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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.

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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
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of China Ocean Industry Group Limited to be held at Unit 07, 21/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Friday, 21 June 2019 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.

17 May 2019

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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 Unit 07, 21/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Friday, 21 June 2019 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

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|------------------------------------|--|
| “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 (subject to adjustment in case of any Share consolidation or subdivision after the mandate has been approved, provided that the maximum number of securities that may be issued as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same); |
| “Latest Practicable Date” | 10 May 2019, 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 (subject to adjustment in case of any Share consolidation or subdivision after the mandate has been approved, provided that the maximum number of securities that may be issued as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same); |
| “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:

Unit 07, 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

17 May 2019

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.

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.

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

Mr. Zhang Shi Hong, Mr. Liu Jin, Mr. Chau On Ta Yuen 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, Mr. Chau On Ta Yuen and Ms. Xiang Ying will hold office until the conclusion of the annual general meeting held in 2021.

The nomination committee of the Company has taken into account the nomination policy and procedures adopted by the Company in making the recommendation to the Board for the re-election of Xiang Ying. The nomination committee is also of the view that Ms. Xiang Ying would bring to the Board her own perspective, skills and experience, as further described in her biography in Appendix II to this circular.

Ms. Xiang is experienced in the accounting and legal field in the People's Republic of China, and is able to devote sufficient time and attention to perform the duties as an independent non-executive Director. The re-election of Ms. Xiang Ying as an independent non-executive Director may replenish the professional knowledge of the Board in mergers and acquisitions, financial services and risk management.

Ms. Xiang Siying has served as an independent non-executive Director for more than 9 years since her first appointment in May 2008. Therefore her further appointment will be subject to a separate resolution to be approved by the Shareholders. Ms. Xiang has provided a written confirmation of her independence pursuant to Rule 3.13 of the Listing Rules. Further, the Board considers that Ms. Xiang Ying is a person of integrity and independent in judgement and character. She is independent of management and free from any business or other relationships or circumstances which could materially interfere with the exercise of her independent judgement. Accordingly, the Board considers that Ms. Xiang Ying meets the independent guidelines set out in Rule 3.13 of the Listing Rules, and is of the view that her independence is not affected by her long service with the Company. And with the recommendation of the nomination committee, the Board has proposed that Ms. Xiang Ying stand for re-election as an independent non-executive Director at the AGM.

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 22 June 2018, 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. 5 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. 6 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 recognised 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. 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 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 10:30 a.m., 19 June 2019, 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.

LETTER FROM THE BOARD

5. CLOSE OF REGISTER OF MEMBERS

The Hong Kong register of members of the Company will be closed from Tuesday, 18 June 2019 to Friday, 21 June 2019, both days inclusive, during which period no transfer of shares of the Company will be affected. The record date for determining the entitlements of the Shareholders to attend and vote at the AGM is Monday, 17 June 2019. 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 Monday, 17 June 2019.

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 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.

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, 2018, 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.

LETTER FROM THE BOARD

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), during the period from the date of resolution granting the Repurchase Mandate until 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 law or the Bye-laws to be held; and (iii) its revocation or variation by ordinary resolution of the Shareholders in a general meeting.

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 recognised 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 2018, 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 1,790,782,954 Shares and underlying Shares, representing approximately 13.13% of the total number of issued Shares. In the event that the Directors exercise the proposed Repurchase Mandate in full, the Mr. LI Ming's interest and deemed interest in Shares would be increased to approximately 14.59% 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 | Lowest |
|---|----------------|---------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| 2018 | | |
| May | 0.059 | 0.046 |
| June | 0.059 | 0.043 |
| July | 0.051 | 0.042 |
| August | 0.050 | 0.038 |
| September | 0.040 | 0.031 |
| October | 0.037 | 0.027 |
| November | 0.031 | 0.020 |
| December | 0.032 | 0.015 |
| 2019 | | |
| January | 0.032 | 0.015 |
| February | 0.024 | 0.015 |
| March | 0.036 | 0.021 |
| April | 0.025 | 0.018 |
| May (up to the Latest Practicable Date) | 0.020 | 0.017 |

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

1. MR. ZHANG SHI HONG

Mr. Zhang Shi Hong, aged 50, was appointed as a Director in December 2007 and is the Chief Executive Officer of the Group. Mr. Zhang has over 18 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, mainly responsible for credit management. He also pursued investment management in various institutions in the People's Republic of China. Mr. Zhang holds a Master's degree in Economics. Mr. Zhang is directors of certain subsidiaries of the Company. He does 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\$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 (i) personal interest in 216,400,000 Shares of the Company and (ii) share options carrying rights to subscribe for up to 16,000,000 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. Zhang as a Director.

2. MR. LIU JIN

Mr. Liu Jin, aged 50, was appointed as a Director in September 2015. Mr. Liu obtained a Diploma in Business Administration from Singapore Institute of Management and a Master Degree of Business Administration from Hong Kong Baptist University. Mr. Liu is also a Certified Dealmaker endorsed by the China Mergers & Acquisition Association. Mr. Liu has nearly 20 years' experience in the investment industry. He held senior positions in brokerage firm, investment companies and private equity management companies and has extensive experience in corporate finance matters, such as corporate management, risks management, mergers and acquisitions, corporate advisory and initial public offering in the People's Republic of China.

Mr. Liu 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. Liu is entitled to a monthly emolument of HK\$80,000 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. Liu 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. Liu 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. Liu as a Director.

3. MR. CHAU ON TA YUEN

Mr. Chau On Ta Yuen, aged 71, was appointed as a Director in September 2007 and was re-designated as the non-executive Director and Honorary Chairman of the Group in June 2015. Mr. Chau graduated from Xiamen University majoring in Chinese language and literature. Mr. Chau has been an executive director of ELL Environmental Holdings Limited and an independent non-executive director of Good Resources Limited, Come Sure Group (Holdings) Limited, Redco Properties Group Limited and Hua Long Jin Kong Company 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 securities of which are listed on any securities market in Hong Kong or overseas over the last three years. Mr. Chau is currently a member of the Chinese People Political Consultative Conference of the People's Republic of China and holds the office of its deputy officer of the Social and Legal Affairs Committee. He is also the vice chairman of Hong Kong Federation of Fujian Associations. Mr. Chau was awarded the Bronze Bauhinia Star by the Hong Kong Government of Special Administration Region in 2010.

Mr. Chau 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 2021. 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 non-executive director and honorary 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. As at the Latest Practicable Date, Mr. Chau was interested in share options carrying rights to subscribe for up to 45,000,000 Shares. 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.

4. MS. XIANG YING

Ms. Xiang Ying, aged 64, 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. Ms. Xiang has served as an independent director of Guangdong National Technology Co., Ltd, the shares of which are listed on Shenzhen Stock Exchange. 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. Ms. Xiang was an independent director of Guangdong Sky Dragon Ink Group Co. Ltd, the shares of which are listed on Shenzhen Stock Exchange, from July 2010 to July 2013. 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.

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 2021. 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. As at the Latest Practicable Date, Ms. Xiang was interested in share options carrying rights to subscribe for up to 1,000,000 Shares. 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.

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 Unit 07, 21/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Friday, 21 June 2019 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 2018 and the reports of the directors and auditors thereon;
2. to re-elect the retiring directors of the Company (Mr. Zhang Shi Hong, Mr. Liu Jin, Mr. Chau On Ta Yuen and Ms. Xiang Ying);
3. to authorise the board of directors (“**Board**”) to fix the remuneration of the directors of the Company;
4. 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:

5. “**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 in unissued shares 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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- (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

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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).”

6. “**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 of Hong Kong Limited (“**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

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- (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.”
7. “**THAT**, subject to the availability of unissued share capital and conditional on the passing of resolution nos. 5 and 6 above, the general mandate granted to the Directors to allot, issue and deal with additional shares pursuant to resolution no. 5 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. 6 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.”

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

Hong Kong, 17 May 2019

Principal place of business:

Unit 07, 21/F.,
West Tower,
Shun Tak Centre,
168-200 Connaught Road Central,
Hong Kong

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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 Hong Kong register of members of the Company will be closed from Tuesday, 18 June 2019 to Friday, 21 June 2019, both days inclusive, during which period no transfer of shares of the Company will be affected. The record date for determining the entitlements of the Shareholders to attend and vote at the AGM is Monday, 17 June 2019. 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 Monday, 17 June 2019.

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.