
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents 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)

<http://www.newoceanhk.com>

DISCLOSEABLE TRANSACTION
ACQUISITION OF SANYANG LPG

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	3
2. The Acquisition Agreement	4
3. Information on Sanyang LPG	7
4. Information on the Group	9
5. Reasons for and benefits of the Acquisition	9
6. Possible financial impact	9
7. General	10
Appendix — General information	11

DEFINITIONS

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

“Acquisition Agreement”	the agreement dated 25 June 2008 entered into between (1) the Purchaser and (2) the Vendors in relation to the acquisition by the Purchaser of 100% equity interest in Sanyang LPG
“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
“HK GAAP”	generally accepted accounting principles in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	16 July 2008, 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
“Maoming Site”	a land plot with an area of approximately 43,700 square metres located in the city of Maoming and presently occupied by Sanyang LPG for its business
“Mr. Ye”	Mr. Ye Yongxiong (葉永雄), a PRC national
“Mr. Zhang”	Mr. Zhang Xiaofan (張小帆), a PRC national

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong
“Purchaser”	珠海新海能源科技有限公司 (Zhuhai NewOcean Energy Technology Company Limited), an indirect wholly-owned subsidiary of the Company incorporated in Zhuhai, Guangdong, the PRC
“Sanyang LPG”	茂名市三洋燃氣有限公司 (Maoming City Sanyang LPG Company Limited), an entity incorporated with limited liability in Maoming, Guangdong, the PRC
“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
“Vendors”	Mr. Zhang and Mr. Ye, acting for themselves and on the behalf of all other owners of the registered capital of Sanyang LPG
“RMB”	Renminbi, the lawful currency of Hong Kong
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

For the purpose of this circular, the conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.12. 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)

<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
Chan Yuk Wai, Benedict
Dr. Xu Mingshe

18 July 2008

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

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
ACQUISITION OF SANYANG LPG**

1. INTRODUCTION

The Board announced on 30 June 2008 that the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendors. Pursuant to the Acquisition Agreement, the Purchaser agreed to acquire 100% equity interest in Sanyang LPG at the consideration of RMB28,000,000 (approximately HK\$31,360,000). The Acquisition Agreement will be completed in 3 stages, the completion of each stage will be conditional on fulfillment of the conditions precedent stipulated in the Acquisition Agreement.

* *for identification purposes only*

LETTER FROM THE BOARD

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

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

2. THE ACQUISITION AGREEMENT

2.1 Date

25 June 2008.

2.2 Parties

- (a) The Purchaser, a wholly-owned subsidiary of the Company incorporated in the PRC; and
- (b) The Vendors, acting on their own behalf and on behalf of all other equity owners of Sanyang LPG.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors and all other equity owners of Sanyang LPG are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

2.3 Assets to be Acquired and Consideration

Subject to the terms and conditions of the Acquisition Agreement the Vendors shall transfer or procure the transfer of 100% of the registered capital of Sanyang LPG to the Purchaser at the consideration of RMB28,000,000 (approximately HK\$31,360,000).

The consideration was arrived at after arm's length negotiation between the parties and was based on the prospective value of the total assets of Sanyang LPG on completion of the acquisition. Pursuant to the Acquisition Agreement, as explain in the item headed "Effect of the Conditions" in paragraph 1.4 below upon fulfilment of the conditions precedent required for completion Sanyang LPG shall have assets (including the Maoming Site) with a total value of not less than RMB28,000,000.

LETTER FROM THE BOARD

The Purchaser will prior to completion of the acquisition obtain an independent professional valuation of the Maoming Site. Based on an internal assessment conducted during negotiation with the Vendors the Directors are of the view that, subject to the aforesaid independent professional valuation, the fair value of the assets of Sanyang LPG and the Maoming Site taken together are in the sum of RMB28,000,000.

The consideration will be satisfied in cash from internal resources of the Group.

2.4 Conditions Precedent to the Acquisition Agreement and Completion thereof

The transfer of the registered capital of Sanyang LPG under the Acquisition Agreement will take place in 3 stages subject to the fulfilment of the conditions precedents attached to each stage:

Stage 1:

The Vendors shall transfer or procure the transfer of 25% of the registered capital of Sanyang LPG to the Purchaser and the Purchaser shall pay to the Vendors the sum of RMB5,000,000 (approximately HK\$5,600,000).

Performance of the parties' obligation under Stage 1 is conditional upon the Purchaser completing a due diligence investigation on Sanyang LPG's legal status, financial position, business and clientele, and the receipt of a satisfactory report thereon.

The transactions contemplated under stage 1 shall be completed on or before 30 June 2008.

Stage 2:

The Vendors shall transfer or procure the transfer of a further 15% of the registered capital of Sanyang LPG to the Purchaser and the Purchaser shall pay to the Vendors the sum of RMB3,000,000 (approximately HK\$3,360,000).

Performance of the parties' obligations under Stage 2 is conditional upon the Vendors procuring all outstanding formalities in respect of the acquisition of the Maoming Site by the original property owner (茂名市燃料發展有限公司, formerly the holding company of Sanyang LPG) being completed at the cost of the Vendors.

LETTER FROM THE BOARD

The transactions contemplated under stage 2 shall be completed on or before 30 September 2008.

Stage 3:

The Vendors shall transfer or procure the transfer of the remaining 60% of the registered capital of Sanyang LPG to the Purchaser so as to constitute the Purchase the 100% equity owner of Sanyang LPG, and the Purchaser shall pay to the Vendors the balance of the consideration in the sum of RMB20,000,000 (approximately HK\$22,400,000).

Performance of the parties' obligations under Stage 3 is conditional upon:

- (a) the Vendors procuring the original owner of the Maoming Site to transfer title to the site to Sanyang LPG so as to constitute Sanyang LPG the registered owner thereof;
- (b) all formalities in relation to the transfer of 100% registered capital in Sanyang LPG to the Purchaser being completed; and
- (c) all directors appointed by the Vendors resigning from the board of Sanyang LPG.

The transactions contemplated under Stage 3 shall be completed at a date (the "Final Completion Date") not later than 2 months from completion of Stage 2.

Further Conditions:

As further conditions to the Acquisition Agreement, the Vendors shall undertake that:

- (a) The Vendors will assume all the liabilities of Sanyang LPG prior to the Final Completion Date, and the assets of Sanyang LPG after the assumption of liabilities by the Vendors will have a total value not less than RMB28,000,000; and
- (b) The pipeline system leading from the Maoming Site to Maoming Petrochemical Corporation will remain in a normal serviceable condition after the Final Completion Date.

LETTER FROM THE BOARD

Effect of the Conditions:

A effect of the Conditions Precedent and the Further Conditions is that, prior to the Final Completion Date (i) Sanyang LPG will have no outstanding liabilities and (ii) the Maoming Site will be transferred to Sanyang LPG and become part of it assets. Under the Acquisition Agreement the Vendors shall undertake that at that point of time the assets of Sanyang LPG will have a total value not less than RMB28,000,000.

With regard to Stage 1, the condition precedent attached thereto has been fulfilled and the amount of RMB5,000,000 has been paid to the Vendors in accordance with the Acquisition Agreement.

With regard to Stage 2 and Stage 3, in the event any of the conditions precedent attached thereto is not fulfilled, the Purchaser shall have the right to terminate the Acquisition Agreement thereupon the Vendors shall return to the Purchaser all payments received together with 10% thereon as liquidated damages. It is presently intended that, if despite the performance of the relevant matters by the Vendors, the value of the total assets of Sanyang LPG is still materially below RMB28,000,000, the Purchaser will terminate the Acquisition Agreement.

3. INFORMATION ON SANYANG LPG

Sanyang LPG is a private business entity incorporated with limited liability in Maoming, Guangdong, the PRC. The principle business of Sanyang LPG is the wholesale and retail of LPG conducted in the city of Maoming. The registered capital of Sanyang LPG is currently owned as to 88.528% by the Vendors, the remaining 11.472% is owned by a number of employees of Sanyang LPG or their associates, for whom the Vendors have been authorized to act.

The LPG facilities of Sanyang LPG are located at the Maoming Site, which lies at the edge of the city district in Maoming. These facilities comprise a 3,300 cubic metres LPG storage depot, related LPG equipment, and a composite office-workshop building. The Maoming site is directly connected by a 7 km long pipeline system to one of the largest petrochemical production bases in China, the Maoming Petrochemical Corporation.

LETTER FROM THE BOARD

Brief financial information relating to Sanyang LPG based on its unaudited financial statements for the two years ended 31 December 2007 are as follows:

	Year ended 31 December	
	2006	2007
	RMB'000	RMB'000
Turnover	293,857	116,611
Net Profit/(Loss)	(1,276)	313
Total Assets	8,396	10,447
Total Liabilities	4,696	6,439
Net Assets	3,700	4,008

Note:

The unaudited accounts of Sanyang LPG has been prepared under the account reporting requirements for business corporations in the PRC ("PRC GAAP"). In the case of the unaudited accounts in question the effect of the difference between PRC GAAP and HK GAAP lies mainly in the treatment of depreciation and deferred assets. Based on information obtained from the Vendors, the reconciliation required for the unaudited accounts to conform to HK GAAP is considered immaterial.

In the year 2006, the PRC government occasionally imposed strong administrative measures to curb the rise in retail prices of LPG and other petroleum products. These measures adversely affected the profits of LPG operators generally and Sanyang LPG recorded a loss for the year. These strong measures were less frequently imposed in 2007, and Sanyang LPG benefited from a better overall gross margin in its sales during the year.

Turnover for Sanyang LPG decreased by approximately 60% in 2007 in comparison with that of 2006. The main reason for the decrease is the drop in sales volume due to spiraling LPG prices and market competition. In the opinion of the Directors, the situation has stabilized in 2007.

LETTER FROM THE BOARD

4. INFORMATION OF THE GROUP

The principal activities of the Group are the sale and distribution of LPG and the sale of electronic products. With a business infrastructure that includes a 50,000 ton class sea terminal, a network of 14 LPG local depots with retail outlets spreading over Guangdong and Guangxi, and a logistics arm for land and sea transport of LPG, the Group is one of the largest LPG distributors and retailers and a major LPG importer in China.

5. REASONS FOR AND BENEFITS OF THE ACQUISITION

The acquisition will further enlarge the business network and profit base of the Group. Since the Group acquired the Zhuhai Terminal in 2003, it has made a series of acquisitions of local LPG depots and in each case succeeded in the business turn-around of the depots. Despite the reported net loss of Sanyang LPG for 2006 and its low profit for 2007, this company has an average annual turnover exceeding RMB200 million during these two years. The Directors expect that, by combining the strong business resources of the Group and the local advantage enjoyed by Sanyang LPG, its profitability will improve after the acquisition.

The acquisition marks another business penetration of the Group in the Guangdong and Guangxi border region. Sanyang LPG is located close to the Guangdong-Guangxi border and is closely linked to the Maoming Petrochemical Corporation. Therefore Sanyang LPG will be able to play a significant role in monitoring the Guangdong and Guangxi markets.

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

6. POSSIBLE FINANCIAL IMPACT

Based on the unaudited accounts of Sanyang LPG, as at 31 December 2007 the net assets have a book value of approximately RMB4,408,000. Under the terms of the Acquisition Agreement, prior to the Final Completion Date the Vendors will (i) assume all Sanyang LPG's liabilities; and (ii) procure that title to the Maoming Site passes to Sanyang LPG. Fulfillment of these conditions will cause an increase in net asset value of Sanyang LPG. As referred to in Paragraph 2.3 above, based on an internal assessment conducted during negotiation with the Vendors the Directors are of the view that after the fulfilment of the above mentioned conditions, the fair value of the assets of Sanyang LPG is expected to be in the sum of RMB28,000,000. Accordingly the acquisition will not have any negative impact to the net asset value of the Group. Since under the terms of the Acquisition Agreement the Vendors will assume all Sanyang LPG's liabilities prior to the Final Completion Date, the acquisition will not bring about an increase in liabilities of the Group.

LETTER FROM THE BOARD

Upon completion of the transaction under the Acquisition Agreement, Sanyang LPG will become an indirect wholly-owned subsidiary of the Company and the financial results of Sanyang LPG will be consolidated into those of the Group. The Directors believe that Sanyang 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) Long positions in Shares

Name of Director	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company
Shum Siu Hung	Beneficial owner Family interest (Note 1)	20,811,779	4.32
Wu Hong Cho	Other (Note 2)	6,743,531	1.40
Cen Ziniu	Other (Note 2)	1,348,706	0.28
Shum Chun, Lawrence	Other (Note 2)	20,230,593	4.20

Notes:

- These represent the same block of 134,870,621 Shares held as corporate interest by Tong Shiu Ming, spouse of Shum Siu Hung, as referred to in paragraph 3(a), and were deemed to be the family interest of Shum Siu Hung.
- These interests reflect the proportional interest in the 134,870,621 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 (HK\$)	Number of underlying Shares	Outstanding at Latest Practicable Date
Shum Siu Hung	Beneficial owner	0.69	9,000,000	9,000,000
Chiu Sing Chung, Raymond	Beneficial owner	0.69	6,000,000	6,000,000
Cheung Kwan Hung, Anthony	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) Interest 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)	134,870,621	28.00
	Family interest (Note 2)	20,811,779	4.32
Yam Tak Cheung	Held by corporation (Note 4)	30,000,000	6.23

Notes:

- 134,870,621 Shares were held by Uniocean as referred to in Note 2 to paragraph 2(a).
- These represent the same block of 20,811,779 Shares held as beneficial owner by Shum Siu Hung, spouse of Tong Shiu Ming, as referred to in paragraph 2(a), and were deemed to be the family interest of Tong Shiu Ming.
- 30,000,000 Shares were held by Integrated Asset Management (Asia) Limited (“Integrated Asset”). Yam Tak Cheung owned 100% of Integrated Asset and was deemed to be the controlling shareholder of Integrated Asset.

(b) Share options

Name of shareholder	Capacity	Subscription price per Share (HK\$)	Number of underlying Shares	Outstanding at Latest Practicable Date
Tong Shiu Ming	Family interest (Note)	0.69	9,000,000	9,000,000

Note:

The options to subscribe for 9,000,000 Shares were held by Shum Siu Hung, 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 Ms. Lee Kin Man, a member of the Hong Kong Institute of Certified Public Accountants.
- (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 Tricor 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.