THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, 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 (the "**Company**"), you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

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

MAJOR ACQUISITION AND ADVANCE TO AN ENTITY AND NOTICE OF SPECIAL GENERAL MEETING

Financial Adviser to NewOcean Energy Holdings Limited

Access Capital

A letter from the board of directors of the Company is set out from pages 5 to 27 of this circular.

A notice convening the special general meeting of the Company to be held at 20 Floor, Times Tower, 393 Jaffe Road, Wanchai Hong Kong on Monday, 20 December 2010 at 11:00 a.m. is set out from pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Company's branch registrars in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special general meeting of the Company. Completion and return of the form of proxy shall not preclude you from attending and voting at the special general meeting of the Company should you so wish.

2 December 2010

* *for identification purposes only*

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

"Acquisitions"	the Senneng Equity Acquisition and the Wangtong Equity Acquisition
"Announcement"	the Company's announcement dated 25 October 2010 regarding the Acquisitions and the provision of the Entrusted Loan
"associates"	has the same meaning as defined in the Listing Rules
"autogas"	LPG that meets the specification for use as fuel for motor vehicles
"Board"	the board of Directors
"Company"	NewOcean Energy Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange
"Completion"	completion of the Acquisitions in accordance with the terms and conditions of the Framework Agreement
"Directors"	directors of the Company
"Enlarged Group"	the Group immediately after the Completion
"Entrusted Loan"	a loan in the principal sum of not more than RMB580,000,000 (equivalent to approximately HK$671,640,000) to be advanced by the Second Purchaser to Wangtong, the proceeds of which shall be applied for the Financial Restructuring
"Entrusted Loan Conditions"	the conditions for advance of the Entrusted Loan
"Exercise Price"	the exercise price of the Wangtong Option and also the consideration for the Wangtong Equity Acquisition
"Financial Requirements"	has the meaning as described in sub-paragraph *2.4.3* headed *"Financial Restructuring"*

"Financial Restructuring"	has the meaning as described in sub-paragraph *2.4.3* headed *"Financial Restructuring"*
"First Accounts Date"	being 31 August 2010
"First Purchaser"	珠海新海能源科技有限公司 (Zhuhai NewOcean Energy Technology Company Limited*), an indirect subsidiary of the Company incorporated in the PRC, the registered capital of which is ultimately owned as to 90% by the Company
"Framework Agreement"	the framework agreement entered into between the Vendors and the Purchasers on 21 October 2010 relating, among other things, to the Acquisitions and the Entrusted Loan
"Group"	the Company together with its subsidiaries and jointly controlled entities
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	29 November 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"LPG"	liquefied petroleum gas
"Lianxin Energy"	聯新能源發展有限公司 (Lianxin Energy Development Company Limited*)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	The Macau Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules
"NewOcean Sea Terminal"	a Class 1 LPG sea terminal, otherwise known as VLGC (Very Large Gas Carrier) Class sea terminal, with depot facilities in Goalan Harbour, Zhuhai which is wholly-owned by the Group and licensed by the Zhuhai Port Administration under the name of "新海能源(珠海)有限公司液化石油氣碼頭"(NewOcean Energy (Zhuhai) Company Limited Liquefied Petroleum Gas Terminal*), also known in the shipping industry as "新海碼頭" (NewOcean Terminal*)

"Norton Appraisals"	Norton Appraisals Limited, the independent professional valuers
"PRC"	the People's Republic of China, which, for the purposes of this circular, excludes Hong Kong and Macau
"Purchasers"	the First Purchaser and the Second Purchaser
"Second Purchaser"	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
"Senneng"	廣州森能燃氣有限公司 (Guangzhou Senneng LPG Company Limited*), a company incorporated in the PRC and is the beneficial owner of the Senneng Equity
"Senneng Equity"	5% of the registered and paid-up capital of Lianxin Energy beneficially owned by Senneng
"Senneng Equity Acquisition"	the acquisition of the Senneng Equity by the First Purchaser under the Framework Agreement
"Senneng Equity Acquisition Conditions"	the conditions for completion of the Senneng Equity Acquisition as set out in the sub-paragraph headed "The Senneng Equity Acquisition Conditions"
"SFO"	the Securities & Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) of HK$0.10 each in the issued capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Special General Meeting"	a special general meeting of the Company to be convened to consider, and if thought fit, to approve the Framework Agreement and the transactions contemplated thereunder
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Vendors"	Senneng and Wangtong
"Wangtong"	珠海市旺通船務有限公司 (Zhuhai City Wangtong Shipping Company Limited*), company incorporated in the PRC and is the beneficial owner of the Wangtong Equity
"Wangtong Equity"	95% of the registered and paid-up capital of Lianxin Energy beneficially owned by Wangtong as at the date of the Framework agreement together with any further capital contribution made by Wangtong after that date
"Wangtong Equity Acquisition"	acquisition of the Wangtong Equity by the Second Purchaser pursuant to the Framework Agreement
"Wangtong Equity Acquisition Conditions"	the conditions for completion of the Wangtong Equity Acquisition as set out in the sub-paragraph headed "The Wangtong Equity Acquisition Conditions"
"Wangtong Option"	the option to be granted by Wangtong to the Second Purchaser to purchase the Wangtong Equity at the Exercise Price
"ton(s)"	metric ton(s)
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"USD"	United States Dollars, the lawful currency of the United States of America
"%"	per cent.

For the purpose of this circular, the conversion of RMB into HK$ is based on an approximate rate of RMB1.00 = HK$1.158 unless otherwise stated. Such conversion should not be construed as a representation that the amount in question has been, could have been or could be converted at such particular rate or at all.

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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

Executive Directors:
Shum Siu Hung *(Chairman)*
Lawrence Shum Chun *(Managing Director)*
Cai Xikun
Cen Ziniu
Raymond Chiu Sing Chung
Brian Siu Ka Fai
Wang Jian

Independent non-executive Directors:
Anthony Cheung Kwan Hung
Benedict Chan Yuk Wai
Dr. Xu Mingshe

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business:
20th Floor, Times Tower
393 Jaffe Road, Wanchai
Hong Kong

2 December 2010

To the Shareholders,

Dear Sir or Madam,

MAJOR ACQUISITION AND ADVANCE TO AN ENTITY

1. INTRODUCTION

Reference is made to the Announcement that on 21 October 2010, the First Purchaser, the Second Purchaser, Senneng and Wangtong entered into the Framework Agreement which provided for the Senneng Equity Acquisition and the Wangtong Equity Acquisition by the First Purchaser and the Second Purchaser respectively.

Upon the Completion, the First Purchaser and the Second Purchaser will together own 100% equity interest in Lianxin Energy, and the entire principal sum owing by Wangtong under the Entrusted Loan will be set off against the Exercise Price.

* *for identification purposes only*

The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisitions and (ii) a notice of the Special General Meeting at which a resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Framework Agreement and the transactions contemplated thereunder.

2. THE FRAMEWORK AGREEMENT

2.1 Date

21 October 2010

2.2 Parties

(i) The First Purchaser, an indirect subsidiary of the Company incorporated in the PRC, the registered capital of which is ultimately owned as to 90% by the Company;

(ii) The Second Purchaser, an indirect subsidiary of the Company incorporated in the PRC, the registered capital of which is wholly-owned by the Company;

(iii) Senneng, a company incorporated in the PRC, being the beneficial owner of the Senneng Equity; and

(iv) Wangtong, a company incorporated in the PRC, being the beneficial owner of the Wangtong Equity.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

2.3 Senneng Equity Acquisition

2.3.1 The Senneng Equity Acquisition

Subject to fulfillment of the Senneng Equity Acquisition Conditions, the First Purchaser shall purchase from Senneng the Senneng Equity, being 5% of the registered and paid-up capital of Lianxin Energy beneficially owned by Senneng.

2.3.2 Consideration

The consideration for the Senneng Equity Acquisition is the sum of RMB3,000,000 (equivalent to approximately HK$3,474,000) to be paid in cash on the day immediately following completion of the Senneng Equity Acquisition and registration of the transfer of the Senneng Equity with the relevant PRC authority. The consideration was arrived at after arms length negotiation and represents 5% of the amount of the registered and paid-up capital of RMB60,000,000 (equivalent to approximately HK$69,480,000) of Lianxin Energy as the Latest Practicable Date.

2.3.3 The Senneng Equity Acquisition Conditions

Completion of the Senneng Equity Acquisition is conditional, among other things, on:

(a) the receipt by the Purchasers of a PRC legal opinion to their satisfaction on the enforceability and legal effect of the Framework Agreement and the transactions thereunder;

(b) the First Purchaser completing a legal due diligence review and asset evaluation of Lianxin Energy and being satisfied with the results;

(c) the auditor approved by the First Purchaser completing an audit of the accounts of Lianxin Energy as at the First Accounts Date and delivering to the First Purchaser an unqualified audit report;

(d) a resolution being passed by the Shareholders approving the Framework Agreement and the transactions thereunder; and

(e) a resolution being passed by the shareholders of Lianxin Energy approving the Senneng Equity Acquisition and such amendments to the articles of association of Lianxin Energy as the First Purchaser may require.

If the Senneng Equity Acquisition Conditions are not all fulfilled within 60 days (or such other date as the parties may agree in writing) of the signing of the Framework Agreement, the Framework Agreement will cease to take effect and the parties will be released of their respective obligations thereunder without liability, save for any antecedent breach. As at the Latest Practicable Date, the above condition (c) has been fulfilled.

2.4 Entrusted Loan

2.4.1 The Entrusted Loan

Following completion of the Senneng Equity Acquisition, the Second Purchaser shall, subject to fulfillment of the Entrusted Loan Conditions, make available to Wangtong the Entrusted Loan in the principal sum of not more than RMB580,000,000 (equivalent to approximately HK$671,640,000) by way of a loan advanced through an entrusted bank.

2.4.2 Tenure

12 months commencing on the date of advance, subject to such extension as the Second Purchaser may reasonably decide to enable the Financial Restructuring to be completed.

2.4.3 Financial Restructuring

Wangtong shall apply the proceeds of the Entrusted Loan principally for the settlement of the borrowings of Lianxin Energy of not more than RMB523,000,000 (equivalent to approximately HK$605,634,000) by way of financial restructuring, which shall be completed within the tenure (and any extension thereof) of the Entrusted Loan.

Wangtong undertakes that on completion of, and resulting from, the Financial Restructuring, Lianxin Energy shall meet all the following financial requirements:

(a) Lianxin Energy shall have fixed assets at book value of not less than RMB100,000,000 (the shortfall, if any, is designated as "A" for the purpose of the adjustment payment described in the sub-paragraph *2.6.4* headed "*Right to proceed despite Financial Requirements not being met*" below);

(b) the value of the current assets of Lianxin Energy shall be equal to the value of its current liabilities; and

(c) Lianxin Energy shall have no long term loans, i.e. loans repayable over one year from completion of the Financial Restructuring (the amount of such long term loans, if any, is designated as "B" for the purpose of the adjustment payment described in the sub-paragraph *2.6.4* headed "*Right to proceed despite Financial Requirements not being met*" below).

As mentioned above, the Financial Restructuring shall be completed within the tenure of the Entrusted Loan i.e. 12 months commencing on the date of advance and subject to such extension as the Second Purchaser may reasonably decide to enable the Financial Restructuring to be completed. As the Entrusted Loan is subject to the Entrusted Loan Conditions and Shareholders' approval of the Framework Agreement, the date of advance is not yet determined. Therefore, there is no specific timing on the completion of the Financial Restructuring.

In respect of the Financial Requirements set out in paragraph (b) above, the Framework Agreement imposes a specific obligation on the part of Wangtong to procure that the value of the current liabilities of Lianxin Energy shall not exceed that of its current assets on completion of the Financial Restructuring. In the event such excess occurs, Wangtong shall be required to settle such liability at its own cost.

2.4.4 Interest

Wangtong shall pay to the Second Purchaser:

(a) in respect of the tenure of the Entrusted Loan — a fixed sum of HK$120,000,000 or its equivalent in RMB in 12 equal monthly installments to be paid during the tenure of the Entrusted Loan; and

(b) in respect of the extended period, if any — HK$10,000,000 or its equivalent in RMB per month.

2.4.5 The Entrusted Loan Conditions

The Entrusted Loan shall be subject to the following conditions:

(a) the execution and registration with the relevant PRC authority of a mortgage by Wangtong in favour of the Second Purchaser over the Wangtong Equity; and

(b) the opening and maintenance of a bank account to be jointly operated by Wangtong and the Second Purchaser for receipts of and payments from the Entrusted Loan.

2.4.6 Repayment and remedies for non-payment

Repayment of the Entrusted Loan shall be effected by setting off against the Exercise Price upon completion of the Wangtong Equity Acquisition.

In the event that for whatever reason the Wangtong Equity Acquisition is not completed (and hence the sum owing under the Entrusted Loan cannot be set off against the Exercise Price), the Second Purchaser shall be entitled to dispose of the Wangtong Equity subject to the following terms:

(a) the disposal should be made in such a way as to reflect the commercial value of the Wangtong Equity at the time of the disposal, with a target price (the "**Target Price**") as follows;

Target Price = X – Y + Z

Where:	X	=	the principal sum owing under the Entrusted Loan
	Y	=	interest payment received by the Second Purchaser
	Z	=	Lianxin Energy's interest savings during the period of the Financial Restructuring arising from the Financial Restructuring

(b) if the proceeds of disposal exceed the Target Price, the excess shall be refunded to Wangtong after deducting reasonable related expenses; and

(c) if the proceeds of disposal fall short of the Target Price, Wangtong shall pay the shortfall to the Second Purchaser.

There is no specific timing for the payment of any refund/shortfall, which is intended to be made in cash. Under such an arrangement, if any, the time which the Second Purchaser would allow, will depend on what would be considered to be a reasonable period of time, taking all factors such as the amount of the refund/shortfall and the cause of the refund/shortfall into consideration.

2.4.7 Undertakings by the Second Purchaser

The Second Purchaser undertakes that not later than 60 days from the signing of a formal loan agreement for the Entrusted Loan, not less than 50% of the principal sum of the Entrusted Loan shall be provided to Lianxin Energy. Unless Wangtong otherwise agrees in writing, if a lesser amount is provided the Entrusted Loan shall be annulled and the Framework Agreement shall as a consequence be terminated. Upon the occurrence of such an event:

(a) the Senneng Equity shall be re-transferred to Senneng, and Senneng shall repay to the First Purchaser the consideration for the Senneng Equity; and

(b) all advances made under the Entrusted Loan shall be returned to the Second Purchaser; and all interest received by the Second Purchaser in respect of the Entrusted Loan shall be returned to the original payer of the said interest, i.e. Wangtong or the members of Wangtong group of companies.

Following completion of the above matters the Framework Agreement shall be terminated without liability to any party.

2.5 Wangtong Option

2.5.1 The Wangtong Option

As an additional condition for the Entrusted Loan, Wangtong shall grant to the Second Purchaser the right exercisable at the option of the Second Purchaser to purchase the Wangtong Equity.

2.5.2 Exercise Period

One month commencing from the expiry of the tenure of the Entrusted Loan (and any extended period as agreed between the Second Purchaser and Wangtong).

Exercise of the Wangtong Option shall be made by written notice which shall be revoked if the Wangtong Equity Acquisition Conditions are not all fulfilled.

2.5.3 Exercise Price

A sum equal in amount to the principal sum advanced under the Entrusted Loan.

The Exercise Price was arrived at after arms length negotiation between the Company and Wangtong. Assuming a maximum amount of RMB580,000,000 (equivalent to approximately HK$671,640,000) is advanced under the Entrusted Loan, the Exercise Price will be RMB580,000,000 (equivalent to approximately HK$671,640,000).

2.6 Wangtong Equity Acquisition

2.6.1 The Wangtong Equity Acquisition

If the exercise notice of the Wangtong Option is not revoked and subject to fulfillment of the Wangtong Equity Acquisition Conditions, the Second Purchaser shall purchase from Wangtong the Wangtong Equity, being 95% of the registered and paid-up capital of Lianxin Energy beneficially owned by Wangtong.

2.6.2 Consideration

The consideration for the Wangtong Equity Acquisition is equal to the Exercise Price which was arrived at after arms length negotiation. Assuming a maximum amount of RMB580,000,000 (equivalent to approximately HK$671,640,000) is advanced under the Entrusted Loan, the consideration for the Wangtong Equity Acquisition will be RMB580,000,000 (equivalent to approximately HK$671,640,000) and will be offset against the Exercise Price. In this regard, the aggregate consideration for the Acquisitions (the "Aggregate Consideration") is

RMB583,000,000 (equivalent to approximately HK$675,114,000). The Aggregate Consideration was determined with reference to the valuation of the business of Lianxin Energy and the benefit to be brought about by the vertical integration of the Group's LPG business with that of Lianxin Energy. As set out in the Announcement, the Aggregate Consideration represented a slight premium of approximately 2.5% over a preliminary valuation of the business of Lianxin Energy of RMB569,100,000 (equivalent to approximately HK$659,018,000) (the "Preliminary Valuation") as at 15 October 2010.

The Preliminary Valuation, on which the market approach was adopted, was made by a PRC independent professional firm of valuers (the "PRC Valuer") appointed by the Company. During the negotiation of the Aggregate Consideration, the Directors considered that the market approach as adopted by the PRC Valuer was an appropriate basis of valuation and would additionally facilitate price negotiations with the Vendors, and had therefore taken into account the Preliminary Valuation. As at the date of the Announcement, the Company had not received the written report on the Preliminary Valuation.

During the review of the proposed report on the Preliminary Valuation, the Directors noted that it did not provide sufficient information including market comparables, which are crucial to substantiate the market approach adopted by the PRC Valuer. The Company considered that it did not have sufficient assurance that a satisfactory report, whether on the market approach adopted or on any other alternative approach, can be provided in time. Therefore, in conjunction with the review, the Company has engaged Norton Appraisals, to provide another valuation on the business of Lianxin Energy (the "Revised Valuation"), which considered that the income approach is more appropriate in the present circumstances. According to the Revised Valuation as at 1 November 2010, which was based on the income approach, the business of Lianxin Energy was valued at RMB564,000,000 (equivalent to approximately HK$653,112,000). Pursuant to Rule 14.61 of the Listing Rules, the Revised Valuation, which has based on discounted cash flows, is regarded as a profit forecast and is subject to the requirements under Rule 14.62 of the Listing Rules. A letter from each of the Company's auditors and financial adviser in respect of the profit forecast are set out in Appendix V to this circular. The Aggregate Consideration represented a premium of approximately 3.4% over the Revised Valuation.

According to the terms of the Entrusted Loan, an interest of HK$120,000,000 is payable to the Second Purchaser during the tenure of the Entrusted Loan. Taking this into account, the Aggregate Consideration will be effectively amounted to approximately HK$555,114,000, representing a discount of approximately 15% to the Revised Valuation.

In view of the above and the Financial Requirements, which impose requirements on the financial position of Lianxing Energy on completion of the Financial Restructuring, the Directors consider that the consideration for the Acquisitions is fair and reasonable.

2.6.3 The Wangtong Equity Acquisition Conditions

Completion of the Wangtong Equity Acquisition is conditional, among other things, on:

(a) a special audit being conducted on the financial conditions of Lianxin Energy as at the date of completion of the Financial Restructuring, and the report of the special audit shows that the Financial Requirements have been met;

(b) Wangtong having paid all interests in respect of the Entrusted Loan;

(c) such directors of Lianxin Energy required by the Second Purchaser to resign having resigned; and

(d) a resolution being passed by the Shareholders approving the Framework Agreement and the transactions thereunder.

As mentioned above, as an additional condition for the Entrusted Loan, Wangtong shall grant to the Second Purchaser the Wantong Option, which upon exercise and subject to the fulfillment of the Wangtong Equity Acquisition Conditions, will result in the purchase of the Wangtong Equity by the Second Purchaser. On the other hand, the consideration of the Wangtong Equity Acquisition will be offset against the Entrusted Loan. In this regard, **the Entrusted Loan and the Wangtong Equity Acquisition are effectively inter-conditional.** In view of this and as the Entrusted Loan will only be granted to Wangtong after, among other things, completion of the Sennang Equity Acquisition, **the Entrusted Loan and the Wangtong Equity Acquisition are effectively conditional on the Sennang Equity Acquisition. The Sennang Equity Acquisition is not conditional on the Entrusted Loan or the Wangtong Equity Acquisition.**

Completion of the Wangtong Equity Acquisition shall take place within 45 days of the exercise notice and upon fulfillment of the Wangtong Equity Acquisition Conditions. Following completion of the Wangtong Equity Acquisition and the registration of the transfer of the Wangtong Equity with the relevant PRC authority, the Second Purchaser shall set off the entire principal sum owing by Wangtong under the Entrusted Loan against the Exercise Price.

If the Wangtong Equity Acquisition Conditions are not all fulfilled within 45 days of the date of the Second Purchaser's exercise notice, subject to the Second Purchaser's right to proceed with the Wangtong Equity Acquisition as described in the sub-paragraph *2.6.4* headed "*Right to proceed despite Financial Requirements not being met*" below, the exercise notice shall be revoked and the Wangtong Equity Acquisition will be terminated. Upon such termination, the Second Purchaser and Wangtong shall be released of their respective rights and obligations under the Framework Agreement save for the rights and remedies available to the Second Purchaser as described in the sub-paragraph *2.4.6* headed "*Repayment and remedies for Non-payment*" above.

2.6.4 Right to proceed despite Financial Requirements not being met

The Second Purchaser may, at its election, proceed to complete the Wangtong Equity Acquisition even if the Financial Requirements are not met. Upon such completion, the Second Purchaser shall set off the entire principal sum owing by Wangtong under the Entrusted Loan against the Exercise Price, and in such a case, Wangtong is required within 7 days of completion:

(a) to make an adjustment payment to the Second Purchaser equal to the shortfall designated as "A" in sub-paragraph *2.4.3* headed "*Financial Restructuring*" above; and

(b) to settle on behalf of Lianxin Energy the long term loans outstanding, failing which to make an adjustment payment to the Second Purchaser equal to the amount of long term loans designated as "B" in sub-paragraph *2.4.3* headed "*Financial Restructuring*" above.

The adjustment payment on "A" and "B" will be made in cash. As mentioned in the sub-paragraph *2.4.3* headed "*Financial Restructuring*" above, in the event that the current liabilities of Lianxin Energy are in excess of its current assets upon completion of the Financial Restructuring, Wangtong shall be required to settle such liabilities at its own cost.

2.7 Non-Competition

The Vendors undertake with the Purchasers that neither of them shall, as the principal party or as partner, shareholder, agent, consultant or otherwise compete with Lianxin Energy in the business of autogas refuelling station in Guangdong, the PRC during a period of 5 years from the date of the Framework Agreement.

3. INFORMATION ON THE PURCHASERS

The First Purchaser is engaged in the trading of LPG and the Second Purchaser is engaged in investment holding.

4. INFORMATION ON THE VENDORS

As far as the Directors are aware, Senneng is a limited liability company incorporated in the PRC and is engaged in the business of wholesale and retail of LPG and Wangtong is a limited liability company incorporated in the PRC which owns and operates a fleet of barges used in transporting LPG in coastal waters and inland waterways.

5. INFORMATION ON LIANXIN ENERGY

Lianxin Energy was incorporated in the PRC on 9 April 1996 and is beneficially owned as to 5% by Senneng and 95% by Wangtong as at the Latest Practicable Date.

Lianxin Energy's principal activities are the sale of autogas for use by public buses and taxies in the PRC. Currently, there are 35 autogas refuelling stations in operation in Guangzhou. As at the Latest Practicable Date, Lianxin Energy owns and operates 17 autogas refuelling stations in and around Guangzhou, which has the highest sales volume of autogas in the PRC. The remaining 18 autogas refuelling stations are owned and operated by other independent third parties.

According to the audited accounts as at 31 August 2010, Lianxin Energy had net liabilities of approximately RMB38,334,000.

For the year ended 31 December 2008 and 2009, Lianxin Energy had an audited net loss of approximately RMB38,508,000 and net profit of approximately RMB76,620,000 respectively.

Lianxin Energy has an annual sales volume of autogas which amounts to about 240,000 tons in 2009, about 60% of the total autogas consumption in Guangzhou (about 400,000 tons per annum). Most of Lianxin Energy's refuelling stations are located either inside or nearby bus terminals, and that effectively forms a network for the refuelling of buses in the most economical and convenient manner. It owns the operating rights, the infrastructures, all equipments, connecting pipelines and the underground autogas storage tanks of all the 17 autogas refuelling stations. The land on which the stations are built are mostly leased from 廣州市交通站場建設管理中心 (Guangzhou Traffic Stations Construction & Administration Centre*) which owns most of the sites designated for bus terminals in Guangzhou. The sites of these autogas refuelling stations are all held under valid leases which terms range from two to twenty years with expiries from December 2010 to February 2025. There is only one autogas refuelling station which is not a significant station of Lianxin Energy in terms of size and revenue, with lease to be expired in December 2010. The management of Lianxin Energy is in the process of negotiation with the landlord on the renewal of the lease. As far as the management of the Company is aware the landlord has verbally agreed to a renewal for another five years and the formal tenancy agreement is expected to be signed in December 2010.

Lianxin Energy does not have the infrastructures, transportation facilities and channels for direct import of autogas from countries of origin or direct purchase from refineries. It relies entirely on the supplies by local dealers and wholesalers. The purchase price of autogas sourced from these suppliers are at a deliver-ex-truck price term i.e. the price of autogas will include the charges for delivery from suppliers to underground tanks of the stations of Lianxin Energy. The major suppliers of Lianxin Energy are 廣東港建液化氣有限公司 (Guangdong Gangjian Gasol Co Ltd.*) ("Guangdong Gangjian") and the First Purchaser. Lianxin Energy has not entered into any supply agreements with these suppliers. Upon completion of the Senneng Equity Acquisition, Lianxin will shift most of its purchases away from Guangdong Gangjian and will eventually source all the autogas for its sales from the Group. The major customers of Lianxin Energy are bus companies in Guangzhou including:

Guangzhou First Public Bus Company
Guangzhou Xinshui Bus Company
Guangzhou City Jumbo Bus Company
BaiMa Bus Company
Guangzhou City Third Public Bus Company
Guangzhou City Second Public Bus Company
Guangzhou City Tram Company

Sales to bus companies are on open account basis with credit term ranging from 30 days to 60 days. Sales to taxies are on cash basis.

6. FINANCIAL RESOURCES FOR THE ACQUISITIONS

Funds for the Acquisitions (including the Entrusted Loan) were expected to be provided by internal resources of the Group as well as additional bank borrowings. In order to ensure sufficient funding for the Acquisitions, before entering into the Framework Agreement the Company had canvassed the lending market and made preparations for a club loan to be provided by a selected number of lending banks. The funds to be raised from the club loan will be USD42 million (approximately HK$326,000,000). Following execution of the Framework Agreement, opportunity was presented to the Company for a top-up placing of the Shares, as announced by the Company on 4 November 2010 (the “Share Placing”) that gave rise to net proceeds of approximately HK$264,000,000. The Share Placing was completed on 12 November 2010 and the net proceeds are now being held by the Company as a cash reserve for the Acquisitions.

As at the Latest Practicable Date, two participating banks, together representing USD28 million or 66% of the size of the club loan, have approved their respective share in the club loan at an interest rate of 3 months London Interbank Offer Rate plus 4%, to be repayable by 48 months with first repayment 12 months from the loan signing date and against the pledge of all the shares of the Second Purchaser. The Company is still awaiting approval from the remaining participating bank, which is expected to be given on or before mid-December 2010. Assuming full participation of the club loan, the Aggregate Consideration (i.e. approximately HK$675,114,000) will be funded as to approximately HK$326,000,000 by the proceeds of the club loan and as to HK$264,000,000 by the proceeds of the Share Placing, and the balance by internal resources of the Group.

Currently the Group has banking facilities to raise immediately available cash up to a total sum of approximately HK$1,200,000,000 by way of receivable financing. As at the Latest Practicable Date, the Group has trade debtors and bills receivable in the total sum of approximately HK$1,508,000,000 (approximately HK$790,000,000 and HK$762,000,000 respectively as at 30 June 2010 and 31 December 2009). In the event the size of the club loan is reduced due to a reduction in the number of participating banks, or in the unlikely event that the club loan falls through in its entirety, the cash shortfall for the Aggregate Consideration will be met by the financing of the Company's receivables as aforesaid.

7. INFORMATION ON THE GROUP AND ITS LPG BUSINESSES

The principal businesses of the Group are the sale and distribution of LPG and sale of electronic products, being mainly mobile phones and electronic components.

The LPG businesses of the Group initially involved the retail sales of bottled LPG to domestic users in the PRC, which subsequently expanded to import, re-export, wholesale and retail of LPG. Currently the retail network of the Group covers 11 cities in the Guangdong and Guangxi regions as well as Macau, and the Group is in the process of setting up retail operations in Hong Kong. As a LPG importer, exporter and wholesaler, the NewOcean Sea Terminal has, in terms of through-put volume, ranked number one in the PRC since 2008.

8. REASONS AND BENEFITS FOR THE ACQUISITIONS

Since 2009, the development focus for the Group's LPG business has been the downstream market, namely direct sales of LPG to end users, which have a higher gross profit margin. Lianxin Energy's autogas business presents special attractions to the Group, amongst which are:

(a) the Group has the infrastructure and channels for shipment of autogas directly from countries of origin. Through the Acquisitions, Lianxin Energy will be freed from the speculative risk in the autogas market. During the past years, Lianxin Energy has been susceptible to price fluctuation in autogas not only due to international changes in autogas prices but also the price speculation of autogas dealers and wholesalers, which has affected Lianxin Energy's profitability.

Upon completion of the Senneng Equity Acquisition, Lianxin Energy will shift most of its purchases away from these suppliers and eventually will source all its autogas from the Group. As the Group is one of the major importers of LPG in the PRC and directly sources LPG from the countries of origin, the interference on autogas prices by the dealers and wholesalers on Lianxin Energy will be eliminated. In light of this, which will benefit Lianxin Energy on its cost control in terms of purchases, and the network coverage of Lianxin Energy in Guangzhou, the Directors consider that Lianxin Energy will become a stable profit contributor for the Group;

(b) because of quality requirements, autogas is heavily dependent on import. Lianxin Energy is one of the largest autogas operators in the PRC whereas the Group has for several consecutive years ranked number one LPG importer (in terms of throughput) in the PRC. The Acquisitions are therefore expected to bring about a highly beneficial vertical integration of the Group's LPG business; and

(c) since end users of autogas are public bus and taxi operators, stock turnaround rate is both high and constant. Retail sales of autogas will provide a turnover buffer for the Group to reduce the effect of fluctuations in LPG demand on the Group's sales.

The Directors believe that the Acquisitions will bring about a further upturn in the Group's turnover from the existing rate, and a healthy increase in the Group's profitability. The Directors consider that the terms of the Acquisitions are fair and reasonable and are in the interests of the Shareholders as a whole.

9. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

LPG Business

As set out in the Company's annual report for the year 2009 and the interim report for the six months ended 30 June 2010, the Group has substantially completed the expansion programs for its LPG facilities and logistic infrastructure to match its business growth. While a significant portion of the Group's revenue is currently derived from wholesaling, it is now strategically targeting the downstream sales market because of its better profit potential. In pursuance of this strategy, during the financial year of 2010, two additional bottling plants were added, making the Group's network to 16 bottling plants. One of the newly added bottling plants is located inside the NewOcean Sea Terminal and serves the downstream markets in the west of Zhuhai as well as Xinhui and Kaiping. The other one is located in Zhuhai downtown near to the Zhuhai/Macau border. It mainly serves the downstream market in the east of Zhuhai and as the logistic centre for the Macau retail operation. In Guangzhou and Shenzhen, additional resources were put into the retailing operations, and customer support systems were strengthened to promote direct sales to household users. Results from these changes have been positive and similar changes will be made in other cities in the Group's network in due course.

In addition to the expansion of the downstream markets in the PRC, the Group also planned to penetrate into Macau and Hong Kong market. During the first half of the financial year 2010, the Group successfully completed the acquisition of a LPG retail company in Macau. Retail operation in Macau commenced in March 2010. In respect of the expansion into Hong Kong market, the Group has made the applications for the construction of a bottled LPG storage terminal in the New Territories and the registration of a subsidiary of the Group in Hong Kong as a "Registered Gas Supply Company". The applications are being reviewed by the relevant government authorities in Hong Kong. Subject to the approvals being granted in 2010, it is expected that the retail sales of bottled LPG in Hong Kong under the "NewOcean" name will commence in the first quarter of 2011.

As regards the automotive market, since autogas is heavily dependent on import, the Group has a strategic advantage in that its LPG terminal in Zhuhai lies in close proximity to both Guangzhou and Hong Kong, the two largest autogas markets in the Southern China. Also, equipment at the Group's terminal has been specifically designed to enable precise mixing to meet user specifications, a prerequisite for autogas supply. Since 2004, the Group has been supplying autogas as a wholesaler to refuelling station chains in Guangzhou, and in 2006 the wholesale of autogas was extended to Hong Kong. Currently, the Group supplies approximately 30% of the autogas consumed in Hong Kong. As stated in the paragraph headed "Reasons and Benefits for the Acquisitions" above, the Acquisitions are expected to bring about a highly beneficial vertical integration of the Group's autogas business and a substantial increase in its downstream revenue.

NewOcean Sea Terminal

The NewOcean Sea Terminal, which currently has a main quay berth of 340 meters, an auxiliary quay berth of 120 metres and attendant depot facilities, is to be expanded for better cargo handling efficiency by the addition of two auxiliary quay berths expected to be completed in 2011.

Currently, the NewOcean Sea Terminal handles all the Group's import of LPG and its re-export to locations outside the PRC. In 2009, through the terminal the Group imported approximately 798,000 tons of LPG, out of which approximately 264,000 tons were re-exported for sales to Hong Kong, Macau, Vietnam and Philippines. For re-export to Hong Kong, the sales volume amounted to about 70,000 tons, all under strict Hong Kong autogas specifications.

In August 2009, a separate licence was obtained by the Group for warehouse of petroleum oil production at the terminal. Under the current plan, a 80,000-ton storage depot linked to the quay berths will be constructed which will initially be used to provide loading and discharging services and warehousing of refined petroleum oil products for third party owners on a rental basis.

The construction of two additional berths at the terminal under planning has been scheduled to proceed as far as possible in parallel with the construction of the depot in order to minimize the impact on daily operation of the terminal. By completion of the project the annual handling capacity of the New Ocean Sea Terminal will be increased to about 1,600,000 tons of LPG side by side with about 1,000,000 tons of refined petroleum oil.

Looking ahead, the Directors expect the LPG business of the Enlarged Group to continue to benefit generally from organic growth in market coverage, with a strong boost in downstream sales and improvements in the gross margin brought about by the Acquisitions and development of the downstream market. By the end of 2011, the oil products storage depot at the Zhuhai terminal will be completed and will bring additional revenue to the Group in the form of warehousing charges and jetty fees.

Electronics business

The Group's cellular phone business was affected by the political instability prevailing in Thailand in the earlier part of 2010. While the economy rebounded when situations in the country returned to normal there were indications of a rising trend in interest rates, which affected consumer spending. Recovery in the cellular phone business is expected to be slow for the rest of the year, although trading in electronic components would remain normal.

The Group continues to adhere to prudent financial management. The Share Placing to raise net proceeds of approximately HK$264,000,000 was completed on 12 November 2010. As set out in the paragraph headed "Financial resources for the Acquisitions" in this circular, the Company will raise additional bank borrowings to finance the Acquisitions. The financial effects of the Acquisitions are set out in the paragraph headed "Possible financial effects of the Acquisitions" in this circular.

The Company presently does not have any intention and has not entered into any agreements, contracts, or arrangements to dispose or discontinue the electronic business and its major assets.

10. POSSIBLE FINANCIAL EFFECTS OF THE ACQUISITIONS

Upon the Completion, the First Purchaser and the Second Purchaser will together own 100% equity interest in Lianxin Energy which will become a subsidiary of the Company. As the First Purchaser is a 90% indirect subsidiary of the Company, the Company will hold an effective interest of 99.5% of Lianxin Energy upon the Completion. The entire principal sum owing by Wangtong under the Entrusted Loan will be set off against the Exercise Price.

For accounting treatment, the Senneng Equity Acquisition will be treated as a stand-alone acquisition. The 5% registered capital of Lianxin Energy will be treated as available for sales investment under Hong Kong Accounting Standards 39 "Financial Instruments: Recognition and Measurement".

For the Entrusted Loan, it is a loan and receivable under Hong Kong Accounting Standards 39. The Wangtong Option is a derivative asset under Hong Kong Accounting Standards 39.

Upon completion of the Senneng Equity Acquisition and the provision of the Entrusted Loan (the "First Acquisition")

Effect on assets and liabilities

Upon completion of the Senneng Equity Acquisition and assuming fulfillment of all the Entrusted Loan Conditions, the First Purchaser will hold 5% equity interest in Lianxin Energy, and the Second Purchaser will become the beneficial owner of the benefit in the Entrusted Loan of up to RMB580,000,000 (equivalent to approximately HK$664,833,000) advanced to Wangtong. As shown in "(I) Statement of unaudited pro forma consolidated assets and liabilities of the Group after completion of the Sennang Acquisition and the provision of the Entrusted Loan" as set out in "Unaudited pro forma financial information on the Enlarged Group" in Appendix III to this circular, the total current assets of the Group will be increased to approximately HK$4,707,163,000 as compared to approximately HK$4,349,220,000 as at 30 June 2010. The increase in current assets mainly comprised the carrying value of the Entrusted Loan of approximately HK$557,763,000 and the fair value of the Wangtong Option granted to the Second Purchaser as a condition for the Entrusted Loan, which has been valued by Norton Appraisals amounted to approximately HK$107,069,000. The bank balances and cash will be reduced as a result of the First Acquisition. However, the net proceeds of the Share Placing of approximately HK$264,000,000 had not been taken into account in the above pro forma statement. Any shortfall in cash for the First Acquisition will be met by the expected banking facilities referred to in paragraph headed "Financial Resources for the Acquisitions" in this circular.

Total current liabilities will be increased to approximately HK$4,109,803,000 as compared to approximately HK$3,746,621,000 as at 30 June 2010 as a result of the increase in other creditors due to the shortfall in cash and bank balance for the payment for the Entrusted Loan amounted to approximately HK$363,182,000. Net assets will be at approximately HK$1,120,431,000 which is comparable to that as at 30 June 2010 of approximately HK$1,122,231,000.

Effect on earnings

The Senneng Equity Acquisition will not result in the financial results of Lianxin Energy being consolidated into the financial statements of the Group. However, interest payment to the Second Purchaser of HK$10,000,000 per month arising from the Entrusted Loan will be recorded as earnings for the Group in the year of receipt.

Upon completion of the Acquisitions

Effect on assets and liabilities

Upon completion of the Acquisitions, the assets and liabilities of Lianxin Energy will be consolidated into the financial statements of the Group. The total current assets of the Enlarged Group will be approximately HK$4,741,363,000 as compared to approximately HK$4,707,163,000 of the Group upon completion of the First Acquisition. Other intangible assets of approximately HK$360,179,000 will be recorded, representing the fair value on the sales network and business licence of Lianxin Energy in the PRC as valued by Norton Appraisals. A goodwill of approximately HK$280,621,000 representing the excess of consideration of the Acquisitions over property, plant and equipment, intangible assets and deferred tax liability of Lianxin Energy. The carrying value of the Entrusted Loan will be eliminated as this will be offset against the consideration for the Wangtong Equity Acquisition. Total current liabilities of the Enlarged Group will be increased to approximately HK$4,808,835,000 as compared to approximately HK$4,109,803,000 upon completion of the First Acquisition. Deferred tax liabilities of approximately HK$90,045,000 will be recorded, representing recognition of deferred tax liabilities arising from the intangible assets as above. Net assets of the Enlarged Group will be at approximately HK$1,120,431,000.

As a condition of the Wangtong Equity Acquisition, Lianxin Energy should meet the Financial Requirements that, including but not limited to, no net current liabilities and no long terms loans in its accounts upon completion of the Financial Restructuring. In this regard, the information as shown in "(II) Statement of unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group after completion of the Acquisitions" as set out in "Unaudited pro forma financial information on the Enlarged Group" in Appendix III to this circular is for illustration purpose only and had not reflected the effect of the Financial Requirements.

Effect on earnings

Upon completion of the Acquisitions, the financial results of Lianxin Energy will be consolidated into the financial statements of the Group. In light of the potential benefits to Group from the Acquisitions as stated in the paragraph headed "Reasons and benefits for the Acquisitions", the Directors are of the view that there will be a further upturn in the Group's turnover and a healthy increase of the profitability.

11. LISTING RULES IMPLICATIONS

The Acquisitions together constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore conditional on the Shareholders' approval at the Special General Meeting.

Further, the advance of the Entrusted Loan constitutes an advance to an entity under the Listing Rules. As the Entrusted Loan is up to a maximum amount of RMB580,000,000 (equivalent to approximately HK$671,640,000), the assets ratio as defined under Rule 14.07(1) of the Listing Rules of the Entrusted Loan exceeds 8%. Therefore, the Company is required to make the relevant disclosures under Rule 13.13 of the Listing Rules as disclosed in this circular.

The Special General Meeting will be held to consider and, if thought fit, approve the ordinary resolution in respect of the Framework Agreement and the transactions contemplated thereunder. To the best knowledge of the Directors, no Shareholder has material interest in the Framework Agreement. Accordingly, no Shareholder will be required to abstain from voting at the Special General Meeting in respect of the resolution relating to the Framework Agreement and the transactions contemplated thereunder. Votes at the Special General Meeting will be taken on a poll and the results of voting will be announced by the Company in accordance with the Listing Rules.

As the Completion is subject to the fulfillment of a number of conditions precedent which are detailed in this circular, the Acquisitions may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

12. SPECIAL GENERAL MEETING

A notice convening the Special General Meeting to be held at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong on Monday, 20 December 2010 at 11:00 a.m. or any adjournment is set out from pages SGM-1 to SGM-2 of this circular.

A form of proxy for use at the Special General Meeting is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Company's branch registrars in Hong Kong, Tricor Securities Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the Special General Meeting or adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Special General Meeting should you so wish.

13. RECOMMENDATION

The Board considers that the terms of the Framework Agreement and the transactions contemplated thereunder are fair and reasonable and the Acquisitions are in the interests of the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the Special General Meeting.

14. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Shum Siu Hung
Chairman

1. AUDITED CONSOLIDATED FINANCIAL INFORMATION

The audited consolidated financial information of the Group (i) for the year ended 31 December 2009 was disclosed in the annual report of the Company for the year ended 31 December 2009 published on 28 April 2010, from pages 48 to 150; (ii) for the year ended 31 December 2008 was disclosed in the annual report of the Company for the year ended 31 December 2008 published on 29 April 2009, from pages 43 to 139; and (iii) for the year ended 31 December 2007 was disclosed in the annual report of the Company for the year ended 31 December 2007 published on 29 April 2008, from pages 50 to 163. All of which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.newoceanhk.com).

2. UNAUDITED INTERIM FINANCIAL INFORMATION OF THE GROUP

The unaudited interim financial information of the Group for the six months ended 30 June 2010 was disclosed in the interim report of the Company published on 14 September 2010, from pages 4 to 27. The aforesaid interim report of the Company have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.newoceanhk.com).

3. INDEBTEDNESS

The indebtedness of the Enlarged Group as at the close of business on 31 October 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, are set out below. The reporting accountants of the Group and Lianxin Energy which comprise the Enlarged Group are Deloitte Touche Tohmatsu ("Deloitte") and Yip Wing Ho & Co ("YWH") respectively. As each of Deloitte and YWH has reviewed the indebtedness statements of the Group and Lianxin Energy respectively, the Directors considered that it is more appropriate to set out the indebtedness of the Enlarged Group by showing the indebtedness of the Group and Lianxin Energy on a separate basis rather than on a combined basis.

Indebtedness of the Group

At the close of business on 31 October 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had a total outstanding borrowings of approximately HK$3,578,294,000, comprising the followings:

Classification	*Note*	**Amount** *HK$'000*
Bank trust receipts loans	*1*	484,113
Bank trust receipts loans (pledged with RMB bank deposits)	*2*	2,094,853
Bank loans for discounted bills with recourse	*3*	363,377
Other bank loans	*4*	633,547
Bank overdrafts	*5*	2,404
Total		3,578,294

Note:

1. Out of the total amount of the bank trust receipts loans, an amount of approximately HK$13,242,000 was secured by bank deposits of approximately HK$5,205,000 and promissory notes of HK$35,000,000. The remaining balance was unsecured. The bank trust receipts loans were fully guaranteed by the Company and certain subsidiaries of the Company.

2. The bank trust receipts loans (pledged with RMB bank deposits) were fully secured by RMB bank deposits of approximately HK$2,100,628,000. Out of the total amount of the bank trust receipts loans (pledged with RMB bank deposits), an amount of approximately HK$1,230,361,000 was guaranteed by the Company and certain subsidiaries of the Company. The remaining balance was not guaranteed.

3. The bank loans for discounted bills with recourse were unsecured. Out of the total amount, an amount of approximately HK$279,499,000 was guaranteed by the Company and certain subsidiaries of the Company. The remaining balance was not guaranteed.

4. Out of the total amount of the other bank loans, an amount of approximately HK$157,712,000 was secured by bank deposits of approximately HK$3,890,000. The remaining balance was unsecured. The other bank loans were fully guaranteed by the Company and certain subsidiaries of the Company.

5. The bank overdrafts were fully secured by bank deposits of approximately HK$5,205,000 and promissory note of HK$11,000,000 and were also fully guaranteed by the Company.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, none of the companies in the Group had outstanding, at the close of business on 31 October 2010, any mortgages, charges or debentures, loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness or any hire purchase commitments, liabilities under acceptance or acceptable credits of any guarantees or other material contingent liabilities.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing at the close of business on 31 October 2010.

Indebtedness of Lianxin Energy

At the close of business on 31 October 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, Lianxin Energy had outstanding borrowings of approximately RMB178,280,000, which were all current bank borrowings. Lianxin Energy had pledged its bank deposits for its borrowings. The pledged bank deposit as at 31 October 2010 was approximately RMB129,152,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities with the Group (which are trade payables in relation to the supplies of autogas from the Group), normal trade and bill payables in the ordinary course of the business of Lianxin Energy, Lianxin Energy did not have any mortgages, charges or debentures, loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness or any hire purchase commitments, liabilities under acceptance or acceptable credits of any guarantees or other material contingent liabilities.

Since all the borrowings of Lianxin Energy were denominated in RMB, no foreign currency amount has been translated into RMB at the approximate exchange rates prevailing at the close of business on 31 October 2010 for the purpose of the above indebtedness statement.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Enlarged Group since the close of business on 31 October 2010.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change to the business and trading position of the Group since 31 December 2009, being the date of the latest published audited financial statements of the Group.

5. WORKING CAPITAL

In determining the sufficiency of working capital of the Enlarged Group, the Directors have made the assumption that the Company will raise sufficient funds through an additional club loan of US$42,000,000 from a selected number of lending banks to finance its cash payment obligations under the Framework Agreement. In making this assumption, the Directors have received the confirmation from a majority of the lending banks for their approval to proceed in granting the club loan and the Directors expect the club loan agreement will be signed before completion of the provision of the Entrusted loan. The Directors, after due and carefully enquiry, are of the opinion that after taking into account the financial resources available to the Enlarged Group after the Acquisitions, including internally generated funds and the available banking facilities and based on the assumption set out above, the Enlarged Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular, in the absence of unforeseeable circumstances.

Set forth below is the accountants' report received from Yip Wing Ho & Co., Certified Public Accountants, on the financial information of Lianxin Energy, for the purpose of incorporation in this circular

YIP WING HO & CO.
Certified Public Accountants
葉永豪會計師事務所

2 December 2010

The Directors
NewOcean Energy Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of 聯新能源發展有限公司 ("Lianxin Energy") set out in Sections I to III below, for inclusion in the circular of NewOcean Energy Holdings Limited (the "Company") dated 2 December 2010 (the "Circular") in connection with the proposed acquisition of the entire effective equity interest of Lianxin Energy by indirect subsidiaries of the Company. The Financial Information comprises the statements of financial position of Lianxin Energy as at 31 December 2007, 2008 and 2009 and 31 August 2010, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows of Lianxin Energy for each of the years ended 31 December 2007, 2008 and 2009 and the eight months ended 31 August 2010 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

Lianxin Energy was established in the People's Republic of China (the "PRC") as a limited liability company on 9 April 1996. It adopts 31 December as its financial year end date.

The financial statements of Lianxin Energy prepared in accordance with the Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises of the PRC for the years ended 31 December 2007, 2008 and 2009 and 31 August 2010 were audited by 廣州正德會計師事務所有限公司(Guangzhou Zhengde Certified Public Accountants Co. Ltd).

For the purpose of this report, the directors of Lianxin Energy have prepared financial statements of Lianxin Energy for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") ("HKFRS Financial Statements").

The Financial Information has been prepared based on the HKFRS Financial Statements, with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY

The directors of Lianxin Energy during the Relevant Periods are responsible for the preparation and the true and fair presentation of the HKFRS Financial Statements in accordance with HKFRS issued by the HKICPA. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

For the financial information for each of the years ended 31 December 2007, 2008 and 2009 and the eight months ended 31 August 2010, the directors of the Company are responsible for the preparation and the true and fair presentation of the financial information in accordance with HKFRS issued by the HKICPA. This responsibility includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

REPORTING ACCOUNTANT'S RESPONSIBILITY

For the financial information for each of the years ended 31 December 2007, 2008 and 2009 and the eight months ended 31 August 2010, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the HKFRS Financial Statements used in preparing the financial information, and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the financial information for each of the years ended 31 December 2007, 2008 and 2009 and the eight months ended 31 August 2010, for the purpose of this report, gives a true and fair view of the state of affairs of Lianxin Energy as at 31 December 2007, 2008 and 2009 and 31 August 2010, and of its results and cash flows for the respective periods then ended.

I. FINANCIAL INFORMATION OF LIANXIN ENERGY

Statements of Comprehensive Income

	Note	For the year ended 31 December 2007	2008	2009	For the eight months ended 31 August 2010
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue		1,019,910	1,344,573	1,274,665	906,982
Cost of sales		(1,057,369)	(1,487,575)	(1,220,646)	(894,721)
Gross (loss)/profit		(37,459)	(143,002)	54,019	12,261
Other income	*6*	27,406	181,177	68,297	420
Selling and distribution costs	*7*	(48,705)	(42,987)	(39,056)	(28,751)
Administrative expenses	*7*	(18,991)	(14,910)	(12,703)	(12,971)
Finance costs	*9*	(12,374)	(21,125)	(6,452)	(6,566)
Operating (loss)/profit		(90,123)	(40,847)	64,105	(35,607)
Finance income	*9*	937	2,339	12,515	1,816
(Loss)/Profit before tax		(89,186)	(38,508)	76,620	(33,791)
Income tax expenses	*10*	—	—	—	—
(Loss)/Profit for the year/period		(89,186)	(38,508)	76,620	(33,791)
Other comprehensive expenses		—	—	—	—
Total comprehensive (expenses)/income for the year/period		(89,186)	(38,508)	76,620	(33,791)
Attributable to:					
Equity holders of Lianxin Energy		(89,186)	(38,508)	76,620	(33,791)

Statements of Financial Position

		As at 31 December			As at 31 August
		2007	2008	2009	2010
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*13*	125,022	111,995	106,665	102,521
Current assets					
Inventories	*14*	1,405	2,588	4,134	31,690
Trade debtors and bills receivables	*15*	63,021	89,364	47,352	121,839
Other debtors, deposits and prepayments	*16*	291,964	147,837	133,529	194,339
Held to maturity financial assets	*17*	—	2,600	31,000	25,000
Tax recoverable		6,122	19,292	18,783	9,467
Pledged bank deposits	*18*	46,460	82,572	117,553	132,280
Cash and cash equivalents	*19*	28,702	41,911	38,890	95,220
		437,674	386,164	391,241	609,835
Total assets		562,696	498,159	497,906	712,356

	Note	2007	2008	2009	2010
		As at 31 December			As at 31 August
	Note	RMB'000	RMB'000	RMB'000	RMB'000
LIABILITIES					
Current liabilities					
Trade creditors and bills payables	20	164,989	236,814	284,882	564,194
Other creditors and accrued charges	20	120,810	20,618	41,837	17,496
Borrowings	21	104,550	101,470	175,730	169,000
Amount due to ultimate holding company	22	162,502	185,420	—	—
		552,851	544,322	502,449	750,690
Non-current liabilities					
Borrowings					
— repayable over one year	21	52,500	35,000	—	—
Total liabilities		605,351	579,322	502,449	750,690
EQUITY					
Capital and reserves attributable to equity holders of Lianxin Energy					
Paid-in capital	23	60,000	60,000	60,000	60,000
Statutory reserve		733	733	733	733
Accumulated loss		(103,388)	(141,896)	(65,276)	(99,067)
Total equity		(42,655)	(81,163)	(4,543)	(38,334)
Total equity and liabilities		562,696	498,159	497,906	712,356
Net current liabilities		(115,177)	(158,158)	(111,208)	(140,855)
Total assets less current liabilities		9,845	(46,163)	(4,543)	(38,334)

Statements of Changes in Equity

	Paid-in capital *RMB'000*	**Statutory Reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
At 1 January 2007	60,000	733	(14,202)	46,531
Loss for the year	—	—	(89,186)	(89,186)
At 31 December 2007	60,000	733	(103,388)	(42,655)
Loss for the year	—	—	(38,508)	(38,508)
At 31 December 2008	60,000	733	(141,896)	(81,163)
Profit for the year	—	—	76,620	76,620
At 31 December 2009	60,000	733	(65,276)	(4,543)
Loss for the period	—	—	(33,791)	(33,791)
At 31 August 2010	60,000	733	(99,067)	(38,334)

Statements of Cash Flows

		For the year ended 31 December			For the eight months ended 31 August
		2007	2008	2009	2010
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net cash generated from operating activities	*25*	77,768	81,652	19,650	79,186
Investing activities					
Purchase of property, plant and equipment		(47,872)	(1,722)	(4,312)	(3,630)
Return of investment in financial assets		—	3,695	73,015	36,832
Investment in financial assets		—	(3,100)	(101,300)	(30,000)
Interest received		937	2,339	12,515	1,816
Others		—	(4)	(416)	(419)
Net cash (used in)/ generated from investing activities		(46,935)	1,208	(20,498)	4,599
Financing activities					
New borrowings		145,960	249,600	296,470	211,120
Repayment		(129,000)	(264,020)	(257,210)	(217,850)
Interest paid		(9,690)	(19,119)	(6,452)	(5,998)
Net cash (used in)/ generated from financing activities		7,270	(33,539)	32,808	(12,728)

	Note	For the year ended 31 December 2007 RMB'000	2008 RMB'000	2009 RMB'000	For the eight months ended 31 August 2010 RMB'000
Increase in cash and cash equivalents		38,103	49,321	31,960	71,057
Cash and cash equivalents at the beginning of the year/period		37,059	75,162	124,483	156,443
Cash and cash equivalents at the end of the year/period		75,162	124,483	156,443	227,500
Analysis of cash and cash equivalents					
Pledged bank deposits		46,460	82,572	117,553	132,280
Cash at banks		28,702	41,911	38,890	95,220
		75,162	124,483	156,443	227,500

II. NOTES TO THE FINANCIAL INFORMATION

1 ORGANISATION AND OPERATIONS

聯新能源發展有限公司 ("Lianxin Energy") is a limited liability company established in The People's Republic of China (the "PRC") on 9 April 1996 with a registered capital of RMB60,000,000. The address of its registered office is Room 1201, Broadway Plaza, 233-235 Dong Feng Xi Lu, Guangzhou, China.

The principal activity of Lianxin Energy is the sale of autogas for use by public buses and taxies in the PRC.

This financial information ("Financial Information") is presented in Renminbi unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. For the purpose of this report, these policies are materially consistent with those of NewOcean Energy Holdings Limited and have been consistently applied to the Relevant Periods.

(a) Basis of preparation

The Financial Information of Lianxin Energy has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Financial Information has been prepared under the historical cost convention.

At 31 December 2009 and 31 August 2010, Lianxin Energy had net current liabilities of approximately RMB111,208,000 and RMB140,855,000 respectively and capital deficiencies of approximately RMB4,543,000 and RMB38,334,000 respectively. The directors of Lianxin Energy believe that the ultimate holding company will provide the necessary financial support to Lianxin Energy to enable it to meet its liabilities as and when they fall due. Consequently, the financial statements have been prepared on the going concern basis.

New/revised standards, amendments and improvements to existing standards and interpretation relevant to Lianxin Energy that are not yet effective and have not been early adopted by Lianxin Energy

HKFRSs (Amendments)	Improvements to HKFRSs 2010[(a)]
HKAS 24 (Revised)	Related party disclosures[(d)]
HKAS 32 (Amendment)	Classification of rights issues[(b)]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[(c)]
HKFRS 9	Financial instruments[(e)]
HK(IFRIC)-INT 14 (Amendment)	Prepayments of a minimum funding requirement[(d)]
HK(IFRIC)-INT 19	Extinguishing financial liabilities with equity instruments[(c)]

(a) Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011
(b) Effective for annual periods beginning on or after 1 February 2010
(c) Effective for annual periods beginning on or after 1 July 2010
(d) Effective for annual periods beginning on or after 1 January 2011
(e) Effective for annual periods beginning on or after 1 January 2013

The application of these new or revised standards or interpretations is not expected to have any material impact on Lianxin Energy's financial statements.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision-maker has been identified as the board of directors.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of Lianxin Energy are measured using the currency of the primary economic environment in which Lianxin Energy operates (the "functional currency"). The Financial Information is presented in Renminbi ("RMB"), which is Lianxin Energy's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods sold in the normal course of business, less discounts, sales related taxes, returns and allowances.

Revenue from sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a timely basis, by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount.

(e) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) Lianxin Energy as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carry amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

(ii) Lianxin Energy as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(g) Property, plant and equipment

Property, plant and equipment including leasehold improvement held by Lianxin Energy in the production or supply of goods or services, or for administrative purpose other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation and amortization are provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

(h) Financial Instruments

Financial assets and financial liabilities are recognised on the statement of financial position when Lianxin Energy becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

Lianxin Energy's financial assets are mainly classified as loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of financial assets are set out below.

(a) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of the reporting period subsequent to initial recognition, loans and receivables including bank balance, pledged bank deposits, trade debtors, bills receivables, other debtors and deposits and prepayment are carried at amortised cost using the effective interest method, less any identified impairment losses (See accounting policy on impairment on financial assets below).

(ii) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables and bills receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Lianxin Energy's past experience of collecting payments, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors and other debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) Financial liabilities and equity

Financial liabilities and equity instruments issued by Lianxin Energy are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of Lianxin Energy after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

(a) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

(b) Financial liabilities

Financial liabilities including trade creditors, bills payable, other creditors and accrued charges and borrowings are subsequently measured at amortised cost, using the effective interest rate method.

(c) Equity instruments

Equity instruments issued by Lianxin Energy are recorded at the proceeds received, net of direct issue costs.

(iv) Derivative financial instruments

Derivatives that are not designated and effective as hedging instrument are classified as held for trading.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of reporting period. The resulting gain or loss is recognised in profit or loss immediately.

(v) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Lianxin Energy has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) Paid-in capital

Paid-in capital are classified as equity.

(k) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the first-in, first-out method.

(l) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Lianxin Energy's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interest in joint ventures, except where Lianxin Energy is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Lianxin Energy expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

3 FINANCIAL RISK FACTORS AND MANAGEMENT

3.1 Financial risk factors

Lianxin Energy's activities expose it to credit risk and liquidity risk. These risks are managed by Lianxin Energy's financial management policies and practices as described below to minimise potential adverse effects on Lianxin Energy's financial performance.

(a) Financial instruments by category

Loans and receivables include trade and other receivables, deposits and prepayment, pledged bank deposits and cash and cash equivalents. Financial liabilities at amortised cost include trade and other payables, amount due to ultimate holding company and borrowings.

(b) Credit risk

Credit risk primarily arises from deposits with banks, which are denominated in RMB. Lianxin Energy limits its exposure to credit risk by placing deposits only with reputable banks in the PRC.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from its ultimate holding company. Management monitors the rolling forecasts of Lianxin Energy's liquidity reserve on the basis of expected cash flow. The table below analyses Lianxin Energy's financial liabilities into relevant maturity groupings based on the remaining periods at the statement of financial position dates to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	**Within 2 to 5 years**
	RMB'000	*RMB'000*
At 31 December 2007		
Borrowings	104,550	52,500
Trade and other payables	285,799	—
Amount due to ultimate holding company	162,502	—
	552,851	52,500
At 31 December 2008		
Borrowings	101,470	35,000
Trade and other payables	257,432	—
Amount due to ultimate holding company	185,420	—
	544,322	35,000
At 31 December 2009		
Borrowings	175,730	—
Trade and other payables	326,719	—
	502,449	—
At 31 August 2010		
Borrowings	169,000	—
Trade and other payables	581,690	—
	750,690	—

3.2 Capital risk management

The total equity of Lianxin Energy represents the capital structure of Lianxin Energy. Lianxin Energy's objectives when managing capital are to safeguard Lianxin Energy's ability to continue as a going concern in order to provide returns for shareholders. Lianxin Energy obtains its financial support from its ultimate holding company.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Lianxin Energy's accounting policies. Although these estimates are based on management's best knowledge of events and actions, actual results ultimately may differ from those estimates.

(a) Fair value estimation

The carrying values of trade and other receivables, trade and other payables, amount due to ultimate holding company approximate their fair values due to their short-term nature and the discounting effect is considered minimal.

5 SEGMENT INFORMATION

No segment analysis is presented as all the operations and assets of Lianxin Energy are solely relating to sales of autogas for use by public buses and taxies business in the PRC.

6 OTHER INCOME

	For the year ended 31 December			For the eight months ended 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Subsidies from PRC Government	27,121	181,119	66,897	—
Others	285	58	1,400	420
	27,406	181,177	68,297	420

7 EXPENSES BY NATURE

	For the year ended 31 December			For the eight months ended 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation	9,450	11,559	9,642	7,774
Employee benefit expenses *(Note 8)*	10,620	10,971	11,130	7,220
Other selling and distribution costs	30,878	22,758	20,539	15,476
Other administrative expenses	16,748	12,609	10,448	11,252
Total selling and distribution costs and administrative expenses	67,696	57,897	51,759	41,722

The other administrative expenses for the eight months ended 31 August 2010 consists of tax penalty of approximately RMB4,389,000, which was resulted from an tax investigation carried out by the State Administration of Taxation in Guangzhou. According to its report in the number of 2012-12, Lianxin Energy under reported its turnover amounted to approximately RMB67,523,000 for the period from 1 July 2007 to 31 December 2008.

8 EMPLOYEE BENEFIT EXPENSES

	For the year ended 31 December			For the eight months ended 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wages and salaries	9,554	10,971	11,130	7,220
Staff welfare	1,066	—	—	—
	10,620	10,971	11,130	7,220

(a) Director's emoluments

During the Relevant Periods, no directors of Lianxin Energy received any emoluments.

(b) Five highest-paid individuals

The five highest-paid individuals in Lianxin Energy during the Relevant Periods include nil directors of Lianxin Energy for the year ended 31 December 2007, 2008 and 2009 and for the eight months ended 31 August 2010.

Details of the emoluments of the five individuals for the years ended 31 December 2007, 2008 and 2009 and for the eight months ended 31 August 2010 are as follows:

	For the year ended 31 December			For the eight months ended 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	239	239	239	248
Bonuses	—	—	—	—
Employer's contributions to pension scheme	—	—	—	—
	239	239	239	248

The emoluments fell within the following bands:

	For the year ended 31 December			For the eight months ended 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB Nil to RMB 100,000	5	5	5	5

During the Relevant Periods, no emoluments were paid by Lianxin Energy to these individuals as an inducement to join or as compensation for loss of office.

9 FINANCE INCOME AND COSTS

	For the year ended 31 December			For the eight months ended 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finance income				
Interest income	937	2,339	12,515	1,816
Finance costs				
Interest expenses	9,690	19,119	6,452	5,998
Other interest	1,919	—	—	—
Bank charge	765	2,006	—	568
	12,374	21,125	6,452	6,566

10 INCOME TAX EXPENSES

No PRC corporate income tax was provided as Lianxin Energy had no estimated assessable profit or had adequate tax loss brought forward to offset the estimated assessable profit for the Relevant Periods.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new CIT Law"). The new CIT law reduces the corporate income tax rate for domestic enterprises from 33% to 25% with effect from 1 January 2008.

The income tax on Lianxin Energy's loss for the Relevant Periods differ from the theoretical amount that would arise using the tax rate of the PRC as follows:

	For the year ended 31 December			For the eight months ended 31 August
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(Loss)/Profit before tax	(89,186)	(38,508)	76,620	(33,791)
Calculated at the applicable tax rate	(29,531)	(9,627)	19,155	(8,447)
Income not taxable	—	(11)	—	—
Expenses not deductible	294	31	7	1,222
Unrecognition/(Utilization) of tax losses	29,237	9,607	(19,162)	7,225
	—	—	—	—

11 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this accountant's report, is not considered meaningful as Lianxin Energy has registered capital only.

12 DIVIDENDS

The directors of Lianxin Energy do not recommend the payment of a dividend for the Relevant Periods.

13 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are as follows:

	Construction in progress	Leasehold improvement	Furniture, fixtures and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007					
Cost	7,789	21,051	74,886	2,817	106,543
Accumulated depreciation	—	(2,778)	(11,111)	(1,262)	(15,151)
Net book amount	7,789	18,273	63,775	1,555	91,392

	Construction in progress	Leasehold improvement	Furniture, fixtures and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2007					
Opening net book amount	7,789	18,273	63,775	1,555	91,392
Additions	30,627	7,182	9,748	315	47,872
Disposal	—	(3,239)	(3,418)	—	(6,657)
Depreciation	—	(1,171)	(7,862)	(417)	(9,450)
Written back of depreciation	—	509	1,356	—	1,865
Closing net book amount	38,416	21,554	63,599	1,453	125,022
At 31 December 2007					
Cost	38,416	24,994	81,216	3,132	147,758
Accumulated depreciation	—	(3,440)	(17,617)	(1,679)	(22,736)
Net book amount	38,416	21,554	63,599	1,453	125,022
Year ended 31 December 2008					
Opening net book amount	38,416	21,554	63,599	1,453	125,022
Additions	523	—	1,199	—	1,722
Disposal	—	(605)	(3,560)	—	(4,165)
Transfer	(38,739)	37,565	1,174	—	—
Depreciation	—	(3,047)	(8,106)	(406)	(11,559)
Written back of depreciation		141	834		975
Closing net book amount	200	55,608	55,140	1,047	111,995
At 31 December 2008					
Cost	200	61,954	80,029	3,132	145,315
Accumulated depreciation	—	(6,346)	(24,889)	(2,085)	(33,320)
Net book amount	200	55,608	55,140	1,047	111,995

	Construction in progress	Leasehold improvement	Furniture, fixtures and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2009					
Opening net book amount	200	55,608	55,140	1,047	111,995
Additions	1,774	620	1,918	—	4,312
Depreciation	—	(1,094)	(8,141)	(407)	(9,642)
Closing net book amount	1,974	55,134	48,917	640	106,665
At 31 December 2009					
Cost	1,974	62,574	81,947	3,132	149,627
Accumulated depreciation	—	(7,440)	(33,030)	(2,492)	(42,962)
Net book amount	1,974	55,134	48,917	640	106,665
Period ended 31 August 2010					
Opening net book amount	1,974	55,134	48,917	640	106,665
Additions	2,860	384	331	55	3,630
Depreciation	—	(2,097)	(5,403)	(274)	(7,774)
Closing net book amount	4,834	53,421	43,845	421	102,521
At 31 August 2010					
Cost	4,834	62,958	82,278	3,187	153,257
Accumulated depreciation	—	(9,537)	(38,433)	(2,766)	(50,736)
Net book amount	4,834	53,421	43,845	421	102,521

14 INVENTORIES

	As at 31 December			As at 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liquefied petroleum gas	916	653	1,981	31,133
Consumables	489	1,935	2,153	557
	1,405	2,588	4,134	31,690

15 TRADE DEBTORS AND BILLS RECEIVABLES

	As at 31 December			As at 31 August
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade debtors	63,021	89,364	47,352	100,839
Bills receivables	—	—	—	21,000
	63,021	89,364	47,352	121,839

Lianxin Energy's trading terms with its customers are mainly on credit. The credit period is generally for a period of three months. Lianxin Energy seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, there is no significant concentration of credit risk. The carrying amounts of trade debtors and bills receivables approximate to their fair values.

An aging analysis of the trade debtors and bills receivables as at the statement of financial position date, based on the invoice date, is as follows:

	As at 31 December			As at 31 August
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	63,021	89,364	47,352	121,839

16 OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 31 December			As at 31 August
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits	4,847	4,401	4,659	4,684
Prepayments	18,317	2,547	3,412	4,165
Other receivables	268,800	140,889	125,458	185,490
	291,964	147,837	133,529	194,339

The carrying amounts of other receivables are all denominated in RMB and are neither past due nor impaired. There is no recent history of default with respect to other receivables.

The maximum exposure to credit risk at the reporting dates is the carrying value of each class of receivable disclosed above. Lianxin Energy does not hold any collateral as security.

17 HELD TO MATURITY FINANCIAL ASSETS

	As at 31 December			As at 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Held to maturity financial assets	—	2,600	31,000	25,000

18 PLEDGED BANK DEPOSITS

	As at 31 December			As at 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged bank deposits	46,460	82,572	117,553	132,280
Interest rate	0.72%	0.72-0.81%	0.36-0.72%	0.36%

The carrying amounts of pledged bank deposits are all denominated in RMB.

The pledged bank deposits represents deposits placed in banks as securities for the borrowings as disclosed in note 21 to the Financial Information.

19 CASH AND CASH EQUIVALENTS

	As at 31 December			As at 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks	28,702	41,911	38,890	95,220

The carrying amounts of cash and cash equivalents are all denominated in RMB.

20 TRADE CREDITORS, BILLS PAYABLES AND OTHER PAYABLES

	As at 31 December			As at 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade creditors	769	114	25,682	150,434
Bills payables	164,220	236,700	259,200	413,760
Other creditors and accrued charges	120,810	20,618	41,837	17,496
	285,799	257,432	326,719	581,690

The carrying amounts of trade and other payables are all denominated in RMB.

An aging analysis of trade creditors of Lianxin Energy is as follows:

	As at 31 December			As at 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	769	114	25,682	150,434

As at 31 August 2010, trade creditors include amount payable to previous ultimate holding company of approximately RMB145,975,000.

21 BORROWINGS

	As at 31 December			As at 31 August
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Repayable within one year	104,550	101,470	175,730	169,000
Repayable over one year	52,500	35,000	—	—
	157,050	136,470	175,730	169,000

(a) All the borrowings are secured by pledged bank deposits as disclosed in note 18 to the Financial Information and the principal amounts are on a floating interest rate basis as following:

	Principal amount	**Interest rate**
	RMB'000	*%*
As at 31 December 2007		
Repayable within one year	104,550	6.08 to 6.84
Repayable over one year	52,500	6.12
As at 31 December 2008		
Repayable within one year	101,470	7.29 to 7.47
Repayable over one year	35,000	7.29
As at 31 December 2009		
Repayable within one year	175,730	4.62 to 7.29
As at 31 August 2010		
Repayable within one year	169,000	7.29

The fair values of the borrowings approximate their carrying amounts.

(b) The carrying amounts of the borrowings are all denominated in RMB.

22 AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount due to ultimate holding company was unsecured, non-interest bearing and repayable on demand.

23 PAID-IN CAPITAL

	As at 31 December			As at 31 August
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Paid-in capital	60,000	60,000	60,000	60,000

Lianxin Energy was established in the PRC on 9 April 1996 as a limited liability company with a registered capital of RMB60,000,000. The registered capital has been fully paid by shareholders and verified by the Certified Public Accountants registered in the PRC.

24 DEFERRED TAX

At 31 December 2007, 2008 and 2009, Lianxin Energy had unrecognised tax losses agreed with the tax authorities in the PRC of approximately RMB83,603,000, RMB115,525,000 and RMB38,989,000 respectively. These tax losses will expire in 2013, 2014 and 2015 respectively.

25 NOTE TO THE STATEMENTS OF CASH FLOWS

Reconciliation of (loss)/profit before tax to cash used in operations

	For the year ended 31 December			For the eight months ended 31 August
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Operating activities				
(Loss)/Profit before tax	(89,186)	(38,508)	76,620	(33,791)
Depreciation	9,450	11,559	9,642	7,774
Interest income	(937)	(2,339)	(12,515)	(1,816)
Interest in associate written off	—	—	300	—
Finance costs	9,690	19,119	6,452	5,998
Operating cash flows before Movements in working capital	(70,983)	(10,169)	80,499	(21,835)
(Increase)/decrease in prepayment	2,648	4,772	(15,053)	(1,080)
(Increase)/decrease in inventories	(249)	(1,184)	(1,545)	(27,556)
(Increase)/decrease in receivables	(12,811)	(10,573)	56,607	(135,297)
Increase/(decrease)in amount due to ultimate holding company	162,503	22,918	—	—
Increase/(decrease) in payables	(3,340)	75,888	(100,446)	265,366
Others	—	—	(412)	(412)
Net cash generated from operating activities	77,768	81,652	19,650	79,186

26 COMMITMENTS

Lianxin Energy had future aggregate minimum lease payments under non-cancellable operating leases in respect of gas stations as follows:

	As at 31 December			As at 31 August
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Not later than one year	8,494	8,976	10,504	10,036
Within 2-5 years	36,821	38,873	37,166	36,619
Over 5 years	41,762	35,279	26,482	20,562

27 RELATED PARTY TRANSACTIONS

The directors of Lianxin Energy consider the ultimate holding company to be 廣東港建液化氣有限公司(Guangdong Gangjian Gasol Co. Ltd) (formerly named as 番禺港建液化氣有限公司(Punyu Gangjian Gasol Co. Ltd)) a company established in the PRC for the year ended 31 December 2007 and 2008 and to be 珠海市旺通船務有限公司(Zhuhai City Wangtong Shipping Company Limited), a company established in the PRC for the year ended 31 December 2009 and for the eight months ended 31 August 2010.

Lianxin Energy had the following material transactions and balances with related parties, which were carried out in the ordinary and normal course of business of Lianxin Energy:

(a) Transactions with related parties

	For the year ended 31 December			For the eight months ended 31 August
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Purchases				
Guangdong Gangjian Gasol Co. Ltd	1,057,076	1,486,495	—	—

(b) Balances with related parties

	For the year ended 31 December			For the eight months ended 31 August
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to ultimate holding company	162,502	185,420	—	—

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Lianxin Energy in respect of any period subsequent to 31 August 2010. No dividend or distribution has been declared, made or paid by Lianxin Energy in respect of any period subsequent to 31 August 2010 and up to the date of this report.

Yours faithfully,

Yip Wing Ho & Co.,
Certified Public Accountants
Hong Kong

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Set out below are the statements of unaudited pro forma consolidated assets and liabilities (i) of the Group after completion of the Senneng Equity Acquisition and the provision of the Entrusted Loan which will occur on a stand-alone basis; and (ii) of the Enlarged Group after completion of the Acquisitions which will occur when the Second Purchaser, at its discretion, exercise the Wangtong Option to purchase the Wangtong Equity at the Exercise Price (collectively, the "Unaudited Pro Forma Financial Information"). They have been prepared for the purpose of illustrating the effects of the Acquisitions as if these had taken place on 30 June 2010. The Unaudited Pro Forma Financial Information has been prepared based on the unaudited financial statements of the Group for the period ended 30 June 2010 as disclosed in the interim report of the Company published on 14 September 2010 and the audited financial position of Lianxin Energy as at 31 August 2010 extracted from the accountant's report of Lianxin Energy for the eight months ended 31 August 2010 as set out in Appendix II, after making certain pro forma adjustments as set out below.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and is based on certain assumptions, estimates and other currently available financial information and because of its hypothetical natures, it may not give a true picture of the financial position of the Enlarged Group had the Acquisitions been completed on 30 June 2010 or any future dates.

(I) Statement of unaudited pro forma consolidated assets and liabilities of the Group after completion of the Senneng Equity Acquisition and the provision of the Entrusted Loan

	The Group as at 30 June 2010	**Pro forma adjustments**			**Pro forma Group after completion of the Senneng Equity Acquisition and the provision of the Entrusted Loan**
	HK$'000	*HK$'000*		*HK$'000*	*HK$'000*
	(unaudited)				*(unaudited)*
	(Note 1)	*(Note 2)*		*(Note 3)*	
Non-current assets					
Property, plant and equipment	573,827				573,827
Prepaid lease payments for land	65,449				65,449
Prepaid lease payments for coast	11,226				11,226
Goodwill	127,152				127,152
Other intangible assets	14,167				14,167
Interest in a jointly controlled entity	7,607				7,607
Available for sales financial assets	—	3,439	*(a)*	—	3,439
Other assets	69,380				69,380
Deferred tax assets	1,556				1,556
	870,364				873,803

	The Group as at 30 June 2010	Pro forma adjustments			Pro forma Group after completion of the Senneng Equity Acquisition and the provision of the Entrusted Loan
	HK$'000	*HK$'000*		*HK$'000*	*HK$'000*
	(unaudited)				*(unaudited)*
	(Note 1)	*(Note 2)*		*(Note 3)*	
Current assets					
Inventories	419,985				419,985
Trade debtors and bills receivable	789,593				789,593
Other debtors, deposits and prepayments	749,112				749,112
Derivative financial insturments	16,283				16,283
Loan receivable	—	557,763	*(b)*		557,763
Call option	—	107,069	*(c)*		107,069
Prepaid lease payments for land	2,676				2,676
Prepaid lease payments for coast	786				786
Pledged bank deposits	2,063,896				2,063,896
Bank balances and cash	306,889	(305,089)	*(a),(b)*	(1,800)	—
	4,349,220				4,707,163
Current liabilities					
Trade creditors and bills payable	834,620				834,620
Other creditors and accrued charges	79,878	363,182	*(b)*		443,060
Derivative financial instruments	4,769				4,769
Tax Liabilities	18,242				18,242
Borrowings, partly secured — repayable within one year	2,803,962				2,803,962
Obligation for put option to non-controlling shareholder of a subsidiary	5,150				5,150
	3,746,621				4,109,803
Net current assets	602,599				597,360
Total asset less current liabilities	1,472,963				1,471,163
Non-current liabilities					
Deferred tax liabilities	19,453				19,453
Borrowings, partly secured — repayable over one year	331,279				331,279
	350,732				350,732
Net assets	1,122,231				1,120,431

Notes:

1. The figures are extracted from the interim condensed consolidated financial statements of the Group for the period ended 30 June 2010 published on 14 September 2010.

2. The adjustments represents:

   (a) the payment of cash consideration RMB3,000,000 (equivalent to approximately HK$3,439,000 translated at 30 June 2010 using the exchange rate of HK$1.00 = RMB0.8724) for acquisition of 5% registered capital of Lianxin Energy;

   (b) the Entrusted Loan provided to Wangtong amounted to approximately RMB580,000,000 (equivalent to approximately HK$664,832,000 translated at 30 June 2010 using the exchange rate of HK$1.00 = RMB0.8724), Details of the Entrusted Loan are set out in the sub-paragraph headed *2.4 "Entrusted Loan"* in this circular. As at 30 June 2010, the Company had bank balances and cash of approximately HK$306,889,000. The amount would be used to settle the consideration as set out in note 2(a) above and the legal and professional fee as set out below in note 3. The remaining bank and cash balances of approximately HK$301,650,000 would be provided to Wangtong as part of the Entrusted Loan and the shortfall of approximately HK$363,182,000 is recorded as other creditors. The total amount of Entrusted Loan would be split into two portions according to Hong Kong Accounting Standards 39 "Financial Instruments: recognition and measurements", the call option granted by Wantong to the Company ("Wangtong Option") would be measured at its fair value and set out below in note 2 (c). The remaining amount represented a loan receivable which is carried at amortised cost using the effective interest method and the carrying amount of the Entrusted Loan at initial recognition is approximately HK$557,763,000. The shortfall of the Entrusted Loan amounting to approximately HK$363,182,000 would be financed by various financial resources including the Share Placing and the club loan to be provided by a selected number of leading banks as set in the paragraph headed 6 "Financial Resources for the Acquisitions" in this circular;

   (c) the fair value of the call option granted by Wangtong to the Company ("Wangtong Option") to purchase the remaining 95% registered capital of Lianxin Energy amounting to approximately HK$107,069,000. The amount is determined by Norton Appraisals Limited, ("Norton Appraisals") an independent professional valuer in accordance with the trinomial option pricing model. The trinomial option model is a model in which the price of an underlying asset is monitored over successive periods of time. Under the model, in each period, the prices can go up, down or remain unchanged. The key inputs to the model include Wangtong's enterprise value of RMB535,800,000, strike price of RMB580,000,000, volatility of 49.27% and risk free rate of 0.63%. The details of the Wangtong Option is set out in the sub-paragraph headed *2.5 "Wangtong Option"* in this circular.

3. The adjustment represents the legal and professional expenses directly related to the Acquisitions.

(II) Statement of unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group after completion of the Acquisitions

	Pro forma Group after completion of the Senneng Equity Acquisition and provision of the Entrusted Loan	Lianxin Energy as at 31 August 2010	Sub-total	Pro forma adjustments		Pro forma Enlarged Group after completion of the Acquisitions
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*
	(unaudited)	*(audited)*				*(unaudited)*
		(Note1)		*(Note2)*		
Non-current assets						
Property, plant and equipment	573,827	117,516	691,343			691,343
Prepaid lease payments for land	65,449	—	65,449			65,449
Prepaid lease payments for coast	11,226	—	11,226			11,226
Goodwill	127,152	—	127,152	280,621	*(e)*	407,773
Other intangible assets	14,167	—	14,167	360,179	*(d)*	374,346
Interest in a jointly controlled entity	7,607	—	7,607			7,607
Available for sales financial assets	3,439	—	3,439	(3,439)	*(a)*	—
Other assets	69,380	—	69,380			69,380
Deferred tax assets	1,556	—	1,556			1,556
	873,803	117,516	991,319			1,628,680

	Pro forma Group after completion of Senneng Equity Acquisition and provision of the Entrusted Loan	Lianxin Energy as at 31 August 2010	Sub-total	Pro forma adjustments		Pro forma Enlarged Group after completion the Acquisitions
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*
	(unaudited)	*(audited)*				*(unaudited)*
		(Note1)		*(Note2)*		
Current assets						
Inventories	419,985	36,325	456,310			456,310
Trade debtors and bills receivable	789,593	139,660	929,253			929,253
Other debtors, deposits and prepayments	749,112	233,615	982,727			982,727
Derivative financial insturments	16,283	—	16,283			16,283
Held to maturity financial assets	—	28,657	28,657			28,657
Loan receivable	557,763	—	557,763	(557,763)	*(b)*	—
Call option	107,069	—	107,069	(107,069)	*(c)*	—
Prepaid lease payments for land	2,676	—	2,676			2,676
Prepaid lease payments for coast	786	—	786			786
Pledged bank deposits	2,063,896	151,628	2,215,524			2,215,524
Bank balances and cash	—	109,147	109,147			109,147
	4,707,163	699,032	5,406,195			4,741,363
Current liabilities						
Trade creditors and bills payable	834,620	646,715	1,481,335	(161,456)	*(d)*	1,319,879
Other creditors and accrued charges	443,060	20,055	463,115			463,115
Derivative financial instruments	4,769	—	4,769			4,769
Tax Liabilities	18,242	—	18,242			18,242
Borrowings, partly secured — repayable within one year	2,803,962	193,718	2,997,680			2,997,680
Obligation for put option to non-controlling shareholder of a subsidiary	5,150	—	5,150			5,150
	4,109,803	860,488	4,970,291			4,808,835
Net current assets (liabilities)	597,360	(161,456)	435,904			(67,472)
Total asset less current liabilities	1,471,163	(43,940)	1,427,223			1,561,208
Non-current Liabilities						
Deferred tax liabilities	19,453	—	19,453	90,045	*(d)*	109,498
Borrowings, partly secured — repayable over one year	331,279	—	331,279			331,279
	350,732	—	350,732			440,777
Net assets (liabilities)	1,120,431	(43,940)	1,076,491			1,120,431

Notes:

1. The figures are extracted from the accountants' report as set out in Appendix II to this circular and translated to HK$ as at 30 June 2010 using the exchange rate of HK$1.00 = RMB0.8724.

2. The adjustments represents:

   (a) the elimination of the 5% investment in Lianxin Energy amounted to HK$3,439,000. The Group exercised the Wangtong Option to acquire the remaining 95% of the registered capital of Lianxin Energy and Lianxin Energy will be become a subsidiary of the Group which will effectively hold 99.5% of the registered capital of Lianxin Energy. The Group will apply the purchase method to account for the Acquisitions;

   (b) the elimination of the carrying value of the Entrusted Loan to Wangtong which amount forms part of the total consideration for the Wangtong Equity Acquisition;

   (c) the elimination of the fair value of the Wangtong Option which amount forms part of the consideration for the Wangtong Equity Acquisition;

   (d) in applying the purchase method, the identifiable assets and liabilities and contingent liabilities of Lianxin Energy will be recorded at fair values at the completion date of the Wangtong Equity Acquisition. As at 31 August 2010, Lianxin Energy had net current liabilities of approximately HK$161,456,000. Based on the Financial Requirements as set out in sub-paragraph headed *2.4.3 "Financial Restructuring"* in the letter from the Board in this circular, Wangtong undertakes on the completion of the Financial Restructuring, the value of the current assets of Lianxin Energy shall be equal to the value of its current liabilities. The undertaking imposes a specific obligation on the part of Wangtong to procure the settlement, at its own cost, of the aforesaid current liabilities of HK$161,456,000 of Lianxin Energy so that Lianxin Energy will not be in net current liabilities position as at 31 August 2010. The property, plant and equipment of Lianxin Energy comprised mostly underground tanks, pipeline structure and refueling equipment over 50% of which were acquired or constructed within 3 years. The rest of the underground tanks, pipeline structure and refuelling equipment are all covered by current 許可證 (Use Permits) which, as a condition of issue, requires inspections to be carried out by supervisory bodies so as to be satisfied with their condition and state of maintenance. In view of the above, the Directors are of the opinion that the fair value of the property, plant and equipment of Lianxin Energy equals their carrying value of approximately HK$117,516,000. The intangible assets of approximately HK$360,179,000 represents the sales network, business licence, etc in the PRC is determined by Norton Appraisals. The recognition of deferred tax liabilities amount of approximately HK$90,045,000 arising from the intangible assets was calculated with the tax rate of 25% in the PRC; and

   (e) a goodwill of approximately HK$280,621,000 representing the excess of the consideration for the Acquisitions amounting to HK$668,271,000 over property, plant and equipment of Lianxin Energy amounting to approximately HK$117,516,000, intangible assets of approximately HK$360,179,000 and deferred tax of approximately HK$90,045,000. In preparing the pro forma financial information, the Directors assume that both Senneg Equity Acquisition and Wangtong Equity Acquisition are taken place on the same date of 30 June 2010. In applying Hong Kong Financial Reporting Standard 3 (Revised 2008) "Business Combinations", if the two acquisitions are taken place on two separate dates, upon the Group exercised the Wangtong Option to acquire the remaining 95% interest of Lianxin Energy, the Group would obtain the control over Lianxin Energy and the 5% investment Lianxin Energy acquired in Senneg Equity Acquisition would be considered as disposal of at its fair value and immediately reacquired for the same fair value. The Company will need to remeasure the 5% interest at fair value and recognise any resulting gain or loss in profit or loss. After completion of the Acquisitions, Lianxin Energy will become a cash-generating unit ("CGU") to the Group. The Directors have determined the expected cash flows in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" to arrive the value in use of this CGU to assess the impairment of assets in this CGU including the intangible and tangible assets and the goodwill. The Directors considered that there is no impairment loss for the CGU of Lianxin Energy and the same impairment assessment will be carried out in the future accounting periods.

(III) *Set forth below is the accountants' report, prepared for the sole purpose of incorporation in this circular received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in connection with the unaudited pro forma financial information of the Enlarged Group set out in this circular:*

Deloitte.
德勤

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF NEWOCEAN ENERGY HOLDINGS LIMITED

We report on the unaudited pro forma financial information of NewOcean Energy Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the major acquistion of Lianxin Energy Development Company Limited and the advance to Zhuhai City Wangtong Shipping Company Limited might have affected the financial information presented, for inclusion in Sections I and II of Appendix III to the circular dated 2 December 2010 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on pages III-1 to III-6 of the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma statement of financial information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30 June 2010 or any future date.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
2 December 2010

Lianxin Energy's principal activities are the sale of autogas for use by public buses and taxies in the PRC. The principal assets of Lianxin Energy are its 17 autogas refuelling stations in and around Guangzhou, the PRC.

Set out below is the management discussion and analysis of the results of Lianxin Energy for the three years ended 31 December 2007, 2008 and 2009 and the eight months ended 31 August 2010, which should be read in conjunction with the accountants' report of Lianxin Energy set out in Appendix II to this circular.

REVENUE

Revenue of Lianxin Energy increased from approximately RMB1,019,910,000 in 2007 to approximately RMB1,344,573,000 in 2008 mainly due to the autogas engine conversion process for bus and taxi under the government policy for the use of LPG in public vehicles. The conversion was completed in late 2007 and year 2008 took the full year benefit. At the same time the selling price of autogas also showed an increase of around 13%.

The revenue decreased to approximately RMB1,274,665,000 in 2009, mainly due to decrease in selling price as a result of decrease in the price of LPG by around 10% despite a slight increase in sales volume as a result of the increase in number of gas stations operated by Lianxin Energy from 15 to 17 during the year.

For the period ended 31 August 2010, the revenue was approximately RMB906,982,000 representing an increase of approximately 3.5% over that of same period in 2009 as there was a slight increase in sales volume resulted from the full year effect of the increase in number of gas stations while the unit selling price remained fairly stable.

GROSS PROFIT

Before the year 2009, the profitability of Lianxin Energy was adversely affected by the volatile LPG market which was aggravated by price speculation of autogas by dealers and wholesalers from whom autogas was purchased, and at the same time the selling price of autogas was controlled by the Guangzhou government. Gross loss of approximately RMB37,459,000 was recorded for 2007 as Lianxin Energy was forced to sell below purchase price due to the above reason.

The gross loss further increased to approximately RMB143,002,000 for 2008 due to the surge in price of LPG by over 20% whereas the selling price of autogas can only be increased by just below 13%.

Since the first quarter of 2009, the retail price of autogas in Guangzhou was linked to the cost of purchase of LPG and other related costs and thus for the year of 2009, Lianxin Energy was able to record a gross profit of approximately RMB54,019,000.

Gross profit for the period ended 31 August 2010 dropped to approximately RMB12,261,000 as compared with same period in last year due to the fact that the Guangzhou government temporarily placed a cap on the selling price starting from June 2010 in order to stabilize the raising price index and thus affected the gross profit margin of Lianxin Energy.

OTHER INCOME

Other income for the year 2007 to 2009 represented mostly government subsidies to autogas operators in Guangzhou as the selling price of autogas was controlled by the Guangzhou government. The amount was approximately RMB27,121,000 due to the slight negative gross profit in the year 2007. The subsidies increased substantially to approximately RMB181,119,000 in the year 2008 due to the substantial loss incurred by Lianxin Energy for the year. Under the new pricing policy adopted in early 2009 as mentioned above, government subsidies reduced considerably and other income decreased to approximately RMB66,897,000 for 2009. During the period ended 31 August 2010, there was no government subsidies under the new pricing policy of LPG in Guangzhou and other income reduced by 99% to approximately RMB420,000.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2007, 2008 and 2009 and 31 August 2010, Lianxin Energy had short term banks borrowings of approximately RMB104,550,000, RMB101,470,000, RMB175,730,000 and RMB169,000,000 respectively. Long term bank borrowings as at 31 December 2007 and 2008 were approximately RMB52,500,000 and RMB35,000,000 respectively. Lianxin Energy did not have any long term bank borrowings as at 31 December 2009 and 31 August 2010. All the bank borrowings are on a floating interest rates basis and secured by pledged bank deposits. Gearing ratios (being total interest bearing liabilities over total assets) as at the respective year/period ends were 27.9%, 27.4%, 35.3% and 23.7% respectively.

As at 31 December 2007, 2008 and 2009 and 31 August 2010, Lianxin Energy had net liabilities of approximately RMB42,655,000, RMB81,163,000, RMB4,543,000 and RMB38,334,000 respectively.

As Lianxin Energy's business transactions are principally denominated in RMB, its exposure to exchange rate is minimal.

Charge on assets

Lianxin Energy had pledged its bank deposits for its bank borrowings. The pledged bank deposits as at 31 December 2007, 2008 and 2009 and 31 August 2010 were approximately RMB46,460,000, RMB82,572,000, RMB117,553,000 and RMB132,280,000 respectively.

Contingent liabilities

As at 31 December 2007, 2008 and 2009 and 31 August 2010, Lianxin Energy had no material contingent liabilities.

Significant investments held

Lianxin Energy did not hold any significant investments for the three years ended 31 December 2009 and the period ended 31 August 2010.

Material acquisitions and disposals of subsidiaries and associated companies

Lianxin Energy did not have any material acquisitions and disposal of subsidiaries and associated companies during the three years ended 31 December 2009 and the period ended 31 August 2010.

Employee and remuneration policy

As at 31 December 2007, 2008 and 2009 and 31 August 2010, Lianxin Energy had approximately 500 employees with total staff costs for the respective periods amounting to approximately RMB10,620,000, RMB10,971,000, RMB11,130,000 and RMB7,220,000 respectively. Employees were remunerated with reference to their performance, experience and prevailing industrial practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The executive directors of Lianxin Energy continued to review employees' contribution and to provide them with necessary incentives and flexibility for their better commitment and performance.

FUTURE PLANS

Upon completion of the Senneng Equity Acquisition and the receipts of proceeds of the Entrusted Loan, Lianxin Energy will undergo the Financial Restructuring including the repayment of bank borrowings, bills and other payables in order to comply with the Financial Requirements as set out in the sub-paragraph headed *2.4.3 "Financial Requirements"*. As at 31 August 2010, Lianxin Energy had bills payable of approximately RMB413,760,000 and trade creditors of approximately RMB150,434,000, a substantial portion of which were amounts arising from purchase of autogas on credit from suppliers in the PRC. As the Group will ultimately become the sole supplier of autogas to Lianxin Energy, it is expected that the credit previously available to Lianxin Energy from other suppliers will be reduced or curtailed, and the amounts owing to these suppliers will need to be repaid using the proceeds of the Entrusted Loan.

After completion of the Senneng Equity Acquisition, Lianxin Energy will need to carry out a program for servicing and renewal of its equipment and fixed assets so that their total value can be maintained at the figure of not less than RMB100,000,000 as required under the Financial Requirements and also to meet the standards of the Group. It is expected additional expenses will be incurred for the equipment servicing and renewal, which will be funded by proceeds from the Entrusted Loan.

Following completion of the Wangtong Equity Acquisition, the operation of Lianxin Energy will be fully integrated with the Group and will become one of the Group's profit centres.

INDUSTRY OVERVIEW

In addition to the favourable government policies towards the use of LPG, the autogas refuelling business in Guangzhou may benefit from the economic and transportation growth in the city. According to the Bureau of Statistics of Guangzhou, PRC, the gross domestic product of Guangzhou increased from approximately RMB515.4 billion in 2005 to approximately RMB911.3 billion in 2009, representing a compound average growth rate of approximately 15.3% per annum during the aforesaid period. Gross domestic product per capita also grew by a compound average growth rate of approximately 13.4% from 2005 to 2009.

In terms of total number of passenger trips, buses and taxis in Guangzhou carried a total number of passenger trips of approximately 3.1 billion in 2008, representing a compound average growth rate of approximately 7.3% per annum between 2005 and 2008.

Given the aforesaid factors, trends of growth in traffic, economic and commercial activities in Guangzhou, the Directors are optimistic about the future prospects of the LPG market in Guangzhou, the PRC.

RISK FACTORS

To the best of the Directors' knowledge, the Directors consider the following risks and other factors to be the most relevant in respect of Lianxin Energy. However, the risks listed do not purport to comprise all those risks associated with the Lianxin Energy and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on Lianxin Energy's business.

RISKS RELATING TO THE BUSINESS

Volatility of LPG prices

As the Enlarged Group will import LPG gas into the PRC for retail sale through the autogas refuelling stations, the Enlarged Group's profits will be subject to the movements in the LPG prices in the international market. LPG prices have been volatile in the past and are affected by factors outside the control of the Enlarged Group, including but not limited to petroleum price, world production level, global economic development, speculative activity, consumption pattern and fluctuations in exchange rates. Whilst there are built in function in the Group's operation to combat the volatility of LPG prices, in case these factors combined together cause extreme fluctuations, the effect on the Enlarged Group is difficult to predict with any degree of certainty.

Price influence from PRC government

Under 中華人民共和國價格法 (Price Law of the PRC) the Guangzhou municipal government may, if it deems necessary, fix a 政府定價 (government-set price) for autogas. Although under the current government policy the retail price of autogas in Guangzhou is linked to the cost of purchase of LPG, there is no certainty that such a government-set price will not be introduced. As government policy is subject, among other things, to consumer pressure and influence from state-owned corporations in the petroleum industry, there is also no certainty that under such price influences autogas retail prices may closely follow fluctuations in the import prices, which have a material adverse impact on the Enlarged Group.

Emission control legislation

Although autogas is generally accepted as a clean fuel in terms of automotive emissions, there is no certainty that future automotive emission control will not be changed in such a way so as to restrict the use of and/or impose special levy on and/or requires the installation of additional emission control devices on vehicles for using autogas. Whilst the Directors do not foresee any such changes in the foreseeable future, the effect of any such change on the Enlarged Group is difficult to predict.

Safety Risks

The operation of autogas refuelling stations is subject to inherent safety risks and there are safety laws and regulations in connection with the operation. Although the Enlarged Group intends to comply with all applicable safety requirements, there are risks inherent to the operation such as accidental leakages, fires or other circumstances that could cause disruption and substantial losses to the operation of the Enlarged Group.

As set out in the "Letter from Board" in this circular, an income approach was adopted by Norton Appraisals for the valuation of the business of Lianxin Energy. Pursuant to Rule 14.61 of the Listing Rules, the Revised Valuation, which has based on discounted cash flows, is regarded as a profit forecast.

1. BASES AND ASSUMPTIONS

In preparation of the Revised Valuation, Norton Appraisals had made reference to the historical performance and operating results projection of the business of Lianxin Energy for the three financial years ended 31 December 2009 and for the four financial years ending 31 December 2014 respectively. The operating results projection of the business of Lianxin Energy was provided by the Company which has adopted the following bases and assumptions:

— All relevant legal approvals and business certificates or licenses to operate the business in the localities in which Lianxin Energy operates or intends to operate would be officially obtained and renewable upon expiry.

— There will be no change in the current government policies on the retail pricing of autogas in Guangzhou, market conditions and economic fundamentals.

— Lianxin Energy's autogas sales volume will remain at the same level as that of the financial year 2009.

— There will not be any increase in the number of autogas refuelling stations operated by Lianxin Energy and it is assumed that the market share of Lianxin Energy in the autogas market in Guangzhou will remain the same as that in 2010.

— There will be an increase of approximately 3% in the import price of LPG in 2011 over that of the average of the period from January to October 2010. As the retail price of autogas in Guangzhou is linked to the cost of purchase of LPG under the current government policy, the same increase in retail price of autogas in 2011 was used for the projections. For conservative purpose, the retail price of autogas is assumed to be the same throughout 2011 to 2014. The expected increase in import price of LPG was made with reference to the market research and analysis conducted by the Company.

— The Company assumed that the administration, selling and distribution expenses will remain the same as that of 2010.

— All sales of Lianxin Energy are conducted on the same existing terms and the credit terms from its suppliers will remain unchanged.

— There will be sufficient supply of technical staff in the industry in which Lianxin Energy operates, and Lianxin Energy will retain competent management, key personnel and technical staff to support its ongoing operations and developments.

— There will be no major change in the current taxation laws in the localities in which Lianxin Energy operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with.

— There will be no major change in the political, legal, economic or financial conditions in the localities in which Lianxin Energy operates or intends to operate, which would adversely affect the revenues attributable to and profitability of Lianxin Energy.

— Interest rates and exchange rates in the localities for the operation of Lianxin Energy will not differ materially from those presently prevailing.

— the leases for the existing 17 gas stations would be renewed.

2. ACCOUNTANTS' REPORT ON THE PROFIT FORECAST

The following is the text of a report received from Yip Wing Ho & Co., Certified Public Accountants, the reporting accountants of Lianxin Energy addressed to the Directors and prepared for the sole purpose of inclusion in this circular.

YIP WING HO & CO.
Certified Public Accountants
葉永豪會計師事務所

2 December 2010

The Directors
NewOcean Energy Holdings Limited

Dear Sirs,

Accountants' Report on the Profit Forecast

In accordance with the instructions of the directors of NewOcean Energy Holdings Limited (the "Company") and in connection with the business projections in respect of the valuation of the business of Lianxin Energy Development Company Limited ("Lianxin Energy"), we have reviewed the accounting policies and calculations for the forecast of the profit after taxation but before extraordinary items of Lianxin Energy (for which the directors of the Company (the "Directors") are solely responsible) for the financial years ending 31 December 2011 to 2014 (the "Profit Forecast").

We have been advised by the Directors that the Profit Forecast is based on the bases and assumptions set out in Appendix V-1 to V-2 to the circular of the Company dated 2 December 2010 (the "Circular"). We have not concluded an audit of the results of Lianxin Energy for the eight months ended 31 August 2010.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions made by the Directors as set out in Appendix V-1 to V-2 to the Circular and is present on a basis consistent in all material respects with the accounting policies normally adopted by Lianxin Energy.

Yours faithfully,

Yip Wing Ho & Co.,
Certified Public Accountants
Hong Kong

3. FINANCIAL ADVISER'S REPORT ON THE PROFIT FORECAST

The following is the text of a report received from the financial adviser to the Company, Access Capital Limited, addressed to the Directors and prepared for the sole purpose of inclusion in this circular.

Access Capital

The Board of Directors
NewOcean Energy Holdings Limited
20th Floor, Times Tower
393 Jaffe Road, Wanchai
Hong Kong

2 December 2010

Dear Sirs,

NewOcean Energy Holdings Limited (the "Company")

We have reviewed the accounting policies adopted and calculations made in arriving at the forecast of profits of Lianxin Energy Development Company Limited ("Lianxin Energy") for the financial years ending 31 December 2011 to 2014 (the "Profit Forecast"), for which you as directors of the Company (the "Directors") are solely responsible. The Profit Forecast has been prepared by the Directors based on historical performance of Lianxin Energy for the three financial years ended 31 December 2009, the market trend of the autogas industry and other dependent industries, and economic outlook in the PRC.

We have discussed with you the bases and assumptions as set out in Appendix V-1 to V-2 to the Company's circular dated 2 December 2010, upon which the Profit Forecast has been made. We have also considered the letter dated 2 December 2010 addressed to you from Yip Wing Ho & Co regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the foregoing and on the bases and assumptions made by you and the accounting policies adopted and calculations made by you as Directors are solely responsible, has been made with due care and consideration.

Yours faithfully,

For and on behalf of
Access Capital Limited
Alexander Tai
Principal Director

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 to be notified to the Company and the Stock Exchange were as follows:

(a) Interests in Shares (Long Position)

Name of Director	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company
Shum Siu Hung	Family interest *(Note 1)*	490,779,280	37.58
Cen Ziniu	Other *(Note 2)*	4,907,792	0.38
Shum Chun, Lawrence	Beneficial owner	49,933,558	3.82
	Other *(Note 2)*	73,616,892	5.63

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 Investments Limited ("Uniocean") as referred to in note 1 to paragraph (a) under the section headed "3. Substantial Shareholders" below, and are deemed to be the family interest of Shum Siu Hung. These 490,779,280 Shares held by Uniocean, 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 (Shum Chun, Lawrence and Shum Ho, Neo are sons of Shum Siu Hung and Tong Shiu Ming).

2. These interests reflect the 1% and 15% proportional interest of Cen Ziniu and Shum Chun, Lawrence 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 Companies, 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 Shares (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 *(Note 1)*	490,779,280	37.58
Integrated Asset Management (Asia) Limited (“Integrated Asset”)	Beneficial Owner	80,000,000	6.13
Yam Tak Cheung	Held by corporation *(Note 2)*	80,000,000	6.13

Notes:

1. 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. 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 Assets.

(b) Share options

Name of Director	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 "Directors' and Chief Executives' Interest in Shares and underlying Shares" above, and were deemed to be the family interest of Tong Shiu Ming.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other members of the Enlarged Group was engaged in any litigation or claim of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against the Company or any other member of the Enlarged Group.

5. 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 Enlarged Group which is not expiring or terminable by the Enlarged Group within one year without payment of compensation (other than statutory compensation).

6. 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 Enlarged 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 Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2009 (being the date to which the latest published audited financial statements of the Company were made up).

7. 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 Enlarged Group.

8. QUALIFICATION AND CONSENT OF EXPERT

The followings are the qualification of the experts who have given opinion or advice which are contained in this circular:

Name	Qualification
Access Capital 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
Deloitte Touche Tohmatsu	Certified Public Accountants
Yip Wing Ho & Co	Certified Public Accountants
Norton Appraisals	Independent Professional Valuer

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

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Enlarged 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 Enlarged Group.

As at the Latest Practicable Date, each of the above experts did not, directly or indirectly, had any interest in any assets which had since 31 December 2009 (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 Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

9. MATERIAL CONTRACTS

The Enlarged Group had entered into the following contracts within two years immediately preceding the date of this circular and up to the Latest Practicable Date which are contracts not being in the ordinary course of business of the Company and may be material:

(a) the Framework Agreement;

(b) the placing agreement dated 1 November 2010 entered into between the Company, Shum Chun, Lawrence, VC Brokerage Limited and Kingsway Financial Services Limited in relation to a placing of a maximum of 150,000,000 Shares;

(c) the subscription agreement dated 1 November 2010 entered into between the Company, Uniocean Investments Limited and Shum Chun, Lawrence in relation to a subscription of a maximum of 150,000,000 Shares;

(d) the service agreement dated 23 September 2010 entered into between the Company and Polaris Securities Co., Ltd (as the lead underwriter) in relation to the proposed listing of Taiwan Depository Receipts on the Taiwan Stock Exchange Corporation;

(e) the letter of intent dated 3 June 2010 entered into between the Company and the Vendors in relation to the acquisition of the entire registered capital of Lianxin Energy;

(f) the subscription agreement dated 8 April 2010 entered into between Sound Hong Kong Limited, Best Resources Base Limited and Provisional Talent Limited in relation to the subscription in Best Resources Base Limited's shares for an amount of HK$40,000,000;

(g) the deed of termination and release executed on 8 April 2010 between Sound Hong Kong Limited, NewOcean Development Limited and Provisional Talent Limited in relation to termination of the parties' obligation under the subscription agreement dated 21 August 2009;

(h) the placing agreement dated 1 December 2009 entered into between the Company, Uniocean Investments Limited and SBI E2-Capital (HK) Limited (as placing agent) in relation to a placing of a maximum of 192,500,000 Shares;

(i) the subscription agreement dated 1 December 2009 entered into between the Company and Uniocean Investments Limited in relation to a subscription of Shares equivalent to the shares sold under the placing agreement dated 1 December 2009; and

(j) the subscription agreement dated 21 August 2009 entered into between Sound Hong Kong Limited, NewOcean Development Limited and Provisional Talent Limited in relation to the subscription in NewOcean Development Limited's shares for an amount of HK$100,000,000.

10. 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) The secretary of the Company is Mr. Wu Hong Cho, solicitor of the High Court of Hong Kong.

(e) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. 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 20 December 2010:

(a) the memorandum of association and the bye-laws of the Company;

(b) the report on unaudited pro forma financial information on the Enlarged Group as set out in Appendix III to this circular;

(c) the annual reports of the Company for the financial years ended 31 December 2008 and 31 December 2009 respectively;

(d) the accountants reports on the Lianxin Energy as set out in Appendix II to this circular;

(e) the letters from each of Yip Wing Ho & Co and Access Capital Limited as set out in Appendix V to this circular;

(f) the written consents referred to in paragraph 8 in this appendix;

(g) a copy of each of the material contracts as set out under the section headed "Material Contracts" in this appendix; and

(h) a copy of each circular issued pursuant to the requirements set out in Chapter 14 and/or 14A which has been issued since 31 December 2009, being the date of the latest published audited accounts of the Company.

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 Monday, 20 December 2010 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 conditional agreement (the "Framework Agreement", a copy of which has been produced to the meeting marked "A" and initialed by the chairman of this meeting for the purpose of identification) dated 21 October 2010 entered into between (i) 珠海新海能源科技有限公司(Zhuhai NewOcean Energy Technology Company Limited*) (the "First Purchaser"); (ii) 新海百富洋投資有限公司(NewOcean Baifuyang Investment Company Limited*) (the "Second Purchaser"); (iii) 廣州森能燃氣有限公司(Guangzhou Senneng LPG Company Limited*); and (iv) 珠海市旺通船務有限公司(Zhuhai City Wangtong Shipping Company Limited*) as more particularly described in a circular to shareholders of the Company dated 2 December 2010 (a copy of which has been produced to the meeting marked "B" and initialed by the chairman of this meeting for the purpose of identification) be and is hereby approved, confirmed and ratified, and the performance of all transactions contemplated under the Framework Agreement by the First Purchaser and the Second Purchaser be and are hereby approved;

(b) without affecting the generality of the approval given to the First Purchaser and the Second Purchaser under paragraph (a) of this Resolution, the exercise by the Second Purchaser of all its right, discretion and determination in respect of the option granted under the Framework Agreement to purchase 95% of the registered and paid up capital of 聯新能源發展有限公司(Lianxin Energy Development Company Limited*) be and is hereby generally and unconditionally approved; and

* *for identification purposes only*

(c) the directors of the Company be and are hereby authorized to do all acts and things which they may consider necessary, desirable or expedient to implement, to give effect to or otherwise in connection with the Framework Agreement."

By Order of the Board
Wu Hong Cho
Company Secretary

Hong Kong, 2 December 2010

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
20th Floor, Times Tower, 393 Jaffe Road,
Wanchai, Hong Kong.

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 lodged at the share registrar of the Company, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereon.

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 Monday, 20 December 2010 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, Queens's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 17 December 2010.

5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.