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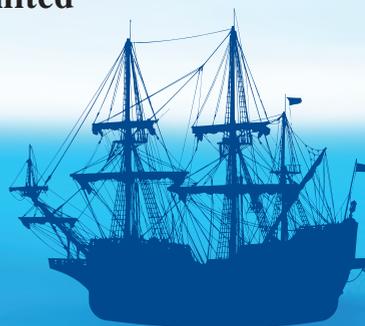
**CHINA OCEAN GROUP
DEVELOPMENT LIMITED**

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

Third Quarterly Report



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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 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.

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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 nine months ended 31 December 2021 (the “Period”)

- Revenue of the Group was approximately HK\$243,033,000 as compared to the revenue of approximately HK\$475,627,000 recorded in the corresponding period in 2020.
- (Loss) of the Group for the Period was approximately HK\$(18,365,000) (2020: approximately HK\$(7,522,000)).
- (Loss) attributable to equity holders of the Company was approximately HK\$(17,757,000) (2020: approximately HK\$(5,417,000)).
- The Directors do not recommend the payment of any dividend (2020: Nil).
- Basic (loss) per share of the Company was approximately HK(0.36) cents (2020: approximately HK(0.13) 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 nine months and three months ended 31 December 2021 together with the relevant comparative unaudited figures as follows:

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months and three months ended 31 December 2021

	Notes	For the nine months ended 31 December		For the three months ended 31 December	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue from contracts with customers	3	243,033	475,627	18,591	95,263
Cost of services rendered and cost of goods sold		(227,650)	(439,364)	(17,954)	(97,705)
Gross profit/(loss)		15,383	36,263	637	(2,442)
Other revenue	3	-	3	-	1
Other income	4	4,836	6,037	4,211	1,378
Selling and distribution costs		-	(469)	-	(446)
Administrative expenses		(19,141)	(24,341)	(7,778)	(6,566)
Profit/(Loss) from operations		1,078	17,494	(2,930)	(8,074)
Finance costs		(19,551)	(19,975)	(6,873)	(5,936)
Share of results of an associate		247	-	467	-
(Loss) before taxation		(18,226)	(2,482)	(9,336)	(14,011)
Income tax expenses	5	(139)	(5,040)	426	(5,003)
(Loss) for the period		(18,365)	(7,522)	(8,910)	(19,014)



Condensed Consolidated Statement of Comprehensive Income (Unaudited) *(Continued)*

For the nine months and three months ended 31 December 2021

	For the nine months ended 31 December		For the three months ended 31 December	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<i>Notes</i>				
Other comprehensive income for the period, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on consolidation	26,295	53,932	1,454	41,109
Total comprehensive income/(loss) for the period	7,930	46,410	(7,456)	22,095
(Loss) for the period attributable to:				
Equity holders of the Company	(17,757)	(5,417)	(9,480)	(18,348)
Non-controlling interests	(608)	(2,105)	570	(666)
	(18,365)	(7,522)	(8,910)	(19,014)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	8,538	48,515	(8,026)	22,761
Non-controlling interests	(608)	(2,105)	570	(666)
	7,930	46,410	(7,456)	22,095
(Loss) per share				
– Basic	HK\$(0.36) cents	HK\$(0.13) cents	HK(0.19) cents	HK(0.42) cents
– Diluted	HK\$(0.35) cents	HK\$(0.13) cents	HK(0.19) cents	HK(0.42) cents



Notes to the 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 financial information for the Period have been prepared in accordance with applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 financial information do not include all the information and disclosures required in the annual financial statements and interim financial report as defined in Hong Kong Financial Reporting Standards ("HKFRSs"), 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.

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



Notes to the Financial Statements

3. REVENUE AND OTHER REVENUE

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

	For the nine months ended 31 December		For the three months ended 31 December	
	2021 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>
Revenue from contracts with customers				
Sales of goods from:				
Supply chain management services business	243,033	472,899	18,591	95,263
Ocean fishing business	–	2,708	–	–
Services fees from:				
Interest income from loan to customers	–	20	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue	243,033	475,627	18,591	95,263
	<hr/>	<hr/>	<hr/>	<hr/>
Interest income	–	3	–	1
	<hr/>	<hr/>	<hr/>	<hr/>
Other revenue	–	3	–	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	243,033	475,630	18,591	95,264
	<hr/>	<hr/>	<hr/>	<hr/>



Notes to the Financial Statements

4. OTHER INCOME

	For the nine months ended 31 December		For the three months ended 31 December	
	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	4,624	1,334	4,143	401
Sundry income	212	3,083	68	977
	4,836	6,037	4,211	1,378

5. INCOME TAX EXPENSES

	For the nine months ended 31 December		For the three months ended 31 December	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current tax				
- Hong Kong Profits Tax	-	-	-	-
- PRC EIT	139	5,040	(426)	5,003
Tax charge for the period	139	5,040	(426)	5,003

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%).

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 practises in respect thereof.



Notes to the Financial Statements

6. (LOSS) PER SHARE

The calculation of basic and diluted (loss) per share is based on the (loss) 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 nine months ended 31 December		For the three months ended 31 December	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
(Loss) attributable to equity holders of the Company	(17,757)	(5,417)	(9,480)	(18,348)
	Number of shares			
Weighted average number of ordinary shares in issue during the period	4,971,692,543	4,292,632,615	5,087,134,000	4,355,687,568
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	5,002,864,543	4,323,804,615	5,118,306,440	4,386,859,568

The calculation of diluted (loss) per share is based on the (loss) attributable to equity holders of the Company, adjusted to reflect the interest on the convertible bonds for the nine months ended 31 December 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 nine months ended 31 December 2021.



Notes to the Financial Statements

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2021 (2020: Nil).

8. RESERVES

	Attributable to equity holders of the Company						Total (Unaudited) HK\$'000
	Reserves						
	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	Non-controlling interests (Unaudited) HK\$'000	
At 1 April 2020	1,378,822	594,707	(76,602)	(720,689)	1,176,238	58,704	1,234,942
(Loss) for the period	-	-	-	(5,417)	(5,417)	(2,105)	(7,522)
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
- Exchange difference on consolidation	-	-	53,932	-	53,932	-	53,932
Total comprehensive income/(loss) for the period	-	-	53,932	(5,417)	48,515	(2,105)	46,410
Transaction with equity holders							
<i>Contributions and distributions</i>							
Issue of shares	53,122	-	-	-	53,122	-	53,122
	53,122	-	-	-	53,122	-	53,122
At 31 December 2020	1,431,944	594,707	(22,670)	(726,106)	1,277,875	56,599	1,334,474
At 1 April 2021	1,465,879	594,707	1,773	(1,098,488)	963,871	56,791	1,020,662
(Loss) for the period	-	-	-	(17,757)	(17,757)	(608)	(18,365)
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
- Exchange difference on consolidation	-	-	26,295	-	26,295	-	26,295
Total comprehensive income/(loss) for the period	-	-	26,295	(17,757)	8,538	(608)	7,930
At 31 December 2021	1,465,879	594,707	28,068	(1,116,245)	972,409	56,183	1,028,592



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 minimize 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 services of aquatic products. The Group also expanded its operation to vertically integrated 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\$243,033,000 as compared to approximately HK\$475,627,000 for the corresponding period in 2020 due to the continued outbreak of the novel coronavirus (COVID-19) and the relevant anti-epidemic measures, including but not limited to, the increased hygiene and sanitary inspections, especially for aquatic and food products at the ports in Mainland China. As a result, it has prolonged the time required for customs clearance. As such, it has adversely affected the Company's operations resulting in a decrease in the revenue for the first to third quarters, because the customers were more conscientious in placing their orders and the Group exercised extra care on the selection of orders. The Group's aquatic products supply chain business generated a total revenue of approximately HK\$243,033,000 as compared to HK\$472,899,000 in 2020, no revenue arose from the fishing operation 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 to approximately HK\$15,383,000 in the Period as compared to approximately HK\$36,263,000 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 from 7.6% to 6.3% during the Period. Gross profit margin of aquatic products from fishing operation were generally higher than from supply chain operation.

Loss attributable to equity holders of the Company for the Period amounted to approximately HK\$17,757,000 as compared to a loss of approximately HK\$5,417,000 in the corresponding period in 2020. During the period, the administrative expenses decreased to approximately HK\$19 million from HK\$24 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 and the Group's implementation of cost-saving measures and streamlining of administrative procedures. The major components in administrative expenses being salaries and welfare for both staff and directors; rent and rates and depreciation.

OUTLOOK

Even though the Company's supply chain management business has suffered during the Period because of the adverse impact due to the continued 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 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 December 2021, the Group had total assets of approximately HK\$1,577,267,000 (31 March 2021: approximately HK\$1,544,594,000), including bank balances and cash equivalent of approximately HK\$574,000 (31 March 2021: approximately HK\$9,656,000).

As at 31 December 2021, there was general banking facilities granted to a subsidiary of RMB52,800,000 (31 March 2021: RMB54,450,000) which was utilised. 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 other borrowings.



As at 31 December 2021, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was approximately 4.11% (31 March 2021: 4.25%). The Group's total bank borrowings as at 31 December 2021 was HK\$65,610,000 (31 March 2021: HK\$64,822,000).

SUBSCRIPTION OF NEW SHARES

On 8 October 2021, the Company has completed a subscription agreement with the subscriber (an independent third parties), with an aggregate of 190,000,000 new shares, (the "Subscription Share") at HK\$0.10 per Subscription Share (the "Subscription"). 190,000,000 Subscription Shares were allotted and issued by the Company pursuant to the subscription agreement. The proceeds from the Placing were utilized for the repayment of borrowings.

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 minimize exposure to foreign exchange risks. As at 31 December 2021, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

SIGNIFICANT INVESTMENTS, 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 31 December 2021, the Group had no charge on assets (31 March 2021: nil).

CONTINGENT LIABILITIES

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



EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 58 (31 December 2020: 67) employees including the Directors. Total staff costs (excluding Directors' emoluments) amounted to approximately HK\$6,726,000 for the Period, as compared to approximately HK\$8,751,000 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 28 January 2022, Mr. Cai Haipeng has been appointed as a non-executive Director.
- ii) On 28 January 2022, the Company has partial completed the subscription agreement I, II, III and V with the subscriber I, II, III and V (an independent third parties), of the Subscription Shares I, II, III and V of 130,000,000 new Shares, 150,000,000 new Shares, 100,000,000 new Shares and 250,000,000 new Shares at HK\$0.10 per Subscription Share (the "Partial Completion"). 630,000,000 Subscription Shares was allotted and issued by the Company pursuant to the subscription agreement I, II, III and V. the net proceeds received by the Company from the Partial Completion would be utilised as repayment of borrowings and general working capital of the Group as stated in the Announcement dated 7 January 2022.

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.



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

As at 31 December 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 (Note 1)	Beneficial owner	68,124,000	1.34%
Mr. Fan Guocheng	Beneficial owner	800,000	0.02%
Mr. Cai Haiming	Beneficial owner	150,532,857	2.95%

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 31 December 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.



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

As at 31 December 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)	14.19%

(L) denotes long position

Save as disclosed above, as at 31 December 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.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 18 October 2011 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 under the Share Option Scheme since its adoption.



DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the 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 Directors 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.

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

During the Period, there were no purchases, sales or redemptions of the Company’s listed shares by the Company or any of its subsidiaries.

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.

CHANGES OF DIRECTOR'S AND CHIEF EXECUTIVE'S INFORMATION

There are no changes of the Directors’ and Chief Executive’s information since the disclosure made in the Company’s 2021-2022 Interim report dated 11 November 2021.

PRE-EMPTIVE RIGHT

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



CODE OF CONDUCT REGARDING DIRECTOR'S SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding director's securities transactions by directors 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. Throughout the Period, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions.

CORPORATE GOVERNANCE PRACTICES

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 overseeing the financial reporting system, risk management and internal control systems of the Group. As at 31 December 2021, the Audit Committee comprises the three independent non-executive Directors of the Company, 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 financial statements of the Group for the Period have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 10 February 2022

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, Mr. Cai Haiming and Mr. Cai Haipeng; independent non-executive Directors are Mr. Kam Hou Yin, John, Mr. Li Cao and Mr. Liu Qiang.