b>	3,399
Bank balances and cash		<b>4,129</b>	1,554
		<b>635,311</b>	686,977
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>202,976</b>	227,536
Deferred income		<b>6,112</b>	985
Bank loan		<b>5,417</b>	5,225
Borrowings		<b>156,356</b>	111,950
Contingent consideration payables		<b>12,855</b>	–
Tax payable		<b>10,202</b>	9,997
		<b>393,918</b>	355,693
<b>Net current assets</b>		<b>241,393</b>	331,284
<b>Total assets less current liabilities</b>		<b>542,998</b>	671,777

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Deferred income	45,787	59,059
Borrowings	–	64,689
Corporate bonds	4,495	4,551
Contingent consideration payables	–	12,855
Deferred tax liabilities	3,977	4,321
	<u>54,259</u>	<u>145,475</u>
<b>NET ASSETS</b>	<b><u>488,739</u></b>	<b><u>526,302</u></b>
<b>Capital and reserves</b>		
Share capital	60,837	57,337
Reserves	379,301	416,102
	<u>440,138</u>	<u>473,439</u>
Equity attributable to owners of the Company	440,138	473,439
Non-controlling interests	48,601	52,863
	<u>488,739</u>	<u>526,302</u>
<b>TOTAL EQUITY</b>	<b><u>488,739</u></b>	<b><u>526,302</u></b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

(In HK\$'000)	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Exchange reserve	Accumulated losses	Total reserves	Subtotal		
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	-	-	-	-	(653,280)	(653,280)	(653,280)	(3,928)	(657,208)
<b>Other comprehensive income/(expenses)</b>									
Item that may be reclassified subsequently to profit or loss									
Exchange differences on consolidation	-	-	-	31,759	-	31,759	31,759	-	31,759
<b>Total comprehensive income/(expenses) for the year</b>	-	-	-	31,759	(653,280)	(621,521)	(621,521)	(3,928)	(625,449)
<b>Transactions with equity holders</b>									
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	(1,751,768)	416,102	473,439	52,863	526,302

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 2022	<u>57,337</u>	<u>1,539,631</u>	<u>594,707</u>	<u>33,532</u>	<u>(1,751,768)</u>	<u>416,102</u>	<u>473,439</u>	<u>52,863</u>	<u>526,302</u>
Loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,753)</u>	<u>(45,753)</u>	<u>(45,753)</u>	<u>(4,262)</u>	<u>(50,015)</u>
<b>Other comprehensive income/(expenses)</b>									
Items that may be reclassified subsequently to profit or loss									
Exchange differences on consolidation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,548)</u>	<u>-</u>	<u>(22,548)</u>	<u>(22,548)</u>	<u>-</u>	<u>(22,548)</u>
Total comprehensive expenses for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,548)</u>	<u>(45,753)</u>	<u>(68,301)</u>	<u>(68,301)</u>	<u>(4,262)</u>	<u>(72,563)</u>
<b>Transactions with equity holders</b>									
Issue of shares upon subscription	<u>3,500</u>	<u>31,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,500</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
	<u>3,500</u>	<u>31,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,500</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
At 31 March 2023	<u><u>60,837</u></u>	<u><u>1,571,131</u></u>	<u><u>594,707</u></u>	<u><u>10,984</u></u>	<u><u>(1,797,521)</u></u>	<u><u>379,301</u></u>	<u><u>440,138</u></u>	<u><u>48,601</u></u>	<u><u>488,739</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 HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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 interests 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 2023 and 2022 is set out below.

#### 4. SEGMENTAL INFORMATION (continued)

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

	Supply chain management		Ocean fishing business		Consolidated	
	services business					
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>						
Sale of goods to external customers	225,855	298,744	-	-	225,855	298,744
	<u>225,855</u>	<u>298,744</u>	<u>-</u>	<u>-</u>	<u>225,855</u>	<u>298,744</u>
<b>Segment results</b>	<u>7,470</u>	<u>(446,390)</u>	<u>(13,914)</u>	<u>(185,418)</u>	<u>(6,444)</u>	<u>(631,808)</u>
Unallocated income					96	2,153
Unallocated expenses					(43,667)	(27,553)
<b>Loss for the year</b>					<u>(50,015)</u>	<u>(657,208)</u>
<b>Assets and liabilities</b>						
Segment assets	629,234	691,938	292,033	311,899	921,267	1,003,837
Unallocated assets, including interests in associates					15,649	23,633
Consolidated total assets					<u>936,916</u>	<u>1,027,470</u>
Segment liabilities	107,123	158,805	133,073	133,420	240,196	292,225
Unallocated liabilities					207,981	208,943
Consolidated total liabilities					<u>448,177</u>	<u>501,168</u>

#### 4. SEGMENTAL INFORMATION (continued)

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

	Supply chain management		Ocean fishing business		Consolidated	
	services	business	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other segment information</b>						
Depreciation						
- Property, plant and equipment	22	98	14,415	3,122	14,437	3,220
- Right-of-use assets	-	-	-	-	-	190
Impairment loss:						
- Net impairment loss recognised for other receivables	-	-	-	35,916	-	35,916
- Net impairment loss (reversed)/recognised for trade receivables	(1,097)	370,813	(537)	2,412	(1,634)	373,225
- Net impairment loss (reversed)/recognised for loan and interest receivables	(822)	6,886	-	-	(822)	6,886
- Impairment loss on property, plant and equipment	-	-	-	2,125	-	2,125
- Impairment loss on construction-in-progress	-	-	-	25,927	-	25,927
Write off of construction-in-progress	-	-	-	165,940	-	165,940

##### (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	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	-	42,765	2	2
PRC	225,855	255,979	266,049	304,937
	<b>225,855</b>	<b>298,744</b>	<b>266,051</b>	<b>304,939</b>

#### 4. SEGMENTAL INFORMATION (continued)

##### (c) Information about major customers

For the year ended 31 March 2023, two customers (2022: three customers) that individually accounted for over 10% of total revenue of the Group are set out below:

	Consolidated	
	2023 HK\$'000	2022 HK\$'000
Customer A – Supply chain management service business	N/A <sup>1</sup>	24,007
Customer B – Supply chain management service business	136,513	215,382
Customer C – Supply chain management service business	–	42,765
Customer D – Supply chain management service business	69,896	–
	<u>206,409</u>	<u>282,154</u>

<sup>1</sup> The corresponding revenue did not contribute over 10% of total revenue of the Group.

#### 5. REVENUE AND OTHER INCOME

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

	2023 HK\$'000	2022 HK\$'000
<b>Revenue from contracts with customers</b>		
Sale of goods from:		
Supply chain management services business	<u>225,855</u>	<u>298,744</u>
<b>Revenue</b>	<u>225,855</u>	<u>298,744</u>
Interest income	1	1
Interest income from other loan	–	2,568
Government subsidy income	3,547	4,927
Waiver of other payables	–	6,963
Sundry income	<u>718</u>	<u>447</u>
<b>Other income</b>	<u>4,266</u>	<u>14,906</u>
<b>Total revenue</b>	<u>230,121</u>	<u>313,650</u>

## 6. LOSS BEFORE TAXATION

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Employee benefit expenses (including directors' remuneration)</b>		
Salaries, allowances and benefits in kind	9,346	11,186
Pensions	445	511
	<u>9,791</u>	<u>11,697</u>
<b>Finance costs</b>		
Corporate bond interest	306	302
Interest for other borrowing	18,923	24,960
Interest for bank borrowing	4,096	4,431
Lease interest expenses	–	3
	<u>23,325</u>	<u>29,696</u>
<b>Other items</b>		
Auditor's remuneration	3,530	1,500
Cost of goods sold	212,068	283,692
Depreciation		
– Property, plant and equipment	14,437	3,220
– Right-of-use assets	–	190
Exchange loss, net	38	78
Impairment loss:		
– Net impairment loss (reversed)/recognised for trade receivables	(1,634)	373,225
– Net impairment loss recognised for other receivables	–	35,916
– Net impairment loss (reversed)/recognised for loan and interest receivables	(822)	6,886
Provision for impairment on property, plant and equipment	–	2,125
Provision for impairment on construction-in-progress	–	25,927
Property rental expenses in respect of short-term lease	2,316	2,279
Write off of construction-in-progress	–	165,940
Write off (included in administrative expenses):		
– Other receivables	–	111
	<u><u>–</u></u>	<u><u>111</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 2023 (2022: 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 2022. 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 2023 (2022: 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 2023. (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 2022. Tax benefit for Mozambique Investment Law for fishing industry can enjoy 50% reduction on corporate income tax rate.)

**7. INCOME TAX EXPENSES (continued)**

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Current tax</b>		
PRC enterprise income tax		
– current year	<b>8</b>	177
<b>Deferred tax</b>	<u>–</u>	<u>–</u>
Total income tax expenses	<u><b>8</b></u>	<u>177</u>

**8. DIVIDENDS**

The Board do not recommend the payment of a dividend for the Year (2022: Nil).

**9. LOSS PER SHARE**

The calculation of basic and diluted loss per share is based on the loss attributable to owners of the Company and the weighted average number of the Company's ordinary shares in issue during the year as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss attributable to owners of the Company	<u><b>(45,753)</b></u>	<u>(653,280)</u>

## 9. LOSS PER SHARE (continued)

	Number of shares	
	2023	2022
Weighted average number of ordinary shares in issue during the year for the purposes of basic loss per share	<u><b>6,064,478,097</b></u>	<u>5,118,149,330</u>
Effect to dilutive potential ordinary share – Convertible bonds	<u><b>31,172,000</b></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><b>6,095,650,097</b></u>	<u>5,149,321,330</u>

No adjustment has been made to the basic and diluted loss per share amounts for the years ended 31 March 2023 and 31 March 2022 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

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Trade receivables from third parties</b>		<b>831,605</b>	830,685
Less: loss allowance	<i>(ii)</i>	<u><b>(530,951)</b></u>	<u>(560,007)</u>
Net trade receivables	<i>(i)</i>	<u><b>300,654</b></u>	<u>270,678</u>
<b>Other receivables</b>			
Prepayments and deposits		<b>40,840</b>	35,885
Advance payment to suppliers	<i>(iii)</i>	<b>355,944</b>	451,030
Other receivables		<u><b>6,614</b></u>	<u>10,809</u>
		<b>403,398</b>	497,724
Less: loss allowance		<u><b>(51,727)</b></u>	<u>(50,824)</u>
Net other receivables		<u><b>351,671</b></u>	<u>446,900</u>
Less: non-current portion of prepayments and deposits		<u><b>(35,554)</b></u>	<u>(35,554)</u>
		<u><b>316,117</b></u>	<u>411,346</u>
		<u><b>616,771</b></u>	<u>682,024</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Less than 90 days	3,539	42,733
91 – 180 days	15,530	11,309
181 – 270 days	32,228	–
271 – 365 days	47,162	34,055
Over 1 year	202,195	182,581
	<u>300,654</u>	<u>270,678</u>

### (ii) Loss allowance for trade receivables

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of reporting period	560,007	181,205
Net impairment loss (reversed)/recognised	(1,634)	373,225
Exchange realignment	(27,422)	5,577
<b>At end of reporting period</b>	<b><u>530,951</u></b>	<b><u>560,007</u></b>

### (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>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	(i)	23,189	30,173
Accruals		71,046	45,098
Contract liabilities		9,265	9,265
Other tax payables		2,965	2,965
Due to directors		6,344	2,933
Due to shareholder		250	250
Other payables		89,917	136,852
		<u>202,976</u>	<u>227,536</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
91 – 180 days	–	–
271 – 365 days	–	–
Over 1 year	23,189	30,173
	<u>23,189</u>	<u>30,173</u>

## 12. EVENTS AFTER THE REPORTING PERIOD

### Subsequent Event

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 sales and purchase agreement to dispose, 35% equity interests in Shenzhen Yuduoduo Frozen Food Co., Ltd.\* (深圳市魚多多凍鮮海產品有限公司) (an associate company of the Group), 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.

\* *The English translation of the company names are for reference only. The official names of these companies are in Chinese*

## **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\$225.9 million as compared to approximately HK\$298.7 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\$225.9 million as compared to HK\$298.7 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\$13.8 million in the Year as compared to approximately HK\$15.1 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, increased from 5.0% to 6.1% during the Year. Gross profit margin of aquatic products from fishing operation were generally higher than from supply chain operation.

Loss attributable to owners of the Company for the Year amounted to approximately HK\$45.8 million as compared to approximately HK\$653.3 million in the previous year. During the Year, the administrative expenses increased to approximately HK\$43.9 million from HK\$26.1 million last year which is mainly due to the depreciation on fishing vessels which was still in the process of obtaining its fishing license to commence the fishing operation. The depreciation for fishing vessels increased from approximately HK\$2.5 million in the previous year to approximately HK\$14.4 million during the Year. With the suspension of trading the professional fees incurred for the resumption of trading increased by approximately HK\$8.2 million during the Year. In order to contain the administrative expenses, the Group would continue its implementation of cost-saving measures and streamlining of administrative procedures. The major components in administrative expenses being depreciation, legal and professional fee, salaries and welfare for both staff and directors; rent and rates and depreciation.

Included in the total assets, there were advance payments to suppliers amounting to HK\$355.9 million (31 March 2022: HK\$451.0 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.

## **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 2023, the Group had total assets of approximately HK\$936,916,000 (31 March 2022: approximately HK\$1,027,470,000), including bank balances and cash equivalent of approximately HK\$4,129,000 (31 March 2022: approximately HK\$1,554,000).

As at 31 March 2023, there was general banking facilities granted to a subsidiary of the Group of RMB59,766,000 (31 March 2022: RMB53,760,000) of which RMB54,266,000 (31 March 2022: RMB53,760,000) 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 2023, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was approximately 6.58% (31 March 2022: 6.46%). The Group's total bank borrowings as at 31 March 2023 was HK\$61,667,000 (31 March 2022: HK\$66,370,000).

## **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 2023, 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 2023, the Group had no charge on assets (31 March 2022: nil).

## **Contingent liabilities**

Save as disclosed above, the Group had no contingent liability as at 31 March 2023 (31 March 2022: Nil).

## **Employees and remuneration policies**

As at 31 March 2023, the Group had 43 (31 March 2022: 59) employees including the Directors. Total staff costs (excluding Directors' emoluments) amounted to approximately HK\$6.1 million for the Year, as compared to approximately HK\$8.2 million in 2022. 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. During the year, up to 9 September 2022, the roles of the chairman and the chief executive officer of the Company are performed by Mr. Liu Rongsheng. On 9 September 2022, Mr. Cai Haipeng was appointed as the chief executive officer of the Company.

## **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 2023, 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\$45,993,000 for the year ended 31 March 2023 and as of that date, the Group had net current assets of HK\$241,393,000 and the Group’s current portion of borrowings amounted to HK\$61,667,000, while its cash bank balances and cash equivalents amounted to HK\$4,129,000. 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 2023 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 2023. 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.

## **AUDITOR'S AGREEMENT ON THE 2023 ANNUAL RESULTS**

The Company's external auditor has agreed on the 2023 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 2023 Annual Results. The audited annual results of the Group for the year ended 31 March 2023 have been reviewed by the Audit Committee of the Company and were approved by the Board on 23 August 2023.

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

Hong Kong, 23 August 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>.*