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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO ISSUE OF CONVERTIBLE NOTES UNDER GENERAL MANDATE

Reference is made to the announcement (“**Announcement**”) of the Company dated 3 June 2015 in relation to the, among other things, the Subscription. Capitalised terms used herein shall have the same meanings ascribed to them in the Announcement unless otherwise defined.

In addition to the information disclosed in the Announcement, the Company would like to provide additional information in relation to the Subscription.

PRINCIPAL TERMS OF CONVERTIBLE NOTES

It was disclosed in the Paragraph headed “Principal terms of the Convertible Notes” that “*the Conversion Price is subject to usual adjustment provisions customary for convertible notes of similar kind*”. The Conversion Price shall from time to time be adjusted upon occurrence of the following events (the “**Adjustment Events**”):

- (1) consolidation or sub-division of Shares;
- (2) capitalisation of profits or reserves;
- (3) capital distribution;

- (4) offer of new Shares for subscription by way of rights, or grant to Shareholders any options or warrants to subscribe for new Shares, at a price which is less than the then current market price;
- (5) issue wholly for cash being made by the Company of any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than the then current market price;
- (6) modification of rights of conversion or exchange or subscription attached to any securities so that the total effective consideration per Share initially receivable for such securities shall be less than the then current market price;
- (7) issue of Shares being made wholly for cash at a price per Share which is less than the then current market price; and
- (8) issue of Shares for the acquisition of any asset at a total effective consideration per Share which is less than the then current market price.

Given (a) the Adjustment Events are all within the Company's control, and (b) the short term nature of the Convertible Notes (with maturity falling on the 12th month from the Issue Date which can only be extended for a further 12 months upon agreement of both the Company and the Investor), the Company confirms that it will not, and as at this announcement has no intention to undertake any corporate action which constitutes an Adjustment Event during the period when the Convertible Notes remain effective and in force.

CONDITIONS PRECEDENT AND SPECIFIC PERFORMANCE OBLIGATIONS

It was disclosed in the Paragraphs headed "Specific performance obligations imposed on Mr. Li and other undertakings in respect of the Group" and "Conditions precedent" that:

- (1) the Company's shareholder's equity interest in China Ocean Investment will not at any time be less than HK\$400,000,000; and
- (2) the transactions between the Company, the HK Subsidiary and its Affiliates shall not exceed an aggregate of HK\$10,000,000 in value.

The Company would like to provide additional information in respect of (1) above that “the Company’s shareholder’s equity interest in China Ocean Investment” refers to the indirect shareholder’s equity interest held by the Company through its wholly-owned Subsidiaries. As at the date of this announcement, approximately 78.74% of the share capital of China Ocean Investment is directly held by the HK Subsidiary, which is wholly-owned by the BVI Subsidiary, which in turn is a wholly-owned Subsidiary of the Company.

As regards to (2) above, “the transactions” refer to transactions between (i) the Company and the HK Subsidiary, and (ii) the Company and Affiliates of the HK Subsidiary.

The above additional information does not affect other information contained in the Announcement and save as disclosed in this announcement, the contents of the Announcement remain unchanged.

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

Hong Kong, 12 June 2015

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.