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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 AND CONNECTED TRANSACTION DEED OF TERMINATION AND NEW SUBSCRIPTION AGREEMENT NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**CIMB Securities (HK) Limited**

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A letter of recommendation from the Independent Board Committee to the Independent Shareholders and a letter of advice from CIMB to the Independent Board Committee and the Independent Shareholders are set out respectively on page 17 and pages 18 to 30 of this circular.

A notice convening a special general meeting of NewOcean Energy Holdings Limited (the "Company") to be held at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong on Tuesday, 15 June 2010 is set out on pages 37 to 38 of this circular. Whether or not you wish to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Branch Registrars in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the special general meeting. Return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjourned meeting if you so wish.

28 April 2010

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## DEFINITIONS

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

“2008 Accounts”	the unaudited pro-forma financial statements of the Retailing Companies and their holding company as at 31 December 2008 prepared on a consolidated basis and on the assumption that the equity ownership structure of the Retailing Companies as at the date of the New Subscription Agreement had been in existence on 31 December 2008
“2009 Accounts”	the unaudited consolidated financial statements of NewOcean Resources and the Retailing Companies for the 12 months ending on 31 December 2009
“2009 Audited Accounts”	the audited consolidated financial statements of NewOcean Resources and the Retailing Companies for the 12 months ending on 31 December 2009
“CIMB”	CIMB Securities (HK) Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Deed of Termination and the New Subscription
“Company”	NewOcean Energy Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange
“Deed of Termination”	a deed of termination and release executed on 8 April 2010 between NewOcean Hong Kong, the Subscriber and NewOcean Development relating to the termination of the parties’ respective obligations under the Subscription Agreement
“Directors”	directors of the Company
“Group”	the Company together with its subsidiaries and jointly controlled entities

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## DEFINITIONS

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“Exercise Periods”	the First Exercise Period and the Second Exercise Period
“First Exercise Period”	the first period during which the Put-Back Option may be exercised, being the period commencing on 1 July 2010 and ending 3 months after that day (both days inclusive)
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	shareholders of the Company other than those who are required under the Listing Rules to abstain from voting on the ordinary resolution to be proposed at the Special General Meeting to approve the Deed of Termination and the New Subscription Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	23 April 2010, 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
“Macau”	The Macau Special Administrative Region of the PRC
“NewOcean Development”	NewOcean Development Limited, a wholly owned subsidiary of NewOcean Hong Kong incorporated in the British Virgin Islands which, prior to the end of the year 2009, was the holding company of the Retailing Companies

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## DEFINITIONS

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“NewOcean Hong Kong”	Sound Hong Kong Limited, a subsidiary of the Company incorporated in the British Virgin Islands which currently holds the entire issued share capital of NewOcean Resources and 75% of the issued shares of NewOcean Development
“NewOcean Resources”	Best Resources Base Limited, a wholly owned subsidiary of NewOcean Hong Kong incorporated in the British Virgin Islands which, as at 31 December 2009, is the holding company of the Retailing Companies
“New Subscription”	the subscription of the New Subscription Shares under the New Subscription Agreement
“New Subscription Agreement”	the agreement dated 8 April 2010 entered into between NewOcean Hong Kong, the Subscriber and NewOcean Resources relating to the New Subscription
“New Subscription Price”	the consideration of HK\$40,000,000 for the New Subscription Shares payable by the Subscriber under the New Subscription Agreement
“New Subscription Shares”	5,000 shares of US\$1.00 each in the share capital of NewOcean Resources to be issued and allotted to the Subscriber pursuant to the New Subscription Agreement
“PRC”	the People’s Republic of China, which, for the purposes of this circular, excludes Hong Kong and Macau
“Put-Back Option”	the right of the Subscriber to require NewOcean Development to repurchase, or procure the repurchase of, the Subscription Shares
“Retailing Companies”	the indirect subsidiaries and a jointly controlled entity currently held under NewOcean Resources all of which engaged in retail sales of bottled LPG
“Second Exercise Period”	the second period during which the Put-Back Option may be exercised, being the period commencing on 1 July 2012 and ending 6 months after that day (both dates inclusive)

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the Shares
“Shares”	shares of HK\$0.10 each in the issued capital of the Company
“Special General Meeting”	the special general meeting of the Company to be convened and held at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong on Tuesday, 15 June 2010 at 11:30 a.m. (or any adjournment thereof), the notice of which is set out on pages 37 to 38 of this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Provisional Talent Limited, a company incorporated in the British Virgin Islands
“Subscription Agreement”	the agreement dated 21 August 2009 entered into between NewOcean Hong Kong, the Subscriber and NewOcean Development relating to the subscription of the Subscription Shares
“Subscription Shares”	12,500 shares of US\$1.00 each in the share capital of NewOcean Development which has been issued and allotted to the Subscriber pursuant to the Subscription Agreement, partly paid
“Uniocean”	Uniocean Investments Limited, the controlling shareholder of the Company
“US\$”	United States Dollars, the lawful currency of the United States of America



## 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*)

Shum Chun, Lawrence (*Managing Director*)

Cai Xikun

Cen Ziniu

Chiu Sing Chung, Raymond

Siu Ka Fai, Brian

Wang Jian

*Non-Executive Director*

Wu Hong Cho

*Independent non-executive Directors:*

Cheung Kwan Hung, Anthony

Chan Yuk Wai, Benedict

Dr. Xu Mingshe

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head office and principal  
place of business:*

20th Floor, Times Tower

393 Jaffe Road, Wanchai

Hong Kong

28 April 2010

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
DEED OF TERMINATION AND  
NEW SUBSCRIPTION AGREEMENT  
NOTICE OF SPECIAL GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the announcements of the Company dated 25 August 2009, 8 April 2010 and 9 April 2010. On 8 April 2010 NewOcean Hong Kong, the Subscriber and NewOcean Development executed the Deed of Termination to

\* for identification purposes only

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## LETTER FROM THE BOARD

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terminate the Subscription Agreement. On the same day NewOcean Hong Kong, the Subscriber and NewOcean Resources entered into the New Subscription Agreement. The principal effects of the Deed of Termination and the New Subscription Agreement are to cancel the respective rights and obligations of the parties under the Subscription Agreement in respect of an amount of HK\$60,000,000, being part of subscription price of the Subscription Shares which has not been called by NewOcean Development and is therefore unpaid, and to exchange the Subscription Shares for the New Subscription Shares, credited as fully paid under the New Subscription Agreement.

The Deed of Termination and the New Subscription Agreement and the transactions contemplated under them constitute discloseable and connected transactions for the Company. As required under Chapter 14A of the Listing Rules, the Deed of Termination and the New Subscription Agreement are both subject to approval by Independent Shareholders at the Special General Meeting.

The purpose of this circular is to provide you with (i) further information on the transactions under the Deed of Termination and the New Subscription Agreement; (ii) a notice convening the Special General Meeting; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iv) a letter of advice from CIMB to the Independent Board Committee and the Independent Shareholders; and (v) other information as required under the Listing Rules.

## 2. THE DEED OF TERMINATION

### 2.1 Date

8 April 2010

### 2.2 Parties

The original parties to the Subscription Agreement, being

- (i) NewOcean Hong Kong, a wholly-owned subsidiary of the Company currently holding 75% of the issued share capital of NewOcean Development;
- (ii) the Subscriber, currently holding 25% of the issued share capital of NewOcean Development; and
- (iii) NewOcean Development, a subsidiary of the Company.



### **2.3 Termination of the Subscription Agreement**

The Subscription Agreement shall terminate on the date the condition to the Deed of Termination as set out in paragraph 4 headed “Condition to the Deed of Termination and the New Subscription Agreement” shall have been fulfilled.

### **2.4 Transfer of the Subscription Shares**

Upon the termination of the Subscription Agreement the Subscriber shall transfer the Subscription Shares to NewOcean Hong Kong so as to restore the latter’s 100% shareholding in NewOcean Development, in consideration of which NewOcean Hong Kong shall pay to the Subscriber a sum of HK\$40,000,000.

### **2.5 Arrangement relating to payment of dividend**

The Subscription Shares shall be transferred to NewOcean Hong Kong together with all dividend and distribution rights as if NewOcean Hong Kong had at all times been the registered shareholder of the Subscription Shares.

In recognition of the fact that the Subscriber would, but for the Deed of Termination, be entitled under the Subscription Agreement to the payment of a dividend from NewOcean Development for the year ended on 31 December 2009, NewOcean Hong Kong shall pay to the Subscriber a sum of HK\$250,000 in cash.

The payment of HK\$250,000 equals the resulting sum of (i) HK\$2,500,000, being equal to the ten percent originally earmarked for distribution as dividend out of the unaudited after tax profit of approximately HK\$25,000,000 from retail sales of bottled LPG for the year ended 31 December 2009 based on the 2009 Accounts, multiplied by (ii) 25%, being the percentage of issued shares of NewOcean Development held by the Subscriber, and further multiplied by (iii) 40%, being the percentage of the subscription price for the Subscription Shares paid up by the Subscriber up to the date of the Deed of Termination. The sum was considered by all parties to be fair and reasonable and will be paid out of the Group’s internal resources.

**3. THE NEW SUBSCRIPTION AGREEMENT**

**3.1 Date**

8 April 2010

**3.2 Parties**

- (i) NewOcean Hong Kong;
- (ii) the Subscriber; and
- (iii) NewOcean Resources, an indirect wholly-owned subsidiary of the Company which, following a reorganization of the business holding structure for retail sales of bottled LPG of the Group, is currently the holding company of the Retailing Companies.

**3.3 The New Subscription**

Subject to fulfillment of the condition to the New Subscription Agreement as set out in paragraph 4 headed “Condition to the Deed of Termination and the New Subscription Agreement” below, the Subscriber shall subscribe for the New Subscription Shares, representing 10% of the issued capital of NewOcean Resources as enlarged by the New Subscription, at the New Subscription Price of HK\$40,000,000.

The New Subscription Price was arrived at after arms length negotiation between the parties to the New Subscription Agreement. In arriving at the New Subscription Price, (i) reference was made to the consolidated net asset value of NewOcean Resources and the Retailing Companies of approximately HK\$212,245,000 as shown in the 2009 Accounts; and (ii) consideration was given to the fact that shareholder’s loans from the Group to NewOcean Resources in the sum of HK\$100,000,000 will be capitalized pursuant to the terms of the New Subscription Agreement as described in sub-paragraph 3.5 headed “Capitalisation of Shareholder’s Loan” below.

### 3.4 Payment of the New Subscription Price

Payment for the New Subscription Shares will be satisfied by the Subscriber directing NewOcean Hong Kong to pay to NewOcean Resources the sum of HK\$40,000,000 payable by NewOcean Hong Kong under the Deed of Termination.

### 3.5 Capitalisation of Shareholder's Loan

Out of the net balance of shareholder's loans advanced from the Group to NewOcean Resources as shown in the 2009 Accounts, an amount of HK\$100,000,000 will be capitalized on or before 30 September 2010 pursuant to the New Subscription Agreement so as to bring about a corresponding increase in shareholders' equity in NewOcean Resources.

### 3.6 Put-back Option

The Subscriber has the right to require NewOcean Resources to repurchase, or to procure the purchase of, all the New Subscription Shares as follows:

- (a) The Subscriber may exercise the Put-back Option at any time during the First Exercise Period if:
  - (i) the 2009 Audited Accounts has not been provided to the Subscriber on or before 30 June 2010; or
  - (ii) in the 2009 Audited Accounts, the audited consolidated net asset value of NewOcean Resources (adjusted so as not to take into account the New Subscription or any capitalization of shareholder's loans) is less than the consolidated net asset value of the Retailing Companies and their holding company as shown in the 2008 Accounts.
- (b) The Subscriber may exercise the Put-Back Option at any time during the Second Exercise Period if the shares of NewOcean Resources (or shares issued by NewOcean Resources or any of its subsidiaries or holding companies in exchange for the shares of NewOcean Resources pursuant to a reorganization) are not listed on the main board of the Stock Exchange on or before 1 July 2012.

The repurchase consideration equals the New Subscription Price, and will be funded by internal resources of the Group in the event the Put-Back Option is exercised.

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## LETTER FROM THE BOARD

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### **4. CONDITION TO THE DEED OF TERMINATION AND THE NEW SUBSCRIPTION AGREEMENT**

The Deed of Termination and the New Subscription Agreement are both conditional upon approval by a majority vote at a general meeting of the shareholders of the Company.

### **5. INFORMATION ON THE GROUP AND ITS BUSINESS OF RETAIL SALES OF BOTTLED LPG**

The principal businesses of the Group are the sale and distribution of LPG and sale of electronic products, being mainly mobile phones and electronic components. Part of the LPG business of the Group, namely retail sales of bottled LPG, is being carried out by the Retailing Companies which, prior to the end of the year 2009, were all subsidiaries of NewOcean Development. Through the Retailing Companies, NewOcean Development owned and operated, or owned the operating rights of, 13 local LPG depots (counted as at 31 December 2009) in Guangdong and Guangxi with each depot having its own chain of retail outlets.

### **6. INFORMATION ON NEWOCEAN RESOURCES**

NewOcean Resources is a wholly owned subsidiary of the Company incorporated in the British Virgin Island on 18 November 2009. As NewOcean Development had in previous years been involved in other businesses of the Group, immediately before the end of December 2009 the business of retail sales of bottled LPG held under NewOcean Development was transferred to NewOcean Resources in order to achieve a better delineation of that business from the rest of the Group. The consolidated financial highlights and operating results of NewOcean Resources and

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## LETTER FROM THE BOARD

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the Retailing Company for the year ended 31 December 2009 complied after the reorganization, with comparative figures for the year ended 31 December 2008 from the management accounts of NewOcean Development are as follows:

	<b>12 months ended 31 December 2009 <i>HK\$'000</i> (unaudited)</b>	<b>12 months ended 31 December 2008 <i>HK\$'000</i> (unaudited)</b>
Turnover	920,531	1,043,001
Net profit before tax	41,598	19,647
Net profit after tax	23,816	20,940

*Note:* The taxation charge for 2008 was underprovided by approximately HK\$5,000,000, and the taxation charge for 2009 included an adjustment of approximately HK\$5,000,000 for the underprovision from prior years.

	<b>As at 31 December 2009 <i>HK\$'000</i> (unaudited)</b>	<b>As at 31 December 2008 <i>HK\$'000</i> (unaudited)</b>
Total Assets	440,158	325,639
Total Liabilities	226,386	260,610
Net Assets	213,772	65,029
Minority Interests	(1,527)	(1,531)
Equity Attributable to Equity Holders	212,245	63,498

### 7. INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in the British Virgin Islands the shareholders of which have over 30 years' investment experience in hotels, real estate development, factories and in the petroleum industry.

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## LETTER FROM THE BOARD

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### 8. REASONS FOR AND BENEFITS OF THE DEED OF TERMINATION AND THE NEW SUBSCRIPTION

The principal effects of the Deed of Termination and the New Subscription Agreement are (i) to release the parties of their respective obligations under the Subscription Agreement in respect of the uncalled subscription price of HK\$60,000,000 for the Subscription Shares; and (ii) to exchange the Subscription Shares which has been partly paid up into the New Subscription Shares, being 10% fully paid shares in NewOcean Resources.

As originally agreed under the Subscription Agreement, subscription monies from the Subscriber amounting to HK\$100,000,000 in total should be used exclusively for expansion of NewOcean Development's business, being retail sales of bottled LPG. The business expansion involves, among other things, the setting up of bottled LPG operations in Hong Kong and Macau. Except for an amount of HK\$20,000,000 paid on allotment of the Subscription Shares, these subscription monies were to be paid on calls made by NewOcean Development as and when required for the business expansion aforesaid. Due to the time needed for government approval to the change of land-use conditions for the sites designated as the Group's bottled LPG depot in Hong Kong, so far out of the amount of HK\$80,000,000 to be paid on call, only one sum of HK\$20,000,000 has been called which has been paid up. The balance of HK\$60,000,000 has remained uncalled.

In the meantime, on account of the strong cash position of the Group following the completion of placing of Shares as announced on 9 December 2009, the Directors have determined that the business expansion in question could be carried out without NewOcean Development making any further calls for subscription monies under the Subscription Agreement. Also, to enable the business of retail sales of bottled LPG held under NewOcean Development to be transferred to NewOcean Resources (as described in paragraph 6 headed "Information on NewOcean Resources") to result in all assets, including the holding of the Retailing Companies, and liabilities of NewOcean Development being vested in NewOcean Resources, a corporate restructure was to be carried out. Under the corporate restructure NewOcean Development would have all its assets assigned to, and all its liabilities assumed by NewOcean Resources as at the end of December 2009. As a result of this corporate restructure NewOcean Development would cease to have any business functions, including the functions contemplated under the Subscription Agreement, all of which would be transferred to NewOcean Resources. Therefore, at the request of the Company, the parties agree to execute the Deed of Termination to terminate the Subscription Agreement and to enter into the New Subscription Agreement.

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## LETTER FROM THE BOARD

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The Deed of Termination and the New Subscription Agreement allow the corporate restructure as described in the above to be carried out. It will also simplify the equity holding structure of the Retailing Companies and the corresponding accounting treatment — exchanging the Subscription Shares for the New Subscription Shares avoids the holding of partly paid shares by the Subscriber. After completion of the New Subscription Agreement, the Subscriber will hold 10% of the issued share capital of NewOcean Resources credited as fully paid up and ranking equally with all other shares of NewOcean Resources.

### 9. POSSIBLE FINANCIAL EFFECTS

For the reasons as explained in paragraph 8 headed “Reasons for and benefits of the Deed of Termination and the New Subscription” it was the parties’ intention that as from the end of December 2009 their respective rights and obligation under the Subscription Agreement will no longer be enforced pending a new agreement relating to NewOcean Resources in substitution for the Subscription Agreement. Also, for reason that the Subscription Shares have not been paid up in full and that, in substance, the underlying benefit and risks of the Subscriber in the Subscription Agreement have not passed, despite the issue of the Subscription Shares to the Subscriber the prospective gain of the Company from the subscription in question was not booked in the Company’s consolidated accounts of the year ended 31 December 2009. Therefore, the Deed of Termination will not have any material financial effect on the Company other than the payment of the sum of HK\$250,000 to the Subscriber in lieu of any dividend payment it would receive from NewOcean Development.

The New Subscription will result in an increase in the reserve of the Company in the amount of approximately HK\$18,776,000. The amount represents approximately the difference between (i) HK\$40,000,000, being the New Subscription Price and (ii) HK\$21,224,500, being the net value of the 10% interest in NewOcean Resources attributable to the Subscriber based on the consolidated net assets of NewOcean Resources and the Retailing Subsidiaries of HK\$212,245,000 as at 31 December 2009. Nevertheless, the final amount of the gain on disposal will be subject to the net asset value of NewOcean Resources as the date of completion of the New Subscription, and shall further be subject to results of audit work to be performed by the auditors of the Company. The amount will be directly charged to the reserve of the Company for the year 2010. NewOcean Resources will continue to be an indirect subsidiary of the Company following the New Subscription.

Under the New Subscription Agreement an amount of HK\$100,000,000 of Shareholder’s Loan will be capitalised on or before 30 September 2010. The capitalization will not have any effect on the consolidated profit and loss account of the Company. However, in the Company’s consolidated balance sheet, there will be

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## LETTER FROM THE BOARD

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a minority interest attributable to the Subscriber amounting to HK\$10,000,000 (10% of the amount of HK\$100,000,000 to be capitalized) and a corresponding reduction in the interest attributable to the equity owners of the Company. As the interest attributable to equity owners in the Company's consolidated balance sheet as at 31 December 2009 amounted to HK\$1,014,690,000, the reduction will be immaterial.

In relation to the Put-Back Option, the Directors intend to conduct an independent valuation of its embedded value before the end of the year. Subject to the annual audit of the consolidated accounts of the Company, the embedded value of the Put-Back Option will be deducted from the Company's profit in its consolidated financial results for the year 2010 as being the carrying cost of the Put-Back Option.

### **10. LISTING RULES IMPLICATIONS**

As the applicable percentage ratios for the Deed of Termination and the New Subscription Agreement exceed 5% but are below 25%, the transactions under them constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules. Also, as NewOcean Development and NewOcean Resources are both subsidiaries of the Company, the Subscriber is a connected person of the Company on account of its existing 25% shareholding in NewOcean Development, and will be a connected person of the Company on account of its proposed 10% shareholding in NewOcean Resources. Therefore the transactions under the Deed of Termination the New Subscription Agreement also constitute connected transactions for the Company which are subject to the reporting and announcement requirement under Chapter 14A of the Listing Rules, and are further conditional on approval by Independent Shareholders by poll at a special general meeting of the Company to be convened for this purpose as required under Chapter 14A of the Listing Rules.

### **11. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Cheung Kwan Hung, Anthony, Mr. Chan Yuk Wai, Benedict and Dr. Xu Mingshe, has been established to advise the Independent Shareholders in respect of the Deed of Termination and the New Subscription Agreement and the transactions thereunder. Your attention is drawn to the letter from the Independent Board Committee set out on page 17 of this circular.



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## LETTER FROM THE BOARD

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CIMB has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Deed of Termination and the New Subscription Agreement and the transactions contemplated thereunder. Your attention is drawn to their letter of advice set out on pages 18 to 30 of this circular.

### 12. SPECIAL GENERAL MEETING

A notice convening the Special General Meeting is set out on pages 37 to 38 of this circular. At the Special General Meeting an ordinary resolution will be proposed to the Independent Shareholders to consider, and if thought fit, approve the Deed of Termination and the New Subscription Agreement and the transactions contemplated thereunder, and votes of the Independent Shareholders will be taken on a poll. The results of voting at the Special General Meeting will be announced by the Company in accordance with the Listing Rules.

Whether or not you wish to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Branch Registrars in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the special general meeting. Return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjourned meeting if you so wish.

In relation to any Shares held by the Subscriber and its associates (as defined in the Listing Rules), the Subscriber and its associates shall be required under the Listing Rules to abstain from voting such Shares at the Special General Meeting in respect of the proposed resolution to approve the Deed of Termination, the New Subscription Agreement and the transactions contemplated thereunder. Upon specific enquiry made, the Subscriber informed the Company that Mr. Wong Tseng Hon, of whom the Subscriber is an associate as defined under the Listing Rules, beneficially owns 22,500,000 Shares as at the Latest Practicable Date, representing approximately 1.95% of the issued Share capital of the Company. Mr. Wong Tseng Hon is deemed to have a material interest in the transactions contemplated under the Deed of Termination and the New Subscription Agreement on account of his holding of 98% of the equity capital of the Subscriber. Accordingly he has undertaken to the Company to abstain from voting such Shares at the Special General Meeting in respect of the resolution proposed.

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## LETTER FROM THE BOARD

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Uniocean and Mr. Shum Chun, Lawrence (“Mr. Shum”), together being the controlling shareholders of the Company holding 535,712,838 Shares representing 46.35% of the Shares in issue as at the Latest Practicable Date, have confirmed that neither of them has a material interest under the Deed of Termination and the New Subscription Agreement. Accordingly Uniocean and Mr. Shum will not be required to abstain from voting at the Special General Meeting in respect of the proposed resolution to approve the Deed of Termination, the New Subscription Agreement and the transactions contemplated thereunder.

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, of the other shareholders of the Company, none has a material interest in the Deed of Termination and the New Subscription Agreement.

The Board recommends the Independent Shareholders to voting in favour the resolution set out in the notice of the Special General Meeting to approve the Deed of Termination, the New Subscription Agreement and the transactions contemplated thereunder.

### 13. ADDITIONAL INFORMATION

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

Yours faithfully,  
**On behalf of the Board**  
**Shum Siu Hung**  
*Chairman*



## 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>

28 April 2010

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
DEED OF TERMINATION AND  
NEW SUBSCRIPTION AGREEMENT  
NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circular dated 28 April 2010 published by NewOcean Energy Holdings Limited of which this letter forms part. Terms used in this letter shall have the same respective meanings as those defined in this circular, unless the context otherwise requires. We have been appointed by the Board as the Independent Board Committee to give you a recommendation in respect of the terms of the Deed of Termination and New Subscription Agreement and the transactions thereunder.

We wish to draw your attention to the letter from the Board as set out on pages 5 to 16 of the circular which sets out, among other things, information relating to the Deed of Termination and New Subscription Agreement, and the letter from CIMB to the Independent Board Committee and the Independent Shareholders as set out on pages 18 to 30 of the circular which contains its advice to us and to you in relation to the Deed of Termination and New Subscription Agreement.

Having considered the terms of the Deed of Termination and New Subscription Agreement and taken into account the advice of CIMB, we consider that the terms of the Deed of Termination and New Subscription Agreement are in the interests of the Group and the Independent Shareholders as a whole and are fair and reasonable so far as the Group and the Independent Shareholders are concerned. As such, we would recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Deed of Termination and New Subscription Agreement and the transactions thereunder.

Yours faithfully,  
**Independent Board Committee**

**Cheung Kwan Hung, Anthony**  
*Independent*  
*non-executive Director*

**Chan Yuk Wai, Benedict**  
*Independent*  
*non-executive Director*

**Xu Mingshe**  
*Independent*  
*non-executive Director*

\* *for identification purposes only*



CIMB Securities (HK) Limited

25th Floor, Central Tower  
28 Queen's Road Central  
Hong Kong

28 April 2010

*To the Independent Board Committee and the Independent Shareholders of  
NewOcean Energy Holdings Limited*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
DEED OF TERMINATION AND NEW SUBSCRIPTION AGREEMENT**

**INTRODUCTION**

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Deed of Termination and the New Subscription Agreement, details of which are contained in the circular of the Company (the "Circular") to the Shareholders dated 28 April 2010, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 8 April 2010, the original parties to the Subscription Agreement, being NewOcean Hong Kong (a wholly owned subsidiary of the Company holding 75% of the issued share capital of NewOcean Development as at the Latest Practicable Date), the Subscriber (holding 25% of the issued share capital of NewOcean Development as at the Latest Practicable Date ) and NewOcean Development (a subsidiary of the Company as at the Latest Practicable Date) entered into the Deed of Termination, pursuant to which, the relevant parties have conditionally agreed to terminate the Subscription Agreement (the "Termination") and the Subscriber shall transfer the Subscription Shares to NewOcean Hong Kong so as to restore the latter's 100% shareholding in NewOcean Development at a consideration of HK\$40,000,000 payable by NewOcean Hong Kong.

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## LETTER FROM CIMB

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On the same date, NewOcean Hong Kong, the Subscriber and NewOcean Resources (an indirect wholly-owned subsidiary of the Company which, following a reorganization of the business holding structure for retail sales of bottled LPG of the Group, is currently the holding company of the Retailing Companies) also entered into the New Subscription Agreement, pursuant to which the Subscriber shall subscribe for the New Subscription Shares, representing 10% of the issued share capital of NewOcean Resources as enlarged by the New Subscription at the New Subscription Price of HK\$40,000,000 payable in cash.

As the applicable percentage ratios for the Deed of Termination and the New Subscription Agreement exceed 5% but are below 25%, the transactions contemplated thereunder constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules. Also, as NewOcean Development and NewOcean Resources are both subsidiaries of the Company, the Subscriber is a connected person of the Company on account of its existing 25% shareholding in NewOcean Development and will be a connected person of the Company on account of its proposed 10% shareholding in NewOcean Resources. Therefore the transactions under the Deed of Termination and the New Subscription Agreement also constitute connected transactions for the Company which are subject to the reporting and announcement requirement under Chapter 14A of the Listing Rules, and are further conditional on approval by the Independent Shareholders by poll at the Special General Meeting of the Company to be convened for this purpose as required under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Anthony Cheung Kwan Hung, Mr. Benedict Chan Yuk Wai and Dr. Xu Mingshe, has been formed to advise the Independent Shareholders in relation to the Deed of Termination and the New Subscription Agreement and the transactions contemplated thereunder.

Our role, as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, is to provide an independent opinion to the Independent Board Committee and the Independent Shareholders in relation to the Deed of Termination and the New Subscription Agreement and the transactions contemplated thereunder.

### **BASIS OF OUR OPINION**

In formulating our opinion, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules including the notes thereto to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the information and facts contained or referred to in the Circular, the information provided by the Company and

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## LETTER FROM CIMB

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our review of the relevant public information. We have also assumed that the information, facts and representations contained or referred to in the Circular were true and accurate at the time they were made and will continue to be true and accurate up to the date of the Special General Meeting. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, the Subscriber or any of their respective subsidiaries or associates. We have no reason to doubt the truth, accuracy and completeness of the information, facts and representations provided and represented to us by the Company. We have also been advised by the Company and believe that no material facts have been omitted from the Circular.

### **PRINCIPAL FACTORS CONSIDERED**

In arriving at our opinion, we have considered the following principal factors and reasons:

#### **(I) Background and reasons for entering into the Deed of Termination and the New Subscription Agreement**

The principal businesses of the Group are the sale and distribution of LPG and sale of electronic products, being mainly mobile phones and electronic components. In terms of the Group's LPG business, the business of the retail sales of bottled LPG is being carried out by the Retailing Companies which, prior to the end of the year 2009, were all subsidiaries of NewOcean Development. Through the Retailing Companies, NewOcean Development owned and operated, or owned the operating rights of, 13 local LPG depots in Guangdong and Guangxi with each depot having its own chain of retail outlets.

Reference is made to the Company's announcement dated 25 August 2009 and the circular dated 15 September 2009 relating to the Subscription Agreement, which provided for the subscription of the Subscription Shares by the Subscriber at the subscription price of HK\$100,000,000.

As originally agreed under the Subscription Agreement, the subscription monies of HK\$100,000,000 payable by the Subscriber in total should be used exclusively for expansion of NewOcean Development's business in connection with the retail sales of bottled LPG, which involves, among other things, the setting up of bottled LPG operations in Hong Kong and Macau. Up to the date of the Deed of Termination, the Subscriber already paid an aggregate amount of HK\$40,000,000 pursuant to the Subscription Agreement, among which, HK\$20,000,000 was paid on allotment of the Subscription Shares and the other HK\$20,000,000 was paid on a call made by NewOcean Development in October 2009 for the aforesaid business expansion. Due

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## LETTER FROM CIMB

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to the time needed for government approval to the change of land-use conditions for the sites designated as the Group's bottled LPG depot in Hong Kong, the balance of HK\$60,000,000, out of the amount of HK\$80,000,000 to be paid on calls by NewOcean Development pursuant to the Subscription Agreement, has remained uncalled.

We are advised by the management that following the completion of the placing of the Shares as announced on 9 December 2009 with a net proceeds of which amounted to approximately HK\$189,000,000, the Group had a strong cash position and thus the Directors have determined that the business expansion in relation to the retail sales of bottled LPG could be carried out without NewOcean Development making any further calls for subscription monies under the Subscription Agreement. As such, at the request of the Company, the parties agree to execute the Deed of Termination to terminate the Subscription Agreement and thus release the relevant parties of their respective obligations under the Subscription Agreement in connection with the uncalled subscription price of HK\$60,000,000 for the Subscription Shares.

As advised by the management of the Company, the Company has been reorganizing the equity holding relationship between companies in the Group since 2006 in light of the growth in its LPG wholesale and retail businesses. For instance, as stated in the interim report of the Company for the six months ended 30 June 2009, following the restructuring of the internal corporate organization relating to the businesses of the Group in 2009, the Group's three major wholly-owned subsidiaries had been designated to head its three major business lines, among which, NewOcean Development had been positioned to function as the spearhead of the Group's LPG retailing business. We also note from the Letter from the Board that, to enable the business of retail sales of bottled LPG held under NewOcean Development to be transferred to NewOcean Resources to result in all assets, including the holding of the Retailing Companies, and liabilities of NewOcean Development being vested in NewOcean Resources, a corporate restructuring exercise had been carried out immediately before the end of December 2009. Under the corporate restructure exercise, NewOcean Development would have all its assets assigned to, and all its liabilities assumed by NewOcean Resources as at the end of December 2009. As a result of this corporate restructuring exercise, NewOcean Development would cease to have any business functions, including the functions contemplated under the Subscription Agreement, all of which would be transferred to NewOcean Resources. The purpose of the corporate reorganization is to achieve a better delineation of retail sales business of bottled LPG from the rest of the Group. Despite the corporate reorganization, the subject matter under the New Subscription Agreement and the Subscription Agreement, being retail sales business of bottled LPG, remains the same.

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## LETTER FROM CIMB

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Furthermore, the Directors consider that the entering into the Deed of Termination and the New Subscription Agreement will help the Group to simplify the equity holding structure of the Retailing Companies and the corresponding accounting treatment by exchanging the Subscription Shares which have been partly paid up into the New Subscription Shares, being 10% fully paid-up shares in NewOcean Resources.

Given the above, we concur with the view of the management of the Company that the Termination and the New Subscription is in line with the Group's long term business development and strategic plans.

### (II) Information on NewOcean Resources and the Subscriber

#### (i) *NewOcean Resources*

As stated in the Letter from the Board, NewOcean Resources is a wholly-owned subsidiary of the Company incorporated in the British Virgin Island on 18 November 2009 and became the holding company of the Retailing Companies after the reorganization exercises in 2009 as mentioned above.

Set out below is a summary of the unaudited consolidated financial positions and operating results of NewOcean Resources and the Retailing Companies, as extracted from the Letter from the Board, for the two years ended 31 December 2009 compiled after the further reorganization as mentioned above, with comparative figures for the year ended 31 December 2008 from the management accounts of NewOcean Development:

	Year ended 31 December	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Turnover	920,531	1,043,001
Net profit before tax	41,598	19,647
Net profit after tax	23,816	20,940



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## LETTER FROM CIMB

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	As at 31 December	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Total assets	440,158	325,639
Net assets	213,772	65,029
Equity attributable to equity holders of the Company	212,245	63,498

We note that although NewOcean Resources and the Retailing Companies recorded a decrease in the unaudited combined turnover of approximately 12% in 2009 as compared with that of 2008 generated by NewOcean Development and the Retailing Companies, NewOcean Resources and the Retailing Companies experienced an increase of approximately 112% in the net profit before tax and approximately 14% in net profit after tax in 2009 as compared with that of 2008.

As advised by the management of the Company, the decrease in turnover in 2009 was mainly attributable to the drop in the LPG prices following the substantial adjustment in crude oil prices commencing from October 2008, which offset the effect of the increase in the sales volume of the LPG arising from the organic growth of the market and the completion of the acquisition of Maoming Bottling Plant in September 2009. The sales volume of LPG increased from approximately 182,000 tons in 2008 to approximately 207,000 tons in 2009, represents an increment of approximately 14%. The increase in net profit in 2009 was mainly attributable to the fact that the decline in the average cost of purchase of LPG for the Group during the period had exceeded the decline in the average LPG retail price charged by the Group. As stated in the Letter from the Board, taxation charge for the year ended 31 December 2008 had been underprovided by approximately HK\$5,000,000, and such under-provision had been provided for in the year ended 31 December 2009. After adjusting for such prior year tax adjustment, the profit for the 31 December 2009 is approximately HK\$28,800,000 (the "Adjusted 2009 Profit").

**(ii) Subscriber**

As stated in the Letter from the Board, the Subscriber is a company incorporated in the British Virgin Islands, the shareholders of which have over 30 years' investment experience in hotels, real estate development, factories and in the petroleum industry.

**(III) Principal terms of the Deed of Termination**

*(i) Transfer of the Subscription Shares*

The Deed of Termination stipulates that upon the termination of the Subscription Agreement, the Subscriber shall transfer the Subscription Shares to NewOcean Hong Kong and NewOcean Hong Kong shall pay to the Subscriber a sum of HK\$40,000,000 as the consideration for such transfer of shares (the “Repurchase Price”).

We have discussed with the management of the Company in this regard and understand that the Repurchase Price was arrived at after arms length negotiation between NewOcean Hong Kong and the Subscriber and is equal to the aggregate subscription monies already paid by the Subscriber for the subscription of the Subscription Shares pursuant to the Subscription Agreement up to the date of the Deed of Termination.

The Subscription Agreement also provides that the repurchase price payable by the Company (or the purchase price payable by the purchaser procured by the Company) for the Subscription Shares following the exercise of the put-back option under the Subscription Agreement shall be a sum in cash equal in amount to the subscription price paid by the Subscriber, or if the subscription price has not been paid in full at the time of exercise of such option, the total sum that had been paid by the Subscriber prior to exercise of such put-back option.

Given the above, we consider that the Repurchase Price is fair and reasonable.

*(ii) Arrangement relating to payment of dividend*

The Deed of Termination stipulates that the Subscription Shares shall be transferred to NewOcean Hong Kong together with all dividend and distribution rights as if NewOcean Hong Kong had at all times been the registered shareholder of the Subscription Shares.

In recognition of the fact that the Subscriber would, but for the Deed of Termination, be entitled under the Subscription Agreement to the payment of a dividend from NewOcean Development for the period ended on 31 December 2009, NewOcean Hong Kong shall pay to the Subscriber a sum of HK\$250,000 in cash (the “Dividend”).

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## LETTER FROM CIMB

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We have discussed with the management of the Company in this regard and understand that the Dividend has been determined by HK\$2,500,000, being an approximate figure representing 10% of the unaudited profit after tax generated by the business of the retail sales of bottled LPG for the year ended 31 December 2009 based on the 2009 Accounts earmarked for distribution as dividend, multiplied by (i) 25%, being the percentage of the issued shares of NewOcean Development held by the Subscriber, and further multiplied by (ii) 40%, being the percentage of the subscription monies for the Subscription Shares already paid up by the Subscriber to the Company under the Subscription Agreement up to the date of the Deed of Termination.

We have also reviewed the Subscription Agreement and note that the Subscription Agreement has entitled the Subscriber to dividends and other distributions declared by the Company during the period from the date of allotment to the date of receipt by the Company of full payment of the Subscription Price and thus the arrangement relating to payment of dividend under the Deed of Termination, being that the Subscriber's entitlement to the Dividend is on a pro rata basis in respect of the aggregate subscription monies paid up by the Subscriber for the Subscription Shares, is in line with the relevant provision under the Subscription Agreement.

Given the above, we are of the view that the arrangement of the Dividend under the Deed of Termination is fair and reasonable.

### **(IV) Principal terms of the New Subscription Agreement**

#### ***(i) New Subscription Price***

As stated in the New Subscription Agreement, the Subscriber shall subscribe for the New Subscription Shares, representing 10% of the issued capital of NewOcean Resources as enlarged by the New Subscription, at the New Subscription Price of HK\$40,000,000.

As stated in the Letter from the Board, the New Subscription Price was arrived at after arms length negotiation between the parties to the New Subscription Agreement and was determined based on (i) the consolidated net asset value of NewOcean Resources and the Retailing Companies of approximately HK\$212,245,000 as shown in the 2009 Accounts; and (ii) the fact that shareholder's loans from the Group to NewOcean Resources in the sum of HK\$100,000,000 will be capitalized pursuant to the terms of the New Subscription Agreement as described in the section headed "Capitalization of Shareholder's Loan" below.

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## LETTER FROM CIMB

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We note that despite the corporate reorganization, the subject matter under the New Subscription Agreement and the Subscription Agreement, being retail sales business of bottled LPG, remains the same, and under the New Subscription, the valuation of NewOcean Resources as implied by the New Subscription Price is HK\$400,000,000, which is the same as the implied valuation under the Subscription Agreement. As stated in our letter of opinion which formed part of the Company's circular dated 15 September 2009, we are of the view that the subscription price under the Subscription Agreement is fair and reasonable.

As an additional reference, we also compare the valuation multiples, including price earning ratio ("PER") (based on the Adjusted 2009 Profit) and price to book multiple ("P/B") of the Company with the implied PER and the implied P/B under the New Subscription Price. Details of the comparison are set out below:

	Stock code	Principal business	Market capitalisation (HK\$' million) <i>(Note 1)</i>	PER (times)	P/B (times)
The Company	342	Sale of LPG and sale of electronic products	1,283	11.4 <i>(Note 2)</i>	1.3 <i>(Note 2)</i>
<b>The New Subscription</b>			<b>400</b>	<b>13.9</b> <i>(Note 3)</i>	<b>1.3</b> <i>(Note 4)</i>

*Source: Bloomberg and the annual results announcement of the Company dated 12 April 2010*

*Notes:*

1. Data regarding the market capitalization of the Company are sourced from Bloomberg as at 8 April 2010, being the date of the Deed of Termination and the New Subscription Agreement
2. Calculated based on the market capitalization and the annual results announcement of the Company dated 12 April 2010
3. After adjusting for the Adjusted 2009 Profit
4. After adjusting for the full effect of the capitalization of the Shareholder's loan as detailed in the Circular

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## LETTER FROM CIMB

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As shown above, we note that the implied PER and P/B of the New Subscription are comparable with that of the Company.

Having considered that (i) the New Subscription is in fact the revise of the terms of the Subscription Agreement and the subject matter under the New Subscription Agreement and the Subscription Agreement, being the retail sales business of bottled LPG, remains the same; (ii) the valuation of NewOcean Resources as implied by the New Subscription Price is the same as the implied valuation under the Subscription Agreement; and (iii) the implied PER and P/B of the New Subscription are comparable with that of the Company, we are of the view that the New Subscription Price is fair and reasonable so far as the Company and the Shareholders are concerned.

**(ii) *Payment for the New Subscription Price***

Payment for the New Subscription Shares under the New Subscription Agreement will be satisfied by the Subscriber by directing NewOcean Hong Kong to pay to NewOcean Resources the sum of HK\$40,000,000 payable by NewOcean Hong Kong to the Subscriber under the Deed of Termination.

**(iii) *Capitalization of Shareholder's Loan***

The New Subscription Agreement stipulates that out of the net balance of shareholder's loans advanced from the Group to NewOcean Resources as shown in the 2009 Accounts, an amount of HK\$100,000,000 will be capitalized on or before 30 September 2010 so as to bring about a corresponding increase in shareholders' equity in NewOcean Resources.

**(iv) *Put-Back Option***

Similar to the Subscription Agreement, the Subscriber has the right, under the New Subscription Agreement, to require NewOcean Resources to repurchase, or to procure the purchase of, all the New Subscription Shares as follows:

- (a) The Subscriber may exercise the Put-Back Option at any time during the First Exercise Period if:
  - (i) the 2009 Audited Accounts has not been provided to the Subscriber on or before 30 June 2010; or

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## LETTER FROM CIMB

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- (ii) in the 2009 Audited Accounts, the audited consolidated net asset value of NewOcean Resources (adjusted so as not to take into account the New Subscription or any capitalization of shareholder's loans) is less than the consolidated net asset value of the Retailing Companies and their holding company as shown in the 2008 Accounts.
  
- (b) The Subscriber may exercise the Put-Back Option at any time during the Second Exercise Period if the shares of NewOcean Resources (or shares issued by NewOcean Resources or any of its subsidiaries or holding companies in exchange for the shares of NewOcean Resources pursuant to a reorganization) are not listed on the main board of the Stock Exchange on or before 1 July 2012.

The repurchase consideration equals to the New Subscription Price, and will be funded by internal resources of the Group in the event the Put-Back Option is exercised.

Considering the above, we are of the view that the terms of the Put-Back Option, which is part and parcel of the terms of the New Subscription Agreement, are acceptable.

*Our view*

Considering the above, we are of the view that the principal terms of the Deed of Termination and the New Subscription Agreement are fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

**(V) Possible financial effects of the Termination and the New Subscription**

***(i) Possible financial effects immediately upon Completion***

As stated in the Letter from the Board, as the Subscription Agreement has not been performed in full, the prospective gain of the Company from the subscription of the Subscription Shares by the Subscriber with an amount of approximately HK\$84,100,000 has not yet been booked in the Company's consolidated accounts for the year ended 31 December 2009. Therefore, the Deed of Termination will not have any material financial effect on the Company other than the payment of the sum of HK\$250,000 to the

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## LETTER FROM CIMB

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Subscriber in lieu of any dividend payment it would receive from NewOcean Development.

The Letter from the Board also states that the New Subscription will result in an unaudited gain on disposal of approximately HK\$18,800,000 for the Company, being the difference between the New Subscription Price and the net asset value of NewOcean Resources as at 31 December 2009 attributable to the New Subscription Shares. Nevertheless, Shareholders should note the final amount of the actual gain on disposal shall be subject to the net asset value of NewOcean Resources upon date of Completion and shall be subject to results of audit work to be performed by the auditors of the Company. The amount will be directly charged to the reserve of the Company for the year 2010.

**(ii) Working capital**

The proceeds receivable by the Group from the Subscriber under the New Subscription Agreement, being HK\$40,000,000, will be set off against an equal amount payable by NewOcean Hong Kong to the Subscriber under the Deed of Termination. As such, we are of view that there would be no immediate material adverse effect on the working capital position of the Group upon completion of the Termination and the New Subscription.

**(iii) Gearing Ratio**

Based on the above, there will be no immediate material adverse change on the gearing ratio of the Group, calculated as total debts divided by total assets, as a result of the Termination and the New Subscription.

### RECOMMENDATION

Having considered the principal factors and reasons referred to above, we consider that the terms of the Deed of Termination and the New Subscription Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

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## LETTER FROM CIMB

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Accordingly, we advise (i) the Independent Board Committee to recommend the Independent Shareholders, and (ii) the Independent Shareholders, to approve the Deed of Termination, the New Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

**CIMB Securities (HK) Limited**

**Heidi Cheng**

**Anthony Ng**

*Director*

*Senior Vice President*



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## APPENDIX

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### 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 DIRECTORS' 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	Family interest (Note 1)	490,779,280	42.46
Wu Hong Cho	Other (Note 2)	24,538,964	2.12
Cen Ziniu	Other (Note 2)	4,907,792	0.42
Shum Chun, Lawrence	Beneficial owner	44,933,558	3.89
	Other (Note 2)	73,616,892	6.37

## APPENDIX

*Notes:*

1. These represent the same block of 490,779,280 Shares held as corporate interest by Tong Shiu Ming, spouse of Shum Siu Hung, through Uniocean Investments Limited (“Uniocean”) as referred to in note 2 below and note 1 in paragraph 3(a), and are deemed to be the family interest of Shum Siu Hung.
2. These interests reflect the proportional interest in the 490,779,280 Shares held by Uniocean. Uniocean is owned as to 15% by Shum Chun, Lawrence and 15% by Shum Ho, Neo, both are the sons of Shum Siu Hung, 64% by Tong Shiu Ming, spouse of Shum Siu Hung, 5% by Wu Hong Cho and 1% by Cen Ziniu.

### (b) Share options

Name of Director	Date of grant	Exercise price per Share (HK\$)	Exercise period	Number of underlying Shares	Outstanding Share Option as at Latest Practicable Date
Shum Siu Hung	16/6/2006	0.625	17/6/2006 – 31/12/2015	9,940,358	9,940,358
Chiu Sing Chung, Raymond	16/6/2006	0.625	17/6/2006 – 31/12/2015	6,626,905	6,626,905
Siu Ka Fai, Brian	15/5/2006	0.625	17/6/2006 – 31/12/2015	4,970,179	4,970,179
Cheung Kwan Hung, Anthony	16/6/2006	0.625	17/6/2006 – 31/12/2015	1,104,484	1,104,484

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.

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## APPENDIX

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### 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)	490,779,280	42.46
Yam Tak Cheung	Held by corporation (Note 2)	80,000,000	6.92

*Notes:*

- 490,779,280 shares of the Company are held as corporate interest by Tong Shiu Ming through Uniocean, which is owned as to 15% by Shum Chun, Lawrence, 15% by Shum Ho, Neo, 64% by Tong Shiu Ming, 5% by Wu Hong Cho and 1% by Cen Ziniu.
- 80,000,000 shares of the Company are held by Integrated Asset Management (Asia) Limited (“Integrated Asset”). Yam Tak Cheung owns 100% of Integrated Asset and is deemed to be the controlling shareholder of Integrated Assets.

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## APPENDIX

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### (b) Share options

Name of Director	Capacity	Exercise price per Share (HK\$)	Number of underlying Shares	Outstanding Share Option as at Latest Practicable Date
Tong Shiu Ming	Family interest	0.625	9,940,358	9,940,358

*Note:*

Share options to subscribe 9,940,358 Shares are held by Shum Siu Hung, the spouse of Tong Shiu Ming as referred to in paragraph 2(a) above, and are 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. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change to the business and trading position of the Group since 31 December 2009, being the date of the latest published audited financial statements of the Company.

#### 6. SERVICE CONTRACTS OF DIRECTORS

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).

**7. DIRECTORS' INTERESTS IN CONTRACTS ETC.**

- (a) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting and was material in relation to the business of the Group.
- (b) 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.

**8. EXPERT'S QUALIFICATION AND CONSENT**

The following is the qualification of CIMB, which has given opinion and advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
CIMB	A licensed corporation under the SFO which engages in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities

As at the date of this circular, CIMB has given and has not withdrawn consent to the issue of this circular with the inclusion of its letter and references to its name in the form and content in which they respectively appear.

**9. INTEREST OF DIRECTORS AND EXPERTS IN ASSETS ETC.**

- (a) As at the Latest Practicable Date, none of the Directors, any proposed Director or the expert named in this circular had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2009 (being the date to which the latest published audited accounts of the Company was made up).
- (b) As at the Latest Practicable Date, the expert named in this circular did not have any shareholding interest in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**10. MISCELLANEOUS**

- (a) The secretary of the Company is Mr. Wu Hong Cho, solicitor of the High Court of Hong Kong.
- (b) The principal share registrar and transfer office of the Company is Butterfield Fund Services (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda.
- (c) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal office hours at the Company's principal place of business in Hong Kong at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong up to and including 15 June 2010:

- (a) the Subscription Agreement;
- (b) the Deed of Termination;
- (c) the New Subscription Agreement;
- (d) the letter from the Independent Board Committee, the text of which is set out on page 17 of this circular; and
- (e) the letter from CIMB, the text of which is set out on pages 18 to 30 of this circular.



## 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>

**NOTICE IS HEREBY GIVEN** that a special general meeting of NewOcean Energy Holdings Limited (the “**Company**”) will be held at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong on Tuesday 15 June 2010 at 11:30 a.m., or as soon as practicable after the close of the annual general meeting of the Company to be held on the same day, to consider and, if thought fit, pass (with or without modifications) the following resolution as an ordinary resolution of the Company:

### ORDINARY RESOLUTION

“**THAT:**

- (a) the execution and entering into of: (i) a deed of termination and release (the “Deed of Termination”) dated 8 April 2010 between Sound Hong Kong Limited, Provisional Talent Limited and NewOcean Development Limited relating to the termination of the parties’ respective obligations under the subscription agreement between the same parties dated 21 August 2009; and (ii) a subscription agreement (the “New Subscription Agreement”) dated 8 April 2010 between Sound Hong Kong Limited, Provisional Talent Limited and Best Resources Base Limited (copies of which have been produced to the meeting respectively marked “A” and “B” and initialed by the chairman of the meeting for the purpose of identification) relating to transactions between the respective parties named in the Deed of Termination and the New Subscription Agreement as described in a circular to shareholders of the Company dated 28 April 2010 (a copy of which has been produced to the meeting marked “C” and initialed by the chairman of the meeting for the purpose of identification) be and are hereby approved, confirmed and ratified and the performance of all transactions contemplated under the Deed of Termination and the New Subscription Agreement by the Company be and is hereby approved; and

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## NOTICE OF SPECIAL GENERAL MEETING

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- (b) any one director of the Company be and is hereby authorized for and on behalf of the Company to do all acts and things and execute and deliver all documents whether under the common seal of the Company or otherwise as may be necessary, desirable or expedient in the carrying out of, or to give effect to any or all transactions contemplated under the Deed of Termination and the New Subscription Agreement.”

By Order of the Board  
**Wu Hong Cho**  
*Company Secretary*

Hong Kong, 28 April 2010

**Principal place of business:**

20<sup>th</sup> Floor, Times Tower, 393 Jaffe Road,  
Wanchai, Hong Kong.

*Notes:*

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company but must be present in person to represent the member.
2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be lodged at the share registrar of the Company, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereon.
3. Where there are joint holders of a share, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such share.
4. The Register of Members will be closed from 8 to 15 June 2010 (both days inclusive), during which period no share transfer will be registered. To be eligible to attend and vote at the meeting and to vote on the proposed ordinary resolution, all transfer of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queens's Road East, Hong Kong, not later than 4:30 p.m. on 7 June 2010.

\* *for identification purposes only*