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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 DISPOSAL OF NAN BU GANG PROPERTY**

On 3 September 2006 the Vendor and the Purchaser entered into the Agreement whereby the Vendor, an indirect wholly-owned subsidiary of the Company, agreed to sell the Property to the Purchaser for a cash consideration of RMB52,000,000 (approximately HK\$49,904,030). The consideration for the Disposal has been negotiated on arm's length basis.

The Disposal constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules. A circular containing further details of the Disposal will be dispatched to the shareholders of the Company as soon as practicable.

#### **1. THE AGREEMENT**

##### **1.1 Date**

3 September 2006.

##### **1.2 Parties**

- (a) Vendor, an indirect wholly-owned subsidiary of the Company; and
- (b) Purchaser, an independent third party who was referred to the Vendor through a business associate of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

### **1.3 The Property**

The land use right over 25,000 square metres of land located in Nan Bu Gang, Huang Tian Zhong Wu Cun, Xi Xiang Zhen, Bao An District, Shenzhen, PRC held under the Land Lease granted by the local village authority for a period expiring on 31 October 2041, together with two 8-storey industrial buildings with a total gross floor area of approximately 27,540.3 square metres erected thereon.

The Property is agreed to be sold on an “as is” basis and is subject to the rights of the local village authority under the Land Lease.

### **1.4 Consideration**

RMB52,000,000 (approximately HK\$49,904,030) to be satisfied in cash on Completion.

The consideration for the Disposal was determined after arm’s length negotiations between the parties and reference was made to the valuation of the property of HK\$46,000,000 as at 31 December 2005 by Norton Appraisals, independent professional valuers.

### **1.5 Completion**

Completion shall take place within 5 working days after execution of the Agreement when the Vendor shall deliver possession of the Property and all title documents to the Purchaser and the Purchaser shall pay the consideration in cash.

Completion is expected to take place on or about 8 September 2006.

## **2. INFORMATION ABOUT THE COMPANY**

The principal activities of the Group are the sale and distribution of LPG and leasing of property, plant and equipment. As announced by the Company on 22 June 2006, the Company entered into an agreement with Caltex South China Investment Limited for the joint venture construction and operation of a loading and offloading base for petroleum products in Zhuhai, PRC.

## **3. INFORMATION ABOUT THE PROPERTY**

The Property was part of the operating assets of former Konsonic International Limited (“KIL”) acquired by the Group in July 1999 pursuant to a rescue and restructuring proposal for KIL. The Property was originally the production base in the PRC for

consumer electrical products manufactured by KIL. After the conclusion of the rescue and restructuring of KIL, the Group subcontracted out the manufacturing operations carried out by KIL to independent contractors. As the manufacturing operations were carried out in a much smaller scale than that of KIL, the rest of the Property was either left vacant or was letted out. The income derived from the Property and associated expenditure for the financial years 2004 and 2005 were as follows:

	<b>Year ended 31 December 2005 (HK\$'000)</b>	Year ended 31 December 2004 (HK\$'000)
Rental and subcontracting income	<b>4,124</b>	3,140
Associated depreciation on equipment and fixtures, and land management fees	<b>2,764</b>	3,331
Net income/(loss)	<b>1,360</b>	(191)

#### **4. REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Directors considered that since the Group has discontinued its manufacturing operations, the Property is no longer part of its core assets. By disposing of the Property, the Group will have a more focused business portfolio in the sale and distribution of LPG, and in the petroleum products business to be carried out in joint venture with Caltex South China Investment Limited. The Disposal would also avoid the Group having to bear the increasing property management and maintenance costs which will result from the increased age of the factory buildings erected on the Property. The proceeds from the Disposal will provide the Group with additional working capital.

#### **5. POSSIBLE FINANCIAL IMPACT AND USE OF PROCEEDS**

The carrying cost of the Property in the accounts of the Group is HK\$46,000,000 and the Disposal will result in a gain on sale of investment properties of approximately HK\$3,904,000 following Completion.

Given that the consideration for the Disposal will be satisfied in cash, despite the fact that after the Disposal the Group will no longer receive an income derived from subcontracting and letting of the Property, there will be no material adverse effect on the cash flow and profits of the Group.

The proceeds from the Disposal will be used as additional working capital for the Group.

## 6. GENERAL

As the applicable percentage ratios for the Disposal are more than 5% but less than 25% under Rule 14.06(2) of the Listing Rules, the Disposal constitutes a discloseable transaction for the Company. A circular will be despatched as soon as practicable to shareholders of the Company and it will contain, among other thing, further details of the Agreement.

## 7. DEFINITIONS

“Agreement”	the agreement dated 3 September 2006 entered into between the Vendor and the Purchaser in relation to the disposal of the Property owned by the Vendor
“Board”	the board of Directors
“Company”	NewOcean Energy Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Agreement
“connected persons”	has the same meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Property pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Land Lease”	a lease of the land use right of the Property granted by the Residence Committee of Huang Tian Zhong Wu Cun for a term commencing on 16 October 1991 and expiring on 31 October 2041
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPG”	liquefied petroleum gas

“Property”	The land use right over 25,000 square metres of land located in Nan Bu Gang, Huang Tian Zhong Wu Cun, Xi Xiang Zhen, Bao An District, Shenzhen together with two 8-storey industrial buildings with a total gross floor area of approximately 27,540.3 square metres erected thereon.
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong
“Purchaser”	Madam Li Yianling, a PRC national
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Sound Electronics (Shenzehn) Co. Ltd., an indirect wholly-owned corporation of the Company incorporated in the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board  
**Shum Siu Hung**  
*Chairman*

Hong Kong, 5 September 2006

*For the purpose of this announcement, the conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.042 = 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.*

*As at the date of this announcement, the Board comprises of Mr. Shum Siu Hung, Mr. Raymond Chiu Sing Chung, Mr. Cen Ziniu and Mr. Lawrence Shum Chun, being the executive Directors, Mr. Wu Hong Cho being the non-executive Director, Mr. Anthony Cheung Kwan Hung, Mr. Joseph Ma Man Hoi, Mr. Benedict Chan Yuk Wai and Dr. Xu Mingshe being the independent non-executive Directors.*

\* *for identification purposes only*