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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)

ADJUSTMENTS IN RELATION TO THE CONVERTIBLE BONDS AND THE SHARE OPTIONS

Reference is made to the circular of China Ocean Industry Group Limited (the “**Company**”) dated 3 October 2019 (the “**Circular**”) in relation to subscription of Convertible Bonds under specific mandate and Capital Reorganisation and the announcement of the Company in relation to the poll results of the special general meeting of the Company dated 25 October 2019 (the “**Announcement**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular and the Announcement.

ADJUSTMENTS TO THE CONVERTIBLE BONDS

The conversion price of the Existing CB and the total number of Shares to be allotted and issued upon full exercise of the conversion rights attached to the Existing CB have been adjusted as a result of the Share Consolidation, which is part of the Capital Reorganisation becoming effective on 29 October 2019.

ADJUSTMENTS TO THE SHARE OPTIONS

The exercise price and the number of Share Options have been adjusted as a result of the Share Consolidation, which is part of the Capital Reorganisation becoming effective on 29 October 2019.

CAPITAL REORGANISATION BECOMING EFFECTIVE

The Board is pleased to announce that the Capital Reorganisation has been approved by the Shareholders at the SGM held on 25 October 2019, which will take effect on 29 October 2019.

ADJUSTMENTS TO THE CONVERTIBLE BONDS

Pursuant to the terms of the instrument of the Existing CB, the conversion price of the Existing CB and the number of New Shares to be allotted and issued upon exercise of all the conversion rights attached to the Existing CB have been adjusted (the “**CB Adjustments**”) as a result of the Share Consolidation, which is part of the Capital Reorganisation becoming effective on 29 October 2019. The CB Adjustments as summarised in the table below has taken effect after the trading hours on 28 October 2019, being one day before the date on which the Share Consolidation becomes effective:

| Convertible Bonds | Immediately before the Capital Reorganisation becoming effective | | Immediately after the Capital Reorganisation becoming effective | |
|--------------------------------|--|-------------------------------|--|---|
| | Number of Shares to be allotted and issued upon exercise of all the conversion rights under the Convertible Bonds | Conversion price per Share | Adjusted number of New Shares to be allotted and issued upon exercise of all the conversion rights under the Convertible Bonds | Adjusted conversion price per New Share |
| Date of Issue | | | | |
| 10 November 2017 (due in 2019) | 2,700,000,000 | HK\$0.07 | 67,500,000 | HK\$2.8 |

ADJUSTMENTS TO THE SHARE OPTIONS

Pursuant to the terms and conditions of the Share Option Scheme and the requirements set out in Rule 17.03(13) of the Listing Rules, the exercise price per Share Option and the number of New Shares to be allotted and issued upon exercise of the outstanding Share Options should be adjusted as a result of the Share Consolidation, which is part of the Capital Reorganisation becoming effective on 29 October 2019. The adjustments as summarised in the table below has taken effect on 29 October 2019, being the date on which the Share Consolidation becomes effective:

Adjustment under the Share Option Scheme:

| Date of grant | Exercise price before adjustment (per Share) | Number of Shares to be issued upon exercise of all share options granted under the Share Option Scheme | Adjusted exercise price (per New Share) | Adjusted number of New Shares to be issued upon exercise of all share options granted under the Share Option Scheme |
|---------------|--|---|---|---|
| 7 May 2014 | HK\$0.211 | 326,000,000 | HK\$8.44 | 8,150,000 |

Both the adjustments to the Existing CB and Share Options will be effective on 29 October 2019. Save for the above adjustments, all other terms and conditions of the Existing CB and Share Options remain unchanged. Hologram Capital Limited, the independent financial advisor of the Company, has certified that the above adjustments of the Existing CB were made in accordance with the respective instruments creating the same and the above adjustments of the Share Options were made in compliance with the Listing Rules and in accordance with the Share Option Schemes.

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

Hong Kong, 29 October 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 Ms. Xiang Ying.