



NewOcean Energy Holdings Limited

新海能源集團有限公司

LNG Business Strategy and Development Progress

Back in the year of 2012, NewOcean Energy Holdings Limited (the “Group”) has designated liquefied natural gas (“LNG”) as the Group’s priority for its future development. In line with this positioning, the Group formulated its strategy of promoting LNG business development by active cooperation with parties in the end-users market. We shall be able to expand rapidly the refueling stations network that has substantial demands, and we anticipate significant contribution from the LNG business in the very near future.

Development Strategy

The Group shall enter into joint ventures with the end-users to build and operate the LNG auto-gas stations. By this way, captive customers can at the same time be secured for the refueling stations.

Target Joint Venture partners

- The targets should have a scalable actual/potential demand for auto-LNG. The potential partners consist of bus companies, logistic companies, transportation companies, or those manufacturing bases / networks that have the need of massive transportation.
- The potential partners must also possess sufficient land resources in ideal locations for the joint venture to build the LNG auto-gas stations.

Cooperation Contracts signed

- A cooperation framework agreement was just signed with **Shanghai Conch International Investment & Development Co., Ltd.** Both parties have the mutual intention to build and operate LNG auto-gas stations in different provinces of China and to provide LNG refueling services to those transport and logistics companies that have maintained close working relationship with the Anhui Conch Group. Conch Group is one of the largest cement producers in the world. It has huge manufacturing bases all over many provinces in China. Both joint venture parties agreed to take Guangdong province as the testing place and through the first joint venture established in Guangdong to build 5 LNG auto-gas stations. As soon as the cooperation in Guangdong produces anticipated results, the same cooperation model and the related business will be promoted and expanded into other provinces. Moreover, the joint venture partners are actively studying on the supply of marine gas oil and LNG to ships that sail along the Pearl River and the Xijiang crossing over Guangdong and Guangxi Province.
- In last year, an agreement was signed with **Guangdong Sinopec** pursuant to which a joint venture was formed to install 6 sets of LNG auto-gas refueling facilities in 6 existing gas stations of Sinopec in the Guangzhou. The



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construction of one out of the six projects was completed and put into operation in May this year. The same cooperation is anticipated to extend to another 16 existing petro-stations in a later stage;

- In 2013, an agreement was signed with **Guangzhou Sunshine Bus Limited** pursuant to which a joint venture was formed to build 2 LNG auto-gas stations inside Guangzhou Sunshine's bus terminal in Guangzhou;
- In the first half of 2014, (A) a cooperation framework agreement was signed with **Foshan Shunde Transportation Co. Ltd.** to build at least 1 LNG auto-gas station to serve the public buses in the Shunde area; (B) a cooperation framework agreement was signed with **Guangdong Donghe Energy Technical Co., Ltd.** pursuant to which a joint venture is to be formed to build 7 LNG auto-gas stations in the Guangzhou area; (C) a cooperation framework agreement was signed with **YATFAI Logistics Group** (a logistic company operating Shenzhen-Hong Kong cross border transportation business) pursuant to which a joint venture is to be formed to build 1 LNG auto-gas station in Changan, Dongguan;

Other than the above mentioned projects, the group is currently liaising with other logistic companies to form strategic partnerships for the construction of 8 additional LNG auto-gas stations in Shunde, Foshan, and Shenzhen. The group is also exploring the opportunity of concluding all rounded cooperation with another nation-wide logistics company.

In line with our set strategy, we will continue to develop LNG related projects through the establishment of strategic partnership, and riding on the solid foundation of auto-gas LNG business, to gradually expand our refueling services to cargo ships that use LNG as the fuel.

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