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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 INVESTMENT 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 24 July 2017, the Company has entered into an investment framework agreement (the “**Framework Agreement**”) with Nanjing Huitong Electronics Technology Company Limited\* (南京輝通電子科技有限公司, “**Nanjing Huitong**”) and the existing shareholders of Nanjing Huitong (“**Existing Shareholders**”).

### **FRAMEWORK AGREEMENT**

#### **Subject Matters**

Pursuant to the Framework Agreement, the parties thereto (the “**Parties**”) agreed, among other things, as follows:

- (1) The Company (or one of its designated affiliates or private equity fund managed by it) shall invest in Nanjing Huitong by acquiring from the Existing Shareholders or subscribing for not less than 20% of share capital in Nanjing Huitong (“**Possible Investment**”). The consideration for the Possible Investment shall be determined with reference to the valuation by a qualified valuer and shall be satisfied by cash or new shares to be issued the Company or other manners as the Company and the Existing Shareholders may agree.

- (2) Upon completion of the Possible Investment, the Company shall integrate the business of Nanjing Huitong into its car parking business.
- (3) Upon completion of the Possible Investment, the Company shall assist Nanjing Huitong in various aspects such as strategic management, operation, management and finance to enhance the corporate governance of Nanjing Huitong, and to promote further cooperation between the Company and Nanjing Huitong.

### **Validity**

The Framework Agreement will remain valid for 90 business days from the date of its execution.

### **Exclusivity**

Pursuant to the Framework Agreement, the Existing Shareholders and the Company shall refrain from negotiating with any third parties in relation to the subject matters under the Framework Agreement for a period of 90 business days from the date of the Framework Agreement. In any event the terms offered to such third parties shall not be better than those offered to the Company.

### **Binding Effect**

Save for the relevant provisions relating to confidentiality, exclusivity, expenses, validity and dispute resolution, the Framework Agreement is not legally binding nor does it oblige either party thereto to proceed with a definitive agreement with respect to the Possible Investment. The terms of the Possible Investment are yet to be determined and are subject to further negotiations between the parties thereto.

## **INFORMATION ABOUT NANJING HUITONG**

Nanjing Huitong is a company established under the laws of the People's Republic of China ("PRC") and is principally engaging in the provision of intelligent traffic management and service systems. Nanjing Huitong has extensive experience in the operation of static traffic intelligent infrastructure networks, and has the leading coverage of online car parking services the in Shanghai, the PRC.

To the best of the knowledge, information and belief having made all reasonable enquiries by the Directors, Nanjing Huitong and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”)).

## **REASONS FOR ENTERING INTO THE FRAMEWORK AGREEMENT**

Given the Group has successfully ventured into the car parking business, the Board considers that the cooperation with Nanjing Huitong through the Possible Investment will enable the Group to strengthen the operation and further expand its car parking business, thereby enhancing the profitability of the Group’s business as a whole.

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

**The Board wishes to emphasise that the Possible Investment is subject to the execution of legally-binding definitive agreement(s) by the relevant parties thereto, therefore, the Possible Investment may or may not proceed. The transactions contemplated under the Possible Investment, if materialised, may constitute connected and/or discloseable transactions of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the Possible Investment will be made by the Company as and when appropriate in accordance with the Listing Rules.**

**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, 24 July 2017

*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.*