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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)

COMPLETION OF ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Reference is made to the announcements of China Ocean Industry Group Limited ("**Company**") dated 10 August 2017, 14 August 2017, 10 October 2017 and 12 October 2017 in relation to, among other things, the Subscription. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the announcement dated 12 October 2017.

COMPLETION OF THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that Completion has taken place on 10 November 2017 pursuant to the terms of the Subscription Agreement (as amended and supplemented by the Supplemental Agreement). Accordingly, Convertible Bonds in the principal amount of HK\$189 million have been issued by the Company to the Subscriber.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) immediately after Completion and (ii) immediately after the allotment and issue of Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.070 per Share (assuming there being no other change in the share capital of the Company):

Shareholder	Immediately after Completion		Immediately after full conversion of the Convertible Bonds (Note 2)	
	<i>No. of Shares</i>	<i>Approximate percentage</i>	<i>No. of Shares</i>	<i>Approximate percentage</i>
Mr. Li Ming	1,137,577,954	8.34%	1,137,577,954	6.96%
Lead Dragon Limited (Note 1)	505,845,000	3.71%	505,845,000	3.10%
Mr. Zhang Shi Hong	227,600,000	1.67%	227,600,000	1.39%
The Subscriber	–	0%	2,700,000,000	16.53%
Public Shareholders	<u>11,765,815,886</u>	<u>86.28%</u>	<u>11,765,815,886</u>	<u>72.02%</u>
Total:	<u><u>13,636,838,840</u></u>	<u><u>100.00%</u></u>	<u><u>16,336,838,840</u></u>	<u><u>100.00%</u></u>

Notes:

1. Lead Dragon Limited is wholly-owned by Mr. Li Ming, the chairman and an executive Director.
2. The shareholding structure set out in this column is shown for illustration purposes only. The Conversion Rights shall only be exercisable so long as not less than 25% of the then total number of issued Shares as enlarged by the issue of the Conversion Shares are being held in public hands and will not result in the relevant Bondholder, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless: (i) a whitewash waiver is obtained in accordance with the requirements of the Takeovers Code; or (ii) a general offer is made in accordance with the requirements of the Takeovers Code.

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

Hong Kong, 10 November 2017

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. Wang San Long 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 Ms. Xiang Ying.