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## **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 2021**

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 (collectively the “Group”) for the six months ended 30 June 2021, together with comparative figures as follows:

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

*For the six months ended 30 June 2021*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<b><i>HK\$’000</i></b>	<b><i>HK\$’000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3	<b>64,831</b>	12,175
Cost of sales		<b>(57,286)</b>	(9,120)
Gross profit		<b>7,545</b>	3,055
Other income		<b>186</b>	4,109
Other gains and losses	4	<b>(170)</b>	(5,079)
Loss on disposal of associates		–	(60)
Selling and distribution expenses		<b>(1,578)</b>	(536)
Administrative expenses		<b>(29,008)</b>	(37,719)
Finance costs	5	<b>(117,395)</b>	(102,869)
Share of loss of associates		<b>(755)</b>	(1,971)

		<b>Six months ended 30 June</b>	
		<b>2021</b>	2020
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss before tax		<b>(141,175)</b>	(141,070)
Income tax credit	6	<u>–</u>	<u>3,859</u>
Loss for the period	7	<u><b>(141,175)</b></u>	<u>(137,211)</u>
<b>Other comprehensive (expenses) income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations		<b>(24,498)</b>	52,154
Share of translation reserve of associates		<b>(182)</b>	(12)
Share of translation reserve of joint ventures		<b>(50)</b>	–
Release of translation reserve upon disposal of associates		<u>–</u>	<u>19,099</u>
Other comprehensive (expenses) income for the period, net of income tax		<u><b>(24,730)</b></u>	<u>71,241</u>
Total comprehensive expenses for the period		<u><b>(165,905)</b></u>	<u>(65,970)</u>
Loss for the period attributable to:			
– Owners of the Company		<b>(138,449)</b>	(134,439)
– Non-controlling interests		<u><b>(2,726)</b></u>	<u>(2,772)</u>
		<u><b>(141,175)</b></u>	<u>(137,211)</u>
Total comprehensive expenses attributable to:			
– Owners of the Company		<b>(163,238)</b>	(63,288)
– Non-controlling interests		<u><b>(2,667)</b></u>	<u>(2,682)</u>
		<u><b>(165,905)</b></u>	<u>(65,970)</u>
<b>Loss per share</b>			
– Basic and diluted	8	<u><b>(HK\$0.36)</b></u>	<u>(HK\$0.39)</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		<b>30 June</b>	31 December
		<b>2021</b>	2020
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>12,342</b>	13,966
Right-of-use assets		<b>278,361</b>	281,651
Investment properties		<b>17,843</b>	17,672
Interests in associates		<b>21,119</b>	21,692
Interests in joint ventures		<b>5,932</b>	5,882
Deferred tax assets		<b>130</b>	129
		<hr/> <b>335,727</b>	<hr/> 340,992
<b>CURRENT ASSETS</b>			
Inventories		<b>108,470</b>	155,768
Trade receivables	<i>10</i>	<b>69,368</b>	83,330
Other receivables	<i>10</i>	<b>158,601</b>	152,060
Prepayment	<i>10</i>	<b>27,693</b>	27,222
Tax recoverable		<b>5,760</b>	5,713
Amounts due from associates		<b>5,070</b>	5,026
Financial assets at fair value through profit or loss		<b>12</b>	15
Restricted cash		<b>368</b>	664
Bank balances and cash		<b>4,827</b>	5,548
		<hr/> <b>380,169</b>	<hr/> 435,346

		<b>30 June 2021</b>	31 December 2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>11</i>	<b>1,060,539</b>	1,053,158
Amount due to a related party		<b>18</b>	18
Amounts due to directors		<b>46,001</b>	45,198
Borrowings		<b>3,296,329</b>	3,208,532
Lease liabilities		<b>1,023</b>	1,123
Amount due to an associate		<b>11,395</b>	11,274
Financial guarantee contracts		<b>341,915</b>	339,066
		<u><b>4,757,220</b></u>	<u>4,658,369</u>
<b>NET CURRENT LIABILITIES</b>		<u><b>(4,377,051)</b></u>	<u>(4,223,023)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>(4,041,324)</b></u>	<u>(3,882,031)</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>16,357</b>	13,637
Reserves		<b>(4,098,254)</b>	(3,938,936)
Equity attributable to owners of the Company		<b>(4,081,897)</b>	(3,925,299)
Non-controlling interests		<b>23,307</b>	25,974
<b>TOTAL DEFICITS</b>		<u><b>(4,058,590)</b></u>	<u>(3,899,325)</u>
<b>NON-CURRENT LIABILITIES</b>			
Other payables – non-current portion	<i>11</i>	<b>5,337</b>	5,293
Lease liabilities		<b>2,144</b>	2,564
Convertible bonds payables – non-current portion		<b>9,785</b>	9,437
		<u><b>17,266</b></u>	<u>17,294</u>
		<u><b>(4,041,324)</b></u>	<u>(3,882,031)</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2021*

## 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 2021 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”).

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

In the preparation of the condensed consolidated financial statements, the Directors have considered the liquidity of the Group in future. For the six months ended 30 June 2021, the Group reported a loss for the period attributable to owners of the Company of approximately HK\$138,449,000 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$4,377,051,000 and HK\$4,058,590,000, respectively.

In additions, the Group defaulted on the repayment of certain borrowings and payables on their respective due dates as at 30 June 2021. Those creditors including banks had taken legal actions against the Group to recover the debts and apply for winding up petition against the Company as disclosed in the section of “Litigation and Contingent Liabilities” in this announcement.

To improve the Group’s operation and financial position, the Directors have been implementing the following operating and financing measures:

- (a) The Group actively reorganised the shipbuilding business, introduced large enterprises to integrate the shipbuilding business, and revitalised the shipbuilding assets. The reorganisation plan, which began in March 2018, has been promoted around the business integration of Jiangxi Jiangzhou Union Shipbuilding Co., Ltd (“Jiangxi Shipbuilding”) and the cooperation with large enterprises. Although unpredictable factors have been encountered, the overall work is now being carried out in an orderly manner. At the same time, the revitalisation of spare resources of Jiangxi Shipbuilding such as wharfs and lands is also under way and the storage and logistics business along Yangtze River is expected to commence operation in the future. In addition, we also expect to carry out new activities related to logistics through business diversification or merge and acquisition to contribute stable long-term cash flows to the Group;

- (b) The Group will dispose of part of its assets and investment to obtain funds so as to improve its financial position;
- (c) Under the government's instruction and with the supports for real economy and private enterprises from all levels of government, the Group is negotiating with lending banks and asset management companies in relation to loan restructuring to extend repayment date and reduce gearing level;
- (d) The Group is in contact with a number of investors to issue new shares or convertible bonds;
- (e) The Group is in negotiation with certain suppliers and creditors to extend payment due date and reduce the amount of payment.

Also, the Directors are of the opinion that, taking into account the measures as above, the Group will have sufficient working capital to meet its financial obligations as they fall due in the next twelve months from these condensed consolidated financial statements were authorised to issue. Accordingly, the Directors are of the opinion that it is appropriate to prepare these condensed consolidated financial statements for the six months ended 30 June 2021 on a going concern basis.

## **2. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at revalued amounts or fair value, as appropriate.

Other than additional accounting policies resulting from application of 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 2021 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2020.

### **Application of amendments to HKFRSs**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform – Phase 2  
HKFRS 7, HKFRS 4 and HKFRS 16

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

Six months ended 30 June 2021 (Unaudited)

#### Disaggregation of revenue from contracts with customers

Segments	Shipbuilding business <i>HK\$'000</i>	Intelligent car parking and automotive device business <i>HK\$'000</i>	Steel structure engineering and installation <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Geographical markets</b>				
The PRC	56,433	2,933	5,465	64,831
<b>Timing of revenue recognition</b>				
A point in time	<u>56,433</u>	<u>2,933</u>	<u>5,465</u>	<u>64,831</u>

Six months ended 30 June 2020 (Unaudited)

#### Disaggregation of revenue from contracts with customers

Segments	Shipbuilding <i>HK\$'000</i>	Intelligent car parking and automotive device business <i>HK\$'000</i>	Steel structure engineering and installation <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Geographical markets</b>				
The PRC	–	9,662	2,513	12,175
<b>Timing of revenue recognition</b>				
A point in time	<u>–</u>	<u>9,662</u>	<u>2,513</u>	<u>12,175</u>

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 Segments are as follows:

- a) Shipbuilding business – provision of shipbuilding services under shipbuilding construction contracts and ship repair services 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 2021 (Unaudited)**

	Shipbuilding business <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Finance leasing business <i>HK\$'000</i>	Intelligent car parking and automotive device business <i>HK\$'000</i>	Steel structure engineering and installation <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue</b>						
– External sales	56,433	–	–	2,933	5,465	64,831
<b>Segment result</b>	<u>(90,786)</u>	<u>–</u>	<u>(22,983)</u>	<u>(13,635)</u>	<u>(216)</u>	(127,620)
Unallocated other income						–
Unallocated other gains and losses						430
Unallocated finance costs						(9,336)
Share of loss of associates						(755)
Unallocated corporate expenses						<u>(3,894)</u>
<b>Loss before tax</b>						<u><u>(141,175)</u></u>

Six months ended 30 June 2020 (Unaudited)

	Shipbuilding business <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Finance leasing business <i>HK\$'000</i>	Intelligent car parking and automotive device business <i>HK\$'000</i>	Steel structure engineering and installation <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue</b>						
– External sales	–	–	–	9,662	2,513	12,175
<b>Segment result</b>	<u>(83,385)</u>	<u>–</u>	<u>(18,166)</u>	<u>(15,900)</u>	<u>1,206</u>	<u>(116,245)</u>
Unallocated other income						164
Unallocated other gains and losses						(2,099)
Unallocated finance costs						(10,304)
Share of loss of associates						(1,971)
Loss on disposal of associates						(60)
Unallocated corporate expenses						<u>(10,555)</u>
<b>Loss before tax</b>						<u><u>(141,070)</u></u>

**4. OTHER GAINS AND LOSSES**

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b><i>HK\$'000</i></b> <b>(Unaudited)</b>	<b>2020</b> <b><i>HK\$'000</i></b> <b>(Unaudited)</b>
Gain (loss) on disposal of property, plant and equipment	<b>57</b>	(2,595)
Foreign exchange gain (loss), net	<b>433</b>	(2,105)
Penalty charge	<b>(624)</b>	–
Change in fair value of financial assets mandatorily measured at fair value through profit or loss	<b>(3)</b>	6
Others	<b>(33)</b>	(385)
	<u><b>(170)</b></u>	<u>(5,079)</u>

## 5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on:		
Convertible bonds payable	904	845
Lease liabilities	194	366
Bank borrowings and other borrowings	114,921	100,590
Guarantee fee and fund management fee incurred in connection with borrowings	1,376	1,068
	<u>117,395</u>	<u>102,869</u>

## 6. INCOME TAX CREDIT

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Deferred tax	<u>-</u>	<u>(3,859)</u>

## 7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2021	2020
	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	1,515	2,934
Contributions to retirement benefits scheme	18	32
Other staff costs:		
Salaries and other benefits	8,823	10,222
Contributions to retirement benefits scheme	1,939	3,045
Total staff costs	<u>12,295</u>	<u>16,233</u>
Auditor's remuneration:		
Non-audit services	420	–
Depreciation of right-of-use assets	3,763	7,530
Depreciation of property, plant and equipment	1,700	29,848
Cost of inventories recognised as expenses	4,072	9,111
Shipbuilding contract costs recognised as cost of sales	<u>49,892</u>	<u>–</u>

## 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	
	2021	2020
	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	<u>(138,449)</u>	<u>(134,439)</u>

<b>Six months ended 30 June</b>	
<i>2021</i>	<i>2020</i>
<i>'000</i>	<i>'000</i>
<b>(Unaudited)</b>	<b>(Unaudited)</b>

**Number of shares**

Weighted average number of ordinary shares for the purpose of  
basic and diluted loss per share

<b>384,125</b>	<b>340,921</b>
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For the six months ended 30 June 2021 and 30 June 2020, the computation of diluted loss per share does not assume i) the exercise of the Company's share options because exercise price of the share options was higher than the average market price per share; and ii) the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in a decrease in loss per share for the year.

**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 RECEIVABLES/DEPOSITS/OTHER RECEIVABLES/PREPAYMENT

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Trade receivables – contracts with customers	78,481	92,443
<i>Less:</i> Allowance for credit losses	<u>(9,113)</u>	<u>(9,113)</u>
Total trade receivables, net of allowance for credit losses ( <i>Note</i> )	<u><b>69,368</b></u>	<u>83,330</u>
Deposit paid	78,182	77,529
Other receivables	32,638	28,606
Value-added tax recoverable	<u>69,555</u>	<u>67,699</u>
	<b>180,375</b>	173,834
<i>Less:</i> Allowance for credit losses	<u>(21,774)</u>	<u>(21,774)</u>
Other receivables, net of allowance for credit losses	<u><b>158,601</b></u>	<u>152,060</u>
Prepayment	<u><b>27,693</b></u>	<u>27,222</u>

*Note:*

At 30 June 2021 and 31 December 2020, the Group's trade receivables included (1) trade receivables from intelligent car parking and automotive device business with average 90 days credit period; (2) retention receivables for intelligent car parking with range from one to two years under the respective terms of contract; and (3) trade receivables from steel structure engineering and installation with 30 days credit period.

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

	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
0 – 90 days	<b>3,109</b>	39,045
More than 90 days but not exceeding one year	<b>38,163</b>	6,339
In more than one year	<b>28,096</b>	37,946
	<b>69,368</b>	83,330

The Group did not hold any collateral over these balances.

#### 11. TRADE AND OTHER PAYABLES

	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Consideration payable for acquisition of property, plant and equipment – non-current portion	<b>5,337</b>	5,293
Trade payables	<b>71,953</b>	81,452
Consideration payable for acquisition of leasehold land	<b>45,260</b>	44,882
Payable to guarantors	<b>59,508</b>	57,373
Contribution payables to labour union and education funds	<b>14,275</b>	14,156
Accrual of contractor fees	<b>18,171</b>	19,418
Accrual of government funds	<b>2,266</b>	2,247
Other payables and accruals	<b>849,106</b>	833,630
	<b>1,060,539</b>	1,053,158

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

	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
0 – 30 days	<b>1,985</b>	6,067
31 – 60 days	<b>3</b>	319
61 – 90 days	<b>100</b>	1,015
Over 90 days	<b>69,865</b>	74,051
	<b><u>71,953</u></b>	<u>81,452</u>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

China Ocean Industry Group Limited is engaged in the intelligent car-parking and automotive device business, shipbuilding business, steel structure manufacturing and sales business, and finance lease business.

Facing the uncertain economic situation and the impact of the COVID-19 epidemic, on the one hand, the Group strengthened the restructuring and utilisation of effective assets such as shipbuilding business and steel structure engineering processing business to maximise cash flow and improve survivability; on the other hand, the Group scaled down its non-principal business such as automotive device and finance lease to reduce expenses and reduce uncertainty. In the current environment, survival is the top priority.

The Group continued to strengthen communication with the government and financial institutions to seek favorable conditions for asset and debt restructuring. At the same time, the Group communicated with creditors to resolve the debt crisis through appropriate means.

For the six months ended 30 June 2021 (the “Period”), the Group recorded an external revenue of HK\$64.83 million (2020: HK\$12.18 million), representing a significant increase as compared to the same period last year, mainly due to the revitalization and sale of original shipbuilding assets, while substantial production recovery was not yet in place.

During the Period under review, the Group recorded gross profit of HK\$7.55 million (2020: gross profit of HK\$3.06 million), representing a year-on-year increase of 146.97%.

The Group’s finance costs increased slightly from HK\$102.87 million to HK\$117.40 million with its debt burden remaining at a high level.

In general, the Group recorded a loss attributable to shareholders of HK\$138.45 million (2020: loss of HK\$134.44 million) for the six months ended 30 June 2021, representing a slight increase as compared to last year.

## **Shipbuilding Business**

The shipbuilding business recorded an external revenue of HK\$56.43 million during the Period under review (2020: nil).

### ***The Six Vessels***

In relation to the six vessels, five of them have been sold, and the remaining one (the “Unsold Vessel”) has been identified prospective purchaser after three rounds of judicial disposal.

To restructure the shipbuilding business in order to modify and reshape the operations with the intention of reducing debt, increasing efficiency and improving the business going forward is the focus of the Group. The Group will gradually adjust the operation model and product structure of the shipbuilding business to resume its normal operations as soon as possible.

## **Intelligent Car-Parking and Automotive Device Business**

During the Period under review, the intelligent car-parking and automotive device business recorded an external revenue of HK\$2.93 million (2020: HK\$9.66 million), representing a decrease of 69.67% as compared to last year. The intelligent car-parking and automotive device business of the Group has been greatly affected by the litigation of associates and changes in the market, in particular, the automotive device business almost came to a halt. The Group will reorganise the relevant subsidiaries in due course, in order to minimise the Group’s operating risks.

## **Finance Leasing Business**

The largest company in the finance leasing business segment was forced to transfer the equity interest by the court in 2020, and the business of another finance lease company established in Shenzhen has been suspended. The Group will restructure this business segment in accordance with its future development strategy.

## **Disclaimer of Opinion of 2020 Annual Report**

As disclosed in the section “Independent Auditor’s Report” (the “Auditor’s report”) of 2020 annual report, the Auditor do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described under the paragraph (a) to (d) headed “BASIC FOR DISCLAIMER OF OPINION” set out on pages 66 to 81 of 2020 annual report, the Auditors have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. Such qualification are mainly the results of the issues surrounding one of the Six Vessels (the “Unsold Vessel”), whether the inventories was stated at lower of cost and net realisable value could not be determined and the going concern of the Group.

The Management has spared no efforts in working out solutions for the Unsold Vessel up to the date of this announcement. It is expected that before the end of financial year 2022, Unsold Vessel will be disposed of.

Upon discussion with the Auditor, if legally-binding agreement will be entered into in relation to the disposal of the Unsold Vessel up to the date of 2022 annual report, the inventory would be stated at the lower of cost (including budgeted cost to complete the Unsold Vessel, if any) and net realizable value as at the year ending 31 December 2022. This audit qualification would be removed for the year ending 31 December 2022.

## **Uncertainties Relating to Going Concern**

For the six months ended 30 June 2021, the Group reported a loss attributable to the owners of the Company of approximately HK\$138.45 million. As of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$4,377.05 million and the Group had net liabilities of approximately HK\$4,058.59 million, in which total borrowings amounted to approximately HK\$3,296.33 million, its bank balances and cash were only approximately HK\$4.83 million. It is uncertain about the ability of the Group to maintain adequate future cash flow and the assumptions made by the Directors in preparing the consolidated financial statements on a going concern basis.

Considering the consensus reached with asset management company, several banks and other financial institutions, as well as the intention to cooperate with relevant state-owned enterprises. Also, taking into account the measures as below, 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 these condensed consolidated financial statements were authorised to issue. Accordingly, the Directors are of the opinion that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis.

- (a) The Group actively reorganised the shipbuilding business, introduced large enterprises to integrate the shipbuilding business, and revitalised the shipbuilding assets. The reorganisation plan, which began in March 2018, has been promoted around the business integration of Jiangxi Jiangzhou Union Shipbuilding Co., Ltd (“Jiangxi Shipbuilding”) and the cooperation with large enterprises. Although unpredictable factors have been encountered, the overall work is now being carried out in an orderly manner. At the same time, the revitalisation of spare resources of Jiangxi Shipbuilding such as wharfs and lands is also under way and the storage and logistics business along Yangtze River is expected to commence operation in the future. In addition, we also expect to carry out new activities related to logistics through business diversification or merge and acquisition to contribute stable long-term cash flows to the Group;
- (b) The Group will dispose of part of its assets and investment to obtain funds so as to improve its financial position;
- (c) Under the government’s instruction and with the supports for real economy and private enterprises from all levels of government, the Group is negotiating with lending banks and asset management companies in relation to loan restructuring to extend repayment date and reduce gearing level;
- (d) The Group is in contact with a number of investors to issue new shares or convertible bonds;
- (e) The Group is in negotiation with certain suppliers and creditors to extend payment due date and reduce the amount of payment.

The audit committee of the Company (“Audit Committee”) understands the uncertainties in relation to going concern and has discussions with the management in this regard. The Audit Committee concurs the view with the management, particularly, deliberations were focused on the uncertainty and difficulties faced by the asset-heavy related business segments. Notwithstanding this, the Audit Committee believes that the asset revitalization of Jiangxi Shipbuilding and the new business arising therefrom would enable to broaden the revenue stream of the Group and correspond to the Company’s continual effort in transforming its business. Meanwhile, the Audit Committee believes that efforts to reduce debts will relieve the funding pressure of the Company. The Audit Committee is of the view that the Group could address the issue of uncertainties relating to going concern.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2021, the Group had bank balances and cash (including restricted cash) of approximately HK\$5.20 million (31 December 2020: HK\$6.21 million); short-term borrowings of HK\$3,296.33 million (31 December 2020: HK\$3,208.53 million); convertible bonds payable amounted to approximately HK\$9.79 million (31 December 2020: HK\$9.44 million) represented the carrying values of principal amount of HK\$11.10 million (31 December 2020: HK\$11.10 million). The gearing ratio defined as non-current liabilities and short-term borrowing divided by total shareholders’ equity was (0.82) (31 December 2020: (0.83)).

## **FUND RAISING FROM ISSUE OF SHARES/CONVERTIBLE BONDS**

The Company conducted fundraising through issue of shares/convertible securities during the period ended 30 June 2021 was as follows:

### **2020 Subscription Agreement**

On 10 March 2020, the Company entered into the Subscription Agreements with Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 68 million Subscription Shares at the Subscription Price of HK\$0.105 per Subscription Share. The total consideration payable by the Subscribers under the Subscription Agreements amounts to HK\$7.14 million.

The subscription agreements completed on 8 March 2021.

For more details, please refer to the announcements dated 10 March 2020, 17 March 2020, 9 April 2020, 15 May 2020, 5 June 2020, 19 June 2020, 10 July 2020, 31 July 2020, 31 August 2020, 30 September 2020, 30 October 2020, 30 November 2020, 15 January 2021 and 8 March 2021 respectively in relation to the subscription of the subscription shares under general mandate.

The following convertible securities/right to subscribe for convertible securities remained outstanding during the year ended 30 June 2021.

### **2019 Convertible Bonds**

On 19 July 2019, the Company and each of the Subscribers entered into the Subscription Agreement I and Subscription Agreement II, pursuant to which the Company conditionally agreed to issue, and the Subscribers conditionally agreed to subscribe for, the Convertible Bonds with an aggregate principal amount of HK\$110 million due 3 years from the date of issue of the Convertible Bonds at the Conversion Price of HK\$0.64 per Conversion Share upon the Capital Reorganisation becoming effective (“2019 Convertible Bonds”). As at the date of this announcement, the issued 2019 Convertible Bonds with principal amount of approximately HK\$11.10 million (equivalent to approximately RMB10.00 million) in accordance with the terms of Subscription Agreement II and the Subscription Agreement I has lapsed on 29 February 2020.

The shareholders' dilution impact in the event of the allotment and issue of Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.64 per Share are as follows:

Shareholder	At the 30 June 2021		Immediately after full conversion of the Convertible Bonds (Note 2)	
	<i>No. of Shares</i>	<i>Approximate percentage</i>	<i>No. of Shares</i>	<i>Approximate percentage</i>
Mr. Li Ming	31,219,448	7.64%	31,219,448	7.63%
Lead Dragon Limited (Note 1)	13,550,125	3.31%	13,550,125	3.31%
Mr. Zhang Shi Hong	242,750	0.06%	242,750	0.06%
Wise Benefit Investment Limited	0	0%	17,343,750	4.24%
Public Shareholders	<u>363,908,648</u>	<u>88.99%</u>	<u>363,908,648</u>	<u>84.76%</u>
Total:	<u>408,920,971</u>	<u>100.00%</u>	<u>426,264,721</u>	<u>100.00%</u>

Notes:

1. Lead Dragon Limited is wholly-owned by Mr. Li Ming, the chairman and an executive Director (resigned on 20 July 2021).
2. The shareholding structure set out in this column is shown for illustration purposes only. The Conversion Rights shall only be exercisable so long as not less than 25% of the then total number of issued Shares as enlarged by the issue of the Conversion Shares are being held in public hands and will not result in the relevant Bondholder, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless: (i) a whitewash waiver is obtained in accordance with the requirements of the Takeovers Code; or (ii) a general offer is made in accordance with the requirements of the Takeovers Code.

## **CHARGES ON GROUP ASSETS**

As at 30 June 2021, HK\$4.65 million (31 December 2020: HK\$4.62 million) of property, plant and equipment and HK\$135.75 million (31 December 2020: HK\$137.41 million) of right-of-use assets and HK\$57.44 million (31 December 2020: HK\$104.93 million) of inventories were pledged to banks or other parties to secure borrowings and banking facilities granted to the Group.

As at 30 June 2021, the Company pledged the entire equity interest of a wholly-owned subsidiary of the Company, Jiangxi Jiangzhou Union Shipbuilding Co., Ltd., and right-of-use asset to secure a bank borrowing amounting to RMB112.33 million (31 December 2020: RMB111.78 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 2021, 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.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING**

Save as disclosed elsewhere under the section headed “Management Discussion and Analysis”, there was no future plans for material investments and expected sources of funding during the Period under review.

The Company, however, will continue to seek investments in companies or projects that could bring synergy to the Group should the targets or opportunities arise. In addition, the Company may also invest in new business projects only if such investment is in favourable to the future development of the Group. Given the current uncertain market conditions, the Company may obtain funding for new projects through fund raising or loans while reserving the internal resources for its core businesses.

## **HUMAN RESOURCES**

The Group had around 262 employees as at 30 June 2021. 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**

- (a) At 30 June 2021, 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 2021 of approximately HK\$62,094,000 (equivalent to RMB51,745,000) in aggregate, were recorded as "Trade and other payables" in the consolidated statement of financial position (31 December 2020: approximately HK\$60,438,000 (equivalent to RMB50,788,000)).

A repayment agreement was signed between Jiangxi Shipbuilding, a wholly-owned subsidiary of the Company 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. The balances had not been settled at the date of this announcement.

- (b) At 30 June 2021, 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 2021 of approximately HK\$6,738,000 (equivalent to RMB5,615,000) in aggregate, were recorded as “Trade and other payables” in the consolidated statement of financial position (31 December 2020: approximately HK\$6,703,000 (equivalent to RMB5,633,000)). The balances had not been settled at the date of this announcement.
- (c) The Company had recognised the provision in relation to the litigations of approximately RMB1,404,604,000 (31 December 2020: RMB1,301,799,000) under “Trade and other payables” and “bank and other borrowings” in the consolidated statement of financial position as at 30 June 2021. The Directors 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 2018, an independent third party filed litigation to the People’s Court of Ruichang City against Jiangxi Shipbuilding for outstanding liabilities, involving litigation amounts of approximately RMB12,000,000. In 2019, the litigation was judged. The outstanding payable of the principal payment and the relevant interests of approximately RMB12,000,000 had not been settled at 31 December 2020 and 30 June 2021.
- (ii) In 2018, a contractor filed litigation to Wuhan Marine Court against Jiangxi Shipbuilding for the failure to make payment of service fees, involving the total amount of litigation of approximately RMB6,691,000. In 2019, the litigation was judged and Jiangxi Shipbuilding was ordered to pay RMB4,535,000. The outstanding payable of service fees of approximately RMB4,535,000 had not been settled at 31 December 2020 and 30 June 2021.
- (iii) In 2019, an guarantor filed litigation to the Intermediate People’s Court of Wuhan City against Jiangxi Shipbuilding for outstanding liabilities, involving three litigation in the aggregated amounts of RMB210,845,000. At 31 December 2019, the litigation was not in trial yet. In 2020, one of the three litigation amount of approximately RMB41,000,000 was judged. The outstanding liabilities of RMB210,845,000 had not been settled at 31 December 2020 and 30 June 2021.

- (iv) In 2019, a supplier filed litigation to the Intermediate People's Court of Jiujiang City against Jiangxi Shipbuilding for outstanding liabilities, involving litigation amounts of approximately RMB36,096,000. At 31 December 2020, the litigation was judged. The outstanding liabilities of approximately RMB36,096,000 had not been settled at 31 December 2020 and 30 June 2021.
- (v) In 2019, an independent third party filed litigation to the Intermediate People's Court of Jiangxi Jiujiang City against Jiangxi Shipbuilding for outstanding borrowings. At 31 December 2019, the litigation was judged. The outstanding payable of approximately RMB325,407,000 (31 December 2020: RMB360,484,000) had not been settled at 30 June 2021.
- (vi) In 2019, a bank filed litigation to the High People's Court of Jiangxi City against Jiangxi Shipbuilding for outstanding borrowings. At 31 December 2019, the litigation was judged. The outstanding payable of approximately RMB201,552,000 had not been settled at 31 December 2020 and 30 June 2021.
- (vii) In 2019, a bank filed litigation to the High People's Court of Jiangxi City against Jiangxi Shipbuilding for outstanding borrowings. At 31 December 2019, the litigation was judged. The outstanding payable of approximately RMB195,679,000 had not been settled at 31 December 2020 and 30 June 2021.
- (viii) In 2019, a bank filed litigation to the People's Court of Ruichang City against Jiangxi Shipbuilding for outstanding borrowings. At 31 December 2019, the litigation was judged. The outstanding payable of approximately RMB11,720,000 had not been settled at 31 December 2020 and 30 June 2021.
- (ix) In 2019, a bank filed litigation to the People's Court of Ruichang City against Jiangxi Shipbuilding for outstanding borrowings. At 31 December 2019, the litigation was judged. The outstanding payable of approximately RMB16,556,000 had not been settled at 31 December 2020 and 30 June 2021.
- (x) In 2019, a bank filed litigation to the Intermediate People's Court of Jiangxi Nanchang City against Jiangxi Shipbuilding for outstanding borrowings. At 31 December 2019, the litigation was judged. The outstanding payable of approximately RMB51,378,000 had not been settled at 31 December 2020 and 30 June 2021.

- (xi) In 2020, a bank filed litigation to the Intermediate People’s Court of Jiujiang City against JiuJiang Jinhu Equipment Manufacturing Company Limited for outstanding borrowings. At 31 December 2020, the litigation was judged. The outstanding payable of approximately RMB57,246,000 had not been settled at 31 December 2020 and 30 June 2021.
- (xii) In 2019, a bank filed litigation to the High People’s Court of Jiangxi City against China Ocean Industry (Shenzhen) Financial Leasing Company Limited for outstanding borrowings. At 31 December 2019, the litigation was judged. The outstanding payable of approximately RMB89,775,000 had not been settled at 31 December 2020 and 30 June 2021.
- (xiii) In 2019, a bank filed litigation to the High People’s Court of Jiangxi City against Shandong Dereton Automotive Parking Equipment Co. Ltd (Jiangxi Branch), Shandong Dereton Automotive Parking Equipment Co., Ltd and Jiangxi Shipbuilding for outstanding borrowings of approximately RMB53,933,000. At 31 December 2019, the litigation was judged. The outstanding payable of approximately RMB53,933,000 had not been settled at 31 December 2020 and 30 June 2021.
- (xiv) In 2021, a bank filed litigation to the Intermediate People’s Court of Jiangxi Jiujiang City against Jiangxi Shipbuilding for outstanding borrowings. At 30 June 2021, the litigation was judged. The outstanding payable of approximately RMB137,882,000 had not been settled at 30 June 2021.
- (d) On 2 August 2019, the Company received a petition (the “Petition”) from Titan Petrochemicals Group Limited (the “Petitioner”) in the matter of the Companies (Winding Up and Miscellaneous Provision) Ordinance (Chapter 32, Laws of Hong Kong) filed in the High Court of The Hong Kong Special Administrative Region (the “High Court”) under Companies Winding-up Proceedings No. 230 of 2019 that the Company may be wound up by the High Court on the ground that the Company is insolvent and unable to pay its debt. The court hearing of the winding up petition and the Time Summons were held on 25 September 2019, 20 November 2019, 16 December 2019, 20 January 2020, 31 March 2020, 19 June 2020, 5 October 2020, 11 January 2021, 30 March 2021, 26 April 2021, 6 July 2021, 15 December 2021, 31 January 2022, 31 March 2022, 19 April 2022, 16 May 2022 and has been adjourned to 13 June 2022 (the “Hearing Date”).

The court hearing held on 13 June 2022, the judge ordered that the Petition be dismissed.

For more details of the Petition, please refer to the announcements of the Company dated 5 August 2019, 28 August 2019, 23 September 2019, 25 September 2019, 27 September 2019, 20 November 2019, 11 December 2019, 16 December 2019, 31 December 2019, 12 January 2020, 17 January 2020, 20 January 2020, 3 February 2020, 20 March 2020, 25 March 2020, 27 March 2020, 31 March 2020, 19 June 2020, 5 October 2020, 11 January 2021, 30 March 2021, 26 April 2021, 6 July 2021, 15 December 2021, 31 January 2022, 31 March 2022, 19 April 2022, 16 May 2022 and 13 June 2022.

- (e) On 3 December 2015, Merge Limited and other shareholders of Zhejiang Ocean Leasing Company Limited (“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 securitisation 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 Limited shall indemnify the Guarantor is 20% of the aforesaid aggregate amount, being RMB180,000,000 during the year ended 31 December 2019.

As at 31 December 2020, the counter guarantee agreement was expired and Merge Limited was released from the guarantee.

Save as disclosed above, the Directors are of the opinion that the Group has no other material litigation and contingent liabilities at 30 June 2021 and 31 December 2020.

## CAPITAL COMMITMENTS

	<b>June 30</b>	31 December
	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Contracted for but not provided in the condensed consolidated financial statements:		
Unpaid registered capital for the associates	<b>43,320</b>	42,959
Unpaid registered capital for the subsidiaries	<b>432,840</b>	429,233
Unpaid registered capital for a joint venture	<b>120,000</b>	119,000
	<b><u>596,160</u></b>	<u>591,192</u>

## EVENTS AFTER THE REPORTING PERIOD

As disclosed in paragraph (d) under the section headed “LITIGATION AND CONTINGENT LIABILITIES” for the status and actions of the Company in respect of the winding up petition, the court hearing held on 13 June 2022, the judge ordered that the Petition be dismissed.

Save as discussed elsewhere under the section headed “Management Discussion and Analysis”, the Group had no other material events after the reporting period as at the date of this announcement.

## PROSPECTS

In general, changes in the international and domestic economic situation have different degrees of impacts on all companies, but opportunities will always be reserved for those companies that focus on their own businesses and remain pragmatic. With the support of governments at all levels, we will continue to promote the business integration of Jiangzhou Shipbuilding, and communicate pragmatically with various creditors to find a solution to the debt crisis as soon as possible.

Manufacturing industry is an industry that requires patience, perseverance and confidence. In possession of good resources such as lands, factories, shorelines of the Yangtze River and high-quality employees, coupled with the state's attention and support to the real economy, we will definitely be able to overcome the current difficulties.

## **DIVIDEND**

No dividends were paid or proposed for the six months ended 30 June 2021, nor has any dividend been proposed since the end of the reporting period (2020: 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 2021.

## **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. During the six months ended 30 June 2021, 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 the deviations from Codes Provision disclosed below.

Code provision A.1.8 stipulates that The Company should arrange appropriate insurance cover in respect of legal action against its directors.

The Company has been looking for a suitable insurance policy to purchase in the market since the expiration of the previous insurance policy.

As disclosed in the section “Management Discussion and Analysis” under the paragraphs headed “Uncertainties relating to going concern” set out on pages 7 to 9 and “Report on Corporate Governance” set out on pages 28 to 29 of 2020 annual report, the auditors of the Company issued a disclaimer of opinion over the Group’s ability to continue as a going concern due to the conditions indicate the material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group incurred a loss attributable to owners of the Company of approximately HK\$138,449,000 for the six months ended 30 June 2021 and, the Group’s current liabilities exceeded its current assets by approximately HK\$4,377,051,000 and the Group had net liabilities of approximately HK\$4,058,590,000 in which total borrowings amounted to approximately HK\$3,296,329,000, while its bank balance and cash were only approximately HK\$4,827,000. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

The Board has adopted and considered different measures with different dimensions to further improve its cash flow, e.g. (i) revitalising shipbuilding assets of Jiangxi Shipbuilding by using its spare resources such as wharfs and lands for production, storage and transportation and by introduced large shipbuilding companies to integrate and recognise the shipbuilding business; (ii) negotiating with banks, under government’s instruction, to delay the repayment of debt or to apply for additional instalment to decrease the Group’s financial burden; (iii) seeking investors to issue new shares and/or convertible bonds; (iv) negotiating with its suppliers and creditors to extend payment due date; and (v) disposing its assets and investment to enable the Group to restructure its core business and to obtain funds to improve its financial position.

In view of the aforesaid, the Board, including the Audit Committee, believes that the above measures, if materialised, will not only bring to the Group a significant improvement on the financial performance but also help to address the Disclaimer of Opinions of the Auditor, and accordingly is of the view that the Group could continue as a going concern.

For more details regarding the uncertainties relating to going concern are disclosed in the section “MANAGEMENT DISCUSSION AND ANALYSIS” under the paragraphs headed “UNCERTAINTIES RELATING TO GOING CONCERN” set out on pages 18 to 20 of this announcement.

## **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 six months ended 30 June 2021.

## **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 as at the date of this announcement comprises three independent non-executive directors, namely, Mr. Hu Bai He, Ms. Xiang Siying and Ms. Xiang Ying. The Chairman of the Audit Committee is Mr. Hu Bai He. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the financial reporting matters, including the review of the interim financial results of the Group for the six months ended 30 June 2021.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

The 2021 interim results announcement is published on the websites of the Stock Exchange and the Company. The 2021 interim 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](http://www.hkexnews.hk) and the Company at [www.irasia.com/listco/hk/chinaoceanindustry/](http://www.irasia.com/listco/hk/chinaoceanindustry/) in due course.

## **BOARD OF DIRECTORS**

The Board of the Company as at the date of this announcement Mr. Zhang Shi Hong and Mr. Zhang Chuanjun as executive directors, Mr. Ding Lei 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  
**Zhang Shi Hong**  
*Chairman*

Hong Kong, 7 September 2022

*As at the date of this announcement, the Board of the Company comprises two executive directors, namely, Mr. Zhang Shi Hong and Mr. Zhang Chuanjun; one non-executive director, namely, Mr. Ding Lei; and three independent non-executive directors, namely, Ms. Xiang Siying, Mr. Hu Bai He and Ms. Xiang Ying.*