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**If you have sold or transferred** all your shares in NewOcean Energy Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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# **NewOcean Energy Holdings Limited**

**( 新海能源集團有限公司 )\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 342)**

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

## **REFRESHMENT OF GENERAL MANDATES**

**Independent financial adviser**

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



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A letter from the Independent Board Committee is set out on page 6 of this circular. A letter from Donvex Capital Limited containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 8 to 14 of this circular.

A notice convening a special general meeting of NewOcean Energy Holdings Limited to be held at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong on Friday, 28 January 2011 is set out on pages 19 to 22 of this circular and a form of proxy for use at the special general meeting is enclosed herein.

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 or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting should you so wish.

12 January 2011

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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:*

“AGM”	the annual general meeting of the Company held on 15 June 2010
“associates(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Company”	NewOcean Energy Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange
“Directors”	directors of the Company
“Donvex Capital”	Donvex Capital Limited, a licensed corporation to carry on business in 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 relation to the refreshment of the Directors’ mandate to issue Shares
“Existing General Mandates”	the general mandates granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 231,170,674 Shares, representing 20% of the then issued share capital of the Company and to repurchase up to 115,585,337 Shares, representing 10% of the then issued share capital of the Company
“Independent Shareholders”	Shareholders other than (i) Uniocean; (ii) Mr. Shum; and (iii) respective associates of Uniocean and Mr. Shum
“Issue Mandate”	the general mandate to be sought at the SGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the date of the SGM, and the extension of such mandate to include any Shares repurchased by the Company under the Repurchase Mandate
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region
“Latest Practicable Date”	10 January 2011, 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
“Mr. Shum”	Mr. Lawrence Shum Chun, an executive Director and a director and substantial shareholder of Uniocean, and who together with Uniocean are the controlling shareholders of the Company
“Placing”	the placing and top-up subscription of 150,000,000 Shares by Uniocean and Mr. Shum as announced by the Company on 2 November 2010 (and on 12 November 2010 in the completion announcement)
“Repurchase Mandate”	the general mandate to be sought at the SGM to authorise the Directors to exercise the powers of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the SGM
“SGM”	the Special General Meeting of the Company to be held on 28 January 2011 at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong
“Share(s)”	Share(s) of HK\$0.10 each in the issued capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Uniocean”	Uniocean Investments Limited, a company incorporated in the British Virgin Islands, a controlling shareholder of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



# 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*)

Chiu Sing Chung, Raymond

Cen Ziniu

Cai Xikun

Siu Ka Fai, Brian

Wang Jian

*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

12 January 2011

*To the Shareholders*

Dear Sir or Madam,

## REFRESHMENT OF GENERAL MANDATES

### INTRODUCTION

As announced by the Company on 11 January 2011, the Directors propose to seek approval from the Shareholders to refresh the general mandates granted to them under the Existing General Mandates. The purpose of this circular is to provide you with further information regarding the Issue Mandate, the Repurchase Mandate and the resolutions to be proposed at the SGM.

\* for identification purposes only

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## LETTER FROM THE BOARD

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### EXISTING GENERAL MANDATES

The Existing General Mandates were granted to the Directors at the AGM authorising them, among other things, (i) to allot and issue up to 231,170,674 Shares, representing 20% of the then issued share capital of the Company; and (ii) to exercise the powers of the Company to repurchase Shares up to a maximum of 115,585,337 Shares, representing 10% of the then issued share capital of the Company.

The following table summarises the use of the general mandate by the Directors to issue Shares under the Existing General Mandates since they were granted at the AGM. There has been no refreshment of the Directors' mandate to issue Shares since the date of the AGM:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the Latest Practicable Date</b>
2 November 2010	Subscription of 150,000,000 new Shares at HK\$1.78 per Share under the Placing	Approximately HK\$264,000,000	As a cash reserve for the acquisition (the "Acquisition") of 聯新能源發展有限公司 (Lianxin Energy Development Company Limited) announced by the Company on 25 October 2010 and any unutilised portion will be used as general working capital for the Group	The entire amount of the proceeds has been utilised for the Acquisition

### REFRESHMENT OF EXISTING GENERAL MANDATES

As summarised in the paragraph headed "Existing General Mandates" above, during the period from the granting of the Existing General Mandates at the AGM to the Latest Practicable Date, the mandate granted to Directors to issue Shares has been utilised as to 150,000,000 Shares (being approximately 64.89% of the 231,170,674 Shares that are allowed to be allotted and issued under such mandate). The Company wishes to seek approval of the Shareholders at the SGM to refresh the Existing General Mandates in

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## LETTER FROM THE BOARD

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order to maintain the flexibility of equity financing for future business development and/or fund raising. Based on the issued share capital of the Company as at the date hereof of 1,305,853,374 Shares and assuming there is no change in the issued share capital until the date of the SGM, the Issue Mandate will allow the Directors to issue and allot up to 261,170,674 new Shares. The Existing General Mandates will lapse upon the passing of the resolutions for their refreshment at the SGM.

Apart from the Placing, the Company has not conducted any equity fund raising activity in the 12 months immediately preceding the Latest Practicable Date. Save as disclosed in the announcement of the Company dated 27 September 2010 (and a clarification announcement dated 11 October 2010) relating to the proposed listing by the Company of Taiwan Depository Receipts on the Taiwan Stock Exchange, as at the Latest Practicable Date, the Company had no other negotiations relating to intended issue of new Shares. The Company may issue Shares based on the Issue Mandate in the future, and the Issue Mandate will be utilized in the event the proposed listing of Taiwan Depository Receipts would be able to proceed before the Company holds its next annual general meeting. Although no plans in these respects have yet been concretized, the Issue Mandate is sought in order that the Company will be able to proceed if the opportunity arises at any time before the Company holds its next annual general meeting.

As stated above, the Issue Mandate will allow up to 261,170,674 new Shares to be issued, as compared with the remaining 81,170,674 Shares (being the balance of the 231,170,674 Shares allowed to be issued under the Existing General Mandates after 150,000,000 Shares have been utilized for the Placing) allowed to be issued under the Existing General Mandates. The Issue Mandate will therefore accord the Company greater flexibility in the amount of equity financing that can be obtained for business development and/or fund raising purposes.

The Directors' mandate to exercise the powers of the Company under the Existing General Mandates to repurchase Shares has not been utilized since the Existing General Mandates were granted at the AGM. However on account of the increase in the issued share capital of the Company resulting from the Placing, a refreshment of this mandate to exercise the powers of the Company to repurchase Shares is also being sought.

At the SGM, separate ordinary resolutions will be proposed to:

- (1) refresh the general and unconditional mandate authorising the Directors to exercise all powers of the Company to issue new Shares up to 20% of the issued share capital of the Company on the date of the SGM;

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## LETTER FROM THE BOARD

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- (2) refresh the general and unconditional mandate authorising the Directors to exercise all powers of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company on the date of the SGM; and
- (3) extend the general and unconditional mandate referred to in (1) above so that the Directors be given a general mandate to issue further Shares equal to the Shares repurchased under the repurchase mandate referred to in (2) above.

Pursuant to the Listing Rules the Issue Mandate will, in the case of the Company, be subject to the Shareholders' approval by way of a poll at which the controlling shareholders of the Company and their associates shall abstain from voting in favour of the resolutions to be proposed in respect of the Issue Mandate.

At the Latest Practicable Date 490,779,280 Shares (approximately 37.58% of the issued Share capital of the Company) and 49,933,558 Shares (approximately 3.82% of the issued Share capital of the Company, and together with Shares held by Uniocean, approximately 41.4% of the issued Share capital of the Company) are held respectively by Uniocean and Mr. Shum, who are deemed the controlling shareholders of the Company. On this basis, at the SGM Uniocean, Mr. Shum and their respective associates are required to abstain from voting in favour of the resolutions referred to in items (1) and (3) in the paragraph above to refresh the Directors' mandate to issue Shares. Both Uniocean and Mr. Shum have confirmed that they do not intend to vote against these resolutions at the SGM.

In accordance with the Listing Rules, Donvex Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the refreshment of the Directors' mandate to issue Shares.

### **SPECIAL GENERAL MEETING**

A notice convening the SGM to be held on Friday, 28 January 2011 is set out on pages 19 to 22 of this circular and a form of proxy for use at the SGM is also enclosed.

Whether or not you intend to be present at the SGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not later than 48 hours before the time for holding the SGM. Completion and delivery of the form of proxy will not prevent Shareholders from attending and voting the SGM if they so wish.



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## LETTER FROM THE BOARD

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### RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee as set out on page 6 of this circular which contains its recommendation to the Independent Shareholders in respect of the resolutions to approve the Issue Mandate.

The advice of Donvex Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders as to whether the terms of the refreshment of the Issue Mandate are in the interest of the Company and its Shareholders as a whole are set out on pages 8 to 14 of this circular.

The Directors consider that resolutions as proposed in this circular are in the best interests of the Company and Shareholders and accordingly recommend you to vote in favour of the resolutions referred to above to be proposed at the SGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### 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>

12 January 2011

*To the Independent Shareholders*

Dear Sir or Madam,

### **REFRESHMENT OF ISSUE MANDATE**

We refer to the circular dated 12 January 2011 issued 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 Issue Mandate in the refreshment of general mandates.

We wish to draw your attention to the letter from the Board as set out on pages 1 to 5 of the circular which sets out, among other things, information relating to the Existing General Mandates and the Issue Mandate, and the letter from Donvex Capital to the Independent Board Committee and the Independent Shareholders as set out on pages 8 to 14 of the circular which contains its advice to us and to you in relation to the Issue Mandate.

\* *for identification purposes only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the advice of Donvex Capital in relation thereto as set out in the circular, we are of the view that the proposed Issue Mandate is fair and reasonable, so far as the Group and the Independent Shareholders are concerned and that the proposed Issue Mandate is in the interests of the Company and the Independent Shareholders as a whole. As such, we would recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the special general meeting for the approval of proposed Issue Mandate.

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*

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## LETTER FROM DONVEX CAPITAL

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*The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



Unit 1305, 13th Floor,  
Carpo Commercial Building  
18-20 Lyndhurst Terrace  
Central  
Hong Kong

12 January 2011

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

Dear Sirs,

### **REFRESHMENT OF ISSUE MANDATE**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Issue Mandate and any extension thereof, details of which are set out in the letter from the Board contained in the circular of the Company dated 12 January 2011 to the Shareholders (the "Circular"), of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

At the AGM, Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue not more than 231,170,674 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company of 1,155,853,370 Shares as at the date of passing of the resolution. During the period from the grant of the Existing General Mandate to the Latest Practicable Date, a maximum amount of 150,000,000 Share out of the Existing General Mandate has been utilized by the Company for the Share Subscription. After such issue of Shares, the remaining number of Shares to be issued under the Existing General Mandate has been reduced to 81,170,674 Shares. As a result of the Share Subscription, the Existing General Mandate was utilized as to approximately 64.89%.

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## LETTER FROM DONVEX CAPITAL

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Since the AGM and except for the proposed grant of the Issue Mandate herein, the Company has not refreshed its general mandate to the Directors to issue Shares granted at the AGM.

At the Latest Practicable Date 490,779,280 Shares (approximately 37.58% of the issued Share capital of the Company) and 49,933,558 Shares (approximately 3.82% of the issued Share capital of the Company, and together Shares held by Uniocean, approximately 41.40% of the issued Share capital of the Company) are held respectively by Uniocean and Mr. Shum, who are deemed the controlling shareholders of the Company. On this basis, Uniocean, Mr. Shum and their respective associates are required to abstain from voting in favour of the resolution to refresh the Issue Mandate at the SGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Cheung Kwan Hung, Anthony, Mr. Chan Yuk Wai, Benedict and Dr. Xu Mingshe has been constituted to make recommendations to the Independent Shareholders in respect of the fairness and reasonableness of the Issue Mandate. We, Donvex Capital Limited, have been appointed, with the approval of the Independent Board Committee, to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the Issue Mandate and any extension thereof are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and whether the Independent Shareholders should vote in favor of the resolution for approving the Issue Mandate and any extension thereof.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendations, we have relied on the information and representations supplied, and the opinion expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the SGM. The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular. The Directors also confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We have no reasons to suspect that any material information has been withheld by the Directors or the management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion.

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## LETTER FROM DONVEX CAPITAL

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We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any independent investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion regarding the Issue Mandate and any extension thereof, we have considered the following principal factors and reasons:

**1. Background to and reasons for the grant of the Issue Mandate and any extension thereof**

At the AGM, Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue not more than 231,170,674 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company of 1,155,853,374 Shares as at the date of passing of the resolution. During the period from the grant of the Existing General Mandate to the Latest Practicable Date, maximum amounts of 150,000,000 Share out of the Existing General Mandate have been utilized by the Company for the Share Subscription. After such issue of Shares, the remaining number of Shares to be issued under the Existing General Mandate has been reduced to 81,170,674 Shares. As a result of the Share Subscription, the Existing General Mandate was utilized as to approximately 64.89%. Details of the Share Subscription have been disclosed in the Company's announcement dated 2 November 2010. The net proceeds from the Share Subscription were approximately HK\$264 million. As disclosed in the Circular the entire amount has been utilised for the acquisition of Lianxin Energy Development Company Limited announced by the Company on 25 October 2010.

Since the AGM and except for the proposed grant of the Issue Mandate herein, the Company has not refreshed its general mandate to the Directors to issue Shares granted at the AGM.

Given there is remaining 81,170,674 Shares, which can be issued under the Existing General Mandate, the Directors consider that the Issue Mandate provide flexibility and discretion to the Directors to issue new Shares in the future which is necessary

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## LETTER FROM DONVEX CAPITAL

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for the Group's funding needs and future business development, in particular there may be possibilities that the Group would identify suitable investment opportunities before the next annual general meeting which may incur funding requirements.

We were advised that the Directors do not expect immediate funding need for the Group's current operations and save for the proposed listing of Taiwan Depository Receipt on the Taiwan Stock Exchange announced by the Company on 27 September 2010 (and in a clarification announcement on 11 October 2010) the Company has no negotiations relating to intended issue of new Shares and no intention to utilize the Issue Mandate for the proposed listing of Taiwan Depository Receipt on the Taiwan Stock Exchange. However, the Directors are of the view, and we concur with their view, that (i) the granting of the Issue Mandate and any extension thereof are in the interest of the Company and its Shareholders as a whole as the Company will be in a position to capture suitable fund raising opportunities which may arise from time to time and thereby maintain the financial flexibility for the Group's future business development; (ii) the net proceeds from the Share Subscription may not be sufficient for the use of business diversification of investment and/or general working capital of the Group should the investment opportunities arise; and (iii) the granting of the Issue Mandate will allow the Company to issue Shares to satisfy the consideration for any acquisition of the potential investment at the preference of the counterparties although the Company has not had any investment plan as at the Latest Practicable Date.

Although we were also advised that the Directors do not expect immediate funding need for the Group's current operations, the Directors are of the view that the granting of the Issue Mandate will allow the Company to raise fund at the appropriate time and make it available for any business opportunity for the Group as (i) the investment in autogas business, if any, requires substantial investment amount; and (ii) the amount of HK\$264 million to be raised from the Share Subscription as stated in the announcement dated 25 October 2010. As such, the remaining unused portion of the Existing General Mandate will not be sufficient for the Company to raise fund for the continuous execution of the Framework Agreement as stated in 2 December 2010. In view of the above reason, we are in the opinion that the granting of the Issue Mandate and any extension thereof are in the interest of the Company and its Shareholders.

In view of the above and having considered that the grant of the Issue Mandate and any extension thereof shall (i) provide the Directors with greater autonomy and flexibility to respond to the competitive and rapidly changing capital market in a timely manner; (ii) provide the Company with flexibility to raise additional fund

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## LETTER FROM DONVEX CAPITAL

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as general working capital or to capture any potential business opportunity as and when it arises although the Company has not identified any target acquisition as at the Latest Practicable Date; and (iii) offer the Company an opportunity to raise fund by equity financing, which is important to the growth and development of the Group given the nature of equity financing is non-interest bearing and requires no collaterals or pledge of securities, we are of the view that the grant of the Issue Mandate and any extension thereof are in the interests of the Company and the Shareholders as a whole.

### **2. Other financing alternatives**

We understand from the management of the Company that apart from equity financing, the Board will also consider other financing alternatives such as debt financing as possible fund raising method for the Group. However, debt financing shall inevitably create interest payment obligations on the Group and it may be subject to lengthy due diligence and negotiations between the Group and the financiers. The management of the Company is of the view that it is critical for the Company to have flexibility in accessing various possible equity financing opportunities. The management of the Company further advised us that they would exercise due and careful consideration when deciding the method of financing for the Group.

We consider that the grant of the Issue Mandate and any extension thereof will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future business development and/or possible investment. Accordingly, we consider that the grant of the Issue Mandate and any extension thereof are in the interests of the Company and its Shareholders as a whole.



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## LETTER FROM DONVEX CAPITAL

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### 3. Potential dilution to shareholding of the Independent Shareholders

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and, for illustrative purpose, the potential dilution effect on the shareholdings upon full utilization of the Issue Mandate, assuming no Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the SGM:

	As at the Latest Practicable Date		Upon full utilization of the Issue Mandate	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
<b>Shareholders</b>				
Uniocean	490,779,280	37.58	490,779,280	31.32
Mr. Shum	49,933,558	3.82	49,933,558	3.19
<b>Total holdings of Uniocean and Mr. Shum</b>	<b>540,712,838</b>	<b>41.40</b>	<b>540,712,838</b>	<b>34.51</b>
Integrated Asset Management (Asia) Ltd.	80,000,000	6.13	80,000,000	5.11
Public Shareholders	685,140,536	52.47	685,140,536	43.72
Full utilization of the Issue Mandate	—	—	261,170,674	16.66
 Total	 <u>1,305,853,374</u>	 <u>100</u>	 <u>1,567,024,048</u>	 <u>100</u>

As illustrated in the above table, assuming no Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the SGM, the aggregate shareholding of the existing public Shareholders will be reduced from approximately 52.47% to approximately 43.75% upon full utilization of the Issue Mandate. The potential dilution to the shareholding of the existing Shareholders represents a dilution of approximately 8.72%. Taking into account the aforementioned benefits of granting the Issue Mandate and the fact that the shareholding of all Shareholders will be diluted to the same extent, we consider the potential dilution of shareholding to be acceptable.

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## LETTER FROM DONVEX CAPITAL

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### RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that the Issue Mandate and any extension thereof are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, as well as the Independent Shareholders, to vote in favour of the resolution to approve the Issue Mandate and any extension thereof at the SGM.

Yours faithfully,

For and on behalf of

**Donvex Capital Limited**

**Doris Sy**

*Director*

*This Appendix serves as an explanatory statement, as required under Rule 10.06(1)(b) and other relevant provisions the Listing Rules, to provide certain information to you for your consideration of the Repurchase Mandate.*

## **GENERAL MANDATE TO REPURCHASE SHARES**

The Ordinary Resolution set out in the notice of the SGM will be proposed at the SGM for the purpose of renewing the general mandate granted to the Directors to repurchase the Company's Shares. Under the Repurchase Mandate, the aggregate nominal amount of Shares repurchased shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of the Ordinary Resolution.

Whilst the Directors do not presently intend to repurchase any Shares immediately, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and the Shareholders as a whole.

The following sets out the information required under the Listing Rules to be provided to Shareholders relating to the Repurchase Mandate to enable them to make an informed decision on whether or not to approve the renewal of the Repurchase Mandate.

## **SHARES ALLOWED TO BE PURCHASED UNDER THE REPURCHASE MANDATE**

On the basis of 1,305,853,374 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or repurchased prior to the date of the resolution approving the Repurchase Mandate, exercise in full of the Repurchase Mandate could result in 130,585,337 Shares being repurchased by the Company during the period from the date of the resolution granting the Repurchase Mandate until the earlier of the conclusion of the next annual general meeting of the Company, the expiration of the period within which the next annual general meeting of the Company is required by law or the Bye-laws to be held, or the revocation or variation of the existing repurchase mandate by Shareholders in general meeting.

## **REASONS FOR REPURCHASE**

The Directors believe that the authority given to them under the Repurchase Mandate will be in the interest the Company and the Shareholders as a whole. Repurchases pursuant to such mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the Shares, the Company's earnings per Share, and the liquidity of Shares on the Stock Exchange.

**FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the laws of Bermuda, under which the Company was incorporated.

The laws of Bermuda provide that the amount required for a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the funds of the company that would otherwise be available for distribution by way of dividend or distribution, or the proceeds of a fresh issue of shares made for the purpose. The Directors propose that any repurchase of Shares under the Repurchase Mandate will be financed by the Company's internal cash resources derived from the aforesaid sources.

On the basis of the consolidated financial position of the Company as at 31 December, 2009 (being the date to which the latest published audited financial statements of the Company have been made up) taking into account the current financial commitments of the Company, the Directors consider that there might be an adverse impact on the working capital position of the Company in the event that purchases of all the Shares the subject of the Repurchase Mandate were to be carried out in full during the Repurchase Mandate period. No purchase of the Company's Shares would be made by the Directors in circumstances that would have a material adverse impact on the working capital position or the gearing position of the Company (as compared with the position disclosed in the latest published audited financial statements).

**SHARE PRICES**

The highest and lowest closing prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months before the printing of this explanatory statement are as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2010</b>		
January	1.10	0.92
February	1.04	0.92
March	1.25	1.02
April	1.37	0.99
May	1.31	1.13
June	1.30	1.15
July	1.28	1.12
August	1.74	1.29
September	1.84	1.68
October	1.91	1.81
November	1.92	1.74
December	1.80	1.61
<b>2011</b>		
January (Up to Latest Practicable Date)	1.63	1.60

**TAKEOVERS CODE CONSEQUENCES**

If as a result of a repurchase of Shares by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. In certain circumstances, a shareholder or a group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at Latest Practicable Date, the immediate controlling shareholder of the Company, Uniocean Investments Limited ("Uniocean") holds 490,779,280 Shares, representing approximately 37.58% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate, and assuming that there is no change in the number of Shares, the shareholding of

Uniocean will increase from approximately 37.58% to approximately 41.76% of the issued share capital of the Company, and it would be obliged to make a mandatory general offer under Rule 26 of the Takeover Code as a result of such increase. The Directors have no intention to exercise the Repurchase Mandate to such extent that would give rise to an obligation on the part of Uniocean to make a mandatory general offer under Rule 26 of the Takeover Code.

### **SHARE REPURCHASE MADE BY THE COMPANY**

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) during the six months preceding the Latest Practicable Date.

### **GENERAL**

None of the Directors and, to the best of their knowledge and belief having made all reasonable enquires, none of their associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, nor have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules, and the applicable laws of Bermuda.

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## NOTICE OF SPECIAL GENERAL MEETING

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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>

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting of shareholders of NewOcean Energy Holdings Limited (the “Company”) will be held at 20/F., Times Tower, 393 Jaffe Road, Wanchai, Hong Kong on Friday, 28 January 2011 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions of the Company:

### ORDINARY RESOLUTIONS

**1. “THAT:**

- (a) subject to the following provisions of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company, and to make or grant offers, agreements or options (including bonds, notes, warrants, debentures and securities convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and option (including bonds, notes, warrants, debentures and securities convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;

\* *for identification purposes only*

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## NOTICE OF SPECIAL GENERAL MEETING

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- (c) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below), (ii) an issue of shares pursuant to any existing specific authority, including upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any bonds, notes, debentures or securities convertible into shares of the Company; (iii) any employee share option scheme or similar arrangement for the time being adopted by the Company; and (iv) an issue of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the company or any applicable law of Bermuda to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the director of the Company made to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of, any recognized regulatory body or any stock exchange in or in any territory outside, Hong Kong).”



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## NOTICE OF SPECIAL GENERAL MEETING

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### 2. “THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other exchange on which the shares of the company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose (“Recognised Stock Exchange”), subject to and in accordance with all applicable laws, rules and regulations and the requirements of the Listing Rules on the Stock Exchange, or of any other Recognised Stock Exchange be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares which the Company is authorized to repurchase pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the shares of HK\$0.10 each in the issued share capital of the Company at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law of Bermuda to be held; or
  - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

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## NOTICE OF SPECIAL GENERAL MEETING

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### 3. “THAT:

subject to the passing of Ordinary Resolution No. 1 and Ordinary Resolution No. 2 as set out in the notice convening this meeting (the “Notice”), the general mandate granted to the directors of the Company to allot, issue and deal with additional shares of the Company pursuant to Ordinary Resolution No. 1 set out in the Notice be and is hereby extended by the addition to it of an amount representing the aggregate nominal amount of the shares in the capital of the Company which are repurchased by the Company pursuant to and since the granting to the Company of the general mandate to repurchase shares in accordance with Ordinary Resolution No. 2 set out in the Notice.”

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

Hong Kong, 12 January 2011

#### *Notes:*

1. **CLOSURE OF BOOKS:** The Register of Members will be closed on 28 January 2011 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 resolutions, all transfer of shares of the Company accompanied by the relevant share certificates must be lodged with the Company’s branch registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 27 January 2011.
2. 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.
3. 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.
4. 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.
5. Uniocean Investments Limited and Mr. Lawrence Shum Chun, being the controlling shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) of the Company, will abstain from voting their shares in the Company in favour of Resolutions Numbers 1 and 3.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.