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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 ANNOUNCEMENT OF BANKRUPTCY 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**”).

GRANT OF BANKRUPTCY ORDER

Reference is made to the Company’s announcement dated 19 July 2019 in respect of the bankruptcy proceedings against a subsidiary of the Company, Nantong Huakai Heavy Industries Limited Company* (南通華凱重工有限公司) (“**Nantong Huakai**”).

The board of directors of the Company (the “**Board**”) announces that on 20 December 2019, the People’s Court (the “**Court**”) of Rugao City, Jiangsu Province, the People’s Republic of China (“**PRC**”) held, among other things, Nantong Huakai bankrupt . On 26 December 2019, the Court held, upon application made by the bankruptcy administrator of Nantong Huakai, the subsidiaries of Nantong Huakai and Nantong Huakai bankrupt in a consolidated manner* (合併破產) (collectively “**Bankruptcy**”).

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

References are made to the Company's announcements dated 13 June 2019, 12 July 2019, 15 July 2019, 19 July 2019 and 30 September 2019 in respect of the disposal of 60% equity interest in Nantong Huakai ("**Disposal**").

In light of the Bankruptcy, the Company expects that the Share Purchase Agreement shall lapse on 31 December 2019 and as a result the Company will not proceed any further with the Disposal.

The Company is seeking advice from the Company's PRC legal adviser and auditor as regards the impact of the Bankruptcy and the relevant steps to be taken to effect the relevant procedures. Should the Company have any further information in this respect or should there be any material development in the Bankruptcy, further announcements will be made.

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, 27 December 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 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.