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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)

**FURTHER ANNOUNCEMENT
DELAY IN PUBLICATION OF AUDITED RESULTS
ANNOUNCEMENT AND DISPATCH
OF ANNUAL REPORT FOR THE YEAR ENDED
31 DECEMBER 2019
AND
POSTPONEMENT OF 2020 ANNUAL GENERAL MEETING**



Draco Capital Limited

Financial adviser to the Company

The board of directors (the “**Board**”) of China Ocean Industry Group Limited (the “**Company**”) makes this announcement to provide certain updates to its shareholders and potential investors relating to the publication of the audited annual results (the “**2019 Annual Results**”) and the despatch of the annual report (the “**2019 Annual Report**”) for the year ended 31 December 2019 and the postponement of 2020 annual general meeting (“**2020 AGM**”).

Reference is made to the announcements of the Company on 31 March 2020, 4 May 2020 and 15 May 2020 in relation to the unaudited annual results announcement for the year ended 31 December 2019 (the “**Announcement**”) and the announcements of the Company in relation to the delay in publication of the 2019 Annual Results and the Annual Report (the “**Delay Announcements**”). Unless otherwise defined or the context otherwise requires, capitalised terms in this announcement shall have the same meanings as defined in the Announcement and Delay Announcements.

Due to the preventive measures and quarantine requirements imposed in the PRC and Hong Kong and the outstanding audit issues, which were brought about as a result of the COVID-19 pandemic, the Company expects that additional time is required for completion of the audit of the 2019 Annual Results. Auditing from a distance affects the results of audit work resulted from insufficient business data. Not all audit work could be performed from a distance and fieldwork, among others, conducting general controls walk-thru by observation, sampling and reviewing documentation and processes (including examining original documents, e.g. the purchase and sales invoices, bank loan agreements, other borrowings contracts etc., and conducting audit work by testing transactions and documentation and inspection of assets in place), is required before publication of auditor’s report. The continued travel restrictions implemented in the PRC, the Company’s auditors could not start to perform on-site audit works in the PRC, eg. the site in Jiangxi and Shandong and could only kick off on-site audit works in mid June 2020. A series of audit procedures mentioned above are yet to completed, including but not limited to reviewing the status of certain existing indebtedness of the Group, circularising external confirmations (including bank, debtors and creditors’ confirmations) and search results and obtaining valuations on 1) investment properties, 2) business valuations; 3) intangible assets, and property, plant equipment and right-of-use assets to assist the management and auditors to conduct impairment assessments over the fair value of such accounting items.

As stated in the Announcement, the Company considered it could not rule out the possibility that the impairment assessments conducted by the Company’s management over the fair value of accounting items set out in the Announcement may be adjusted after taking the advice from professional advisers during the course of the audit process. As such, with a view to conduct the abovementioned impairment assessments, the Board has been actively communicating and liaising with the valuer and the auditor of the Company for the valuations and audit and adopting possible ways to comply with the financial reporting requirements in accordance with the Listing Rules. It is expected that the valuations and on-site audit works in the PRC will be completed by early to mid of July 2020.

Considering the pandemic is started to be contained, the audit schedule is started to be back on track, which is expected to be completed as soon as practicable. However, preventive measures and restrictions had still been put in place in the PRC and Hong Kong, among others, Hong Kong government had extended the compulsory quarantine measures for inbound travellers to 7 July, 2020 and quarantine orders which restrict entry to and exit from certain cities in the PRC still apply. These precautionary measures led to inability for the Group to restore normal operation and intervened the audit schedule accordingly. Thus, the auditors could only start to conduct on-site audit in the Group's bases in Jiangxi and Shandong in mid June 2020. As a result, application had been made to the Stock Exchange for a waiver from strict compliance with Rule 13.46(2)(a) of the Listing Rules and "Further Guidance on the Joint Statement in relation to results announcements in light of the COVID-19 Pandemic" (the "**Statement**") issued by the Securities and Futures Commission and the Stock Exchange dated on 16 March 2020 about the defer on the publication of its annual report initially for up to 60 days from the date of the Statement to further extend the deadline for the publication of both the 2019 Annual Results and despatch of 2019 Annual Report to a date falling on or before 31 July 2020.

Due to the delay on publication of audited financial statements, the notice of AGM and related documents can only be sent to the shareholders right after its publication. In view of the policy about sending out the AGM documents for at least 21 working days in advance before the AGM, if the audited financial statements can only be published on or before 31 July 2020 as proposed the AGM is expected to be postponed beyond six months from the financial year ended dated. Application had been made to the Stock Exchange for a waiver from strict compliance with 13.46(2)(b) of the Listing Rules and postpone the date of 2020 AGM to a date falling on or before 10 September 2020.

Pursuant to the Company's Bye-Laws (the "**Bye-Laws**"), an AGM shall be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of the designated stock exchange, if any) and place as may be determined by the board of directors of the Company. Given that the previous annual general meeting of the Company was held on 21 June 2019, the rescheduled AGM as proposed will not contravene the Bye-Laws.

The key events and expected timeline in relation to the audit procedures, 2019 Annual Results, 2019 Annual Report and the 2020 AGM are set out as follows:

Key events	Expect timeline
Kick-off of on-site audit work in the PRC	mid of June 2020
Completion of on-site audit work in the PRC and valuations	by early to mid of July 2020
Audit committee meeting and Board meeting to approve the 2019 Results	on or before 31 July 2020
Publication of 2019 Results and despatch of 2019 Annual Report	on or before 31 July 2020
2020 AGM	on or before 10 September 2020

Application had been made to the Stock Exchange for the approval for the delay in publication of the announcement for the 2019 Annual Results, the 2019 Annual Report and AGM and on 26 June 2020, the Stock Exchange has granted to the Company (i) a waiver from strict compliance with Rule 13.46(2)(a) of the Listing Rules on the basis that the Company will despatch the 2019 Annual Report on or before 31 July, 2020; and (ii) a waiver from strict compliance with rule 13.46(2)(b) of the Listing Rules subject to the Company's compliance with the Bye-Laws. The Company will keep the shareholders and potential investors informed of the latest progress of the 2019 Annual Results, 2019 Annual Report and 2020 AGM and will make further announcement as and when appropriate in accordance with the Listing Rules.

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

Hong Kong, 29 June 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; and three independent non-executive directors, namely, Ms. Xiang Siying, Mr. Hu Bai He and Ms. Xiang Ying.