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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>

(1) DISCLOSEABLE TRANSACTION ESTABLISHMENT OF SINOPEC-NEWOCEAN JV (2) RESUMPTION OF TRADING

This announcement is made by the Company pursuant to Chapter 14 of the Listing Rules and Part XIVA of the SFO.

THE JV AGREEMENT

The Board announces that on 10 April 2013 after the close of the morning session of trading on the Stock Exchange, NBIC, a wholly-owned subsidiary of the Company and being the holding company of Lianxin Energy, entered into the JV Agreement with Sinopec for the establishment of Sinopec-NewOcean JV. The JV will have a registered capital of RMB100,000,000 (equivalent to approximately HK\$123,730,000), of which 51% will be subscribed for and owned by Sinopec, and 49% will be subscribed for and owned by NBIC.

The principal business of Sinopec-NewOcean JV will include: (i) motor vehicle refueling in Guangzhou for LPG vehicles; (ii) motor vehicle refueling in Guangzhou for LNG vehicles, which will be added in stages to the JV's business; (iii) sales of non-petrol chemical consumer items with sales support from Sinopec's chain of petrol filling stations; and (iv) sales and distribution of bonded oil products for marine bunkering. The JV Agreement provides for the respective rights of supply by Sinopec and NBIC to the JV.

In relation to Sinopec-NewOcean JV's motor vehicle refueling business, the JV Agreement provides, among other things, that the JV will subcontract from NBIC all the 17 LPG refueling stations in Guangzhou currently owned by Lianxin Energy (the "**Subcontracting Arrangement**"), and the JV will further lease from Sinopec all the 3 LPG refueling stations in Guangzhou currently owned by Sinopec.

* for identification purposes only

Under the terms of the Subcontracting Arrangement agreed between Sinopec and NBIC, the subcontracting period will be 10 years during which the JV will pay to NBIC a subcontracting fee of RMB5,300,000 (equivalent to approximately HK\$6,558,000) each year, and Sinopec will undertake that Lianxin Energy will pay to NBIC a total sum of RMB53,000,000 (equivalent to approximately HK\$65,577,000) each year by way of information and technical services fees.

LISTING RULES IMPLICATIONS

Under the JV Agreement, NBIC's capital contribution to the Sinopec-NewOcean JV, when aggregated with (i) the expected capital commitment of NBIC contemplated under the JV Agreement; and (ii) the total sums receivable by NBIC under the Subcontracting Arrangement, gives rise to an applicable ratio exceeding 5% but is below 25% under the Listing Rules. Accordingly the establishment of the Sinopec-NewOcean JV is a discloseable transaction under Chapter 14 of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading of shares of the Company on the Stock Exchange was halted with effect from 1:00 p.m. on 10 April 2013 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:00 a.m. on 11 April 2013.

1. THE JV AGREEMENT

1.1 Date

10 April 2013

1.2 Parties

- (1) Sinopec, a third party independent of the Company and its connected persons
- (2) NBIC, a wholly-owned subsidiary of the Company

1.3 Company name, term of joint venture and Capital Contribution

A company shall be established in the PRC as a long-term joint venture under the name “中石化新海能源有限公司” (Sinopec NewOcean Energy Company Limited) or such other name as may be approved by the relevant authorities for business registration. The JV shall have a registered capital of RMB100,000,000 (equivalent to approximately HK\$123,730,000) of which 51%, namely RMB51,000,000 (equivalent to approximately HK\$63,102,000), shall be subscribed for and owned by Sinopec, and 49%, namely RMB49,000,000 (equivalent to approximately HK\$60,628,000), shall be subscribed for and owned by NBIC.

1.4 Principal business of Sinopec-NewOcean JV

The principal business of the JV shall include:

- (a) motor vehicle refueling in Guangzhou for LPG vehicles;
- (b) motor vehicle refueling in Guangzhou for LNG vehicles, which shall be added in stages to the JV's business;
- (c) sales of non-petrol chemical consumer items with sales support from Sinopac's chain of petrol filling stations; and
- (d) sale and distribution of bonded oil products for marine bunkering.

NBIC's capital commitments under the JV Agreement will be met: (i) as to the capital contribution in Sinopec-NewOcean JV, by the Group's internal resources; and (ii) as to the capital commitment for the installation, in stages, of LPG and LNG facilities under the JV Agreement, by the Group's internal resources or by funding opportunities as they present themselves.

1.5 Provisions relating to refueling business of Sinopec-NewOcean JV

- (a) the JV shall subcontract from NBIC all the 17 LPG refueling stations in Guangzhou currently owned by Lianxin Energy (the "**Subcontracting Arrangement**");
- (b) the JV shall lease from Sinopec all the 3 LPG refueling stations in Guangzhou currently owned by Sinopec;
- (c) the JV shall fund the installation of LPG refueling facilities in 5 out of the 27 petrol fillings stations owned by Sinopec in Guangzhou, and the facilities shall be operated by the JV as part of its LPG refueling business;
- (d) the JV's LPG refueling business shall be operated at a gross margin based on price-control regulations issued by relevant government authorities (currently 6%);
- (e) in respect of the remaining 22 petrol fillings stations owned by Sinopec in Guangzhou, the JV shall, in stages, fund the installation of LNG refueling facilities in these stations, and the facilities shall be operated by the JV as its LNG refueling business; and
- (f) the JV may apply to relevant government authorities for the setting up of new refueling stations, the construction of which will be funded by the JV's own resources.

1.6 The Subcontracting Arrangement

- (a) the subcontracting period shall be 10 years;
- (b) the JV shall pay to NBIC a subcontracting fee of RMB5,300,000 (equivalent to approximately HK\$6,558,000) for each year of the subcontracting period;
- (c) The JV shall procure Lianxin Energy to make outlays of not less than RMB27,600,000 (equivalent to approximately HK\$34,149,000) each year in respect of administration and management expenses;
- (d) The JV shall procure Lianxin Energy to make outlays of not less than RMB21,600,000 (equivalent to approximately HK\$26,726,000) each year in respect of operating expenses, inclusive of equipment maintenance and rental; and
- (e) The JV shall undertake that Lianxin Energy shall pay to NBIC a total sum of RMB53,000,000 (equivalent to approximately HK\$65,577,000) each year by way of information and technical services fees for each year of the subcontracting period.

1.7 Supply rights

- (a) for refueling of LPG vehicles, priority shall be given to imported LPG cargo to be supplied by NBIC;
- (b) for refueling of LNG vehicles, priority shall be given to LNG to be supplied by Sinopec or its business partners; and
- (c) for sale and distribution of oil products, Sinopec shall supply to the JV the required oil products, fuel oil and related products at competitive international market prices.

1.8 Board and Management of Sinopec-NewOcean JV

The JV shall have a board comprising 5 members, of which 3 shall be appointed by Sinopec and 2 by NBIC. The chairman of the board shall be appointed by Sinopec and the deputy chairman shall be appointed by NBIC.

The management of the JV shall be vested in the general manager of the JV who shall be appointed by NBIC. The deputy general manager shall be appointed by Sinopec.

1.9 Profit Sharing

The profits from the JV shall be shared, and the losses of the JV shall be borne, by Sinopec and NBIC in the same ratio of their capital contribution to the JV.

1.10 Transfer restrictions

The respective equity interests of Sinopec and NBIC in the registered capital of the JV is not transferrable save with prior consent of the other party. In considering whether consent should be given, regard should be made to any possible reduction in the value of the parties' interest in the JV arising from the transfer.

1.11 Date of implementation

It is expected that the establishment of Sinopec-NewOcean JV will be completed by, and implementation of the JV Agreement (including the Subcontracting Arrangement) will start from July 2013.

2. INFORMATION ON SINOPEC

Sinopec is an energy and chemical company which, through its subsidiaries, engages in oil and gas and chemical operations in the PRC. Shares of Sinopec are listed on the main board of the Stock Exchange.

3. INFORMATION ON THE COMPANY AND THE GROUP

The principal business of the Company is investment holding. The principal businesses of the Group are sale and distribution of LPG and petroleum products, and the sale of electronic parts.

4. INFORMATION ON NBIC AND LIANXIN ENERGY

NBIC is an intermediate holding company in the retail arm of the Group's energy business.

Lianxin Energy is a company incorporated in the PRC which owns and operates a chain of 17 motor vehicle refueling stations for LPG vehicles in Guangzhou. Since January 2012, Lianxin Energy has been an indirect wholly-owned subsidiary of the Company, with its latest registered capital being RMB85,500,000 (equivalent to approximately HK\$105,789,000) and held as to 96.49% by NBIC and 3.51% by 新海能源(中國)有限公司 (NewOcean Energy (China) Company Limited), another wholly-owned subsidiary of the Company.

The unaudited turnover and net loss of Lianxin Energy before depreciation for the 11 months ended 31 December 2012 (i.e. the period in which Lianxin Energy's results were consolidated into the Group for the year ended 31 December 2012) were approximately RMB1,760,997,000 and RMB13,557,000 (equivalent to approximately HK\$2,164,451,000 and HK\$16,663,000) respectively, and as at 31 December 2012 the unaudited non-current assets, current assets and total liabilities of Lianxin Energy were RMB81,677,000, RMB517,771,000 and RMB789,772,000 (equivalent to approximately HK\$100,730,000, HK\$638,553,000 and HK\$974,005,000) respectively.

5. EFFECT OF THE JV AGREEMENT ON THE FINANCIAL POSITION OF THE GROUP

Assets and liabilities of the Group

The JV Agreement has no effect on the Company's equity interests in NBIC, Lianxin Energy, or any other member of the Group and does not involve the acquisition or disposal of the Group's assets save for the acquisition of a 49% interest in the JV by way of subscription in its registered capital. Except for temporary arrangements concerning the accounts receivable and accounts payable of Lianxin Energy required for the implementation of the Subcontracting Arrangement, the JV Agreement has no material effect on the assets and liabilities of the Group.

Profit and loss of the Group

Under the Subcontracting Arrangement, the business of Lianxin Energy will be subcontracted to, and control will be exercised by Sinopec-NewOcean JV. Under HKFRS/IFRS10 issued in 2011 and effective for annual periods beginning on or after 1 January 2013, the results of Lianxin Energy will not be consolidated into the accounts of the Group for the financial periods from implementation of the Subcontracting Arrangement to the expiry of the Subcontracting Arrangement. The following table sets out, for illustrative purposes only, a summary of the unaudited pro forma statement of comprehensive income of the Group for the 12 months ended on 31 December 2012 prepared on the basis that the Subcontracting Arrangement had been implemented during the entire period, and the results of Lianxin Energy were not consolidated into the accounts of the Group (the "**Adjusted Group**").

Unaudited pro forma consolidated statement of comprehensive income (summary):

	The Group	Pro forma	The Adjusted
	12 months	adjustments	Group
	ended		12 months
	31 December		31 December
	2012		2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue (<i>Notes 1 and 2</i>)	12,456,376	(54,625)	12,401,751
Cost of Sales	<u>(11,398,888)</u>	<u>—</u>	<u>(11,398,888)</u>
Gross Profit (<i>Notes 1 and 2</i>)	1,057,488	(54,625)	1,002,863
Selling and distribution expenses	(227,264)	46,442	(180,822)
Administrative expenses	(201,909)	12,948	(188,961)
Finance costs	(275,701)	12,050	(263,651)
Other income and gain (loss) (<i>Note 3</i>)	92,116	65,534	157,650
Share of profit of jointly controlled entities and associates	<u>1,219</u>	<u>(8,165)</u>	<u>(6,946)</u>
Profit before taxation	445,949	74,184	520,133
Taxation charge	<u>(17,725)</u>	<u>(16,421)</u>	<u>(34,146)</u>
Profit for the year from continuing operations	<u><u>428,224</u></u>	<u><u>57,763</u></u>	<u><u>485,987</u></u>

Notes:

1. The pro forma adjusted revenue and gross profit of the Group have not taken into account the operation of the 3 refueling stations for LPG vehicles owned by Sinopec which will be leased to the JV under the JV Agreement.
2. No adjustment is made to the gross profit of Lianxin Energy to conform to the gross margin (currently 6%) to be achieved by Lianxin Energy under the JV Agreement.
3. As the Subcontracting Arrangement is subject to termination on expiry of the subcontracting period, assets of Lianxin Energy will remain consolidated into the accounts of the Group and the Subcontracting Arrangement will not give rise to gain (or loss) on not consolidating the result of Lianxin Energy.

7. REASONS AND BENEFITS FOR THE JV AGREEMENT

The JV Agreement underpins an important strategic alliance between Sinopec and the Company, combining the two companies' energy supply and retail sales networks in the clean energy field. The JV Agreement serves to further consolidate the Group's leadership in the LPG field, and at the same time offered to the Group important business opportunities in the LNG field. In the oil products business, the JV Agreement provides to the Group an assurance of dependable supply both for further growth of the Group's marine bunkering services that commenced in 2012, and for the oil products business scheduled to commence upon the completion of the Group's oil products depot in Zhuhai at the end of 2013.

The JV Agreement, together with the Subcontracting Arrangement, gives the Group the immediate benefit of an income stream in the form of subcontract fees, and information and technical services fees. Eventhough under the JV Agreement, the refueling business of Lianxin Energy for LPG vehicles will be subcontracted to the JV, reducing the attributable percentration to the Group of potential profits from Lianxin Energy from 100% to 49% (i.e. NBIC's percentage interest in the JV) during the subcontracting period, the Group in return receives a total income of RMB583,000,000 (equivalent to approximately HK\$721,346,000) during the same period. In addition:

- (i) under the JV Agreement, the Group will maintain its supply rights for the LPG refueling business, and hence the Group has the benefit of income from procurement and cargo handling for the JV in respect of LPG motor fuel;
- (ii) despite the JV having to pay to NBIC fees for the subcontracting, it is presently estimated by the management of the Company that with the addition of 3 LPG refueling stations owned by Sinopec and the installation of LPG facilities in 5 petroleum filling stations, the increase in income of the JV will in the near future more than cover the outlay in fees, and hence the Group has the benefit of a 49% attributable share in the increase in the JV's income; and
- (iii) the 22 petroleum filling stations available to the JV for installation of LNG refueling facilities and operation by the JV with benefit the Group with a substantial increase in business volume and profit through its 49% shareholding in the JV.

The JV Agreement and the Subcontracting Arrangement will require the installation of 5 new LPG refueling facilities and up to 22 new LNG refuel facilities by the JV, the cost of which will be borne as to 49% by the Group. The cost outlay will be staged. It is the management's estimate that the costs involved will be moderate and commencerate with other LPG refueling facilities of the Group. With increasing attention being given in the PRC to air polution and environmental protection, the management expects the demand for clean energy, both LPG and LNG, will continue to grow at a steady pace, and the JV Agreement and Subcontracting Arrangement will substantially enlarge the Group's revenue base and increase its profitability.

The terms of the JV Agreement and the Subcontracting Arrangement were arrived at between Sinopec and NBIC through arms length negotiation and were on normal commercial terms. Taking into consideration the above, the assurance of dependable supply of oil products and networking advantages given to the Group, and the opportunities for further business expansion offered by the JV Agreement in the energy business field in the PRC, the Directors consider that the JV Agreement and the transactions contemplated under it are to the interest of the Company and its shareholders.

8. LISTING RULE IMPLICATION

Under the JV Agreement, NBIC's capital contribution to the Sinopec-NewOcean JV, when aggregated with (i) the expected capital commitment of NBIC contemplated under the JV Agreement; and (ii) the total sums receivable by NBIC under the Subcontracting Arrangement, gives rise to an applicable ratio exceeding 5% but is below 25% under the Listing Rules. Accordingly the establishment of the Sinopec-NewOcean JV is a discloseable transaction under Chapter 14 of the Listing Rules.

9. RESUMPTION OF TRADING

At the request of the Company, trading of shares of the Company on the Stock Exchange was halted with effect from 1:00 p.m. on 10 April 2013 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:00 a.m. on 11 April 2013.

10. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	means the Board of Directors
“connected persons”	has the meaning ascribed to such term in the Listing Rules
“Company”	means 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
“Directors”	means directors of the Company
“Group”	means the Company together with its subsidiaries and jointly controlled entities

“HKFRS”	means Hong Kong Financial Reporting Standard
“Hong Kong”	means The Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong
“IFRS”	means International Financial Reporting Standard
“JV Agreement”	means the agreement dated 10 April 2013 entered into between Sinopec and NBIC
“LNG”	means liquefied natural gas
“LPG”	means liquefied petroleum gas
“Lianxin Energy”	means 聯新能源發展有限公司 (Lianxin Energy Development Company Limited), a subsidiary of NBIC incorporated in the PRC
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“NBIC”	means 新海百富洋投資有限公司 (NewOcean Baifuyang Investment Company Limited), a wholly-owned subsidiary of the Company incorporated in the PRC
“PRC”	means the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong and Macau
“RMB”	means Renminbi, the lawful currency of the PRC
“SFO”	means the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Sinopec”	means China Petroleum & Chemical Corporation, a company incorporated in the PRC
“Sinopec-NewOcean JV” or the “JV”	means the joint venture company to be established in the PRC pursuant to the JV Agreement
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited

For the purpose of the announcement, amounts quoted in RMB have been converted into HK\$ at a rate of RMB1.00 to HK\$1.2373 except for the figures related to the year ended 31 December 2012. 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.

By Order of the Board
Shum Siu Hung
Chairman

Hong Kong, 10 April 2013

As at the date of this announcement, the Board of the Company comprises Mr. Shum Siu Hung, Mr. Lawrence Shum Chun, Mr. Raymond Chiu Sing Chung, Mr. Cen Ziniu, Mr. Siu Ka Fai, Brian and Mr. Wang Jian, being the Executive Directors, Mr. Anthony Cheung Kwan Hung, Mr. Benedict Chan Yuk Wai and Dr. Xu Mingshe being the Independent Non-executive Directors.