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CHINA OCEAN SHIPBUILDING INDUSTRY GROUP LIMITED

中海船舶重工集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 651)

**COMPLETION OF SETTLEMENT DEED AND
ISSUANCE OF CONVERTIBLE NOTES**

Reference is made to the announcement of the Company dated 30 January 2012 in relation to the Settlement Deed and issuance of the Convertible Notes. Unless otherwise defined, capitalised terms used in this announcement shall have same meaning as those defined in the Announcement.

The Directors are pleased to announce that the conditions precedents for completion of the Settlement Deed have been fulfilled. Completion of the Settlement Deed took place on 28 February 2012. Pursuant to the terms of the Settlement Deed, the Company has issued to the Vendor's nominees (a) Convertible Notes (i.e. three-year 3% coupon convertible notes in a total principal amount of HK\$105 million) and (b) Promissory Notes (i.e. 3% promissory notes in a total principal amount of HK\$95 million repayable by 31 December 2014). To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the holders of the Convertible Notes and their respective ultimate beneficial owners are Independent Third Parties and not acting in concert (within the meaning of the Takeovers Code) with each other or with any of the Company's shareholders and noteholders. The Company's repayment obligation of the Deferred Consideration in the amount of HK\$200 million and the interest thereon was fully discharged.

By order of the Board

China Ocean Shipbuilding Industry Group Limited

CHAU On Ta Yuen

Chairman

Hong Kong, 28 February 2012

As at the date of this announcement, (i) the executive Directors are Mr. Chau On Ta Yuen, Mr. Li Ming, Mr. Zhang Shi Hong and Mr. Wang San Long; and (ii) independent non-executive Directors are Ms. Xiang Siying, Mr. Hu Bai He, and Ms. Xiang Ying.