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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.

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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
REFRESHMENT OF THE SCHEME MANDATE LIMIT UNDER
THE SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

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 Monday, 29 June 2015 at 10:00 a.m. is set out on pages 15 to 18 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.

28 May 2015

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DEFINITIONS

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

“Adoption Date”	27 June 2012, being the date on which the Share Option Scheme was adopted by resolution of the Company in general meeting;
“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 Monday, 29 June 2015 at 10:00 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 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);
“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;
“Eligible Participant”	Any persons who may be invited by the Directors to take up options as detailed in the Share Option Scheme;
“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;

DEFINITIONS

“Latest Practicable Date”	26 May 2015, 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 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;
“Scheme Mandate Limit”	the limit imposed under the rules of the Share Option Scheme on the total number of Shares which may be issued upon the exercise of all options granted under the Share Option Scheme of the Company, being 10% of the Company’s issued share capital as at the Adoption Date, which may be “refreshed” on and pursuant to the rules of the Share Option Scheme;
“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;
“Share Option Scheme”	the share option scheme currently in force and adopted by the Company on 27 June 2012;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;
“Terminated Scheme”	the share option scheme of the Company adopted on 27 May 2002 and expired on 26 May 2012;
“30% Overall Limit”	the maximum limit imposed under the rules of the Share Option Scheme on the aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company, which must not in aggregate exceed 30% of the Shares in issue from time to time;
“%”	per cent

LETTER FROM THE BOARD

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

28 May 2015

To the Shareholders

Dear Sir/Madam

**PROPOSED GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES
PROPOSED RE-ELECTION OF RETIRING DIRECTORS
REFRESHMENT OF THE SCHEME MANDATE LIMIT UNDER
THE SHARE OPTION SCHEME
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, proposed re-election of retiring Directors and the refreshment of Scheme Mandate Limit.

LETTER FROM THE BOARD

2. RE-ELECTION OF RETIRING DIRECTORS

Mr. Li Ming, Mr. Wang San Long and Ms. Xiang Ying 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 Ying will hold office until the conclusion of the annual general meeting held in 2017.

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 2014, 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 10,175,722,155 Shares in issue as at the Latest Practicable Date and assuming that no Shares are allotted and issued or repurchased thereafter until the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue up to 2,035,144,431 Shares. In addition, an ordinary resolution will be proposed so that the Issue Mandate will be extended by the addition to the Issue Mandate 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**”).

LETTER FROM THE BOARD

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. REFRESHMENT OF 10% SCHEME MANDATE LIMIT

Terminated Scheme

The Company adopted the Terminated Scheme on 27 May 2002 which remained in force for a period of ten years and was expired on 26 May 2012, hence no further options were granted under the Terminated Scheme thereafter. Options granted under the Terminated Scheme and remain unexpired prior to the expiration of the Terminated Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the operation of the Terminated Scheme.

As at the Latest Practicable Date, outstanding options carrying rights to subscribe for 46,449,780 Shares remain unexercised under the Terminated Scheme.

Share Option Scheme currently in force

At the annual general meeting of the Company held on 27 June 2012, an ordinary resolution was passed by the then Shareholders for the adoption of the Share Option Scheme. Since then, the Company did not refresh the Scheme Mandate Limit. Apart from the Share Option Scheme, the Company has no other share option scheme currently in force.

On 7 May 2014, options carrying rights to subscribe for 366,000,000 Shares at the initial exercise price of HK\$0.211 were granted under the Share Option Scheme; as at the Latest Practicable Date, outstanding options carrying rights to subscribe for a total of 366,000,000 Shares remain unexercised under the Share Option Scheme.

LETTER FROM THE BOARD

Refreshment of the 10% Scheme Mandate Limit

Under the rules of the Share Option Scheme, the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 10% of the Company's issued share capital as at the Adoption Date, namely 366,799,488 Shares. The Share Option Scheme is the only share option scheme of the Company in force as at the Adoption Date and up to the Latest Practicable Date. Since the adoption of the Share Option Scheme, options carrying rights to subscribe for 366,000,000 Shares were granted under the Share Option Scheme. Unless the current Scheme Mandate Limit is refreshed, only options for subscribing for up to a total of 799,488 Shares may be granted under the Share Option Scheme as at the Latest Practicable Date.

As at the Latest Practicable Date, the number of Shares to be issued upon exercise of the options granted, exercised, lapsed and outstanding under the Share Option Scheme and any other share option scheme(s) of the Company currently in force is as follows:

Share Options Granted	Number of Shares to be Issued Upon Exercise of			Share Options Outstanding
	Share Options Exercised	Share Options Cancelled/Lapsed	Share Options	
366,000,000	0	0		366,000,000

The 10% Scheme Mandate Limit may be "refreshed" from time to time on and pursuant to the rules of the Share Option Scheme. Under the rules of the Share Option Scheme, among others:

- (1) the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the Shares of the Company in issue from time to time (the "**30% Overall Limit**");
- (2) the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company is subject to the 10% Scheme Mandate Limit; and
- (3) unless approved by the Shareholders in general meeting, the total number of Shares issued and to be issued upon the exercise of options granted to each participant of the Share Option Scheme and any other share option scheme(s) of the Company (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the issued share capital of the Company.

LETTER FROM THE BOARD

The Company may seek approval from the Shareholders in general meeting for refreshing the 10% Scheme Mandate Limit so that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company shall be refreshed to 10% of the Shares in issue as at the date of the approval of the limit.

In this connection, options previously granted under the Share Option Scheme and any other share option scheme(s) of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the 10% Scheme Mandate Limit as “refreshed”.

As at the Latest Practicable Date, the number of Shares in issue was 10,175,722,155. If the Scheme Mandate Limit is refreshed, on the basis of 10,175,722,155 Shares in issue and assuming no further Shares will be allotted and issued or repurchased by the Company after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to grant further options carrying rights to subscribe for a maximum of 1,017,572,215 Shares under the Share Option Scheme (representing 10% of the Shares in issue as at the date of the Annual General Meeting).

As at the Latest Practicable Date, options carrying rights to subscribe for a total of 412,449,780 Shares under the Share Option Scheme and the Terminated Scheme remain outstanding and yet to be exercised, representing approximately 4.05% of the of the Shares in issue as at the Latest Practicable Date. Assuming that the refreshment of the Scheme Mandate Limit will be approved, the number of Shares that may be issued under the Share Option Scheme will be in aggregate of 1,430,021,995 Shares, representing approximately 14.05% of the Shares in issue at the Latest Practicable Date and is within the 30% Overall Limit. To the best knowledge of the Directors, the grant of Share Options was in line with the rules of the Share Option Scheme and the relevant requirements of the Listing Rules.

The purpose of the Share Option Scheme is to recognise and motivate the contribution of eligible participants, to provide incentives to them, to help the Company retaining eligible participants and recruiting additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company. Given that the existing 10% Scheme Mandate Limit is nearly depleted, the Share Option Scheme cannot continue to serve its intended purpose for the benefits of the Group and the Shareholders unless the Scheme Mandate Limit is “refreshed” in accordance with the rules of the Share Option Scheme. The Directors consider that refreshment of the Scheme Mandate Limit is in the interests of the Company and the Shareholders as a whole that eligible participants of the Share Option Scheme are granted rights to obtain equity holdings of the Company through the grant of options under the Share Option Scheme. This will provide further incentive to the eligible participants to contribute to the success of the Group.

LETTER FROM THE BOARD

The refreshment of the Scheme Mandate Limit is conditional upon:

- (1) the passing of the necessary resolution to approve the further refreshment of the Scheme Mandate Limit by the Shareholders at the Annual General Meeting; and
- (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares representing 10% of the Shares in issue as at the date of the Annual General Meeting, which may be issued pursuant to exercise of share options to be granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options granted under the Share Option Scheme under the 10% Scheme Mandate Limit proposed to be “refreshed” at the Annual General Meeting.

6. ANNUAL GENERAL MEETING

The notice of Annual General Meeting which contains, inter alia, ordinary resolutions to re-elect the retiring Directors, to approve the Issue Mandate and the Repurchase Mandate and refreshment of share option scheme mandate limit is set out on pages 15 to 18 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., 27 June 2015, 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.

7. RECOMMENDATION

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

LETTER FROM THE BOARD

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.

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, 2014, 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.

As mentioned under the section headed “REFRESHMENT OF 10% SCHEME MANDATE LIMIT”, the Directors consider that the refreshment of the Scheme Mandate Limit is in the interest of the Company and the Shareholders as a whole that eligible participants of the Share Option Scheme are granted rights to obtain equity holdings of the Company through the exercise of Share Options granted under the Share Option Scheme. This will provide incentive to the eligible participants to contribute to the success of the Group.

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.

8. 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.

9. 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 10,175,722,155 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 1,017,572,215 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, 2014, 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 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.

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.

On the basis that no Shares are allotted and issued or repurchased from the Latest Practicable Date to the Annual General Meeting and assuming that none of the outstanding share options and convertible bonds 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:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2014		
May	0.340	0.173
June	0.455	0.315
July	0.435	0.335
August	0.435	0.360
September	0.400	0.290
October	0.380	0.245
November	0.315	0.245
December	0.290	0.236
2015		
January	0.280	0.184
February	0.210	0.158
March	0.197	0.160
April	0.295	0.160
May (up to the Latest Practicable Date)	0.335	0.235

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

Mr. Li Ming, aged 52, was appointed as a Director in February 2009 and is the Deputy Chairman and Chief Executive Officer of the Group. Mr. Li graduated from Jiangxi Finance Institute (now known as Jiangxi University of Finance & 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 been an executive director of Shenzhen Microgate Technology Co. Ltd. from May 2012 to October 2013, the shares of which are listed on the ShenZhen Stock Exchange. 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 in 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 359,817,500 shares of the Company, as well as corporate interest in 295,100,000 shares of the Company. Mr. Li was also granted share options by the Company entitling him to subscribe for up to 40,000,000 shares in the Company. Mr. Li and his controlled corporation together held 694,917,500 shares and underlying shares of the Company, representing approximately 6.82% 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 2014, 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.

Mr. Wang San Long, aged 64, was appointed as a Director in May 2008. Mr. Wang has more than thirty years experience in the field of ship-building. He is a senior engineer and was graduated from ship-building department of Huazhong Gong Xue Yuan (now known as Huazhong University of Science and Technology). Mr. Wang is a member of Changjiang Committee in China Classification Society. He is also a member of teaching guidance committee of ship engineering department in Jiujiang Vocational and Technical College. Mr. Wang is currently the chairman of one of the subsidiary of the Company, namely Jiangxi Jiangzhou Union Shipbuilding Co., Ltd. Mr. Wang 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. Mr. Wang entered into a service contract with the Company, commencing from 28

March 2012, which will continue thereafter until terminated by either party by giving the other party not less than three months' written notice. Mr. Wang is entitled to a monthly emolument of approximately HK\$56,500 in his capacities as the chairman of a subsidiary of the Company and the executive director of the Company. In addition, 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. Wang is not connected with any directors, senior management or substantial or controlling shareholders (as respectively defined in the Listing Rules) of the Company. Mr. Wang was granted options by the Company entitling him to subscribe for up to 20,110,600 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 Rule13.51(2) of the Listing Rules in relation to the proposed re-election of Mr. Wang as a Director.

Ms. Xiang Ying, aged 61, was appointed as an independent non-executive Director in August 2009. Ms. Xiang was graduated and obtained her Bachelor's Degree in Economics from Zhongnan University of Economics and Law. Ms. Xiang is a qualified lawyer and a certified public accountant in the People's Republic of China. She also holds qualifications to act as a senior lecturer in Economic Law. Ms. Xiang has significant experience in the fields of mergers and acquisitions, financial services and risk management. During the period from 31 August 2011 to 25 November 2012, she was appointed as an independent director of Anxin Trust & Investment Co. Ltd., the shares of which are listed on Shanghai Stock Exchange. During the period from 8 March 2010 to 30 July 2013, she was appointed as an independent director of Guangdong Sky Dragon Ink Group Co. Ltd, the shares of which are listed on Shenzhen Stock Exchange. Ms. Xiang currently is the chairman of remuneration committee and nomination committee of the Company and a member of audit committee of the Company. Save as disclosed above, Ms. Xiang does not hold any position with the Company or other members of the 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 to the conclusion of the annual general meeting to be held in 2017. She 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 Rule13.51(2) of the Listing Rules in relation to the proposed re-election of Ms. Xiang as a Director.

NOTICE OF ANNUAL GENERAL MEETING

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 Monday, 29 June 2015 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 2014 and the reports of the directors and auditors thereon;
2. to re-elect the retiring directors (Mr. Li Ming, Mr. Wang San Long and Ms. Xiang Ying) 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;
- (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;

NOTICE OF ANNUAL GENERAL MEETING

- (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
- (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).”

NOTICE OF ANNUAL GENERAL MEETING

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
 - (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.”

NOTICE OF ANNUAL GENERAL MEETING

7. “**THAT** pursuant to the rules of the share option scheme (“**Scheme**”) adopted by the Company on 27 June 2012 and conditional upon the Stock Exchange granting listing of and permission to deal in the Shares to be issued upon the exercise of options under the Scheme, approval be and is hereby generally and unconditionally granted for “refreshing” the 10% limit under the Scheme provided that (i) the total number of ordinary shares of HK\$0.05 each in the capital of the Company which may be allotted and issued upon the exercise of all options to be granted under the Scheme and any other share option schemes of the Company shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution and (ii) options previously granted under the Scheme and any other share option scheme(s) of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Scheme or any other share option schemes of the Company) shall not be counted for the purpose of calculating the 10% limit as “refreshed” hereby, and that the Directors of the Company be and are hereby authorized, subject to compliance with the Listing Rules, to grant options under the Scheme up to the refreshed limit and to exercise all the powers of the Company to allot, issue and deal with Shares pursuant to the exercise of such options.”

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

Hong Kong, 28 May 2015

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.