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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 COMMENCEMENT OF BANKRUPTCY PROCEEDINGS AGAINST A SUBSIDIARY OF THE COMPANY

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**”).

COMMENCEMENT OF BANKRUPTCY PROCEEDINGS

The board of directors of the Company (the “**Board**”) announces that on 19 July 2019, Nantong Huakai Heavy Industries Limited Company* (南通華凱重工有限公司) (“**Nantong Huakai**”), a subsidiary of the Company, received a judgment (“**Judgment**”) dated 17 July 2019 from the People’s Court (the “**Court**”) of Rugao City, Jiangsu Province, the People’s Republic of China (“**PRC**”).

The creditors of Nantong Huakai had applied to the Court for the bankruptcy and liquidation of Nantong Huakai on the ground that Nantong Huakai is unable to pay its outstanding debt. Pursuant to the Judgment, the Court held that the creditors’ application complied with the legal requirements and accepted the creditors’ application for bankruptcy proceedings against Nantong Huakai, and designated Jiangsu Huahui Liquidation Company Limited* (江蘇華輝清算事務所有限公司) as the bankruptcy administrator of Nantong Huakai.

Based on the preliminary advice of the Company’s PRC legal adviser, upon commencement of the bankruptcy proceedings, Nantong Huakai may enter into reconciliation or debt restructuring plan with its creditors. Should Nantong Huakai failed to adopt either of the aforesaid measures, the Court may declare Nantong Huakai bankrupt.

The Company is actively communicating with the creditors, the local Government and the Court to seek for reconciliation or debt restructuring plan in relation to the bankruptcy proceedings.

Nantong Huakai is established under the laws of the PRC in April 2007 with limited liability and is principally engaged in manufacture and sales of steel structures and fittings for ship, marine equipment, mining equipment, ro-ro equipment and bridge and building steel structures.

IMPACT ON THE DISPOSAL OF 60% EQUITY INTEREST IN NANTONG HUKAI

Reference is made to the Company's announcement dated 13 June 2019, 12 July 2019 and 15 July 2019 in respect of the disposal of 60% equity interest in Nantong Huakai (“**Disposal**”).

The Company is seeking legal advice in respect of the Judgment's impact on the Disposal under applicable PRC laws and is discussing and negotiating with the relevant purchaser about further arrangements of the Disposal (if any) given the current status of the Judgment.

The Company will issue further announcement(s) as and when appropriate on any significant development in relation to the bankruptcy proceedings of Nantong Huakai and the Disposal.

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, 19 July 2019

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 three executive directors, namely, Mr. Li Ming, Mr. Zhang Shi Hong and Mr. Zhang Weibing, 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.