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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)

VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING

This announcement is made by China Ocean Industry Group Limited (the “**Company**”, together with its subsidiaries the “**Group**”) on a voluntary basis to keep shareholders and potential investors of the Company informed of the Group’s latest business development.

The board (“**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that on 20 March 2020, the Company has entered into a memorandum of understanding on co-operation (the “**MOU**”) with Dragon Star Shipping Sdn Bhd (龍星航運有限公司) (“**Dragon Star**”), a company incorporated in Malaysia with the major business sectors of ferry, tour and transportation and Jiangxi Jingniu Hovercraft Manufacturing Co., Ltd.* (江西鯨牛氣墊船製造有限公司) (“**Jiangxi Jingniu**”), a shipbuilding company incorporated in PRC, to set out the parties’ intention in respect of future co-operation.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of Dragon Star and Jiangxi Jingniu and their respective ultimate beneficial owners are independent third parties (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

THE MOU

Pursuant to the MOU, the parties thereto (the “**Parties**”) agreed to, among other things, the following intentions on their co-operation:

- (1) Dragon Star intends to order 30 passenger ships and 5 hovercrafts with a capacity of 60-80 passengers from the Company and Jiangxi Jingniu.
- (2) The Company and Jiangxi Jingniu are responsible for the development and construction of (i) 100 high-speed passenger ships with a capacity of 300 passengers; and (ii) 20 passenger and vehicle ships with a capacity of 80 vehicles and 550 passengers.
- (3) The technical requirements and the delivery time are subject to the mutual agreement of the parties under the MOU.

The Board believes that, given the respective strength, resources and expertise of the Group, Dragon Star and Jiangxi Jingniu, the proposed co-operation is expected to bring long term value to the Group.

The Board wishes to emphasise that the co-operations contemplated under the Cooperation Framework Agreement are subject to the execution of definitive agreement(s) by the relevant parties thereto and therefore may or may not proceed.

Shareholders and potential investors of the Company are advised to 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, 20 March 2020

The English translation of Chinese names or words in this announcement, where indicated by “”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

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.