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CHINA OCEAN SHIPBUILDING INDUSTRY GROUP LIMITED

中海船舶重工集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00651)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of China Ocean Shipbuilding Industry Group Limited (the “**Company**”) will be held at Unit 1702-03, 17/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on 16 August 2010 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments the following resolution:

ORDINARY RESOLUTION

1. “**THAT** conditional upon the passing of (i) the resolutions numbered 2 and 3 set out in the notice convening this SGM (the “**Notice**”) and (in the case of paragraphs 1.2 and 1.3 below only) the fulfillment or waiver of the conditions to the Underwriting Agreement (as defined below):
 - 1.1. the underwriting agreement (the “**Underwriting Agreement**”) dated 15 June 2010 entered into between the Company and the underwriter, Kingston Securities Limited, copy of which has been produced at the Meeting and marked “A” and initialed by the chairman of the Meeting for identification purpose be and is hereby approved, confirmed and ratified in all respects;
 - 1.2. the issue by way of open offer (the “**Open Offer**”) of not less than 451,049,825 and not more than 503,195,001 new Shares of HK\$0.05 each (“**Offer Shares**”) for a subscription price of HK\$0.5 per Offer Share to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company as at the close of business on 16 August 2010 (the “**Record Date**”), in the proportion of one Offer Share for every two existing Shares then held (with bonus Shares (the “**Bonus Shares**”) in the proportion of two Bonus Shares for every one Offer Share taken up under the Open Offer (the “**Bonus Issue**”)) and otherwise pursuant to and in accordance with the terms and conditions set out in the circular of the Company dated 23 July 2010 (the “**Circular**”, a copy of which has been produced at the Meeting and marked “B” and initialed by the chairman of the Meeting for identification purpose) be and is hereby approved; and
 - 1.3. the Directors be and are hereby authorized (i) to allot and issue the Offer Shares and Bonus Shares pursuant to or in connection with the Open Offer with Bonus Issue notwithstanding the Bonus Shares may be offered, allotted or issued otherwise than pro rata to the existing Shareholders and, in particular, the Directors be and are hereby authorized to make such exclusions or other arrangements in relation to fractional entitlements or those Shareholders whose names appear on the register of members of the Company on the Record Date as having registered addresses outside the Hong Kong Special Administration of the People’s Republic of China (“**Hong Kong**”) or stipulated in place(s) where, in the Director’s opinion, the Offer Shares and the Bonus Shares may not be offered without compliance with the registration and/or other legal or regulatory requirements of that

jurisdiction as they deemed necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company and (ii) generally to do such things or make such arrangements as they may think fit to effect the Open Offer, Bonus Issue, the Underwriting Agreement and the transactions contemplated thereunder.”

SPECIAL RESOLUTIONS

2. “**THAT** the existing Bye-law 148 will be deleted in its entirety and substituted with the following new Bye-law 148:

The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions or in such other proportion as the Company may by ordinary resolution determine, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members or such other persons respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.”

3. “**THAT** conditional upon compliance with Section 46 (2) of the Companies Act 1981 of Bermuda and on the date when the Open Offer as referred to in ordinary resolution no. 1 above becomes unconditional (the “Effective Date”), the entire amount standing to the credit of the share premium account of the Company as at the date of the Meeting be cancelled (the “**Share Premium Reduction**”) and the credit arising as a result of the Share Premium Reduction be transferred in full to the contributed surplus account of the Company.”

By order of the Board
China Ocean Shipbuilding Industry Group
CHAU On Ta Yuen
Chairman

Hong Kong, 23 July 2010

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Unit 1103,11/F.
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Notes:

1. The register of members of the Company in Hong Kong will be closed from Wednesday, 11 August 2010, to Monday, 16 August 2010, both dates inclusive. No transfer of Shares will be registered during this period. In order to qualify for the Open Offer and attending and voting at the meeting, shareholders must lodge any transfers of Shares (with the relevant Share certificate(s)) with the Company's Hong Kong branch share registrar, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Tuesday, 10 August 2010.
2. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of more than one share, 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.
3. 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

As at the date hereof, (i) the executive directors of the Company are Mr. Chau On Ta Yuen, Mr. Li Ming, Mr. Zhang Shi Hong and Mr. Wang San Long; and (ii) the independent non-executive directors of the Company are Mr. Zhang Xi Ping, Ms. Xiang Siying, Mr. Hu Bai He and Ms. Xiang Ying.