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CHINA OCEAN INDUSTRY GROUP LIMITED

中海重工集團有限公司

(Formerly known as 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

TERMINATION OF THE ACQUISITION OF 47% EQUITY INTEREST IN JIANGXI GAS

Reference is made to the announcements of the Company dated 25 June 2015 and 9 December 2015 in relation to the acquisition of 47% equity interest in Jiangxi Gas. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the announcement dated 9 December 2015.

THE TERMINATION AGREEMENTS

The Board announces that on 22 March 2016, China Ocean (LNG):

- (1) entered into the first termination agreement (“**First Termination Agreement**”) with the Second Purchaser, the First Vendor and the Company pursuant to which the parties thereto unconditionally and irrevocably agreed to terminate the First Equity Transfer Agreement (as amended and supplemented by the First Supplemental Agreement) in all respect with effect from 22 March 2016; and
- (2) entered into the second termination agreement (“**Second Termination Agreement**”) with the Second Vendor and the Company pursuant to which the parties thereto unconditionally and irrevocably agreed to terminate the Second Equity Transfer Agreement (as amended and supplemented by the Second Supplemental Agreement) in all respect with effect from 22 March 2016.

(The First Termination Agreement and the Second Termination Agreement together are referred to as “**Termination Agreements**”)

Pursuant to the terms of the Termination Agreements, all the legal obligations and liabilities of the parties under the Equity Transfer Agreements shall be fully discharged and no parties shall have any claim of any nature whatsoever against the other parties under the Equity Transfer Agreements, in particular the guarantee provided by the Company in respect of the obligations of China Ocean (LNG) under the Equity Transfer Agreements shall also be fully discharged. The parties thereto shall take necessary steps to restore the parties to the position before the entering into of the Equity Transfer Agreements.

REASONS FOR ENTERING INTO THE TERMINATION AGREEMENTS

As considerable time has elapsed since the entering into of the Equity Transfer Agreements on 25 June 2015 (as amended supplemented by the Supplemental Agreements dated 9 December 2015), the market condition in the PRC has undergone significant change. Faced with the uncertain macroeconomic condition and the prevailing weak market sentiment in the PRC, after due and careful consideration, the Board considers that it is in the best interest of the Company not to proceed with the transactions contemplated under the Equity Transfer Agreements (as amended supplemented by the Supplemental Agreements) and to terminate the said agreements.

The Board considers that the termination of the Equity Transfer Agreements (as amended supplemented by the Supplemental Agreements) will not have any material adverse effect on the existing business, operations and financial position of the Group.

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

Hong Kong, 22 March 2016

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 Xiang Ying.