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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 SETTLEMENT AGREEMENT

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.

References are made to the announcements published by the Company dated 5 July 2018 and 18 July 2018.

SETTLEMENT AGREEMENT

The board of directors of the Company (the “**Board**”) announces that on 5 September 2019, (a) the administrator of Zhejiang Ouhua Shipbuilding Company Limited* (浙江歐華造船股份有限公司管理人) (“**Zhejiang Ouhua**”) on the first part, (b) the following subsidiaries of the Company: China Ocean Shipbuilding Holdings Limited, Jiangxi Jiangzhou United Shipbuilding Company Limited * (江西江州聯合造船有限責任公司) and JiuJiang Jinhu Equipment Manufacturing Company Limited* (九江金湖裝備製造有限公司) (collectively “**Relevant Subsidiaries**”) on the second part, and (c) NIBO Trading Company Limited (“**NIBO**”) on the third part, entered into a settlement agreement (“**Settlement Agreement**”) pursuant to which the parties thereto agreed to, among other things, the following:

- (1) Zhejiang Ouhua agreed to, within 5 business days from the date of the Settlement Agreement, withdraw two lawsuits relating to disputes over the revoking rights of bankruptcy against the Relevant Subsidiaries and Zhoushan China Ocean Investment Fund* (舟山中海投創業投資企業) (“**Zhoushan Investment Fund**”), a joint venture owned as to approximately 78.74% by the Group; whereas the Company shall pay Zhejiang Ouhua a sum of RMB8,113,527 (“**Settlement Sum**”) by 31 October 2019;
- (2) the Relevant Subsidiaries shall coordinate Zhoushan Investment Fund to revise its claim of debt amount against Zhejiang Ouhua from RMB545,909,305.88 to RMB116,059,458.70 and RMB17,571,300 to RMB3,735,630.71 respectively;
- (3) upon payment of the Settlement Sum and the aforesaid revision of the claim of debt amount, the parties agree that all debts between the Group and Zhejiang Ouhua shall be deemed to have been discharged; and
- (4) within 30 days from payment of the Settlement Sum and revision of the claim of debt amount, NIBO shall transfer the 40% interest in China Ocean Shipbuilding (Hong Kong) Limited (“**China Ocean HK**”), a non-wholly owned subsidiary of the Company, held by NIBO as nominee on behalf of Zhejiang Ouhua to any of the Relevant Subsidiaries or party designated by the Company at nil consideration.

The Board considers the Settlement Agreement and the transactions contemplated thereunder is in the interest of the Company and its shareholders as a whole.

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, 5 September 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.