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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)

PROFIT WARNING

This announcement is made by China Ocean Industry Group Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 (2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the “Directors”) of the Company wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors of the Company that, based on the information currently available to the Company and preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2017, the loss of the Group record in its annual results for the year ended 31 December 2017 may be increased, as compared to that of the Group for the year ended 31 December 2016. The possible increased loss was mainly attributable to the estimated price reduction for the ships due to delayed delivery and the corresponding increased contract cost incurred amounted to approximately HK\$190,000,000, the increased impairment loss recognised in respect of goodwill amounted to approximately HK\$30,000,000 and the increased finance costs amounted to approximately HK\$45,000,000 compared with the same for the year ended 31 December 2016. In assessing the possible provision for impairment losses of goodwill to be accounted, the management of the Company has engaged an independent valuer to prepare the valuation for the subsidiaries as at 31 December 2017 and the valuation is still in progress, details of which will be disclosed in the Company’s annual results for the year ended 31 December 2017.

As the Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2017, the information contained in this profit warning announcement is only based on information currently available to the Company, including a preliminary review and assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2017 by the management of the Company, which have not been finalised, or reviewed or audited by the auditor of the Company or the audit committee of the Company.

Further details of the Group's financial information for the year ended 31 December 2017 will be disclosed in the Company's annual results announcement, which are expected to be published on 29 March 2018.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 23 March 2018

As at the date of this announcement, the Board of the Company comprises four executive directors, namely, Mr. Li Ming, Mr. Zhang Shi Hong, Mr. Zhang Weibing and Mr. Liu Jin, 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.