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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)

**VOLUNTARY ANNOUNCEMENT
FORMATION OF JOINT VENTURE**

On 17 December 2015, the Company entered into the JV Agreement with SEG for the formation of the Joint Venture to invest in automated public car parks and electric vehicle charging systems in the PRC.

Pursuant to the JV Agreement, each of the Company and SEG shall nominate its indirect wholly-owned subsidiary, namely China Ocean Shenzhen and Saige Property respectively, to be the joint venture partners of the Joint Venture. The initial investment amount in the Joint Venture will be RMB50,000,000 (equivalent to approximately HK\$60,000,000) which is contributed as to RMB32,500,000 (equivalent to approximately HK\$39,000,000) by China Ocean Shenzhen and RMB17,500,000 (equivalent to approximately HK\$21,000,000) by Saige Property.

Since all of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the formation of the Joint Venture are less than 5%, the entering into of the JV Agreement does not constitute a discloseable transaction under Chapter 14 of the Listing Rules.

This announcement is made by the Company on a voluntary basis to keep shareholders and potential investors of the Company informed of the Group's latest business development.

On 23 October 2015, the Company and SEG submitted a Report on Investment in Construction of Intelligent Automotive Car Parks and Electric Vehicle Charging Stations in Shenzhen, PRC (the “**Report**”) in respect of the proposed cooperation in the investment, construction and operation of intelligent automotive car parks and electric vehicle charging stations. As at the date of this announcement, the Report has been approved by the relevant governmental authorities in Shenzhen, including the Shenzhen Development and Reform Commission and Urban Planning, Land & Resources Commission of Shenzhen Municipality.

With a view to implementing the Report, on 17 December 2015, the Company entered into the JV Agreement with SEG for the formation of the Joint Venture.

The principal terms of the JV Agreement are as follows:–

THE JV AGREEMENT

Date:	17 December 2015
Parties:	(1) the Company; and (2) Shenzhen Electronics Group Company Limited* (深圳賽格集團有限公司)
Joint Venture partners:	Each of the Company and SEG shall nominate its wholly-owned subsidiary, namely China Ocean Shenzhen and Saige Property respectively, to be the joint venture partners of the Joint Venture.
Scope of Business of Joint Venture:	The Joint Venture will engage in (i) investment, construction, operation of public car parks; (ii) intelligent construction and management of car parks; (iii) construction and operation of electric vehicle charging facilities; (iv) car park related property management and operation; (v) sale and leasing of mechanical parking systems; (vi) development and management of commercial real estate; and (vii) property management.
Investment Amount:	(1) RMB32,500,000 (equivalent to approximately HK\$39,000,000) to be contributed by China Ocean Shenzhen, representing 65% of the interests in the Joint Venture

- (2) RMB 17,500,000 (equivalent to approximately HK\$21,000,000) to be contributed by Saige Property, representing 35% of the interests in the Joint Venture

The aforesaid contribution shall be made to the Joint Venture in cash within one week from the later of (i) the respective board of directors of China Ocean Shenzhen and Saige Property having approved the establishment of the Joint Venture, and (ii) completion of the relevant industry and commerce registration of the Joint Venture at the relevant PRC governmental authority. In any event, the contribution by Saige Property shall be made by no later than 31 January 2017.

The aforesaid investment amount is determined after arm's length negotiation of the parties and with reference to the initial funding needs of the Joint Venture and the agreed share of each party in the interest in the Joint Venture. The Group shall use its internal resources to satisfy the amount to be contributed by China Ocean Shenzhen.

Management of the Joint Venture:

The Joint Venture shall be managed by its board of directors which shall consist of five directors, of which China Ocean Shenzhen will be entitled to appoint three directors and Saige Property will be entitled to appoint two directors. One director nominated by China Ocean Shenzhen shall be the chairman of the board of directors of the Joint Venture.

The Joint Venture has not been established and it has no assets or business as at the date of signing of the JV Agreement. Pursuant to the JV Agreement, the Joint Venture shall first make investments to upgrade and refurbish car parks owned by SEG, and then commence construction of public car parks and electric vehicle charging facilities in Shenzhen. The Joint Venture shall then promote its business throughout PRC via various local branches of SEG and the Group.

INFORMATION OF THE PARTIES

SEG is a state-owned enterprise established in the PRC. Its principal business is production of energy saving semiconductor devices, real estate, and development, operation and management of electronic devices markets.

Saige Property is a limited liability company established in the PRC and is a wholly-owned subsidiary of SEG. Its principal business is provision of property management services to properties owned by SEG and government owned properties.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of SEG, Saige Property and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE FORMATION OF JOINT VENTURE

The Company is an investment holding company and the Group is principally engaged in production and operation of shipbuilding, securities trading and providing financial services business.

Reference is made to the circular of the Company dated 12 November 2015 in relation to the acquisition of the entire issued share capital of Success Capture Limited. As disclosed in the said circular, the Company has tapped into the automotive parking management service business with a view to diversify the existing business activities of the Group. The formation of the Joint Venture represents another step by the Company to expand its presence in the automotive parking management service business in the PRC.

Taking into account the Guidance Opinions on Strengthening the Construction of Urban Parking Facilities (加強城市停車設施建設的指導意見) No. 1788/2015 issued by The National Development and Reform Commission on 11 August 2015 which indicates the PRC government's general supportive approach to develop the automotive parking management industry in the PRC, as well as the support received from the governmental authorities in Shenzhen in respect of the Report, the Directors believe that the automotive parking management industry in the PRC holds potential.

Further, SEG is a state-owned enterprise with solid financial strength which owns a substantial property portfolio and manages a number of car parks including government public car parks, SEG and its subsidiaries (including Saige Property) have rich expertise in property management and provision of car parking management services. Hence, the Directors consider that the Joint Venture can leverage on such expertise, resources and good connection to invest in the developing automotive parking management industry and promote the same throughout PRC so that the Group may share the investment income of the Joint Venture in the future.

In view of the above, the Directors consider that the terms of the JV Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and its shareholders as a whole.

IMPLICATIONS OF LISTING RULES

As all the percentage ratios calculated in accordance with Chapter 14 of the Listing Rules for the transaction contemplated under the JV Agreement (including the contribution of the investment amount of RMB32,500,000 (equivalent to approximately HK\$39,000,000) by China Ocean Shenzhen to the Joint Venture) are less than 5%, such transaction do not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Board wishes to make a voluntary disclosure to keep shareholders and potential investors of the Company informed of the Group's latest business development.

DEFINITIONS

The following words and phrases used in this announcement have the following meaning:

“Board”	the board of Directors
“Business Day”	means a day (other than Saturdays, Sundays and statutory public holidays of the PRC)

“China Ocean Shenzhen”	China Ocean Logistics (Shenzhen) Limited* (中海物貿(深圳)有限公司), a limited liability company established under the laws of PRC and an indirect wholly-owned subsidiary of the Company
“Company”	China Ocean Shipbuilding Industry Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its Subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JV Agreement”	the joint venture agreement dated 17 December 2015 entered into between the Company and SEG in relation to the formation of the Joint Venture
“Joint Venture”	Shenzhen Saige Intelligent Carparking Industry Development Limited* (深圳賽格智慧停車產業發展有限公司), an equity joint venture proposed to be established in Shenzhen, the PRC pursuant to the JV Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	People’s Republic of China excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“RMB”	renminbi, the lawful currency of the PRC
“Saige Property”	Shenzhen Saige Property Management Limited* (深圳賽格物業管理有限公司), a limited liability company established under the laws of PRC and an indirect wholly-owned subsidiary of SEG
“SEG”	Shenzhen Electronics Group Company Limited* (深圳賽格集團有限公司), a state-owned enterprise established under the laws of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly
“%”	per cent

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

Hong Kong, 18 December 2015

For the purpose of illustration only and unless otherwise stated, conversion RMB to HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.20. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.

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. 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.