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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)

**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 and 17 May 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.

SUPPLEMENTAL AGREEMENT

The Board announces that on 30 May 2019 (after trading hours), the Vendor and the Purchaser entered into the supplemental agreement to the Share Purchase Agreement (“**Supplemental Agreement**”) pursuant to which the parties thereto agreed to amend and supplement certain terms of the Share Purchase Agreement as follows:

(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 audit 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) * 110% + US\$3.75 million; and

B = the audited net profit of Zhejiang Ocean for the period from 1 January 2019 to the last day of the month immediately prior to despatch of the circular in relation to the special general meeting for considering the transaction contemplated under the Share Purchase Agreement by the Company pursuant to applicable laws and regulations (including but not limited to the bye-laws of the Company and the Listing Rules);

or

(ii) RMB170 million.

(2) the Long Stop Date shall be extended to 31 July 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 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 17 May 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 May 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 21 June 2019.

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

Hong Kong, 30 May 2019

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 Xiang Ying.