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**CHINA OCEAN SHIPBUILDING INDUSTRY GROUP LIMITED**  
**中海船舶重工集團有限公司**  
(the “Company”)  
(Incorporated in Bermuda with limited liability)  
(Stock code: 00651)

**VOLUNTARY ANNOUNCEMENT**  
**LETTER OF INTENT FOR A POSSIBLE ACQUISITION**

This announcement is voluntarily made by the Company.

The Board is pleased to announce that on 28 October 2011, the Company has entered into a Letter of Intent with the Vendor in relation to the Possible Acquisition. Pursuant to the Letter of Intent, the Vendor intends to dispose of and the Purchaser intends to acquire not less than 51% of equity interest in the Target Company.

The Board wishes to emphasise that the Possible Acquisition is subject to the results of due diligence and negotiations between the parties and may or may not proceed.

The Possible Acquisition, if materialises, may constitute a discloseable transaction for the Company under the Listing Rules. Further announcement in respect of the Possible Acquisition will be made by the Company in accordance with the Listing Rules as and when appropriate.

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

This announcement is voluntarily made by the Company.

**POSSIBLE ACQUISITION**

The Board is pleased to announce that on 28 October 2011, the Company has entered into a Letter of Intent with the Vendor in relation to the Possible Acquisition. Pursuant to the Letter of Intent, the Vendor intends to dispose of and the Purchaser intends to acquire not less than 51% of equity interest in the Target Company.

The Letter of Intent has no legally binding effect on the parties except for, inter alia, confidentiality obligations on both parties and obligation on the Vendor to discuss exclusively with the Company for disposal of its equity interest in the Target Company during the specified period. The Possible Acquisition is subject to the results of due diligence by the Company, negotiations between the parties and the execution of a definitive and binding agreement which will set out the terms and conditions of the Possible Acquisition.

The Target Company is principally engaged in the research and development, manufacture and sale of electricity meters and the provision of equipment and professional solutions for electrical systems.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of and not connected with the Company and not its connected persons.

The Directors believe that the Possible Acquisition will benefit the Group by diversifying the Group's business and maximise the return of the Shareholders.

The Board wishes to emphasise that the Possible Acquisition is subject to the results of due diligence by the Company and negotiations between the parties. The Possible Acquisition may or may not proceed.

The Possible Acquisition, if materialises, may constitute a discloseable transaction for the Company under the Listing Rules. Further announcement in respect of the Possible Acquisition will be made by the Company in accordance with the Listing Rules as and when appropriate.

**As the Possible Acquisition may or may not materialise, Shareholders and potential investors of the Company are urged to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“Board”	the board of Directors
“Company”	China Ocean Shipbuilding Industry Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00651)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Letter of Intent”	the letter of intent dated 28 October 2011 entered into between the Vendor and the Company in relation to the Possible Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Possible Acquisitions”	the possible acquisition of not less than 51% of the equity interest of the Target Company by the Purchaser
“Purchaser”	the Company or any of its subsidiaries
“PRC”	the People’s Republic of China and for the purposes of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	holder(s) of the issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhejiang JKing Power-Electronic Company Limited (浙江千能電力電子有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Vendor
“Vendor”	Zhejiang Jincai Holding Group Company Limited (浙江金財控股集團有限公司), a company incorporated in the PRC with limited liability
“%”	per cent

*The English transliteration of Chinese name is included in this announcement for reference only and should not be regarded as its official English name.*

By order of the Board  
**China Ocean Shipbuilding Industry Group Limited**  
**CHAU On Ta Yuen**  
*Chairman*

Hong Kong, 28 October 2011

*As at the date of this announcement, the Board comprises Mr. Chau On Ta Yuen, Mr. Li Ming, Mr. Zhang Shi Hong and Mr. Wang San Long as the executive directors and Ms. Xiang Siying, Mr. Hu Bai He and Ms. Xiang Ying as independent non-executive directors.*