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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your securities in **China Ocean Shipbuilding Industry Group Limited**, you should at once hand this circular and proxy form enclosed herein to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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

**PROPOSED GENERAL MANDATES TO ISSUE SHARES AND TO  
REPURCHASE SHARES  
PROPOSED RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of China Ocean Shipbuilding Industry Group Limited to be held at Units 1702-03, 17/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Friday, 27 June 2014 at 10:00 a.m. is set out on pages 13 to 16 of this circular.

A form of proxy for use at the annual general meeting is enclosed. Whether or not you are able to attend and vote at the annual general meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

26 May 2014

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be convened and held at Units 1702-03, 17/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Friday, 27 June 2014 at 10:00 a.m. or any adjournment thereof;
“Associates”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company for the time being;
“Bye-laws”	bye-laws of the Company as amended from time to time;
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time);
“Company”	China Ocean Shipbuilding Industry Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 00651);
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company for the time being;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Mandate”	the proposed general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of relevant resolution;
“Latest Practicable Date”	23 May 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein;

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Member(s)”	holder(s) of the Shares;
“Repurchase Mandate”	the proposed general mandate to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing of relevant resolution;
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;
“%”	per cent

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**LETTER FROM THE BOARD**

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**CHINA OCEAN SHIPBUILDING INDUSTRY GROUP LIMITED**

**中海船舶重工集團有限公司**

*(Incorporated in the Bermuda with limited liability)*

**(Stock code: 00651)**

*Executive directors:*

Mr. Chau On Ta Yuen (*Chairman*)  
Mr. Li Ming (*Deputy Chairman & CEO*)  
Mr. Zhang Shi Hong  
Mr. Wang San Long

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive directors*

Ms. Xiang Siying  
Mr. Hu Bai He  
Ms. Xiang Ying

*Principal place of business:*

Units 1702-03, 17/F  
China Merchants Tower,  
Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

26 May 2014

*To the Shareholders*

Dear Sir/Madam

**PROPOSED GENERAL MANDATES TO ISSUE SHARES AND TO  
REPURCHASE SHARES  
PROPOSED RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the Annual General Meeting in order to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the Annual General Meeting.

Resolutions to be proposed at the Annual General Meeting include, in addition to the ordinary business, ordinary resolutions relating to the general mandates to issue Shares and to repurchase Shares and proposed re-election of retiring Directors.

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## LETTER FROM THE BOARD

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### 2. RE-ELECTION OF RETIRING DIRECTORS

Mr. Chau On Ta Yuen, Mr. Zhang Shi Hong and Ms. Xiang Siying will retire from office as Directors by rotation in the Annual General Meeting in accordance with Bye-law no. 87 and, being eligible, will offer themselves for re-election. If re-elected at the AGM, Ms. Xiang Siying will hold office until the conclusion of the annual general meeting held in 2016.

Brief biographical details of the retiring Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

### 3. GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 27 June 2013, general mandates were given by the Company to the Directors to exercise the powers of the Company to repurchase Shares and to issue Shares. Under the Listing Rules, these general mandates will lapse at the conclusion of the forthcoming Annual General Meeting. Ordinary resolutions will therefore be proposed at the Annual General Meeting for the grant of the general mandates to repurchase Shares and to issue Shares.

At the Annual General Meeting, ordinary resolutions nos. 4 and 6 will be proposed that the Directors be granted a general and unconditional mandate to allot, issue and deal with new Shares up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution. Based on 5,120,952,460 Shares in issue as at the Latest Practicable Date and assuming that no Shares are issued or repurchased thereafter until the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue up to 1,024,190,492 Shares. In addition, an ordinary resolution will be proposed so that the Issue Mandate will be extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount will not exceed 10% of the aggregate of the total nominal value of the issued share capital of the Company in issue on the date of the resolution approving the Issue Mandate.

### 4. GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, ordinary resolution no. 5 will also be proposed to grant the Directors a general and unconditional mandate to exercise all powers of the Company to repurchase, on the Stock Exchange or on any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution (the “**Repurchase Resolution**”).

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## **LETTER FROM THE BOARD**

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The Repurchase Mandate and the Issue Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) at the end of the period within which the Company is required by Bermuda law or the Bye-laws to hold its next annual general meeting; or (c) when revoked or varied by ordinary resolutions of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

An explanatory statement as required under the Listing Rules to provide the requisite information regarding the Repurchase Mandate is set out in Appendix I to this circular.

### **5. ANNUAL GENERAL MEETING**

The notice of Annual General Meeting which contains, inter alia, ordinary resolutions to re-elect the retiring Directors and to approve the Issue Mandate and the Repurchase Mandate is set out on pages 13 to 16 of this circular.

Whether or not you are able to attend the Annual General Meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and lodged the same with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and, in any event not later than 10:00 a.m., Wednesday, 25 June 2014, or not less than 48 hours before the time for any adjournment of the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

Under Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the resolutions proposed at the Annual General Meeting will be conducted by way of poll.

### **6. RECOMMENDATION**

The Directors believe that the resolutions proposed in the notice of AGM are beneficial to the Company and the Shareholders as a whole.

The Directors believe that an exercise of the Issue Mandate will enable the Company to take advantage of market conditions to raise additional capital for the Company.

The Directors also believe that the exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases of Shares will benefit the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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Exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December, 2013, being the date of its latest audited consolidated accounts. However, the Directors do not intend to make any repurchase, in the circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

Accordingly, the Directors recommend Shareholders to vote in favour of all the resolutions to be proposed as set out in the notice of the Annual General Meeting.

### 7. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

### 8. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,  
For and on behalf of the Board of  
**China Ocean Shipbuilding Industry Group Limited**  
**CHAU On Ta Yuen**  
*Chairman*



*This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information as to the proposed Repurchase Mandate.*

## **1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognized by the Hong Kong Securities and Futures Commission subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such a company must be fully paid up and all repurchase of shares by such a company must be approved in advance by an ordinary resolution of shareholders, either by way of repurchase mandate or by specific approval of a particular transaction.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, there was a total of 5,120,952,460 Shares in issue. Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 512,095,246 Shares (representing 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the Repurchase Resolution).

## **3. REASONS FOR THE REPURCHASE**

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange or on stock exchange on which the Shares are listed. The exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

## **4. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Company's memorandum of association and Bye-laws, the Companies Act, the applicable laws of Bermuda and other applicable laws.

There might be material adverse impact on the working capital and gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Company's annual report for the year ended 31 December, 2013, being the date of its last audited accounts) in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital requirements or the gearing levels of the Company.

#### **5. UNDERTAKING**

The Directors have undertaken to the Stock Exchange, so far as the same may be applicable, to exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and all applicable laws.

#### **6. DIRECTORS, ASSOCIATES AND CONNECTED PERSON**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them, to the Company or its subsidiaries in the event that the Repurchase Mandate is approved by the Shareholders.

#### **7. EFFECT OF TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING**

If as a result of a repurchase of the Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Rule 32 of the Takeovers Code. As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

Save as disclosed below, no persons had interests or short positions in the shares and underlying shares of the Company representing 10% or more of the issued share capital of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO as at the Latest Practicable Date.

<b>Name</b>	<b>Number of ordinary shares held</b>	<b>Number of underlying shares held</b>	<b>Approximate percentage of the issued shares</b>
Kingwin Capital Group Limited	0	5,000,000,000	97.64%
Wang Ping	0	5,000,000,000	97.64%

*Note:* Kingwin Capital Group Limited is a company which incorporated in BVI and is beneficially wholly owned by Mr. Wang Ping.

On the basis that no Shares are issued or repurchased from the Latest Practicable Date to the Annual General Meeting and assuming that none of the outstanding options and convertible notes have been exercised or converted prior to repurchase shares pursuant to the Repurchase Mandate, no person are obligated to make a mandatory offer under Rule 26 of the Takeovers Code or result in the amount of shares held by the public being reduced to less than 25%.

The Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchase made under the Repurchase Mandate.

#### **8. SHARES REPURCHASES MADE BY THE COMPANY**

The Company did not purchase any Shares (whether on the Stock Exchange or otherwise) during the six months prior to the Latest Practicable Date.

**9. SHARE PRICES**

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the 12 calendar months before the Latest Practicable Date and the current month up to the Latest Practicable Date are as follows:

	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2013</b>		
May	0.156	0.080
June	0.168	0.115
July	0.141	0.100
August	0.124	0.102
September	0.120	0.091
October	0.104	0.085
November	0.104	0.085
December	0.096	0.081
<b>2014</b>		
January	0.141	0.087
February	0.146	0.120
March	0.160	0.125
April	0.238	0.138
May (up to the Latest Practicable Date)	0.340	0.173

*Details of the Directors proposed to be re-elected at the Annual General Meeting are set out as follows:*

**Mr. Chau On Ta Yuen**, aged 66 was appointed a Director of the Company in September 2007 and is the Chairman of the Group. Mr. Chau graduated from Xiamen University majoring in Chinese Language and literature. He is currently an independent non-executive director of Good Fellow Resources Limited, Come Sure Group (Holdings) Limited, Sumpo Food Holdings Limited and Redco Properties Group Limited, the shares of which are listed on the main board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Save as disclosed above, Mr. Chau did not hold any directorship in other public companies, the Company of which are listed on any securities market in Hong Kong or overseas in the last three years. Mr. Chau is currently a member and holds the office of deputy officer of the Social and Legal Affairs Committee of the Chinese People Political Consultative Conference of the People’s Republic of China. He is also the vice chairman of Hong Kong Federation of Fujian Associations. As at the Latest Practicable Date, Mr. Chau entered into a service contract dated 30 December 2011 with the Company which will continue thereafter until terminated by either party by giving the other party not less than three months’ written notice. He is entitled to a monthly salary of HK\$110,000 and a year-end double pay of HK\$110,000 in his capacity as chairman of the Company. His emolument is determined by reference to his duties and responsibilities and the prevailing market conditions.

Mr. Chau is not connected with any directors, senior management or substantial or controlling shareholders (as respectively defined in the Listing Rules) of the Company. Mr. Chau was granted options by the Company entitling him to subscribe for up to 49,743,000 shares in the Company. Save as disclosed above, he does not have any interest in any shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders nor other information required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules in relation to the proposed re-election of Mr. Chau as Director.

**Mr. Zhang Shi Hong**, aged 45, was appointed as a Director in December 2007 and is currently an executive Director. Mr. Zhang has over 20 years of experience in finance, credit management and investment management. He has worked for the head office of the Bank of China for around nine years and was mainly responsible for credit management. He also pursued investment management in various corporations in the People’s Republic of China. Mr. Zhang holds a Master’s degree in Economics. Mr. Zhang is a director of certain subsidiaries of the Company. He did not hold any directorships in other listed public companies in the past three years.

Mr. Zhang has entered into a service contract with the Company, commencing from 1 August 2008, which will continue thereafter until terminated by either party by giving the other party not less than three months' written notice. He is entitled to a monthly emolument of HK\$90,000 and he may also entitle to a discretionary bonus at the sole determination of the Board. His emolument is determined by reference to his duties and responsibilities and the prevailing market conditions.

Mr. Zhang is not connected with any directors, senior management or substantial or controlling shareholders (as respectively defined in the Listing Rules) of the Company. Mr. Zhang was granted options by the Company entitling him to subscribe for up to 17,581,000 shares in the Company. Save as disclosed above, he does not have any interest in any shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders nor other information required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules in relation to the proposed re-election of Mr. Zhang as a Director.

**Ms. Xiang Si Ying**, aged 51, was appointed as an independent non-executive Director in May 2008 and is currently an independent non-executive Director. Ms. Xiang holds an MBA degree from the London Business School. She has extensive experience in all sectors of corporate finance, restructuring and merge and acquisitions practice. Ms. Xiang currently is an executive director of CDH Investments, a leading private equity firm in China. Prior to joining CDH, she had worked for China International Capital Corporation Limited since returning to China in early 2004. Before that Ms. Xiang had long career with International Finance Corporation, the private investment arm of the World Bank Group, in Washington, United States of America. Ms. Xiang does not hold any position with the Company or other members of the Company's group and has not been a director in any other listed company in the past three years. Ms. Xiang has entered into a service contract with the Company under which she is appointed for a term of two years and is entitled to director's fees of HK\$100,000 per annum, which is determined by the Board with reference to her qualification, experience and scope of responsibilities.

Ms. Xiang is not connected with any directors, senior management or substantial or controlling shareholders (as respectively defined in the Listing Rules) of the Company. Ms. Xiang was granted options by the Company entitling her to subscribe for up to 1,000,000 shares in the Company. Save as disclosed above, she does not have any interest in any shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders nor other information required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules in relation to the proposed re-election of Ms. Xiang as a Director.

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## NOTICE OF ANNUAL GENERAL MEETING

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### CHINA OCEAN SHIPBUILDING INDUSTRY GROUP LIMITED

### 中海船舶重工集團有限公司

*(Incorporated in the Bermuda with limited liability)*

**(Stock code: 00651)**

#### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general meeting of China Ocean Shipbuilding Industry Group Limited (“**Company**”) will be held at Unit 1703, 17/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Friday, 27 June 2014 at 10:00 a.m. to consider and transact the following ordinary businesses:

1. to receive and approve the audited consolidated financial statements of the Company for the year ended 31 December 2013 and the reports of the directors and auditors thereon;
2. to re-elect the retiring directors (Mr. Chau On Ta Yuen, Mr. Zhang Shi Hong and Ms. Xiang Siying) and to authorize the board of directors (“**Board**”) to fix the remuneration of the directors of the Company;
3. to re-appoint auditors and to authorize the Board to fix their remuneration;

and as special businesses, to consider and, if thought fit, pass (with or without modification) the following resolutions as ordinary resolutions:

4. To consider and, if thought fit, pass (with or without modification) the following resolution as ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) of this resolution and pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the directors (“**Directors**”) of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with the additional shares of HK\$0.05 each in the capital of the Company (“**Shares**”) and to make or grant offers, agreements and options, (including bonds, warrants, debentures and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the approval in paragraph (a) of this resolution shall authorize the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants, debentures and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any option granted under any share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company as amended from time to time; or (iv) the exercise of rights of subscription or conversion under the terms of any warrants, bonds, debentures, notes or other securities issued by the Company which carry rights to subscribe for or are convertible into Shares, from time to time shall not exceed the aggregate of:
  - (aa) 20 per cent. of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of this resolution; and
  - (bb) (if the Directors are so authorized by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of this resolution), and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act 1981 of Bermuda (as amended from time to time) (“**Companies Act**”) or any other applicable laws of Bermuda to be held; and



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## NOTICE OF ANNUAL GENERAL MEETING

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- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong).”

- 5. To consider and, if thought fit, pass (with or without modification) the following resolution as ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase Shares on the Stock Exchange, or any other stock exchange on which the Shares may be listed and recognized by The Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of The Securities and Futures Commission of Hong Kong, the Listing Rules or of any other stock exchange as amended from time to time, the Companies Act and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act or any other applicable laws of Bermuda to be held; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
6. To consider and, if thought fit, pass (with or without modification) the following resolution as ordinary resolution:

“**THAT** conditional on the passing of resolution nos. 4 and 5 above, the general mandate granted to the Directors to allot, issue and deal with additional shares pursuant to paragraph (a) of resolution no. 4 above be and is hereby extended by the addition of an amount representing the aggregate nominal amount of the share capital of the Company repurchased or agreed to be repurchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of Resolution no. 5 above provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the said resolution.”

By order of the Board of  
**China Ocean Shipbuilding Industry Group Limited**  
**Ngai Man Wo**  
*Company Secretary*

Hong Kong, 26 May 2014

*Principal place of business:*

Units 1702-03, 17/F,  
China Merchants Tower,  
Shun Tak Centre,  
168-200 Connaught Road Central,  
Hong Kong

*Notes:*

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the Bye-laws, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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