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 2022

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 2022, together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**12,968**	64,831
Cost of sales		**(6,185)**	(57,286)
Gross profit		**6,783**	7,545
Other income		**960**	186
Other gains and losses	*4*	**197**	(170)
Selling and distribution expenses		**(585)**	(1,578)
Administrative expenses		**(25,204)**	(29,008)
Finance costs	*5*	**(128,131)**	(117,395)
Share of loss of associates		**(453)**	(755)
Share of loss of joint ventures		**(4)**	–

	Notes	Six months ended 30 June 2022 HK$'000 (Unaudited)	2021 HK$'000 (Unaudited)
Loss before tax		**(146,437)**	(141,175)
Income tax credit	*6*	**–**	–
Loss for the period	*7*	**(146,437)**	(141,175)
Other comprehensive income (expenses):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**110,874**	(24,498)
Share of translation reserve of associates		**(243)**	(182)
Share of translation reserve of joint ventures		**(247)**	(50)
Other comprehensive income (expenses) for the period, net of income tax		**110,384**	(24,730)
Total comprehensive expenses for the period		**(36,053)**	(165,905)
Loss for the period attributable to:			
– Owners of the Company		**(143,879)**	(138,449)
– Non-controlling interests		**(2,558)**	(2,726)
		(146,437)	(141,175)
Total comprehensive expenses attributable to:			
– Owners of the Company		**(33,417)**	(163,238)
– Non-controlling interests		**(2,636)**	(2,667)
		(36,053)	(165,905)
Loss per share			
– Basic and diluted	*8*	**(HK$0.35)**	(HK$0.36)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	**30 June 2022 HK$'000 (Unaudited)**	31 December 2021 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**533**	606
Right-of-use assets		**268,740**	275,602
Investment properties		**14,366**	15,165
Interests in associates		**18,737**	19,433
Interests in joint ventures		**5,779**	6,030
Deferred tax asset		**127**	132
		308,282	316,968
CURRENT ASSETS			
Inventories		**37,780**	48,772
Trade receivables	*10*	**59,477**	70,706
Other receivables	*10*	**163,319**	142,331
Prepayment	*10*	**4,156**	4,592
Tax recoverable		**5,618**	5,857
Amounts due from associates		**–**	332
Financial assets at fair value through profit or loss		**7**	13
Restricted cash		**84**	125
Bank balances and cash		**4,589**	6,552
		275,030	279,280

	Notes	**30 June 2022** **HK$'000** **(Unaudited)**	31 December 2021 *HK$'000* (Audited)
CURRENT LIABILITIES			
Trade and other payables	*11*	**1,158,176**	1,146,067
Amount due to related party		**18**	18
Amount due to a director		**60**	62
Borrowings		**3,428,524**	3,426,165
Lease liabilities		**964**	834
Amounts due to associates		**35,313**	12,081
Financial guarantee contracts		**333,367**	347,613
Convertible bonds payable		**10,642**	10,219
		4,967,064	4,943,059
NET CURRENT LIABILITIES		**(4,692,034)**	(4,663,779)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(4,383,752)**	(4,346,811)
CAPITAL AND RESERVES			
Share capital		**16,357**	16,357
Reserves		**(4,426,822)**	(4,393,405)
Equity attributable to owners of the Company		**(4,410,465)**	(4,377,048)
Non-controlling interests		**20,383**	23,019
TOTAL DEFICITS		**(4,390,082)**	(4,354,029)
NON-CURRENT LIABILITIES			
Other payables – non-current portion	*11*	**5,204**	5,426
Lease liabilities		**1,126**	1,792
		6,330	7,218
		(4,383,752)	(4,346,811)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 2022 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 2022, the Group reported a loss for the period attributable to owners of the Company of approximately HK$143,879,000 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$4,692,034,000 and HK$4,390,082,000, respectively.

In additions, the Group defaulted on the repayment of certain borrowings and payables on their respective due dates as at 30 June 2022. 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 2022 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 2022 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2021.

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 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

Except as described below, the application of the amendments to HKFRSs in the current interim 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.

2.1 Impacts and changes in accounting policies on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

2.1.1 Accounting policies

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

2.1.2 Transition and summary of effects

The Group applies the amendments to business combinations for which the acquisition date is on or after 1 January 2022. The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

2.2 Impacts and accounting policies on application of Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

2.2.1 Accounting policies

Property, plant and equipment

Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing the related assets functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss.

2.2.2 Transition and summary of effects

The application of the amendments has had no material impact on the Group's financial position and performance.

2.3 Impacts on application of Amendments to HKFRSs Annual Improvements to HKFRSs 2018-2020

The Group has applied the annual improvements which make amendments to the following standards:

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

HKAS 41 Agriculture

The amendment ensures consistency with the requirements in HKFRS 13 *Fair Value Measurement* by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Six months ended 30 June 2022 (Unaudited)

Disaggregation of revenue from contracts with customers

Segments	**Shipbuilding business** *HK$'000*	**Intelligent car parking and automotive device business** *HK$'000*	**Steel structure engineering and installation** *HK$'000*	**Total** *HK$'000*
Geographical markets				
The PRC	**8,941**	**2,030**	**1,997**	**12,968**
Timing of revenue recognition				
A point in time	**8,941**	**2,030**	**1,997**	**12,968**

Six months ended 30 June 2021 (Unaudited)

Disaggregation of revenue from contracts with customers

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

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 2022 (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	**8,941**	**–**	**–**	**2,030**	**1,997**	**12,968**
Segment result	**(91,038)**	**–**	**(23,738)**	**(9,513)**	**486**	**(123,803)**
Unallocated other gains and losses						**204**
Unallocated finance costs						**(20,706)**
Share of loss of associates						**(453)**
Share of loss of joint ventures						**(4)**
Unallocated corporate expenses						**(1,675)**
Loss before tax						**(146,437)**

Six months ended 30 June 2021 (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	56,433	–	–	2,933	5,465	64,831
Segment result	(90,786)	–	(22,983)	(13,635)	(216)	(127,620)
Unallocated other gains and losses						430
Unallocated finance costs						(9,336)
Share of loss of associates						(755)
Unallocated corporate expenses						(3,894)
Loss before tax						(141,175)

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	**–**	57
Foreign exchange gain, net	**204**	433
Penalty charge	**(1)**	(624)
Change in fair value of financial assets mandatorily measured at fair value through profit or loss	**(6)**	(3)
Others	**–**	(33)
	197	(170)

5. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on:		
Convertible bonds payable	**977**	904
Lease liabilities	**131**	194
Bank borrowings and other borrowings	**125,635**	114,921
Guarantee fee and fund management fee incurred in connection with borrowings	**1,388**	1,376
	128,131	117,395

6. INCOME TAX CREDIT

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Deferred tax	**–**	–

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	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	**748**	1,515
Contributions to retirement benefits scheme	**9**	18
Other staff costs:		
Salaries and other benefits	**6,779**	8,823
Contributions to retirement benefits scheme	**1,842**	1,939
Total staff costs	**9,378**	12,295
Auditor's remuneration:		
Non-audit services	**–**	420
Depreciation of right-of-use assets	**3,772**	3,763
Depreciation of property, plant and equipment	**49**	1,700
Cost of inventories recognised as expenses	**2,856**	4,072
Shipbuilding contract costs recognised as cost of sales	**–**	49,892

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	
	2022	2021
	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	**(143,879)**	(138,449)

	Six months ended 30 June	
	2022	2021
	’000	*’000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**408,921**	384,125

For the six months ended 30 June 2022 and 30 June 2021, 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

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables – contracts with customers	**68,204**	79,433
Less: Allowance for credit losses	**(8,727)**	(8,727)
Total trade receivables, net of allowance for credit losses *(Note)*	**59,477**	70,706
Deposit paid	**76,227**	79,485
Other receivables	**64,583**	33,326
Value-added tax recoverable	**48,925**	55,936
	189,735	168,747
Less: Allowance for credit losses	**(26,416)**	(26,416)
Other receivables, net of allowance for credit losses	**163,319**	142,331
Prepayment	**4,156**	4,592

Note:

At 30 June 2022 and 31 December 2021, 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:

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 90 days	**617**	15,544
More than 90 days but not exceeding one year	**9,957**	9,888
In more than one year	**48,903**	45,274
	59,477	70,706

The Group did not hold any collateral over these balances.

11. TRADE AND OTHER PAYABLES

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Consideration payable for acquisition of property, plant and equipment – non-current portion	**5,204**	5,426
Trade payables	**71,057**	75,267
Consideration payable for acquisition of leasehold land	**44,128**	46,014
Payable to guarantors	**60,434**	61,618
Contribution payables to labour union and education funds	**13,918**	14,513
Accrual of contractor fees	**18,531**	21,126
Accrual of government funds	**2,120**	2,211
Other payables and accruals	**947,988**	925,318
	1,158,176	1,146,067

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 2022	31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**15**	3,160
31 – 60 days	**–**	34
61 – 90 days	**266**	104
Over 90 days	**70,776**	71,969
	71,057	75,267

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

China Ocean Industry Group Limited is engaged in intelligent car-parking and automotive device business, shipbuilding business, steel structure engineering and installation business, trading and finance lease business.

Due to the impact of the resurgent COVID-19 pandemic in China in the first half of the year, the Group's business in the first half of the year has been constrained, resulting in the decline in business.

For the six months ended 30 June 2022 (the "Period"), the Group recorded an external revenue of HK$12.97 million (2021: HK$64.83 million), representing a decrease of 80.00% as compared with the same period last year, mainly attributable to the temporarily suspended of the steel structure business as a result of the pandemic, and the unsteady revenue from shipbuilding business.

During the Period under review, the Group recorded gross profit of HK$6.78 million (2021: gross profit of HK$7.55 million), representing a year-on-year decrease of 10.10%.

The Group's finance costs increased slightly from HK$117.40 million to HK$128.13 million with its debt burden remaining at a high level.

In general, the Group recorded a loss attributable to shareholders of HK$143.88 million (2021: loss of HK$138.45 million) for the six months ended 30 June 2022, representing a slight increase as compared with last period.

Shipbuilding Business

The shipbuilding business recorded an external revenue of HK$8.94 million during the Period under review (2021: HK$56.43 million).

The normal recovery of the shipbuilding business is the focus of the Group's efforts in the recent years, and is also the key factor for the government to support the Group's shipbuilding assets restructuring. The Group will continue to search for opportunities to adjust the business model and product mixes of the shipbuilding business for purpose of recovering the shipbuilding business as soon as possible.

Start from 2022, the Group has leased part of the excess and idle land, wharfs and factory to independent third parties in order to increase the income. The management believe that by revitalizing idle assets, asset leasing will become the main business income of the Group and supplement the Group's funds.

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$2.03 million (2021: HK$2.93 million), representing a decrease of 30.79% as compared with last period. The intelligent car-parking and automotive device business of the Group are in the period of adjustment. The intelligent car-parking business will continue to seek the support of creditor banks to promote the gradual recovery of the business, while the automotive device business is required to be adjusted according to the market conditions.

Steel Structure Engineering and Installation Business

During the Period under review, the steel structure engineering and installation business recorded an external revenue of HK$2.00 million (2021: HK$5.47 million), representing a decrease of 63.46% as compared with last period. Currently, the Group is utilizing its existing resources to integrate the steel structure engineering and installation business, which is the main business focus of the Group in the short term.

Disclaimer of Opinion of 2021 Annual Report

As disclosed in the section "Independent Auditor's Report" (the "Auditor's report") of 2021 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 (c) headed "BASIC FOR DISCLAIMER OF OPINION" set out on pages 61 to 65 of 2021 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 unsold vessel and the going concern of the Group.

Regarding disclaimer opinion (a), there was modified audit opinion on the comparability of the corresponding figures in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021. Given that upon completion of the Zhejiang Ocean Group Forced Transfer on 10 June 2020, the Group ceased to hold any equity interest in Zhejiang Ocean Group and the Zhejiang Ocean Group was ceased to be accounted for the associates of the Group. There would be no more audit modification in respect of disclaimer opinion (a) on the Group's consolidated financial statements for the year ended 31 December 2022.

Regarding disclaimer opinion (b), there is only one of the Four Vessels (as defined in the 2020 Annual Results) being unsold (the "Unsold Vessel") as at the date of the 2021 annual report. For the Unsold Vessel, Wuhan Maritime Court*（武漢海事法院）(the "Maritime Court") attempted but failed to sell the Unsold Vessel for three times in 2021 through public auction. Subsequently, on 6 May 2022, Jiangxi Jiangzhou Union Shipbuilding Co., Ltd.（江西江州聯合造船有限責任公司）entered into a letter of intent (as supplemented on 21 September 2022) with Jiangxi Province Hongrui Shipbuilding Co., Ltd.（江西省鴻瑞船舶製造有限公司）("Jiangxi Hongrui"), pursuant to which Jiangxi Hongrui intends to purchase and take delivery of the Unsold Vessel upon obtaining the approval from the Maritime Court and/or the secured creditor of the Unsold Vessel, i.e. Bank of China on or before 31 March 2023. Therefore, the Group is in the process in communicating with the Maritime Court and the secured creditor and the management of the Group expects it would be able to complete the disposal of the Unsold Vessel to Jiangxi Hongrui by the end of 2022. As communicated with the Auditor, in case the Unsold Vessel is sold as scheduled which could provide sufficient information and explanation to satisfy the Auditor regarding the issues giving rise to disclaimer opinion (b) and therefore be fully addressed, there would be audit modifications in respect of disclaimer opinion (b) remaining on the Group's consolidated financial statements for the year ended 31 December 2022 and on the comparative figures and related disclosures in the consolidated financial statements for the year ended 31 December 2023, but no more audit modification regarding such issue for the subsequent financial years.

As such, except for the audit modification regarding disclaimer opinion (b) on: (1) the consolidated financial statements of the Group for the year ending 31 December 2022, and (2) the comparative figures and related disclosures to be stated in the consolidated financial statements of the Group for the year ending 31 December 2023, there would not be other audit modifications in respect of the matters referred to above. Accordingly, the issues giving rise to the disclaimer opinion (a) and disclaimer opinion (b) will no longer have any continuing effect on the Group's consolidated financial statements for the year ending 31 December 2024 and the subsequent years.

Uncertainties Relating to Going Concern

For the six months ended 30 June 2022, the Group reported a loss attributable to the owners of the Company of approximately HK$143.88 million. As of that date, the Group's current liabilities exceeded its current assets by approximately HK$4,692.03 million and the Group had net liabilities of approximately HK$4,390.08 million, in which total borrowings amounted to approximately HK$3,428.52 million, its bank balances and cash were only approximately HK$4.59 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 2022, the Group had bank balances and cash (including restricted cash) of approximately HK$4.67 million (31 December 2021: HK$6.68 million); short-term borrowings of HK$3,428.52 million (31 December 2021: HK$3,426.17 million); convertible bonds payable amounted to approximately HK$10.64 million (31 December 2021: HK$10.22 million). The gearing ratio defined as non-current liabilities and short-term borrowing divided by total shareholders' equity was (0.78) (31 December 2021: (0.79)).

FUND RAISING FROM ISSUE OF SHARES/CONVERTIBLE BONDS

The Company did not conduct fund raising through issue of shares/convertible securities during the period ended 30 June 2022. However, following convertible securities/right to subscribe for convertible securities remained outstanding during the year ended 30 June 2022.

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 2022**		**Immediately after full conversion of the Convertible Bonds** *(Note 2)*	
	No. of Shares	*Approximate percentage*	*No. of Shares*	*Approximate percentage*
Mr. Li Ming	31,219,448	7.64%	31,219,448	7.32%
Lead Dragon Limited *(Note 1)*	13,550,125	3.31%	13,550,125	3.18%
Mr. Zhang Shi Hong	242,750	0.06%	242,750	0.06%
Wise Benefit Investment Limited	0	0%	17,343,750	4.07%
Public Shareholders	363,908,648	88.99%	363,908,648	85.37%
Total:	408,920,971	100.00	426,264,721	100.00

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 2022, HK$126.38 million (31 December 2021: HK$129.56 million) of right-of-use assets and HK$26.68 million (31 December 2021: HK$27.82 million) of inventories were pledged to banks or other parties to secure borrowings and banking facilities granted to the Group.

As at 30 June 2022, 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 with principal amounting to RMB105.51 million (31 December 2021: RMB105.51 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 2022, 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 236 employees as at 30 June 2022. 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 2022, 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 2022 of approximately HK$57,273,000 (equivalent to RMB48,951,000) in aggregate, were recorded as "Trade and other payables" in the consolidated statement of financial position (31 December 2021: approximately HK$61,718,000 (equivalent to RMB50,589,000)).

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 report.

(b) At 30 June 2022, 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 2022 of approximately HK$7,185,000 (equivalent to RMB6,140,000) in aggregate, were recorded as "Trade and other payables" in the consolidated statement of financial position (31 December 2021: approximately HK$7,570,000 (equivalent to RMB6,205,000)). The balances had not been settled at the date of this report.

(c) The Company had recognised the provision in relation to the litigations of approximately RMB1,744,400,000 (31 December 2021: RMB1,744,763,000) under "Trade and other payables" and "bank and other borrowings" in the consolidated statement of financial position as at 30 June 2022. 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 2021 and 30 June 2022.

(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 RMB3,107,000 (31 December 2021: RMB3,470,000) had not been settled at 31 December 2021 and 30 June 2022.

(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 2021 and 30 June 2022.

(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 2021 and 30 June 2022.

(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 RMB325,408,000 (31 December 2021: RMB325,408,000) had not been settled at 30 June 2022.

(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 RMB172,775,000 had not been settled at 31 December 2021 and 30 June 2022.

(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 2021 and 30 June 2022.

(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 2021 and 30 June 2022.

(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 2021 and 30 June 2022.

(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 2021 and 30 June 2022.

(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 2021 and 30 June 2022.

(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 2021 and 30 June 2022.

(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 2021 and 30 June 2022.

(xiv) 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 RMB370,000,000 had not settled at 31 December 2021 and 30 June 2022.

(xv) In 2021, a bank filed litigation to the Intermediate People's Court of Jiangxi Jiujiang City against Jiangxi Shipbuilding for outstanding borrowings. At 31 December 2021, the litigation was judged. The outstanding payable of approximately RMB137,882,000 had not been settled at 31 December 2021 and 30 June 2022.

(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.

Save as disclosed above, the Directors are of the opinion that the Group has no other material litigation and contingent liabilities at 30 June 2022 and 31 December 2021.

CAPITAL COMMITMENTS

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted for but not provided in the condensed consolidated financial statements:		
Unpaid registered capital for the associates	**42,237**	44,042
Unpaid registered capital for the subsidiaries	**423,189**	441,274
Unpaid registered capital for a joint venture	**117,000**	122,000
	582,426	607,316

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 count 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, although the business development of the Group is still in a difficult stage, there are still many favorable factors in the restructuring of the Group. In particular, the liquidation litigation that has plagued the Group for more than two years has been eventually concluded, which partially alleviates the survival pressure of the Group. In the face of the new macroeconomic situation, the Group will carefully study and evaluate the overall solution to asset restructuring and debt restructuring, and fully communicate with relevant institutions, in order to resolve the debt crisis as soon as possible and get the business back on track.

Where there is a will, there is a way. We will work with all the concerned and supporters of the Group to face up to the difficulties, take advantage of the favorable factors, and turn the Group's commitment to the real economy into positive feedback to the society.

DIVIDEND

No dividends were paid or proposed for the six months ended 30 June 2022, nor has any dividend been proposed since the end of the reporting period (2021: 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 2022.

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 2022, 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.

Pursuant to code provision C.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual for a balance of power and authority. Mr. Zhang Shi Hong is the chairman of the Board and chief executive officer of the Company. He has considerable experience in the shipbuilding related industry. The Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Furthermore, decisions of the Board are made by way of majority votes. The Board believes that this structure is conducive to a more precise and more promptly response to the fast changing business environment and a more efficient management and implementation of business process. The Board also considers that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group.

As disclosed in the section "Management Discussion and Analysis" under the paragraphs headed "Uncertainties relating to going concern" set out on pages 9 to 10 and "Report on Corporate Governance" set out on pages 25 to 26 of 2021 annual report respectively, 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$143.88 million for the six months ended 30 June 2022 and, the Group's current liabilities exceeded its current assets by approximately HK$4,692.03 million and the Group had net liabilities of approximately HK$4,390.08 million in which total borrowings amounted to approximately HK$3,428.52 million, while its bank balance and cash were only approximately HK$4.59 million. 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 21 to 22 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 2022.

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 2022.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The 2022 interim results announcement is published on the websites of the Stock Exchange and the Company. The 2022 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 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 this announcement comprises 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, 30 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.