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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>

### **POSITIVE PROFIT ALERT**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform shareholders of the Company and potential investors that the consolidated profit after tax attributable to shareholders of the Company for the six months ended 30 June 2011 is expected to increase substantially compared with that for the correspondence period in 2010.

The information contained in this announcement is based the preliminary review of the Group's business results as shown in the management accounts of the Group for the six months ended 30 June 2011. The review now being conducted by the Company's auditors on the management accounts has not been completed and the management accounts may still be subject to adjustments. **Shareholders and potential investors are recommended to exercise caution when dealing in the shares of the Company.**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The board of directors (the "Board") of NewOcean Energy Holdings Limited (the "Company" and together with its subsidiaries, the "Group") wishes to inform shareholders of the Company and potential investors that, based on the preliminary review of the unaudited financial statements of the Group for the six months ended 30 June 2011, the consolidated profit after tax of the Group for the period is expected to increase substantially compared with that for the corresponding period in 2010. The increase is due mainly to the following:

- (a) The Group is able to meet all its major targets set down in 2009 relating to the Group's infrastructural expansion and the opening up of new markets. This sets off a new cycle of sales increase of the Group commencing in the first half of 2011, which in turn increases the Group's profit.
- (b) In order to minimize the Group's total transaction cost for purchase of liquefied petroleum gas ("LPG") from overseas, the Group adopts a model of structured matching transactions which matches its LPG purchases against related payment and financing arrangements. The payment and financing arrangements involve the making of appropriate hedging RMB cash deposits and the simultaneous use of Forward Exchange Contracts to hedge possible exchange rate fluctuations in the settlement currency. The effective adoption of this model of structured matching transactions in the first half year of 2011 results in considerable financial gains which effectively widens the Group's profit margin in LPG sales.
- (c) Under the framework agreement entered into between the Group, Guangzhou Senneng LPG Company Limited and Zhuhai City Wangtong Shipping Company Limited dated 21 October 2010, the Company agreed to acquire in two separate stages the entire registered capital of Lianxin Energy Development Company Limited ("**Lianxin Energy**") which owns and operates a network of 17 autogas refueling stations in and around Guangzhou. The first stage involves the acquisition of 5% of Lianxin Energy by the Group and the advance of an interest-bearing loan in the principal amount of RMB580,000,000 to the relevant vendor for the purpose of the financial restructuring of Lianxin Energy in preparation for the second stage acquisition. The first stage was completed in December 2010. As disclosed in the Company's circular dated 2 December 2010, whilst the acquisition of 5% of Lianxin Energy under the first stage does not enable in the financial results of the Lianxin Energy to be consolidated into the financial statements of the Group, interest payments received by the Group since 1 January 2011 relating to the entrusted loan received by the Group 2011 have been booked as earnings for the group.

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By order of the Board  
**NewOcean Energy Holdings Limited**  
**Shum Siu Hung**  
*Chairman*

Hong Kong, 26 July 2011

*At the date of this announcement, the Board comprises Mr. Shum Siu Hung, Mr. Shum Chun, Lawrence, Mr. Cai Xikun, Mr. Cen Ziniu, Mr. Chiu Sing Chung, Raymond, Mr. Siu Ka Fai, Brian and Mr. Wang Jian, being the executive directors, Mr. Cheung Kwan Hung, Anthony, Mr. Chan Yuk Wai, Benedict and Dr. Xu Mingshe, being the independent non-executive directors.*

*\* for identification purpose only*