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If you are in doubt as to any aspect of this circular, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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NewOcean Energy Holdings Limited

(新海能源集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 342)

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

DISCLOSEABLE AND CONNECTED TRANSACTION SUBSCRIPTION OF SHARES AND BONDS IN NITGEN AND DISPOSAL OF 65% INTEREST IN SUCCESS PILLAR

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



A letter from the Independent Board Committee is set out on page 25 of this circular. A letter from Investec containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on page 27 to 45 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 Thursday, 1 November, 2012 is set out on pages 52 to 54 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. 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.

* *for identification purpose only*

11 October 2012

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DEFINITIONS

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

“AV Concept”	AV Concept Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Business Day”	a day, other than a Saturday or Sunday, on which banks are open in Hong Kong to the general public for business
“Company”	NewOcean Energy Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Connected persons”	has the meaning ascribed to such term in the Listing Rules
“Conversion Price”	the price at which Conversion Shares will be issued upon conversion of the Convertible Bonds which will initially be US\$0.585793 per Nitgen Share and will be subject to adjustment in the manner provided in the terms and conditions of the Convertible Bonds
“Conversion Shares”	the Nitgen Shares to be issued by Nitgen upon conversion of the Convertible Bonds
“Convertible Bonds”	the zero coupon convertible bonds to be issued by Nitgen under the Investment Agreement to Sound Hong Kong and NCC at an issue price equal to 100% of the principal amount of the bonds and due on the third anniversary of the date of issue, and carrying rights to convert the principal sum due under the bonds into Conversion Share subject to the terms and conditions of the Investment Agreement
“Directors”	directors of the Company
“Disposal”	the disposal of the entire shareholding interest in Success Pillar by Sound Hong Kong and NCC under the Disposal Agreement

DEFINITIONS

“Disposal Agreement”	the Disposal Agreement dated 5 September 2012 entered into between the Sound Hong Kong, NCC and Nitgen Lighting in relation to the Disposal
“Disposal Conditions”	conditions precedent to completion of the Disposal Agreement
“Existing Bonds”	certain bonds of Nitgen currently in issue convertible into 8,726,970 Nitgen Shares as referred to in paragraph 3 headed “Information on Nitgen” on page 15 of this circular
“Group”	the Company together with its subsidiaries and jointly controlled entities
“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 Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. Cheung Kwan Hung, Anthony, Mr. Chan Yuk Wai, Benedict and Dr. Xu Mingshe
“Independent Shareholders”	all the Shareholders as no Shareholder is required to abstain from voting in relation to the approval of the performance of Sound Hong Kong’s obligations under the Investment Agreement and the Disposal Agreement
“Investec”	Investec Capital Asia Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Investment Agreement”	the agreement dated 5 September 2012 entered into between Sound Hong Kong, NCC and Nitgen in relation to, among others, the Subscription
“Investment Conditions”	conditions precedent to completion of the Investment Agreement referred to in paragraph 2.10 headed “Investment Conditions” in this circular

DEFINITIONS

“Korea”	Republic of Korea
“KOSDAQ”	Korean Securities Dealers Automated Quotations, a trading board of the Korean Exchange
“KRW”	Korean Won, the lawful currency of Korea
“Latest Practicable Date”	9 October 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPG”	liquefied petroleum gas
“Market Trial Period”	the market trial period of the Subsidiaries of 3 months immediately preceding 1 August 2012 during which the operations of the Subsidiaries were validated and the clientele of the Subsidiaries was established through market trials and business promotion
“NCC”	New Concept Capital Limited, a wholly-owned subsidiary of AV Concept incorporated in Hong Kong
“NCC Bonds”	the Convertible Bonds in the principal sum of US\$7,425,373 to be purchased by NCC under the Investment Agreement as referred to in paragraph 2.5 headed “NCC Subscription Shares and NCC Bonds” on page 9 of this circular
“NCC Subscription Shares”	6,000,000 Nitgen Shares to be subscribed by NCC under the Investment Agreement
“Nitgen”	Nitgen&Company Co., Ltd., a company incorporated in Korea whose common shares are listed on KOSDAQ
“Nitgen Lighting”	Nitgen Eco & Energy International Holdings Limited (formerly known as Nitgen Lighting Limited), a wholly-owned subsidiary of Nitgen incorporated in Hong Kong with limited liability

DEFINITIONS

“Nitgen Lighting Subscription”	the subscription by Nitgen of new shares in the capital of Nitgen Lighting as briefly described in paragraph 2.8 headed “Other terms of the Investment Agreement” in page 12 of this circular
“Nitgen Shares”	shares of common stock of Nitgen having a par value of KRW500 each
“PRC”	People’s Republic of China, which, for the purposes of this circular, excludes Hong Kong and Macau
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	shares of HK\$1.0 each in the issued capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SHK Bonds”	the Convertible Bonds in the principal sum of US\$10,369,124 to be purchased by Sound Hong Kong under the Investment Agreement as referred to in paragraph 2.3 headed “SHK Subscription Shares and SHK Bonds” on page 8 of this circular
“SHK Subscription Shares”	17,136,230 Nitgen Shares to be subscribed by Sound Hong Kong under the Investment Agreement
“Sound Hong Kong”	Sound Hong Kong Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands
“Special General Meeting”	the special general meeting of the Company to be convened to consider, and if thought fit, to approve the performance of Sound Hong Kong’s obligations under the Investment Agreement and the Disposal Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	subscription of the Subscription Shares and the purchase of the Convertible Bonds by Sound Hong Kong and NCC under the Investment Agreement

DEFINITIONS

“Subscription Shares”	collectively the SHK Subscription Shares and the NCC Subscription Shares
“Subsidiaries”	Ego Time Limited, a company incorporated in the British Virgin Islands, which is a 51% subsidiary of Success Pillar, and if the context so requires, two wholly-owned subsidiaries of Ego Time which operate the marine bunkering services in Hong Kong described the paragraph 6 of this circular headed “Information on Success Pillar”
“Success Pillar”	Success Pillar Limited, a company incorporated with limited liability in British Virgin Islands, the share capital of which is held as to 65% by Sound Hong Kong and 35% by NCC
“Uniocean”	Uniocean Investments Limited, a company incorporated in the British Virgin Islands, a controlling shareholder of the Company
“US\$”	United States Dollars, the lawful currency of the United States of America
“%”	per cent.

For the purpose of this circular, amount quoted in US\$ have been converted into HK\$ at a rate of US\$1.00 to HK\$7.77 and amounts quoted in KRW have been converted into HK\$ at a rate of KRW146 to HK\$1.00. Such exchange rates has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.



NewOcean Energy Holdings Limited

(新海能源集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 342)

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

Executive Directors:

Shum Siu Hung (*Chairman*)

Shum Chun, Lawrence (*Managing Director*)

Cen Ziniu

Chiu Sing Chung, Raymond

Siu Ka Fai, Brian

Wang Jian

Registered office:

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2 Church Street

Hamilton HM11

Bermuda

*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

11 October 2012

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
SUBSCRIPTION OF SHARES AND BONDS IN NITGEN
AND
DISPOSAL OF 65% INTEREST IN SUCCESS PILLAR**

1. INTRODUCTION

Reference is made to the announcements of the Company dated 5 September 2012, 7 September 2012 and 13 September 2012 relating to the Subscription and the Disposal. On 5 September 2012 Sound Hong Kong entered into (i) the Investment

* for identification purpose only

LETTER FROM THE BOARD

Agreement which provided, among other things, for the subscription of the SHK Subscription Shares and the purchase of the SHK Bonds by Sound Hong Kong; and (ii) the Disposal Agreement which provided, among other things, for the disposal of 65% interest in Success Pillar by Sound Hong Kong.

The purpose of this circular is to provide you with details of the Investment Agreement and the Disposal Agreement and other information required under the Listing Rules. Also set out in this circular are: (i) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (ii) a letter of advice from Investec to the Independent Board Committee and the Independent Shareholders; and (iii) a notice convening the Special General Meeting.

2. THE INVESTMENT AGREEMENT

2.1 Date

5 September 2012

2.2 Parties

Investors: (1) Sound Hong Kong, a wholly-owned subsidiary of the Company; and

(2) NCC, a company incorporated in the British Virgin Islands. The principal business of NCC is investment holding.

Issuer: Nitgen, a company incorporated in Korea the shares of which are listed on KOSDAQ. Nitgen and its subsidiaries are principally engaged in the provision of biometric solutions.

NCC is a wholly-owned subsidiary of AV Concept, a company listed on the main board of the Stock Exchange (Stock Code: 595) whose principle businesses are distribution of semiconductors, design, development and sale of electronic products, and trading in light-emitting diodes. NCC owns 35% shares in Success Pillar, a subsidiary of the Company, and NCC and its associates are therefore connected persons of the Company.

As at the date of this circular, Nitgen is owned as to approximately 20.28% by NCC. Save as disclosed in this circular, to the best of the Directors' knowledge, information and belief after having made all reasonable enquires, Nitgen and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

LETTER FROM THE BOARD

2.3 SHK Subscription Shares and SHK Bonds

Sound Hong Kong conditionally agreed to:

- (a) subscribe for the SHK Subscription Shares, being 17,136,230 Nitgen Shares, at a subscription price of KRW646 (equivalent to approximately HK\$4.42) per Nitgen Share; and
- (b) purchase the SHK Bonds at the issue price of US\$10,369,124 (equivalent to approximately HK\$80,568,093), being 100% of the principal amount of the SHK Bonds.

2.4 Consideration for the SHK Subscription Shares and the SHK Bonds

The terms in the Investment Agreement relating to the SHK Subscription Shares and the SHK Bonds are on normal commercial terms. The subscription price of KRW646 (equivalent to approximately HK\$4.42) per Nitgen Share for the SHK Subscription Shares equals to the subscription price per Nitgen Share for the NCC Subscription Shares referred to in paragraph 2.5 headed “NCC Subscription Shares and NCC Bonds” below. The subscription price was arrived at after arm’s length negotiations between Nitgen, Sound Hong Kong and NCC and was based on the lower of (a) arithmetic average of (i) volume-weighted-average share price (“Average Price”) during one (calendar) month; (ii) Average Price during one (calendar) week; and (iii) Average Price on the (last) trading day, before the date of Board resolution on the share issue (i.e. the date of the Investment Agreement); and (b) Average Price on the (last) trading day before the date of board resolution of Nitgen on the share issue (i.e. the date of the Investment Agreement, which is in accordance with the applicable Korean laws).

The Conversion Price for the SHK Bonds is determined in accordance with the applicable Korean laws as set out in paragraph 2.7 headed “Conversion Price and Conversion Shares” below. Assuming full conversion of the SHK Bonds at the initial Conversion Price of US\$0.585793 (equivalent to approximately HK\$4.55) as set out under the terms and conditions of the SHK Bonds, the SHK Bonds will be convertible into 17,701,003 Conversion Shares.

The total subscription price of the SHK Subscription Shares amounts to KRW11,070,004,580 (equivalent to approximately HK\$75,821,949) which, when aggregated with the issue price of the SHK Bonds of US\$10,369,124

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(equivalent to approximately HK\$80,568,093), amounts to a sum equivalent to HK\$156,390,042 which will be paid by Sound Hong Kong to Nitgen in cash on completion of the Investment Agreement.

The aforesaid equivalent sum of HK\$156,390,042 equals to, and will be funded by a sum in the same approximate amount to be paid by Nitgen Lighting to Sound Hong Kong as consideration under the Disposal Agreement as described in paragraph 2.8 headed “Other terms of the Investment Agreement” and paragraph 4 headed “The Disposal Agreement” below.

2.5 NCC Subscription Shares and NCC Bonds

NCC conditionally agreed to:

- (a) subscribe for the NCC Subscription Shares, being 6,000,000 Nitgen Shares, at a subscription price of KRW646 (equivalent to approximately HK\$4.42) per Nitgen Share and a total subscription price of KRW3,876,000,000 (equivalent to approximately HK\$26,547,945); and
- (b) purchase the NCC Bonds at the issue price of US\$7,425,373 (equivalent to approximately HK\$57,695,148), being 100% of the principal amount of the NCC Bond. Assuming full conversion of the NCC Bonds at the initial conversion price of US\$0.585793 (equivalent to approximately HK\$4.55) as set out under the terms and conditions of the NCC Bonds, the NCC Bonds will be convertible into 12,675,762 Conversion Shares.

2.6 Principal terms of the Convertible Bonds

- | | | |
|-----------------------|---|--|
| Ranking | : | Pari passu with all direct, unsecured and unsubordinated obligations of Nitgen. |
| Form and Denomination | : | In registered form in a single denomination equal to the principal sum. After one year from the date of the issuance, the bondholder may at its discretion exchange the certificate representing the bonds for certificates in integral multiples of US\$10,000. |
| Maturity Date | : | The 3rd anniversary of the date of issue of the Bonds (“Maturity Date”). |

LETTER FROM THE BOARD

- Interest : No interest, except for interest of 10% per annum on any principal amount of the Bonds not paid when due, calculated on the basis of a 365-day year.
- Conversion : Convertible Bond holders shall have the right to convert their Convertible Bonds into Nitgen Shares (the “Conversion Shares”) at any time on or after the first anniversary of the date of issue of the Bonds up to the close of business (in Seoul) on the date on business day prior to the Maturity Date.
- Conversion Price : The issue price for Conversion Shares (“Conversion Price”) will initially be US\$0.585793 (equivalent to approximately HK\$4.55) per Conversion Share.
- The Conversion Price will be subject to adjustment for, among other things, free distribution, sub-division, consolidation or reclassification of shares, declaration of dividends in shares, a grant, issue or offer of securities less than the current market price, issue of convertible or exchangeable securities less than the current market price, and issue of rights for shares or convertible or exchangeable securities other than to shareholders less than the current market price.
- Redemption : Unless previously redeemed, converted or purchased, each Convertible Bond shall be redeemed by Nitgen at 100% of the principal amount of the bond.

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- Event of default : The holder of the Convertible Bonds may be written notice to Nitgen declare such Subscription Bonds to be immediately due and payable if any of default as provided in the terms and conditions of the Convertible Bonds occurs, including:
- (a) any other bonds or other indebtedness of Nitgen for borrowed money having an aggregate principal amount of at least US\$1,000,000 (or its equivalent in any other currency or currencies) or more becomes prematurely repayable following default;
 - (b) otherwise than as part of a corporate merger, either (i) a resolution is passed for the winding up or dissolution of Nitgen, or (ii) Nitgen ceases, or resolves or undertakes to cease, the conduct of its business;
 - (c) Nitgen is unable to pay its debts as and when they fall due; or a bankruptcy, reorganization, insolvency or similar proceeding is initiated or consented to by Nitgen;
 - (d) a liquidator, receiver, administrator or other similar officer is appointed in respect of Nitgen, or any asset of Nitgen is subject to distress or execution which is not discharged within 10 days;

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- (e) trading of the Nitgen Shares on KOSDAQ is suspended for 10 or more consecutive days or a notice is issued by any regulatory body of its intention to terminate or otherwise cease the listing of Nitgen Shares on KOSDAQ; and
- (f) NCC (together with its affiliates) ceases to be the single largest shareholder of Nitgen or there is otherwise a change of control of Nitgen.

2.7 Conversion Price and Conversion Shares

The Conversion Price was arrived at after arm's length negotiations between Nitgen, NCC and Sound Hong Kong. The initial Conversion Price was determined based on the highest of the following formulae, which is in accordance with the applicable Korean law:

- (a) arithmetic average of (i) volume-weighted-average share price ("Average Price") during one (calendar) month, (ii) average Price during one (calendar) week, and (iii) average Price on the (last) trading day, before the date of board resolution of Nitgen on the issue of the Convertible Bonds (i.e. the date of the Investment Agreement);
- (b) Average Price on the (last) trading day before the date of board resolution of Nitgen on the issue of the Convertible Bonds; and
- (c) Average Price of 3 trading days (third to last trading day) before the date of the Investment Agreement.

2.8 Other terms of the Investment Agreement

The SHK Subscription Shares shall, upon issuance, be subject to a one-year lock-up requirement by depositing the certificate representing such SHK Subscription Shares with the Korea Securities Depository as required under applicable Korean law.

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The Convertible Bonds shall not be sold or transferred to any third party Korean resident during a period of one year from completion of the Investment Agreement.

Nitgen shall use the proceeds of the Subscription Shares and the Convertible Bonds for the Nitgen Lighting Subscription so as to provide funding for Nitgen Lighting in its proposed acquisition of the outstanding share capital of Success Pillar. On completion of the Nitgen Lighting Subscription, Nitgen Lighting will issue to Nitgen 10,000,000 new shares.

2.9 Completion of the Investment Agreement

Subject to fulfillment of the Investment Conditions, completion of the Investment Agreement shall take place on 6 November 2012 or such other date as the parties to the Investment Agreement may agree.

2.10 Investment Conditions

- A.** The obligation of each of Sound Hong Kong, NCC and Nitgen to proceed with completion of the Investment Agreement is subject to fulfillment of each of the following conditions:
- (a) each party to the Investment Agreement has complied with those covenants under the Investment Agreement that are required to be complied with before completion, and the representations and warranties given by each party are true and correct in all material aspects; and
 - (b) no lawsuit or other legal proceeding is pending, or threatened, that challenges the validity of the Investment Agreement or seeks to restrict the transactions provided for thereunder.
- B.** Completion of the Investment Agreement shall not proceed unless and until each of the following conditions are fulfilled:
- (a) any government approval and any consents of third parties or other procedures that are required of any party for completion of the Investment Agreement under applicable laws having been obtained and effected;

LETTER FROM THE BOARD

- (b) approval to the performance of Sound Hong Kong's obligations under the Investment Agreement having been given by shareholders at a general meeting of the Company;
- (c) approval to the performance of NCC's obligations under the Investment Agreement having been given by shareholders at a general meeting of AV Concept;
- (d) NCC having subscribed for an additional 12,264,086 Nitgen Shares at a subscription price of KRW7,922,599,556 (equivalent to approximately HK\$54,264,381) pursuant to a subscription agreement entered into (or to be entered into) between Nitgen and NCC on the date of the Investment Agreement;
- (e) Nitgen having entered into a subscription agreement with Nitgen Lighting providing for the Nitgen Lighting Subscription for a total subscription price of HK\$240,633,135, and such subscription agreement remaining in full force and effect.

The parties to the Investment Agreement shall use their reasonable diligent efforts to obtain and effect any government approvals and any consents of third parties or other procedures that are necessary for completion.

2.11 Termination

The Investment Agreement may be terminated before completion:

- (a) by agreement between Sound Hong Kong, NCC and Nitgen;
- (b) by any party to the Investment Agreement if the Investment Conditions have not been all fulfilled (or waived, if applicable), or completion of the Investment Agreement has not otherwise occurred, on or before 14 December 2012; or
- (c) by any party to the Investment Agreement in the event of a material breach of any covenant, representation or warranty by another party.

For the avoidance of doubt, if completion of the Investment Agreement does not proceed any moneys that may have been paid for the Subscription Shares and the Convertible Bonds shall, forthwith upon demand, be returned to the respective party.

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3. INFORMATION ON NITGEN

3.1 Nitgen (together with its subsidiaries, the “Nitgen Group”) is a company incorporated in Korea whose common shares are listed on KOSDAQ and the Nitgen Group is principally engaged in the provision of biometric solutions. The Nitgen Group provides biometric technology with embedded module, fingerprint scanner, PC peripheral device and fingerprint server certification.

As at the date of this circular, Nitgen is owned as to approximately 20.28% by NCC. Under a separate agreement entered into between NCC and Nitgen, NCC will subscribe (the “Additional Subscription”) for an additional 12,264,086 Nitgen Shares so that NCC will own approximately 40.79% of the share capital of Nitgen as enlarged by the Additional Subscription. Completion of the Additional Subscription is expected to take place prior to completion of the Investment Agreement.

As at the date of this circular, there is in issue Existing Bonds in the principal amount of US\$5,500,000 (equivalent to approximately HK\$42,735,000) of Nitgen due on 31 July 2015 held by an independent third party convertible into 8,726,970 Nitgen Shares, representing approximately 19.78% of the existing share capital of Nitgen as enlarged by issue of conversion shares upon the full conversion of Existing Bonds (assuming no other change to the existing share capital of Nitgen). The conversion rights attached to the Existing Bonds may be exercised on a date falling not later than 26 July 2015.

Based on the shareholding structure of Nitgen as enlarged by the Additional Subscription and assuming the completion of the Investment Agreement, the following table represents (i) the shareholding of Sound Hong Kong in Nitgen immediately after the completion of the Investment Agreement; and (ii) the shareholding of Sound Hong Kong in Nitgen after the completion of the

LETTER FROM THE BOARD

Investment Agreement and assuming full conversion of the Convertible Bonds at the initial Conversion Price and full conversion of the Existing Bonds at the initial conversion price under the terms and conditions of the Existing Bonds:

Shareholder	Existing (as at the date of this circular)		Immediately after subscription of 12,264,086 Nitgen Shares by NCC in the Additional Subscription		Immediately after completion of the Investment Agreement		Following completion of the Investment Agreement and assuming full conversion of: (a) the SHK Bonds; (b) the NCC Bonds; and (c) the Existing Bonds	
	<i>No. of Nitgen Shares</i>	<i>Approx. %</i>	<i>No. of Nitgen Shares</i>	<i>Approx. %</i>	<i>No. of Nitgen Shares</i>	<i>Approx. %</i>	<i>No. of Nitgen Share</i>	<i>Approx. %</i>
	Shares	%	Shares	%	Shares	%	Share	%
NCC	7,179,925	20.28	19,444,011	40.79	25,444,011	35.94	38,119,773	34.68
Sound Hong Kong Holder of Existing Bonds	0	0	0	0	17,136,230	24.20	34,837,233	31.70
Other shareholders	28,220,391	79.72	28,220,391	59.21	28,220,391	39.86	28,220,391	25.68
Total	<u>35,400,316</u>	<u>100</u>	<u>47,664,402</u>	<u>100</u>	<u>70,800,632</u>	<u>100</u>	<u>109,904,367</u>	<u>100</u>

3.2 Based on published audited financial information of Nitgen (which were prepared in accordance with financial accounting standards generally accepted in Korea), the results of Nitgen for the two years ended 31 December 2011 is set out below:

	For the year ended 31 December 2011		For the year ended 31 December 2010	
	<i>KRW</i> (million)	<i>HK\$</i> (million)	<i>KRW</i> (million)	<i>HK\$</i> (million)
Turnover	10,538.7	72.2	12,168.4	83.3
Profit/(Loss) before tax	(2,568.7)	(17.6)	1,017.8	7.0
Profit/(Loss) after tax	(2,783.6)	(19.1)	1,662.9	11.4

As at 31 December 2011, based on the audited financial statements of Nitgen, the Nitgen Group had audited net assets of approximately KRW17.17 billion (equivalent to approximately HK\$117.63 million).

LETTER FROM THE BOARD

4. THE DISPOSAL AGREEMENT

4.1 Date

5 September 2012

4.2 Parties

Vendors: (1) Sound Hong Kong; and

(2) NCC

Purchaser: Nitgen Lighting, a wholly-owned subsidiary of Nitgen incorporated in Hong Kong

4.3 The Disposal

Sound Hong Kong and NCC conditionally agreed to sell, and Nitgen Lighting conditionally agreed to purchase the Sale Shares, comprising the entire issued share capital of Success Pillar, a marine bunkering service provider which is held as to 65% by Sound Hong Kong and as to 35% by NCC as at 1 August 2012.

4.4 Consideration

An aggregate sum of HK\$241,180,000 to be paid on completion:

(a) as to HK\$156,767,000, to Sound Hong Kong; and

(b) as to HK\$84,413,000, to NCC

The consideration was arrived at through arm's length negotiation between Sound Hong Kong, NCC and Nitgen Lighting. In arriving at the consideration reference was made to the benchmark net revenue of HK\$215,533,248 achieved by the Subsidiaries during the 3-month Market Trial Period, of which 51% was attributable to Success Pillar, being HK\$109,921,956 (the "Attributable Quarterly Net Revenue"). The total consideration of approximately HK\$241 million payable by Nitgen Lighting for the entire issued share capital of Success Pillar equals approximately 2.2 times the Attributable Quarterly Revenue.

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In arriving at the consideration, the parties had regard to the quarterly volume of completed sales of 42,542 tons of bunker fuel (being approximately 2% of the average quarterly sales in the whole Hong Kong for year 2011) and an acceptable level of gross profit (being HK\$10,664,013) achieved by the Subsidiaries during the Market Trial Period. The parties agree that the method of price determination is fair and reasonable taking into account the growth potential of Success Pillar, the limited number of bunkering service providers in Hong Kong and the growth trend of the industry. Also taken into consideration is the fact that the consideration was in effect satisfied, in the case of Sound Hong Kong, by Nitgen issuing the SHK Subscription Shares which are subject to a one-year lock-up, and the SHK Bonds which are non-interest bearing. Taking into consideration the above and the published financial information on Nitgen, the Directors consider the consideration to be fair and reasonable and on normal commercial terms.

Sound Hong Kong's entitlement of HK\$156,390,042 from the total consideration will fund the price for Sound Hong Kong's subscription of the SHK Subscription Shares and the purchase of the SHK Bonds as described in paragraph 2 headed "The Investment Agreement" above.

Success Pillar was incorporated and held by the Group for less than 12 months. The original cost of the 65% interest in Success Pillar to be disposed of by Sound Hong Kong amounts approximately to HK\$3,800,000, being 65% of the net assets of Success Pillar.

4.5 Completion

Completion of the Disposal shall take place on the second Business Day after all the Disposal Conditions shall have been fulfilled or waived (if applicable) or such other date as may be agreed between the parties to the Disposal Agreement.

LETTER FROM THE BOARD

4.6 Disposal Conditions

Completion of the Disposal Agreement is conditional, among other things, on:

- (a) the Company having complied with the shareholders' approval requirements under the Listing Rules with respect to the Disposal Agreement;
- (b) AV Concept having complied with the shareholders' approval requirements under the Listing Rules with respect to the Disposal Agreement;
- (c) completion of the Investment Agreement; and
- (d) completion of the Nitgen Lighting Subscription referred to in paragraph 2.8 headed "Other terms of the Investment Agreement" above.

5. INFORMATION ON THE COMPANY

The principal business of the Company is investment holding. The principal businesses of the Company's subsidiaries are sale and distribution of LPG, sale and distribution of oil products, and sale of electronic products. A 80,000 metric ton oil products depot (the "Zhuhai Petroleum Depot") is currently under construction at the Group's Zhuhai sea terminal intended for use by the oil products business. The Zhuhai Petroleum Depot is expected to commence operation in 2013.

6. INFORMATION ON SUCCESS PILLAR

Success Pillar was incorporated in the British Virgin Islands on 23 April 2012 and is held as to 65% by Sound Hong Kong and 35% by NCC as at 1 August 2012. The principal business of Success Pillar is the holding of a 51% equity interest in the Subsidiaries. The remaining 49% equity interest in the Subsidiaries is held by the Group.

In May 2012 the Subsidiaries commenced marine bunkering services in Hong Kong as a spearhead project for the Group's oil products business prior to commencement of operation of the Zhuhai Petroleum Depot. The Subsidiaries chartered a marine bunkering station and 3 bunker ships, which all operated in the Hong Kong Harbour. Requisite operating licenses and validation, including Dangerous Goods Carriage Permits and Declaration of Fitness have been obtained by these vessels. It is the

LETTER FROM THE BOARD

objective of the spearhead project to provide business channels for the Zhuhai Petroleum Depot outside of the PRC so that, when the Zhuhai Petroleum Depot commences operation, its efficiency can be boosted by additional trading volume brought in from other Asian regions.

In pursuance of the object of the spearhead project, during the Market Trial Period the equipment, supply channels and logistics arrangements of the Subsidiaries were tested and validated, and efforts were made to establish a local clientele. The Subsidiaries formally launched their operation on 1 August 2012 (the “Launch Date”). Brief financial information on the Success Pillar and the Subsidiaries, on a consolidated basis, for the Market Trial Period and as at the Launch Date is as follows:

	3 months ended 31 July 2012 <i>(Note 1)</i> <i>HK\$</i> (Unaudited)
Turnover	215,533,248
Net profit before and after tax <i>(Note 2)</i>	6,748,759
Net profit attributable to non-controlling interest	3,306,892
Net Profit attributable to equity owner	3,441,867
	As at 1 August 2012 <i>HK\$</i> (Unaudited)
Total Assets	128,115,528
Total Liabilities	122,280,131
Net Assets	5,835,397

Notes:

- (1) As Success Pillar and the Subsidiaries were established in 2012, there was no financial information of Success Pillar and the Subsidiaries for the last two financial years.
- (2) No tax provision has been made as the operations were for a short period of 3 months.

LETTER FROM THE BOARD

7. EFFECT OF THE DISPOSAL

Following completion of the Disposal, the Group will cease to hold any shares in Success Pillar. Success Pillar and the Subsidiaries will cease to be subsidiaries of the Company and their results will not be consolidated in the accounts of the Group.

The remaining 49% interest in the Subsidiaries that is not held by Success Pillar will remain with the Group and will be accounted for as an investment in associated company.

8. REASONS AND BENEFITS FOR THE SUBSCRIPTION AND THE DISPOSAL

Success Pillar had been established as a spearhead project to pave the way for business channels between the Zhuhai Petroleum Depot and Hong Kong when the depot commences operation in 2013. This object has been achieved during the Market Trial Period when Success Pillar demonstrated that there is sufficient market space in Hong Kong. Since the Zhuhai Petroleum Depot, with its a 80,000 metric ton capacity, will be the centre of the Group's oil products business, Success Pillar will only play a supportive role and its disposal will not prejudice the Group's oil products business in any way. Based on the consideration of approximately HK\$156.4 million payable to Sound Hong Kong for the disposal of 65% interest in Success Pillar and the carrying cost of approximately HK\$3.8 million of this 65% interest being disposed of, the Directors expect to recognize an unaudited gain of approximately HK\$ 152.6 million from the disposal of Success Pillar.

As explained in sub-paragraph 4.4 headed "Consideration" in paragraph 4 headed "The Disposal" above, the consideration of HK\$156,390,042 payable to Sound Hong Kong will be applied to fund the payment for the SHK Subscription Shares and the SHK Bonds issued to Sound Hong Kong under the Subscription. The Directors presently intend to hold these as short term investments in securities.

In addition to Sound Hong Kong's expected gain from the Disposal, both the Subscription and the Disposal are of strategic value to the Company. Nitgen's ownership of Success Pillar after completion of the Disposal expands the shareholder base of the Subsidiaries to Korea. The Subsidiaries will no longer be subsidiaries of the Company. They will however remain as associated companies of the Group and will continue to play the same supportive role to the Group's oil products business. The holding of the SHK Subscription Shares and the SHK Bonds provides the Group with an opportunity to participate in the Korean capital market. These are in line with the Company's strategy for its core energy businesses to diversify and expand

LETTER FROM THE BOARD

abroad. Korea is the world's largest user of LPG and the LPG arm of the Group has had a long business relationship with leading LPG operators in Korea. The Directors are therefore of the view that these transactions are in the interest of the Company and its shareholders as a whole.

None of the Directors have a material interest in the Subscription and the Disposal and accordingly no Director is required to abstain from voting on board resolutions approving the Investment Agreement and the Disposal Agreement and the performance of Sound Hong Kong's obligations thereunder.

9. LISTING RULES IMPLICATIONS

NCC is a connected person of the Company and a controller of Success Pillar as defined in Rule 14A.10 of the Listing Rules on account of its 35% shareholding interest in Success Pillar. Under Rule 14A.13 (1)(b)(i) of the Listing Rules, Sound Hong Kong's disposal of its 65% interest in Success Pillar under the Disposal Agreement (with NCC disposing its 35% interest at the same time) constitutes a connected transaction of the Company.

In addition, based on the existing shareholding of NCC in Nitgen and the Nitgen Shares to be issued to NCC referred to in this circular Nitgen will become an associate of NCC, and therefore also a connected person of the Company, upon completion of the Investment Agreement. Taking into consideration the fact that the transactions under the Investment Agreement and the Disposal Agreement are inter-related and are all part of the same arrangement, performance of Sound Hong Kong's obligations towards Nitgen under the Investment Agreement is deemed a connected transaction of the Company.

Due to the foregoing, Sound Hong Kong's subscription for the SHK Subscription Shares, purchase of the SHK Bonds and disposal of its interest in Success Pillar are all subject to the reporting and announcement requirements under Chapter 14 A of the Listing Rules. As the applicable ratio under the Listing Rules for these transactions exceeds 5% but is below 25%, these transactions are further conditional on approval by Independent Shareholders at the Special General Meeting of the Company which is convened for this purpose as required under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

10. 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 Investment Agreement and the Disposal Agreement and the transactions thereunder. Your attention is drawn to the letter from the Independent Board Committee set out on page 25 of this circular.

Investec has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the performance of Sound Hong Kong's obligations under the Investment Agreement and the Disposal Agreement. Your attention is drawn to their letter of advice set out on pages 27 to 45 of this circular.

11. SPECIAL GENERAL MEETING

A notice convening the Special General Meeting is set out on pages 52 to 54 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 performance of Sound Hong Kong's obligations contemplated under the Investment Agreement and the Disposal Agreement, and votes of the Independent Shareholders will be taken on a poll. The results of voting taken on a poll 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.

Any of the Company's connected persons or Shareholders with a material interest in the Subscription and the Disposal and their respective associates will be required to abstain from voting on the ordinary resolution proposed at the Special General Meeting. To the best of the knowledge and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date no connected person or Shareholder has a material interest in the Subscription and the Disposal as to require them to abstain from voting at the Special General Meeting.

LETTER FROM THE BOARD

In the opinion of the Directors, the transactions relating to Sound Hong Kong in the Investment Agreement and the Disposal Agreement are fair and reasonable and in the interest of the Shareholders as a whole. The Directors recommend the Independent Shareholders to voting in favour the resolution set out in the notice of the Special General Meeting to approve the performance of Sound Hong Kong's obligations under the Investment Agreement and the Disposal Agreement.

12. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in Appendix III 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>

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

11 October 2012

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
SUBSCRIPTION OF SHARES AND BONDS IN NITGEN
AND
DISPOSAL OF 65% INTEREST IN SUCCESS PILLAR**

We refer to the circular dated 11 October 2012 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 Investment and Disposal Agreements and the transactions thereunder.

We wish to draw your attention to the letter from the Board as set out on pages 6 to 24 of the circular which sets out, among other things, information relating to the Investment Agreement and the Disposal Agreement, and the letter from Investec to the Independent Board Committee and the Independent Shareholders as set out on pages 27 to 45 of the circular which contains its advice to us and to you in relation to the Investment Agreement and the Disposal Agreement.

* for identification purpose only

Having considered the terms of the Investment Agreement and the Disposal Agreement and taken into account the advice of Investec, we consider that the terms of the Investment Agreement and the Disposal Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the performance of Sound Hong Kong's obligations under the Investment Agreement and the Disposal Agreement 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 ordinary resolution to approve the Investment and Disposal Agreements 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

Set out below is the text of the letter of advice from Investec to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this Circular.



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Fax/ 傳真: (852) 2501 0171
www.investec.com

11 October 2012

*To: the Independent Board Committee and the Independent Shareholders of
NewOcean Energy Holdings Ltd.*

Dear Sirs

**DISCLOSEABLE AND CONNECTED TRANSACTION
SUBSCRIPTION OF SHARES AND BONDS IN NITGEN
AND
DISPOSAL OF 65% INTEREST IN SUCCESS PILLAR**

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Investment Agreement and the Disposal Agreement, details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular to the Shareholders dated 11 October 2012 (the “Circular”), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Investment Agreement and the Disposal Agreement and the transactions contemplated thereunder. Unless the context otherwise requires, terms defined in the Circular have the same meanings in this letter.

On 5 September 2012, Sound Hong Kong, a wholly-owned subsidiary of the Company, NCC and Nitgen entered into the Investment Agreement pursuant to which, subject to fulfilment of the Investment Conditions, (a) Sound Hong Kong will subscribe for and purchase the SHK Subscription Shares and the SHK Bonds

at the price of KRW11,070,004,580 (equivalent to approximately HK\$75,821,949) and US\$10,369,124 (equivalent to approximately HK\$80,568,093), respectively; and (b) NCC will subscribe for and purchase the NCC Subscription Shares and the NCC Bonds at the price of KRW3,876,000,000 (equivalent to approximately HK\$26,547,945) and US\$7,425,373 (equivalent to approximately HK\$57,695,148), respectively.

The Investment Agreement provides that Nitgen shall apply the proceeds from the Subscription, being a total sum equivalent to approximately HK\$240,633,135, for injection of capital into Nitgen Lighting, a wholly-owned subsidiary of Nitgen incorporated in Hong Kong, to fund the transactions contemplated under the Disposal Agreement.

Based on the existing shareholding of NCC in Nitgen and the Nitgen Shares to be issued to NCC upon completion of the Investment Agreement, Nitgen will become an associate of NCC and therefore a connected person of the Company.

On 5 September 2012, Nitgen Lighting, Sound Hong Kong and NCC also entered into the Disposal Agreement pursuant to which Nitgen Lighting will acquire from Sound Hong Kong and NCC the entire issued share capital of Success Pillar at a total consideration HK\$241,180,000. Success Pillar is an indirect subsidiary of the Company, the shares of which are held as to 65% by Sound Hong Kong and as to 35% by NCC. Completion of the Disposal Agreement is conditional on, among other things, completion of the Investment Agreement.

NCC is a connected person of the Company and a controller of Success Pillar as defined in Rule 14A.10 of the Listing Rules on account of its 35% shareholding interest in Success Pillar. Under Rule 14A.13 (1)(b)(i), Sound Hong Kong's disposal of its 65% interest in Success Pillar under the Disposal Agreement (with NCC disposing its 35% interest at the same time) constitutes a connected transaction of the Company.

In addition, taking into consideration the fact that the transactions under the Investment Agreement and the Disposal Agreement are inter-related and are all part of the same arrangement, performance of Sound Hong Kong's obligations towards Nitgen under the Investment Agreement is deemed to be a connected transaction of the Company.

As the applicable ratio under the Listing Rules for these transactions exceeds 5% but is below 25%, the Company will comply with the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Subscription and the Disposal is therefore subject to the approval by the Independent Shareholders at the EGM by way of poll.

II. THE INDEPENDENT BOARD COMMITTEE

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 Investment Agreement and Disposal Agreement and the transactions contemplated thereunder.

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether or not the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote in respect of the resolution to approve the Subscription and the Disposal at the EGM.

III. BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the Directors and/or the senior management staff of the Company contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group.

IV. PRINCIPAL FACTORS CONSIDERED

In formulating our opinion regarding the terms of the Investment Agreement and the terms of the Disposal Agreement, we have taken into consideration the following principal factors:

I. Background Information

a. Information on the Group

The Company acts as an investment holding. The principal activities of the Group are the sale and distribution of LPG, sale and distribution of oil products and sale of electronic products, being mainly mobile phones and electronic components. A 80,000 metric ton oil products depot (the “Zhuhai Petroleum Depot”) is currently under construction at the Group’s Zhuhai sea terminal intended for use by the Group’s oil products business. The Zhuhai Petroleum Depot is expected to commence operation in 2013.

Set out below is a summary of the Group’s operating results and financial position extracted from the Company’s latest published annual report for the year ended 31 December 2011 (the “2011 Annual Report”) and interim report for the six months ended 30 June 2012 (the “2012 Interim Report”):

	For the year ended		For the
	31 December		six months
	2010	2011	ended
	(Audited)	(Audited)	30 June
			(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	8,477,715	10,116,643	5,978,044
Gross profit	446,798	426,655	544,894
Other income	115,320	422,406	71,996
Share of profit of jointly controlled entity	239	927	1,285
Profit before tax	155,451	332,944	238,595
Profit for the year/period	137,384	303,209	228,008
Attributable to:			
Owners of the Company	136,647	306,159	229,054
Non-controlling interests	737	(3,130)	(1,046)
			As at
	As at 31 December		30 June
	2010	2011	2012
	(Audited)	(Audited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	1,025,332	2,189,499	2,370,731
Current assets	4,774,267	8,432,636	9,069,921
Total assets	4,799,599	10,622,135	11,440,652
Non-current liabilities	274,622	466,303	496,080
Current liabilities	4,046,386	8,308,297	8,908,860
Total liabilities	4,321,008	8,774,600	9,404,940
Net current assets	727,881	124,339	161,061
Total equity	1,478,591	1,847,535	2,035,712

For the year ended 31 December 2011, the Group recorded a turnover of approximately HK\$10.1 billion, representing an increase of approximately 19.3% from the turnover in 2010 of approximately HK\$8.5 billion. The Group recorded a profit attributable to owners of the Company of approximately HK\$306.2 million for the year ended 31 December 2011, representing an increase of approximately 124.1% from the profit of approximately HK\$136.6 million for the year ended 31 December 2010. As stated in the 2011 Annual Report, the increase was mainly due to the implementation of appropriate measures to tightly control the costs incurred in every link in the price chain of the LPG business and the interest income from an acquisition project.

For the six months ended 30 June 2012, the turnover of the Group was approximately HK\$6.0 billion, an increase of approximately 9.3% from the turnover of approximately HK\$5.5 billion for the six months ended 30 June 2011. As explained in the 2012 Interim Report, the aforesaid increase in turnover was due to the successful implementation of the expansion program which brought marked earnings growth for the Group in the first half of 2012. The Group recorded a profit attributable to owners of the Company of approximately HK\$229.1 million for the six months ended 30 June 2012, representing an increase of approximately 38.7% from the profit of approximately HK\$165.1 million for the six months ended 30 June 2011. As further stated in the 2012 Interim Report, such increases were due to the implementation of the downstream expansion program laid down in 2009, which provides expanding sales to the downstream market.

b. Information on Success Pillar

Success Pillar was incorporated in the British Virgin Islands on 23 April 2012 and is held as to 65% by Sound Hong Kong and 35% by NCC as at 1 August 2012. The principal business of Success Pillar is the holding of a 51% equity interest in the Subsidiaries. The remaining 49% equity interest in the Subsidiaries is held by the Group.

In May 2012, the Subsidiaries commenced marine bunkering services in Hong Kong as a spearhead project for the Group's oil products business prior to commencement of operation of the Zhuhai Petroleum Depot. The Subsidiaries chartered a marine bunkering station and three bunker ships, which all operated in the Hong Kong Harbour. Requisite operating licenses and validation, including dangerous goods carriage permits and declaration of fitness have been obtained by these vessels. It is the objective of the spearhead project to provide business channels for the Zhuhai Petroleum Depot outside of the PRC so that, when the Zhuhai Petroleum Depot commences operation, its efficiency can be boosted by additional trading volume brought in from other Asian regions.

In pursuance of the object of the spearhead project, during the Market Trial Period, the equipment, supply channels and logistics arrangements of the Subsidiaries were tested and validated, and efforts were made to establish a local clientele. The Subsidiaries formally launched their operation on 1 August 2012 (the "Launch Date"). Brief financial information on Success Pillar and the Subsidiaries, on a consolidated basis, for the Market Trial Period and as at the Launch Date is as follows:

	Three months ended 31 July 2012 <i>HK\$</i> (Unaudited)
Turnover	215,533,248
Net profit before tax	6,748,759
Net profit attributable to non-controlling interest	3,306,892
Net profit attributable to equity owner	3,441,867
	As at 1 August 2012 <i>HK\$</i> (Unaudited)
Total assets	128,115,528
Total liabilities	122,280,131
Net assets	5,835,397

c. Information on Nitgen

Nitgen (together with its subsidiaries, the “Nitgen Group”) is a company incorporated in Korea whose common shares are listed on KOSDAQ. The Nitgen Group is principally engaged in the provision of biometric solutions and technology with embedded module, fingerprint scanner, PC peripheral device and fingerprint server certification. Since 2008, Nitgen Group’s products have reached over 100 countries. Nitgen owns 31 patents and 13 more are pending.

According to the published audited financial information of Nitgen (which were prepared in accordance with financial accounting standards generally accepted in Korea), the results of Nitgen for the two years ended 31 December 2011 is set out below:

	For the year ended 31 December 2010		For the year ended 31 December 2011	
	<i>KRW (million)</i>	<i>HK\$ (million)</i>	<i>KRW (million)</i>	<i>HK\$ (million)</i>
Turnover	12,168.4	83.3	10,538.7	72.2
Profit/(Loss) before tax	1,017.8	7.0	(2,568.7)	(17.6)
Profit/(Loss) after tax	1,662.9	11.4	(2,783.6)	(19.1)
	<i>KRW (million)</i>	<i>HK\$ (million)</i>	<i>KRW (million)</i>	<i>HK\$ (million)</i>
Total assets	21,858.9	149.7	20,356.7	139.4
Total liabilities	2,162.3	14.8	2,920.1	20.0
Total equity	19,696.6	134.9	17,436.6	119.4

For the year ended 31 December 2011, the Nitgen Group recorded a turnover of approximately HK\$72.2 million, representing a decrease of approximately 13.3% from the turnover in 2010 of approximately HK\$83.3 million. The Nitgen Group recorded a loss before tax of approximately HK\$17.6 million for the year ended 31 December 2011, whereas it recorded profit before tax of approximately HK\$7.0 million for the year ended 31 December 2010. The decrease was mainly attributable to the decrease in export to their Brazilian customers and the cease of the government highway pass project for disabled persons in 2011.

As at the Latest Practicable Date, Nitgen is owned as to approximately 20.28% by NCC. Under a separate agreement entered into between NCC and Nitgen, NCC will subscribe (the “Additional Subscription”) for an additional 12,264,086 Nitgen Shares so that NCC will own approximately 40.79% of the share capital of Nitgen as enlarged by the Additional Subscription. Completion of the Additional Subscription is expected to take place prior to completion of the Investment Agreement.

As at the Latest Practicable Date, there is in issue certain bonds (the “Existing Bonds”) of Nitgen due on 31 July 2015 held by an independent third party convertible into Nitgen Shares representing approximately 19.78% of the existing share capital of Nitgen as enlarged by issue of conversion shares upon the full conversion of such bonds (assuming no other change to the existing share capital of Nitgen).

2. Reasons for the Subscription and the Disposal

As set out in the Letter from the Board, the Board (excluding the independent non-executive Directors) considers the Subscription to be an opportunity for the Group to participate in the Korea capital markets, which has a substantial constituent sector of petrol chemical and related industries. This investment aligns with the Company’s business expansion strategy and strengthens the Company’s core energy business. The Company is also of the view that the Subscription may help the Company to diversify its treasury investment to the holding of listed securities in Korea as short term investment.

We have discussed with the Directors and understand that Success Pillar was formed to entered into a new marine bunkering business which the Directors consider to have good growth potential. As Success Pillar was able to return a profit during the Market Trial Period, the Company reached a strategic watershed point as whether to continue to fund and develop the business, or to seek other appropriate strategic alternatives. The Company decided to downsize the capital burden of running while remain passively involved in the business.

The Directors consider that the Subscription and the Disposal would allow the Company to accomplish a number of desirable outcomes, including:

- (a) allowing the Company to monetize its modest investment in Success Pillar and record a substantial financial gain as further described in the section headed “Financial effects of the Transactions” in this letter;
- (b) reducing the exposure of the Company in the future substantial funding required to develop this new business, and yet retaining a substantial minority stake going forward. The Directors believe that the Transactions would confer the Company a degree of treasury management flexibility for it to decide if it wishes to contribute to the future funding of the Subsidiaries or to preserve its cash resources for its core and other business activities; and
- (c) by positioning Success Pillar as an associated company, the Company would be able to attract Korean Stock Exchange related investors, which allows Success Pillar to have access to the Korean capital markets and at the same time seek other Korea-related business expansion opportunities.

Furthermore, the Directors are of the view that the contemplated status of the Subsidiaries as associated companies of the Company after the Transactions would not impair their ongoing business relationship with the Group and the Subsidiaries will bring customers to the Zhuhai Petroleum Depot. The Directors also believe that any future growth in the Subsidiaries’ business and their logistical capacities would further increase their business volume with the Group.

Taking into account the above reasons, we concur with the Directors’ view that the Transactions are in the interests of the Company and the Shareholders as a whole.

3. The Investment Agreement

Pursuant to the terms of the Investment Agreement, Sound Hong Kong conditionally agreed to (i) subscribe for the SHK Subscription Shares, being 17,136,230 Nitgen Shares, at a subscription price of KRW646 (equivalent to approximately HK\$4.42) per Nitgen Share and a total subscription price of approximately HK\$75,821,949; and (ii) purchase the SHK Bonds at the issue price of US\$10,369,124 (equivalent to approximately HK\$80,568,093), being 100% of the principal amount of the SHK Bonds.

The subscription price of KRW646 (equivalent to approximately HK\$4.42) per Nitgen Share for the SHK Subscription Shares was arrived at after arm's length negotiations between Nitgen, Sound Hong Kong and NCC and was based on the lower of (a) arithmetic average of (i) volume-weighted-average share price ("Average Price") during one (calendar) month; (ii) Average Price during one (calendar) week; and (iii) Average Price on the (last) trading day, before the date of Board resolution on the share issue (i.e. the date of the Investment Agreement); and (b) Average Price on the (last) trading day before the date of board resolution of Nitgen on the share issue (i.e. the date of the Investment Agreement, which is in accordance with the applicable Korean laws.

The Conversion Price was arrived at after arm's length negotiations between Nitgen, NCC and SHK. The initial Conversion Price was determined based on the highest of the following formulae, which is in accordance with the applicable Korean law:

- (a) arithmetic average of (i) Average Price during one (calendar) month, (ii) Average Price during one (calendar) week, and (iii) Average Price on the (last) trading day, before the date of board resolution of Nitgen on the issue of the Convertible Bonds (i.e. the date of the Investment Agreement);
- (b) Average Price on the (last) trading day before the date of board resolution of Nitgen on the issue of the Convertible Bonds; and
- (c) Average Price of three trading days (third to last trading day) before the date of the Investment Agreement.

Assuming full conversion of the SHK Bonds at the initial Conversion Price of US\$0.585793 (equivalent to approximately HK\$4.55) as set out under the terms and conditions of the SHK Bonds, the SHK Bonds will be convertible into 17,701,003 Conversion Shares.

Immediately after the completion of the Investment Agreement, Sound Hong Kong would hold 17,136,230 Nitgen Shares, being approximately 24.20% of the total issued share capital of Nitgen. Assuming full conversion of the Convertible Bonds and Existing Bonds, immediately after completion of the Investment Agreement, Sound Hong Kong will own 34,837,233 Nitgen Shares, representing approximately 31.70% of the enlarged issued share capital of Nitgen.

The principal terms of the Convertible Bonds are set out in the Letter from the Board. In summary, the Convertible Bonds are non-interest bearing (except for interest of 10% per annum on any principal amount not paid when due, calculated on the basis of a 365-day year) and have a three-years term with the maturity date being the 3rd anniversary of the date of issue of the Convertible Bonds. The holders of the Convertible Bond shall have the right to convert their Convertible Bonds into Nitgen Shares at any time on or after the first anniversary of the date of issue of the Convertible Bonds up to the close of business (in Seoul) on the date one business day prior to the maturity date. Unless previously redeemed, converted or purchased, each Convertible Bond shall be redeemed by Nitgen at 100% of its principal amount.

Pursuant to the Investment Agreement, the SHK Subscription Shares shall, upon issuance, be subject to a one-year lock-up requirement by depositing the certificate representing such SHK Subscription Shares with the Korea Securities Depository as required under applicable Korean law. The Convertible Bonds shall not be sold or transferred to any third party Korean resident during a period of one year from completion of the Investment Agreement. Nitgen shall use the proceeds of the Subscription Shares and the Convertible Bonds for additional subscription of shares in Nitgen Lighting to provide funding for Nitgen Lighting in its proposed acquisition of the outstanding share capital of Success Pillar.

As mentioned above, the Investment Agreement provides that Nitgen shall apply the proceeds from the Subscription for injection of capital into Nitgen Lighting to fund the transactions contemplated under the Disposal Agreement. In essence, the transactions contemplated under the Investment Agreement and the Disposal Agreement are inter-related and are all part of the same arrangement to restructure and enhance the shareholder base of Success Pillar (i.e. the holding company of the Group's newly formed bunkering services) with the opportunity to participate in the Korean securities market. The aggregate sum of the subscription price of the SHK Subscription Shares and the issue price of the SHK Bonds in the amount of HK\$156,390,042 to be paid by Sound Hong Kong to Nitgen under the Investment Agreement is roughly equal to the consideration of HK\$156,767,000 to be paid by Nitgen Lighting to Sound Hong Kong under the Disposal Agreement.

Given that the subscription price of Nitgen Shares and the Conversion Price have been determined in accordance with applicable Korean law, we are of the view that they are in normal commercial terms and are fair and reasonable. Since the aggregate sum of the subscription price of the SHK Subscription Shares and the issue price of the SHK Bonds has been in substance arrived at based on the consideration receivable by Sound Hong Kong under the Disposal for its sale of the 65% interest in the share capital of Success Pillar which we consider to be fair and reasonable (details of our analysis on the fairness and reasonableness of the consideration under the Disposal Agreement are set out in the section headed "The Disposal Agreement" below), we are therefore of the view that the aggregate sum of the subscription price of the SHK Subscription Shares and the issue price of the SHK Bonds is also fair and reasonable.

4. The Disposal Agreement

Pursuant to the terms of the Disposal Agreement, Sound Hong Kong and NCC conditionally agreed to sell, and Nitgen Lighting conditionally agreed to purchase the Sale Shares, comprising the entire issued share capital of Success Pillar which is held as to 65% by Sound Hong Kong and as to 35% by NCC as at 1 August 2012.

The total consideration for the Disposal Agreement is an aggregate sum of HK\$241,180,000 to be paid on completion:

- (a) as to HK\$156,767,000, to Sound Hong Kong; and
- (b) as to HK\$84,413,000, to NCC

in accordance to the respective shareholdings of SHK and NCC in Success Pillar. As mentioned in the Letter from the Board, the consideration was arrived at through arm's length negotiations between Sound Hong Kong, NCC and Nitgen Lighting.

In arriving at the consideration, the relevant parties have made reference to Success Pillar's 51% interest in the Subsidiaries and in particular the benchmark net revenue achieved by the Subsidiaries during the 3-month Market Trial Period of HK\$109,921,956 (i.e. the "Attributable Quarterly Net Revenue"). On this basis, the aggregate consideration of HK\$241,180,000 payable by Nitgen Lighting for the entire issued share capital of Success Pillar is equal to approximately 2.2 times the Attributable Quarterly Net Revenue. The parties had also considered the quarterly trading volume of 42,542 metric tons of bunker fuel (being approximately 2% of the average quarterly sales in the whole Hong Kong for year 2011) and an acceptable level of gross profit (being HK\$10,664,013) achieved by the Subsidiaries during the Market Trial Period.

As mentioned in the Letter from the Board, the relevant parties agreed that the method of price determination is fair and reasonable taking into account the growth potential of Success Pillar, the limited number of bunkering service providers in Hong Kong, the growth trend of the industry as well as the fact that the consideration for the Disposal was in effect satisfied, in the case of Sound Hong Kong, by Nitgen issuing the SHK Subscription Shares which are subject to a one-year lock-up, and the SHK Bonds which are non-interest bearing.

As advised by the Directors, the Company has not performed any business valuation on Success Pillar and the Subsidiaries. The Directors explain that as Success Pillar commenced business operations for only three months and does not have any substantial assets other than cash and receivables, it is difficult to find an appropriate basis on which a valuation can be made on Success

Pillar by reference to its track record or assets base. While the Company is of the view that the business model of Success Pillar indicates that the business of Success Pillar will generate a profit, given the high volatility of petroleum prices (which has a major effect on the profit margin of Success Pillar), it is not possible to predict the amount of its future profits. Any valuation approaches on Success Pillar, if properly made, would rely heavily on assumptions (i.e. forecasted earnings) rather than factual information (i.e. historical earnings) and the assumptions would involve a significant degree of subjective judgement.

Nevertheless, in order to assess the fairness and reasonableness of the aggregate consideration of approximately HK\$241.2 million for the disposal of the entire issued share capital of Success Pillar, we consider it necessary to employ some valuation approaches in our analysis. Given that Success Pillar did not have any principal assets other than cash and receivables, we do not consider approach based on valuation of assets such as price-to-book to be appropriate in this case. On the other hand, we are of the view that the business model of Success Pillar is in between a trading company and a service provider on which valuation approach based on price-to-earnings multiple is commonly used. In this connection, we consider it relevant to evaluate the consideration by analyzing the historical earnings of Success Pillar using price-to-earnings multiple approach despite its short operating record.

As mentioned above, Success Pillar and the Subsidiaries, on a consolidated basis, recorded an unaudited net profit before tax of approximately HK\$6,749,000 for the three months ended 31 July 2012, of which approximately HK\$3,442,000 was attributable to equity owner (i.e. the 51% interest as held by Success Pillar). While we understand that the Subsidiaries have only been in operation for a few months, the hypothetical net profit before tax attributable to Success Pillar on an annualized basis would amount to approximately HK\$13,768,000, assuming that the Subsidiaries were able to achieve the profitability as recorded in the 3-month Market Trial Period for each of the remaining three calendar quarters. Assuming also that the Subsidiaries are subject to the prevailing corporate tax rate of 16.5% in Hong Kong, the estimated net profit after tax attributable to Success Pillar on an annualized basis would then be reduced to approximately HK\$11,496,000. On this basis, the aggregate consideration of HK\$241,180,000 for the disposal of the entire issued share capital of Success Pillar would represent a price-to-earnings multiple of approximately 21.0 times.

Having obtained the above mentioned estimated price-to-earnings multiple of Success Pillar, we have sought to identify the valuations of other comparable peer groups. In this connection, we have attempted but been unable to identify any listed companies in Hong Kong of which the principal business is similar to that of Success Pillar (i.e. the provision of oil bunkering services in Hong Kong as sole principal business). As advised by the Directors, this business sector is very unique and at present there are about twenty operators in the Hong Kong market who are buying or taking delivery from five petroleum corporations that have petroleum depots in Hong Kong. In addition, since the majority of these bunkering services providers are subsidiaries of large conglomerates with the remaining ones being private companies, their operations and financial results are not publically available.

We have, however, identified two listed companies, one in Hong Kong and the other in Singapore, namely, Brightoil Petroleum (Holdings) Ltd. (“Brightoil”) and Chemoil Energy Limited (“Chemoil”). Both of their oil bunkering businesses, however, do not operate in the Hong Kong market.

Brightoil is principally engaged in three major business segments – i) international supply and bunkering operation; ii) marine transportation operations; and iii) Direct investments. Based on our review of the latest published annual report of Brightoil available as at 5 September 2012 (being the date of both the Investment Agreement and the Disposal Agreement), we note that approximately over 99% of its revenue for each of the last two financial years was derived from international supply and bunkering operation.

Chemoil is principally engaged in three major business segments – i) sales of marine fuel and other related products; ii) income derived from chartering and ship management services; and iii) revenue derived by lease of terminals to physical suppliers of marine fuel. Based on our review of the latest published annual report of Chemoil available as at 5 September 2012 (being the date of both the Investment Agreement and the Disposal Agreement), we note that approximately over 98% of its revenue for each of the last two financial years was derived from sale of marine fuel.

Although Brightoil and Chemoil are operating in different markets with other different business segments, we have chosen these two companies as comparable because of the fact that their business model resembles that of Success Pillar’s and both of their revenue was principally derived from marine

bunkering services (i.e. over 98%), which matches with our selection criteria that the comparable companies shall have similar business model. Given the unique nature of the business model and the limited numbers of operators in the field as mentioned above, we consider that these two comparable companies represent a fair, representative and exhaustive list of sample. Also, given that marine fuel is to large extent a commodity-like product, we consider that the majority of these operators are subject to similar market conditions even though they are operating in different regions. As such, we are of the view that both Brightoil and Chemoil are relevant and appropriate comparable companies in our analysis.

Based on the audited profit attributable to owners of Brightoil for the year ended 30 June 2011 of approximately HK\$1,340,751,000 and its market capitalisation of approximately HK\$12,536,092,520 as at 5 September 2012 (being the date of both the Investment Agreement and the Disposal Agreement), Brightoil has a price-to-earnings multiple of approximately 9.4 times.

Based on the audited profit attributable to owners of Chemoil for the year ended 31 December 2011 of approximately US\$46,283,000 (equivalent to approximately HK\$359,618,000) and its market capitalisation of approximately US\$445,950,450 (equivalent to approximately HK\$3,465,034,000) as at 5 September 2012 (being the date of both the Investment Agreement and the Disposal Agreement), Chemoil has a price-to-earnings multiple of approximately 9.6 times.

The price-to-earnings multiple for Brightoil and Chemoil are both substantially lower than the price-to-earnings multiple of 21.0 times of Success Pillar as arrived at above. On this basis, we are of the view that the aggregate consideration of approximately HK\$241.2 million represents a high valuation of Success Pillar and is in the interests of the Company and the Shareholders as a whole.

In addition, we have also sought to compare the price-to-earnings multiple of Success Pillar to that of the Company itself. Based on the market capitalization of the Company of approximately HK\$2,246,068,000 as at 5 September 2012 (being the date of both the Investment Agreement and the Disposal Agreement) and its audited net profit attributable to owners of the Company for the year ended 31 December 2011 of approximately HK\$306,159,000, the Company

has a price-to-earnings multiple of approximately 7.3 times. On this basis, the price-to-earnings multiple of Success Pillar is significantly higher than that of the Company, and if we apply the existing price-to-earnings multiple of the Company as a reference to assess the aggregate consideration for the disposal of Success Pillar, we consider that the aggregate consideration of approximately HK\$241.2 million (which would represent a price-to-earnings multiple of approximately 21.0 times) is highly-valued.

In summary, although in the absence of any business valuation on Success Pillar or the Subsidiaries and the fact that it is not possible to evaluate the aggregate consideration in terms of direct comparison with comparable companies in Hong Kong due to the unique business sector Success Pillar and the Subsidiaries are engaging in, we are able to demonstrate that such aggregate consideration would represent a high price-to-earnings multiple as compared to the price-to-earnings multiple of Brightoil and Chemoil, (both of which have similar business model albeit operating in other regions), and the price-to-earnings multiple of the Company itself. From the seller's point of view, we are of the view that the aggregate consideration of HK\$241,180,000 under the Disposal is favourable to the Group. In particular, the Directors have advised that the Group would record a substantial gain on the Disposal because of the significant premium as represented by the consideration over the net book value of Success Pillar (further details of the financial effects are set out in the headed "Financial effects of the Transactions" below). Accordingly, we consider the consideration of HK\$156,767,000 to be receivable by Sound Hong Kong under the Disposal for its sale of the 65% interest in the share capital of Success Pillar to be fair and reasonable.

V. FINANCIAL EFFECT OF THE TRANSACTIONS

Upon completion, Success Pillar will cease to be a subsidiary of the Company, and therefore the assets and liabilities of Success Pillar will no longer be consolidated into the Company's accounts. In addition, as advised by the Company, given that the total consideration for the Disposal is significantly higher than the total net book value of Success Pillar, the Company expects to record a substantial gain of approximately HK\$153.0 million from the Disposal.

As advised by the Directors, the Company intends to classify the SHK Subscription Shares and the SHK Bonds as "financial assets held for sales" under current assets. The Company may record a gain or a loss on Completion and at any subsequent financial reporting date depending on the closing price of Nitgen Shares as at the relevant time.

VI. RECOMMENDATION

In formulating our recommendation to the Independent Board committee and the Independent Shareholders, we have considered the above principal factors and reasons and are of the opinion that the Transactions are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we would advise the Independent Board Committee and the Independent Shareholders that the Independent Shareholders should vote in favour of the relevant resolution to approve the Transactions at the EGM.

Yours faithfully

For and on behalf of

Investec Capital Asia Limited

Ambrose Lam

Chief Executive Officer

1. 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.

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 Share (Long Position)

Name of Director	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company
Shum Siu Hung	Beneficial owner	25,304,000	1.94
	Family interest (<i>Note 1</i>)	490,779,280	37.58
Shum Chun, Lawrence	Beneficial owner	49,933,558	3.82
	Other (<i>Note 2</i>)	73,616,892	5.64
Cen Ziniu	Other (<i>Note 2</i>)	4,907,793	0.38

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 as referred to in note 2 below and note 1 to paragraph (a) under the section headed "Substantial Shareholders" below, and are deemed to be the family interest of Shum Siu Hung. Shum Siu Hung, Tong Shiu Ming, Shum Chun, Lawrence and Cen Ziniu are also directors of Uniocean.
2. These interests reflect the 15% and 1% proportional interest of Shum Chun, Lawrence and Cen Ziniu in the 490,779,280 Shares held by Uniocean, respectively.

(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 Issuers, 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 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 Share (Long Position)

Name of Shareholder	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company
Uniocean	Beneficial owner	490,779,280	37.58
Tong Shiu Ming	Held by corporation (<i>Note 1</i>)	490,779,280	37.58
	Family interest (<i>Note 2</i>)	25,304,000	1.94
Integrated Asset Management (Asia) Limited (“Integrated Asset”)	Beneficial owner	80,000,000	6.13
Yam Tak Cheung	Held by corporation (<i>Note 3</i>)	80,000,000	6.13

Notes:

- 490,779,280 Shares are held as corporate interest by Tong Shiu Ming through Uniocean, which is owned as to 64% by Tong Shiu Ming, 15% by Shum Chun, Lawrence, 15% by Shum Ho, Neo, 5% by Wu Hong Cho and 1% by Cen Ziniu.

2. These represent the same block of 25,304,000 Shares held beneficially by Shum Siu Hung, spouse of Tong Shiu Ming as referred to in paragraph (a) under the section headed “Disclosure of Directors’ Interest in Shares and Rights to Acquire Shares” above and are deemed to be the family interest of Tong Shiu Ming.
3. 80,000,000 Shares are held by Integrated Asset. Yam Tak Cheung owns 100% of Integrated Asset and is deemed to be the controlling shareholder of Integrated Asset.

(b) Share options

Name of Shareholder	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:

These represent share options to subscribe 9,940,358 Shares held by Shum Siu Hung, the spouse of Tong Shiu Ming as referred to in paragraph (b) under section headed “Disclosure of Directors’ Interest in Shares and Rights to Acquire Shares” above, and were deemed to be the family interest of Tong Shiu Ming.

4. 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).

5. DIRECTORS’ INTERESTS IN THE ASSETS OR CONTRACTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Company.

As at the Latest Practicable Date, none of the Directors has or had any 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 2011 (being the date to which the latest published audited financial statements of the Company were made up).

6. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as known to the Directors, none of the Directors or their respective associates had any interests in other business which competes or is likely to compete with the business of the Group.

7. NO MATERIAL ADVERSE CHANGE

So far as the Directors are aware having made all reasonable enquiries, there is no material change in the business and trading position of the Group since 31 December 2011 (being the date to which the latest published audited financial statements of the Company were made up).

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who have given opinion or advice which are contained in this circular:

Name	Qualification
Investec Capital Asia Limited	a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Investec has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference its name or opinion in the form and context in which it appears.

As at the Latest Practicable Date, Investec was not beneficially interested in the share capital of any member of the Group nor did it has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Investec did not, directly or indirectly, had any interest in any assets which had since 31 December 2011 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MISCELLANEOUS

- (a) The registered address of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong.
- (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) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. 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 1 November 2012:

- (a) the Investment Agreement;
- (b) the Disposal Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 25 of this circular; and
- (d) the letter from Investec as set out in Appendix II to 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 Thursday, 1 November 2012 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

(a) the execution and entering into of:

- (1) an agreement (the “Investment Agreement”) dated 5 September 2012 between Sound Hong Kong Limited (“Sound Hong Kong”), New Concept Capital Limited and Nitgen&Company Co., Ltd. (“Nitgen”) relating, inter alia, to (a) the subscription by Sound Hong Kong of 17,136,230 shares of common stock having a par value of KRW500 each (“Nitgen Shares”) in the capital of Nitgen; and (b) the purchase by Sound Hong Kong of convertible bonds issued by Nitgen in the principal sum of US\$10,369,124 convertible into Nitgen Shares in accordance with the terms and conditions of the Investment Agreement (a copy of which has been produced to the meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification); and

* for identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

- (2) an agreement (the “Disposal Agreement”) dated 5 September 2012 between Sound Hong Kong, NCC and Nitgen Eco & Energy International Holdings Limited (formerly known as Nitgen Lighting Limited (“Nitgen Lighting”)) relating, inter alia, to the sale by Sound Hong Kong of a 65% interest in the issued share capital of Success Pillar Limited to Nitgen Lighting in accordance with the terms and conditions of the Disposal Agreement (a copy of which has been produced to the meeting marked “B” 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 Sound Hong Kong’s obligations contemplated under the Investment Agreement and the Disposal Agreement be and is hereby approved; and

- (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 Investment Agreement and the Disposal Agreement.”

By Order of the Board
Wu Hong Cho
Company Secretary

Hong Kong, 11 October 2012

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business in Hong Kong:

20th Floor, Times Tower, 393 Jaffe Road,
Wanchai, Hong Kong

NOTICE OF SPECIAL GENERAL MEETING

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 logged 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 being appointed for the meeting or any adjournment thereof.
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 on Thursday, 1 November 2012 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 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 31 October 2012.
5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.