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中國海洋集團

**CHINA OCEAN GROUP
DEVELOPMENT LIMITED**

China Ocean Group Development Limited

中國海洋集團發展有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8047)

VOLUNTARY ANNOUNCEMENT SUPPLEMENTAL ANNOUNCEMENT ON ARBITRATION

This announcement is made by China Ocean Group Development Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2) of the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 18 February 2024 (the “**Announcement**”) in relation to the Arbitration. Unless otherwise stated, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

The Company would like to supplement the information contained in the Announcement in relation to the Arbitration as follows:–

Details of the Subscription Agreement being breached by the Respondents

With respect to the Subscription Agreement, the HKIAC tribunal held that the Respondents breached a term under the Subscription Agreement (the “**Subject Term**”) that after the Convertible Bonds are converted into shares of the Company, unless the Subscriber gives its consent, the Company shall not (i) issue any bonds; (ii) conduct financing activities on terms that are better than the Subscription Agreement; and (iii) issue convertible bonds, shares, warrants and options etc., at the issue price or conversion price less than the Conversion Price.

However, the tribunal concurred to a certain extent with the Company's defence on estoppel by convention, that it is reasonable for the Company to assume the Subscriber, through its representative, at the material time who was aware of the Subject Term and has in fact voted in favour of the issue of bonds and shares of the Company during the relevant period of 2018 to 2020, has the general authority to act on behalf of the Subscriber or, under each of the relevant issue, has already communicated with the Subscriber and has obtained the relevant authorisation from the Subscriber. Hence, it is considered reasonable for the Company to believe that there may exist a convention or assumption that the parties to the Subscription Agreement agreed that they did not have to comply with the Subject Term.

Nevertheless, the tribunal considered the circumstances are not sufficient to satisfy the stringent legal requirement for establishing a successful defence of estoppel by convention. Therefore, the tribunal decided against the Company on this legal submission and ruled that, among other things, the Respondents have joint and several obligations to compensate the Subscriber for nominal damages.

It is understood that under Hong Kong law, nominal damages are symbolic and non-compensatory awarded to the claimant, that reflects a technical breach of the defendants' duty and gives rise to no right to any real damages. The Arbitral Award has expressly stated that nominal damages as symbolic.

The tribunal held that in breach of the Subscription Agreement, the Company has issued bonds and shares at the price below the Conversion Price during the relevant period of 2018 to 2020, involving issue of 487,696,000 shares. To the Company's understanding, there was no ruling on challenging the validity of the issue of shares under the Arbitral Award.

Coverage and impacts of the fundraising restrictions under the Arbitral Award

The Arbitral Award provides that the restriction is that commencing from 15 February 2024 (being the date when the Arbitral Award was handed down by the HKIAC) until the Applicant ceased to hold shares of the Company, unless with the consent of the Applicant, the Company cannot carry out certain financing activities, which are (i) issue of any bonds; (ii) conduct financing activities on terms that are better than the Subscription Agreement; and (iii) issue convertible bonds, shares, warrants and options etc., at the issue price or conversion price less than the Conversion Price, that is HK\$0.24 per share of the Company.

The Board is of the view that even with the Arbitral Award, the Company can still obtain the consent for capital and bond financing. The Subscriber, as one of the major shareholders, should have no reason not to support any plan which is beneficial to the Company's long-term development and financial performance. Apart from the capital and bond financing, the Company still had a variety of options to finance its operations, including through bank borrowings and other borrowings from financial institution, loan from corporation, loan from shareholder and there would be no restriction to proceed with capital and debt financing (other than bonds) so long as the issue price of shares is higher than the Conversion Price.

The Board is now liaising with the management of the Subscriber in relation to the settlement plan for the Arbitral Award, the Respondents, including the Company, are discussing and negotiating with the Subscriber for an extension of time to the end of year for the settlement. However no formal agreement has been reached.

The Company will make further announcement(s) to keep its shareholders and investors informed of any significant developments in relation to the aforesaid as and when appropriate in compliance with the GEM Listing Rules.

Shareholders and potential investors should exercise caution when dealing in the shares or other securities of the Company.

By Order of the Board
China Ocean Group Development Limited
Liu Rongsheng
Executive Director and Chairman

Hong Kong, 30 September 2024

As at the date of this announcement, the executive Directors are Mr. Liu Rongsheng, Mr. Cai Haiming, Mr. Cai Haipeng and Mr. Fan Guocheng; the non-executive Directors are Mr. Lui Chun Pong and Mr. Chen Jianchang; and the independent non-executive Directors are Mr. Kam Hou Yin, John and Mr. Li Cao.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at <http://www.chinaoceangroup.com.hk>.