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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular, 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 shares in NewOcean Energy Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**NewOcean Energy Holdings Limited**  
**(新海能源集團有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 342)**

**DISCLOSEABLE TRANSACTION RELATING TO  
A JOINT VENTURE WITH  
CALTEX SOUTH CHINA INVESTMENTS LIMITED**

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*\* for identification purposes only*

12 July 2006

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## DEFINITIONS

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

“Call Option”	the right granted by the Company to Caltex under the Share Transfer and Option Agreement to purchase the Option Shares from the Company
“Call Option Period”	the exercise period for the Call Option under the Share Transfer and Option Agreement
“Call Option Price”	the price payable by Caltex in respect of the Option Shares on the exercise of the Call Option by Caltex
“Caltex”	Caltex South China Investments Limited, a company incorporated in Hong Kong and a member of the Chevron Corporation group of companies of USA
“Caltex Group”	Caltex, its subsidiaries and joint ventures
“Company”	NewOcean Energy Holdings Limited, a company incorporated in Bermuda with limited liability and which shares are listed on the Stock Exchange
“directors”	the board of directors of the Company, including its independent non-executive directors
“Group”	the Company and its subsidiaries
“HIBOR”	the rate for deposits in HK\$ designated as the Hong Kong Interbank Offered Rate
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jetty”	the jetty with two berthing spaces attaching to the Retained Land owned by NewOcean Zhuhai
“Joint Venture”	百富洋新海能源(珠海)有限公司 (Bai Fu Yang NewOcean Energy (Zhuhai) Company Limited), a Sino-foreign joint venture company incorporated in July 2004 in Zhuhai City, PRC

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## DEFINITIONS

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“Joint Venture Contract”	the Equity Joint Venture Contract dated 1 July 2004 entered into between NewOcean Zhuhai and NewOcean Hong Kong for the establishment of the Joint Venture
“Latest Practicable Date”	11 July 2006, being the latest practicable date before the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPG”	liquefied petroleum gas
“NewOcean Hong Kong”	NewOcean Energy (Hong Kong) Company Limited, a company incorporated in Hong Kong on 24 May 2004 and currently a wholly owned subsidiary of the Company
“NewOcean Zhuhai”	新海能源(珠海)有限公司 (NewOcean Energy (Zhuhai) Company Limited), a wholly foreign owned enterprise registered in Zhuhai, the PRC and a wholly owned subsidiary of the Company
“Oil Depot Site”	the vacant land comprising an area of 36,951.64 square meters and the land use right thereof under Lot No. 05010047 located in Gaoland Island, Zhuhai, PRC
“Oil Terminal”	the 80,000 metric ton depot or terminal to be built on the Oil Depot Site pursuant to the Oil Terminal Project
“Oil Terminal Project”	the design, financing, building and operation by the Joint Venture of an 80,000 metric ton depot on the Oil Depot Site for Class A/B/C Petroleum Products including but not limited to the construction and operation of storage tanks, pipeline, cargo handling facilities, ancillary systems (including central control system, electrical systems, fire prevention system, and, if required, pollution control systems) and office premises
“Option Period Expiration Date”	the date falling 3 months after the date written notice is received by Caltex from the Company of (i) the completion of construction of the Oil Terminal; and (ii) the obtaining by the Oil Terminal of all necessary approvals for its operation

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## DEFINITIONS

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“Option Shares”	the 9,000 shares of HK\$1 each in the issued share capital of NewOcean Hong Kong beneficially owned by the Company, which together with the Sale Shares represent the entire issued share capital of NewOcean Hong Kong
“Option Share Condition”	conditions to the completion of the transfer of the Option Shares
“Put Option”	the right granted by the Company to Caltex under the Share Transfer and Option Agreement to require the Company to purchase the Sale Shares from Caltex
“Put Option Period”	the exercise period for the Put Option under the Share Transfer and Option Agreement
“Put Option Price”	the price payable by the Company in respect of the Sale Shares on the exercise of the Put Option by Caltex
“Retained Land”	a parcel of land comprising 38,798.36 square meters immediately adjacent to the Oil Depot Site owned by NewOcean Zhuhai
“Rights of Usage Agreement”	an agreement to be entered into between the Joint Venture and NewOcean Zhuhai whereby NewOcean Zhuhai will grant to the Joint Venture a non-exclusive right to use its Jetty for the purpose of the business of the Joint Venture, such agreement will be based on normal commercial terms
“Rights of Way Agreement”	an agreement to be entered into between the Joint Venture and NewOcean Zhuhai whereby NewOcean Zhuhai will grant to the Joint Venture rights of way for the passage of materials, equipment and personnel of the Joint Venture through the Retained Land, such agreement will be based on normal commercial practice
“Sale Shares”	the 1,000 shares in the issued share capital of NewOcean Hong Kong beneficially owned by the Company representing 10% of the issued share capital of NewOcean Hong Kong
“Sale Share Conditions”	conditions precedent to the completion of the transfer of the Sale Shares

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## DEFINITIONS

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“Share Transfer and Option Agreement”	the Share Transfer and Option Agreement dated 20 June 2006 entered into between the Company and Caltex
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transactions contemplated under the Share Transfer and Option Agreement
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

*For the purpose of this circular, the conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.04 = HK\$1.00. Such conversion should not be construed as a representation that the amount in question has been, could have been or could be converted at such particular rate or at all.*



## NewOcean Energy Holdings Limited

(新海能源集團有限公司)\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 342)

*Executive Directors:*

Shum Siu Hung (*Chairman*)

Chiu Sing Chung, Raymond (*Managing Director*)

Shum Chun, Lawrence

Cen Ziniu

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Non Executive Director*

Wu Hong Cho

*Head office and principal place  
of business:*

20th Floor, Times Tower

393 Jaffe road, Wanchai

Hong Kong

*Independent non-executive Directors:*

Cheung Kwan Hung, Anthony

Ma Man Hoi, Joseph

Chan Yuk Wai, Benedict

Dr. Xu Mingshe

12 July 2006

*To the Shareholders and, for information only,  
holders of share options of the Company*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION RELATING TO A JOINT VENTURE WITH CALTEX SOUTH CHINA INVESTMENTS LIMITED**

#### **1. INTRODUCTION**

The Board announced on 22 June 2006 that the Company and Caltex entered into a Share Transfer and Option Agreement relating to the Joint Venture. Pursuant to the Transfer and Option Agreement Caltex agreed to purchase and the Company agreed to sell the Sale Shares for a consideration of RMB5,148,000 (approximately HK\$4,950,000).

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## LETTER FROM THE BOARD

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Under the Share Transfer and Option Agreement, Caltex shall have (i) a Put Option exercisable during the Put Option Period to require the Company to purchase the Sale Shares at the Put Option Price and (ii) a Call Option exercisable during the Call Option Period to purchase from the Company the Option Shares at the Call Option Price.

The Joint Venture was established by the Group to develop and operate an 80,000 metric ton depot for petroleum products at the Group's Gaolan Harbour Terminal in Zhuhai. The Sale Shares and the Option Shares together constitutes the entire issued capital of NewOcean Hong Kong, the vehicle company set up by the Group for the purpose of establishing the Joint Venture. Under the Joint Venture Agreement NewOcean Hong Kong will provide 65% of the registered capital of the Joint Venture by cash injection of RMB51,468,342 (approximate HK\$49,488,790)

The consideration for transfer of the Sale Shares is a sum of RMB5,148,000 in cash. Under the Share Transfer and Option Agreement the price payable for the Option Shares is the amount of capital contribution already made by NewOcean Hong Kong to the Joint Venture as the date of exercise of the Call Option, less an amount of RMB5,148,000 being the consideration for the transfer of the Sale Shares.

Based on the amount of RMB51,468,342 of capital injection required to be made by NewOcean Hong Kong under the Joint Venture Agreement, the price payable by Caltex for the Option Shares (presuming Caltex exercises the Call Option) will be a sum up to RMB46,320,000 (approximately HK\$44,452,975).

The consideration for the Sale Shares and the exercise price for the Option Shares were arrived at after arm's length negotiation and were agreed on normal commercial terms between the Company and Caltex. The consideration for the transfer of the sale shares and the maximum amount for the Call Option Price will amount in aggregate to total maximum consideration of RMB51,468,342 (approximately HK\$49,488,790).

As the applicable percentage ratios for the Transaction is more than 5% but less than 25% under Rule 14.06(2) of the Listing Rules, the Transaction constitutes a discloseable transaction for the Company.

Given the reasons and benefits for the Transaction, the Directors consider the terms of the Share Transfer and Option Agreement to be fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Caltex and its ultimate beneficial owners are independent third parties not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules).



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## LETTER FROM THE BOARD

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The purpose of this circular is to provide Shareholders with further details of the Share Transfer and Option Agreement.

### 2. THE SHARE TRANSFER AND OPTION AGREEMENT

**Date: 20 June 2006**

**Parties:**

- (i) the Company; and
- (ii) Caltex

**Transfer of the Sale Shares:**

Caltex has agreed to purchase, or cause its nominee to purchase, and the Company has agreed to sell or cause its nominee to sell the Sale Shares, representing 10% of the issued shares of NewOcean Hong Kong.

**Consideration for Transfer of the Sale Shares:**

RMB5,148,000 to be satisfied by Caltex by cheque for an equivalent amount in HK\$.

The amount for the consideration of the Sale Shares was decided through arm's length negotiation, taking into consideration the initial capital injection to be made by NewOcean Hong Kong under the Joint Venture Contract.

**Sale Share Conditions:**

Completion of the transfer of the Sale Shares is subject to:

- (a) the satisfaction of Caltex of its due diligence investigation in respect of NewOcean Hong Kong, the Joint Venture, the Oil Depot Site, the Oil Terminal Project, the use of the Retained Land and the Jetty, which shall include the feasibility of the Oil Terminal Project;
- (b) the grant of all relevant approvals from applicable authorities to the change in the scope of the business licence of the Joint Venture to allow the Joint Venture to engage in the construction, management and operation of the Oil Terminal Project and the storage and warehousing of Class A/B/C Petroleum Products; and
- (c) the granting of all government, regulatory and other relevant approvals in respect of the Transaction.

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## LETTER FROM THE BOARD

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The Company shall use its reasonable endeavours to procure satisfaction of the Sale Share Conditions.

If any of the Sale Share Conditions is not fulfilled (or waived by Caltex) on or before the date falling six months after the date of the Share Transfer and Option Agreement (or such other date as may be agreed between the Company and Caltex), the Share Transfer and Option Agreement shall lapse and be of no further effect.

### **Completion of Transfer of the Sale Shares**

Completion of the transfer of the Sale Shares will take place on the date falling 14 business days after the later of (i) the fulfilment of all the Sale Share Conditions; and (ii) the date of commencement of construction of the Oil Terminal.

### **Grant of the Put Option**

#### *Shares subject to the Put Option*

The Sale Shares as transferred to Caltex under the Share Transfer and Option Agreement.

#### *The Put Option*

Caltex shall have the right during the Put Option Period to require the Company to purchase all the Sale Shares from Caltex or its nominee. Caltex is obliged not to exercise the Call Option in the event it exercises the Put Option.

#### *Consideration for the Put Option*

The sale and purchase of the Sale Shares.

#### *Exercise Period for the Put Option*

The period commencing one year after the date of the Share Transfer and Option Agreement and ending on the Option Period Expiration Date, being the date falling 3 months after the Company gives notice to Caltex of (i) the completion of construction of the Oil Terminal; and (ii) the obtaining by the Oil Terminal of all necessary approvals for its operation (the “Oil Terminal Completion Notice”).

If the Option Period Expiration Date shall fall within one year from the date of the Share Transfer and Option Agreement, then the Put Option Period will start when Caltex shall have received the Oil Terminal Completion Notice.

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## LETTER FROM THE BOARD

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### *The Put Option Price*

The sum of RMB5,148,000 plus interest at HIBOR calculated on the number of days from the date of completion of the transfer of the Sale Shares to the date of payment of the Put Option Price by the Company.

### *Exercise of the Put Option*

By written notice served by Caltex on the Company.

### **Grant of the Call Option**

#### *Shares subject to the Call Option*

The Option Shares, representing 90% of the issued shares of NewOcean Hong Kong.

#### *The Call Option*

Caltex is irrevocably and unconditionally granted the right to purchase from the Company all (but not less than all) the Option Shares.

#### *Consideration for the Call Option*

HK\$10 already received by the Company.

#### *Exercise Period for the Call Option*

The period commencing on the date of the Share Transfer and Option Agreement and ending on the Option Period Expiration Date.

#### *The Call Option Price*

The amount of capital contribution made by NewOcean Hong Kong to the Joint Venture as at the date of exercise of the Call Option, less an amount of RMB5,148,000, being the consideration for the transfer of the Sale Shares.

Based on the amount of RMB51,468,342 of capital injection required under the Joint Venture Contract to be made by NewOcean Hong Kong to the Joint Venture by stages, the Call Option Price will be a sum up to RMB46,320,342 (i.e RMB51,468,341 minus RMB5,148,000). An announcement will be made by the Company if Caltex exercises the Call Option.

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## LETTER FROM THE BOARD

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### *Exercise of the Call Option*

By written notice served by Caltex on the Company.

### *Conditions for Transfer of the Option Shares*

Completion of the transfer of the Option Shares is subject to:

- (a) the satisfaction of Caltex of its due diligence investigation in respect of NewOcean Hong Kong, the Joint Venture, the Oil Depot Site, the Oil Terminal Project, the use of the Retained Land and the Jetty, which shall include the readiness for commencement of the operation of the Oil Terminal;
- (b) the completion of the construction of the Oil Terminal in accordance with all applicable legal and regulatory requirements in the PRC, and the Joint Venture having obtained all necessary approval relating thereto;
- (c) the construction of the Oil Terminal having satisfied all safety standard imposed by all PRC legal and regulatory requirements;
- (d) the Oil Terminal being ready for commencement of operation in accordance with all applicable legal and regulatory requirements in the PRC, and the Joint Venture having obtained all necessary approval relating thereto;
- (e) the execution of a shareholders' agreement by NewOcean Zhuhai and Caltex, the amendment of the Joint Venture Contract and the articles of association of the Joint Venture in line with such shareholders' agreement, and registration of such amendment;
- (f) the execution of the Rights of Way Agreement by the Joint Venture and NewOcean Zhuhai; and
- (g) the execution of the Rights of Usage Agreement by the Joint Venture and NewOcean Zhuhai.

The Company shall use its reasonable endeavours to procure satisfaction of the Option Share Conditions.

If any of the Option Share Conditions is not fulfilled (or waived by Caltex) on or before the date falling six months after the date of the Share Transfer and Option Agreement (or such other date as may be agreed between the Company and Caltex), the Share Transfer and Option Agreement shall lapse and be of not further effect.

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## LETTER FROM THE BOARD

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### 3. INFORMATION ABOUT THE GROUP, THE JOINT VENTURE AND NEWOCEAN HONG KONG

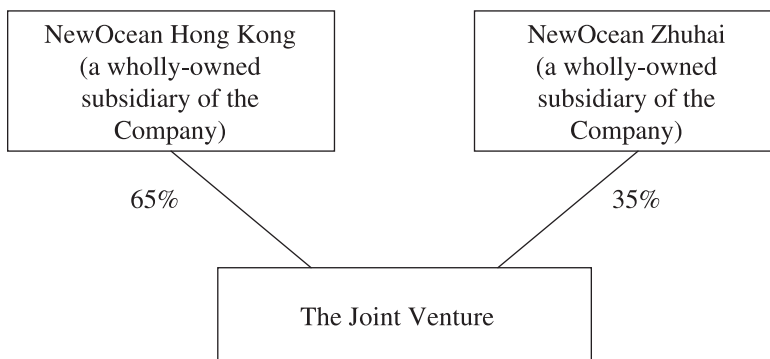
#### The Group

The principal activities of the Group are the sale and distribution of LPG, sales of electronic products and leasing of investment properties, property, plant and equipment.

#### The Joint Venture

In order to expand the its business to main-line petroleum products following PRC's entry into WTO, the Company initiated the Oil Terminal Project in 2004 to develop and operate a petroleum products depot in the PRC. It is intended that the Oil Terminal Project will be a joint venture with a major internal petroleum group to be identified by the Company. As the first step, it is necessary to build an appropriate corporate framework within the Group for the Oil Terminal Project. In May 2004, NewOcean Hong Kong was incorporated as the investment vehicle company for the project. In July 2004, with NewOcean Hong Kong as the foreign party and NewOcean Zhuhai as the PRC party, the Joint Venture was established as a Sino-foreign joint venture company in Zhuhai.

#### Corporate Structure of the Joint Venture on Establishment



The purpose of the Joint Venture is to develop and operate an 80,000 metric ton depot for petroleum products on the Oil Depot Site located at NewOcean Zhuhai's Gaolan Harbour Terminal in Zhuhai. Under the Joint Venture Contract, NewOcean Hong Kong is entitled to a 65% interest in the registered capital of the Joint Venture by the injection of an aggregate sum of RMB51,468,355 (approximately HK\$49,488,800) in cash for the purpose of funding the construction of the Oil Terminal. NewOcean Zhuhai is entitled to the remaining 35% in the registered capital of the Joint Venture by the injection of the Oil Depot Site, valued at RMB27,713,730 (approximately HK\$26,263,200).

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## LETTER FROM THE BOARD

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### **The Joint Venture Contract**

Under the Joint Venture Contract, NewOcean Hong Kong will make capital injections into the Joint Venture in the aggregate sum of RMB51,468,355 as follows:

- (a) a sum of approximately RMB7,720,000 after the issue of the business licence for the Joint Venture;
- (b) an aggregate sum of RMB33,454,000 by instalments during the construction period according to the progress of the construction of the Oil Terminal; and
- (c) the balance of approximately RMB10,294,000 after the completion of the Oil Terminal.

Under the Joint Venture Contract, in addition to providing the Oil Depot Site, NewOcean Zhuhai will grant to the Joint Venture a non-exclusive right to use its Jetty for the purpose of the business of the Joint Venture.

The Joint Venture Contract provides for the management and affairs of the Joint Venture. Profit and loss of the Joint Venture will be shared by NewOcean Hong Kong and NewOcean Zhuhai in the proportion of their capital contribution.

Based on current estimates of the quantity of work involved, the main construction work of the Oil Terminal will be completed in the third quarter of 2007.

### **NewOcean Hong Kong**

NewOcean Hong Kong was incorporated on 24 May 2004. The authorized and issued capital of NewOcean Hong Kong comprise 10,000 shares of HK\$1 each, all fully paid up. Other than the issued capital of the company and its interest in the Joint Venture under the Joint Venture Contract, NewOcean Hong Kong has no assets and liabilities. As at the Latest Practical Date, the amount of the net assets of NewOcean Hong Kong is the sum of HK\$10,000, representing its paid up share capital.

NewOcean Hong Kong has been a dormant company up to the Latest Practical Date, for the period from incorporation to the Latest Practical Date, NewOcean Hong Kong has not recorded any revenue, profit or loss.

### **Caltex**

Caltex has been identified by the Company as a suitable joint venture partner for the Oil Terminal Project. The principal activity of Caltex is investment holding. The principal activities of the Caltex Group is the carrying on of the business of operating petrol stations (with integrated convenience stores), retailing of gasoline, diesel, lubricants and LPG, and selling of fuel oil, diesel and LPG directly to commercial and industrial customers, in Macau and in the Guangdong and Fujian provinces of the PRC.

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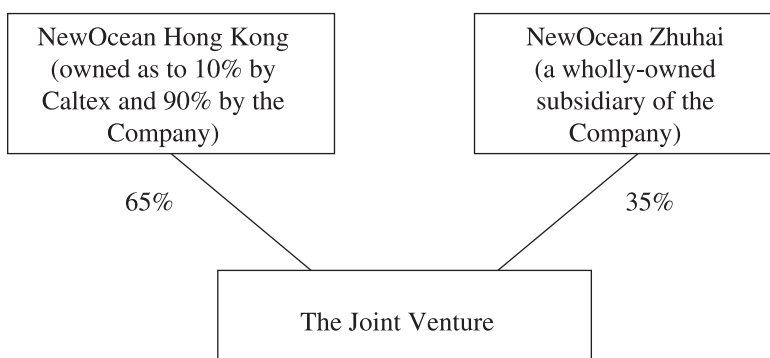
## LETTER FROM THE BOARD

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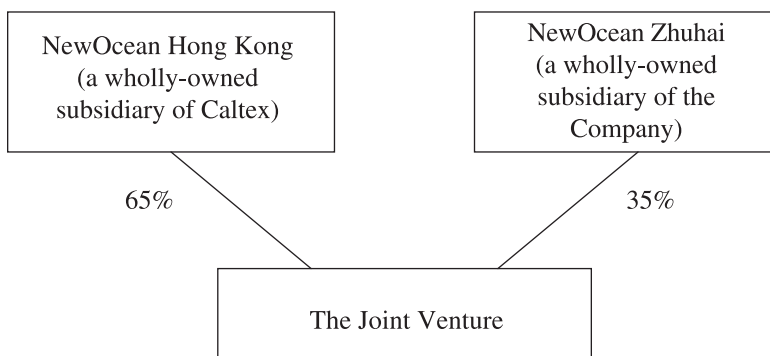
### 4. THE PARTIES' INTEREST IN THE JOINT VENTURE UNDER THE SHARE TRANSFER AND OPTION AGREEMENT

After the transfer of the Sale Shares and the Option Shares (assuming Caltex exercises the Call Option) under the Share Transfer and Option Agreement, Caltex will be in joint venture with the Company in the Oil Terminal Project, with Caltex being the 65% equity holder and the Company the 35% equity holder. With the Joint Venture Contract as its basis, Caltex and the Company will enter into a shareholders' agreement for detailed aspects of the management and affairs of the Joint Venture.

#### Corporate Structure of the Joint Venture after completion of the transfer of the Sale Shares



#### Corporate Structure of the Joint Venture after completion of the transfer of the Option Shares



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## LETTER FROM THE BOARD

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### 5. REASONS AND BENEFITS OF THE TRANSACTION

NewOcean Zhuhai's Gaolan Harbour Terminal occupies approximately 75,750 square metres of land (including the Oil Depot Site) in Gaolan Harbour, Zhuhai, PRC which is an important petro-chemical seaport for southern China. At present about one-third of the land at the Gaolan Harbour Terminal is used as a LPG storage depot serving the Group's LPG operations, and the remainder of the land is held in reserve for future development of the Group.

Given the economic progress of the PRC and the increasing demand for import of petroleum fuel, the directors consider it an appropriate time now to utilize the land reserve at the Gaolan Harbour Terminal for business expansion into main-line petroleum products. As a strategic step for expansion of the Group's business, the directors identified Caltex as a suitable partner for the Joint Venture on account of Caltex's experience and market coverage in petroleum products. The Transaction will enable the Group to develop and operate the Oil Terminal in joint venture with Caltex. With the support of the facilities provided by the Jetty, the Oil Terminal will become an important loading-unloading base for petroleum products in Guangdong.

In addition to being a logistics base, the Oil Terminal will be able to engage in the business of sale and distribution of petroleum products after fulfilling legal and regulatory requirements for such business and obtaining the necessary business permits. As the PRC is still in the early stage in opening up its market for sale and distribution of petroleum products to foreign joint ventures, it would be difficult to estimate the time when the Oil Terminal will be able to deal in petroleum products in the PRC market. However, since the Group has already made an early start in this direction, the Directors believe that the Oil Terminal will be among the first lot of foreign joint ventures able to conduct such business in the PRC.

### 6. POSSIBLE FINANCIAL IMPACT

The effect of the Transaction is to create a new joint venture relating to the Oil Terminal Project using the corporate framework set up by the Group in 2004. Therefore the Transaction has no effect on the existing asset base and business base of the Group.

Supposing Caltex exercises the Call Option, the effect of the Transaction will be to enable the Company and Caltex be in joint venture at a 35:65 profit sharing ratio in the Oil Terminal Project. The Directors believe that the Transaction will contribute to the earning base of the Group after the Oil Terminal commences operation. The quantitative impact on the Group will depend on the business performance of the Joint Venture after the Oil Terminal commences operation. In light of the fact that (i) with the implementation of the provisions for PRC's entry into the WTO, PRC has opened up its petroleum market to foreign joint ventures; (ii) there will be a continuing increase in



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## LETTER FROM THE BOARD

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the demand for imported petroleum in the PRC; (iii) the Oil Terminal is strategically located at the entrance to the Pearl Delta region, one of the most prosperous and densely populated regions in the PRC; and (iv) the Oil Terminal is located at the petrochemical industry zone in southern Guangdong, this will enable the Oil Terminal to be used as an important petroleum loading-unloading base for the zone, the Directors believe the Transaction will enable the Group to successfully enter the main-stream petroleum market in the Southern China region and broaden the future earning potential of the Group.

Upon completion of the transfer of the Sales Shares, the Company will receive a consideration in the sum of RMB5,148,000 for such shares. It is intended that the sum will be used to fund NewOcean Hong Kong's initial cash injection into the Joint Venture. Before Caltex exercises the Call Option, further funding for NewOcean Hong Kong's cash injection into the Joint Venture will be drawn from the Group's internal resources. If and when Caltex exercises the Call Option, the Company will receive a consideration equal to the amount of NewOcean Hong Kong's cash injection into the Joint Venture, less a sum of RMB5,148,000 paid by Caltex on transfer of the Option Shares. Given the consideration for the Sale Shares and the Option Shares are to be satisfied in cash, there will not be any material effect to the net asset value of the Group following completion of the Transaction.

### 7. GENERAL

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
By Order of the Board  
**NewOcean Energy Holdings Limited**  
**Shum Siu Hung**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTEREST IN SHARES AND RIGHTS TO ACQUIRE SHARES

As at the Latest Practicable Date, the interests of the Directors and chief executives and their associates in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

### (a) Long positions in Shares

Name of Director	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company
Shum Siu Hung	Beneficial owner	20,811,779	4.32
	Family ( <i>Note</i> )	133,212,621	27.66
Wu Hong Cho	Other ( <i>Note</i> )	6,660,631	1.38
Cen Ziniu	Other ( <i>Note</i> )	1,332,126	0.28
Shum Chun, Lawrence	Other ( <i>Note</i> )	19,981,893	4.15

*Note:* These interests reflect the interests in the 133,212,621 Shares held by Uniocean Investments Limited (“Uniocean”). Uniocean is owned as to 15% by Shum Chun, Lawrence (“SCL”), 15% by a brother of SCL, 64% by Tong Shiu Ming, spouse of Shum Siu Hung and mother of SCL, 5% by Wu Hong Cho and 1% by Cen Ziniu.

**(b) Share options**

Name of Director	Capacity	Subscription price per Share (HK\$)	Number of underlying Shares	Outstanding at Latest Practicable Date
Shum Siu Hung	Beneficial owner	1.30	3,000,000	3,000,000
		0.69	9,000,000	9,000,000
	Family interest (Note)	1.00	3,500,000	3,500,000
Chiu Sing Chung, Raymond	Beneficial owner	0.69	6,000,000	6,000,000
Cen Ziniu	Beneficial owner	1.30	3,000,000	3,000,000
Wu Hong Cho	Beneficial owner	1.00	1,000,000	1,000,000

*Note:* Options to subscribe for 3,500,000 Shares were held by Tong Siu Ming, spouse of Shum Siu Hung, as family interests.

Save as disclosed above and other than the non-beneficial interests of Directors in the nominee shares in certain subsidiaries held by certain Directors subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the Company, as at the Latest Practicable Date, no Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

**3. SUBSTANTIAL SHAREHOLDERS**

Save as disclosed below, as at the Latest Practicable Date, according to the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO and so far as is known to the Directors no person, other than Directors whose interests are disclosed above, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions

of Divisions 2 and 3 of Part XV of the SFO, or , was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any option in respect of such capital:

(a) Long positions in Shares

Name of Shareholder	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company
Tong Shiu Ming	Held by corporation (Note 1)	133,212,621	27.66
	Family interest (Note 2)	20,811,779	4.32
Cheah Cheng Hye	Held by corporation (Note 3)	60,691,000	12.60
Yam Tak Cheung	Held by corporation (Note 4)	30,000,000	6.23

Notes:

- 133,212,621 Shares were held by Uniocean.
- 20,811,779 Shares were deemed to be interested by Tong Shiu Ming, spouse of Shum Siu Hung, as family interests.
- 33,644,000 Shares were held by Value Partners Classic Fund (Formerly Known as “Value Partners A Fund”), a fund managed by Value Partners Limited (“Value Partners”), and 27,047,000 Shares of the Company were held by Value Partners. Cheah Cheng Hye owned 31.82% of Value Partners and was deemed to be the controlling shareholder of Value Partners.
- 30,000,000 Shares were held by Integrated Asset Management (Asia) Limited (“Integrated Asset”). Yam Tak Cheung owned 100% of Integrated Asset and was deemed to be the controlling shareholder of Integrated Asset.

**(b) Share options**

Name of shareholder	Capacity	Subscription price per Share (HK\$)	Number of underlying Shares	Outstanding at Latest Practicable Date
Tong Shiu Ming	Beneficial owner	1.00	3,500,000	3,500,000
	Family interest	1.30	3,000,000	3,000,000
	Family interest ( <i>Note</i> )	0.69	9,000,000	9,000,000

*Note:* Options to subscribe for 3,000,000 Shares and 9,000,000 Shares respectively were held by Shum Siu Hung, spouse of Tong Shiu Ming, and were deemed to be the family interest of Tong Shiu Ming.

**4. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against the Company or any other member of the Group.

**5. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

**6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in businesses, which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

**7. MISCELLANEOUS**

- (a) The secretary of the Company is Mr. Wu Hong Cho, who had over 10 years experience practicing as a solicitor in Hong Kong.
- (b) The qualified accountant of the Company is Mr. Wu Yip Kai, CPA.

- (c) The principal share registrar and transfer office of the Company is Butterfield Fund Services (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular will prevail over the Chinese text.