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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)

VOLUNTARY ANNOUNCEMENT COOPERATION FRAMEWORK AGREEMENT

This announcement is made by China Ocean Industry Group Limited (the “**Company**”, together with its subsidiaries the “**Group**”) on a voluntary basis to keep shareholders and potential investors of the Company informed of the Group’s latest business development.

The board (“**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that on 8 March 2018, the Company has entered into a strategic co-operation intention agreement (the “**Cooperation Framework Agreement**”) with the People’s Government of Ruichang City, People’s Republic of China* (瑞昌市人民政府) (“**Ruichang Government**”) and a shipbuilding company whose shares are listed on stock exchange market in Singapore (“**Singapore Listco**”), to set out the parties’ intention in respect of future strategic co-operation.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of Ruichang Government and Singapore Listco and their respective beneficial owners are parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

THE COOPERATION FRAMEWORK AGREEMENT

Pursuant to the Cooperation Framework Agreement, the parties thereto (the “**Parties**”) agreed to, among other things, the following intentions on their strategic co-operation:

- (1) Under the coordination of the Ruichang Government, the Singapore Listco shall be responsible for managing Jiangxi Jiangzhou Union Shipbuilding Co., Ltd* (江西江州聯合造船有限責任公司), a wholly-owned subsidiary of the Company (“**Jiangzhou Shipbuilding**”). The Singapore Listco shall make use of its various strengths in technologies, resources, funding and market to (a) stabilise the backbone shipbuilding team of Jiangzhou Shipbuilding to ensure normal employment of workers and raising the income of workers; and (b) restore the normal production and operation level of Jiangzhou Shipbuilding aiming for turnaround to profit.
- (2) Ruichang Government intends to designate limestone mining area in Huangjinxiang (黃金鄉), Ruichang City with limestone deposit of approximately 500 million tonnes, and the Parties shall set up a joint-venture company (“**Joint-Venture**”) to participate in the open tender for such limestone mine.
- (3) Ruichang Government agrees to transform the outfitting pier of the Company into a sandstone pier, which shall be used for transportation of sandstone manufactured and produced by the Joint-Venture.

REASONS FOR ENTERING INTO THE COOPERATION FRAMEWORK AGREEMENT

There are vast limestone resources in Ruichang City which are controlled Ruichang Government. The co-operation and the transactions contemplated under the Cooperation Framework Agreement will enable strong enterprises to exploit the limestone resources and implement environmentally friendly mining in furtherance of sustainable development and with the view of better realising ecological, economic and social benefits. The Group will also be able to venture into the relevant limestone business to diversity its business and integrate the assets of Jiangzhou Shipbuilding.

Jiangzhou Shipbuilding has been undergoing certain difficulties in business in recent years and has been seeking for co-operation opportunities to integrate the Jiangzhou Shipbuilding business. As Singapore Listco, which is one of the constituents of the Singapore Strait Times Index, is a leading shipbuilding company with strong financial position, the co-operation and the transactions contemplated under the Cooperation Framework Agreement offers an opportunity for Jiangzhou Shipbuilding to co-operate with Singapore Listco to explore its advantages to help revitalising the business of Jiangzhou Shipbuilding.

Further, the transformation of Jiangzhou Shipbuilding's outfitting pier into a public pier also provides an opportunity for the asset reorganization of Jiangzhou Shipbuilding as well as broadening the Group's source of income.

In view of the above, the Directors consider that entering into Cooperation Framework Agreement and the transactions contemplated are in the interests of the Company and its shareholders as a whole.

The Board wishes to emphasise that the co-operations contemplated under the Cooperation Framework Agreement are subject to the execution of definitive agreement(s) by the relevant parties thereto and therefore may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 13 March 2018

The English translation of Chinese names or words in this announcement, where indicated by “”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

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. Zhang Weibing 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.