
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 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 Exchanges 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.

CHINA OCEAN INDUSTRY GROUP LIMITED**中海重工集團有限公司***(Incorporated in Bermuda with limited liability)***(Stock code: 00651)****PROPOSED GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES
PROPOSED RE-ELECTION OF RETIRING DIRECTORS
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of China Ocean Industry Group Limited to be held at Golden Restaurant, Macau Jockey Club, 1/F, East Wing, Shun Tak Centre, 200 Connaught Road Central, Sheung Wan, Hong Kong on Friday, 22 June 2018 at 10:30 a.m. is set out on pages 16 to 20 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.

18 May 2018

CONTENTS

	<i>Page</i>
Definitions	1
 Letter from the Board	
1. Introduction	3
2. Re-election of retiring directors and newly-elected director	4
3. General mandates to issue and repurchase shares	5
4. Increase in authorised share capital	6
5. Annual General Meeting	7
6. Recommendation	7
7. Responsibility statement	8
8. Miscellaneous	8
 Appendix I – Explanatory Statement	 9
 Appendix II – Details of Directors Proposed for Re-election	 13
 Notice of Annual General Meeting	 16

DEFINITIONS

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 Golden Restaurant, Macau Jockey Club, 1/F, East Wing, Shun Tak Centre, 200 Connaught Road Central, Sheung Wan, Hong Kong on Friday, 22 June 2018 at 10:30 a.m. or any adjournment thereof;
“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;
“Close Associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time);
“Company”	China Ocean 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);
“Core Connected Person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company for the time being;
“Extension Mandate”	a general mandate to the Directors to extend the number of Shares which may be allotted and issued by the Directors under the Issue Mandate by such number of Shares that are repurchased by the Company under the Repurchase Mandate;
“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;

DEFINITIONS

“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$1,000,000,000 divided into 20,000,000,000 Shares of HK\$0.05 each to HK\$2,500,000,000 divided into 50,000,000,000 Shares of HK\$0.05 each by the creation of an additional 30,000,000,000 Shares;
“Issue Mandate”	the proposed general mandate to the Directors to allot, issue and deal with Shares not exceeding 20% of the number of issued Shares as at the date of passing of relevant resolution;
“Latest Practicable Date”	14 May 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein;
“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 the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the number of issued Shares 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

LETTER FROM THE BOARD

CHINA OCEAN INDUSTRY GROUP LIMITED

中海重工集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00651)

Executive directors:

Mr. Li Ming (*Chairman*)
Mr. Zhang Shi Hong (*CEO*)
Mr. Zhang Weibing
Mr. Liu Jin

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive director:

Mr. Chau On Ta Yuen (*Honorary Chairman*)

Principal place of business:

Units 2107, 21/F.
West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Independent non-executive directors:

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

18 May 2018

To the Shareholders

Dear Sir/Madam

**PROPOSED GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES
PROPOSED RE-ELECTION OF RETIRING DIRECTORS
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
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.

LETTER FROM THE BOARD

Resolutions to be proposed at the Annual General Meeting include, in addition to the ordinary business, ordinary resolutions relating to the grant Issue Mandate, the Repurchase Mandate and the Extension Mandate to the Directors, and the proposed Increase in Authorised Share Capital.

2. RE-ELECTION OF RETIRING DIRECTORS AND NEWLY-ELECTED DIRECTOR

Mr. Li Ming, Mr. Hu Bai He, 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, Mr. Hu Bai He and Ms. Xiang Siying will hold office until the conclusion of the annual general meeting held in 2021.

Each of Mr. Hu Bai He and Ms. Xiang Siying has served as an independent non-executive Director for more than 9 years since their first appointment in May 2008. Therefore their respective further appointment will be subject to a separate resolution to be approved by the Shareholders. Each of Mr. Hu and Ms. Xiang has provided a written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. Further, the Board considers that each of Ms. Xiang Siying and Mr. Hu Bai He is a person of integrity and independent in judgement and character. They are independent of management and free from any business or other relationships or circumstances which could materially interfere with the exercise of their independent judgement. The Board considers that each of Ms. Xiang Siying and Mr. Hu Bai He meets the independent guidelines set out in Rule 3.13 of the Listing Rules, and is of the view that their independence is not affected by their long service with the Company.

Furthermore, under Bye-law no.86(2) of the Company's Bye-laws, any Director appointed during the year to fill a casual vacancy or as an addition to the existing board shall hold office until the conclusion of the first general meeting after his appointment and shall then be eligible for re-election at such meeting. Accordingly, Mr. Zhang Weibing, who was appointed as an executive Director with effect from 21 November 2017 to fill the casual vacancy arising from the resignation of Mr. Wang San Long, shall hold office until the conclusion of the Annual General Meeting and being eligible, will offer himself for re-election at the Annual General Meeting.

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.

LETTER FROM THE BOARD

3. GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 29 June 2017, the Directors were granted general mandates to exercise the powers of the Company to repurchase Shares and to issue Shares. These general mandates will expire at the conclusion of the forth coming Annual General Meeting. Ordinary resolutions will therefore be proposed at the Annual General Meeting for the grant of the Repurchase Mandate to repurchase Shares and the Issue Mandate to issue Shares.

(a) Issue Mandate

Ordinary resolution no. 6 will be proposed at the Annual General Meeting to approve the granting of a general and unconditional mandate to the Directors to allot, issue and deal with new Shares up to 20% of the number of issued Shares as at the date of passing of the relevant resolution. Based on 13,636,838,840 Shares in issue as at the Latest Practicable Date and assuming that no Shares will be allotted and issued or repurchased thereafter until the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue up to 2,727,367,768 Shares (subject to adjustment in case of sub-division or consolidation of Shares after the passing of such resolution as prescribed under the Listing Rules).

(b) Repurchase Mandate

Ordinary resolution no. 7 will also be proposed at the Annual General Meeting to approve the granting of a general and unconditional mandate to the Directors 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 number of issued Shares as at the date of passing of the relevant resolution (the “**Repurchase Resolution**”). Subject to the passing of the Repurchase Resolution and on the basis that there were 13,636,838,840 Shares in issue as at the Latest Practicable Date and assuming that no Shares will be allotted and issued or repurchased thereafter until the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase up to 1,363,683,884 Shares (subject to adjustment in case of sub-division or consolidation of Shares after the passing of such resolution as prescribed under the Listing Rules).

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.

LETTER FROM THE BOARD

(c) Extension Mandate

In addition, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Extension Mandate so that the Issue Mandate will be extended by the addition of the number of Shares repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount will not exceed 10% of the number of issued Shares as at the date of the resolution approving the Issue Mandate.

The Repurchase Mandate, the Issue Mandate and the Extension 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.

4. INCREASE IN AUTHORISED SHARE CAPITAL

The Company has an authorised share capital of HK\$1,000,000,000 divided into 20,000,000,000 Shares of par value of HK\$0.05 each, of which 13,636,838,840 Shares were in issue as of the Latest Practicable Date.

In order to provide the Company with greater flexibility to raise funds by allotting and issuing Shares for future expansion and growth of the Group in the future as and when necessary, the Board proposes to increase its authorised share capital from HK\$1,000,000,000 divided into 20,000,000,000 Shares of HK\$0.05 each to HK\$2,500,000,000 divided into 50,000,000,000 Shares of HK\$0.05 each by the creation of an additional 30,000,000,000 Shares of par value of HK\$0.05 each. The additional 30,000,000,000 Shares shall rank pari passu in all respects with the existing Shares upon issue.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the AGM.

Following the approval of the Increase in Authorised Share Capital at the AGM (if so approved), a notice of the relevant resolution will be filed with the Registrar of Companies of the Bermuda and a copy of such notice will be attached to the Company's memorandum of association.

LETTER FROM THE BOARD

5. ANNUAL GENERAL MEETING

The notice of Annual General Meeting which contains, inter alia, ordinary resolutions to re-elect the retiring Directors, to approve the Increase in Authorised Share Capital, to approve the Issue Mandate and the Repurchase Mandate is set out on pages 16 to 20 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 lodge 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 later than 10:00 a.m., 26 June 2018, 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 the Increase in Authorised Share Capital will enable the Company with greater flexibility to raise funds by allotting and issuing Shares for future expansion and growth of the Group in the future as and when necessary.

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 by allotting and issuing new Shares.

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.

LETTER FROM THE BOARD

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, 2017, 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular 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 Industry Group Limited
LI Ming
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 13,636,838,840 fully paid-up Shares in issue. Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are allotted and issued or repurchased prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 1,363,683,884 Shares (representing 10% of the number of issued Shares 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 2017, 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 Bye-laws, the Listing Rules and the applicable laws of Bermuda.

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 Close 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 Core 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 Rule 26 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 of the Takeovers Code.

Assuming no further Shares will be allotted and issued or repurchased from the Latest Practicable Date to the date of the Annual General Meeting, on exercise in full of the Repurchase Mandate, the number of issued Shares will decrease from 13,636,838,840 Shares to 12,273,154,956 Shares.

As at the Latest Practicable Date, Mr. Li Ming, Chairman of the Company, was interested and deemed to be interested in 1,730,027,954 Shares and underlying Shares, representing approximately 12.69% of the total number of issued Shares. In the event that the Directors exercise the proposed Repurchase Mandate in full, the interest and deemed interest in shareholding of Mr. Li Ming would be increased to approximately 14.10% of the total number of issued Shares, such increase will not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code as a result of any repurchases made under the Repurchase Mandate. As at the Latest Practicable Date, so far as is known to the Directors, no person may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code in the event that the Directors exercise the power in full to repurchase Shares pursuant to the Repurchase Mandate.

The Company has no intention to exercise the Repurchase Mandate to the effect that it will 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:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2017		
May	0.202	0.188
June	0.195	0.170
July	0.186	0.038
August	0.084	0.062
September	0.073	0.056
October	0.074	0.057
November	0.081	0.055
December	0.067	0.055
2018		
January	0.075	0.058
February	0.067	0.054
March	0.063	0.054
April	0.059	0.046
May (up to the Latest Practicable Date)	0.059	0.046

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

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

Mr. Li Ming, aged 55, was appointed as a Director in February 2009 and is the Chairman of the Group. Mr. Li graduated from Jiangxi Finance Institute (now known as Jiangxi University of Finance and Economics) majoring in planning statistics. Prior to joining the Company, Mr. Li held senior positions in a number of well-known companies in the People's Republic of China and had extensive experience in management and business planning. Mr. Li has served as a non-executive director of DST ROBOT Co. Ltd (Stock Code: A090710), a company listed on Korean Stock Exchange, since March 2015. Mr. Li was appointed as an independent non-executive director of Skyworth Digital Holdings Limited (Stock code: 00751), a company listed on Hong Kong Stock Exchange, in March 2017. Save as disclosed above, Mr. Li did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas over the last three years.

Mr. Li entered into a service contract with the Company, commencing from 3 February 2009, which will continue thereafter until terminated by either party by giving the other party not less than three months' written notice. Mr. Li is currently entitled to a monthly emolument of HK\$110,000 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. Li is not connected with any directors, senior management or substantial or controlling shareholders (as respectively defined in the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Li has personal interest in 1,207,577,954 shares of the Company, as well as corporate interest in 522,450,000 shares of the Company. Mr. Li was also granted share options by the Company entitling him to subscribe for up to 70,000,000 shares in the Company. Mr. Li and his controlled corporation together held 1,730,027,954 shares and underlying shares of the Company, representing approximately 12.69% of the issued share capital of 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. During the year ended 31 December 2017, Mr. Li has interest in a company which provides financial assistance for the benefit of the Company's subsidiary on normal commercial terms where no charge over the assets of the Company is created in respect of the financial assistance. 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. Li as a Director.

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Mr. Hu Bai He, aged 55, was appointed as an independent non-executive Director in May 2008. Mr. Hu was graduated from Jiangxi University of Finance and Economics. He is a senior accountant, certified public accountant, certified public valuer and certified tax agent in the People's Republic of China (the "PRC"). He has extensive experience in finance and accounting field. Mr. Hu is currently the general manager of Peking Certified Public Accountants. Before he joined Peking Certified Public Accountants in 1993, he has had over seven years working experience with Ministry of Finance of the PRC. Mr. Hu has been an independent non-executive director of China Tian Yuan Healthcare Group Limited, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited, since August 2016. Save as disclosed above, Mr. Hu did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas over the last three years.

Mr. Hu has entered into a service contract with the Company under which he is appointed for a term of two years to the conclusion of the annual general meeting to be held in 2020. He is entitled to director's fees of HK\$100,000 per annum, which is determined by the Board by reference to his qualification, experience and scope of responsibilities.

Mr. Hu is not connected with any directors, senior management or substantial or controlling shareholders (as respectively defined in the Listing Rules) of the Company. Mr. Hu was granted options by the Company entitling him to subscribe for up to 1,000,000 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. Hu as a Director.

Ms. Xiang Siying, aged 55, was appointed as an independent non-executive Director in May 2008. 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. From 2010 to April 2016, Ms. Xiang was 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 is currently an independent non-executive director of Titan Petrochemicals Group Limited (Stock Code: 01192) and Huili Resources (Group) Limited (Stock Code: 01303), the shares of which are listed on the Stock Exchange of Hong Kong Limited. Save as disclosed above, Ms. Xiang did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Ms. Xiang has entered into a service contract with the Company under which she is appointed for a term of two years to the conclusion of the annual general meeting to be held in 2020. She is entitled to director's fees of HK\$100,000 per annum, which is determined by the Board by 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 Rule13.51(2) of the Listing Rules in relation to the proposed re-election of Ms. Xiang as a Director.

Mr. Zhang Weibing, aged 52, was appointed as a Director in November 2017. Mr. Zhang holds a bachelor degree in economics, a master degree in finance from Peking University and a doctoral degree in finance from Sichuan University. He has over 26 years of working experience in financial securities industry. Mr. Zhang acted as an executive director of Titan Petrochemicals Group Limited, a company listed on the main board of the Stock Exchange (stock code: 1192), from July 2015 to March 2018. Mr. Zhang has extensive experience in corporate governance, initial public offering, mergers and acquisitions, equity bond financing and investment.

Mr. Zhang entered into a service contract with the Company, commencing from 21 November 2017, which will continue thereafter until terminated by either party by giving the other party not less than three months' written notice. Mr. Zhang is entitled to a monthly emolument of approximately HK\$100,000 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. As at the Latest Practicable Date, Mr. Zhang has personal interest in 30,000,000 shares of 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 Rule13.51(2) of the Listing Rules in relation to the proposed re-election of Mr. Zhang as a Director.

NOTICE OF ANNUAL GENERAL MEETING

CHINA OCEAN INDUSTRY GROUP LIMITED

中海重工集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00651)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of China Ocean Industry Group Limited (“**Company**”) will be held at Golden Restaurant, Macau Jockey Club, 1/F, East Wing, Shun Tak Centre, 200 Connaught Road Central, Sheung Wan, Hong Kong on Friday, 22 June 2018 at 10:30 a.m. to consider and transact the following ordinary businesses:

1. to receive and adopt the audited consolidated financial statements of the Company for the year ended 31 December 2017 and the reports of the directors and auditors thereon;
2. to re-elect the newly appointed director of the Company (Mr. Zhang Weibing);
3. to re-elect the retiring directors of the Company (Mr. Li Ming, Mr. Hu Bai He and Ms. Xiang Siying);
4. to authorise the board of directors (“**Board**”) to fix the remuneration of the directors of the Company;
5. to re-appoint Messrs Asian Alliance (HK) CPA Limited as the Company’s auditors and to authorise 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:

6. “**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;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) of this resolution shall authorise 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 total number of Shares 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 20 per cent. of the number of issued Shares on the date of the passing of this resolution (subject to adjustment in the case of sub-division and consolidation of Shares and the said approval 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

NOTICE OF ANNUAL GENERAL MEETING

- (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).”

7. **“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 all applicable laws and the Listing Rules or of any other stock exchange (as applicable) as amended from time to time, 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 number of issued Shares as at the date of the passing of this resolution (subject to adjustment in the case of sub-division and consolidation of Shares) and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (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
 - (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.”

- 8. “**THAT**, subject to the availability of unissued share capital and conditional on the passing of resolution nos. 6 and 7 above, the general mandate granted to the Directors to allot, issue and deal with additional shares pursuant to resolution no. 6 above be and is hereby extended by the addition of the number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to or in accordance with such general mandate of an amount representing the total number of the Shares repurchased by the Company pursuant to or in accordance with the authority granted under Resolution no. 7 above provided that such amount of shares so repurchased shall not exceed 10% of the number of issued Shares as at the date of the passing of this resolution.”

- 9. “**THAT**:
 - (a) the authorised share capital of the Company be and is hereby increased from HK\$1,000,000,000 divided into 20,000,000,000 Shares of HK\$0.05 each to HK\$2,500,000,000 divided into 50,000,000,000 Shares of HK\$0.05 each by the creation of additional 30,000,000,000 Shares of HK\$0.05 each (the “**Increase in Authorised Share Capital**”); and

NOTICE OF ANNUAL GENERAL MEETING

- (b) the Directors be and are hereby authorised to do all acts and things on behalf of the Company as they may, in their absolute discretion, consider necessary and expedient to effect or in connection with the Increase in Authorised Share Capital.”

By order of the Board of
China Ocean Industry Group Limited
Tong Yiu On
Company Secretary

Hong Kong, 18 May 2018

Principal place of business:

Units 2107, 21/F.,
West 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.
3. The Register of members of the Company will be closed from Tuesday, 19 June 2018 to Friday, 22 June 2018, both days inclusive, during which period no transfer of shares of the Company will be affected. In order to **qualify and vote at the annual general meeting**, all transfers accompanied by the relevant share certificates 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 later than 4:30 p.m. on Friday, 15 June 2018.

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