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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)**

## **NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the special general meeting of the Company (the “**SGM**”) will be held at Unit 07, 21/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Friday, 25 October 2019 at 9:30 a.m. for the purpose of transacting the following business:

- A) Passing with or without amendments the following resolution as a special resolution of the Company:

### **SPECIAL RESOLUTION**

1. **“THAT**

- (a) conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the New Shares (as defined below) and (ii) the compliance by the Company with the requirements of section 46(2) of the Companies Act 1981 of Bermuda (the “**Companies Act**”), with effect from the first business day immediately following the date on which this resolution is passed (“**Effective Date**”):

- (i) cancellation of HK\$0.049 paid up capital on each issued existing ordinary share of the Company (“**Existing Share(s)**”) by way of reduction of capital so that the nominal or par value of each issued Existing Share will be reduced from HK\$0.05 to HK\$0.001 and the nominal or par value of each authorised but unissued ordinary share in the share capital of the Company shall be reduced from HK\$0.05 to HK\$0.001 (together, the “**Capital Reduction**”);
- (ii) immediately following the Capital Reduction becoming effective, every forty (40) issued ordinary shares of par value HK\$0.001 each in the share capital of the Company be consolidated and every forty (40) authorised but unissued ordinary shares of par value HK\$0.001 each in the share capital of the Company be consolidated (together, the “**Share Consolidation**”) into one (1) ordinary share of par value HK\$0.04 (each a “**Consolidated Share**”) in the share capital of the Company;
- (iii) the credits arising from the Capital Reduction shall be credited to the contributed surplus account of the Company and shall be applied towards offsetting the accumulated deficit of the Company as at the Effective Date, and the balance (if any) be transferred to a distributable reserve account of the Company which may be utilised by the directors of the Company (“**Directors**”) as a distributable reserve in accordance with bye-laws of the Company and all applicable laws (including the Companies Act) and rules (including the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (“**Listing Rules**”)) including, without limitation, eliminating or setting off the accumulated deficits of the Company which may arise from time to time and/or paying dividend and/or making any other distribution out of such account from time to time;
- (iv) any fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and not issued to the shareholder(s) of the Company concerned, but all such fractional Consolidated Shares shall be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the Directors (collectively the “**Capital Reorganisation**”) may think fit; and

- (b) any one or more of the Directors be and is hereby authorised to sign and execute such other documents or supplemental agreements or deeds for and on behalf of the Company and to do all such things and take all such actions as he or they may consider necessary, desirable or expedient for the purpose of carrying out or giving effect to or otherwise arising from and/or in connection with Capital Reduction and Share Consolidation.
- B) Passing with or without amendments the following resolutions as ordinary resolutions of the Company:

## **ORDINARY RESOLUTIONS**

- 2) **“THAT**
- (a) the subscription agreement dated 19 July 2019, including the form of the proposed convertible bonds (**“Convertible Bonds 1”**) annexed thereto (the **“Subscription Agreement 1”**) as amended and supplemented by the supplemental agreement dated 27 September 2019, entered into between the Company as issuer and Hong Kong Tong Ji Investment Holding Ltd. (**“Subscriber 1”**) as subscriber, a copy of which has been produced to the meeting marked **“A”** and signed by the chairman of the meeting for the purpose of identification), pursuant to which the Company has conditionally agreed to issue the Convertible Bonds 1 in an aggregate principal amount of HK\$50,000,000 to Subscriber 1 upon and subject to the terms and conditions as set out therein, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the issue of the Convertible Bonds 1 by the Company to Subscriber 1 in accordance with the terms and conditions of the Subscription Agreement 1 be and is hereby approved;
- (c) the allotment and issue of up to 78,125,000 Consolidated Shares or such other number of shares in the share capital of the Company which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds 1 in accordance with the terms and conditions of the Convertible Bonds 1 (**“Conversion Shares 1”**) be and is hereby approved;

- (d) any one Director be and is hereby authorised to do all such things and acts as he/she may in his/her discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation of the Subscription Agreement 1 and the transactions contemplated thereunder, including but not limited to the execution of all such documents under seal where applicable, as he/she considers necessary or expedient in his/her opinion to implement and/or give effect to the issue of the Convertible Bonds 1 and the issue and allotment of the Conversion Shares 1 which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds 1.”

3) **“THAT**

- (a) the subscription agreement dated 19 July 2019, including the form of the proposed convertible bonds (**“Convertible Bonds 2”**) annexed thereto (the **“Subscription Agreement 2”**) as amended and supplemented by the supplemental agreement dated 27 September 2019, entered into between the Company as issuer and Wise Benefit Investments Limited (**“Subscriber 2”**) as subscriber, a copy of which has been produced to the meeting marked **“B”** and signed by the chairman of the meeting for the purpose of identification), pursuant to which the Company has conditionally agreed to issue the Convertible Bonds 2 in an aggregate principal amount of HK\$60,000,000 to Subscriber 2 upon and subject to the terms and conditions as set out therein, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the issue of the Convertible Bonds 2 by the Company to Subscriber 2 in accordance with the terms and conditions of the Subscription Agreement 2 be and is hereby approved;
- (c) the allotment and issue of up to 93,750,000 Consolidated Shares or such other number of shares in the share capital of the Company which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds 2 in accordance with the terms and conditions of the Convertible Bonds 2 (**“Conversion Shares 2”**) be and is hereby approved;

- (d) any one Director be and is hereby authorised to do all such things and acts as he/she may in his/her discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation of the Subscription Agreement 2 and the transactions contemplated thereunder, including but not limited to the execution of all such documents under seal where applicable, as he/she considers necessary or expedient in his/her opinion to implement and/or give effect to the issue of the Convertible Bonds 2 and the issue and allotment of the Conversion Shares 2 which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds 2.”

By order of the Board

**Li Ming**

*Chairman*

Hong Kong, 3 October 2019

*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 SGM is enclosed with the Company’s circular dated 3 October 2019. 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 SGM 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 SGM 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 Monday, 21 October 2019, to Friday, 25 October 2019 (both dates inclusive), for the purposes of determining the entitlements of the Shareholders to attend and vote at the SGM. 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 SGM will be on Friday, 18 October 2019. 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 Friday, 18 October 2019.
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 SGM and/or the Hong Kong Observatory has announced at or before 12:00 noon on the date of the SGM that either of the above mentioned warnings is to be issued within the next two hours, the SGM will be adjourned. The Company will publish an announcement to notify Shareholders of the date, time and place of the adjourned SGM.
6. The SGM 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 SGM 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 Weibing, one non-executive director, namely, Mr. Chau On Ta Yuen; and three independent non-executive directors, namely, Ms. Xiang Siying, Mr. Hu Bai He and Ms. Xiang Ying.*