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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)

INSIDE INFORMATION UPDATE ON WINDING UP PETITION

This announcement is made by China Ocean Industry Group Limited (the “**Company**”), pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

References are made to (1) the announcements of the Company dated 19 July 2019, 2 August 2019, 23 August 2019, and 20 September 2019 in respect of the subscription of convertible bonds of the Company under specific mandate to independent third parties (the “**Subscription**”) and the proposed capital reorganization (the “**Capital Reorganization**”), and (2) the announcements of the Company dated 5 August 2019 and 28 August 2019 regarding the winding-up petition against the Company (collectively, the “**Announcements**”). Unless the context otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

UPDATE ON THE VALIDATION ORDER

On 3 September 2019, a summons supported by affirmation was filed by the Company to the High Court for application of the validation order, in which the Company made application for an order that, inter alia, until further order of the Court, notwithstanding the presentation of the Petition, the following shall not be void by virtue of section 182 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) (the “**Validation Order**”):

- (1) Any transfer of the Company’s shares on or after 30 July 2019;
- (2) The cancellation of HK\$0.049 paid up capital on each ordinary share of the Company (the “**Capital Reduction**”);
- (3) The transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company and its application towards offsetting the accumulated losses of the Company, together with the transfer of the balance of credit (if any) to the distributable reserve account of the Company;
- (4) The consolidation of every 40 shares into one consolidated share in the share capital of the Company;
- (5) The issuance of convertible bonds to Hong Kong Tong Ji Investment Holding Ltd (“**HKTJ**”) in the sum of not more than HK\$50,000,000 and the entering into of any agreements for the purpose thereof, pursuant to the Subscription Agreement dated 19 July 2019 entered into between the Company and HKTJ (“**the HKTJ Agreement**”);
- (6) Any payments made by HKTJ to the Company pursuant to the HKTJ Agreement and/or the convertible bonds;
- (7) The issuance of convertible bonds to Wise Benefit Investments Limited (“**Wise Benefit**”) in the sum of not more than HK\$60,000,000 and the entering into of any agreements for the purpose thereof, pursuant to the Subscription Agreement dated 19 July 2019 entered into between the Company and Wise Benefit (“**the Wise Benefit Agreement**”);

- (8) Any payments made by Wise Benefit to the Company pursuant to the Wise Benefit Agreement and/or the convertible bonds; and
- (9) Any other acts done by the Company, HKTJ and/or Wise Benefit pursuant to the terms of the HKTJ Agreement, the Wise Benefit Agreement and/or the convertible bonds.

The Company is pleased to announce that the Validation Order has been granted by the High Court on 23 September 2019 in the terms as mentioned above, with no order as to costs.

As the Validation Order has been granted, the Company will proceed with the transactions contemplated under the Subscription Agreements and the Capital Reorganisation in due course, whereby the net proceeds of the Subscription will be applied towards repayment of debts owned by the Group and the remaining for general working capital. The Company will seek withdrawal of the Petition against settlement of the Petitioner's claim.

The Company will keep its shareholders and potential investors informed of any significant development of the Petition, the Subscription and the Capital Reorganization and will make further announcement(s) as and when appropriate in accordance with the Listing Rules.

Shareholders of the Company and potential investors should accordingly exercise caution when dealing in the securities of the Company.

By order of the Board
China Ocean Industry Group Limited
Li Ming
Chairman

Hong Kong, 23 September 2019

As at the date of this announcement, the Board of the Company comprises three executive directors, namely, Mr. Li Ming, Mr. Zhang Shi Hong and Mr. Zhang Weibing, one non-executive director, namely, Mr. Chau On Ta Yuen; and three independent non-executive directors, namely, Ms. Xiang Siying, Mr. Hu Bai He and Ms. Xiang Ying.