

香港中央結算有限公司
(香港交易及結算所有限公司全資附屬公司)

HONG KONG SECURITIES CLEARING COMPANY LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: China Ocean Industry Group Limited (Stock Code: 651)
- Proposal of Capital Reorganization

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Pursuant to the Capital Reorganization proposal of China Ocean Industry Group Limited ("CHI OCEAN IND"), the par value of each issued Share will be reduced from HK\$0.05 ("Existing Share") to HK\$0.001 ("Reduced Share") by cancelling the paid-up capital to the extent of HK\$0.049 on each issued Share. Immediately upon the Capital Reduction becoming effective, every 40 Reduced Shares of HK\$0.001 each will be consolidated into 1 share of HK\$0.04 ("Consolidated Share") each. Dealings in the Consolidated Shares are expected to commence on 29 October 2019.

For the convenience of CCASS Participants, HKSCC will carry out the conversions of actual holdings, transactions (including Settlement Instruction Transaction ("SI Transaction"), Investor Settlement Instruction Transaction ("ISI Transaction") and Compulsory Stock Borrowing Transaction ("CSB Transaction")) and/or unsettled stock positions (including Continuous Net Settlement Position ("CNS Position") and Isolated Trade Position ("IT Position")) of participants in CCASS to facilitate settlement of both Consolidated Shares and Existing Shares in CHI OCEAN IND. A stock conversion schedule is attached herewith as per Appendix I.

The aforesaid conversion process would be carried out in the Depository and Common Nominees System ("DNS") automatically on the scheduled dates. However, for stock positions that remain unsettled between 13 November 2019 and 11 December 2019, the CCASS Participants concerned who need to effect the relevant conversion of their holdings for the purpose of settling their short positions should submit the Parallel Trading Conversion Instruction through CCASS Terminals during the above-mentioned period.

CCASS Participants who wish to deposit shares to or withdraw shares from the CCASS Depository are requested to note the following: -

(A) Deposit Arrangement

1. From 31 October 2019 until 11 December 2019, Existing Share certificates representing shares of HK\$0.05 each (blue in colour) will be accepted for deposit under stock code: 2957 (Temp). Effective from 12 December 2019, Existing Share certificates representing shares of HK\$0.05 each will only be accepted for deposit for custody purpose under stock

code: 651 (New).

Effective from 12 November 2019, the CCASS Depository will accept deposit of Consolidated Share certificates representing shares of HK\$0.04 each (green in colour) under stock code: 651 (New).

2. For deposits of both Existing and Consolidated Share certificates of CHI OCEAN IND under the same stock code, CCASS Participants are requested to use separate Transfer Deeds and Stock Deposit Forms to cover the Existing and Consolidated Share certificates respectively.
3. An example on how to complete the Stock Deposit Form in respect of deposits of Existing Shares is given as per Appendix III.

(B) Withdrawal Arrangement

1. With effect from 31 October 2019 until 13 November 2019, the CCASS Depository will only accept withdrawal of shares under the temporary stock code: 2957. If participants' holdings are recorded under stock code: 651, they should apply in writing to the CCASS Depository to convert their holdings to the temporary stock code: 2957 for the purpose of withdrawal.

Upon acceptance of the withdrawal order, the CCASS Depository will effect delivery of either Existing Share certificates representing shares of HK\$0.05 each or Consolidated Share certificates representing shares of HK\$0.04 each subject to availability of the two types of share certificates.

2. With effect from 14 November 2019, the CCASS Depository will only accept withdrawal of Consolidated Shares under the new stock code: 651. If participants' holdings are recorded under temporary stock code: 2957, they should submit the Parallel Trading Conversion Instruction through CCASS Terminals to convert their holdings to the new stock code: 651 for the purpose of withdrawal.

Detailed schedule for accepting deposits and withdrawals under stock code: 651 or the temporary stock code: 2957 is given as per Appendix II.

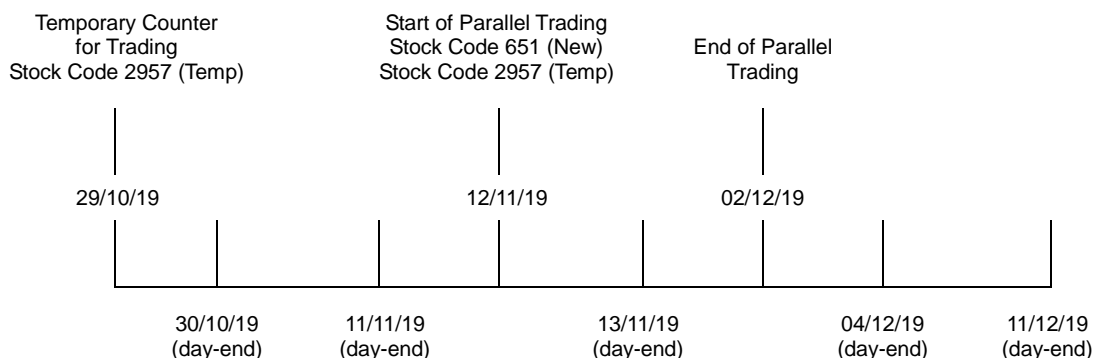
Wil Tang
Vice President
Depository and Nominee Services

APPENDIX I

CHINA OCEAN INDUSTRY GROUP LIMITED

Corporate Events

Schedule of Stock Conversion



Conversion Cycle	1 st CA	2 nd CA	3 rd CA	4 th CA	5 th CA
Stock Conversion	651 (Old) → 2957	651 (Old) → 2957	2957 → 651 (New)	2957 → 651 (New)	2957 → 651 (New)
Holding	Yes	Yes	Yes	Yes	Yes
Position	No	Yes (CNS and IT)	No	No	No
Transaction	Yes (SI, ISI & CSB)	Yes (SI, ISI & CSB)	Yes (SI, ISI & CSB)	Yes (SI, ISI & CSB)	Yes (SI, ISI & CSB)
Conversion Ratio	40 → 1	40 → 1	1 → 1	1 → 1	1 → 1

- Note:
- 651 (Old) - Existing Shares of HK\$0.05 each trading in board lots of 5,000 shares
 - 2957 (Temp) - Temporary counter for trading in board lots of 125 Consolidated Shares
 - 651 (New) - Consolidated Shares of HK\$0.04 each trading in board lots of 5,000 shares
 - CA - Corporate Action
 - CNS - CNS Position
 - IT - IT Position
 - SI - SI Transaction
 - ISI - ISI Transaction
 - CSB - CSB Transaction

APPENDIX II

CHINA OCEAN INDUSTRY GROUP LIMITED

Schedule for accepting deposit and withdrawal under stock codes 651 or 2957 during the conversion cycle

Acceptance period for	29/10/19 to 30/10/19	31/10/19 to 11/11/19	12/11/19 to 13/11/19	14/11/19 to 04/12/19	05/12/19 to 11/12/19	From 12/12/19 Onwards
Deposit under stock code 651	Yes (Existing Share quantity)	No	Yes (Consolidated Share certificate representing shares of HK\$0.04 each)	Yes (Consolidated Share certificate representing shares of HK\$0.04 each)	Yes (Consolidated Share certificate representing shares of HK\$0.04 each)	Yes
Deposit under stock code 2957	No	Yes	Yes	Yes	Yes	No
Withdrawal under stock code 651	Yes	No	No	Yes	Yes	Yes
Withdrawal under stock code 2957	No	Yes	Yes	No	No	No

APPENDIX III

Example on how to complete a Stock Deposit Form in respect of deposits of Existing Shares of HK\$0.05 each of China Ocean Industry Group Limited on and after the effective date of capital reorganization:

A CCASS Participant presents the following Existing Shares of HK\$0.05 each of China Ocean Industry Group Limited to the CCASS Depository for deposit on or after 31 October 2019.

<u>Certificate Number</u>	<u>Existing Share quantity printed on each certificate</u>	<u>Existing Share quantity (HK\$0.05 each)</u>	<u>Consolidated Share quantity (HK\$0.04 each)</u>
1101 - 1102	5,000	10,000	250
1141	50,000	50,000	1,250
1142 - 1143	149	298	6 #
Difference			1 *
	TOTAL:	60,298	1,507

Each Existing Share certificate of 149 shares of HK\$0.05 each represents 3 Consolidated Shares of HK\$0.04 each, which adds up to 6 Consolidated Shares of HK\$0.04 each.

* The add up total of the Existing Share quantity of 60,298 shares of HK\$0.05 each divided by 40 amounts to 1,507 Consolidated Shares of HK\$0.04 each. The sum of individual certificate ranges added up to 1,506 Consolidated Shares (250 + 1,250 + 6). The CCASS Participant is requested to insert the difference of 1 share on the "No. of Shares" column to make up the total Consolidated Share quantity from 1,506 to 1,507 for processing by the CCASS Depository.

STOCK DEPOSIT FORM

CCASS Depository Services

Participant ID B99999		Name of Participant ABC & CO					Stock Account Number						
Stock Code #651/2957		Stock Name China Ocean Industry Group Limited					For Office Use Only						
							Deposit Order Number H						
Certificate Number <small>(Please group only consecutively numbered certificates with the same share denominations.)</small>		Number of Shares/Warrants		Date of Issue				Counter	CCASS Posted				
Prefix	From			To	D	D	M			M	Y	Y	Y
	1 1 0 1	1 1 0 2	2 5 0									Override By	
	1 1 4 1		1, 2 5 0										Checked By
	1 1 4 2	1 1 4 3	6									Certificate Processing	Certificates Checked
	* DIFFERENCE		1										Certificates Posted
												Transfer	T/D Prepared By
													Checked By
												Vault	Filed By
		Total ▶	1, 5 0 7										
Remarks:					<p><i>NOTES:</i></p> <p>1. Pursuant to the CCASS Rules and Operational Procedures, Hong Kong Securities Clearing Company Limited (HKSCC) reserves the right to reject a deposit and/or reverse deposit entries if the above required information is incomplete or incorrect, or if registration of any or all of the shares are subsequently rejected by the relevant share registrar(s).</p> <p>2. Activities under CCASS are subject to the CCASS Rules and Operational Procedures in effect.</p>								
<p>The above printed validation represents descriptions of stock as presented by the CCASS participant under this form and shall in no event constitute or be treated as an official Receipt for deposit of said stock.</p>													

To be completed if stock deposited in batch <small>(i.e. stock deposited with more than one deposit form)</small>	
Total No. of Share in Batch	Deposit Form:
	_____ of _____

 Authorised Signature of CCASS Participant (with Company Chop)

#Note: Existing Share certificate representing shares of HK\$0.05 each will only be accepted for deposit for custody purpose under stock code: 651 (New) with effect from 12 December 2019.