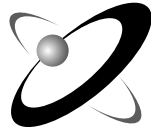


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NewOcean Green Energy Holdings Limited

(新海環保能源集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 342)

DISCLOSEABLE TRANSACTION

On 7th January, 2005 Bai Fu Yang Petrochem and the Vendor entered into a conditional Agreement pursuant to which Bai Fu Yang Petrochem agreed to purchase and the Vendor agreed to sell an 80% interest in Yong Long Gas. The principal businesses of Yong Long Gas are the sale and distribution of LPG in Qingyuan, Guangdong, PRC.

The consideration for the Acquisition is RMB33,600,000 (or approximately HK\$31,700,000) which will be satisfied wholly in cash. The consideration of the Acquisition was arrived at after arm's length negotiation. The Directors consider the terms of the Agreement to be fair and reasonable.

The Acquisition will strengthen the Group's retail business, bring about an increase in the Group's share in the targeted market and enhance the logistic capabilities of the Group. The Directors consider the Acquisition to be of strategic importance and is in the interests of the Company and its shareholders as a whole.

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing further details of the Acquisition will be despatched to the shareholders of the Company as soon as practicable.

THE AGREEMENT DATED 7TH JANUARY, 2005

Parties:

- (i) Vendor: Madam Xie Lijun who, to the best of the directors' knowledge, information and belief having made all reasonable enquiry is a third party independent of the Company and connected persons of the Company (as defined in the Listing Rules); and
- (ii) Purchaser: Bai Fu Yang Petrochem, a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

Assets to be acquired:

80% equity interest of Yong Long Gas

Consideration:

RMB33,600,000 (or approximately HK\$31,700,000) which will be satisfied wholly in cash. The Consideration will be funded by internal resources of the Group.

The Consideration was arrived at after arm's length negotiation and was agreed on normal commercial terms between the Vendor and the Purchaser with reference to an independent valuation conducted on the business of Yong Long Gas. The business of Yong Long Gas was valued by Norton Appraisals Limited, an independent professional valuer appointed by the Company at HK\$39,600,000 (or approximately RMB42,000,000) as at 29th December, 2004. Such valuation was made using the Discounted Cash Flow method and assuming there will be no major changes in the current taxation, legal and relevant licensing system in the PRC and no material changes in the unit purchase price and unit selling price of LPG from the existing level. The Consideration equals the valuation after pro rata adjustment for the 80% equity interest to be acquired.

The Directors consider the terms of the Agreement to be fair and reasonable and the Acquisition is in the best interests of the Group and its shareholders as a whole.

Terms of Payment

The consideration of RMB33,600,000 has been deposited with a firm of PRC Lawyers approved by the Vendor and the Purchaser, which sum shall be paid to the Vendor on Completion. If for whatever reason the Acquisition cannot proceed (otherwise by reason of default on the part of the Purchaser), the said sum shall be returned in full to the Purchaser.

Conditions:

Completion of the Agreement is subject to the following conditions:

1. all shareholders of Yong Long Gas consenting to the Acquisition and the board of Yong Long Gas approving the Acquisition; and
2. the Purchaser having completed to its satisfaction a due diligence review on the legal, financial, existing business and future prospects of Yong Long Gas.

Completion:

Completion shall take place upon fulfillment of all the conditions of the Agreement and in any event not later than 10th January, 2005 (or such later date as may be agreed), otherwise the Agreement may be terminated at the election of either the Vendor or the Purchaser.

Information about Yong Long Gas

Yong Long Gas is a company incorporated with limited liability under the laws of the PRC in 1995 and currently has a paid up capital comprising cash contribution of RMB4,280,000, 80% of which is beneficially owned by the Vendor. The remaining 20% is held by an existing shareholder of Yong Long Gas who is a third party independent of the Company and connected persons of the Company. It is principally engaged in the sales of LPG pressurised in bottled cylinders to residential, commercial and industrial customers in Qingyuan, Guangdong, PRC. Yong Long Gas operates 29 outlets for sales of LPG in Qingyuan, which, in the opinion of the directors provide a solid retail customer base. Yong Long Gas has been granted the necessary business licences and permissions for the sale of bottled LPG, which include a Certificate of Competency of Urban Gas Enterprise (城市燃氣企業資質證書) from the Qingyuan Municipal Board of Construction (清遠市建設局) granted on 11th September, 2002 and valid until 11th September, 2007.

Unaudited turnover and net loss of Yong Long Gas for the year ended 31st December, 2002 were respectively RMB8,496,616 (or approximately HK\$8,015,675) and RMB329,380 (or approximately HK\$310,736), and unaudited turnover and net loss for the year ended 31st December, 2003 were respectively RMB 9,157,994 (or approximately HK\$8,639,617) and RMB48,368 (or approximately HK\$45,630). The unaudited total assets and net asset value of Yong Long Gas as at 30th September, 2004 were RMB4,669,400 (or approximately HK\$4,405,094) and RMB4,069,731 (or approximately HK\$3,839,369) and the unaudited turnover and net loss for the 9 months ended 30th September, 2004 were respectively RMB7,493,245 (or approximately HK\$7,069,099) and RMB36,319 (or approximately HK\$34,263). No profits tax has been charged on Yong Long Gas, and the unaudited net losses for Yong Long Gas quoted above represented the unaudited net losses after tax for the periods cited.

Reasons for the Acquisition

The principal businesses of the Group are the sale and distribution of LPG and leasing of property, plant and equipment.

After the acquisition of the Gaolan Harbour Terminal in Zhuhai in 2004 as announced by the Company on 16th December, 2003, the Group capitalise on the capability of the Terminal to handle and process imported LPG to achieve a rapid increase in its wholesale business. During the year, wholesale business surpassed retail business and became the main component of the Group's turnover. With the expansion of the Gaolan Harbour Terminal expected to be under way in the near future, the Group's capacity to import and wholesale LPG will see another significant increase. To achieve a balanced business portfolio, and mindful of the generally higher profit margin for retail business, the management has been canvassing opportunities to expand retail operation.

Yong Long Gas is located in Qingyuan, Guangdong, a region suitably sited for the Group's LPG business and hence one of the target markets of the Group. The region is connected to Zhuhai by convenient highway links. Since 2003, the Group has endeavoured to develop its retail operations in the region. The Acquisition will significantly increase the Group's market share in Qingyuan, making the Group one of the largest LPG operators in the region. Of equal importance, the Acquisition will add to the supply channels and enhance the logistic network of the Group. The Directors consider the Acquisition to be of strategic significance, and believe that the Acquisition represents an excellent opportunity for the Group to expand its retail business and logistic capabilities. Given that the previous net losses of Yong Long Gas were, in the opinion of the Directors, occasioned by the high sales costs which mainly comprised

commission payments in the sales team, the Directors are confident to turnaround the business of Yong Long Gas into profits by carrying out corporate reorganisation, business re-engineering aiming at better efficiency, and by achieving economy of scale.

General

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing details of the Acquisition will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless otherwise specified.

“Acquisition”	the acquisition by Bai Fu Yang Petrochem of an 80% equity interest in Yong Long Gas pursuant to the Agreement
“Agreement”	the agreement dated 7th January, 2005 entered into between Bai Fu Yang Petrochem and the Vendor in relation to the Acquisition
“Bai Fu Yang Petrochem” or “Purchaser”	Qingxin Bai Fu Yang Petrol Chemical Company Limited (“清新縣百富洋石油化工有限公司”)
“Company”	NewOcean Green Energy Holdings Limited, a company incorporated in Bermuda with limited liability and which Shares are listed on the Stock Exchange
“Completion”	completion of the Agreement
“Consideration”	Renminbi Thirty-three Million Six Hundred Thousand (RMB 33,600,000)
“Directors” or “Board”	the board of directors of the Company, including the independent non-executive directors
“Group”	the Company and its subsidiaries
“Yong Long Gas”	Qingxing Yong Long Gas and Chemical Company Limited (清新縣永龍燃化有限公司)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPG”	liquefied petroleum gas

“PRC”	The People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Madam Xie Lijun, a PRC resident
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

Note: In this announcement, the exchange rate of HK\$1.00 to RMB1.06 has been used for reference only.

By order of the Board
Shum Siu Mau
Chairman

Hong Kong, 10th January, 2005

As at the date of this announcement, the Board of the Company comprises Mr. Shum Siu Mau, Mr. Wu Hong Cho, Mr. Cheng Wai Leung, Mr. Cen Ziniu, Mr. Raymond Chiu Sing Chung and Mr. Lawrence Shum Chun, being the executive Directors, Mr. Michael Frederick Young Wing Chun, Mr. Anthony Cheung Kwan Hung and Dr. Charles Koo Ming Yan, being the independent non-executive Directors.

** for identification only*