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## **CHINA OCEAN SHIPBUILDING INDUSTRY GROUP LIMITED**

**中海船舶重工集團有限公司**

*(Incorporated in the Bermuda with limited liability)*

**(Stock code: 00651)**

## **SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE**

### **THE SUBSCRIPTIONS**

On 23 July 2013 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to issue an aggregate of 200,000,000 Subscription Shares at a price of HK\$0.102 per Subscription Share.

The Subscription Price represents (i) a discount of approximately 8.11% to the closing price of HK\$0.111 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 9.73% to the average closing price of approximately HK\$0.113 per Share as quoted on Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreements; and (iii) a discount of approximately 12.82% to the average closing price of approximately HK\$0.117 per Share as quoted on Stock Exchange for the last ten trading days immediately prior to the Subscription Agreements.

The Subscription Shares of 200,000,000 represent approximately 5.30% of the existing issued share capital of the Company as at the date of this announcement and approximately 5.04% of the issued share capital of the Company as enlarged by the Subscription Shares. The Subscription Shares will be issued under the General Mandate.

Completion of the Subscription is conditional upon, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

The gross proceeds from the Subscription are estimated to be approximately HK\$20.4 million and the net proceeds are estimated to be approximately HK\$20.3 million. The Company intends to apply the net proceeds from the Subscriptions as general working capital of the Group.

## **INTRODUCTION**

On 23 July 2013 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to issue an aggregate of 200,000,000 Subscription Shares at a price of HK\$0.102 per Subscription Share. Apart from the Subscriber, the terms of each of the Subscription Agreement are the same.

## **SUBSCRIPTION AGREEMENTS**

### **The First Subscription Agreement**

#### ***Date***

23 July 2013

#### ***Parties***

- (a) The Company
- (b) Ke Rui Ji

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the First Subscriber is a PRC merchant and is an Independent Third Party. As at the date of this announcement, the First Subscriber is interested in 35,000 Shares.

#### ***First Subscription Shares***

The First Subscription Shares in an aggregate of 100,000,000 new Shares represent approximately 2.65% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.52% of the issued share capital of the Company as enlarged by the Subscription Shares. The aggregate nominal value of the First Subscription Shares is HK\$5,000,000.

## **The Second Subscription Agreement**

### ***Date***

23 July 2013

### ***Parties***

- (a) The Company
- (b) Zhang Heng Ying

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Second Subscriber is an Independent Third Party. The Second Subscriber is a PRC merchant, a shareholder and general manager of a steel supplier of the Group.

### ***Second Subscription Shares***

The Second Subscription Shares in an aggregate of 100,000,000 new Shares represent approximately 2.65% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.52% of the issued share capital of the Company as enlarged by the Subscription Shares. The aggregate nominal value of the Second Subscription Shares is HK\$5,000,000.

### ***Subscription Shares***

The Subscription Shares in an aggregate of 200,000,000 new Shares represent approximately 5.30% of the existing issued share capital of the Company as at the date of this announcement and approximately 5.04% of the issued share capital of the Company as enlarged by the Subscription Shares. The aggregate nominal value of the 200,000,000 Subscription Shares is HK\$10,000,000.

### ***Ranking of Subscription Shares***

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue on the date of issue and allotment of the Subscription Shares.

### ***Subscription Price***

The Subscription Price is HK\$0.102 per Subscription Share, which represents:

- (i) a discount of approximately 8.11% to the closing price of HK\$0.111 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 9.73% to the average closing price of HK\$0.113 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreement; and
- (iii) a discount of approximately 12.82% to the average closing price of HK\$0.117 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the Subscription Agreement.

The aggregate Subscription Price of approximately HK\$20.4 million is payable in cash by the Subscribers upon completion of the Subscription Agreements.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent market price of the Shares. The Board considers that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

### ***Condition of the Subscription***

Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

In the event that the above condition is not fulfilled on or before 30 September 2013 (or such other day as the Company and the Subscribers may agree), the rights and obligations of the Subscriber and the Company in respect of the Subscription shall forthwith terminate and cease to have any effect.

Each of the Subscription Agreements is not conditional upon the other.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of and permission to deal in the Subscription Shares.

### ***Completion of the Subscription***

Completion of the Subscription shall take place within five Business Days after fulfillment of the above condition (or such other date as the Company and the Subscribers may agree).

### ***General Mandate to issue the Subscription Shares***

The Subscription Shares will be issued under the General Mandate granted to the Directors pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 27 June 2013. Under the General Mandate, the Company is authorized to allot and otherwise deal with new Shares of up to 20% of the issued share capital of the Company as at the date of the aforesaid annual general meeting, which amounts to 733,598,977 new Shares. As at the date of this announcement, the Company has not allotted and issued any Shares under the General Mandate and the Subscription Shares to be allotted and issued will utilize as to approximately 27.26% of the General Mandate.

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

The Company is an investment holding company. The Group is principally engaged in production and operation of shipbuilding and securities trading business.

The Board considers that the Subscriptions will further strengthen the capital base and financial position of the Company for the Group's future business developments. The gross proceeds from the Subscriptions are estimated to be approximately HK\$20.4 million and the net proceeds are estimated to be approximately HK\$20.3 million (representing a net Subscription Price of approximately HK\$0.1015 per Subscription Share). The Company intends to apply the net proceeds from the Subscriptions as general working capital of the Group.

The Board is of the view that the Subscription Agreements are entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscribers and that the terms of the Subscription Agreements are fair and reasonable and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activity in the past twelve months immediately before the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Subscriptions are set out below:

	As at the date of this announcement		Immediately after completion of the Subscriptions (Note 2)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Lead Dragon Limited (Note 1)	31,775,000	0.84	31,775,000	0.80
Li Ming (Note 1)	<u>243,632,500</u>	<u>6.46</u>	<u>243,632,500</u>	<u>6.13</u>
	275,407,500	7.30	275,407,500	6.93
The First Subscriber	35,000	–	100,035,000	2.52
The Second Subscriber	–	–	100,000,000	2.52
Other public Shareholders	<u>3,496,419,052</u>	<u>92.70</u>	<u>3,496,419,052</u>	<u>88.03</u>
Total	<u><u>3,771,861,552</u></u>	<u><u>100.00</u></u>	<u><u>3,971,861,552</u></u>	<u><u>100.00</u></u>

Notes:

1. The entire issued shares of Lead Dragon Limited is solely and beneficially owned by Mr. Li Ming, an Executive Director.
2. Assuming there is no change in the existing shareholding of the Company except for the issue of the Subscription Shares.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions having the following meanings:

“Board”	the board of Directors
“Business Day(s)”	means a day (excluding Saturday and Sunday) on which banks are open for general business in Hong Kong
“Company”	China Ocean Shipbuilding Industry Group Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“Completion”	the completion of the Subscription Agreements
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“First Share Subscription”	the subscription for the First Subscription Shares by the First Subscriber pursuant to the First Subscription Agreement
“First Subscriber”	Ke Rui Ji
“First Subscription Agreement”	the subscription agreement dated 23 July 2013 entered into between the First Subscriber and the Company in relation to the First Share Subscription
“First Subscription Shares”	100,000,000 new Shares to be issued under the First Subscription Agreement

“General Mandate”	the general mandate to allot, issue and deal with a maximum of 733,598,977 new Shares granted by the Shareholders to the Directors at the annual general meeting of the Company held on 27 June 2013
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) and its(their) ultimate beneficial owner(s), if applicable, which is(are) independent of the Company and its connected persons
“Last Trading Day”	23 July 2013, being the last full trading day for the Shares prior to the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Second Share Subscription”	the subscription for the Second Subscription Shares by the Second Subscriber pursuant to the Second Subscription Agreement
“Second Subscriber”	Zhang Heng Ying
“Second Subscription Agreement”	the subscription agreement dated 23 July 2013 entered into between the Second Subscriber and the Company in relation to the Second Share Subscription
“Second Subscription Shares”	100,000,000 new Shares to be issued under the Second Subscription Agreement
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company



“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	the First Subscriber and the Second Subscriber
“Subscriptions”	the First Share Subscription and the Second Share Subscription, and each Subscription
“Subscription Agreements”	the First Subscription Agreement and the Second Subscription Agreement, and each Subscription Agreement
“Subscription Price”	HK\$0.102 per Subscription Share
“Subscription Share(s)”	the First Subscription Shares and the Second Subscription Shares (“Subscription Share” shall be construed accordingly)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board  
**China Ocean Shipbuilding Industry Group Limited**  
**CHAU On Ta Yuen**  
*Chairman*

Hong Kong, 23 July 2013

*As at the date of this announcement, the Board of the Company comprises four executive directors, namely, Mr. Chau On Ta Yuen, Mr. Li Ming, Mr. Zhang Shi Hong and Mr. Wang San Long; and three independent non-executive directors, namely, Ms. Xiang Siying, Mr. Hu Bai He and Xiang Ying.*