

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2024**

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 2024 (the “**Year**”), together with the comparative figures for the year ended 31 March 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

| | <i>Note</i> | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| Revenue from contracts with customers | 5 | 398,173 | 225,855 |
| Cost of services rendered and cost of goods sold | | <u>(352,904)</u> | <u>(212,068)</u> |
| Gross profit | | 45,269 | 13,787 |
| Other income | 5 | 6,881 | 4,266 |
| Administrative expenses | | (53,200) | (43,856) |
| Net impairment loss (recongnised)/reversed on trade receivables | | (32,315) | 1,634 |
| Net impairment loss recognised on other receivables | | (458) | – |
| Net impairment loss reversed on loan and interest receivables | | 7,163 | 822 |
| Fair value gain on derecognition of contingent consideration payable | | <u>6,205</u> | <u>–</u> |
| Loss from operations | | (20,455) | (23,347) |
| Finance costs | | (23,851) | (23,325) |
| Share of the result of an associate | | <u>(3)</u> | <u>(3,335)</u> |
| Loss before taxation | 6 | (44,309) | (50,007) |
| Income tax credit/(expenses) | 7 | <u>285</u> | <u>(8)</u> |
| Loss for the year | | <u>(44,024)</u> | <u>(50,015)</u> |

| | 2024 | 2023 |
|--|------------------------------|------------------------------|
| <i>Note</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Other comprehensive expenses for the year: | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | |
| Exchange differences on consolidation | <u>(38,597)</u> | <u>(22,548)</u> |
| | <u>(38,597)</u> | <u>(22,548)</u> |
| Total comprehensive expenses for the year | <u>(82,621)</u> | <u>(72,563)</u> |
| Loss for the year attributable to | | |
| – Owners of the Company | (37,401) | (45,753) |
| – Non-controlling interests | <u>(6,623)</u> | <u>(4,262)</u> |
| | <u>(44,024)</u> | <u>(50,015)</u> |
| Total comprehensive expenses attributable to | | |
| – Owners of the Company | (73,600) | (68,301) |
| – Non-controlling interests | <u>(9,021)</u> | <u>(4,262)</u> |
| | <u>(82,621)</u> | <u>(72,563)</u> |
| Loss per share | | |
| Basic and diluted | 9 | |
| | <u>HK(0.59) cents</u> | <u>HK(0.75) cents</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

| | <i>Note</i> | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 211,971 | 250,953 |
| Interests in an associate | | – | 15,098 |
| Prepayments, other receivables and other assets | | 35,554 | 35,554 |
| | | <u>247,525</u> | <u>301,605</u> |
| Current assets | | | |
| Inventories | | 2,363 | – |
| Trade and other receivables | <i>10</i> | 784,453 | 616,771 |
| Loan receivables and loan interest receivables | | 11,680 | 14,411 |
| Bank balances and cash | | 243 | 4,129 |
| | | <u>798,739</u> | <u>635,311</u> |
| Assets associated with disposal group held for sale | | <u>15,208</u> | – |
| | | <u>813,947</u> | <u>635,311</u> |
| Current liabilities | | | |
| Trade and other payables | <i>11</i> | 323,727 | 202,976 |
| Deferred income | | 5,912 | 6,112 |
| Bank loans | | 1,322 | 5,417 |
| Borrowings | | 147,741 | 156,356 |
| Contingent consideration payables | | – | 12,855 |
| Tax payable | | 12,108 | 10,202 |
| | | <u>490,810</u> | <u>393,918</u> |
| Net current assets | | <u>323,137</u> | <u>241,393</u> |
| Total assets less current liabilities | | <u>570,662</u> | <u>542,998</u> |

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Non-current liabilities | | |
| Deferred income | 37,285 | 45,787 |
| Corporate bonds | 4,495 | 4,495 |
| Deferred tax liabilities | 3,763 | 3,977 |
| | <u>45,543</u> | <u>54,259</u> |
| NET ASSETS | <u><u>525,119</u></u> | <u><u>488,739</u></u> |
| Capital and reserves | | |
| Share capital | 70,837 | 60,837 |
| Reserves | 414,702 | 379,301 |
| | <u>485,539</u> | 440,138 |
| Equity attributable to owners of the Company | 485,539 | 440,138 |
| Non-controlling interests | <u>39,580</u> | <u>48,601</u> |
| TOTAL EQUITY | <u><u>525,119</u></u> | <u><u>488,739</u></u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The year ended 31 March 2024

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

The year ended 31 March 2024

| (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 2023 | 60,837 | 1,571,131 | 594,707 | 10,984 | (1,797,521) | 379,301 | 440,138 | 48,601 | 488,739 |
| Loss for the year | - | - | - | - | (37,401) | (37,401) | (37,401) | (6,623) | (44,024) |
| Other comprehensive expenses | | | | | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | | | | | |
| Exchange differences on consolidation | - | - | - | (36,199) | - | (36,199) | (36,199) | (2,398) | (38,597) |
| Total comprehensive expenses for the year | - | - | - | (36,199) | (37,401) | (73,600) | (73,600) | (9,021) | (82,621) |
| Transactions with equity holders | | | | | | | | | |
| Issue of shares upon subscription | 10,000 | 109,001 | - | - | - | 109,001 | 119,001 | - | 119,001 |
| | 10,000 | 109,001 | - | - | - | 109,001 | 119,001 | - | 119,001 |
| At 31 March 2024 | <u>70,837</u> | <u>1,680,132</u> | <u>594,707</u> | <u>(25,215)</u> | <u>(1,834,922)</u> | <u>414,702</u> | <u>485,539</u> | <u>39,580</u> | <u>525,119</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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”).

Going concern assessment

The Group has incurred a loss attributable to owners of the company of approximately HK\$37,401,000 for the year ended 31 March 2024. As at 31 March 2024, including the Group’s cash and bank balances were approximately HK\$243,000. As at 31 March 2024, the Group had current borrowings of approximately HK\$147,741,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In order to improve the Group’s financial position, the management of the Company have been implementing various measures as follows:

- (1) the Group continues to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flows from its operations in future; and
- (2) The Group is actively considering to raise new capital by carrying out fund raising activities including but not limited enter into new bank loan facility.

2. STATEMENT OF COMPLIANCE (continued)

Going concern assessment (continued)

Based on the Group's cash flow projections, taking into account of effectiveness and feasibility of the above measures covering a period of not less than twelve month from the end of the reporting period prepared by the management, the management of the Company consider the Group would be able to finance its operations and to meet its financial obligations as and when they fall due within the forecast period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any future liabilities that may arise and to re-classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

The management of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis for accounting in preparing the consolidated financial statements.

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 2023 for the preparation of the consolidated financial statements:

| | |
|--|--|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts |
| Amendments to HKFRS 8 | Definition of Accounting Estimates |
| Amendments to HKFRS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKFRS 12 | International Tax Reform – Pillar Two Model Rules |
| Amendments to HKAS 1 and HKFRS Practice statement 2 | Disclosure of Accounting Policies |

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 2024 and 2023 is set out below.

4. SEGMENTAL INFORMATION (continued)

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

| | Supply chain management | | Ocean fishing business | | Consolidated | |
|---|-------------------------|-----------------------|------------------------|------------------------|-------------------------|------------------------|
| | Services business | | | | | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Segment revenue | | | | | | |
| Sale of goods to external customers | <u>398,173</u> | <u>225,855</u> | <u>-</u> | <u>-</u> | <u>398,173</u> | <u>225,855</u> |
| | <u>398,173</u> | <u>225,855</u> | <u>-</u> | <u>-</u> | <u>398,173</u> | <u>225,855</u> |
| Segment results | <u>328</u> | <u>7,470</u> | <u>(20,828)</u> | <u>(13,914)</u> | <u>(20,500)</u> | <u>(6,444)</u> |
| Unallocated income | | | | | <u>4</u> | <u>96</u> |
| Unallocated expenses | | | | | <u>(23,528)</u> | <u>(43,667)</u> |
| Loss for the year | | | | | <u>(44,024)</u> | <u>(50,015)</u> |
| Assets and liabilities | | | | | | |
| Segment assets | <u>783,480</u> | <u>629,234</u> | <u>251,529</u> | <u>292,033</u> | <u>1,035,009</u> | <u>921,267</u> |
| Unallocated assets, including interests in associates | | | | | <u>26,463</u> | <u>15,649</u> |
| Consolidated total assets | | | | | <u>1,061,472</u> | <u>936,916</u> |
| Segment liabilities | <u>200,855</u> | <u>107,123</u> | <u>122,433</u> | <u>133,073</u> | <u>323,288</u> | <u>240,196</u> |
| Unallocated liabilities | | | | | <u>213,065</u> | <u>207,981</u> |
| Consolidated total liabilities | | | | | <u>536,353</u> | <u>448,177</u> |

4. SEGMENTAL INFORMATION (continued)

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

| | Supply chain management | | Ocean fishing business | | Consolidated | |
|---|-------------------------|----------|------------------------|----------|--------------|----------|
| | Services business | | | | | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Other segment information | | | | | | |
| Depreciation | | | | | | |
| - Property, plant and equipment | 10 | 22 | 25,441 | 14,415 | 25,451 | 14,437 |
| Impairment loss: | | | | | | |
| - Net impairment loss recognised/(reversed) on trade receivables | 33,204 | (1,097) | (889) | (537) | 32,315 | (1,634) |
| - Net impairment loss recognised on other receivables | 1,414 | - | (956) | - | 458 | - |
| - Net impairment loss (reversed) on for loan and interest receivables | (7,163) | (822) | - | - | (7,163) | (822) |

(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 | |
|-----------|---------------------------------|----------------|--|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Hong Kong | - | - | 2 | 2 |
| PRC | 398,173 | 225,855 | 211,971 | 266,049 |
| | 398,173 | 225,855 | 211,971 | 266,051 |

4. SEGMENTAL INFORMATION (continued)

(c) Information about major customers

For the year ended 31 March 2024, one customers (2023: two customers) that individually accounted for over 10% of total revenue of the Group are set out below:

| | Consolidated | |
|---|----------------|------------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Customer A – Supply chain management service business | 364,813 | N/A ¹ |
| Customer B – Supply chain management service business | 18,726 | 136,513 |
| Customer C – Supply chain management service business | 6,270 | 69,896 |
| | <u>389,809</u> | <u>206,409</u> |

¹ 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:

| | 2024 | 2023 |
|--|----------------|----------------|
| | HK\$'000 | HK\$'000 |
| Revenue from contracts with customers | | |
| Sale of goods from: | | |
| Supply chain management services business | <u>398,173</u> | <u>225,855</u> |
| Revenue | <u>398,173</u> | <u>225,855</u> |
| Interest income | – | 1 |
| Government subsidy income | 5,976 | 3,547 |
| Sundry income | <u>905</u> | <u>718</u> |
| Other income | <u>6,881</u> | <u>4,266</u> |
| Total revenue and other income | <u>405,054</u> | <u>230,121</u> |

6. LOSS BEFORE TAXATION

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

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Employee benefit expenses (including directors' remuneration) | | |
| Salaries, allowances and benefits in kind | 7,909 | 9,346 |
| Pensions | 369 | 445 |
| | <u>8,278</u> | <u>9,791</u> |
| Finance costs | | |
| Corporate bond interest | 306 | 306 |
| Interest for other borrowing | 23,066 | 18,923 |
| Interest for bank borrowing | 479 | 4,096 |
| | <u>23,851</u> | <u>23,325</u> |
| Other items | | |
| Auditor's remuneration | 1,500 | 3,530 |
| Cost of goods sold | 352,904 | 212,068 |
| Depreciation | | |
| – Property, plant and equipment | 25,451 | 14,437 |
| Exchange loss, net | 1,109 | 38 |
| Impairment loss: | | |
| – Net impairment loss recognised/(reversed) for trade receivables | 32,315 | (1,634) |
| – Net impairment loss recognised for other receivables | 458 | – |
| – Net impairment loss reversed for loan and interest receivables | (7,163) | (822) |
| Property rental expenses in respect of short-term lease | 6,924 | 2,316 |
| | <u><u>6,924</u></u> | <u><u>2,316</u></u> |

7. INCOME TAX CREDIT/(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 2024 (2023: 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 2023. 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 2024 (2023: 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 2024. (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 2023. Tax benefit for Mozambique Investment Law for fishing industry can enjoy 50% reduction on corporate income tax rate.)

7. INCOME TAX CREDIT/(EXPENSES) (continued)

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|------------------------------------|-------------------------|-------------------------|
| Current tax | | |
| PRC enterprise income tax | | |
| – current year | – | 8 |
| Hong Kong Profits Tax | | |
| – tax refund for previous year | (285) | – |
| Deferred tax | – | – |
| | <u>–</u> | <u>–</u> |
| Total income tax (credit)/expenses | <u>(285)</u> | <u>8</u> |

8. DIVIDENDS

The Board do not recommend the payment of a dividend for the Year (2023: 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:

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss attributable to owners of the Company | <u>(37,401)</u> | <u>(45,753)</u> |
| | Number of shares | |
| | 2024 | 2023 |
| Weighted average number of ordinary shares in issue during the year for the purposes of basic loss per share | <u>6,361,798,256</u> | <u>6,064,478,097</u> |
| Effect to dilutive potential ordinary share | | |
| – Convertible bonds | <u>4,173,301</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>6,365,971,557</u> | <u>6,095,650,097</u> |

No adjustment has been made to the basic and diluted loss per share amounts for the years ended 31 March 2024 and 31 March 2023 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

| | | 2024 | 2023 |
|---|--------------|-----------------------|-----------------------|
| | <i>Note</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Trade receivables from third parties | | 883,813 | 831,605 |
| Less: loss allowance | <i>(ii)</i> | <u>(555,247)</u> | <u>(530,951)</u> |
| Net trade receivables | <i>(i)</i> | <u>328,566</u> | <u>300,654</u> |
| Other receivables | | | |
| Prepayments and deposits | | 36,144 | 40,840 |
| Advance payment to suppliers | <i>(iii)</i> | 513,314 | 355,944 |
| Other receivables | | <u>3,793</u> | <u>6,614</u> |
| | | 553,251 | 403,398 |
| Less: loss allowance | | <u>(61,810)</u> | <u>(51,727)</u> |
| Net other receivables | | <u>491,441</u> | <u>351,671</u> |
| Less: non-current portion of prepayments and deposits | | <u>(35,554)</u> | <u>(35,554)</u> |
| | | <u>455,887</u> | <u>316,117</u> |
| | | <u>784,453</u> | <u>616,771</u> |

(i) Ageing 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 ageing of trade receivables (net of loss allowances) based on invoice date is as follows:

| | 2024 | 2023 |
|-------------------|-----------------------|-----------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Less than 90 days | 109,765 | 3,539 |
| 91 – 180 days | 68,303 | 15,530 |
| 181 – 270 days | 2,154 | 32,228 |
| 271 – 365 days | – | 47,162 |
| Over 1 year | <u>148,344</u> | <u>202,195</u> |
| | <u>328,566</u> | <u>300,654</u> |

10. TRADE AND OTHER RECEIVABLES (continued)

(ii) Loss allowance for trade receivables

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| At beginning of reporting period | 530,951 | 560,007 |
| Net impairment loss recognised/(reversed) | 32,315 | (1,634) |
| Exchange realignment | (8,019) | (27,422) |
| | <u>555,247</u> | <u>530,951</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> | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|----------------------|-------------|-------------------------|-------------------------|
| Trade payables | (i) | 98,571 | 23,189 |
| Accruals | | 114,180 | 71,046 |
| Contract liabilities | | 9,266 | 9,265 |
| Other tax payables | | 1,318 | 2,965 |
| Due to directors | | 5,673 | 6,344 |
| Due to shareholder | | 250 | 250 |
| Other payables | | 94,469 | 89,917 |
| | | <u>323,727</u> | <u>202,976</u> |

(i) Ageing of trade payables

At the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| 1 – 180 days | 76,629 | – |
| 181 – 270 days | – | – |
| 271 – 365 days | – | – |
| Over 1 year | 21,942 | 23,189 |
| | <u>98,571</u> | <u>23,189</u> |

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. Since the Group need to comply with the government's policy to update and change the fishing vessel after they are used for 10 years, approval from PRC government, would be required before the renewal of fishing licenses from overseas governments. 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 increased for the Year to approximately HK\$398.2 million as compared to approximately HK\$225.9 million for the previous year. The Group's aquatic products supply chain business generated a total revenue of approximately HK\$398.2 million as compared to HK\$225.9 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 an increase in gross profit to approximately HK\$45.3 million in the Year as compared to approximately HK\$13.8 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 6.1% to 11.4% 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\$37.4 million as compared to approximately HK\$45.8 million in the previous year. During the Year, the administrative expenses increased to approximately HK\$53.2 million from HK\$43.9 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 increased from approximately HK\$14.4 million in the previous year to approximately HK\$25.5 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 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\$513.3 million (31 March 2023: HK\$355.9 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 remained quite stable 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 2024, the Group had total assets of approximately HK\$1,061,472,000 (31 March 2023: approximately HK\$936,916,000), including bank balances and cash equivalent of approximately HK\$243,000 (31 March 2023: approximately HK\$4,129,000).

As at 31 March 2024, there was general banking facilities granted to a subsidiary of the Group of RMB51,000,000 (31 March 2023: RMB59,766,000) of which RMB48,230,000 (31 March 2023: RMB54,266,000) 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 2024, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was approximately 4.9% (31 March 2023: 6.6%). The Group's total bank borrowings as at 31 March 2024 was HK\$51,859,000 (31 March 2023: HK\$61,667,000).

Litigations

Arbitration with COFCO

In February 2024, the Company received the arbitral award rendered by the HKIAC in the Arbitration (the "Arbitral Award"), which, amongst other things, contained the following awards that are with respect to the Company: (1) The Company as the 1st respondent, Mr Liu Rongsheng as the 2nd respondent, and Mr Liu Yi as the 3rd respondent (the "Respondents") have breached the subscription agreement between COFCO Capital (Hong Kong) Co., Limited (the "Subscriber") and the Company (the "Subscription Agreement"). (2) The Respondents have joint and several obligations to compensate the Subscriber for nominal damages. (3) During the period where the Subscriber continues to hold shares of the Company, unless approved by the Subscriber, the Company shall not (i) issue any bonds; (ii) conduct financing activities on terms that are better than the Subscription Agreement; and (iii) issue convertible bonds, shares, warrants and options etc., at the issue price or conversion price less than the Conversion Price, that is HK\$0.24 per share of the Company, unless the Subscriber gives its consent. (4) The Respondents shall pay to the Subscriber its legal and other fees and disbursements relating to the Arbitration in the aggregate sum of approximately HK\$5 million with interest payable at a simple interest rate of 8.798% per annum from the date of the Arbitral Award to the date of full settlement. (5) Any other claims or reliefs sought by any of the Subscriber and the Respondents in the Arbitration have been dismissed.

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 2024, 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 2024, the Group had no charge on assets (31 March 2023: nil).

Contingent liabilities

Save as disclosed above, the Group had no contingent liability as at 31 March 2024 (31 March 2023: Nil).

Employees and remuneration policies

As at 31 March 2024, the Group had 36 (31 March 2023: 43) employees including the Directors. Total staff costs (excluding Directors' emoluments) amounted to approximately HK\$4.7 million for the Year, as compared to approximately HK\$6.0 million in 2023. 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.

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 four independent non-executive Directors, namely Mr. Kam Hou Yin, John as the chairman of the Audit Committee, Mr. Li Cao, Mr. Chen Shenxiu and Mr. Yang Ying.

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 2024, 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\$44,024,000 for the year ended 31 March 2024 and as of that date, the Group had net current assets of HK\$323,137,000 and the Group’s current portion of borrowings amounted to HK\$149,063,000, while its cash bank balances and cash equivalents amounted to HK\$243,000. These conditions along with the other matters as set forth in note 2, 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 2024 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 2024. 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 2024 ANNUAL RESULTS

The Company's external auditor has agreed on the 2024 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 2024 Annual Results. The audited annual results of the Group for the year ended 31 March 2024 have been reviewed by the Audit Committee of the Company and were approved by the Board on 28 June 2024.

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

Hong Kong, 28 June 2024

As at the date of this announcement, the executive Directors are Mr. Liu Rongsheng, Mr. Cai Haiming, Mr. Cai Haipeng and Mr. Fan Guocheng; the non-executive Directors are Mr. Lui Chun Pong and Mr. Chen Jianchang; independent non-executive Directors are Mr. Kam Hou Yin, John, Mr. Li Cao, Mr. Chen Shenxiu and Mr. Yang Ying.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for at least 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>.