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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>

MAJOR ACQUISITION AND ADVANCE TO AN ENTITY COMPLETION AGREEMENT

On 20 December 2011 the Second Purchaser, Wangtong and Sound Hong Kong entered into the Completion Agreement to provide for completion of the Wangtong Equity Acquisition and revised procedures for the completion and repayment of the Entrusted Loan. Under the Revised Procedures, subject to fulfillment of the Wangtong Equity Acquisition Conditions (as supplemented by the Completion Agreement), completion of the Wangtong Equity Acquisition shall take place within 7 working days from 31 December 2011.

The Revised Procedures are procedural in nature and do not have any financial impact on the Company.

Reference is made to the announcement dated 25 October 2010 (the “Announcement”) issued by NewOcean Energy Holdings Limited (the “Company” and together with its subsidiaries the “Group”) and the circular to Shareholders dated 2 December 2010 in connection with the Acquisitions and the Entrusted Loan. Unless otherwise indicated, terms defined in the Announcement shall have the same meanings when used in this announcement.

On 20 December 2011 the Second Purchaser, Wangtong and Sound Hong Kong Limited (“Sound Hong Kong”) entered into the Completion Agreement to provide for matters relating to completion of the Wangtong Equity Acquisition under the Framework Agreement.

* *for identification purposes only*

1. THE COMPLETION AGREEMENT

1.1 Parties

- (i) The Second Purchaser;
- (ii) Wangtong; and
- (iii) Sound Hong Kong.

Sound Hong Kong is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands and had acted as the fund provider for the Entrusted Loan and the Acquisitions.

1.2 Confirmation and Acknowledgement

- (a) The parties to the Completion Agreement confirmed that Sound Hong Kong took the position as provider of funds for the Entrusted Loan and has advanced a principal sum of RMB580,000,000 for the purpose of the Financial Restructuring.
- (b) Sound Hong Kong acknowledged that it has received loan interest in the total sum of HK\$120,000,000, of which an equivalent amount of approximately HK\$10,000,000 was paid by Wangtong to the Second Purchaser and the remainder paid to Sound Hong Kong by third party(ies) (the “Interest Payment Party(ies)”).
- (c) The parties to the Completion Agreement confirmed that the Entrusted Loan is deemed to have been duly provided and all loan interests deemed to have been duly paid in accordance with the Framework Agreement. The Wangtong Equity Acquisition Condition relating to payment of interests in respect of the Entrusted Loan is therefore considered as fulfilled.

1.3 Financial Restructuring

Notwithstanding any provision in the Framework Agreement, the Financial Restructuring shall be completed on 31 December 2011 (“Financial Restructuring Completion Date”).

1.4 Revision to the procedures for repayment of the Entrusted Loan and completion of the Wangtong Equity Acquisition (the “Revised Procedures”)

(a) Repayment of the Entrusted Loan by Wangtong

Instead of the original procedure for the Entrusted Loan to be set off against the Exercise Price receivable by Wangtong under the Framework Agreement, Wangtong shall effect repayment by returning the sum of RMB580,000,000 advanced under the Entrusted Loan to the original payer(s) of the sum.

(b) *Consideration for the Wangtong Equity*

Under the original terms of the Framework Agreement the consideration for the Wangtong Equity shall be the Exercise Price namely, RMB580,000,000 (equivalent to approximately HK\$713,400,000), which shall in the first instance be settled by the Second Purchaser by way of setting off against the Entrusted Loan, and then be subject to subsequent adjustment payments. These adjustment payments represent shortfalls in Lianxin Energy not meeting the Financial Requirements in respect of: (i) the book value of its fixed assets; and (ii) long term loans (together the “Shortfalls”), and shall be paid back by Wangtong to the Second Purchaser within 7 days after completion of the Wangtong Equity Acquisition.

Under the Completion Agreement the consideration shall be an amount equal to RMB580,000,000 (equivalent to approximately HK\$713,400,000) minus the total amount of the Shortfalls. The consideration shall be paid in cash by the Second Purchaser to Wangtong: (i) as to an initial payment of RMB57,000,000, not later than 3 working days after completion; (ii) as to the balance, not later than 7 working days from the receipt by the Second Purchaser of the report of a special audit (“Special Audit Report”) on Lianxin Energy concerning its fulfillment of the Financial Requirements.

(c) *The Second Purchaser’s Right to rescind the Wangtong Equity Acquisition*

Under the original terms of the Framework Agreement the Second Purchaser may, prior to completion, elect to proceed with the Wangtong Equity Acquisition even if the Financial Requirements are not met. Under the Completion Agreement, the Second Purchaser may, after completion, elect to rescind the Wangtong Equity Acquisition if the Shortfalls exceed a total amount of RMB523,000,000 (equivalent to approximately HK\$643,290,000).

(d) *Wangtong Equity Acquisition Conditions*

Under the Completion Agreement, as a further Wangtong Equity Acquisition Condition, the Interest Payment Party(ies) shall each provide to Sound Hong Kong a written confirmation in respect of its payment obligations towards Sound Hong Kong, and Sound Hong Kong shall provide to each Interest Payment Party(ies) a written confirmation of full settlement of the relevant loan interest pursuant to the Completion Agreement.

2. COMPLETION OF THE WANGTONG EQUITY ACQUISITION

Under the Completion Agreement, subject to fulfillment of the Wangtong Equity Acquisition Conditions (as supplemented by the Completion Agreement), completion of the Wangtong Equity Acquisition shall take place within 7 working days from 31 December 2011, being the Financial Restructuring Completion Date.

3. GENERAL

In respect of the Entrusted Loan, given the facts as acknowledged by the parties in paragraph 1.2 “Confirmation and Acknowledgement” above, Sound Hong Kong had provided to the Interest Payment Party(ies) the principal sum of RMB580,000,000 for the purpose of the Financial Restructuring, and the Interest Payment Party(ies) had paid Sound Hong Kong all loan interests (except an amount equivalent to approximately HK\$10,000,000 paid to the Second Purchaser under the financial arrangement made with the entrusted bank) in respect of the Entrusted Loan. The Completion Agreement puts this fact on record with the acknowledgement that the Wangtong Equity Acquisition Condition requiring Wangtong to have paid all interests in respect of the Entrusted Loan is, under the circumstances as stated, deemed to be fulfilled.

The tenure of the Entrusted Loan is due to expire on 31 December 2011. Since time is required to verify the fulfillment of the Financial Restructuring by Lianxin Energy, on account of the large business volume of Lianxin Energy it may not be possible for the Wangtong Equity Acquisition to be completed (and the Entrusted Loan to be repaid by setting off) within the period provided under the original terms of the Framework Agreement. The Revised Procedures remove the uncertainty as to whether and when the Wangtong Equity Acquisition will be completed. This will enable a smooth merger of the business of Lianxin Energy with that of the Group and benefits all parties to the Framework Agreement.

The matters provided in the Completion Agreement are procedural in nature. As the Revised Procedures do not import any material change to the rights and obligations of the Group as a whole, or any material change to the rights and obligations of Wangtong under the Framework Agreement, they do not have any financial impact on the Company.

By Order of the Board
Shum Siu Hung
Chairman

Hong Kong, 20 December 2011

For the purpose of the announcement, the conversion of RMB into HK\$ is based on an approximate rate of RMB1.00 = HK\$1.230. 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.

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