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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)

(I) FULFILLMENT OF RESUMPTION GUIDANCE;

AND

(II) RESUMPTION OF TRADING

Financial adviser to the Company



瓏盛資本有限公司

Draco Capital Limited

This announcement is made by China Ocean Group Development Limited (the “**Company**”) pursuant to the Rule 17.10 of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of 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 (i) dated 29 June 2022, 30 June 2022, 3 August 2022, 26 August 2022 and 3 October 2022 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**”), the postponement of the meeting of the Board and the change of auditors of the Company; (ii) dated 21 November 2022 in relation to, among others, the resumption guidance (the “**Resumption Guidance**”) for resumption of trading in the Company’s shares (the “**Shares**”); (iii) dated 28 November 2022, 6 March 2023, 30 May 2023 in relation to, among others, the

quarterly update on resumption (the “**Quarterly Update on Resumption**”); (iv) dated 19 May 2023 in relation to, among others, the annual results announcement for the year ended 31 March 2022; (v) dated 9 June 2023 in relation to, among others, the interim results announcement for the six months ended 30 September 2022; (vi) dated 9 June 2023 in relation to, among others, the third quarterly results announcement for the nine months ended 31 December 2022; (vi) dated 23 August 2023 in relation to, among others, the annual results announcement for the year ended 31 March 2023 (the “**2023 Audited Annual Results**”); and (vii) dated 23 August 2023 in relation to, among others, the first quarterly results announcement for the three months ended 30 June 2023 (collectively, the “**Announcements**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

BACKGROUND

Suspension of trading in the Shares

Reference are made to the announcements of the Company dated 29 June 2022, 30 June 2022, 3 August 2022, 26 August 2022 and 3 October 2022, the Company failed to publish the 2022 Audited Annual Results within the prescribed time limit under the GEM Listing Rules as a result of the resignation of the former auditors of the Group, Reanda Lau & Au Yeung (HK) CPA Limited (“**Reanda Lau & Au Yeung**”). In accordance with Rule 17.49A of the GEM Listing Rules, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 29 August 2022.

Please refer to the announcements of the Company dated 3 October 2022 for further information in relation to the reasons for resignation of Reanda Lau & Au Yeung.

Resumption guidance

The Stock Exchange has set out the below Resumption Guidance for the Company on 21 November 2022:

- (1) publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications;
- (2) demonstrate the Company’s compliance with GEM Rule 17.26; and
- (3) inform the market of all material information for the Company’s shareholders and other investors to appraise the Company’s position.

FULFILLMENT OF RESUMPTION GUIDANCE

The Board is pleased to announce that the Company has fulfilled all the Resumption Guidance as at the date of this announcement, details of which are set out below:

Resumption Guidance 1 – publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications

The Board has appointed Elite Partners CPA Limited (the “**Auditors**”) as the new auditors 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.

As stated in the announcement of the Company dated 3 October 2022, with reference to the Reanda Lau & Au Yeung’s resignation letter dated 3 October 2022, certain matters which Reanda Lau & Au Yeung believe that should be brought to the attention of the Shareholders and the Stock Exchange. Please refer to the respective announcement for further details.

In response to the outstanding matters of the 2022 Audited Annual Results raised by Reanda Lau & Au Yeung, the Auditors have performed the following audit procedure:

(I) Going concern assessment

- a. Obtained an understanding of the inputs and key assumptions of the cash flow projections prepared for the purpose of the going concern assessment;
- b. Challenged the inputs and assumptions used in the cash flow projections by benchmarking them against historical trends and data and observable external economic data;
- c. Compared the actual cash flows to the forecast and assessed the mitigating actions identified by management in the event that actual cash flows are below forecast;
- d. Challenged the directors’ assessment that there was not a material uncertainty in relation to going concern based on our understanding of the Group’s expected liquidity requirements during the forecast period; and
- e. Assessed the appropriateness of the disclosures included in the consolidated financial statements.

(II) Litigation against the Group

- a. Conducted the legal search to ensure the completeness of the summary of litigation represented by client;
- b. Obtained the summary of litigation and arbitration with status update up to 15 May 2023 with all relevant correspondence and relevant supporting audit evidence;

- c. Obtained the understanding of the basis of the assessment of those litigation and discuss with legal advisor of the Company and justify the basis of assessment;
- d. Obtained the accounting estimate for the said litigation (i.e. the amounts of the ultimate liabilities and cashflow (including costs) which might be incurred) and assess the reasonableness and appropriateness of such estimation;
- e. Obtained the legal opinion in respect of the respective litigation against the Group which issued by the legal adviser of the Company; and
- f. Obtained the expert report in respect of the respective litigation against the Group which issued by the financial adviser of the Company.

(III) Advanced payments to the supplier

- a. Obtained the summary of movement of advanced supplier (columnised by supplier) from 1 April 2021 to 31 March 2022;
- b. Understand the basis of the advanced payment;
- c. Sample inspected the supporting documents on the balance and all movement of the balance of advanced to supplier from 1 April 2021 to 31 March 2022 up to 15 May 2023;
- d. Conducted the company search with those suppliers and ensure they are no related parties; and
- e. Conducted the interview with those suppliers to validate the basis of remittance and advance payments are consistent to the explanation obtained from the Company's management.

As at the date of this announcement, the Auditors has completed the audit for the financial results for the years ended 31 March 2022 and 31 March 2023 and no audit modification was made.

The 2022 Audited Annual Results and the 2023 Audited Annual Results 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. The Auditors has also presented the aforesaid audit procedures to the Audit Committee and the Audit Committee considered that such audit procedures have covered all important assertions of audit and considered adequate.

The Company published (i) the unaudited first quarterly results announcement for the three months ended 30 June 2022 on 12 August 2022; (ii) the audited annual results announcement for the year ended 31 March 2022 on 21 May 2023; (iii) the unaudited interim results announcement for the six months ended 30 September 2022 on 11 June 2023; (iv) the unaudited third quarterly results announcement for the nine months ended 30 September 2022 on 11 June 2023; (v) the audited annual results announcement for the year ended 31 March 2023 on 23 August 2023; and (vii) the unaudited first quarterly results announcement for the three months ended 30 June 2023 on 23 August 2023.

As such, the Company has published all outstanding financial results as required under the GEM Listing Rules in satisfaction of the Resumption Guidance 1.

Resumption Guidance 2 – demonstrate the Company’s compliance with GEM Rule 17.26

The principal issues leading to the suspension of trading in the Share were not directly related to the Group’s daily business operations nor its operating results. The daily business operations of the Group are not affected by the suspension of trading in the Shares.

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.

After the suspension of trading in the Shares, 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.

For the years ended 31 March 2022 and 2023, 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-requisites 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.

Sufficient level of operations and assets of sufficient value

Pursuant to the 2022 Audited Annual Results and the 2023 Audited Annual Results, the revenue of the Group for the years ended 31 March 2022 and 2023 amounted to approximately HK\$298.7 million and HK\$225.9 million, respectively. The financial performances of the Group were affected during the respective period due to the continued outbreak of the novel coronavirus (COVID-19) and the relevant anti-epidemic measures in 2022, 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. Nonetheless, following the relaxing of those anti-epidemic measures, the supply chain management and related services of the Group has been recovered. Meanwhile, the Group has continued to develop business relationship with its business partners and potential partners in the PRC as well as other regions in order to increase and explore new sources of income.

With reference to the 2022 Audited Annual Results and the 2023 Audited Annual Results, the Group's audited total assets was approximately HK\$1,027.5 million and HK\$936.9 million as at 31 March 2022 and 2023, respectively. The Group's audited net assets was approximately HK\$526.3 million and HK\$488.7 million as at 31 March 2022 and 2023, respectively. The Directors are of the view that the Group has maintained sufficient level of assets to ensure a viable and sustainable business with a sufficient level of operation to generate revenue for the Group.

As at the date of this announcement, the business operations of the Group are continuing as usual in all material aspects. The Directors intend to continue to develop the Group's existing business as well as expand into new geographical locations including Indonesia.

Based on the above, the Board is of the view that the Group has a viable and sustainable business with substance and with a sufficient level of operations and assets of sufficient value to support its operations to meet the requirements under Rule 17.26 of the GEM Listing Rules and warrant the continued listing of the Shares on the Stock Exchange.

Resumption Guidance 3 – inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position

Since the Suspension, the Company has announced quarterly updates on the suspension of trading under Rule 17.26A of the GEM Listing Rules and has published audited results for the years ended 31 March 2022 and 2023, in which disclosures in relation to the issues causing the Suspension and how the Company had addressed such issues were included. The Board believes that the Company has announced all material information it considers necessary and appropriate for the Company's shareholders and potential investors to appraise the Company's position.

RESUMPTION OF TRADING

Trading in shares of the Company on the Stock Exchange has been suspended since 29 August 2022. Based on the reasons as disclosed above, the Board is of the view that all the Resumption Guidance has been fulfilled. Accordingly, the Company has made an application to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 25 August 2023.

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, 24 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 Listed Company Information” page of The Stock Exchange’s website at www.hkexnews.hk for at least seven (7) days from the date of its publication. This announcement will also be published on the Company’s website at <http://www.chinaoceangroup.com.hk>.