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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 FORCED TRANSFER OF EQUITY INTEREST IN ASSOCIATE COMPANY PURSUANT TO COURT NOTICE OF CONCLUSION OF ENFORCEMENT

This announcement is made by China Ocean Industry Group Limited (“**Company**”, and together with its subsidiaries, 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(2)(a) and 13.25(1)(e) of the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

THE NOTICE OF CONCLUSION OF ENFORCEMENT

On 20 June 2020, the Company received a notice of conclusion of enforcement dated 16 June 2020 issued by the Intermediate People’s Court of Zhoushan City, Zhejiang Province* (浙江省舟山市中級人民法院) (the “**Court**”) pursuant to which the Court has ordered the Group to transfer its 20% equity interest in Zhejiang Ocean Leasing Company Limited* (浙江海洋租賃股份有限公司) (“**Zhejiang Ocean**”) in satisfaction of the outstanding sum owed to Zhoushan Ocean Leasing New Energy Limited* (舟山海租新能源有限公司) (“**Claimant**”).

In February 2020, the Claimant had applied to enforce a mediation award in the amount of approximately RMB132.3 million against Merge Limited, a direct wholly-owned subsidiary of the Company.

As Merge Limited failed to settle the outstanding sum, in the course of enforcement, the Court has ordered, among others, that Merge Limited shall transfer the 20% equity interest it held in Zhejiang Ocean through Online Judicial Auction and such equity interest was subsequently transferred at a consideration of approximately RMB142.0 million to an independent third party to the Company and its connected persons (as defined in the Listing Rules) in satisfaction of, among others, (i) the outstanding sum in the amount of approximately RMB132.3 million owed to the Claimant by Merge Limited and (ii) taxes, court charges, service charges and other related expenses (the “**Forced Transfer**”). As at the date of this announcement, the Forced Transfer has taken effect and the enforcement proceedings have been concluded.

IMPACT ON THE GROUP

Immediately before the the Forced Transfer, Zhejiang Ocean was owned as to 20% by the Group. Accordingly, Zhejiang Ocean has been accounted for as an associate company using the equity method and its financial results have not been consolidated in the Group’s financial statements.

Upon completion of the Forced Transfer, the Group has ceased to hold any equity interest in Zhejiang Ocean and Zhejiang Ocean has ceased to be accounted for as an associate company of the Company.

The value of the total assets or the amount of profit or revenue attributable to the Group's interest in Zhejiang Ocean as shown in the latest unaudited consolidated financial statements of the Company for the year ended 31 December 2019 represented more than 5% under the applicable percentage ratios defined under Rule 14.04(9) of the Listing Rules. The directors of the Company nevertheless consider that the profit resulting from the Forced Transfer will have no material adverse impact on the Group's results and financial position.

Given that the Forced Transfer is made pursuant to the Enforcement Order issued by the Court, pursuant to FAQ Series 9, FAQ No.3 released by the Stock Exchange, the Forced Transfer does not constitute a "transaction" as defined in Chapter 14 of the Listing Rules.

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, 22 June 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.