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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)**

Website: <http://www.newoceanhk.com>

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF CONTROLLING INTEREST**  
**IN MENGHUA LPG**

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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:*

“Acquisition”	the acquisition of a 51% interest in the equity capital of Menghua LPG pursuant to the Subscription Agreement
“Board”	the board of Director
“Company”	NewOcean Energy Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“connected persons”	has the same meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guaranteed Profit”	the combined after tax profit of Menghua LPG for the first year after Acquisition guaranteed by Party B, being the sum RMB10,000,000
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	24 January 2007, 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
“Menghua LPG”	Guangzhou Shi Menghua LPG Company Limited, an entity incorporated in the PRC with limited liabilities the equity capital of which is owned by Party B and Party C
“NewOcean Transportation”	Qingxin NewOcean Transportation Company Limited, an indirect wholly-owned subsidiary of the Company incorporated in the PRC

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## DEFINITIONS

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“Party B”	Mr. Hu Shifa (胡世發), a national of PRC
“Party C”	Madam Chen Weijiao (陳惠嬌) and Mr. Jiang Hong (江泓), respectively the spouse and a relative of Party B
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement dated 27 December 2006, as varied by a supplemental agreement dated 29 December 2006, entered into between (1) NewOcean Transportation; (2) Party B; and (3) Party C in relation to the Acquisition by NewOcean Transportation of a 51% equity interest in Menghua LPG
“HK\$”	Hong Kong dollar, 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 RMB1.01 = 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)

Website: <http://www.newoceanhk.com>

*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

25 January 2007

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

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION ACQUISITION OF CONTROLLING INTEREST IN MENGHUA LPG**

#### **1. INTRODUCTION**

The Board announced on 5 January 2007 that NewOcean Transportation, a wholly-owned subsidiary of the Company, and Party B and Party C entered into the Subscription Agreement whereby the NewOcean Transportation agreed to acquire 51% of the entire equity interest in Menghua LPG by way of contribution to the registered capital of Menghua LPG. The total consideration payable by NewOcean Transportation for the Acquisition is RMB15,500,000 (approximately HK\$15,346,534) with an additional payment of RMB10,000,000 (approximately HK\$9,900,990) payable conditional on Menghua LPG achieving the Guaranteed Profit. The consideration for the Acquisition has been negotiated on arm's length basis.

\* For identification purposes only

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Party B and Party C are third party independent of the Company and connected persons (defined in the Listing Rules) of the Company.

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

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

The purpose of this circular is to provide Shareholders with further details of the Subscription Agreement.

## **2. THE SUBSCRIPTION AGREEMENT**

### **2.1. Date**

27 December 2006 and a supplemental agreement dated 29 December 2006.

### **2.2. Parties**

- (a) NewOcean Transportation, a wholly-owned subsidiary of the Company incorporated in the PRC;
- (b) Party B, being Mr. Hu Shifa, a PRC national; and
- (c) Party C, being Madam Chen Weijiao, spouse of Mr. Hu Shifa and Mr. Jiang Hong, a relative of Mr. Hu Shifa.

### **2.3. The Transaction under the Subscription Agreement**

Menghua LPG currently has a registered capital of RMB3,800,000 (approximately HK\$3,762,376) owned as to 75% by Party B and as to 25% by Party C. As condition precedent to the Acquisition, Party C will transfer their 25% total interests in Menghua LPG to Party B.

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## LETTER FROM THE BOARD

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Pursuant to the Subscription Agreement, upon the completion of the aforesaid transfer, the registered capital of Menghua LPG will be increased by capital contribution of RMB3,955,100 (approximately HK\$3,915,940) from NewOcean Transportation, representing 51% of the registered capital of Menghua LPG as enlarged by the capital contribution. The remaining interest in the registered capital of Menghua LPG, then owned by Party B solely, will be diluted to 49% by NewOcean Transportation's capital contribution.

### **2.4. Consideration**

Total cash consideration of RMB15,500,000 (approximately HK\$15,396,534), subject to adjustment, will be payable by NewOcean Transportation in relation to the Acquisition.

The consideration comprises:

- (a) capital contribution of RMB3,955,100 to Menghua LPG; and
- (b) payment of RMB11,544,900 to Party B.

Under the Subscription Agreement, depending on the after tax profit of Menghua LPG for the first year after the Acquisition, the payment of RMB11,544,900 to Party B will be adjusted by an additional payment from NewOcean Transportation, and the parties will have the right to vary their equity holding ratio as set out in paragraphs 2.6 and 2.7 below.

The consideration was arrived at after arm's length negotiation between the parties and was agreed on normal commercial terms. In arriving at the consideration, a price/earning multiple of 5 times was used for the interest in Menghua LPG to be acquired by NewOcean Transportation. The price/earning multiple of 5 time was within the market range of similar enterprises in the LPG industry.

### **2.5. Guaranteed Profit**

Party B guarantees the combined after tax profit (the "First Year Profit") of Menghua LPG for the first year after the Acquisition (i.e. the financial year ending 31 December 2007) to be not less than RMB10,000,000 (approximately HK\$9,900,990) (the "Guaranteed Profit"). The obligations of Party B relating to such Guaranteed Profit will be secured by a pledge of the 49% interest in Menghua LPG held by Party B following the Acquisition.

Under the Subscription Agreement, "combined after tax profit" shall mean the after tax profits, presented on a combined basis, of: (1) Menghua LPG; (2) Guangzhou Xubiao LPG Company Limited, a wholly-owned subsidiary of Menghua LPG; and (3) two LPG depots the businesses of which have been sub-contracted to Menghua LPG.

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## LETTER FROM THE BOARD

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### **2.6. Additional payment to Party B on Menghua LPG meeting the Guaranteed Profit**

On condition that Menghua LPG achieves the Guaranteed Profit, the consideration for the Acquisition will be adjusted upwards by an additional payment of RMB10,000,000 from NewOcean Transportation (the “Earned Out Payment”). In addition Party B shall have the right exercisable during the period of 30 days from the end of the first year after the Acquisition to require NewOcean Transportation to purchase his 49% interest in Menghua LPG at a price equal to 5 times the First Year Profit attributable to this 49% interest.

Pursuant to the supplemental agreement dated 29 December 2006, for the purpose of calculation of the purchase price of Party B’s 49% interest as aforesaid, the First Year Profit will be subject to a maximum limit of RMB12,000,000. Accordingly in the event Party B exercises his right to require NewOcean Transportation to purchase his remaining interest in Menghua LPG, the purchase price will be limited to a maximum sum of RMB29,400,000 (approximately HK\$29,108,910). No other changes to the terms of the Subscription Agreement are made by the supplemental agreement.

### **2.7. Price and equity holding ratio adjustments when Guaranteed Profit not meet**

In the event Menghua LPG does not achieve the Guaranteed Profit, NewOcean Transportation shall have the right to require Party B to repurchase the 51% interest in Menghua LPG acquired by NewOcean Transportation. The repurchase price in such event is RMB15,500,000 plus the portion of the First Year Profit attributable to the 51% interest acquired by NewOcean Transportation.

As alternatives to repurchase by Party B, depending on the amount of the First Year Profit, NewOcean Transportation may elect:

- (a) to maintain a 51:49 equity holding ratio with Party B, but the Earned Out Payment of RMB10,000,000 will be reduced to reflect a price/earning ratio of 5 times for the 51% interest acquired by NewOcean Transportation, or, in the case the First Year Profit is below RMB6,080,000, no Earned Out Payment will be payable to Party B;
- (b) to purchase the remaining 49% interest in Menghua from Party B at a price which, when aggregated with the consideration of RMB15,500,000 already paid by NewOcean Transportation, equals 5 times the First Year Profit; or



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## LETTER FROM THE BOARD

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- (c) to require Party B to transfer to NewOcean Transportation such portion of its equity interest at nil consideration as compensation for the short fall in NewOcean Transportation's proportional share of the Guaranteed Profit. The portion of the equity interest to be transferred will be valued at 5 times the attributable First Year Profit.

In the event Menghua LPG is unable to meet the Guaranteed Profit and NewOcean Transportation exercises its right to require Party B to repurchase the 51% interest in Menghua LPG, or to vary the equity holding ratio as provided in the Subscription Agreement, the Company will proceed in accordance with the relevant requirements under the Listing Rules.

### **2.8. Conditions to the Subscription Agreement and completion**

The Acquisition is conditional upon the following:

- (a) the representations, undertakings and warranties given by Party B and Party C in the Subscription Agreement being true and accurate in all respects; and
- (b) the transfer of Party C's 25% total interests in Menghua LPG to Party B being completed before 31 January 2007.

Prior to entering into the Subscription Agreement, the Company has conducted legal due diligence and investigation on the business and assets of Menghua LPG. Completion of the Acquisition will take place immediately after the fulfillment of condition (b). Apart from procedures to be carried out with local authorities of the State Administration for Industry and Commerce, completion of the Subscription Agreement will not be subject to governmental approval in the PRC.

### **3. INFORMATION ON MENGHUA LPG**

Menghua LPG is a business entity with limited liability established in the PRC on 8 February 2005. The principle business of Menghua LPG is the wholesale and retail of LPG. The main depot facilities of Menghua LPG are located in Jishan near the city boundaries of Guangzhou. During the period leading to signing of the Subscription Agreement, Party B completed a reorganization of the businesses of Menghua LPG, so that Guangzhou Xubiao LPG Company Limited ("Xubiao LPG"), an LPG retail and distribution business formerly owned by Party B personally, becomes a wholly-owned subsidiary of Menghua LPG. The principle business of Xubiao LPG is the sale of LPG and LPG appliances and its main depot facilities are located in Baiyun District, Guangzhou.

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## LETTER FROM THE BOARD

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Based on the unaudited financial statements of Menghua LPG and Xubiao LPG for the ten months ended 31 October 2006, and the unaudited financial statements of two entities the business and operations of which have been vested in Menghua LPG under sub-contracting arrangements (“Subcontracted Businesses”), the combined turnover and net profits of Menghua LPG, Xubiao LPG and the Subcontracted Businesses for the ten months ending on and their combined assets and liabilities as at the 31 October 2006 are as follows:

	<b>10 months ended 31 October 2006</b> <i>RMB</i>
Turnover ( <i>Note 1</i> )	92,967,400
Net Loss ( <i>Note 1</i> )	1,024,027
	<b>As at 31 October 2006</b> <i>RMB</i>
Total Assets ( <i>Note 2 and Note 3</i> )	16,639,082
Total Liabilities ( <i>Note 3</i> )	13,620,793
Net Assets	3,018,289

*Notes:*

1. The turnover and net loss contributed by the Subcontracted Businesses amounted respectively to RMB64,542,798 and RMB840,454.
2. Not included in the value of the total assets of Menghua LPG shown above is a fleet of 39 LPG tankers and delivery vehicles held in the names of contractors and business associates that are licensed to operate LPG transportation business. Due to the short history of Menghua LPG since incorporation, certain of its equipment, fittings and fixtures originally provided by Parties B and C, being the original equity owners of Menghua, have not been brought into account. The total value of the tankers, vehicles, equipment and other assets as shown in schedules provided to NewOcean Transportation (the accuracy of which is warranted by Party B and Party C under the Subscription Agreement) is approximately RMB20,689,325 (approximately HK\$20,484,480).
3. Under the sub-contracting arrangements relating to the Subcontracted Business, the underlying assets still belongs to the two entities concerned and not vested in Menghua LPG. Accordingly, the assets and liabilities of these not entities are not shown in the chart.
4. Menghua LPG has not been in operation for the full year in 2005 and the reorganisation of the various business components of Menghua LPG (including but not limited to the acquisition of Xubiao LPG as its subsidiary) has not taken place during the year. Therefore comparative figures for year 2005 are not included in the chart.

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## LETTER FROM THE BOARD

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To meet its logistics needs and to serve retail customers, Menghua LPG has a fleet of 39 LPG tankers and delivery vehicles. As Menghua LPG does not hold a licence to operate LPG transportation business, these LPG tankers and delivery vehicles are held in the names of contractors and business associates, all being third parties independent of the Company and connected persons of the Company, that are licensed to operate LPG transportation business. It is presently intended that as far as practicable, these LPG tankers and delivery trucks will be registered in the name of NewOcean Transportation (or such other entities licensed to operate LPG transportation business as NewOcean Transportation may direct) for use in the business of Menghua LPG after the Acquisition.

In addition to the LPG businesses owned and operated by Menghua LPG and Xubiao LPG, Menghua LPG has entered into long term sub-contracting arrangements (the shortest one expiring in July 2012) with two LPG depot owners to operate the Subcontracted Businesses on payment of total subcontracting fees of RMB240,000 per month. Pursuant to the sub-contracting arrangements, use and custody of the relevant LPG assets (including the name and style of the Subcontracted Business) are vested in Menghua LPG during the sub-contracting period. The right to conduct business using the LPG assets and the management of the Subcontracted Businesses are also vested in Menghua LPG. By making use of such right, Menghua LPG carried out LPG sale and distribution under the names of the Subcontracted Business and at their business locations. Since under the sub-contracting arrangements, the net proceeds of the LPG sale and distribution carried out under the names of the Subcontracted Business belong to Menghua LPG (together with the obligation to assume any net loss), the sub-contracting arrangements provided opportunity for Menghua LPG to generate additional business income.

The first of such subcontracting arrangements relates to a depot in the Panyu District operated by Party B personally as a subcontractor since January 2001 and converted to a subcontracting arrangement with Menghua LPG in 2006. The second of such subcontracting arrangements relates to a depot in the Guangzhou City operated by Party B personally as a subcontractor since April 2005 and converted to a subcontracting arrangement with Menghua LPG in 2006. The total turnover under the sub-contracting arrangements for the 10 months ended 31 October 2006 amounted to RMB64,542,797 and total net losses totalling RMB840,453.92 were recorded during the same period which, pursuant to the subcontracting arrangement, were assumed by Menghua LPG. The reasons for the losses were (a) the high world prices for petroleum products for most parts of 2006, squeezing gross profit margins; (b) the relatively restricted supply channels of Menghua LPG (due to the lack of cash resources and the size of depot facilities, Menghua LPG has been unable to make purchases in bulk); and (c) market resistance in the earlier part of 2006 when increase in retail sale prices could not catch up with the increase in supply prices. The Directors believe that since the retail market in the PRC is now adapting to the world-wide price increase for petroleum products, and better supply channels will be available to Menghua LPG after the Acquisition, Menghua LPG is expected to turn around into profit in due course.

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## LETTER FROM THE BOARD

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Pursuant to the Subscription Agreement, after the Acquisition the board of directors of Menghua LPG will comprise 5 directors, 3 of whom will be nominated by NewOcean Transportation and 2 by Party B.

#### **4. INFORMATION ON THE GROUP**

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 a joint venture construction and operation of a loading and offloading base for petroleum products in Zhuhai, PRC.

The Group has since the turn of the Century built up an integrated LPG business ranging from import, logistics and retail and distribution of LPG. Leveraging on the advantage of its 50,000 ton class sea terminal, its sales network and depots in 7 cities in Guangdong and Guangxi, the Group has become one of the fastest growing LPG importers in China.

#### **5. REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group has substantial experience and considerable success in strategically targeted business developments, and in business acquisitions and turn around in the LPG field. Despite the reported net loss of Menghua LPG and its short history since incorporation, the company has a combined turnover (including the sub-contracts) amounting to over RMB90,000,000. The Directors expect the business of Menghua LPG to turnaround into profit after the Acquisition by combining the resources of the Group and that of Menghua LPG. As a LPG distributor and retailer located at the heart of Guangdong, Menghua LPG strategically links the Group's operations in Shenzhen and Qingyuan acquired during the last few years, providing further opportunities for the Group to expand its LPG market share in the province. The LPG fleet and the depot facilities of Menghua will render support to the Group's logistics operations arm and to strengthen its market position in the LPG industry.

The Directors consider that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Group.

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## LETTER FROM THE BOARD

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### 6. POSSIBLE FINANCIAL IMPACT

The combined value of the net assets of Menghua LPG as shown in its management accounts is RMB3,018,289. As the consideration for the Acquisition is expected to exceed the value of the net assets, there would be a likelihood of goodwill arising on completion of the Acquisition that will need to be amortized. However, taking into consideration (a) Menghua LPG beneficially owns a fleet of vehicles and other fittings and fixtures of considerable value which may be brought back into the consolidated accounts of the Group after the Acquisition; and (b) the Guaranteed Profit guaranteed by the 49% interest in Menghua LPG held by Party B following the Acquisition, the Directors consider that the financial impact of the acquisition on the Group's assets will be slight.

The consideration for the Acquisition will be satisfied entirely by internal resources of the Group. In addition, the Earned Out Payment will to a large extent be born by positive cash flow to the Group resulting from Menghua LPG achieving the First Year Profit. Accordingly the Acquisition will have no material adverse impact on the liabilities of the Group.

Upon completion of the Acquisition, Menghua LPG will become an indirect subsidiary of the Company and the financial results of the company will be consolidated into those of the Group. While Menghua LPG currently suffers a loss, the amount is small compared with its combined turnover and the company is expected to turn around. The Directors believe that in due course Menghua LPG will contribute positively to the Group in both its revenue and profits.

### 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) Interests in Shares (Long Position)

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
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, mother of SCL, 5% by Wu Hong Cho and 1% by Cen Ziniu.

## (b) Share options

Name of Director	Capacity	Subscription price per Share <i>HK\$</i>	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
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
Cheung Kwan Hung, Anthony	Beneficial owner	0.69	1,000,000	1,000,000
Ma Man Hoi, Joseph	Beneficial owner	0.69	1,000,000	1,000,000

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) Interests in Shares (Long Position)

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)	33,273,000	6.91
Yam Tak Cheung	Held by corporation (Note 4)	30,000,000	6.23

#### Notes:

- 133,212,621 Shares were held by Uniocean (please refer to the Notes under 2(a)), being the same block of Shares referred to in the note to Paragraph 2(a).
- 20,811,779 Shares were deemed to be interested by Tong Shiu Ming, spouse of Shum Siu Hung, as family interests.
- 24,046,000 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 9,227,000 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 <i>HK\$</i>	Number of underlying Shares	Outstanding at Latest Practicable Date
Tong Shiu Ming	Family interest <i>(Note)</i>	1.30	3,000,000	3,000,000
	Family interest <i>(Note)</i>	0.69	9,000,000	9,000,000

*Note:*

These options to subscribe for 3,000,000 Shares and 9,000,000 Shares were held by Shum Siu Hung (please refer to 2(b)), the spouse of Tong Shiu Ming as referred to in Paragraph 2(b), 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 26/F., 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.