

The Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

CHINA OCEAN INDUSTRY GROUP LIMITED

中海重工集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00651)

VOLUNTARY ANNOUNCEMENT FRAMEWORK AGREEMENT IN RESPECT OF JIANGXI RUICHANG PROJECT

This announcement is made by China Ocean Industry Group Limited (the “**Company**”, together with its subsidiaries the “**Group**”) on a voluntary basis to keep shareholders and potential investors of the Company informed of the Group’s latest business development.

Reference is made to (i) the announcement of the Company dated 13 March 2018 in relation to the Cooperation Framework Agreement entered into among the Company, Ruichang Government and Singapore Listco in respect of possible cooperation which involves, among other things, revitalising Jiangxi Shipbuilding, a wholly-owned subsidiary of the Company through which the shipbuilding business is conducted; and (ii) the announcement of the Company dated 26 March 2018 in relation to, among other things, the Memorandum to propel the possible cooperation contemplated under the Cooperation Framework Agreement. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the announcement dated 26 March 2018.

FRAMEWORK AGREEMENT

On 10 July 2017, Singapore Listco on the first part, the Company and Jiangxi Shipbuilding on the second part and Wuxi Tianshi Education Goods Co., Ltd.* (無錫天石教育用品有限公司, “**Wuxi Tianshi**”) on the third part entered into a framework agreement to further set out the parties’ intention in respect of the cooperation contemplated under the Cooperation Framework Agreement and the Memorandum.

Pursuant to the Framework Agreement, the parties thereto (“**Parties**”) agreed that, among other things:

Revitalisation of Jiangxi Shipbuilding’s assets and commencement of shipbuilding business

- (1) The Parties shall establish a joint venture shipbuilding company (“**Shipbuilding JV**”) in Ruichang city. The Shipbuilding JV shall have registered capital of RMB100,000,000 which shall be contributed as to RMB60,000,000 by Singapore Listco (or its subsidiary or related party), RMB40,000,000 by the Group (or its related party) and RMB10,000,000 by Wuxi Tianshi (or its subsidiary or related party). Accordingly, the Shipbuilding JV shall be owned as to 60% by Singapore Listco; 30 % by the Group and 10% by Wuxi Tianshi. The capital contribution may be satisfied by cash or, according to the production and operation need of Shipbuilding JV, by assets of equivalent value subject to valuation and confirmation of the Parties.
- (2) The Shipbuilding JV shall be established within 20 business days after the governmental approval of the proposal for the sale of limestone mining right by Ruichang Government having been obtained (“**Mining Right Sale Approval**”).
- (3) The Shipbuilding JV shall achieve an annual capacity of 4 to 6 vessels of 20,000 tonnes within two to three years.

Vessel export business

- (1) Singapore Listco shall establish a vessel export company (“**Export Co**”) and shall be responsible for Export Co’s management. Export Co shall be established within 20 business days after obtaining the Mining Right Sale Approval.
- (2) Subject to further negotiation among the Parties, the Four Undelivered Vessels shall be handled in the following manners and where possible the Parties shall arrange the Four Undelivered Vessels to be exported in Ruichang city:
 - (i) In the event new purchaser could be identified, the mortgagee bank of the relevant Four Undelivered Vessels shall provide additional funds and Shipbuilding JV or Singapore Listco shall assist Jiangxi Shipbuilding to complete the construction. Proceeds from sale of the Four Undelivered Vessels shall first be applied to repay the loans owed to the relevant mortgagee bank. In the event the bank refused to provide further financing, the Parties shall advance money for such purpose however, the bank shall agree that the proceeds from sale shall first be applied to repay such advancement together with any interest accrued thereon.

- (ii) Where no purchaser could be identified, the Parties shall coordinate with the bank for further financing, and Shipbuilding JV or Singapore Listco shall assist Jiangxi Shipbuilding to complete the construction. Proceeds from sale of the Four Undelivered Vessels shall first be applied to repay the loans owed to the relevant mortgagee bank.

- (iii) Where no purchaser could be identified, the Group and the bank may coordinate to arrange for the disposal of the Four Undelivered Vessels on an as-is basis at a discount to Singapore Listco or other parties which shall continue with the construction. The Group and the bank shall be entitled to a right to repurchase the relevant vessel within a specified period at the price no lower than the sum of the discounted price and such amount invested by Singapore Listco or other parties.

Development of limestone mining project

- (1) The Parties shall set up a company in Ruichang city for mining development (“**Mining Co**”). The registered share capital of Mining Co shall be RMB500,000,000, of which Singapore Listco (or its subsidiary or related party) shall contribute RMB300,000,000, the Group (or its related party) shall contribute RMB150,000,000 and Wuxi Tianshi (or its subsidiary or related party) shall contribute RMB50,000,000. Accordingly, the Mining Co shall be owned as to 60% by Singapore Listco; 30 % by the Group and 10% by Wuxi Tianshi. The capital contribution may be satisfied by cash or, according to the production and operation need of Mining Co, by assets of equivalent value subject to valuation and confirmation of the Parties.

- (2) Mining Co shall be established within 30 business days after obtaining the Mining Right Sale Approval.

- (3) Based on Mining Co’s annual productivity of 25,000,000 tonnes limestone and the relevant requirement for limestone delivery and loading, the Group shall effect the necessary upgrade and modification on its material pier by end of October 2018.

Preliminary expenses

To facilitate the preliminary preparatory work for implementing the transactions contemplated under the Framework Agreement, Singapore Listco agreed to contribute RMB1,800,000; the Group agreed to contribute RMB900,000; and Wuxi Tianshi agreed to contribute RMB300,000 within 10 days from the date of the Framework Agreement to cover the expenses incurred in carrying out the aforesaid preparatory work.

REASONS FOR ENTERING INTO THE FRAMEWORK AGREEMENT

The Framework Agreement provides a more detailed and substantive framework for the Parties to implement the cooperation contemplated under the Cooperation Framework Agreement and the Memorandum. As disclosed in the respective announcements dated 22 March 2018 and 26 March 2018, such co-operation offers an opportunity for Jiangzhou Shipbuilding to co-operate with Singapore Listco to revitalise the business of Jiangzhou Shipbuilding, and in particular, identify new purchasers for the Four Undelivered Vessels which will help minimise the financial impact on the Group.

To the best of the knowledge, information and belief and having made all reasonable enquiries by the Directors, each of Singapore Listco and Wuxi Tianshi and their respective ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Listing Rules).

The Directors therefore consider that the Framework Agreement and the transactions contemplated thereunder are therefore in the interest of the Company and its shareholders as a whole.

The Board wishes to emphasise that the co-operations contemplated under the Framework Agreement are subject to the execution of definitive agreement(s) by the relevant parties thereto and therefore may or may not proceed.

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, 10 July 2018

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 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.