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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)**

**SECOND SUPPLEMENTAL AGREEMENT  
RELATING TO THE MAJOR TRANSACTION  
IN RELATION TO  
DISPOSAL OF 20% EQUITY INTEREST IN ZHEJIANG OCEAN  
AND  
FURTHER DELAY IN DESPATCH OF CIRCULAR**

**Financial Adviser**



**Draco Capital Limited**

Reference is made to the announcements of the Company dated 28 February 2019, 6 March 2019, 11 April 2019, 3 May 2019, 17 May 2019, 30 May 2019 and 15 July 2019 (collectively “**Announcements**”) in relation to, among other things, the Disposal. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements.

## SECOND SUPPLEMENTAL AGREEMENT

The Board announces that on 30 July 2019 (after trading hours), the Vendor and the Purchaser entered into the second supplemental agreement (the “**Second Supplemental Agreement**”) to the Share Purchase Agreement (as amended and supplemented by the first supplemental agreement dated 30 May 2019 (the “**First Supplemental Agreement**”)) pursuant to which, the Vendor and the Purchaser agreed that, among other things:

(1) The Consideration shall be the lower of:

(i) the value determined by the following formula:  $(A \times 20\%) + (B \times 20\%)$

where:

A = the net asset value of Zhejiang Ocean as at 31 December 2018 (net of non-recurring gains or loss) based on the audited financial statements for the year ended 31 December 2018 conducted by a qualified auditor in the PRC as agreed by the parties to the Share Purchase Agreement (or their respective associates authorised to do so)  $\times 110\%$  + the RMB equivalent amount of US\$3.75 million based on the Agreed Exchange Rate, i.e. RMB787,670,123; and

B = the audited net loss of Zhejiang Ocean for the period from 1 January 2019 to 31 May 2019 i.e. RMB9,884,097

and

(ii) RMB170 million.

The Vendor and the Purchaser acknowledged that the Consideration determined by the formula in (i) above. The Vendor and the Purchaser agreed to further adjust upward the Consideration determined by the aforesaid formula to RMB162,600,000, which shall represent the final amount of Consideration payable by the Purchaser to the Vendor for the Sale Interest.

- (2) The Consideration is payable in cash by the Purchaser to the Vendor according to the following schedule:
- (a) 70% of the Consideration, representing RMB113,820,000, shall be payable within 5 Business Days from Completion; and
  - (b) the remaining 30% of the Consideration, representing RMB48,780,000, shall be payable within 5 Business Days upon completion of the registration in respect of the change in shareholder of Zhejiang Ocean with the relevant PRC governmental authority.
- (3) Long Stop Date shall be further extended to 31 August 2019 (or such other date as the Vendor and the Purchaser may agree in writing).

Save as aforesaid, all other terms and conditions of the Share Purchase Agreement (as amended and supplemented by the First Supplemental Agreement) shall remain unchanged and shall continue to be in full force and effect.

## **FURTHER DELAY IN DESPATCH OF CIRCULAR**

As disclosed in the Announcement dated 15 July 2019, the Circular containing, among other things, (i) further information relating to the Disposal; (ii) a notice convening the SGM; and (iii) other information required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 31 July 2019. As additional time is required to finalise certain information in the Circular, it is expected that date of despatch of the Circular will be further postponed to a date falling on or before 15 August 2019.

By order of the Board  
**China Ocean Industry Group Limited**  
**LI Ming**  
*Chairman*

Hong Kong, 30 July 2019

*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 Xiang Ying.*