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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**

**(1) THIRD SUPPLEMENTAL AGREEMENTS  
RELATING TO THE SUBSCRIPTION  
OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;  
(2) LAPSE OF MAJOR TRANSACTION IN RELATION TO  
DISPOSAL OF 20% EQUITY INTEREST  
IN ZHEJIANG OCEAN  
AND  
(3) UPDATE ON WINDING UP PETITION**

**Financial Adviser**



This announcement is made by China Ocean Industry Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”), 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**”).

## **THIRD SUPPLEMENTAL AGREEMENT TO SUBSCRIPTION AGREEMENT I**

Reference is made to the announcements of the Company dated 19 July 2019, 2 August 2019, 23 August 2019, 20 September 2019, 27 September 2019, 30 November 2019, 4 December 2019 and 11 December 2019 respectively (the “**CB Announcements**”) and the circular of the Company despatched on 3 October 2019 (the “**CB Circular**”) in relation to the issue of the Convertible Bonds. Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as those defined in the CB Announcements and the CB Circular.

The Board announces that on 31 December 2019 (after trading hours), the Company entered into (i) a supplemental agreement to the Subscription Agreement I (as amended and supplemented by the Supplemental Agreement I and the 2nd Supplemental Agreement I respectively dated on 27 September 2019 and 30 November 2019) (“**3rd Supplemental Agreement I**”) with Subscriber 1, pursuant to which the respective parties thereto agreed to, among other things, amend and supplement the terms of the Subscription Agreements as follows:

(i) to extend the Long Stop Date to 31 January 2020 (or such other dates as the Company and the relevant Subscriber may agree in writing).

Save as aforesaid, all other terms and conditions of the Subscription Agreements shall remain unchanged and shall continue to be in full force and effect.

## **UPDATE ON THE SUBSCRIPTION ON THE CONVERTIBLE BONDS 1 BY THE SUBSCRIBER 1**

The Board would like to update the Shareholders and potential investors that, as at the date of this announcement, and to the best of the Directors' knowledge, information and belief, having made reasonable enquiries, the Subscriber 1 is still in the course of procuring all the necessary consents and approvals required for the Subscription given the prevailing political instability and its potential impact to the financial market in Hong Kong. Save as the aforementioned necessary consents and approvals for the Subscriber 1, all other conditions precedent of the Subscription Agreement I have been fulfilled. As stated in the announcement of the Company dated 30 November 2019, in the event the conditions precedent of the Subscription Agreements are not fulfilled on or before 31 December 2019 (as amended by the 2nd Supplemental Agreements), or such other date as the Company and the relevant Subscriber may agree in writing, the relevant Subscription Agreement shall automatically terminate and lapse. As such, the Board considers that the extension of the Long Stop Date to 31 January 2020 (or such other dates as the Company and the relevant Subscriber may agree in writing), which is agreed with the Subscriber 1 in writing in the 3rd Supplemental Agreement I, would not constitute a material change to the terms and conditions of the Subscription Agreement I.

As at the date of this announcement, the Company and the Subscriber 1 is still in discussion on the subscription schedule, save for extending the Long Stop Date as set out above, no definitive agreement is made between the Company and the Subscribers on any other revision to the Subscription Agreements. The Subscription is expected to be completed by the end of January 2020.

## **UPDATE ON THE SUBSCRIPTION OF THE CONVERTIBLE BONDS 2 BY THE SUBSCRIBER 2**

The Subscriber 2 is still in the course of arranging the payment of the fund after all conditions precedent of the Subscription Agreement II had been fulfilled on 11 December 2019. As stated in the Circular, the Completion shall take place whereby the Convertible Bonds shall be issued to the Subscribers in 4 tranches in the respective amount to be agreed between the Company and the Subscribers within one month after the satisfaction of all of the conditions precedent. As such, from discussion between the Directors and the Subscriber 2, as advised by the Subscriber 2, it is expected that the Subscriber 2 shall complete the subscription of the remaining amount of approximately HK\$48.9 million of the principal amount of HK\$60 million of the Convertible Bonds 2 on or before the 11 January 2020.

The Company is actively communicating with each of the Subscribers. The Company shall ensure compliance of the Listing Rules and will update the Shareholders and potential investors by way of announcement in connection with the Subscription as and when appropriate in accordance with the Listing Rules.

## **LAPSE OF MAJOR TRANSACTION**

Reference is made to the announcements of the Company dated 28 February 2019, 6 March 2019, 11 April 2019, 3 May 2019, 17 May 2019, 30 May 2019, 15 July 2019, 30 July 2019, 31 August 2019, 30 October 2019, 21 November 2019 and 17 December 2019 (collectively “**Announcements**”) and the circular of the Company dated 14 August 2019 (the “**Circular**”) in relation to, among other things, the Disposal. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements and the Circular.

Pursuant to the Share Purchase Agreement (as amended and supplemented by the First Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement, the Fourth Supplemental Agreement and Fifth Supplemental Agreement), the Completion is subject to the fulfillment or waiver of conditions precedent by the Purchaser (where applicable) on or before 31 December 2019 (“**Extended Long Stop Date**”), then the Purchaser may, at its option, elect to proceed with the Completion, or not to proceed with the transactions contemplated thereunder and in such case the Share Purchase Agreement shall cease to be of any effect.

As certain conditions precedent under the Share Purchase Agreement have not been fulfilled or waived (where applicable) at or before the Extended Long Stop Date, and the Company and the Purchaser have not agreed on any further extension of the Extended Long Stop Date, the Share Purchase Agreement has lapsed on 31 December 2019 pursuant to the terms of the Share Purchase Agreement.

The Directors consider that the lapse of the Share Purchase Agreement will not have any material adverse impact on the existing business, operation and financial position of the Group.

## **UPDATE ON WINDING-UP PETITION**

Reference is made to the announcement dated 16 December 2019 of the Company in respect of the winding-up petition against the Company. On 16 December 2019, the High Court Judge has made directions that, inter alia, the Company shall pay into the High Court a sum of HK\$11,000,000 on or before 4:30 p.m. on 31 December 2019 (“**Payment into Court**”).

The Board wishes to update that, on 31 December 2019, the Company has taken out summons to apply for extension of time for the Payment into Court to be made on or before 14 January 2020. The summons will be heard by the High Court Judge on 10 January 2020 at 3:00 p.m.

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

Hong Kong, 31 December 2019

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