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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: 651)

**VOLUNTARY ANNOUNCEMENT ON THE PROVISION OF
COUNTER-GUARANTEES IN FAVOUR OF
A WHOLLY-OWNED SUBSIDIARY**

The Counter-Guarantee (A)

The Board announces that, on 20 December 2011, the Company, the PRC Subsidiary and the Guarantor entered into the Counter-Guarantee Agreement (A), pursuant to which the Company agreed to provide a counter-guarantee in favour of the Guarantor in consideration of the Guarantor's agreement to enter into the Guarantee Agreement (A). Under the Guarantee Agreement (A), the Guarantor had agreed to guarantee the PRC Subsidiary for all its payment obligations under a loan agreement with the Bank (A) for the loan in the sum of RMB50,000,000. Apart from the counter-guarantee in favour of the Guarantor, the PRC Subsidiary also agreed to pledge its export tax rebates to the Guarantor as security.

The Board also announces that Mr. and Mrs. Wang executed the Wang Guarantee (A), pursuant to which Mr. and Mrs. Wang agreed to provide a counter-guarantee in favour of the Guarantor in consideration of the Guarantor's agreement to enter into the Guarantee Agreement (A).

The Counter-Guarantee (B)

The Board announces that, on 1 March 2012, the Company, the PRC Subsidiary and the Guarantor entered into the Counter-Guarantee Agreement (B), pursuant to which the Company agreed to provide a counter-guarantee in favour of the Guarantor in consideration of the Guarantor's agreement to enter into the Guarantee Agreement (B). Under the Guarantee Agreement (B), the Guarantor had agreed to guarantee the PRC Subsidiary for all its payment obligations under a loan agreement with the Bank (B) for the loan in the sum of RMB30,000,000. Apart from the counter-guarantee in favour of the Guarantor, the PRC Subsidiary also agreed to pledge its export tax rebates to the Guarantor as security.

The Board also announced that Mr. and Mrs. Wang executed the Wang Guarantee (B), pursuant to which Mr. and Mrs. Wang agreed to provide a counter-guarantee in favour of the Guarantor in consideration of the Guarantor's agreement to enter into the Guarantee Agreement (B).

Each of the Counter-Guarantee (A) and the Counter-Guarantee (B) does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules, nor any connected transaction under Chapter 14A of the Listing Rules.

Mr. Wang, being a legal representative of the PRC Subsidiary and an executive Director, and his spouse are connected persons of the Company and therefore each of the Wang Guarantee (A) and the Wang Guarantee (B) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the Wang Guarantee (A) and the Wang Guarantee (B) executed by Mr. and Mrs. Wang to the Guarantor was made for the benefit of the Group on normal commercial terms where no security over the assets of the Company is granted in respect of such counter guarantee, each of the Wang Guarantee (A) and the Wang Guarantee (B) and the transactions contemplated thereunder fall within Rule 14A.65(4) of the Listing Rules and thus shall be exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 16 April 2010 in relation to the voluntary announcement on the provision of counter-guarantee in favour of a wholly-owned subsidiary. The Board announces the counter-guarantee agreement dated 16 April 2010 entered into among the Company, the PRC Subsidiary and the Guarantor was released in 2011.

COUNTER-GUARANTEE (A)

The Board announces that, on 20 December 2011, the Company, the PRC Subsidiary and the Guarantor entered into the Counter-Guarantee Agreement (A), pursuant to which the Company agreed to provide the Counter-Guarantee (A) in favour of the Guarantor in consideration of the Guarantor's agreement to enter into the Guarantee Agreement (A) with the PRC Subsidiary on 22 December 2011. Under the Guarantee Agreement (A), the Guarantor had agreed to guarantee the PRC Subsidiary for all its payment obligations for the loan in the sum of RMB50,000,000 under a loan agreement with the Bank (A).

Apart from the counter-guarantee in favour of the Guarantor, the PRC Subsidiary also agreed to pledge its export tax rebates to the Guarantor as security.

The Board also announces that Mr. Wang, the legal representative of the PRC Subsidiary and an executive Director, and Mr. Wang's spouse executed the Wang Guarantee (A), pursuant to which Mr. and Mrs. Wang agreed to provide a counter-guarantee in favour of the Guarantor in consideration of the Guarantor's agreement to enter into the Guarantee Agreement (A).

THE COUNTER-GUARANTEE AGREEMENT (A)

- Date : 20 December 2011
- Parties : the PRC Subsidiary, the Guarantor and the Company
- Subject Matter : In consideration of the Guarantor's agreement to enter into the Guarantee Agreement (A) with the PRC Subsidiary on 22 December 2011 and to guarantee the PRC Subsidiary for all its payment obligations under a loan agreement with the Bank (A), the Company agreed to counter-guarantee the Guarantor for, amongst other things, all payment obligations of the PRC Subsidiary under the loan agreement with the Bank (A) in the sum of RMB50,000,000, the guarantee fees paid by the PRC Subsidiary to the Guarantor including the extension fee (if any) and all loss and damages suffered by the Guarantor arising from the guarantee it provided to the PRC Subsidiary pursuant to the Guarantee Agreement (A).
- Counter-guarantee period : From the commencement date of the Guarantee Agreement (A) to the 2nd anniversary after the expiry of the Guarantee Agreement (A).
- Undertakings : The Company undertakes that it would not dispose of all or large part of its assets or undergo any material reorganization with respect to its corporate structure without the prior consent of the Guarantor.

The Counter-Guarantee (A) does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules, nor any connected transaction under Chapter 14A of the Listing Rules. The Board wishes to make a voluntary disclosure of the Counter-Guarantee (A) to inform the Shareholders of the details of the Counter-Guarantee (A).

THE WANG GUARANTEE (A)

- Parties : Mr. and Mrs. Wang
- Subject Matter : In consideration of the Guarantor's agreement to enter into the Guarantee Agreement (A) with the PRC Subsidiary on 22 December 2011 and to guarantee the PRC Subsidiary for all its payment obligations under a loan agreement with the Bank (A), Mr. and Mrs. Wang agreed to counter-guarantee the Guarantor for, amongst other things, all payment obligations of the PRC Subsidiary under the loan agreement with the Bank (A) in the sum of RMB50,000,000, the guarantee fees paid by the PRC Subsidiary to the Guarantor including the extension fee (if any) and all loss and damages suffered by the Guarantor arising from the guarantee it provided to the PRC Subsidiary pursuant to the Guarantee Agreement (A).
- Counter-guarantee Period : From the commencement date of the Guarantee Agreement (A) to the 2nd anniversary after the expiry of the Guarantee Agreement (A).

Mr. Wang, being a legal representative of the PRC Subsidiary and an executive Director, and his spouse are connected persons of the Company and therefore the Wang Guarantee (A) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Wang Guarantee (A) executed by Mr. and Mrs. Wang to the Guarantor was made for the benefit of the Group on normal commercial terms where no security over the assets of the Company is granted in respect of such counter guarantee, the Wang Guarantee and the transactions contemplated thereunder fall within Rule 14A.65(4) of the Listing Rules and thus shall be exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors consider that the Wang Guarantee are in the interests of the Company and its shareholders.

COUNTER-GUARANTEE (B)

The Board announces that, on 1 March 2012, the Company, the PRC Subsidiary and the Guarantor entered into the Counter-Guarantee Agreement (B), pursuant to which the Company agreed to provide the Counter-Guarantee (B) in favour of the Guarantor in consideration of the Guarantor's agreement to enter into the Guarantee Agreement

(B) with the PRC Subsidiary on 1 March 2012. Under the Guarantee Agreement (B), the Guarantor had agreed to guarantee the PRC Subsidiary for all its payment obligations under a loan agreement with the Bank (B) for the loan in the sum of RMB30,000,000.

Apart from the counter-guarantee in favour of the Guarantor, the PRC Subsidiary also agreed to pledge its export tax rebates to the Guarantor as security.

The Board also announces that Mr. and Mrs. Wang executed the Wang Guarantee (B), pursuant to which Mr. and Mrs. Wang agreed to provide a counter-guarantee in favour of the Guarantor in consideration of the Guarantor's agreement to enter into the Guarantee Agreement (B).

THE COUNTER-GUARANTEE AGREEMENT (B)

- Date : 1 March 2012
- Parties : the PRC Subsidiary, the Guarantor and the Company
- Subject Matter : In consideration of the Guarantor's agreement to enter into the Guarantee Agreement (B) with the PRC Subsidiary on 1 March 2012 and to guarantee the PRC Subsidiary for all its payment obligations under a loan agreement with the Bank (B), the Company agreed to counter-guarantee the Guarantor for, amongst other things, all payment obligations of the PRC Subsidiary under the loan agreement with the Bank (B) in the sum of RMB30,000,000, the guarantee fees paid by the PRC Subsidiary to the Guarantor including the extension fee (if any) and all loss and damages suffered by the Guarantor arising from the guarantee it provided to the PRC Subsidiary pursuant to the Guarantee Agreement (B).
- Counter-guarantee period : From the commencement date of the Guarantee Agreement (B) to the 2nd anniversary after the expiry of the Guarantee Agreement (B).
- Undertakings : The Company undertakes that it would not dispose of all or large part of its assets or undergo any material reorganization with respect to its corporate structure without the prior consent of the Guarantor.

The Counter-Guarantee (B) does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules, nor any connected transaction under Chapter 14A of the Listing Rules. The Board wishes to make a voluntary disclosure of the Counter-Guarantee (B) to inform the Shareholders.

THE WANG GUARANTEE (B)

- Parties : Mr. and Mrs. Wang
- Subject Matter : In consideration of the Guarantor's agreement to enter into the Guarantee Agreement (B) with the PRC Subsidiary on 1 March 2012 and to guarantee the PRC Subsidiary for all its payment obligations under a loan agreement with the Bank (B), Mr. and Mrs. Wang agreed to counter-guarantee the Guarantor for, amongst other things, all payment obligations of the PRC Subsidiary under the loan agreement with the Bank (B) in the sum of RMB30,000,000, the guarantee fees paid by the PRC Subsidiary to the Guarantor including the extension fee (if any) and all loss and damages suffered by the Guarantor arising from the guarantee it provided to the PRC Subsidiary pursuant to the Guarantee Agreement (B).
- Counter-guarantee Period : From the commencement date of the Guarantee Agreement (B) to the 2nd anniversary after the expiry of the Guarantee Agreement (B).

Each of the Counter-Guarantee (A) and the Counter-Guarantee (B) does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules, nor any connected transaction under Chapter 14A of the Listing Rules.

Mr. Wang, being a legal representative of the PRC Subsidiary and an executive Director, and his spouse are connected persons of the Company and therefore each of the Wang Guarantee (A) and the Wang Guarantee (B) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the Wang Guarantee (A) and the Wang Guarantee (B) executed by Mr. and Mrs. Wang to the Guarantor was made for the benefit of the Group on normal commercial terms where no security over the assets of the Company is granted in respect of such counter guarantee, each of the Wang Guarantee (A) and the Wang Guarantee (B) and the transactions contemplated thereunder fall within Rule

14A.65(4) of the Listing Rules and thus shall be exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors consider that both the Wang Guarantee (A) and the Wang Guarantee (B) are in the interests of the Company and its shareholders..

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Bank (A)”	a bank in China
“Bank (B)”	a bank in China, namely 中國光大銀行
“Board”	the board of Directors
“Company”	China Ocean Shipbuilding Industry Group Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Counter-Guarantee (A)”	a counter-guarantee provided by the Company in favour of the Guarantor in respect of the Guarantee Agreement (A)
“Counter-Guarantee (B)”	a counter-guarantee to be provided by the Company in favour of the Guarantor in respect of the Guarantee Agreement (B)
“Counter-Guarantee Agreement (A)”	the counter-guarantee entered into among the Company, the PRC Subsidiary and the Guarantor in respect of the Counter-Guarantee (A)
“Counter-Guarantee Agreement (B)”	a deed of counter-guarantee entered into among the Company, the PRC Subsidiary and the Guarantor in respect of the Counter-Guarantee (B)
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“Guarantor”	江西省信用擔保股份有限公司, a company established in the PRC
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan (A)”	the loan in the sum of RMB50,000,000 granted by the Bank (A) to the PRC Subsidiary
“Loan (B)”	the loan in the sum of RMB30,000,000 granted or to be granted by the Bank (B) to the PRC Subsidiary
“Mr. Wang”	Mr. Wang San Long, the legal representative of the PRC Subsidiary and an executive director of the Company
“Mr. and Mrs. Wang”	Mr. Wang and Mr. Wang’s spouse
“PRC”	People’s Republic of China
“PRC Subsidiary”	a wholly-owned subsidiary of the Company, namely 江西江州聯合造船有限責任公司
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wang Guarantee (A)”	a counter-guarantee executed by Mr. and Mrs. Wang in favour of the Guarantor in consideration of the Guarantor’s agreement to enter into the Guarantee Agreement (A).
“Wang Guarantee (B)”	a counter-guarantee executed by Mr. and Mrs. Wang in favour of the Guarantor in consideration of the Guarantor’s agreement to enter into the Guarantee Agreement (B).

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Hong Kong, 1 March 2012

As at the date of this announcement, (i) the executive Directors are Mr. Chau On Ta Yuen, Mr. Li Ming, Mr. Zhang Shi Hong and Mr. Wang San Long; and (ii) independent non-executive Directors are Ms. Xiang Siying, Mr. Hu Bai He, and Ms. Xiang Ying.