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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>

DISCLOSABLE TRANSACTION ACQUISITION OF EQUITY INTEREST IN SUCCESS PILLAR

On 19 December 2014 Maxx Investments entered into the Sales and Purchase Agreement, pursuant to which the Vendor agreed to sell, and Maxx Investments agreed to purchase, the entire equity interest in Success Pillar for a consideration of HK\$250 million to be satisfied in cash.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is below 25%, the Acquisition constitutes a disclosable transaction for the Company under the Chapter 14 of Listing Rules.

1. THE SALES AND PURCHASE AGREEMENT

1.1 Date

19 December 2014.

1.2 Parties

- (a) Vendor: King Vision
- (b) Purchaser: Maxx Investments

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are independent third parties not connected with (within the meaning of the Listing Rules) the Directors, the chief executives and the substantial shareholders of the Company and its subsidiaries and their respective associates.

1.3 Assets to be Acquired

The entire equity interest in Success Pillar.

1.4 Consideration

HK\$250 million to be satisfied in cash, of which an initial payment of HK\$150 million shall be paid within 3 Business Days from the date of the Sale and Purchase Agreement, and the final payment of HK\$100 million shall be paid on Completion.

The consideration was agreed between the parties after arm's length negotiations, and represents approximately fourteen times the audited consolidated profit after tax of the Ego Time Group for the financial year ended 31 December 2013. In arriving at the consideration the Directors took into account the Ego Time Group's sales revenue growth from approximately HK\$2,632 million for 2013, its first full year of operation, to approximately HK\$3,687 million for the first 11 months of 2014, which illustrates the marketing strength of the Ego Time Group. The Directors also took into consideration the strategic value of the Ego Time Group to the Company's oil products business as explained in paragraph 5 headed "Reasons and Benefits of the Acquisition" below.

The Directors noted that in the management accounts of the Ego Time Group for the 11 months ended 30 November 2014, the Ego Time Group has recorded a loss on account of potential impairment losses for pending trade receivables related to bunkering contracts made with or through OW Bunker China, a Hong Kong subsidiary of OW Bunker. OW Bunker China and other companies under OW Bunker commenced winding-up proceeding in November 2014. The Directors also noted the circumstances related to the winding-up of OW Bunker China and OW Bunker as set out in the 4th sub-paragraph in paragraph 3 headed "Information on Success Pillar and the Ego Time Group". As explained in the 5th and 6th sub-paragraph in paragraph 5 headed "Reasons and Benefits of the Acquisition", the Directors believe the incident should not materially affect the value of Success Pillar and the consideration to be paid under the Sale and Purchase Agreement.

1.5 Completion

Completion of the Sales and Purchase Agreement shall take place on 29 December 2014 or such other Business Day as the parties may agree in writing.

2. INFORMATION ON THE COMPANY

The principal business of the Company is investment holding. The principal businesses of the Company's subsidiaries are sale and distribution of LPG and LNG, sale and distribution of oil products, and sale of electronic products. The Group owns a sea terminal in Golan Harbour, Zhuhai for transcontinental LPG carriage with 20,000 metric tons LPG depot. In addition the Group completed the construction of a 70,000 metric tons oil products depot (the "Zhuhai Petroleum Depot") in late 2013. The Zhuhai Petroleum Depot is now awaiting final approval of relevant government authorities for its full operation and it will become the major storage facility and supply hub of oil products of the Group.

3. INFORMATION ON SUCCESS PILLAR AND THE EGO TIME GROUP

Success Pillar is a company incorporated in the British Virgin Islands, the entire issued share capital of which is currently held by the Vendor. The principal business of Success Pillar is the holding of a 51% equity interest in the Ego Time Group, with the remaining 49% being held by the Group through Maxx Investments.

As disclosed in the Company's announcement dated 5 September 2012, Success Pillar was incorporated in April 2012 and had up to December 2012 been a 65% subsidiary of the Group, with the remaining 35% held by an independent third party. Success Pillar and the Ego Time Group jointly developed a spearhead project for the Group's oil products business by starting an exploratory bunkering operation in Hong Kong territorial waters. As part of the Group's strategy to diversify and expand its core energy business abroad, the Group's 65% interest in Success Pillar, together with the 35% remaining interest in Success Pillar held by the independent third party, were disposed off to Integrated Energy, a Korean entity listed on KOSDAQ, when the objectives of the spearhead project had been achieved. After the disposal, the Ego Time Group became 51% owned by Integrated Energy (held through Success Pillar), with the remaining 49% still owned by the Group (held through Maxx Investments). According to information available to the Company, Integrated Energy has developed vehicular fuel and energy as its core business. Based on the announcement issued by Integrated Energy on 15 December 2014, by way of stock swap Integrated Energy acquired from the Vendor a vehicular diesel fuel station and related facilities in Hong Kong and as consideration, disposed of the entire issued share capital of Success Pillar to the Vendor. This offered an opportunity to the Group which led to this Acquisition.

Since 2013, benefiting from the marketing strength and the marketing network built up by the Ego Time Group as well as the logistic support from the Group (which remains holding a 49% interest in the Ego Time Group through Maxx Investments), the turnover of the Ego Time Group leaped from approximately HK\$1,005 million during an eight months exploratory period in 2012, to approximately HK\$2,632 million for the full year 2013, and further to approximately HK\$3,687 million for the first 11 months of 2014. To provide logistic support to the Ego Time Group in the face of its spiraling growth, the Group successfully acquired

exclusive use of a fixed berth in Yau Ma Tei Typhoon shelter (the “Yau Ma Tei Berth”) and also a fleet of 4 bunkering ships in Hong Kong in 2013 and 2014. These assets were used by Ego Time Group as charterer at market rate. In addition, the fuel oil sold by Ego Time Group was mainly purchased through a wholly-owned subsidiary of the Group.

The bunkering business of the Ego Time Group comprise both bunkering services for local vessels, ferries and engineering vessels operating in or from the territorial waters of Hong Kong, and bunkering services for ocean going container ships, ore carriers, and merchants ships flying different flags. In contrast to dealing directly with ship owners when servicing local vessels, the Ego Time Group has to deal with bunker traders, international charterers and fleet suppliers when servicing ocean going vessels under different flags. In November 2014, OW Bunker, an entity in Denmark established since 1980 and reputed (according to Wikipedia) to be the world’s largest bunker supplier, commenced winding-up proceedings. It was announced by OW Bunker in a corporate news release made on 5 November 2014 before the winding-up proceedings that a fraud committed by senior employees in the Singapore-based subsidiary of OW Bunker had been reported to the senior management and that: “preliminary findings suggest a potential loss of around USD 125 million. Isolated from the above, a review of OW Bunker’s risk management contracts has revealed a significant risk management loss in addition to the loss of USD 24.5 million announced on October 23, 2014, the mark to market loss is around USD 150 million”. OW Bunker China, a member of the OW Bunker group of companies which had been dealing with the Ego Time Group as a contracting party for certain of the ocean going vessels serviced by the Ego Time Group, commenced winding up proceedings in Hong Kong on 21 November 2014.

Set out below is the audited consolidated financial information of Ego Time Group for year ended 31 December 2013 and unaudited consolidated financial information for eleven months from 1 January 2014 to 30 November 2014, prepared in accordance with HKFRS, respectively, and taking into account potential impairment losses for pending trade receivables from contracts with OW Bunker China:

	Year ended 31 December 2013	Eleven months from 1 January 2014 to 30 November 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<u>2,632,186</u>	<u>3,687,434</u>
Profit before impairment losses recognized on trade receivables	40,759	26,100
Impairment losses recognized on trade receivables (Note)	<u>—</u>	<u>(58,600)</u>
Profit (loss) before taxation	40,759	(32,500)
Taxation	<u>(6,725)</u>	<u>—</u>
Profit (loss) after taxation	<u>34,034</u>	<u>(32,500)</u>
Net assets	<u>44,282</u>	<u>11,782</u>

Note: For the unaudited consolidated financial information for eleven months from 1 January 2014 to 30 November 2014 disclosed above, there are potential impairment losses of approximately HK\$58.6 million being provided by the management of Ego Time Group for pending trade receivables related to bunkering contracts made with or through OW Bunker China, which commenced winding-up proceedings on 21 November 2014. The management of Ego Time Group has appointed a legal counsel to review the cases and will take all possible legal actions and collection procedures to expedite the recovery of the pending trade receivables from the contracting party and/or the ships being supplied. The management of Ego Time Group considered that certain amount of the pending trade receivables might be recovered in coming months. The final impairment losses recognized on trade receivables to be recorded by Ego Time Group for the audited consolidated financial statement for the year ending 31 December 2014 is subject to the final amount being recovered in coming months and the audit by the auditor of the Ego Time Group.

4. FINANCIAL EFFECTS OF THE ACQUISITION

As at the date of this announcement the Group holds 49% of the equity interest in Ego Time through Maxx Investments. The Ego Time Group is therefore treated as associates of the Company and their results and assets and liabilities are accounted for using equity method. After completion of the Acquisition, Ego Time will become a wholly-owned subsidiary of the Company as its remaining 51% equity interest will then be owned by the Group through the acquisition of Success Pillar. The amount of impairment losses for pending trade receivables would depend on the outcome of recovery action taken by the Ego Time Group against OW

Bunker China and/or against ships which had been supplied by the Ego Time Group and had not paid for the bunker that had been supplied. On the most conservative basis, there will be a one-off impairment loss in the maximum sum of approximately HK\$58.6 million, assuming all avenues of recovery have been exhausted up to Completion and zero recovery has been made. Of this maximum sum of impairment loss 51%, namely approximately HK\$29.9 million, will be treated as pre-acquisition impairment provision attributable to Success Pillar for the period before completion. The Group will only share the remaining HK\$28.7 million (i.e. 49% of HK\$58.6 million) through equity method and reflected in the line of “share of profits (losses) of associates” in the consolidated statement of profit and loss and other comprehensive income of the Company.

At Completion, the Group will be deemed to dispose of 49% equity interest in Ego Time at its carrying cost and then acquire 100% equity interest in Ego Time. The Ego Time Group will then become indirect wholly-owned subsidiaries of the Company and their accounts will be consolidated into the accounts of the Company.

The deemed disposal of 49% equity interest in Ego Time and the Acquisition will be accounted for in accordance with HKFRS 3 “Business Combinations” issued by Hong Kong Institute of Certified Public Accountants. As the 51% consolidated net assets value of Ego Time Group attributable to Success Pillar is lower than the consideration to be paid by Maxx Investments, the Acquisition will also give rise to intangible assets and goodwill in the consolidated accounts of the Company. The actual gain or loss if any, and the intangible assets and goodwill created in the Company’s consolidated accounts as a result of the Acquisition and the deemed disposal to be recorded by the Group is subject to audit by the auditor of the Group.

5. REASONS AND BENEFITS OF THE ACQUISITION

As stated in the Company’s 2013 annual report, the Company is committed to reinforcing its product diversification and will strive to attain the objective of becoming a major energy product supplier in the South China region. The Acquisition offers the Company a valuable opportunity to attain this goal.

In 2012, in order to diversify and expand its core energy business abroad, the Company disposed of an effective 33.15% interest in the Ego Time Group (i.e. 65% in Success Pillar, which owns a 51% interest in the Ego Time Group) and had since benefited from the international networking and experience offered by the multinational business partnership which resulted from this disposal. In the meantime, to provide logistic support to this partnership, the Group made sizable investments in its own infrastructure, including the acquisition and building of a total of 4 bunkering ships and barges, including two 4,500 tons bunker ships which are among the largest in Hong Kong, and the acquisition of the exclusive right to the Yau Ma Tei Berth. The Yau Ma Tei Berth is strategically located in the Yau Ma Tei Typhoon Shelter, an important berthing zone for local vessels and close to the Government Dockyard in Stone Cutters Island which services the fleet of government vessels in Hong Kong.

In step with the above development, the Group has expanded direct sales and wholesaling of fuel oil in China, and has built up its own customer network based on its extensive operation and experience in Southern China. The newly constructed 70,000 metric tons Zhuhai Petroleum Depot is also ready to commence operation once approval formalities are completed.

The Acquisition offered the opportunity for the Group to own, for the first time, a 100% effective interest in the Ego Time Group by regaining the 33.15% effective interest in the Ego Time Group disposed of in 2012, as well as acquiring all other interest in Ego Time not owned by the Company at the spearhead project stage. This will substantially reinforce the operation of the oil products business of the Group by providing a single clear development target, a widening of the Group's oil products customer network, and better efficiency in the logistic infrastructure which the Group has built up in the last two years.

The Directors are fully aware of the potential adverse effect of the commencement of winding-up of OW Bunker on the profit of the Ego Time Group for year 2014. The full year profit for the Ego Time Group for the year would be seriously affected by the potential impairment losses related to bunkering contracts made with or through OW Bunker China, and depending on the outcome of recovery action taken by the Ego Time Group, a net loss might result as explained in paragraph 4 headed "Financial Effect of the Acquisition" above. However, the Directors also noted the circumstances related to the winding-up as set out in paragraph 3 headed "Information on Success Pillar and the Ego Time Group". The Directors consider that the cause of the potential impairment losses, namely the winding-up of OW Bunker China and OW Bunker, is an exceptional and isolated event beyond Ego Time's control, which should not materially affect the value of Success Pillar and the consideration to be paid under the Sale and Purchase Agreement.

The Directors are also mindful of the repercussions of the wind-up of OW Bunker, reputed to be the world's largest bunker trader, on the bunkering industry as a whole. It is the Directors' believe that the incident will bring about reforms and changes in the role to be played by international bunker traders and intermediary without proprietary bunkering assets and facilities operating as "bunker suppliers", and the legal obligations between the bunker supplier with proprietary assets such as the Ego Time Group and the ship actually being supplied, so that the actual supplier and end user will be less affected by the financial failure of the intermediary "bunker supplier". The Ego Time Group, being a major bunker supplier in Hong Kong, and the industry as a whole will be benefited from these reforms and changes. In the meantime, Ego Time Group will, like other major bunker suppliers, review payment policies and seek insurance products that can minimize the risk of non-performance or financial failure of an intermediary bunker supplier. The Directors believe that with such measures, the future prospects and profitability of the Ego Time Group will not be affected under the repercussions of the wind-up of OW Bunker.

The consideration of HK\$250 million for the Acquisition has been negotiated between Maxx Investments and the Vendor on an arms-length basis after full consideration has been given to all the factors mentioned above. In this regard, the Directors noted that after completion

of the market trial period for the Ego Time Group in 2012, Integrated Energy acquired the entire equity interest in Success Pillar from the Group and an independent third party at a total consideration of approximately HK\$241.2 million. The valuation report issued by an independent qualified valuation firm for the business value of Success Pillar as at 24 December 2012 was approximately HK\$246 million. After adjusting downwards the consideration of HK\$250 million for Success Pillar in the Sale and Purchase Agreement for the accumulated profits of approximately HK\$17.0 million (i.e. 51% of HK\$34.0 million) the Ego Time Group attributable to Success Pillar in respect of year 2013, the consideration to be paid under the Sales and Purchase Agreement approximately equals the historical value of Success Pillar back in 2012 and is fair and reasonable.

In summary, the Directors considered that the Acquisition will bring about a further synergy effect in merging the two oil products customer networks developed by the Group and Ego Time Group in the past. The Acquisition also allows the Group to gain full control of the operation of Ego Time Group, to unit its business targets with that of the Group, and to strengthen the operational chain for the oil products business resulting in higher profitability and the overall shareholder value of the Company. The Directors therefore consider that the Acquisition is in the interest of the Company and the shareholders as a whole.

6. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the acquisition under the Sales and Purchase Agreement would exceed 5% but are less than 25%, the acquisition therefore constitutes a disclosable transaction for the Company under the Listing Rules.

7. DEFINITIONS

Unless otherwise defined, the following expressions shall have the following meanings in this announcement:

“Acquisition”	the acquisition of the entire equity interest in Success Pillar pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day, other than a Saturday or Sunday, on which banks are open in Hong Kong to the general public for business
“Company”	NewOcean Energy Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange

“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Directors”	the directors of the Company
“Ego Time”	Ego Time Limited, a company incorporated in British Virgin Islands, the share capital of which is held as to 51% by Success Pillar and 49% by Maxx Investments
“Ego Time Group”	Ego Time and its subsidiaries, NewOcean Petroleum Company Limited and NewOcean Oil Products Company Limited, both of which were incorporated in Hong Kong
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standard
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Integrated Energy”	Integrated Energy Limited (formerly known as “Nitgen&Company Co., Ltd”), a company incorporated in Korea whose common shares are listed on KOSDAQ
“KOSDAQ”	the Korean Securities Dealers Automated Quotations, a trading board of the Korean Exchange
“LNG”	Liquefied nature gas
“LPG”	Liquefied petroleum gas
“Maxx Investments”	Maxx Investments Limited, an indirect wholly-owned subsidiary of the Company, which holds 49% of the entire issued share capital of Ego Time
“OW Bunker”	OW Bunker A/S, a Danish entity and a global bunker supplier the shares of which were (up to 10 November 2014) listed on NASDAQ OMX Copenhagen. As reported on the website of OW Bunker, six of its Danish group companies are currently under formal Danish bankruptcy proceedings

“OW Bunker China”	O. W. Bunker China Limited, a member of OW Bunker group of companies operating in Hong Kong. On 21 November 2014 an order was granted in the High Court of Hong Kong for the winding-up of OW Bunker China
“Sales and Purchase Agreement”	the agreement dated 19 December 2014 entered into between Maxx Investments and the Vendor, pursuant to which the Vendor agreed to sell, and Maxx Investments agreed to purchase, the entire equity interest in Success Pillar
“Success Pillar”	Success Pillar Limited, a wholly-owned subsidiary of the Vendor incorporated in British Virgin Islands which holds 51% of the entire issued share capital of Ego Time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor” or “King Vision”	King Vision Global Holdings Limited, a company incorporated in British Virgin Islands with limited liability, which holds the entire equity interests of Success Pillar. The entire issued share capital of King Vision Global Holdings Limited is beneficially owned by an individual resident in Hong Kong who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is not connected with (within the meaning of the Listing Rules) the Directors, the chief executives and the substantial shareholders of the Company and its subsidiaries and their respective associates
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Shum Siu Hung
Chairman

Hong Kong, 19 December 2014

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

* *for identification purposes only*