

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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 6 March 2014 (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 530,000,000 Subscription Shares at a price of HK\$0.107 per Subscription Share.

The Subscription Price represents (i) a discount of approximately 17.69% to the closing price of HK\$0.130 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 18.32% to the average closing price of approximately HK\$0.131 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 15.75% to the average closing price of approximately HK\$0.127 per Share as quoted on Stock Exchange for the last ten trading days immediately prior to the Subscription Agreements.

The Subscription Shares of 530,000,000 represent approximately 13.34% of the existing issued share capital of the Company as at the date of this announcement and approximately 11.77% 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\$56.71 million and the net proceeds are estimated to be approximately HK\$56.61 million. The Company intends to apply the net proceeds from the Subscriptions as repayment of debts and general working capital of the Group.

INTRODUCTION

On 6 March 2014 (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 530,000,000 Subscription Shares at a price of HK\$0.107 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: 6 March 2014

Parties:

- (a) The Company
- (b) The First Subscriber

The First Subscriber is engaged in the business of chartering and is an investment holding company incorporated in the BVI with limited liability, which is solely and beneficially owned by Mr. Lin Songgen. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the First Subscriber and its ultimate beneficial owner are Independent Third Parties.

First Subscription Shares

The First Subscription Shares in an aggregate of 100,000,000 new Shares represent approximately 2.52% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.22% 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: 6 March 2014

Parties:

- (a) The Company
- (b) The Second Subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Second Subscriber is a PRC investor and is an Independent Third Party. As at the date of this announcement, the Second Subscriber is interested in 72,000,000 Shares.

Second Subscription Shares

The Second Subscription Shares in an aggregate of 120,000,000 new Shares represent approximately 3.02% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.67% 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\$6,000,000.

The Third Subscription Agreement

Date: 6 March 2014

Parties:

- (a) The Company
- (b) The Third Subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Third Subscriber is a PRC merchant and is an Independent Third Party.

Third Subscription Shares

The Third Subscription Shares in an aggregate of 130,000,000 new Shares represent approximately 3.27% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.89% of the issued share capital of the Company as enlarged by the Subscription Shares. The aggregate nominal value of the Third Subscription Shares is HK\$6,500,000.

The Fourth Subscription Agreement

Date: 6 March 2014

Parties:

- (a) The Company
- (b) The Fourth Subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Fourth Subscriber is a PRC merchant and is an Independent Third Party.

Fourth Subscription Shares

The Fourth Subscription Shares in an aggregate of 180,000,000 new Shares represent approximately 4.53% of the existing issued share capital of the Company as at the date of this announcement and approximately 4.00% of the issued share capital of the Company as enlarged by the Subscription Shares. The aggregate nominal value of the Fourth Subscription Shares is HK\$9,000,000.

Subscription Shares

The Subscription Shares in an aggregate of 530,000,000 new Shares represent approximately 13.34% of the existing issued share capital of the Company as at the date of this announcement and approximately 11.77% of the issued share capital of the Company as enlarged by the Subscription Shares. The aggregate nominal value of the 530,000,000 Subscription Shares is HK\$26,500,000.

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\$0.107 per Subscription Share, which represents:

- (i) a discount of approximately 17.69% to the closing price of HK\$0.130 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 18.32% to the average closing price of HK\$0.131 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 15.75% to the average closing price of HK\$0.127 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\$56.71 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 20 March 2014, 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 general mandate was partly utilized and the balance which is left unutilized is 533,598,977 Shares. The remaining general mandate is sufficient for the issue and allotment of the Subscription Shares. Accordingly, the Subscription is not subject to the approval of the Shareholders.

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\$56.71 million and the net proceeds are estimated to be approximately HK\$56.61 million (representing a net Subscription Price of approximately HK\$0.1068 per Subscription Share). The Company intends to apply the net proceeds from the Subscriptions as repayment of debts and 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

Set out below is the equity fund-raising activity of the Company in the past twelve months immediately preceding the date of this announcement.

Date of initial announcement	Nature of transaction	Net proceeds	Intended use of net proceeds announced	Actual use of net proceeds
23 July 2013	Subscription of 200,000,000 new Shares	Approximately HK\$20.35 million	for general working capital of the Group	have been fully utilised as intended

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	0.80	31,775,000	0.71
Li Ming (Note 1)	<u>253,512,500</u>	<u>6.38</u>	<u>253,512,500</u>	<u>5.63</u>
	285,287,500	7.18	285,287,500	6.34
The First Subscriber	–	–	100,000,000	2.22
The Second Subscriber	72,000,000	1.81	192,000,000	4.26
The Third Subscriber	–	–	130,000,000	2.89
The Fourth Subscriber	–	–	180,000,000	4.00
Other public Shareholders	<u>3,614,574,052</u>	<u>91.01</u>	<u>3,614,574,052</u>	<u>80.29</u>
Total	<u><u>3,971,861,552</u></u>	<u><u>100.00</u></u>	<u><u>4,501,861,552</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”	Charmate Development Limited
“First Subscription Agreement”	the subscription agreement dated 6 March 2014 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

“Fourth Share Subscription”	the subscription for the Fourth Subscription Shares by the Fourth Subscriber pursuant to the Fourth Subscription Agreement
“Fourth Subscriber”	Wang Yongli
“Fourth Subscription Agreement”	the subscription agreement dated 6 March 2014 entered into between the Fourth Subscriber and the Company in relation to the Fourth Share Subscription
“Fourth Subscription Shares”	180,000,000 new Shares to be issued under the Fourth 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”	6 March 2014, 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”	Qin WeiJia
“Second Subscription Agreement”	the subscription agreement dated 6 March 2014 entered into between the Second Subscriber and the Company in relation to the Second Share Subscription
“Second Subscription Shares”	120,000,000 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, the Second Subscriber, the Third Subscriber and the Fourth Subscriber
“Subscriptions”	the First Share Subscription, the Second Share Subscription, the Third Subscription and the Fourth Subscription and each Subscription
“Subscription Agreements”	the First Subscription Agreement, the Second Subscription Agreement, the Third Subscription Agreement and the Fourth Subscription Agreement and each Subscription Agreement
“Subscription Price”	HK\$0.107 per Subscription Share

“Subscription Share(s)”	the First Subscription Shares, the Second Subscription Shares, the Third Subscription Shares and the Fourth Subscription Shares (“Subscription Share” shall be construed accordingly)
“Third Share Subscription”	the subscription for the Third Subscription Shares by the Third Subscriber pursuant to the Third Subscription Agreement
“Third Subscriber”	Wan Yong
“Third Subscription Agreement”	the subscription agreement dated 6 March 2014 entered into between the Third Subscriber and the Company in relation to the Third Share Subscription
“Third Subscription Shares”	130,000,000 new Shares to be issued under the Third Subscription Agreement
“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, 6 March 2014

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.