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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: 00651)

**ADJUSTMENTS TO THE SHARE OPTIONS AND CONVERTIBLE NOTES
FOLLOWING COMPLETION OF THE OPEN OFFER (WITH BONUS ISSUE)**

The Open Offer has become unconditional at 4:00 p.m. on Friday, 3 September 2010. The Company's auditors have confirmed in writing that adjustments are made to the number and exercise price of the Share Options and conversion price of the Convertible Notes as a result of the Open Offer (with Bonus Issue), details of which have been disclosed in this announcement.

Reference is made to the prospectus of China Ocean Shipbuilding Industry Group Limited (the "**Company**") dated 17 August 2010 (the "**Prospectus**") and its announcement dated 7 September 2010 in respect of the Open Offer (with Bonus Issue) ("**Announcement**"). Capitalised terms used in this announcement have the same meaning as defined in the Prospectus unless otherwise stated.

As disclosed in the Announcement, the Open Offer (with Bonus Issue) has become unconditional at 4:00 p.m. on Friday, 3 September 2010. The Company's auditors have confirmed in writing that adjustments are made to the number and exercise price of the Share Options and conversion price of the Convertible Notes as a result of the Open Offer (with Bonus Issue).

ADJUSTMENTS TO THE SHARE OPTIONS

As at the date of this announcement, there are 34,380,000 outstanding Share Options entitling the holders thereof to subscribe for a total of 34,380,000 Shares. Pursuant to the terms of the Share Option Scheme, the exercise price of the Share Options granted under the Share Option Scheme and the number of Shares to be allotted and issued upon full exercise of the subscription rights attaching to the 34,380,000 outstanding Share Options have been adjusted (the “**Share Options Adjustments**”) as a result of completion of the Open Offer (with Bonus Issue). A summary of the Share Options Adjustments are set out in the table below:

Date of grant	Exercisable period	Before completion of the Open Offer (with Bonus Issue)		Upon completion of the Open Offer (with Bonus Issue)	
		<i>Number of Share Options outstanding</i>	<i>Exercise price per Share in respect of the outstanding Share Options (HK\$)</i>	<i>Adjusted number of Share Options outstanding</i>	<i>Adjusted exercise price per Share in respect of the outstanding Share Options (HK\$)</i>
5 March 2008	5 March 2008 to 4 March 2018	4,000,000	9.00	6,324,000	5.693
7 May 2008	7 May 2008 to 6 May 2018	30,380,000	7.15	48,030,780	4.523

The Company’s auditors have confirmed in writing that the Share Options Adjustments are in accordance with the terms of the Share Options Scheme and are in compliance with the requirements set out in Rule 17.03(13) of the Listing Rules and the supplementary guidance on it dated 5 September 2005.

ADJUSTMENTS TO THE CONVERTIBLE NOTES

Pursuant to the terms of the Convertible Notes issued by the Company, the following table sets out the adjustment that has been made as a result of completion of the Open Offer (with Bonus Issue). The Company has received a certificate from its auditors in connection with the relevant adjustments

Date of issue	Maturity date	Before completion of the Open Offer (with Bonus Issue)		Upon completion of the Open Offer (with Bonus Issue)	
		Number of Shares falling to be issued upon conversion of the outstanding Convertible Notes	Conversion price per Share in respect of the outstanding Convertible Notes (HK\$)	Number of Shares falling to be issued upon conversion of the outstanding Convertible Notes	Conversion price per Share in respect of the outstanding Convertible Notes (HK\$)
16 April 2008	15 April 2012	69,910,351	7.26	118,034,686	4.300

By Order of the Board
**CHINA OCEAN SHIPBUILDING
INDUSTRY GROUP LIMITED**
CHAU On Ta Yuen
Chairman

Hong Kong, 6 October 2010

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