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

If you have sold or transferred all your securities in China Ocean 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 (the "AGM") of China Ocean Industry Group Limited to be held at Unit D, 16/F., MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 18 September 2020 at 10:30 a.m. is set out on pages 15 to 19 of this circular.

If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 12:00 noon on the date of the AGM and/or the Hong Kong Observatory has announced at or before 12:00 noon on the date of the meeting that either of the above mentioned warnings is to be issued within the next two hours, the AGM will be adjourned. The Company will publish a circular to notify Shareholders of the date, time and place of the adjourned AGM.

The AGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the AGM under bad weather conditions bearing in mind their own situation.

Whether or not you are able to attend the AGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE AGM

Please refer to page ii of this circular for precautionary measures that will be implemented at the AGM to prevent the COVID-19 pandemic, including:

- (i) Compulsory body temperature check;
- (ii) Compulsory wearing of surgical face mask throughout the AGM;
- (iii) No refreshments will be provided and there will be no corporate gift; and
- (iv) Maintaining proper distance between seats.

Any person who does not comply with any of the above precautionary measures, or who has a fever or exhibits flu-like symptoms or is subject to any Hong Kong Government prescribed quarantine may be denied entry to the AGM venue.

For the health and safety of Shareholders, the Company encourages Shareholders NOT to attend the meeting in person, and remind Shareholders that they may appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person

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PRECAUTIONARY MEASURES FOR THE AGM

To safeguard the health and safety of stakeholders and participants attending the AGM under the ongoing Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the AGM:

- (i) Compulsory body temperature checks will be conducted for every attendee entering the AGM venue. Any person with a body temperature above 37.4 degrees Celsius, or who exhibits flu-like symptoms, may be denied entry to the AGM venue or be required to leave the AGM venue;
- (ii) Each attendee will be required to wear a surgical face mask inside the AGM venue and throughout the AGM;
- (iii) No refreshment will be served and there will be no corporate gift; and
- (iv) Seating at the AGM venue will be arranged to ensure appropriate social distancing. Attendee of the AGM is reminded to observe good personal hygiene and to maintain appropriate social distance with others at all times.

Any person who refuses to co-operate with any of the above precautionary measures may not be admitted to the AGM venue in order to ensure the safety of the attendees at the AGM.

In addition, the Company reminds all Shareholders that they may appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person, by completing and returning the proxy form attached to this circular.

If any Shareholder chooses not to attend the AGM in person but has any question about any resolution or about the Company, or has any matter for communication with the Directors, he/she is welcome to send such question or matter in writing to our principal place of business in Hong Kong.

Subject to the development of the COVID-19 pandemic in Hong Kong, the Company may implement further precautionary measures, and issue further announcement(s) on such measures at short notice as and when appropriate. Shareholders should check the website of The Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) or the website of the Company (www.irasia.com/listco/hk/chinaoceanindustry) for further announcements and updates on the AGM arrangements.

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 D, 16/F., MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 18 September 2020 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

“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”	17 August 2020, 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\$0.04 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 Chuanjun

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 D, 16/F.
MG Tower
133 Hoi Bun Road
Kowloon
Hong Kong

19 August 2020

To the Shareholders

Dear Sir/Madam

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

1. INTRODUCTION

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

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

LETTER FROM THE BOARD

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

Mr. Li Ming and Ms. Xiang Siying, will retire from office as Directors by rotation in the Annual General Meeting in accordance with Bye-law no. 87 and, being eligible, will offer themselves for re-election. If re-elected at the AGM, Ms. Xiang Siying will hold office until the conclusion of the annual general meeting held in 2022.

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 Siying. The nomination committee is also of the view that Ms. Xiang Siying 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 has extensive experience in all sectors of corporate finance, restructuring and merge and acquisitions practice, 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 Siying 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 their first appointment in May 2008. Therefore her respective 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 Siying 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 their independent judgement. Accordingly, the Board considers that Ms. Xiang Siying 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 Siying stand for re-election as an independent non-executive Director at the AGM.

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 Chuanjun, who was appointed as an executive Director with effect from 20 July 2020, 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 21 June 2019, 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 340,920,971 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 68,184,194 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 340,920,971 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 34,092,097 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 Increase in Authorised Share Capital, to approve the Issue Mandate and the Repurchase Mandate is set out on pages 15 to 19 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and, in any event not later than 10:30 a.m., 16 September 2020 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.

5. CLOSE OF REGISTER OF MEMBERS

The Hong Kong register of members of the Company will be closed from Tuesday, 15 September 2020 to Friday, 18 September 2020, 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, 14 September 2020. 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 14 September 2020.

LETTER FROM THE BOARD

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.

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, 2019, 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 340,920,971 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 34,092,097 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 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 2019, 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 340,920,971 Shares to 306,828,874 Shares.

As at the Latest Practicable Date, Mr. Li Ming, Chairman of the Company, was interested and deemed to be interested in 44,769,573 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 interest and deemed interest in shareholding of Mr. Li Ming 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>
2019		
August	0.020	0.010
September	0.010	0.010
October	0.400	0.195
November	0.280	0.068
December	0.275	0.123
2020		
January	0.198	0.100
February	0.200	0.100
March	0.138	0.073
April	0.088	0.077
May	0.116	0.078
June	0.094	0.076
July	0.205	0.085
August (up to the Latest Practicable Date)	0.096	0.085

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

Mr. Li Ming, aged 57, 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 served as a non-executive director of DST ROBOT Co. Ltd (Stock Code: A090710), a company listed on Korean Stock Exchange, from March 2015 to April 2019 and as an independent non-executive director of Skyworth Digital Holdings Limited (Stock code: 00751), a company listed on Hong Kong Stock Exchange, from March 2017 to Mach 2020. 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 31,219,448 shares of the Company, as well as corporate interest in 13,550,125 shares of the Company. Mr. Li and his controlled corporation together held 44,769,573 shares and underlying shares of the Company, representing approximately 13.13% of the issued share capital of the Company. Save as disclosed above, he does not have any interest in any shares of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance. During the year ended 31 December 2019, 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.

Ms. Xiang Siying, aged 57, 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 served as an independent non-executive director of Titan Petrochemicals Group Limited (Stock Code: 01192) from July 2015 to July 2018, she was appointed as an independent non-executive director and then the chairman of Huili Resources (Group) Limited (Stock Code: 01303) in September 2017 and March 2019 respectively. The shares of the aforesaid companies 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.

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 2022. 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 and its associated corporations 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.

Mr. Zhang Chuanjun, aged 49, holds a Master's degree and a Bachelor's degree in Management Accounting and is a senior accountant. He has over 28 years of experience in accounting, corporate finance and treasury. Mr. Zhang currently serves as the partner of Hangzhou Yutao Asset Management Partnership (Limited Partnership). Prior to joining the Company, Mr. Zhang served as an executive director and the chief financial officer of AVIC International Holding (HK) Limited (stock code: 0232), an executive director and a vice president of China Environmental Investment Holdings Limited (currently known as AVIC Joy Holdings (HK) Limited) (stock code: 260) and an executive director of Mongolia Investment Group Limited (currently known as Peace Map Holding Limited), all of which are companies listed on the main board of the Stock Exchange. He was also the deputy chief financial officer of AVIC International Holding Corporation and was also the chief financial officer of AVIC International (HK) Group Limited. Save as disclosed above, Mr. Zhang 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. Zhang entered into a service contract with the Company, commencing from 20 July 2020, 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 director's fee of HK\$24,000 per annum and he may also entitle to a discretionary bonus at the sole determination of the Board. His director's fee is determined by reference to his duties and responsibilities in the Company 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 does not have any interest in any shares of the Company and its associated corporations 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.

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 (the “**AGM**”) of China Ocean Industry Group Limited (“**Company**”) will be held at Unit D, 16/F., MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 18 September 2020 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 2019 and the reports of the directors and auditors thereon;
2. to re-elect the newly appointed director of the Company (Mr. Zhang Chuanjun);
3. to re-elect the retiring directors of the Company (Mr. Li Ming 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 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;

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
- (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;

NOTICE OF ANNUAL GENERAL MEETING

“**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 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
- (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.”

NOTICE OF ANNUAL GENERAL MEETING

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.”

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

Hong Kong, 19 August 2020

Notes:

1. A member of the Company who is a holder of two or more Shares, and who is entitled to attend and vote at the Meeting is entitled to appoint more than one proxy or a duly authorised corporate representative to attend and vote in his stead. A proxy needs not be a member of the Company.
2. A form of proxy for the AGM is enclosed with the Company’s circular dated 19 August 2020. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with a valid power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the AGM and any adjournment thereof should he so wish. In such event, his form of proxy will be deemed to have been revoked.
3. The Hong Kong register of members of the Company will be closed from Tuesday, 15 September 2020, to Friday, 18 September 2020 (both dates inclusive), for the purposes of determining the entitlements of the Shareholders to attend and vote at the AGM. No transfer of the Shares may be registered on those dates. The record date (being the last date of registration of any transfer of Shares given there will be no closure of register of members) for the purpose of determining the entitlements of the Shareholders to attend and vote at the AGM will be on Monday, 14 September 2020. In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Hong Kong branch share registrar of the Company, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by no later than 4:30 p.m. on Monday, 14 September 2020.

NOTICE OF ANNUAL GENERAL MEETING

4. Where there are joint registered holders of any Share, any one of such persons may vote at any meeting, either personally by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders, stand on the register in respect of the relevant joint holding.
5. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 12:00 noon on the date of the AGM and/or the Hong Kong Observatory has announced at or before 12:00 noon on the date of the AGM that either of the above mentioned warnings is to be issued within the next two hours, the AGM will be adjourned. The Company will publish an announcement to notify Shareholders of the date, time and place of the adjourned AGM.
6. The AGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders of the Company should decide on their own whether they would attend the AGM under bad weather conditions bearing in mind their own situation.

As at the date of this notice, the board of Directors comprises three executive directors, namely, Mr. Li Ming, Mr. Zhang Shi Hong and Mr. Zhang Chuanjun; and three independent non-executive directors, namely, Ms. Xiang Siying, Mr. Hu Bai He and Ms. Xiang Ying.

PRECAUTIONARY MEASURES FOR THE AGM

The Company would like to inform its Shareholders that precautionary measures will be implemented at the AGM to prevent the COVID-19 pandemic, including:

- (i) Compulsory body temperature check;
- (ii) Compulsory wearing of surgical face mask throughout the AGM;
- (iii) No refreshments will be provided and there will be no corporate gift; and
- (iv) Maintaining proper distance between seats.

Any person who does not comply with any of the above precautionary measures, or who has a fever or exhibits flu-like symptoms or is subject to any Hong Kong Government prescribed quarantine may be denied entry to the AGM venue.

For the health and safety of Shareholders, the Company encourages Shareholders NOT to attend the AGM in person, and remind Shareholders that they may appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.