# CHINA OCEAN INDUSTRY GROUP LIMITED
# 中海重工集團有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00651)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "Board") of China Ocean Industry Group Limited (the "Company") announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018 together with comparative figures as follows:

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

*For the six months ended 30 June 2018*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2018** | 2017 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| | | **(Unaudited)** | (Unaudited) |
| Revenue | *3* | **85,791** | 182,339 |
| Cost of sales | | **(73,847)** | (289,828) |
| Gross profit (loss) | | **11,944** | (107,489) |
| Other income | | **6,890** | 8,505 |
| Other gains and losses | *4* | **(3,468)** | 21,090 |
| Change in fair value of contingent consideration payable | | **–** | 39,704 |
| Change in fair value of investments held for trading | | **(21)** | (232) |
| Change in fair value of convertible bonds payable | | **–** | (576) |
| Selling and distribution expenses | | **(3,231)** | (4,286) |
| Administrative expenses | | **(98,718)** | (74,040) |
| Finance costs | *5* | **(123,379)** | (91,902) |
| Share of (loss) profit of associates | | **(14,363)** | 2,300 |
| Share of loss of joint ventures | | **(249,919)** | (2,847) |

| | Notes | Six months ended 30 June 2018 HK$'000 (Unaudited) | 2017 HK$'000 (Unaudited) |
|---|---|---|---|
| Loss before tax | | **(474,265)** | (209,773) |
| Income tax credit | *6* | **6,747** | 4,768 |
| Loss for the period | *7* | **(467,518)** | (205,005) |
| **Other comprehensive income (expenses):** | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Exchange differences arising on translation of financial statements of foreign operations | | **33,482** | (53,516) |
| Share of translation reserve of associates | | **(4,590)** | (9,692) |
| Share of translation reserve of joint ventures | | **(3,512)** | (7,506) |
| Other comprehensive income (expenses) for the period, net of income tax | | **25,380** | (70,714) |
| Total comprehensive expenses for the period | | **(442,138)** | (275,719) |
| Loss for the period attributable to: | | | |
| – Owners of the Company | | **(464,158)** | (200,110) |
| – Non-controlling interests | | **(3,360)** | (4,895) |
| | | **(467,518)** | (205,005) |
| Total comprehensive expenses attributable to: | | | |
| – Owners of the Company | | **(439,121)** | (269,816) |
| – Non-controlling interests | | **(3,017)** | (5,903) |
| | | **(442,138)** | (275,719) |
| **Loss per share** | | | |
| – Basic and diluted | *8* | **HK(3.40) cents** | HK(1.59) cents |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 June 2018*

| | Notes | 30 June 2018 HK$'000 (Unaudited) | 31 December 2017 HK$'000 (Audited) |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **523,380** | 562,258 |
| Prepaid lease payments – non-current portion | | **352,544** | 362,093 |
| Goodwill | | **179,110** | 182,145 |
| Intangible assets | | **159,648** | 183,410 |
| Interests in associates | | **230,966** | 249,919 |
| Interests in joint ventures | | **232,549** | 485,980 |
| Investment properties | | **19,356** | 25,104 |
| Trade receivables – non-current portion | *10* | **1,268** | 1,391 |
| Equity instruments at fair value through other comprehensive income | | **24,426** | – |
| Available-for-sale investments | | **–** | 24,840 |
| Amount due from an associate – non-current portion | | **6,009** | 6,110 |
| Deferred tax assets | | **128** | 130 |
| | | **1,729,384** | 2,083,380 |
| **CURRENT ASSETS** | | | |
| Inventories | | **162,032** | 134,988 |
| Trade and bills receivables | *10* | **259,868** | 212,226 |
| Other receivables | *10* | **892,168** | 709,003 |
| Prepayment | *10* | **345,048** | 271,458 |
| Amount due from an associate | | **4,720** | 4,800 |
| Prepaid lease payments | | **9,148** | 9,243 |
| Investments held for trading | | **33** | 54 |
| Finance lease receivables | *11* | **–** | 9,353 |
| Tax recoverable | | **5,812** | 5,725 |
| Pledged bank deposits | | **–** | 248 |
| Bank balances and cash | | **11,663** | 15,276 |
| | | **1,690,492** | 1,372,374 |

| | Notes | 30 June 2018 HK$'000 (Unaudited) | 31 December 2017 HK$'000 (Audited) |
|---|---|---|---|
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | *12* | **1,549,385** | 815,509 |
| Amounts due to customers for contract work | | **347,991** | 336,169 |
| Amounts due to related parties | | **828** | 811 |
| Amounts due to directors | | **17,315** | 10,034 |
| Amount due to an associate | | **31,398** | 15,159 |
| Borrowings | | **1,956,046** | 1,932,324 |
| Contingent consideration payable | | **–** | 170,552 |
| Provision for financial guarantee | | **214,212** | 217,843 |
| Provision for warranty | | **4,177** | 4,171 |
| Tax liabilities | | **4,168** | 6,183 |
| | | **4,125,520** | 3,508,755 |
| **NET CURRENT LIABILITIES** | | **(2,435,028)** | (2,136,381) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **(705,644)** | (53,001) |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **681,842** | 681,842 |
| Reserves | | **(2,074,720)** | (1,629,046) |
| Equity attributable to owners of the Company | | **(1,392,878)** | (947,204) |
| Non-controlling interests | | **48,057** | 51,074 |
| **TOTAL DEFICITS** | | **(1,344,821)** | (896,130) |
| **NON-CURRENT LIABILITIES** | | | |
| Other payables – non-current portion | *12* | **5,248** | 5,337 |
| Borrowings – non-current portion | | **379,432** | 581,856 |
| Convertible bonds payable – non-current portion | | **157,785** | 148,965 |
| Deferred tax liabilities | | **96,712** | 106,971 |
| | | **639,177** | 843,129 |
| | | **(705,644)** | (53,001) |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2018*

## 1. Basis of preparation

The condensed consolidated financial statements of China Ocean Industry Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2018 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 ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

In preparing the condensed consolidated financial statements of the Group, the directors of the Company (the "Directors") have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a consolidated loss before tax of approximately HK$474,265,000 for the six months ended 30 June 2018 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$2,435,028,000 and HK$1,344,821,000, respectively. After considering the Group's internal financial resources, present available facilities granted by banks and other parties, to be negotiated with the creditors to extend payment due date, in negotiation with banks to allow revolving of loans upon their due dates and to borrow new loans, actively pursuing new customers, imposing cost control measures, negotiating with the local government for providing assistance, issue new shares and issue new convertible bonds, the Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as they fall due in the next twelve months from the end of the reporting period. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

## 2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting polices resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied for the first time in the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements.

| | |
|---|---|
| HKFRS 9 | Financial Instruments |
| HKFRS 15 | Revenue from Contracts with Customers and the related Amendments |
| HK(IFRIC)-Interpretation 22 | Foreign Currency Transactions and Advance Consideration |
| Amendments to HKFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to HKFRS 4 | Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts* |
| Amendments to HKAS 28 | As part of the Annual Improvements to HKFRSs 2014-2016 Cycles |
| Amendments to HKAS 40 | Transfer of Investment Property |

**Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments***

In the current period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between the carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

*Equity instruments designated as at FVTOCI*

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

*Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The Directors reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed as follows.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and bills receivables, other receivables, finance lease receivables and amount due from an associate). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the items to which the ECL model applies. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For trade and bills receivables, other receivables and financial lease receivables, the Group has measured the loss allowance as an amount equal to lifetime ECL. The Group has established a provision for doubtful debts based on the Group's historical credit loss experience, adjusted for factors that are specific to debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

As at 1 January 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed as follows.

*Summary of effects arising from initial application of HKFRS 9*

The table below illustrates the classification and measurement (including impairment) of financial assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

| | *Note* | **Available-for-sale investments** *HK\$'000* | **Equity instruments at FVTOCI** *HK\$'000* | **Amortised cost (previously classified as loans and receivables)** *HK\$'000* | **Accumulated losses** *HK\$'000* |
|---|---|---|---|---|---|
| **Closing balance at 31 December 2017 – HKAS 39** | | 24,840 | – | 792,340 | (7,230,626) |
| **Effect arising from initial application of HKFRS 9:** | | | | | |
| **Reclassification** | | | | | |
| From available-for-sales investments | | (24,840) | 24,840 | – | – |
| **Remeasurement** | | | | | |
| Impairment under ECL model | *(a)* | – | – | (6,553) | (6,553) |
| **Opening balance at 1 January 2018** | | – | 24,840 | 785,787 | (7,237,179) |

(a) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade and bills receivables, other receivables and finance lease receivables. To measure the ECL, trade and bills receivables and other receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of amount due from an associate, pledged bank deposits and bank balances, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the additional credit loss allowance of approximately HK$6,553,000 has been recognised against accumulated losses. The additional loss allowance is charged against the respective assets.

All loss allowances for financial assets including trade and bills receivables, other receivables and finance lease receivable as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

| | **Trade and bills receivables and other receivables** *HK$'000* | **Finance lease receivables** *HK$'000* |
|---|---|---|
| **At 31 December 2017** | | |
| – HKAS 39 | 782,987 | 9,353 |
| Amounts remeasured through opening accumulated losses | (1,537) | (5,016) |
| **At 1 January 2018** | **781,450** | **4,337** |

### 3. Revenue and segment information

Information reported to the board of directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segment*s are as follows:

a) Shipbuilding business – provision of shipbuilding services under shipbuilding construction contracts and operated in the PRC.

b) Trading business – provision of trading of electronic appliance and operated in Hong Kong.

c) Finance leasing business – provision of direct finance leasing, sale and leaseback, advisory services and provision of factoring services in the PRC.

d) Intelligent car parking and automotive device business – manufacturing and sales of car parking equipment, investment, operation and management of car parks and electronic automotive devices in the PRC.

e) Steel structure engineering and installation – manufacturing and selling of steel structures and fittings for ship, marine equipment, mining equipment, ro-ro equipment, ship, bridge and building steel structure in the PRC.

**Six months ended 30 June 2018 (Unaudited)**

| | Shipbuilding business *HK$'000* | Trading business *HK$'000* | Finance leasing business *HK$'000* | Intelligent car parking and automotive device business *HK$'000* | Steel structure engineering and Installation *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|---|
| **Segment revenue** | | | | | | |
| – External sales | **16,432** | **–** | **–** | **46,537** | **22,822** | **85,791** |
| **Segment result** | **(52,605)** | **(892)** | **(24,996)** | **(35,602)** | **(53,009)** | **(167,104)** |
| Unallocated other income | | | | | | **17** |
| Unallocated other gains and losses | | | | | | **(2,929)** |
| Change in fair value of investments held for trading | | | | | | **(21)** |
| Unallocated finance costs | | | | | | **(18,270)** |
| Share of loss of associates | | | | | | **(14,363)** |
| Share of loss of joint ventures | | | | | | **(249,919)** |
| Unallocated corporate expenses | | | | | | **(21,676)** |
| **Loss before tax** | | | | | | **(474,265)** |

Six months ended 30 June 2017 (Unaudited)

| | Shipbuilding business *HK$'000* | Trading business *HK$'000* | Finance leasing business *HK$'000* | Intelligent car parking and automotive device business *HK$'000* | Steel structure engineering and Installation *HK$'000* | Elimination *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|---|---|
| Segment revenue | | | | | | | |
| – External sales | (27,590) | 26,166 | – | 80,306 | 103,457 | – | 182,339 |
| – Inter-segment sales | 11,526 | – | – | – | – | (11,526) | – |
| Total segment revenue | (16,064) | 26,166 | – | 80,306 | 103,457 | (11,526) | 182,339 |
| Segment result | (213,333) | 131 | (16,711) | (26,654) | 12,026 | | (244,541) |
| Unallocated other income | | | | | | | 8,505 |
| Unallocated other gains and losses | | | | | | | 21,102 |
| Change in fair value of investments held for trading | | | | | | | (232) |
| Change in fair value of contingent consideration payable | | | | | | | 39,704 |
| Change in fair value of convertible bonds payable | | | | | | | (576) |
| Unallocated finance costs | | | | | | | (24,231) |
| Share of profit of associates | | | | | | | 2,300 |
| Share of loss of joint ventures | | | | | | | (2,847) |
| Unallocated corporate expenses | | | | | | | (8,957) |
| Loss before tax | | | | | | | (209,773) |

## 4. Other gains and losses

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Loss on written-off of property, plant and equipment | **–** | (12) |
| Loss on disposal of investment property | **(825)** | (222) |
| Foreign exchange (loss) gain | **(2,102)** | 21,493 |
| Others | **(541)** | (169) |
| | **(3,468)** | 21,090 |

## 5. Finance costs

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Interests on: | | |
| Convertible bonds payable | **18,270** | 24,231 |
| Bank borrowings | **60,230** | 30,779 |
| Other borrowings | **44,520** | 34,445 |
| Guarantee fee and fund management fee incurred in connection with borrowings | **346** | 2,447 |
| Others | **13** | – |
| | **123,379** | 91,902 |

## 6. Income tax credit

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Current tax – PRC tax | **413** | 255 |
| Deferred tax | **(7,160)** | (5,023) |
| | **(6,747)** | (4,768) |

## 7. Loss for the period

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Loss for the period has been arrived at after charging: | | |
| Directors' and chief executives' emoluments: | | |
| Fees, salaries and other benefits | **2,340** | 2,788 |
| Contributions to retirement benefits scheme | **36** | 27 |
| Other staff costs: | | |
| Salaries and other benefits | **24,137** | 24,907 |
| Contributions to retirement benefits scheme | **3,759** | 3,211 |
| Total staff costs | **30,272** | 30,933 |
| Auditor's remuneration: | | |
| Audit services | **53** | 572 |
| Non-audit services | **500** | 450 |
| | **553** | 1,022 |
| Depreciation of property, plant and equipment | **29,680** | 22,696 |
| Amortisation of prepaid lease payments | **5,542** | 4,010 |
| Amortisation of intangible assets | **21,582** | 19,748 |
| Minimum lease payments paid under operating leases in respect of rented premises | **6,074** | 4,179 |
| Shipbuilding contract costs recognised as cost of sales | **9,943** | 136,969 |
| Impairment loss recognised in respect of other receivables | **10,652** | 2,666 |
| Impairment loss recognised in respect of finance lease receivables | **4,543** | – |
| Impairment loss recognised in respect of trade receivables | **1,601** | – |
| Cost of inventories recognised as expenses | **59,216** | 129,304 |

## 8. Loss per share

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share | **(464,158)** | (200,110) |

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***'000*** | *'000* |
| | **(Unaudited)** | (Unaudited) |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | **13,636,839** | 12,593,451 |

For the six months ended 30 June 2018 and 30 June 2017, the computation of diluted loss per share does not assumed the conversion of the Company's outstanding convertible bond and the exercise of the Company's share options since their assumed conversion/exercise would result in a decrease in loss per share which is regarded as anti-dilutive.

## 9. Dividends

No dividends were paid, declared or proposed during the interim period. The Directors have determined that no dividend will be paid in respect of the interim period.

## 10. Trade and bills receivables/deposits/other receivables/prepayment

| | **30 June 2018** | 31 December 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Trade receivables – non-current portion | **1,335** | 1,391 |
| *Less:* Allowance for doubtful debts | **(67)** | – |
| Trade receivables – non-current portion, net of allowance for doubtful debts | **1,268** | 1,391 |
| Trade receivables – current portion | **266,042** | 215,147 |
| *Less:* Allowance for doubtful debts | **(6,174)** | (4,135) |
| Trade receivables – current portion, net of allowance for doubtful debts | **259,868** | 211,012 |
| Bills receivables | **–** | 1,214 |
| Trade and bills receivables – current portion | **259,868** | 212,226 |
| Total trade and bills receivables, net of allowance for doubtful debts *(Note)* | **261,136** | 213,617 |
| Other receivables | **481,539** | 280,047 |
| Value-added tax recoverable | **145,696** | 139,633 |
| Amounts due from the former shareholders of a subsidiary | **259,701** | 264,102 |
| Deposit paid for the construction | **22,206** | 22,581 |
| Deposits placed to agents and a stakeholder | **17,850** | 26,330 |
| | **926,992** | 732,693 |
| *Less:* Allowance for doubtful debts | **(34,824)** | (23,690) |
| Other receivables, net of allowance for doubtful debts | **892,168** | 709,003 |
| Prepayment | **345,048** | 271,458 |

*Note:*

At 30 June 2018 and 31 December 2017, the Group's trade receivables included (1) trade receivables from factoring services with one year credit period; (2) trade receivables from intelligent car parking and automotive related products with average 90 days credit period; (3) retention receivables for intelligent car parking with range from one to two years under the respective terms of contract; and (4) trade receivables from steel structure engineering and installation with 30 days credit period and (5) trade receivables from a ship buyer, an independent third party of the Group, in relation to the delivered vessel.

At 30 June 2018, trade receivables are non-interest bearing, except for trade receivables from factoring services with aggregated amount of approximately HK$4,838,000 (31 December 2017: HK$4,920,000) which bear interest rate of 12% (2017: 12%) per annum.

The following is an aged analysis of trade and bills receivables, net of allowance for doubtful debts, presented based on contract date/delivery date at the end of the reporting periods:

| | **30 June 2018** | 31 December 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| 0 – 90 days | **93,351** | 156,508 |
| More than 90 days but not exceeding one year | **131,524** | 42,227 |
| In more than one year | **36,261** | 14,882 |
| | **261,136** | 213,617 |

The Group did not hold any collateral over these balances.

The Directors consider that the carrying amounts of trade and other receivables approximated their fair values.

## 11. Finance lease receivables

| | **30 June 2018** | 31 December 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Finance lease receivables | **10,199** | 10,570 |
| *Less:* Unearned finance income | **(909)** | (925) |
| Present value of minimum lease payment receivables | **9,290** | 9,645 |
| *Less:* Accumulated impairment loss | **(9,290)** | (292) |
| | **–** | 9,353 |

There were no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements of the Group that need to be recorded as at the end of the reporting period.

The finance lease receivables bear interest rate at 7.6% (31 December 2017: 7.6%) per annum.

## 12. Trade and other payables

| | **30 June 2018** | 31 December 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Consideration payable for acquisition of property, plant and equipment – non-current portion | **5,248** | 5,337 |
| Trade payables | **181,674** | 165,939 |
| Consideration payable for acquisition of prepaid lease payments | **44,505** | 45,260 |
| Consideration payable for acquisition of subsidiaries | **167,798** | – |
| Deposit receipts | **236,000** | – |
| Payable to guarantors | **734** | 746 |
| Contribution payables to labour union and education funds | **14,041** | 14,278 |
| Accrual of contractor fees | **18,340** | 16,204 |
| Accrual of government funds | **32,908** | 33,466 |
| Other payables and accruals | **853,385** | 539,616 |
| | **1,549,385** | 815,509 |

The following is an aged analysis of trade payables, presented based on invoice date or issue date, respectively, at the end of reporting periods:

| | **30 June 2018** | 31 December 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| 0 – 30 days | **1,823** | 22,843 |
| 31 – 60 days | **4** | 6,173 |
| 61 – 90 days | **33,876** | 17,304 |
| Over 90 days | **145,971** | 119,619 |
| | **181,674** | 165,939 |

Trade payables are unsecured, non-interest bearing and repayable on demand.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

China Ocean Industry Group Limited (hereinafter referred to as "Group") is engaged in the intelligent car-parking and automotive electronics, shipbuilding, manufacture and sales of steel structure, trading and finance lease business.

Under the double pressure of global economic slowdown and domestic sluggish economic situation, the Group's overall business remains under enormous pressure. In particular, the shipbuilding business still showed no obvious improvement. The focus of the shipbuilding business in the first half of 2018 was to deliver vessels under construction, and continue to negotiate on the delayed delivery of vessels with a view to shedding historical baggage and carrying out industrial integration and asset reorganization in a new posture. Also subject to the overall downturn of the shipbuilding industry, there occurred risks of capital invested in shipbuilding business by the joint venture established by the government-guided fund which was jointly set up by the Group and a platform company of Zhejiang Zhoushan Municipal Government in 2014. The Group shall share the large losses of the joint venture in the first half of 2018, which caused the losses of the Group increased substantially. In view of this, the Group has made greater efforts to reduce the losses.

The integration of the shipbuilding business has been the main task of the Group in recent years, and we are pleased to see its substantial progress and our cooperation with superior shipbuilding enterprises will soon enter the implementation stage.

Affected by the depression of the domestic real economy, the business of the intelligent car parking and automotive device, steel structure engineering and installation invested by the Group during its business transformation remained in a ramp-up period under the influence of financing difficulties, high financing costs and rising cost. Although the volume of business orders for steel structure business was large, the slow recovery of receivables from customers and the rapid increase of labor cost affected the normal development of business. The Group is exploring the change of business mode to reduce the risk and enhance the sustainable capability.

Generally speaking, the development of China's real economy has been affected by many unfavorable factors in the previous period. At present, with the changes of national policies, the environment is expected to be further improved for the real economy to develop, which will have a positive effect on the Group's business.

For the six months ended 30 June 2018, the Group recorded an external revenue of HK$85.79 million (2017: HK$182.34 million), representing a decrease as compared to the same period of last year, which was mainly attributed to the reduction of intelligent car parking and automotive device business and steel structure engineering and installation business. Shipbuilding business recorded external revenue of HK$16.43 million (2017: credit balance of HK$27.59 million). The intelligent car parking and automotive device business recorded external revenue of HK$46.54 million (2017: HK$80.31 million), which was mainly due to the adjustment for parking equipment sales strategy. However, many projects are under construction and subject to the local policies and financial constraints on parking construction, therefore the intelligent car parking business fails to achieve the expected goal. The steel structure engineering and installation business recorded revenue of HK$22.82 million (2017: HK$103.46 million). The main reason for the sharp decline of the business revenue lies in the slow recovery of accounts receivable of customers, and the business model that is gradually changing from procurement processing to processing with supplied materials.

During the period under review, the Group recorded a gross profit of HK$11.94 million (2017: gross loss of HK$107.49 million), while the Group recorded gross loss in last year.

The Group's financing cost increased from HK$91.90 million to HK$123.38 million, mainly due to the rising financial costs.

During the period under review, the share of loss of joint ventures amounted to HK$249.92 million, which was mainly due to provision for risk of investment in shipbuilding business by an joint venture established in Zhejiang province.

In conclusion, the Group recorded a loss attributable to shareholders of HK$439.12 million for the six months ended 30 June 2018 (2017: loss of HK$269.82 million), increased substantially as compared to the same period of last year, mainly due to share of loss of joint ventures increasing substantially, together with adjustment for steel structure business and rising financial costs have an adverse effect on the Group's performance.

**Shipbuilding Business**

The shipbuilding business recorded external revenue of HK$16.43 million (2017: credit balance of HK$27.59 million) during the period under review. The Group delivered 1 vessel in the first half of the year.

The Group continues to make various efforts to dispose of delayed delivery vessels due to changes in the market. One of the new potential customers has indicated the desire to take over two of the six vessels and has been willing to continue with the construction and negotiations have made positive progress. The remaining four vessels are now in the course of arbitration process, while other solutions are still ongoing negotiated.

In order to completely remove the constraints on the Group's shipbuilding business, the Group continued to promote cooperation with leading enterprises in shipbuilding industry, and thereby to restructure the shipbuilding assets of Jiangzhou Shipbuilding, related work is in progress.

**Intelligent Car-parking and Automotive Device Business**

For the six months ended 30 June 2018, the intelligent car-parking and automotive device business recorded a total revenue of HK$46.54 million (2017: HK$80.31 million), representing a decrease of 42.05% over the previous year. In face of the fierce market competition and the instability of domestic car-parking business policy, the car-parking business of the Group is also in a period of adjustment. The sales of car-parking equipment are still the focus and the delivery quantity is steadily rising. Projects under construction will gradually contribute earnings to the Group successively. Meanwhile, the pace of parking investment business has slowed down. After relevant domestic policies have gradually become clear, we will continue to promote the parking investment business in key cities.

**Steel Structure Engineering and Installation Business**

For the six months ended 30 June 2018, the steel structure bridge business recorded a external revenue of HK$22.82 million (2017: HK$103.46 million), representing a decrease of 77.94% over the previous year. Steel structure engineering business is the Group's new focus business with large volume for development. However, the capital pressure is large because the project payment settlement is not timely. In order to alleviate the capital pressure, we adjusted the business mode and mainly adopted the mode of processing with supplied materials, resulting in the decrease of the revenue.

Benefiting from the prosperity of the domestic infrastructure construction, the steel structure engineering business will still have much room for development. As the Group's steel structure engineering business is at the main channel of the lower reaches of the Yangtze River, there are plans for construction of new Yangtze River bridge passing through the factory, which affected the Company's business and development to some extent. At present, we will try our best to eliminate all interferences, further strengthen cooperation with the state-owned enterprises in the industry, and coordinate the relationship with the local government to ensure the stable operation of business.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group had bank balances and cash (including pledged bank deposits) of approximately HK$11.66 million (31 December 2017: HK$15.52 million); short-term borrowings of HK$1,956.05 million (31 December 2017: HK$1,932.32 million); long-term borrowings of HK$379.43 million (31 December 2017: HK$581.86 million); convertible bonds payable amounted to approximately HK$157.79 million (31 December 2017: HK$148.97 million) represented the fair value of principal amount of HK$189.00 million (31 December 2017: HK$189.00 million). The gearing ratio defined as non-current liabilities and short term borrowing divided by total shareholders' equity was (1.93) at 30 June 2018 (31 December 2017: (3.10)).

## FUND RAISING FROM ISSUE OF SHARES/CONVERTIBLE BONDS

On 6 December 2016, the Company and Macquarie Bank Limited ("Macquarie") entered into a subscription agreement pursuant to which Macquarie has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, convertible notes in aggregate principal amount of up to HK$400 million, which is to be issued in 4 tranches with each trance in principal amount of HK$100 million and with interest rate at 2% per annum ("2016 Convertible Notes"). As at the date of this announcement, the first tranche of 2016 Convertible Notes was all redeemed and under the subscription agreement, the remaining 3 tranches in aggregate principle amount of HK$300 million is yet to be issued by the Company.

# CHARGES ON GROUP ASSETS

As at 30 June 2018, HK$305.47 million (31 December 2017: HK$327.91 million) of property, plant and equipment, HK$217.08 million (31 December 2017: HK$221.80 million) of prepaid lease payments and HK$8.76 million (31 December 2017: 8.90 million) of inventories were pledged to banks or other parties to secure borrowings, bills payable and facilities granted to the Group. The pledge on the bank deposits will be released upon the settlement of relevant bills payables and borrowings.

As at 30 June 2018, the Company pledged the entire equity interest of a wholly-owned subsidiary of the Company, Jiangxi Jiangzhou Union Shipbuilding Ltd., to secure a bank borrowing amounting to RMB107.41 million (31 December 2017: RMB107.41 million).

# EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The income and expenditure of the Group were denominated in Renminbi, Hong Kong Dollars and United States Dollars. As at 30 June 2018, the Group did not hedge its exposure to foreign exchange risk profile as the Group could not find a suitable instrument to manage this exposure. The Board will continue to consider the appropriate hedging measures.

# NEW BUSINESS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed elsewhere under the section headed "Management Discussion and Analysis", there was no new business, material acquisitions and disposals of subsidiaries and associated companies during the period under review.

# HUMAN RESOURCES

The Group had around 550 employees as at 30 June 2018. It has been the Group's policy to ensure that the pay levels of its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. The Group has participated in a mandatory provident fund scheme for its employees in Hong Kong. Shares options may also be granted to eligible persons of the Group.

## LITIGATION AND CONTINGENT LIABILITIES

As at 30 June 2018, the material pending litigations and contingent liabilities are set out as follows:

(a) At 30 June 2018, the Group has not paid the social security fund for and on behalf of its employees which expose the Group to the risk of being imposed the penalty by the relevant government authority. The social security fund accrued up to 30 June 2018 of approximately RMB41,482,000 in aggregate, were recorded as "Trade and other payables" in the condensed consolidated statement of financial position (31 December 2017: RMB40,835,000).

    A repayment agreement was signed between Jiangxi Shipbuilding and the relevant government authority on 26 January 2015 in respect of the settlement of the unpaid social security fund. Per the agreement, all outstanding amounts should be repaid before December 2019. The Directors considered that if the Group could settle the unpaid social security fund according to the repayment agreement, no penalty would be imposed by the relevant government authority.

(b) At 30 June 2018, the Group has not paid the housing provident fund contributions for and on behalf of its employees which expose the Group to the risk of being imposed the penalty by the relevant government authority. The housing provident fund contributions accrued up to 30 June 2018 of approximately RMB6,785,000 in aggregate, were recorded as "Trade and other payables" in the condensed consolidated statement of financial position (31 December 2017: RMB7,270,000).

    The Directors are of the opinion that the possibility to the risk of being imposed the penalty by the relevant government authority is remote.

(c) The Company had recognised the provision in relation to the litigations under "Trade and other payables" in the condensed consolidated statement of financial position as at 30 June 2018. The management are of the opinion that it is not probable that these claims would result in an outflow of economic benefits exceeding the provisions made by the Group. Details are set out as follows:

(i) In August 2017, an insurance company filed its writ to Wuhan Marine Court against Jiangxi Shipbuilding for the failure to make payment of shipbuilding insurance premium. At the end of the reporting period, the litigation was judged and the outstanding payable of the principal payment and the relevant interests accrued of approximately RMB1,241,000 in aggregate.

(ii) In September 2015, a contractor filed its writ to Wuhan Marine Court against Jiangxi Shipbuilding for the failure to make payment of provided vessel decoration services. At the end of the reporting period, the litigation was judged and the outstanding payable of the principal payment and the relevant interests accrued of approximately RMB4,636,000 in aggregate.

(iii) In November 2015, a supplier filed its writ to Jiujiang Arbitration Commission against Jiangxi Shipbuilding for the failure to make payment of provided gas services. At the end of the reporting period, the litigation was judged and the outstanding payable of the principal payment and the relevant interests accrued of approximately RMB3,525,000 in aggregate.

(iv) In December 2014, a contractor filed its writ to Wuhan Marine Court against Jiangxi Shipbuilding for the failure to make payment of provided vessel decoration services. At the end of the reporting period, the litigation was judged and the outstanding payable of the principal payment and the relevant interests accrued of approximately RMB4,101,000 in aggregate.

(d) On 3 December 2015, Merge Limited and other shareholders of Zhejiang Ocean as counter guarantors (collectively referred to the "Counter Guarantor") entered into the counter guarantee agreement with Zhoushan Marine Comprehensive Development and Investment Co., Ltd (舟山海洋綜合開發投資有限公司) (the "Guarantor"), pursuant to which the Counter Guarantors shall, in proportion to their respective shareholding in Zhejiang Ocean and upon demand of the Guarantor, indemnify the Guarantor for all liabilities and expenses which may be incurred by the Guarantor under any guarantee given or to be given by the Guarantor in favour of Zhejiang Ocean during the period from 1 January 2015 to 31 December 2020 in respect of loan agreements and asset securitization agreements entered into by Zhejiang Ocean (the "Guarantee"), up to an aggregate amount of RMB900,000,000, together with any interests, penalty, compensation and related fees and expenses which may be payable by the Guarantor under the Guarantee. Accordingly, the maximum amount which Merge shall indemnify the Guarantor is 20% of the aforesaid aggregate amount, being RMB180,000,000.

(e) As disclosed in the Company's circular dated 24 February 2017 (the "VSA Circular"), the financial guarantee of approximately HK$217,800,000 represent the back-to-back corporate guarantees provided by Huakai Heavy (which became the Company's subsidiary on 11 April 2017 upon completion of the Acquisition of Huakai Heavy Group) in favour of Huatai Heavy Industry Limited in 2014 (the "Corporate Guarantee") which remained outstanding as at 30 June 2018. The relevant information including the details of the relevant guarantee agreements are disclosed in the VSA Circular. Due to the failure of two ship owners to fulfill its payment obligation under the relevant shipbuilding contracts, Huatai Heavy Industry Limited had cancelled the relevant export and import cooperation agreements with the vessel agency companies. Pursuant to the terms of the export and import co-operation agreements and the civil mediation agreements, Huatai Heavy Industry Limited was liable to refund the prepaid amount received from the vessel agency companies (the "Prepaid Amounts").

    The Vendors of Huakai Heavy undertake to use the consideration payable to indemnify Huakai Heavy for all losses and liabilities incurred by Huakai Heavy under the Corporate Guarantee.

Other than disclosed above, the Directors are of the opinion that the Group has no other material pending litigations and contingent liabilities at 30 June 2018.

## CAPITAL COMMITMENTS

| | 30 June 2018 HK$'000 (Unaudited) | 31 December 2017 HK$'000 (Audited) |
|---|---|---|
| Contracted for but not provided in the condensed consolidated financial statements: | | |
| Unpaid registered capital for the associates | **110,785** | 103,260 |
| Unpaid registered capital for the subsidiaries | **632,716** | 636,240 |
| Unpaid registered capital for a joint venture | **118,000** | 120,000 |
| Capital expenditure in respect of the acquisition of property, plant and equipment | **29,006** | 29,498 |
| | **890,507** | 888,998 |

## EVENTS AFTER THE REPORTING PERIOD

**Partial disposal of subsidiary**

On 10 July 2017, China Ocean Shipbuilding Holdings Limited ("Vendor"), a wholly-owned subsidiary of the Company, and NIBO Trading Company Limited ("Purchaser"), an independent third party, entered into a disposal agreement (the "Disposal Agreement"). Pursuant to the Disposal Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the shares of China Ocean Shipbuilding (Hong Kong) Limited ("China Ocean HK"), representing 40% of the total number of issued shares of China Ocean HK ("Sale Shares"), at a consideration of RMB200,000,000.

On 6 January 2018, Zhejiang Ouhua Shipbuilding Company Limited ("Zhejiang Ouhua"), the Purchaser, China Ocean HK, the Vendor and Jiangxi Jiangzhou Union Shipbuilding Co., Ltd ("Jiangxi Shipbuilding") entered into the debt restructuring agreement (the "Debt Restructuring Agreement"). The parties to the Debt Restructuring Agreement acknowledged and agreed that, among other things:

(i) During the period from 19 December 2014 to 12 October 2015, Zhejiang Ouhua, an independent third party, has advanced loans in an aggregate amount of RMB200,000,000 to Jiangxi Shipbuilding and such amount remained outstanding;

(ii) Jiangxi Shipbuilding and the Vendor are subsidiaries of the Company, and the Sale Shares are held by the Purchaser as nominee on behalf of Zhejiang Ouhua; and

(iii) With effect from the date of the Debt Restructuring Agreement, the consideration in the amount of RMB200,000,000 to be paid by the Purchaser to the Vendor pursuant to the Disposal Agreement shall be set off against the outstanding amount of RMB200,000,000 owed by Jiangxi Shipbuilding to Zhejiang Ouhua, whereupon Jiangxi Shipbuilding shall be released from all obligations under such outstanding amount.

Completion under the Disposal Agreement took place on 5 July 2018. The Debt Restructuring Agreement was completed on 2 May 2018 as advised by the PRC legal advisers of the Company.

**Undelivered vessels**

Detailed information disclosed in the announcement dated 2 August 2018, in view of the slow negotiation progress and the failure to reach a consensus with one of the Two Customers, the Board was of the view that settling the matter by arbitration as stated under the shipbuilding contracts might be more cost-effective and could allow the Group to devote more time to discuss with the customer's finance bank as disclosed in the Announcements. The Group is now in the course of arbitration process while negotiation with the customer is still ongoing.

## PROSPECTS

In the second half of 2018, the Group will make efforts to make a substantial breakthrough in the business integration of Jiangzhou Shipbuilding, properly handle the disposal of delay delivery of vessels, effectively utilize the wharf, onshore line, land and other resources, and create conditions for cooperation with advantageous shipbuilding enterprises.

For the risks faced by the Group's investment in Zhoushan, Zhejiang Province, we will make efforts to actively and properly seek solutions to minimize the risks.

In conclusion, although there are problems and difficulties in the development of the real economy, the state is intensifying her support, and the overall policy will be beneficial to the existence and development of the real economy. The Group will seize the opportunity to expand its business base and enhance its sustainable business capability on the basis of effective integration of existing resources. As a result, new business focused on limestone mining is expected to make progress.

## DIVIDEND

No dividends were paid or proposed for the six months ended 30 June 2018, nor has any dividend been proposed since the end of the reporting period (2017: Nil).

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 of the Listing Rule regarding Directors' securities transactions. Based on specific enquiry of all the Directors of the Company, the Directors have complied with the required standard as set out in the Model Code for the six months ended 30 June 2018.

## CORPORATE GOVERNANCE

The Group has recognized the importance of transparency and accountability, and the Board believes that shareholders can be benefited from good corporate governance. The Company aims to achieve good standard of corporate governance. The Company has complied with the code provisions as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), except for Code Provision A.6.7 and E.1.2 in respect of the attendance of non-executive directors and independent non-executive directors and chairman in the general meetings.

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders; while code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting, and should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend.

The chairman of the Board and the three independent non-executive Directors were unable to attend the annual general meeting of the Company held on 22 June 2018 due to their other business commitments. An executive Director chaired the meetings whereas other attended Board members were already of sufficient calibre and number for answering questions raised by the shareholders.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

## PRE-EMPTIVE RIGHTS

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

## AUDIT COMMITTEE REVIEW OF ACCOUNTS

The Audit Committee of the Company, which comprises the three independent non-executive directors of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters, including the review of the interim financial results of the Group for the six months ended 30 June 2018.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The 2018 interim results announcement is published on the websites of the Stock Exchange and the Company. The 2018 interim results report will be dispatched to shareholders of the Company and will also be published on the website of both the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.irasia.com/listco/hk/chinaoceanindustry/ in due course.

## BOARD OF DIRECTORS

The Board of the Company as at the date of the announcement comprises Mr. Li Ming, Mr. Zhang Shi Hong, Mr. Zhang Weibing and Mr. Liu Jin as executive directors, Mr. Chau On Ta Yuen as non-executive director and Mr. Hu Bai He, Ms. Xiang Siying and Ms. Xiang Ying as independent non-executive directors.

By order of the Board
**LI Ming**
*Chairman*

Hong Kong, 30 August 2018