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

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHT

- Revenue increased by 23.1% to HK$12,456 million for continuing operations, and increased by 33.1% to HK$13,462 million including discontinued operations

- Profit for the year attributable to the owners of the Company increased by 39.3% to HK$427 million for continuing operation, and increased by 164.9% to HK$810 million including discontinued operations

- Total equity increased by 40% to HK$2,585 million while long term borrowings reduced by 58.1% to HK$187 million. Gearing ratio (long term borrowings divided by total equity) reduced from 0.24:1 to 0.07:1.

The Board of Directors (the "Board") of NewOcean Energy Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 together with comparative figures for the year ended 31 December 2011 as follows:

* *For identification purposes only.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	**2012** **HK$'000**	2011 HK$'000 (Restated)
Continuing operations			
Revenue	*2*	**12,456,376**	10,116,643
Cost of sales		**(11,398,888)**	(9,689,988)
Gross profit		**1,057,488**	426,655
Net exchange (loss) gain	*4*	**(83,889)**	175,314
Other income	*4*	**143,345**	247,092
Selling and distribution expenses		**(227,264)**	(99,275)
Administrative expenses		**(201,909)**	(180,861)
Impairment on goodwill recognised		**(10,000)**	(40,000)
Gain on deemed disposal of available for sale investments		**23,724**	-
Changes in fair values of convertible bonds		**(701)**	-
Changes in fair values of derivative financial instruments		**19,637**	8,495
Finance costs	*5*	**(275,701)**	(205,403)
Share of profit of a jointly controlled entity		**1,219**	927
Profit before taxation	*7*	**445,949**	332,944
Taxation charge	*6*	**(17,725)**	(29,915)
Profit for the year from continuing operations		**428,224**	303,029
Discontinued operations			
Profit for the year from discontinued operations	*8*	**384,317**	-
Profit for the year		**812,541**	303,029
Other comprehensive (expense) income			
Exchange differences arising from translation		**(1,194)**	59,676
Total comprehensive income for the year		**811,347**	362,705
Profit (loss) for the year attributable to owners of the Company			
Continuing operations		**426,617**	306,159
Discontinued operations		**384,317**	-
		810,934	306,159
Non-controlling interests		**1,607**	(3,130)
		812,541	303,029

	Note	2012 HK$'000	2011 HK$'000
Total comprehensive income (expense) attributable to:			
Owners of the Company		**809,740**	365,741
Non-controlling interests		**1,607**	(3,036)
		811,347	362,705
Earnings per share			
From continuing and discontinued operations			
Basic	*9*	**HK$0.62**	HK$0.23
Diluted	*9*	**HK$0.61**	HK$0.23
From continuing operations			
Basic	*9*	**HK$0.33**	HK$0.23
Diluted	*9*	**HK$0.32**	HK$0.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	Note	**2012** *HK$'000*	2011 *HK$'000*
Non-current assets			
Property, plant and equipment		**1,362,710**	941,784
Land use rights		**231,298**	250,842
Prepaid lease payments for coast		**9,963**	10,811
Goodwill		**289,608**	96,429
Other intangible assets		**359,036**	8,929
Interest in associates		**231,722**	-
Interest in a jointly controlled entity		**10,420**	9,201
Available for sale investment		**-**	3,701
Derivative financial instruments		**-**	45,715
Entrusted loan		**-**	644,423
Other assets		**1,068**	175,883
Deferred tax assets		**1,304**	1,781
		2,497,129	2,189,499
Current assets			
Inventories		**705,155**	433,595
Trade debtors and bills receivable	*10*	**2,069,137**	2,127,923
Amount due from an associate		**137,084**	-
Other debtors, deposits and prepayments		**1,104,393**	565,394
Derivative financial instruments		**6,906**	28,815
Lands use rights		**9,515**	3,024
Prepaid lease payments for coast		**846**	846
Properties held for sales		**221,989**	-
Properties under development for sales		**188,060**	185,867
Available for sale investment		**80,809**	-
Convertible bonds		**79,971**	-
Pledged bank deposits		**4,056,010**	4,209,577
Bank balances and cash		**1,196,143**	877,595
		9,856,018	8,432,636
Current liabilities			
Trade creditors and bills payable	*11*	**3,258,442**	1,074,288
Other creditors and accrued charges		**193,238**	294,057
Amount due to a jointly controlled entity		**493**	-
Derivative financial instruments		**31,418**	106,727
Tax liabilities		**40,063**	44,790
Borrowings - repayable within one year		**5,906,795**	6,782,885
Payable to non-controlling shareholder of a subsidiary		**5,550**	5,550
		9,435,999	8,308,297
Net current assets		**420,019**	124,339
Total assets less current liabilities		**2,917,148**	2,313,838

	Note	2012 HK$'000	2011 HK$'000
Capital and reserves			
Share capital	*12*	**130,586**	130,586
Share premium and other reserves		**2,437,818**	1,693,168
Equity attributable to equity holders of the Company		**2,568,404**	1,823,754
Non-controlling interests		**16,572**	23,781
Total equity		**2,584,976**	1,847,535
Non-current liabilities			
Deferred tax liabilities		**145,661**	21,461
Borrowings - repayable over one year		**186,511**	444,842
		332,172	466,303
		2,917,148	2,313,838

Notes:

1. **Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")**

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKAS 12	Deferred tax: Recovery of underlying asset
Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of financial assets

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statement.

Amendments to HKFRS 7 Disclosures – Transfers of financial assets

The Group has applied for the first time the amendments to HKFRS 7 "Financial Instruments: Disclosures – Transfers of financial assets" in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

The Group has arrangements with various banks to transfer to banks its contractual rights to receive cash flows from certain bills receivables. The arrangements are made through transferring the contractual cash flows of discounting these receivables to banks on a full recourse basis. Specifically, if the bills receivables are not paid at maturity, the banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognize the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing. The relevant disclosures have been made regarding the transfer of these trade receivables on application of the amendments to HKFRS 7. In accordance with the transitional provisions set out in the amendments to HKFRS 7, the Group has not provided comparative information for the disclosures required by the amendments.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 to 2011 cycle[2]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[3]
HKFRS 9	Financial instruments[4]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]

HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[1]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[3]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[2]

[1] Effective for annual periods beginning on or after 1 July 2012.

[2] Effective for annual periods beginning on or after 1 January 2013.

[3] Effective for annual periods beginning on or after 1 January 2014.

[4] Effective for annual periods beginning on or after 1 January 2015.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 "Presentation of items of other comprehensive income" introduce new terminology for the statement of comprehensive income. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income". In addition, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group for annual periods beginning on 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

Based on the Group's financial assets and financial liabilities as at 31 December 2012, the application of HKFRS 9 will affect the classification and measurement of the Group's available for sale investments, in which the available for sale investments will either be reclassified and measured at fair value through profit or loss or fair value through other comprehensive income.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HK(SIC) - INT 12 "Consolidation - Special Purpose Entities" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) - INT 13 "Jointly Controlled Entities - Non-monetary Contributions by Venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The directors anticipated that the application of these five standards will not have material impact on the consolidated financial statements.

In the opinion of the directors, the application of the other new and revised standards and interpretations issued but not yet effective is not expected to have a material effect on the consolidated financial statements.

2. Revenue

Continuing operations

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less discount, related taxes and returns and rental income of liquefied petroleum gas ("LPG") bottles for the year. An analysis of the Group's revenue from continuing operations for the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
Sale and distribution of LPG	**11,544,049**	9,151,443
Sale of electronic products	**886,410**	941,715
Rental of LPG bottles	**25,917**	23,485
	12,456,376	10,116,643

3. Segment information

Information reported to the Chairman of the Company, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on nature and location of the goods being sold. These revenue streams and the basis of the internal reports about components of the Group are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

In previous years, specifically, the Group's reported and operating segments under HKFRS 8 are as follows:

1. Sales and distribution of LPG through Zhuhai terminal and in the international market
2. Sales and distribution of LPG through retail networks in the PRC and Macau
3. Sales of electronic products

The above reportable and operating segments were based on the product type as well as the location of the market and the type of customers. During the year ended 31 December 2012, CODM's focus has been changed after the expansion of the LPG business through the acquisition of the LPG retail network in Guangzhou and the setup of a new subsidiary to engage in sales of oil products to marine transportation customers such as vessels and cargo ships in Hong Kong. From May 2012 onward, information provided to CODM for performance assessment and resources allocation is based on product type only, regardless of the location of market and the type of customers. The basis is consistent with the Group's long term business strategy. The Group is now organized into the following major operating segments, each of which represents an operating and reportable segment of the Group:

1. Sales and distribution of LPG – This segment derives its revenue from selling of LPG to various customers including wholesalers, industrial customer, auto-gas operators, overseas customers, bottled LPG end-users, auto-gas end-users etc. The operation is carried out in Hong Kong, the PRC and Macau for both onshore and offshore customers.
2. Sales and distribution of oil products – This segment derives its revenue from selling of oil products to marine transportation customers in Hong Kong.
3. Sales of electronic products – This segment derives its revenue from trading of electronic products such as integrated circuit and mobile phones etc.

Amount reported for the prior year have been restated to conform to the current year's basis of segmentation.

In December 2012, the Group lost the control on the subsidiaries that engaged in the segment of sales and distribution of oil products and thus became discontinued operation. The details of the discontinued operation is set out in note 8. Information regarding above segments except for sales and distribution of oil products is reported below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 December 2012

	Sales and Distribution of LPG *HK$'000*	**Sales of electronic products** *HK$'000*	**Consolidated** *HK$'000*
Continuing operations			
Segment revenue	**11,569,966**	**886,410**	**12,456,376**
Segment profit	**529,465**	**87,650**	**617,115**
Other interest income			**130,505**
Central administration costs and directors' salaries			**(58,630)**
Changes in fair values of derivative financial instruments			**19,637**
Changes in fair values of convertible bonds			**(701)**
Gain on deemed disposal of available for sale investments			**23,724**
Impairment on goodwill			**(10,000)**
Finance costs			**(275,701)**
Profit before taxation (continuing operations)			**445,949**

For the year ended 31 December 2011 (Restated)

	Sales and distribution of LPG *HK$'000*	Sale of electronic products *HK$'000*	Consolidated *HK$'000*
Segment revenue	9,174,928	941,715	10,116,643
Segment profit	300,487	66,441	366,928
Other interest income			243,603
Central administration costs and directors' salaries			(40,679)
Change in fair values of derivative financial instruments			8,495
Impairment on goodwill			(40,000)
Finance costs			(205,403)
Profit before taxation (continuing operations)			332,944

The accounting policies of the reportable segments are the same as the Group's accounting policies. All of the segment revenue reported above is from external customers. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, impairment on goodwill, changes in fair values of derivative financial instruments, changes in fair values of convertible bonds, gain on deemed disposal of available for sale investments, other interest income, finance costs.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

Segment assets

Continuing operations

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Sales and distribution of LPG	**5,091,644**	3,870,966
Sale of electronic products	**606,410**	457,296
Total segment assets	**5,698,054**	4,328,262
Available for sale investment	**80,809**	3,701
Convertible bonds	**79,971**	-
Deferred tax assets	**1,304**	1,781
Bank balances and cash	**1,196,143**	877,595
Pledged bank deposits	**4,056,010**	4,209,577
Derivative financial instruments	**6,906**	74,530
Entrusted loan	**-**	644,423
Properties under development for sales *(Note)*	**188,060**	185,867
Properties held for sales *(Note)*	**221,989**	-
Interests in associates	**231,722**	-
Other unallocated assets	**592,179**	296,399
Consolidated assets	**12,353,147**	10,622,135

Segment liabilities

Continuing operations

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Sales and distributions of LPG	**3,416,868**	1,315,332
Sale of electronic products	**15**	129
Total segment liabilities	**3,416,883**	1,315,461
Derivative financial instruments	**31,418**	106,727
Tax liabilities	**40,063**	44,790
Deferred tax liabilities	**145,661**	21,461
Borrowings	**6,093,306**	7,227,727
Other unallocated liabilities	**40,840**	58,434
Consolidated liabilities	**9,768,171**	8,774,600

Note: The Group has a subsidiary engages in the property investment and development in the PRC which is considered as ordinary course of business. The operating results and other financial information of this subsidiary are not reviewed by the CODM for the purpose of resources allocation and performance assessments.

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments (other than available for sale investment, convertible bonds, deferred tax assets, bank balances and cash, pledged bank deposits, derivative financial instruments, interests in associates, entrusted loan and certain other assets, certain other receivables, properties under development for sales, properties held for sales and certain property, plant and equipment); and

- all liabilities are allocated to reportable segments (other than current and deferred tax liabilities, bank borrowings, derivative financial instruments and certain other payables).

The Group has allocated goodwill to the relevant segments as segment assets without allocating the related impairment of goodwill recognised to the respective segment.

Other segment information

Continuing operations

For the year ended 31 December 2012

	Sales and Distribution of LPG *HK$'000*	**Sale of electronic products** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Amounts included in the measure of segment profit or segment assets:				
Addition to non-current asset *(Note)*	**876,491**	**-**	**-**	**876,491**
Depreciation of property, plant and equipment	**80,522**	**-**	**91**	**80,613**
Amortisation of other intangible assets	**27,023**	**-**	**-**	**27,023**
Amortisation of land use rights	**3,257**	**-**	**9,705**	**12,962**
Amortisation of prepaid lease payments for coast	**843**	**-**	**-**	**843**
Loss on disposal and written off of property, plant and equipment	**262**	**-**	**-**	**262**
Shares of profit of a jointly controlled entity	**(1,219)**	**-**	**-**	**(1,219)**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Impairment of goodwill recognised	**10,000**	**-**	**-**	**10,000**

Continuing operations

For the year ended 31 December 2011 (Restated)

	Sales and Distribution of LPG *HK$'000*	Sale of electronic products *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:				
Addition to non-current asset *(Note)*	298,817	-	185,867	484,684
Depreciation of property, plant and equipment	54,026	-	118	54,144
Amortisation of other intangible assets	3,977	-	-	3,977
Amortisation of land use rights	2,791	-	-	2,791
Amortisation of prepaid lease payments for coast	825	-	-	825
Gain on disposal and written off of property, plant and equipment	(148)	-	-	(148)
Share of profit of a jointly controlled entity	(927)	-	-	(927)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Impairment of goodwill recognised	40,000	-	-	40,000

Note: Non-current assets excluded financial instruments and deferred tax assets.

Geographical information

The Group's operations are located in Hong Kong (country of domicile) and the PRC, Thailand, Philippines and other countries.

Information about the Group's revenue from continuing operations from external customers is presented based on customers' location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets:

	Revenue from external customers		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (country of domicile)	**318,737**	240,701	**246,178**	5,645
The PRC (excluding Hong Kong)	**8,742,547**	6,430,512	**2,247,935**	1,481,079
Thailand	**2,418,710**	2,371,215	**-**	-
Philippines	**343,262**	589,305	**-**	-
Other countries	**633,120**	484,910	**1,712**	7,155
Total	**12,456,376**	10,116,643	**2,495,825**	1,493,879

Note: Non-current assets excluded deferred tax assets and financial instruments.

Information about major customers

Revenues from customers contributing over 10% of the total sales of the Group in year 2012 and corresponding figures in 2011 are as follows:

	2012	2011
	HK$'000	*HK$'000*
Customer A	**1,697,320**	1,565,933
Customer B	**1,126,669**	1,429,500

Note: Revenue generated from Customers A and B are related to the LPG business. No other single customers contributed 10% or more to the Group's revenue for both 2012 and 2011.

4. Other income and net exchange (loss) gain

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Interest income	**12,450**	5,175
Interest income on pledged RMB bank deposits	**118,055**	77,718
Others	**12,840**	3,489
Interest income from entrusted loan *(Note a)*	**-**	160,710
Other income	**143,345**	247,092
Net exchange (loss) gain *(Note b)*	**(83,889)**	175,314

Notes:

(a) The interest income was related to entrusted loan based on the terms set out in the framework agreement dated 21 October 2010.

(b) The amount included net exchange loss arising from pledged RMB bank deposits for USD borrowings amounted to approximately HK$85,996,000 (2011: gain of HK$148,078,000).

5. Finance Costs

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Interests on bank trust receipts loans	**126,623**	93,158
Interest on bank trust receipts loans pledged with RMB bank deposits	**81,155**	60,877
Interests on bank borrowings wholly repayable within five years	**67,923**	51,368
	275,701	205,403

6. Taxation charge

The amount of taxation charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Other regions in the PRC		
Current tax	**27,614**	29,917
Deferred tax		
Current year	**(9,889)**	(2)
	17,725	29,915

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

There is no provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and other subsidiaries had no assessable profits arising in Hong Kong.

The taxation charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	2012	2011
	HK$'000	*HK$'000*
Profit before taxation (from continuing operations)	**445,949**	332,944
Tax at the domestic tax rate 25%	**111,487**	83,236
Tax effect of expenses not deductible for tax purpose	**12,575**	15,619
Tax effect of income not taxable for tax purpose	**(13,015)**	(34,013)
Tax effect of profit which are exempted from tax	**(88,065)**	(70,515)
Tax effect of tax losses not recognised	**20,133**	32,971
Tax effect of deductible temporary differences not recognised	**12,421**	4,343
Utilisation of tax losses previously not recognised	**(37,811)**	(1,726)
Taxation charge for the year (relating to continuing operations)	**17,725**	29,915

The domestic tax rate (which is the PRC enterprise income tax rate) in the jurisdiction where the operation of the Group is substantially based is used.

7. Profit before taxation

	2012 HK$'000	2011 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Continuing operations		
Amortisation of land use rights (included in administrative expenses)	**12,962**	2,791
Amortisation of prepaid lease payments for coast (included in cost of sales)	**843**	825
Amortisation of other intangible assets (included in cost of sales)	**27,023**	3,977
Auditor's remuneration	**3,150**	2,800
Depreciation for property, plant and equipment	**80,613**	54,144
Loss (gain) on disposal of property, plant and equipment	**262**	(148)
Minimum lease payments under operating leases:		
- Premises	**31,898**	11,934
Staff costs		
Directors' fees	**330**	330
Directors' other emoluments	**8,560**	6,802
Contributions to retirement benefits schemes excluding HK$89,000 (2011: HK$84,000) included in directors' emoluments	**7,652**	3,469
Staff salary and bonus	**75,191**	47,102
	91,733	57,703

8. Discontinued operations

During the year the Group has disposed and discontinued the operation of the sales and distribution of oil products.

	2012 HK$'000	2011 HK$'000
The results of the sales and distribution of oil products for the year were as follows:		
Profit of sales and distribution of oil products	**8,040**	-
Gain on disposal of sales and distribution of oil products	**376,277**	-
	384,317	-
The results of the sales and distribution of oil products for the year, which have been included in the consolidated statement of comprehensive income, were as follows:		
Revenue	**1,005,920**	-
Cost of sales	**(967,216)**	-
Gross profit	**38,704**	-
Other income	**269**	-
Selling and distribution expenses	**(13,599)**	-
Administrative expenses	**(14,634)**	-
	10,740	-
Profit before taxation	**(2,700)**	-
Taxation charge	**8,040**	-

9. Earnings per share

From continues and discontinues operations

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to the owners of the Company)	**810,934**	306,159
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,305,853,374**	1,305,853,374
Effect of dilutive ordinary shares		
Share options	**22,806,035**	19,822,931
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,328,659,409**	1,325,676,305

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the company of the following data:

	2012	2011
	HK$'000	*HK$'000*
Earnings figures and calculated as follow:		
Profit for the year attributable to the owner of the company	**810,934**	306,159
Less: Profit for the year from discontinued operation	**(384,317)**	-
Earnings for the purpose of basic earnings per share from continuing operations	**426,617**	306,159

The denominators used are the same as the detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic earnings per share for the discontinued operations in HK$0.29 (2011: nil) per share and diluted earnings per share for the discontinued operation is HK$0.29 (2011: nil) per share, based on the profit for the year from the discontinued operations of HK$384,317,000 (2011: nil) and denominators details above for both basic and diluted earnings per share.

10. Trade debtors and bills receivable

	2012	2011
	HK$'000	*HK$'000*
Trade debtors	**1,709,600**	1,939,828
Bills receivable	**359,537**	188,095
	2,069,137	2,127,923

As at 31 December 2012, included in the Group's bills receivable approximately of HK$114,621,000 are discounted with full recourse to banks.

The Group allows an average credit period of 90 days. The bills receivable are matured within the range of 30 days to 90 days for the years ended 31 December 2012 and 2011. The following is an aged analysis of trade debtors and bills receivables at the end of the reporting period presented based on the invoice date, which approximated the respective revenue recognition dates:

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	**1,387,388**	864,702
31 to 60 days	**306,538**	183,772
61 to 90 days	**303,795**	317,612
91 to 180 days	**67,842**	690,510
Over 180 days	**3,574**	71,327
	2,069,137	2,127,923

Included in the Group's trade debtors, are debtors of approximately HK$6,300,000 (2011: HK$150,769,000) denominated in USD, which is not the functional currency of the relevant group entities.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the Group regularly. Included in the Group's trade debtors balance are receivables with aggregate carrying amount of approximately HK$1,859,331,000 (2011: HK$1,252,925,000), which are neither past due nor impaired.

Included in the Group's trade debtors balance are debtors with aggregate carrying amount of approximately HK$209,806,000 (2011: HK$874,998,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The trade debtors past due but not provided for were either subsequently settled as at the date of this report or no historical default of payments by the respective customers. The average age of these receivables is 107 days (2011: 131 days). As at 31 December 2012 and 2011, the Group has no provision for allowance for doubtful debts.

Ageing of trade receivables based on the invoice date which are past due but not impaired

	2012	2011
	HK$'000	*HK$'000*
61 to 90 days	**205,932**	169,749
91 to 180 days	**300**	634,508
181 to 365 days	**3,574**	70,741
Total	**209,806**	874,998

11. Trade creditors and bills payable

	2012	2011
	HK$'000	*HK$'000*
The aged analysis of trade creditors is as follows presented based on invoice date:		
0 to 30 days	**440,047**	337,726
31 to 60 days	**91,719**	67
61 to 90 days	**192,408**	-
91 to 180 days	**165,730**	318,283
Over 180 days	**193**	118
	890,097	656,194
The aged analysis of bills payables is as follows:		
0 to 30 days	**325,047**	175,451
31 to 60 days	**521,320**	194,221
61 to 90 days	**279,238**	48,422
91 to 180 days	**1,242,740**	-
	2,368,345	418,094
	3,258,442	1,074,288

12. Share capital

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.1 each (2011: HK$0.1 each)		
Authorised share capital:		
At 1 January 2011, 31 December 2011 and 2012	20,000,000,000	2,000,000
Issued and fully paid share capital:		
At 31 December 2011 and 2012	1,305,853,374	130,586

Note: No issue of shares were noted in both 2011 and 2012.

13. Acquisition of a subsidiary

In January 2012, the Group exercised the Call Option to acquire 95% equity interest in 聯新能源有限公司（"聯新能源"）from an independent third party 珠海市旺通船務有限公司 ("旺通船務"). The acquisition was completed on 22 January 2012 ("Acquisition Date"). The acquisition has been accounted for using the acquisition method of accounting. The initial exercise price of the call option is RMB580,000,000 (equivalent to HK$712,884,000) was adjusted by the outstanding amount due to shareholder and the shortfall in the agreed carrying amount of property, plant and equipment of approximately RMB310,000,000 (equivalent to HK$381,009,000) and RMB11,937,000 (equivalent to HK$14,672,000) respectively. After taken into account of those adjustments, the total exercise price for the acquisition was approximately RMB258,063,000 (equivalent to HK$317,203,000) and the settlement of amount due to a former shareholder was approximately RMB310,000,000 (equivalent to HK$381,009,000). The primary reason for the acquisition of 聯新能源 is to expand a new business segment of retail operation business of LPG refueling station in Guangdong district. The amount of goodwill arising as a result of the acquisition was approximately HK$202,509,000.

Total consideration

	HK$'000
Call Option *(Note a)*	36,909
Fair value of previously held 5% equity interest *(Note b)*	27,409
Exercise price for acquisition of 95% equity interest *(Note c)*	317,203
	381,521

Notes:

(a) 旺通船務 issued a Call Option to a wholly-owned subsidiary, 新海百富洋投資有限公司 ("百富洋投資") to acquire 95% of the registered capital of 聯新能源 on 23 December 2010, which amounted to RMB37,061,000 (equivalent to approximately HK$45,524,000 as at Acquisition Date (31 December 2011: HK$45,715,000)). The fair value of the Call Option on the date of exercise was RMB30,030,317 (equivalent to approximately HK$36,909,000). The change in fair value of approximately HK$8,615,000 was charged to profit or loss for the year ended 31 December 2012.

(b) 5% registered capital of 聯新能源 was acquired at a consideration of RMB3,000,000 (equivalent to approximately HK$3,685,000 as at Acquisition Date (31 December 2011: HK$3,701,000)) by a wholly owned subsidiary, 新海能源(中國)有限公司, from 廣州森能燃氣有限公司 on 23 December 2010. The amount has been classified as available for sale investment as at 31 December 2011. The amount is treated as if it was disposed of and reacquired at fair value of RMB22,303,000 (equivalent to HK$27,409,000) on the Acquisition Date. The gain on deemed disposal of approximately HK$23,724,000 was charged to profit or loss for the year ended 31 December 2012.

(c) A deposit of RMB57,000,000 (equivalent to approximately HK$70,015,000 as at Acquisition Date (31 December 2011: HK$69,967,000)) was prepaid for the acquisition of 聯新能源 on 21 December 2011.

Assets and liabilities recognised at the date of acquisition

Net assets acquired:	*HK$'000*
Non-current assets	
Property, plant and equipment	269,164
Other intangible assets	375,932
	645,096
Current assets	
Inventories	2,771
Trade debtors and bills receivable	172,546
Other debtors, deposits and prepayment	11,426
Bank balances and cash	104,902
	291,645
Current liabilities	
Trade creditors and bills payable	(99,620)
Other creditors and accrued charges	(16,516)
Borrowings – repayable within one year	(126,368)
Amount due to former shareholder *(Note)*	(381,009)
	(623,513)
Non-current liabilities	
Deferred tax liabilities	(134,216)
Net assets at the date of acquisition	179,012

Note: The amount due to former shareholder was fully settled immediately after the completion of the acquisition.

The receivables acquired (which principally comprised trade debtors, bills receivable, other debtors and deposits) with a fair value of HK$178,451,000 at the date of acquisition had gross contractual amounts of HK$178,451,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected amount to nil.

The acquisition-related costs amounting to HK$1,200,000 incurred in the year ended 31 December 2010 were recognised directly as an administrative expense in that year. There is no acquisition-related costs being incurred during the year ended 31 December 2012.

Goodwill arising on acquisition

	HK$'000
Total consideration	381,521
Less: Recognised amount of identifiable net assets acquired (100%)	(179,012)
Goodwill arising on acquisition	202,509

None of the goodwill arising on this acquisition was expected to be deductible for tax purposes.

Impact of acquisition on the results of the Group

The goodwill arisng on acquisition of 聯新能源 was attributable to the anticipated profitability of distribution of LPG to Guangdong district market through the LPG network owned by 聯新能源 and the anticipated future operating synergies that the Group can leverage on the existing LPG sourcing team, revenue growth and future market development from the combination. The LPG network owned by 聯新能源 are mainly located in favorable locations next to public transportation stations. In addition, 聯新能源 is one of the major LPG suppliers of public transportations in Guangdong district. In the opinion of directors, this acquisition would improve their market share in southern region of the PRC. In order to ensure the quality and continuous supply of LPG to the business of 聯新能源, the Group has set up an offshore subsidiary with experienced LPG purchasing team to act as the purchasing arm for 聯新能源 to source international LPG. This offshore subsidiary and 聯新能源 is counted as separate cash generating unit and the goodwill of HK$202,509,000 is allocated to this CGU.

Net cash outflow arising on acquisition

	HK$'000
Consideration paid in cash	247,188
Settlement of the amount due to former shareholder	381,009
Less: Cash and cash equivalent balances acquired	(104,902)
	523,295

14. Disposal of a subsidiary

Pursuant to an disposal agreement signed on 5 September 2012, Nitgen Eco & Energy International Holdings Limited, a wholly owned subsidiary of Nitgen&Company Co., Ltd. ("Nitgen"), acquired from the Group the entire issued share capital of Success Pillar Limited ("Success Pillar") at a total consideration of HK$156,767,000 (the "Disposal"). Before the Disposal, Success Pillar is an indirect subsidiary of the Company with 65% of the shares being held by a wholly owned subsidiary. The shareholding of Ego Time Limited ("Ego Time") is 51% held by Success Pillar and the remaining 49% equity interest is owned by another wholly owned subsidiary of the Company. The Disposal was completed on 24 December 2012, the effective interest in Ego Time was reduced from 82.15% to 49%. The net assets of Success Pillar at the date of disposal were as follows:

Net assets of Success Pillar disposed of

	HK$'000
Non-current assets	
Property, plant and equipment	283
Loan receivable	1,257
	1,540
Current assets	
Inventories	3,172
Trade debtors and bills receivable	134,561
Other debtors, deposits and prepayment	7,164
Bank balances and cash	10,681
	155,578
Current liabilities	
Other creditors and accrued charges	(1,251)
Amounts due to group companies	(137,084)
Tax liabilities	(2,700)
	(141,035)
	16,083

Gain on deemed disposal of a subsidiary	
Consideration received and receivable on the Disposal	156,767
Fair value of the retained 49% equity interest	231,722
Non-controlling interests	3,871
Less: Net assets disposed of	(16,083)
	376,277

Net cash inflow arising on disposed of	
Cash consideration received	156,767
Less: Bank balances and cash disposed of	(10,681)
	146,086

The Group has lost controls and instead has significant influence over Ego Time. The net asset value held by the Group after the Disposal is HK$5,022,000 and the fair value of Group's interest in Ego Time was approximately HK$231,722,000 as at date of lost control, determined based on fair value report issued by Norton Appraisals Limited, an independent valuation company, has been regarded as cost of interests in associates, and the difference of approximately HK$226,700,000 has been credited to profit or loss for the year ended 31 December 2012.

FINAL DIVIDEND

The Directors have recommended a final dividend of HK3.8 cents per share (2011: HK2.3 cents per share) to be paid to shareholders on the register of members on 20 May 2013. Subject to shareholders' approval at the forthcoming annual general meeting to be held on 13 May 2013, the final dividend will be paid on or about 20 June 2013.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Monday, 13 May 2013. A notice convening the annual general meeting will be published and dispatched to the shareholders in due course in the manner required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The Register of Members of the Company will be closed on 13 May 2013 for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting. In order to qualify for attendance and voting at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrars, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 10 May 2013.

In addition, the Register of Members of the Company will be closed from Monday, 20 May 2013 to Wednesday, 22 May 2013, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch Share Registrars, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16 May 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2012, the Group's Liquefied Petroleum Gas ("LPG") business continued to expand into the downstream market. The acquisition of Guangzhou autogas refueling project was fully completed in January 2012. During the year, the business of Lianxin's 17 autogas refueling stations was fully consolidated into the Group's accounts. As a result, the Group made another remarkable achievement with substantial profit increase. In addition, the Group has started to provide marine bunkering service in Hong Kong since May 2012. A customer base of certain size is expected to be established before the completion of Zhuhai oil storage depot construction works, ensuring a considerable turnover rate upon commencement of operation of the oil storage depot, for the oil products business to lower its operation costs and increase its profitability.

Based on the strategies set in 2011, the Group will still focus on the diversified business development in South China in the near future. In view of such a large energy market, the Group is vigorously developing its oil products and natural gas businesses apart from continuously expanding its LPG retailing business, to promote the Group to become one of the major suppliers of energy products in South China.

1. Group Overall Performance

In 2012, by including the discontinued operation, the Group recorded a total turnover of approximately HK$13,462,296,000, representing an increase of 33.1% as compared with the total turnover in 2011 of approximately HK$10,116,643,000. Profit attributable to equity holders of the Company for the period was approximately HK$810,934,000, representing an increase of 164.9% as compared with the profit attributable to equity holders of the Company for the same period of 2011 of approximately HK$306,159,000. The total turnover and profit attributable to shareholders of the Company for the year 2012 from the continuing operation is approximately HK$12,456,376,000 and approximately HK$426,617,000, representing an increase of 23.1% and 39.3% respectively as compared to that of 2011. The Company did not conduct any equity fund raising activities in 2012. As at 31 December 2012, the Company had an issued share capital of 1,305,853,374 shares (2011: 1,305,853,374 shares). Basic earnings per share for 2012 was HK62.1 cents, representing a leap of 164.9% as compared with the basic earnings per share for the year ended 31 December 2011 of HK23.45 cents. The basic earnings per share from the continuing operation is HK32.67 cents for the year 2012, representing an increase of 39.3% comparing to that of 2011.

1.1 Segment Performance

LPG Business

LPG sales volume of the Group for 2012 amounted to about 1,676,000 tons, representing an increase of 15.6% as compared with about 1,450,000 tons for the same period of 2011. The average LPG market price in 2012 was around 10% higher than that in 2011, driving LPG turnover for the year up by 26.1% to approximately HK$11.57 billion (Same period of 2011: approximately HK$9.17 billion). Due to the marked rise in the Group's turnover brought about by the introduction of the oil products business, despite the substantial increase in LPG turnover, its contribution to the Group's total turnover fell to about 85.9% (Same period of 2011: about 90.7%).

Based on the calculation that, in the view of the management, can reflect actual LPG gross profit more precisely (i.e. incorporation of net foreign exchange gain or loss arising from financial matching arrangements into LPG purchase costs), the LPG gross profit for the 2012, 2011 and 2010 was roughly HK$923 million, HK$557 million and HK$434 million respectively.

The gross margin of LPG business for 2012 increased to 8.0% from 6.1% for 2011, mainly driven by the new autogas refueling business and the significant increase in sales to industrial customers. The Group has prepared to expand into the downstream market to increase the gross margin of LPG business since 2009. The efforts made in the past few years have obviously achieved results. We believe that the gross margin of LPG business will further improve as the Group opens up more high-margin markets.

Oil Products Business

The Group has started to provide marine bunkering service to vessels in Hong Kong harbour and neighbouring waters since May 2012. In just 8 months, the Group supplied fuel oil of about 200,000 tons, and recorded a turnover of approximately HK$1,005,920,000 and a gross profit of approximately HK$38,704,000 (Gross margin: 3.9%).

The Group's marine bunkering business in Hong Kong has its strategic significance. The Group's oil storage depot in Zhuhai is expected to commence operation in the second half of 2013. In the future, the oil products business in Zhuhai will become one of the major core businesses of the Group. Therefore, the Group has early in 2012 established a non-wholly-owned project company in Hong Kong as a business spearhead to test the market space of marine fuel oil in Hong Kong. During the year, the project company fully served its purpose as a ground breaker by entering the Hong Kong market successfully and establishing marine bunkering business channels. The marine bunkering business in Hong Kong not only generated additional income to the Group in the year, but also built a business network outside of mainland China which the Zhuhai oil storage depot can tap into in addition to its local clientele. Upon commencement of operation, Zhuhai oil storage depot can privet on the enlarged network to increase its business volume and enhance its operation efficiency.

As the project company has served its purpose as a ground breaker for the oil products business, the Group seized an investment opportunity to dispose of its 51% interest in the project company to a third party, and retained its remaining 49% interest, so that the project company can continue to provide support to the Zhuhai oil storage depot. Details of the transaction have been announced by the Company on 5 September 2012. The disposal and related investment matters were completed in December 2012, and generated a gain of approximately HK$376,277,000 to the Group.

Despite the short history of the oil products business, its turnover has accounted for 7.5% of the Group's total turnover in 2012. The oil products business has become another key development area of the Group in the future. We believe that its proportion of the total turnover will grow rapidly, and its contribution to the Group's profit will also continue to increase.

Electronics Business

In 2012, the Group continued to adopt the same business model with Thailand as the major market in its operation of trading mobile phones and electronics components ("Electronics"). In line with the Group's policy of focusing on principal operation of energy products development, the trading volume of Electronics business has gradually decreased. Turnover of Electronics business for 2012 was approximately HK$886,410,000 as compared with the turnover for the same period of 2011 of approximately HK$941,715,000, representing a decrease of 5.9%. Its contribution to the Group's total turnover also fell from about 9.3% for the same period of 2011 to 6.6% for 2012. However, gross profit of Electronics business for the period increased to approximately HK$88,000,000 (Same period of 2011: approximately HK$62,102,000). Gross profit also rose from 6.6% in 2011 to 9.9% in 2012.

1.2 Operating Cost Control

Finance Costs

In 2012, the Group's finance costs including discontinued operations amounted to about HK$287 million, representing a significant increase of about 40.0% as compared with that of about HK$205 million for the same period of 2011. The significant increase in finance costs was attributable to: (1) high effective interest rate for RMB borrowings in the PRC during the period, and increased lending spread by overseas banks, leading to a substantial increase in effective interest rate paid for USD loans as compared with the same period last year; and (2) significant increase in credit sales to bus companies upon the consolidation of Guangzhou autogas refueling station business, and significant increase in credit sales to industrial customers during the period, leading to considerable increase in receivables. As a result, the Group had to increase its short-term RMB loans to meet its new working capital requirement.

Selling and Distribution Expenses

The Group's selling and distribution expenses including the discontinued operation for 2012 amounted to approximately HK$241 million, representing an increase of about 142.6% as compared with that for 2011 of approximately HK$99.3 million. The significant increase in selling and distribution expenses was primarily attributable to the consolidation of Lianxin's accounts. Most operating expenses of Lianxin arose from wages of gas station staff, LPG transportation cost and warehouse rental, depreciation charge for tools and equipment, and rent of lands on which autogas refueling stations are located. In 2012, these expenses amounted to nearly HK$70 million in total, accounting for around 49.4% of the increased selling and distribution expenses. Such expenses were the major reason for the surge in selling and distribution expenses in 2012. After a year of operation, the selling and distribution expenses of Guangzhou autogas refueling business have basically stabilized. Such surge in expenses is less likely in the future.

Administrative Expenses

The total administrative expenses of the Group including the discontinued operation for 2012 amounted to approximately HK$217 million, representing an increase of 19.7% as compared with that for the same period of 2011 of approximately HK$181 million. A number of executive management staff were employed for the new autogas refueling business and oil products business in 2012 to ensure their safe and smooth operation. Amongst all the administrative expenses items, emolument of management staff, rent for office premises, amortization of land and travel expenses increased significantly by approximately HK$16 million, accounting for around 44.8% of the increased administrative expenses. As both LPG business and oil products business of the Group are still under rapid development, administrative expenses including wages, preliminary expenses and professional fees will continue to increase moderately.

1.3 Performance Conclusion

The overall operation in 2012 shows clearly the development plan of the Group to become a major supplier of energy products in the region. The LPG business has obviously attained a considerable scale of operation, and has entered the harvest cycle, contributing remarkable profit to the Group. With strong momentum, the newly established oil products business is expected to exhibit faster growth than the LPG business. It is a reasonable expectation that the sales volume of oil products business would surpass that of LPG business in the next few years, and generate enormous profit to the Group.

Included in the profit attributable to equity holders for 2012 of approximately HK$811 million was profit of the discontinued operations and gain on disposal of the discontinued operations (approximately HK$384 million). After excluding this non-recurring income item, the recurring profit of the Group from ordinary operation in 2012 will be around HK$427 million, representing an increase of around 39.3% as compared with profit attributable to equity holders for 2011 of approximately HK$306 million. The continuing leaps in profit brought about by the Group's expansion into the retail market clearly shows the profit potential of the downstream market.

2. LPG Business

2.1 Market Condition

Guangdong LPG Market

Unit: thousand tons	**2012**		2011	
China domestic production	**22,240**	**87.1%**	21,860	86.5%
Import	**3,330**	**12.9%**	3,410	13.5%
China total supply	**25,730**	**100%**	25,270	100%
China domestic consumption	**24,460**	**95.1%**	24,100	95.4%
Export	**1,270**	**4.9%**	1,170	4.6%
Total	**25,730**	**100%**	25,270	100%

Source: Guangdong Oil & Gas Association

Unit: thousand tons	**2012**		2011	
Guangdong production	**2,350**	**41.8%**	2,470	41.2%
Transfer from other provinces	**1,050**	**18.7%**	1,250	20.9%
Import	**2,220**	**39.5%**	2,270	37.9%
Guangdong total supply	**5,620**	**100%**	5,990	100%
Guangdong consumption	**4,670**	**83.1%**	5,090	85.0%
Export	**950**	**16.9%**	900	15.0%
Total	**5,620**	**100%**	5,990	100%

Source: Guangdong Oil & Gas Association

Since 2012, the import tariff of LPG has further reduced from 2% to 1%, lowering the import cost to a certain extent. This shows that the government intends to encourage the import of high quality LPG and promote LPG application.

Guangdong has always been the province with the largest LPG demand in China and the widest application of imported LPG. As a result of the shift to new energy products in certain part of household market in recent years, the growth in LPG demand in Guangdong has shown clear signs of slowdown, with a negative growth of 6% in 2012. However, the application of LPG as chemical feedstock has just started in Guangdong. With the gradual completion of some downstream processing facilities, the demand of LPG (particularly high quality imported LPG) will substantially increase. In addition, more vehicles and factories are converting themselves from using oil to gas as the fuel. We estimate that with these driving forces, the overall LPG demand in Guangdong will grow at 8% to 10% per annum.

Guangzhou Autogas Market

Guangzhou autogas market is a mature and effectively-managed stable market. Since 2008, its demand has maintained at 400,000 tons to 420,000 tons per annum. Currently, there are 38 autogas refueling stations in Guangzhou serving about 8,000 buses and 20,000 taxies. Out of the 38 stations, Lianxin owns 17, SHV China owns 11, Sino Gas owns 6, and each of the remaining operators owns only one or two stations. The three largest operators together own about 90% of all the stations. As the retail pump price is regulated by the government and adjustable monthly in accordance with a price formula, and the provision of autogas service is only permitted in designated areas, hostile competition is unlikely to occur.

2.2 LPG Purchase

The Group acquired about 1,676,000 tons of LPG in total in 2012, representing an increase of about 15.6% as compared with that of about 1,450,000 tons in 2011. Imported gas sourced mainly from the Middle East amounted to about 926,000 tons in 2012, representing an increase of 9.9% as compared with about 843,000 tons in 2011. Domestic gas was sourced from the oil refineries of Sinopec in Guangdong, Guangxi, Hunan and Hubei, and included certain shipments from North China. Total domestic purchase amounted to about 750,000 tons, representing an increase of 23.6% as compared with about 607,000 tons in 2011. The purchase ratio of imported gas and domestic gas has changed slightly from 58:42 in 2011 to 55:45 in 2012.

2.3 LPG Sales

Wholesaling Business

The Group's LPG wholesaling business continues to cover mainly South China and neighboring cities and countries. Its target customers include overseas customers, local industrial customers, autogas refueling operators, and other terminals and bottling plants in the region. Total wholesaling volume reached about 1,183,000 tons in 2012, representing a seemingly slight decrease of about 4.1% as compared with that of about 1,233,000 tons in the same period of 2011. In fact, upon the completion of acquisition of Lianxin in January 2012, the original wholesaling volume to Lianxin has been changed to retail sales of the Group in the period. Accordingly, excluding the supply to Lianxin, the actual wholesaling volume in 2011 was only about 1,010,000 tons. Compared with the wholesaling volume recorded in 2012, an effective increase of 17.1% was recorded in 2012. Wholesaling business includes:

Industrial Customers

The Group's major customers include chemical plants, aluminum mills, air-conditioner manufacturers, lighter manufacturers, ceramic factories, glass factories and automobile manufacturers in the region. Sales to the local industrial customers in 2012 amounted to about 578,000 tons, representing an increase of 33.2% as compared with that in the same period of 2011 of about 434,000 tons. During the period, some new chemical plants located in the coastal areas of Guangdong have commenced production. These factories use LPG as raw material in their production process, and have strong demand for high quality imported gas, driving the Group's wholesaling volume to the local industrial customers directly. Besides, the Group continued to strengthen its technical and financial supports to other factories during the period. Through promoting the oil to gas conversion campaign, the Group continued to increase its sales to the industrial customers.

Autogas Operators

In 2012, the Group supplied a total of about 19,000 tons autogas to autogas operators in Guangzhou and Wuhan, representing an increase of approximately 18.8% as compared with the supply of about 16,000 tons (excluding the supply to Lianxin) to autogas operators in 2011. During the period, the Group successfully entered into a contract with another autogas operator in Guangzhou in relation to regular supply of gas to the customer since May. This is the major reason for the larger increase in autogas wholesaling volume in 2012.

Overseas Customers

In 2012, annual sales to overseas customers amounted to around 314,000 tons only, representing a decrease of approximately 27.0% as compared with about 430,000 tons in the same period of 2011. Only about 180,000 tons of the annual sales were transshipped to Hong Kong, Macau, the Philippines and Vietnam through the bonded warehouse in Zhuhai Terminal, while the rest were shipped directly to the warehouses of the customers in overseas terminals after loaded in their shipping ports. Such business, which only generates slight profit, has not been the key development focus of the Group. However, the use of sales to overseas customers to timely lower inventory is a very effective way for the Group to mitigate price fluctuation risk.

Other Terminals and Bottling Plants

As the largest LPG wholesaler in South China, the Group is actually the source of supply for other terminals and bottling plants in the region. Since 2006, although the Group has targeted the industrial customers and autogas operators as the customers for its long term development, it has still maintained supply to its counterparts in the region. However, the Group has changed its focus to domestic gas, and operated such business with the determination of purchase by sales strategy, leading to fluctuations in sales volume. Market demand was weak in the first half of 2012, but increased rapidly in the second half. Annual sales was approximately 272,000 tons, representing a jump of 109.2% as compared with about 130,000 tons in the same period of 2011.

Downstream Business

Bottled LPG

LPG retailing refers to sales of bottled LPG conducted by the Group's bottling plants. In 2012, the Group did not conduct any acquisition of bottling plant. Therefore, as at 31 December 2012, the Group continued to own and operate 16 bottling plants and 220 retail outlets situated in 11 major cities in South China. Targeted customers of bottled LPG are mainly household and commercial users (such as restaurants, food outlets). The Group established a computerized customer service centre in Zhuhai at the end of 2010 to take customers' telephone orders. The customer service centre will promptly notify the bottle wagon closest to the customer to deliver bottles and complete transaction. The sales model integrates the bottle wagon with the efficient telecommunication system and turns the wagon into a mobile LPG sales outlet, facilitating the direct sales of bottled LPG effectively.

Besides, the Group's bottling plant near Zhuhai Hengqin has become the source of supply of some Macau bottled gas operators (including operators representing international brands). It is providing stable cross border gas refueling service to Macau operators.

The efficiency enhancement of the customer service centre and the opening up of Zhuhai/ Macau gas refueling market have significantly increased the sales of bottled LPG of the Group by 14.8% to about 249,000 tons in 2012 (2011: about 217,000 tons). As at 31 December 2012, the Group had about 811,000 regular household customers, representing an increase of about 6.4% as compared with that of about 762,000 in the same period of 2011. The Group also had about 4,300 regular commercial customers, representing an increase of about 10.3% as compared with that of about 3,900 in the same period of 2011.

Autogas Refueling

In January 2012, the Group completed the second phase acquisition of the equity interest in Lianxin, and commenced the direct operation of autogas refueling business. Through the 17 autogas refueling stations in Guangzhou, the Group provided refueling service to 1,675,142 buses and 6,413,266 taxies in 2012, and recorded an autogas sales of approximately 447,411,000 litres (equivalent to approximately 244,000 tons).

Ratio of Wholesaling and Retail Sales

The ratio of wholesaling volume and retail sales was about 71:29 in 2012. As compared with that of 85:15 in 2011, the share of retail sales was significantly raised. Meanwhile, the gross profit of the LPG business also significantly increased. This shows that the expansion of retail sales is the most effective way to improve gross profit.

2.4 Logistics and Distribution

Currently, the Group owns 25 tanker trucks for distribution of LPG to industrial customers to ensure the quality of LPG delivered. Also, there are about 170 bottle wagons shuttling around the locations where most customers are located, ready to carry out job orders from Zhuhai customer service centre for prompt delivery of bottled LPG. The number of tanker trucks and bottle wagons will continue to increase in the coming year to further enhance logistics efficiency. The addition of two berths in Zhuhai Terminal is estimated to complete and put into use by June 2013. The addition of two propylene tanks (1 x 2,500 tons, 1 x 1,500 tons) will start in June, and is expected to complete in 2013. The construction works in relation to warehousing, logistics and distribution will be completed in 2013, by then, the logistics and distribution capacity of the Group will be greatly enhanced.

3 Oil Products Business

3.1 Hong Kong Marine Bunkering Market Condition

European economic turmoil and US economic downturn in 2012 have dampened global trade volume, causing global shipping industry to hit the bottom. Hong Kong was affected under this condition. As the number of incoming vessels fell, the demand for marine bunkering in Hong Kong sea area decreased by approximately 17%.

Unit: thousand tons	**2012**	2011	2010	2009
Marine bunkering volume	**6,960**	8,400	7,200	6,480
Increase/ (Decrease)	**-17%**	+17%	+11%	

Despite the unsatisfactory prevailing market condition, the PRC government pays much attention to the promotion of sea transportation business in South China, and increased the storage capacity of fuel oil in the coastal areas. These measures will create favorable conditions for Hong Kong and attract vessels of other origins to Hong Kong to refuel, facilitating the stabilization and development of Hong Kong marine bunkering industry.

3.2 Purchase of Fuel Oil

The marine bunkering business of the Group commenced in May 2012. In 2012, the Group purchased a total of about 200,000 tons fuel oil, most of which were purchased from a Hong Kong oil companies (i.e. companies with oil storage depot on Tsing Yi Island).

3.3 Marine Bunkering

The Group provides marine bunkering service through two main channels: (1) a marine bunker station anchored in Yau Ma Tei Typhoon Shelter is supplying marine diesel oil to small cargo vessels and fishing vessels sailing between the PRC and Hong Kong. The station has oil storage of around 2,000 tons, and can refuel up to 4 vessels at the same time. This marine bunker station is also performing a contract granted by the Hong Kong Government to supply not less than 15,000,000 litres ultra-low sulphur diesel to vessels of 11 Hong Kong Government departments in two years; (2) 4 bunker ships with loading capacity of 200 tons, 250 tons, 350 tons and 1,000 tons respectively as at end of the year 2012. The bunker ships mainly sail near anchored ships for fuel oil transfer with fuel oil from oil storage depot. The bunker ships serve import and export merchant ships, container ships, cruises and even foreign warships visiting Hong Kong.

3.4 Logistics Facilities

To enhance equipment function and improve marine bunkering distribution capacity, the Group has ordered two oil carriers with capacity of 4,500 tons in early 2013 from a famous shipyard in the PRC. The two ships are planned to complete and put into service by the end of 2013. In addition, the 70,000 tons oil products storage depot in Zhuhai Terminal will also complete and commence operation in this year. With such oil storage depot, the Group can purchase from various channels, helping to lower purchase costs.

4. Business Outlook

Looking forward, capitalizing on the success in opening up the downstream market, the Group will reinforce its autogas refueling development plan in Guangdong, and promote Guangzhou autogas refueling model to other cities in the Pearl River Delta region through Lianxin's discussion with local governments of other cities. The Group will also establish strategic corporations in the energy business to promote the Group to become one of the major suppliers of energy products in South China.

In respect of the plan to sell bottled LPG in Hong Kong, the Group has been granted the license of "Registered Gas Supply Company" by the Hong Kong Government. The Fire Department has granted relevant approval to the Tuen Mun transit warehouse. In the meantime, the Building Department is in final consideration of the structural works of the transit warehouse. We believe that construction approval will be obtained shortly. The Group will strive to complete the construction of the transit warehouse and commence the sales of bottled LPG in Hong Kong under the NewOcean brand as soon as possible upon obtaining approvals from all departments.

On 27 June 2012, the Group signed a letter of intent with Sinopec Guangdong to jointly investigate the following areas of cooperation: (A) expansion of the bottled LPG retail sales and distribution business through the chained convenient stores in the gas stations of Sinopec Guangdong; (B) integration the Group's autogas refueling stations in Guangzhou with the new natural gas refueling stations located in 30 gas stations of Sinopec Guangdong to increase the share of clean energy in Guangzhou autogas market; (C) business support from Sinopec Guangdong to the Group to development fuel oil, light diesel oil and oil products business. The above proposed cooperation has undergone in-depth discussion, and is in the final stage of finalization. Relevant cooperation agreement is estimated to be signed in the near future. We believe that the cooperation with Sinopec Guangdong will facilitate and accelerate the Group to become one of the major suppliers of energy products in South China.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the net current assets of the Group amounted to approximately HK$420,019,000 (2011: HK$124,339,000) and the Group's bank balances and cash was approximately HK$1,196,143,000 (2011: HK$877,595,000). At the end of reporting date, current ratio was 1.04:1 (2011: 1.01:1), quick ratio was 0.97:1 (2011: 0.96:1), gearing ratio was 0.07:1 (2011: 0.24:1) which was calculated based on total long term borrowings of approximately HK$186,511,000 (2011: HK$444,842,000) and total equity of approximately HK$2,584,976,000 (2011: HK$1,847,535,000).

FOREIGN EXCHANGE FLUCTUATIONS

The Group derives its sales revenue principally in Reminbi, and its cost of sales is mainly denominated in US dollars and Reminbi. As a significant portion of the cost of sales is dominated in a different currency from the sales revenue, the Group manages its exposure to exchange risks through natural hedges between purchases and sales and appropriate use of forward exchange contracts.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 31 December 2012 and 2011.

PLEDGE OF ASSETS

At 31 December 2012, the Group pledged its bank deposits amounting to approximately HK$4,056,010,000 (2011: HK$4,209,577,000) to secure general banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2012, the Group employed 1,100 (2011: 740) full time employees in Hong Kong, Macau and the PRC. The Group remunerated the employees based on their performance, experience and prevailing market practice. Employee benefits provided by the Group include a provident fund scheme, medical insurance scheme and an employee share option scheme.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any if its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

CORPORATE GOVERNANCE

In the opinion of the Directors, throughout the year ended 31 December 2012 the Company has complied with the code provisions (the "CG Code") contained in "Code on Corporate Governance Practices" in force up to 31 March 2012, and the amended CG Code contained in "Code on Corporate Governance and Corporate Governance Report" in force as from 1 April 2012 as set out in Appendix 14 to the Listing Rules, except that the Independent Non-executive Directors of the Company are not appointed for terms of office determined according to a fixed period of time in accordance with the CG Code. Nevertheless, such Directors were appointed to their offices for such term of office and are subject to retirement in accordance with the provisions in the Bye-laws of the Company.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries of all Directors and all Directors confirmed they have complied with the required standard of dealings set out therein during the year.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed with external auditors and the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the audited financial statements for the year ended 31 December 2012.

PUBLICATION OF RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.newoceanhk.com and the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. The 2012 Annual Report will be dispatched to shareholders in due course and will be published at the websites of the Company and The Stock Exchange of Hong Kong Limited at the same time.

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

Hong Kong, 18 March 2013

As at the date of this announcement, the Board of the Company comprises Mr. Shum Siu Hung, Mr. Lawrence Shum Chun, Mr. Cen Ziniu, Mr. Raymond Chiu Sing Chung, Mr. Brian Siu Ka Fai 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.