



中國海洋集團

**CHINA OCEAN GROUP
DEVELOPMENT LIMITED**

China Ocean Group Development Limited

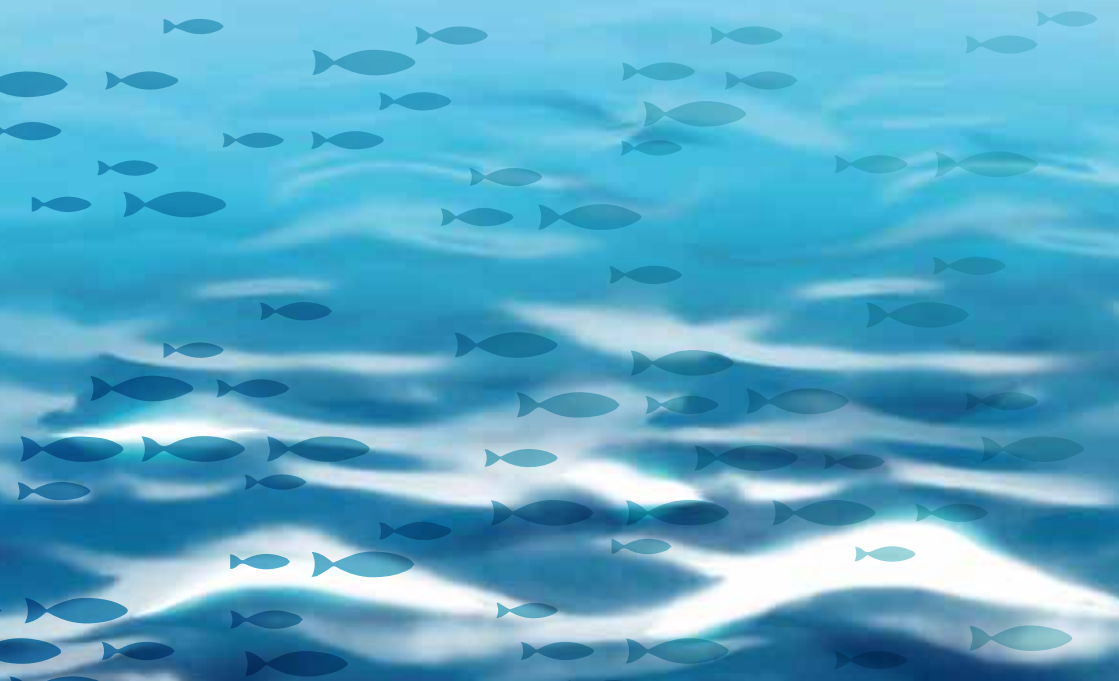
中國海洋集團發展有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8047)

2021-2022

Interim Report





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This report, for which the directors of China Ocean Group Development Limited (the "Company" and the "Directors", respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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 report 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 report misleading.



HIGHLIGHTS

For the six months ended 30 September 2021 (the "Period")

- Revenue of the Group was approximately HK\$224,442,000 as compared to the revenue of approximately HK\$380,468,000 recorded in the corresponding period in 2020.
- Loss of the Group for the Period was approximately HK\$9,455,000 (2020: profit of approximately HK\$11,492,000).
- Loss attributable to equity holders of the Company was approximately HK\$8,277,000 (2020: profit of approximately HK\$12,931,000).
- The board of Directors does not recommend the payment of any interim dividend for the Period (2020: Nil).
- Basic loss per share of the Company was approximately HK0.17 cents (2020: earnings per share of approximately HK0.30 cents).



FINANCIAL RESULTS

The board of directors (the “Board” and “Directors” respectively) of China Ocean Group Development Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “Group”) for the three months and six months ended 30 September 2021 together with the relevant comparative unaudited figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months ended 30 September 2021

	Notes	For the six months ended 30 September		For the three months ended 30 September	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue from contracts with customers	3	224,442	380,468	97,536	159,612
Cost of services rendered and cost of goods sold		(209,696)	(341,659)	(89,822)	(138,926)
Gross profit		14,746	38,809	7,714	20,686
Other revenue	3	–	2	–	1
Other income	4	625	4,659	241	56
Selling and distribution costs		–	(23)	–	(1)
Administrative expenses		(11,363)	(17,879)	(5,744)	(6,651)
Profit from operations		4,008	25,568	2,211	14,091
Finance costs		(12,678)	(14,039)	(7,016)	(7,825)
Share of results of associate		(220)	–	(37)	–
(Loss)/Profit before taxation	6	(8,890)	11,529	(4,842)	6,266
Income tax expenses	7	(565)	(37)	7	(37)
(Loss)/Profit for the period		(9,455)	11,492	(4,835)	6,229



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) *(Continued)*

For the three months and six months ended 30 September 2021

	For the six months ended 30 September		For the three months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Notes				
Other comprehensive income for the period, net of tax				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on consolidation	24,841	12,823	4,841	39,866
Total comprehensive income for the period	15,386	24,315	6	46,095
(Loss)/profit for the period attributable to:				
Equity holders of the Company	(8,277)	12,931	(4,272)	6,993
Non-controlling interests	(1,178)	(1,439)	(563)	(764)
	(9,455)	11,492	(4,835)	6,229
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	16,564	25,754	569	46,859
Non-controlling interests	(1,178)	(1,439)	(563)	(764)
	15,386	24,315	6	46,095
(Loss)/earnings per share	8			
– Basic	HK(0.17) cents	HK0.30 cents	HK(0.09) cents	HK0.16 cents
– Diluted	HK(0.17) cents	HK0.30 cents	HK(0.09) cents	HK0.16 cents



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	10	455,832	450,851
Right-of-use assets		–	190
Interest in an associate		41,949	41,520
Loan receivables and loan interest receivables		13,217	13,060
		510,998	505,621
Current assets			
Trade and other receivables	11	1,046,000	1,020,088
Loans receivables and loan interests receivables	12	10,593	9,229
Bank balances and cash		756	9,656
		1,057,349	1,038,973
Current liabilities			
Trade and other payables	13	164,296	162,092
Borrowings		151,395	141,049
Corporate bonds		2,606	5,530
Lease liabilities		–	197
Tax payable		14,097	9,374
		332,394	318,242



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 September 2021

	As at 30 September 2021 (Unaudited) <i>Notes</i> HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Net current assets	724,955	720,731
Total assets less current liabilities	1,235,953	1,226,332
Non-current liabilities		
Deferred income	59,078	58,850
Borrowings	72,844	78,907
Lease liabilities	–	–
Contingent consideration payables	14,629	14,629
Deffered tax liabilities	4,217	4,167
	150,768	156,553
NET ASSETS	1,085,185	1,069,799
Capital and reserves		
Share capital	14 49,137	49,137
Reserves	980,435	963,871
Equity attributable to equity holders of the Company	1,029,572	1,013,008
Non-controlling interests	55,613	56,791
TOTAL EQUITY	1,085,185	1,069,799



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2021

	Attributable to equity holders of the Company								
	Reserves						Subtotal (Unaudited) HK\$'000	Non- controlling interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total reserves (Unaudited) HK\$'000			
At 1 April 2020	42,260	1,378,822	594,707	(76,602)	(720,689)	1,176,238	1,218,498	58,704	1,277,202
Profit for the period	-	-	-	-	12,931	12,931	12,931	(1,439)	11,492
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss									
- Exchange difference on consolidation	-	-	-	12,823	-	12,823	12,823	-	12,823
Total Comprehensive income for the period	-	-	-	12,823	12,931	25,754	25,754	(1,439)	24,315
Transactions with equity holders									
<i>Contributions and distributions</i>									
Issue of shares under subscription	800	9,365	-	-	-	9,365	10,165	-	10,165
Issue of convertible bonds	-	-	-	-	-	-	-	-	-
	800	9,365	-	-	-	9,365	10,165	-	10,165
At 30 September 2020	43,060	1,388,187	594,707	(63,779)	(707,758)	1,211,357	1,254,417	57,265	1,311,682



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (Continued)

For the six months ended 30 September 2021

	Attributable to equity holders of the Company								
	Reserves						Subtotal (Unaudited) HK\$'000	Non- controlling interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total reserves (Unaudited) HK\$'000			
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 period	-	-	-	-	(8,277)	(8,277)	(8,277)	(1,178)	(9,455)
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss									
- Exchange difference on consolidation	-	-	-	24,841	-	24,841	24,841	-	24,841
Total Comprehensive income for the period	-	-	-	24,841	(8,277)	16,564	16,564	(1,178)	15,386
Transactions with equity holders									
Contributions and distributions									
Issue of shares under placement	-	-	-	-	-	-	-	-	-
At 30 September 2021	49,137	1,465,879	594,707	26,614	(1,106,765)	980,435	1,029,572	55,613	1,085,185



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

For the six months ended 30 September 2021

	For the six months ended 30 September 2021 (Unaudited) HK\$'000	For the six months ended 30 September 2020 (Unaudited) HK\$'000
NET CASH RECEIVED FROM/(USED IN) OPERATING ACTIVITIES	(11,533)	(22,142)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	–	(16,395)
Interest received, other than from loan receivables	–	2
NET CASH USED IN INVESTING ACTIVITIES	(11,533)	(16,393)
FINANCING ACTIVITIES		
Proceeds from issue of shares under subscription	–	10,164
Proceeds from borrowings	3,734	35,159
Repayment of borrowings	(1,101)	(5,522)
NET CASH FROM FINANCING ACTIVITIES	2,633	39,801



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
(UNAUDITED) *(Continued)*

For the six months ended 30 September 2021

	For the six months ended 30 September 2021 (Unaudited) HK\$'000	For the six months ended 30 September 2020 (Unaudited) HK\$'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,900)	1,266
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,656	2,924
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	756	4,190
	<hr/>	<hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	756	4,190
	<hr/>	<hr/>



Notes to the condensed consolidated financial statements

1. CORPORATE INFORMATION

The Company is a limited liability company 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 the 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

The unaudited condensed consolidated interim financial statements for the Period have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"). These financial statements are unaudited but have been reviewed by the Company's audit committee (the "Audit Committee").

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2021 and have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss, which were stated at fair value.

The accounting policies used in preparing these unaudited condensed consolidated interim financial statements are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 March 2021.

The adoption of the following new/revised Hong Kong Financial Reporting Standards ("HKFRSs") that are relevant to the Group and effective from the current period had no significant effects on the financial performance and financial position of the Group for the current and prior periods.



Notes to the condensed consolidated financial statements

2. STATEMENT OF COMPLIANCE *(Continued)*

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 April 2021. The management does not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the financial position, financial performance and cash flows of the Group.

3. REVENUE AND OTHER REVENUE

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

	For the six months ended 30 September		For the three months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue from contracts with customers				
Sales of goods from:				
Supply chain management				
services business	224,442	377,636	97,536	158,752
Ocean fishing business	-	2,812	-	840
Service fees from:				
Interest income from loans to customers	-	20	-	20
Revenue	224,442	380,468	97,536	159,612
Interest income	-	2	-	1
Other revenue	-	2	-	1
Total revenue	224,442	380,470	97,536	159,613



Notes to the condensed consolidated financial statements

4. OTHER INCOME

	For the six months ended 30 September		For the three months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest income from other loan	–	1,620	–	–
Government subsidiary income	481	933	241	257
Sundry income	144	2,106	–	(201)
	625	4,659	241	56

5. SEGMENT 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; and
- Ocean fishing segment which provides fishing and catching business in open sea beyond the coastal region.



Notes to the condensed consolidated financial statements

5. SEGMENT INFORMATION *(Continued)*

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision makers monitor the results, assets and liabilities attributable to each reporting segment on the following bases:

Segment assets include all allocated assets with the exception of interest in associates and other corporate assets. Segment liabilities include trade and other payables attributable to the sales/service activities of the individual segments.

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.



Notes to the condensed consolidated financial statements

5. SEGMENT INFORMATION *(Continued)*

(b) Business segments

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's business segments.

For the six months ended 30 September

	Supply chain management services		Ocean fishing business		Consolidated	
	business		business			
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Segment revenue						
Sales of goods to external customers	224,442	377,636	-	2,812	224,442	380,448
Segment results	9,308	33,044	(4,528)	(3,056)	4,780	29,988
Unallocated income					64	581
Unallocated expenses					(14,299)	(19,077)
(Loss)/profit for the period					(9,455)	11,492



Notes to the condensed consolidated financial statements

5. SEGMENT INFORMATION *(Continued)*

(b) Business segments *(Continued)*

	Supply chain management services		Ocean fishing business		Consolidated	
	business					
	30 September	31 March	30 September	31 March	30 September	31 March
	2021	2021	2021	2021	2021	2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities						
Segment assets	1,031,202	1,006,502	497,624	492,228	1,528,826	1,498,730
Unallocated assets including interests in associates					52,456	45,864
Consolidated total assets					1,581,282	1,544,594
Segment liabilities	167,429	150,873	140,770	146,735	308,199	297,608
Unallocated liabilities					163,571	177,187
Consolidated total liabilities					461,770	474,795



Notes to the condensed consolidated financial statements

6. PROFIT BEFORE TAXATION

The Group's profit before taxation is stated after charging (crediting) the following:

	For the six months ended 30 September		For the three months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	1,910	2,355	924	1,402
Amortisation of				
– intangible assets	–	39	–	20
– other assets	–	–	–	–

7. INCOME TAX EXPENSES

	For the six months ended 30 September		For the three months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current tax				
– Hong Kong Profits Tax	–	–	–	–
– PRC EIT	565	37	(7)	37
Tax charge for the period	565	37	(7)	37

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong during the Period (2020: 16.5%).



Notes to the condensed consolidated financial statements

7. INCOME TAX EXPENSES *(Continued)*

The Enterprise income tax (“EIT”) provision in respect of operations in the People’s Republic of China (the “PRC”) is calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof.

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the (loss)/profit attributable to equity holders of the Company and the weighted average number of the Company’s ordinary shares in issue during the period as follows:

	For the six months ended 30 September		For the three months ended 30 September	
	2021 (Unaudited) HK\$’000	2020 (Unaudited) HK\$’000	2021 (Unaudited) HK\$’000	2020 (Unaudited) HK\$’000
(Loss)/profit attributable to equity holders of the Company	(8,277)	12,931	(4,455)	6,993
	Number of shares			
Weighted average number of ordinary shares in issue during the period	4,913,656,179	4,260,932,857	4,913,656,179	4,295,525,396
Effect of dilutive potential ordinary shares				
– Convertible bonds	31,172,000	31,172,000	31,172,000	31,172,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,944,828,179	4,292,104,857	4,944,828,179	4,326,697,396



Notes to the condensed consolidated financial statements

8. EARNINGS PER SHARE *(Continued)*

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company, adjusted to reflect the interest on the convertible bonds for the six months ended 30 September 2021 (2020: nil).

The Company has dilutive potential ordinary shares on exercise of the convertible bonds. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect for the six months ended 30 September 2021.

9. DIVIDENDS

The Board of Directors does not recommend the payment of any interim dividend for the Period (2020: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group did not acquired property, plant and equipment. (31 March 2021: approximately HK\$7,453,000.



Notes to the condensed consolidated financial statements

11. TRADE AND OTHER RECEIVABLES

		As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Trade receivables from third parties		760,018	692,378
Less: loss allowance		<u>(183,804)</u>	<u>(181,205)</u>
Net trade receivables	(a)	576,214	461,173
Other receivables			
Prepayments		587	1,469
Advance payment to suppliers		431,794	517,301
Deposit		11,558	10,782
Other receivables		40,701	31,542
Other tax recoverable		–	–
		<u>484,640</u>	<u>561,094</u>
Less: loss allowance		<u>(14,854)</u>	<u>(2,179)</u>
Net other receivables		<u>469,786</u>	<u>558,915</u>
		<u>1,046,000</u>	<u>1,020,088</u>



Notes to the condensed consolidated financial statements

11. TRADE AND OTHER RECEIVABLES *(Continued)*

- (a) The Group normally grants credit term of 30 days to 90 days to its customers upon the delivery of products or when the services are rendered and invoices are issued. The aging of trade receivables (net of loss allowance) based on invoice date is as follows:

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Less than 90 days	184,089	146,154
91 – 180 days	93,011	37,712
181 – 270 days	105,908	81,764
271 – 365 days	184,849	79,657
Over 1 year	8,357	115,886
	<hr/> 576,214	<hr/> 461,173



Notes to the condensed consolidated financial statements

12. LOANS AND INTERESTS RECEIVABLES

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Other loan	38,555	38,095
Accrued interest receivables	2,812	1,541
	<hr/> 41,367 <hr/>	<hr/> 39,636 <hr/>
Loan to non-controlling shareholder	6,843	6,762
Accrued interest receivables	607	600
	<hr/> 7,450 <hr/>	<hr/> 7,362 <hr/>
Impairment allowance on individual assessment	<hr/> (25,007) <hr/>	<hr/> (24,709) <hr/>
	<hr/> 23,810 <hr/>	<hr/> 22,289 <hr/>
Analysed as:		
Non-current assets	13,217	13,060
Current assets	10,593	9,229
	<hr/> 23,810 <hr/>	<hr/> 22,289 <hr/>



Notes to the condensed consolidated financial statements

12. LOANS AND INTERESTS RECEIVABLES *(Continued)*

The Group seeks to maintain strict control over its outstanding loans receivable to minimize credit risk. Overdue balances are reviewed regularly by management.

The Group's loan receivable from customers which arise from money lending business of providing personal loans in Hong Kong, are denominated in Hong Kong Dollars.

The credit quality analysis of the loans receivable is as follows:

	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Neither past due nor impaired		
– Unsecured	–	–
– Secured	7,450	7,362
Less than 1 month past due	–	–
1 to 3 months past due	–	–
Over 3 months past due	41,367	39,636
	48,817	46,998
Impairment	(25,007)	(24,709)
	23,810	22,289



Notes to the condensed consolidated financial statements

13. TRADE AND OTHER PAYABLES

		As at	As at
		30 September	31 March
		2021	2021
		(Unaudited)	(Audited)
<i>Note</i>		HK\$'000	HK\$'000
Trade payables	(a)	29,446	31,357
Accruals		33,994	23,815
Contract liabilities		–	2,133
Other tax payables		2,965	6,369
Due to directors		1,728	1,101
Due to shareholder		250	250
Other payables		95,913	97,067
		<hr/> 164,296	<hr/> 162,092

- (a) Included in trade and other payables are trade payable with the following aging analysis, based on invoice date:

	As at	As at
	30 September	31 March
	2021	2021
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Less than 90 days	–	–
91 – 180 days	–	7,064
181 – 270 days	–	–
271 – 365 days	4,860	24,293
Over 1 year	24,586	–
	<hr/> 29,446	<hr/> 31,357



Notes to the condensed consolidated financial statements

14. SHARE CAPITAL

	Number of shares		Nominal value	
	30 September 2021 (Unaudited)	31 March 2021 (Audited)	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
<i>Authorised:</i>				
At beginning and at end of the period/year				
Ordinary shares of HK\$0.01 each	20,000,000,000	20,000,000,000	200,000	200,000
<i>Issued and fully paid:</i>				
At beginning of the period/year				
Ordinary shares of HK\$0.01 each	4,913,656,179	4,225,960,179	49,137	43,260
Issue of shares under subscription	-	687,696,000	-	6,877
At the end of the period/year				
Ordinary shares of HK\$0.01 each	4,913,656,179	4,913,656,719	49,137	49,137

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level of input that is significant to the entire measurement.

The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;



Notes to the condensed consolidated financial statements

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

(a) Financial assets and liabilities not measured at fair value

The carrying amounts of the financial assets and liabilities of the Group carried accounts at other than their fair value are not materially different from their fair values as at 30 September 2021 and 31 March 2021.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with during the Period presentation.



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 Period, the Group continued its supply chain management service 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 Period to approximately HK\$224,442,000 as compared to approximately HK\$380,468,000 for the corresponding period in 2020. The Group's aquatic products business generated a total revenue of approximately HK\$224,442,000 as compared to approximately HK\$377,636,000 in 2020. No revenue arose from the fishing operation of the Group during the Period. 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 Period.



The Group recorded a decrease in gross profit, the Group's gross profit is approximately HK\$14,746,000 in the Period as compared to approximately HK\$38,809,000 in the corresponding period in 2020. The Group will continue to control the material costs and explore new business opportunities so as to improve the gross profit of the Group. The gross profit margin, decreased slightly from 10.2% to 6.6% during the Period. Gross profit margin of aquatic products from fishing operation were generally higher than from supply chain operation.

Net loss attributable to equity holders of the Company for the Period amounted to approximately HK\$8,277,000 as compared to a profit of approximately HK\$12,931,000 in the corresponding period in 2020. During the period, the administrative expenses decreased to approximately HK\$11.4 million from HK\$17.9 million in 2020 which is mainly due to the Group's tightening of cost control and the restriction imposed on travelling because of COVID-19, travelling and transportation expenses reduced significantly. The major components in administrative expenses being salaries and welfare for both staff and directors; rent and rates, legal and professional fee and depreciation.

Outlook

Even though the supply chain management business has suffered from the continuous outbreak of COVID-19, 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 keep proactively seeking for other investment and business opportunities with promising prospect to broaden the source of income of the Group and enhance value to the shareholders of the Company through making investments and/or acquiring business or projects that have promising outlooks and prospects, and with the Group's new management team having extensive experience in the marine fishing business, the Group will also explore further in the marine fishing business.



Liquidity, financial resources and capital structure

As at 30 September 2021, the Group had total assets of approximately HK\$1,568,347,000 (31 March 2021: approximately HK\$1,544,594,000), including bank balances and cash of approximately HK\$756,000 (31 March 2021: approximately HK\$9,656,000).

As at 30 September 2021, there was general banking facilities of RMB54,950,000 (31 March 2021: RMB54,450,000). Excluding the above banking facilities, during the Period, the Group financed its operation mainly with its own working capital, proceeds from the issue of placing/subsorption shares and borrowings.

As at 30 September 2021, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was 4.22% (31 March 2021: 4.25%). The Group's bank borrowings as at 30 September 2021 was approximately HK\$66,204,000 (31 March 2021: approximately HK\$64,822,000).

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"). As such, the Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between HKD and 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 30 September 2021, 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 Period.

Charge on group assets

As at 30 September 2021, there is no charge on assets of the Group (31 March 2021: nil).



Contingent liabilities

Save as disclosed above, the Group had no contingent liability as at 30 September 2021 (31 March 2021: Nil).

Employees and remuneration policies

As at 30 September 2021, the Group had 60 (30 September 2020: 71) employees including the Directors. Total staff costs (excluding Directors' emoluments) amounted to approximately HK\$4,271,000 for the Period, as compared to approximately HK\$6,496,000 in the corresponding period in 2020. 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.

Events after the reporting date

- i) On 8 October 2021, the Company has completed the subscription agreement with the subscriber (an independent third parties), of 190,000,000 new shares, (the "Subscription Share") at HK\$0.10 per Subscription Share (the "Subscription"). 190,000,000 Subscription Shares was allotted and issued by the Company pursuant to the subscription agreement. The Subscriber shall set off its Account Payables by subscribing to the Subscription Shares.

Future plans for material investments or capital assets and their expected sources of funding in the coming year

Save as disclosed in the "Outlook" above, the Group has no future plans for material investments or capital assets in the coming year.



RISKS AND UNCERTAINTIES RELATING TO THE GROUP'S BUSINESS

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Market Risk

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market prices. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Investment Risk

Investment risk can be defined as the likelihood of occurrence of losses relative to the expected return on any particular investment. Key concern of investment framework will be balancing risk and return across different investments, and thus risk assessment is a core aspect of the investment decision process. Proper authorisation system has been set up and detailed analysis will be made before approving investments. Regular updates on the progress of the investments of the Group would be submitted to the Board.



Manpower and Retention Risk

The Group may face the risk of not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which would meet the business objectives of the Group. The Group will provide attractive remuneration package to suitable candidates and personnel.

Financial Risk

The Group's also faces financial risks including interest rate risk, foreign currency risk, credit risk and liquidity risk. Details of these financial risks are set out in annual report for the year ended 31 March 2021.

INTERIM DIVIDEND

The board of Directors does not recommend the payment of any interim dividend for the Period (2020: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION

As at 30 September 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including interest or short positions which they had taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by directors were as follows:



Long position in the Shares

Name of Director	Capacity	Number of ordinary Shares held	Approximate percentage of issued share capital
Ms. Wei Qing (<i>Note 1</i>)	Beneficial owner	68,124,000	1.39%
Mr. Fan Guocheng	Beneficial owner	800,000	0.02%
Mr. Cai Haiming	Beneficial owner	150,532,857	3.06%

Note:

- (1) Ms. Wei Qing is beneficial interested in 57,768,000 Shares through Sunny Sky Capital Management Limited.

Save as disclosed above, as at 30 September 2021, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the Directors to be notified to the Company and the Stock Exchange.



SHARE OPTION SCHEME

The Company adopted a share option scheme on 18 October 2011 (the “Share Option Scheme”) for the purpose of providing incentives or rewards to the eligible participants for their contribution to the Group and/or enabling the Group to recruit additional employees and retain existing employees and to provide them with a direct economic interest in attaining the long term business objectives of the Group.

Eligible participants of the Share Option Scheme include the employees, consultants, suppliers or customers of the Company and its subsidiaries, including any independent non-executive directors of the Company.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under paragraphs headed “Directors’ and Chief Executive’s Interests in Shares, Underlying Shares and Debentures” and “Share Option Scheme” above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2021, the interests and short positions of persons in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of the ordinary shares held	Approximate percentage of issued share capital
Liu Yi	Beneficial owner	724,292,000 (L)	14.74%

(L) denotes long position

Save as disclosed above, as at 30 September 2021, the Directors were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or, who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.



SHAREHOLDERS' INTERESTS IN SECURITIES OF SIGNIFICANCE

Other than the interests disclosed above in respect of the substantial shareholders, as at 30 September 2021, no person is individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company did not redeem any of its shares (the "Shares"), nor did the Company or any of its subsidiaries purchase or sell any such Shares during the Period.

CHANGES OF DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

The changes of the Directors' and Chief Executive's information since the disclosure made in the Company's 2020-2021 Annual report dated 29 June 2021 were set out as follows:

- Mr. Kam Hou Yin, John ("Mr. Kam"), an independent non-executive director of the Company, was appointed as an executive director of DTXS Silk Road Investment Holdings Company Limited, a limited company incorporated in Bermuda, on 1 September 2021.

DIRECTORS' INTEREST IN COMPETING INTERESTS

During the Period, none of the Directors or the controlling shareholders or substantial shareholders or their respective close associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.



PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

CODE OF CONDUCT REGARDING DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made a specific enquiry by the Company, 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 Period.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. The Company has applied the principles in the CG Code and complied with the code provisions set out in the CG Code for the Period, except for the deviation from the CG Code provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual to ensure a balance of power and authority. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The roles of the chairman and the chief executive officer of the Company are performed by Mr. Liu Rongsheng. The Board considers that the present structure is more suitable for the Company for it provides strong and consistent leadership in the planning and execution of long-term business plans and strategies of the Company. The Directors will continue to review the effectiveness of the Group's corporate governance structure to assess whether changes, including the separation of the roles of the chairman and chief executive officer, as and when necessary.



AUDIT COMMITTEE

The Audit Committee was established in 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. As at 30 September 2021, the Audit Committee comprised of three independent non-executive Directors, namely Mr. Kam Hou Yin, John, Mr. Li Cao and Mr. Liu Qiang. The chairman of the Audit Committee was Mr. Kam Hou Yin, John.

The unaudited condensed consolidated financial statements of the Group for the Period have been reviewed by the Audit Committee, which is of the opinion that such statements comply with the applicable accounting standards, requirements of the GEM Listing Rules and any other applicable laws and that adequate disclosures have been made.

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

Hong Kong, 11 November 2021

As at the date of this report, the executive Directors are Mr. Liu Rongsheng, Mr. Fan Guocheng and Ms. Wei Qing; the non-executive Directors are Mr. Lui Chun Pong and Mr. Cai Haiming; the independent non-executive Directors are Mr. Kam Hou Yin John, Mr. Li Cao and Mr. Liu Qiang.