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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)

LAPSE OF THE SUBSCRIPTION AGREEMENT I

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References are made to the announcements of the Company dated 19 July 2019, 2 August 2019, 23 August 2019, 20 September 2019, 27 September 2019 and 30 November 2019, 4 December 2019, 11 December 2019, 31 December 2019, 9 January 2020 and 31 January 2020 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 under specific mandate. Unless defined otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the CB Announcements and the CB Circular.

Pursuant to the Subscription Agreement I, Completion is subject to the fulfilment of the conditions precedent on or before the Long Stop Date (i.e. 29 February 2020) or such other date as agreed by the parties to the Subscription Agreement I. The Board would like to update the Shareholders and potential investors that, since the condition precedent (4) of the Subscription Agreement I has not been fulfilled by the Long Stop Date, the Subscription Agreement I has automatically lapsed on 29 February 2020 whereupon the Company and the Subscriber 1 have been released from their respective rights and obligations under Subscription Agreement I, except for the obligations in relation to confidentiality.

The Board is assessing the effect of the lapse of the Subscription Agreement I on the financial and operation of the Group and is considering the feasibility of alternatives including alternative means of fund raising which may or may not involve the issuance of shares of the Company and/or the realization of assets, financial or otherwise.

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, 29 February 2020

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, 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.