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 2014

FINANCIAL HIGHLIGHT

- Revenue from operations increased by 36.02% to approximately HK$19,633,037,000
- Profit for the year attributable to the owners of the Company from operations increased by 14.93% to approximately HK$900,270,000
- Basic earnings per share from operations increased by 10.91% to HK$0.61
- Equity attributable to owners of the Company increased by 19.02% to approximately HK$4,874,600,000

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 2014 together with comparative figures for the year ended 31 December 2013 as follows:

* *For identification purposes only.*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	**2014** **HK$'000**	2013 *HK$'000*
Revenue	*4*	**19,633,037**	14,433,446
Cost of sales		**(18,255,810)**	(13,217,938)
Gross profit		**1,377,227**	1,215,508
Other gains and losses	*6*	**(3,406)**	172,945
Other income	*6*	**248,534**	149,757
Selling and distribution expenses		**(251,656)**	(275,045)
Administrative expenses		**(228,938)**	(226,353)
Changes in fair values of convertible bonds		**-**	(4,564)
Changes in fair values of derivative financial instruments		**19,083**	(26,793)
Finance costs	*7*	**(226,210)**	(206,640)
Share of profit of a joint venture		**1,713**	1,127
Share of (losses) profits of associates		**(14,129)**	12,283
Profit before taxation	*9*	**922,218**	812,225
Taxation	*8*	**(21,312)**	(29,378)
Profit for the year		**900,906**	782,847
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**4,810**	64,363
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on available for sale investment		**(37,503)**	(19,658)
Reclassified to profit or loss upon the disposal of certain amount of available for sale investment		**7,588**	-
		(25,105)	44,705
Total comprehensive income for the year		**875,801**	827,552

	Note	**2014**	2013
		HK$'000	*HK$'000*
Profit (loss) for the year attributable to:			
Owners of the Company		**900,270**	783,308
Non-controlling interests		**636**	(461)
		900,906	782,847
Total comprehensive income (expense) attributable to:			
Owners of the Company		**875,168**	827,950
Non-controlling interests		**633**	(398)
		875,801	827,552
Earnings per share	*10*		
Basic		**HK$0.61**	HK$0.55
Diluted		**HK$0.60**	HK$0.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**1,642,891**	1,507,951
Land use rights		**268,426**	246,759
Prepaid lease payments for coast		**8,527**	9,403
Goodwill		**668,139**	296,060
Other intangible assets		**417,720**	342,315
Interests in associates		**71,766**	306,327
Interests in joint ventures		**19,969**	11,893
Available for sale investment		**81,958**	136,534
Deposits paid		**120,472**	112,135
Deferred tax assets		**7,312**	1,358
		3,307,180	2,970,735
Current assets			
Inventories		**444,082**	732,710
Trade debtors and bills receivable	*11*	**3,053,093**	2,376,246
Other debtors, deposits and prepayments		**1,414,734**	751,203
Amounts due from associates		**342,586**	418,965
Derivative financial instruments		**1,222**	1,313
Land use rights		**11,313**	10,321
Prepaid lease payments for coast		**872**	872
Properties held for sales		**185,035**	211,541
Properties under development for sales		**224,936**	208,218
Pledged bank deposits		**3,522,442**	3,862,030
Bank balances and cash		**1,738,621**	1,747,612
		10,938,936	10,321,031
Current liabilities			
Trade creditors and bills payable	*12*	**1,378,694**	2,173,145
Other creditors and accrued charges		**353,592**	161,276
Amount due to a joint venture		**509**	509
Derivative financial instruments		**3,600**	20,302
Tax liabilities		**49,369**	40,770
Borrowings fully secured by pledged bank deposits - repayable within one year	*13*	**2,469,373**	2,876,760
Borrowings partially secured by pledged bank deposits – repayable within one year	*13*	**1,632,022**	1,661,424
Borrowings secured by other assets – repayable within one year	*13*	**11,227**	192,166
Borrowings unsecured – repayable within one year	*13*	**2,126,914**	1,352,309
		8,025,300	8,478,661
Net current assets		**2,913,636**	1,842,370
Total assets less current liabilities		**6,220,816**	4,813,105

	Notes	**2014**	2013
		HK$'000	*HK$'000*
Capital and reserves			
Share capital	*14*	**148,040**	148,340
Share premium and other reserves		**4,726,560**	3,947,196
Equity attributable to owners of the Company		**4,874,600**	4,095,536
Non-controlling interests		**31,184**	21,261
Total equity		**4,905,784**	4,116,797
Non-current liabilities			
Deferred tax liabilities		**131,147**	144,031
Borrowings secured by other assets – repayable over one year	*13*	**41,631**	-
Borrowings unsecured – repayable over one year	*13*	**1,142,254**	552,277
		1,315,032	696,308
		6,220,816	4,813,105

Notes:

1. **General**

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate and immediate holding company is Uniocean Investments Limited ("Uniocean"), a company incorporated in the British Virgin Islands. The Company acts as an investment holding company. The principal activities of the Group are the sales and distribution of liquefied petroleum gas ("LPG") and natural gas ("NG"), oil products business and sales of electronic products.

The functional currency of the Company is Renminbi ("RMB"), the currency of the primary economic environment in which the Group operates. For the purpose of the consolidated financial statements and convenience of the financial statements users, the results and financial position of the Group are expressed in Hong Kong dollars ("HK$"), the presentation currency for the consolidated financial statements.

2. Basic of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rule") and by the Hong Kong Companies Ordinance which concern the preparation of financial statement, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving agreements for Part 9 of Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in Sections 76 to 87 of Schedule 11 to that Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA:

Amendments to HKFRS 10, HKFRS 12 and HKFRS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of agriculture and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

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 statements.

Amendments to HKAS 32 "Offsetting financial assets and financial liabilities"

The Group has applied the amendments to HKAS 32 "Offsetting financial assets and financial liabilities" for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. As the Group did not have any financial assets and financial liabilities that qualify for offset for the year ended 31 December 2013, the application of the amendments had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements in prior year. For the year ended 31 December 2014, the Group has certain financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and offsetting arrangement will be disclosed in details in the notes to the consolidated financial statements for the year ended 31 December 2014.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint Operations[4]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[4]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[3]
Amendments to HKAS 27	Equity method in separate financial statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[4]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

[3] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

[4] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' 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 fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in equity securities of listed company that are currently classified as available-for-sale investment may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 "Revenue from Contracts with Customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future will not have a material impact on the amounts reported and disclosures made in the Group's 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.

4. Revenue

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, sales of properties and rental income of oil vessels and LPG bottles and subcontracting fee for the year. An analysis of the Group's revenue for the year is as follows:

	2014	2013
	HK$'000	*HK$'000*
Sales and distribution of LPG	**12,617,037**	11,013,807
Sales of oil products	**5,201,885**	2,472,813
Sales of electronic products	**1,699,397**	873,631
Sales of properties	**54,997**	28,500
Rental of LPG bottles	**34,926**	39,212
Rental of oil vessels	**12,152**	3,400
Subcontracting fee	**12,643**	2,083
	19,633,037	14,433,446

5. 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.

The Group currently organises 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 industrial customers, auto-gas operators, overseas wholesaler customers, bottled LPG end-users, auto-gas end-users etc. The operation is carried out in Hong Kong, the People's Republic of China ("PRC") and Macau for both onshore and offshore customers.

2. Oil products business – This segment derives its revenue from selling of oil products to both wholesaler and retailer customers and leasing of oil vessels.

3. Sales of electronic products – This segment derives its revenue from trading of electronic products such as integrated circuit and mobile phones etc.

During the year ended 31 December 2014, the Group began to venture into sales and distribution of NG business but still in preliminary stage, the segment information reported below includes assets related to the sales and distribution of NG business.

__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 2014

	Sales and distribution of LPG *HK$'000*	Oil products business *HK$'000*	Sales of electronic products *HK$'000*	Consolidated *HK$'000*
Segment revenue	**12,664,606**	**5,214,037**	**1,699,397**	**19,578,040**
Segment profit	**667,855**	**154,759**	**97,015**	**919,629**
Share of profits (losses) of associates	**8,953**	**(23,082)**	**-**	**(14,129)**
Share of profit of a joint venture	**1,713**	**-**	**-**	**1,713**
	678,521	**131,677**	**97,015**	**907,213**
Other income				**231,229**
Profit from property investment and development in the PRC				**28,712**
Central administration costs				**(50,595)**
Directors' emoluments				**(9,074)**
Changes in fair values of derivative financial instruments				**19,083**
Gain on deemed disposal of associates				**21,860**
Finance costs				**(226,210)**
Profit before taxation				**922,218**

For the year ended 31 December 2013

	Sales and distribution of LPG *HK$'000*	Oil products business *HK$'000*	Sales of electronic products *HK$'000*	Consolidated *HK$'000*
Segment revenue	11,055,102	2,476,213	873,631	14,404,946
Segment profit	916,045	7,641	22,575	946,261
Share of profits of associates	2,586	9,697	-	12,283
Share of profit of a joint venture	1,127	-	-	1,127
	919,758	17,338	22,575	959,671
Other income				140,898
Profit from property investment and development in the PRC				11,100
Central administration costs				(52,690)
Directors' emoluments				(8,757)
Changes in fair values of derivative financial instruments				(26,793)
Changes in fair values of convertible bonds				(4,564)
Finance costs				(206,640)
Profit before taxation				812,225

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, associates or a joint venture. Segment profit represents the profit earned by each segment without allocation of interest income, profit from property investment and development in the PRC, central administration costs, directors' emoluments, changes in fair values of derivative financial instruments and convertible bonds, gain on deemed disposal of associates and finance costs.

The total reportable segment revenue can be reconciled to the revenue as presented in consolidated statement of profit or loss and other comprehensive income as follows:

	2014	2013
	HK$'000	*HK$'000*
Total reportable segment revenue	**19,578,040**	14,404,946
Add: Revenue from property investment and development in the PRC	**54,997**	28,500
Revenue as presented in the consolidated statement of profit or loss and other comprehensive income	**19,633,037**	14,433,446

The Group has a subsidiary engages in the property investment and development in the PRC and the revenue generate from this business is included as the consolidated revenue of the Group. The operating result and other financial information of this subsidiary are not reviewed by the CODM for the purpose of resources allocation and performance assessments.

Segment assets and liabilities

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

Segment assets

	2014	2013
	HK$'000	*HK$'000*
Sales and distribution of LPG	**3,997,348**	4,538,210
Sales and distribution of NG	**26,550**	-
Oil products business	**3,618,852**	1,272,686
Sales of electronic products	**293,590**	698,448
Total segment assets	**7,936,340**	6,509,344
Available for sale investment	**81,958**	136,534
Deferred tax assets	**7,312**	1,358
Pledged bank deposits	**3,522,442**	3,862,030
Bank balances and cash	**1,738,621**	1,747,612
Derivative financial instruments	**1,222**	1,313
Properties under development for sales	**224,936**	208,218
Properties held for sales	**185,035**	211,541
Other unallocated assets	**548,250**	613,816
Consolidated assets	**14,246,116**	13,291,766

Segment liabilities

	2014	2013
	HK$'000	*HK$'000*
Sales and distribution of LPG	**1,125,849**	2,279,918
Oil products business	**489,800**	4,181
Sales of electronic products	**120**	7
Total segment liabilities	**1,615,769**	2,284,106
Derivative financial instruments	**3,600**	20,302
Tax liabilities	**49,369**	40,770
Deferred tax liabilities	**131,147**	144,031
Borrowings	**7,423,421**	6,634,936
Other unallocated liabilities	**117,026**	50,824
Consolidated liabilities	**9,340,332**	9,174,969

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, deferred tax assets, pledged bank deposits, bank balances and cash, derivative financial instruments, and certain deposits paid, 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.

Other segment information

For the year ended 31 December 2014

	Sales and distribution of LPG *HK$'000*	Sales and distribution of NG *HK$'000*	Oil products business *HK$'000*	Sales of electronic products *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:						
Addition to goodwill	**-**	**-**	**372,022**	**-**	**-**	**372,022**
Addition to non-current assets *(Note)*	**89,009**	**26,550**	**243,672**	**-**	**84,402**	**443,633**
Depreciation of property, plant and equipment	**81,135**	**-**	**3,371**	**-**	**676**	**85,182**
Amortisation of other intangible assets	**27,050**	**-**	**-**	**-**	**-**	**27,050**
Amortisation of land use rights	**2,380**	**-**	**1,092**	**-**	**7,151**	**10,623**
Amortisation of prepaid lease payments for coast	**867**	**-**	**-**	**-**	**-**	**867**
Loss on disposal and written off of property, plant and equipment	**865**	**-**	**10**	**-**	**-**	**875**

For the year ended 31 December 2013

	Sales and distribution of LPG *HK$'000*	Oil products business *HK$'000*	Sales 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 assets *(Note)*	215,940	113,056	-	50,466	379,462
Depreciation of property, plant and equipment	71,851	926	-	79	72,856
Amortisation of other intangible assets	27,458	-	-	-	27,458
Amortisation of land use rights	2,204	1,079	-	7,077	10,360
Amortisation of prepaid lease payments for coast	857	-	-	-	857
Loss on disposal and written off of property, plant and equipment	7,208	-	-	-	7,208

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), Macau and the PRC.

Information about the Group's revenue 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	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (country of domicile)	**3,712,747**	2,464,567	**612,055**	351,698
The PRC (excluding Hong Kong)	**11,509,177**	8,327,055	**2,601,949**	2,481,145
Other Asian countries	**4,411,113**	3,641,824	**3,906**	-
Total	**19,633,037**	14,433,446	**3,217,910**	2,832,843

Note: Non-current assets excluded deferred tax assets and available for sale investment.

Information about major customers

Revenues from customers contributing over 10% of the total sales of the Group in year 2014 and corresponding figures in 2013 are as follows:

	2014	2013
	HK$'000	*HK$'000*
Customer A[1]	**N/A[3]**	2,083,015
Customer B[2]	**3,421,478**	2,419,559
Customer C[1]	**2,060,439**	N/A[3]

Notes:

1 Revenue related to the LPG business.
2 Revenue related to the oil products business.
3 The corresponding revenue did not contribute over 10% of the total sales of the Group.

6. Other gains and losses and other income

	2014	2013
	HK$'000	*HK$'000*
Gain on deemed disposal of associates	**21,860**	-
Loss on disposal of available for sale investment	**(2,528)**	-
Net exchange (loss) gain *(Note)*	**(22,738)**	172,945
Other gains and losses	**(3,406)**	172,945
Interest income on pledged RMB bank deposits	**168,173**	104,356
Interest income	**63,056**	36,542
Others	**17,305**	8,859
Other income	**248,534**	149,757

Note: The amount included net exchange loss arising from pledged RMB bank deposits for United States Dollars ("USD") borrowings amounted to approximately HK$8,583,000 (2013: gain of HK$101,804,000).

7. Finance costs

	2014	2013
	HK$'000	*HK$'000*
Interests on bank trust receipts loans and other loans	**79,237**	104,440
Interests on bank trust receipts loans and other bank loans pledged with RMB bank deposits	**98,125**	66,795
Interests on bank borrowings wholly repayable within five years	**48,848**	35,405
	226,210	206,640

8. Taxation

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

	2014	2013
	HK$'000	*HK$'000*
Other regions in the PRC		
Current tax	**34,030**	35,403
Deferred tax		
Current year	**(12,718)**	(6,025)
	21,312	29,378

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. 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 or the assessable profits are wholly absorbed by tax losses brought forward.

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%.

9. Profit before taxation

	2014	2013
	HK$'000	*HK$'000*
Profit before taxation from operations has been arrived at after charging (crediting):		
Amortisation of land use rights (included in administrative expenses)	**10,623**	10,360
Amortisation of prepaid lease payments for coast (included in cost of sales)	**867**	857
Amortisation of other intangible assets (included in selling and distribution expenses)	**27,050**	27,458
Auditor's remuneration	**3,874**	3,657
Depreciation of property, plant and equipment	**85,182**	72,856
Loss on disposal and written off of property, plant and equipment	**875**	7,208
Minimum lease payments under operating leases:		
- Premises	**11,520**	22,574
Gross rental income from leasing of oil vessels, office premises and warehouse	**(17,304)**	(4,060)
Less: Direct operating expenses	**3,483**	896
	(13,821)	(3,164)
Staff costs		
Directors' fees	**330**	330
Directors' other emoluments	**9,294**	8,427
Contributions to retirement benefits schemes excluding HK$100,000 (2013: HK$90,000) included in directors' emoluments	**4,230**	8,006
Staff salaries and bonus	**68,246**	69,896
	82,100	86,659

10. Earnings per share

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

	2014	2013
	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)	**900,270**	783,308

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,482,576,298**	1,425,090,095
Effect of dilutive ordinary shares		
Share options	**18,888,180**	22,238,462
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,501,464,478**	1,447,328,557

11. Trade debtors and bills receivable

	2014	2013
	HK$'000	*HK$'000*
Trade debtors	**3,009,943**	2,164,625
Bills receivable	**43,150**	211,621
	3,053,093	2,376,246

The Group allows an average credit period of 90 days. The bills receivable are matured within the range of 30 days to 180 days for the years ended 31 December 2014 and 2013. The following is an aged analysis of trade debtors and bills receivable at the end of the reporting period presented based on the invoice date, which approximated the respective revenue recognition dates:

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	**1,089,026**	1,155,625
31 to 60 days	**563,023**	467,009
61 to 90 days	**111,832**	238,606
91 to 180 days	**957,868**	509,110
Over 180 days	**331,344**	5,896
	3,053,093	2,376,246

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$2,587,465,000 (2013: HK$2,273,529,000), which are neither past due nor impaired.

Included in the Group's trade debtors balance are debtors with aggregate carrying amount of approximately HK$465,628,000 (2013: HK$102,717,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over the 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 206 days (2013: 129 days). Up to the date of this announcement, the subsequent settlement from the trade debtors past due amounted to approximately HK$371,295,000. As at 31 December 2014 and 2013, the Group has no provision for allowance for doubtful debts.

Aging of trade debtors based on the invoice date which are past due but not impaired

	2014	2013
	HK$'000	*HK$'000*
61 to 90 days	**93,410**	29,830
91 to 180 days	**74,407**	67,005
Over 180 days	**297,811**	5,882
Total	**465,628**	102,717

12. Trade creditors and bills payable

	2014	2013
	HK$'000	*HK$'000*
Trade creditors	**1,209,525**	1,789,966
Bills payable	**169,169**	383,179
	1,378,694	2,173,145

The aged analysis of trade creditors and bills payable is as follows presented based on invoice date:

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	**815,956**	881,477
31 to 60 days	**107,080**	796,791
61 to 90 days	**143,285**	154,561
91 to 180 days	**312,174**	180,928
Over 180 days	**199**	159,388
	1,378,694	2,173,145

13. Borrowings

	2014	2013
	HK$'000	*HK$'000*
Bank trust receipts loans	**1,433,194**	1,147,367
Bank trust receipts loans and other bank loans (pledged with RMB bank deposits)	**3,947,573**	4,432,760
Bank trust receipts loans and other bank loans (pledged with HKD/USD bank deposits or other assets)	**206,680**	105,424
Other bank loans	**1,835,974**	949,385
	7,423,421	6,634,936
Repayable within one year shown under current liabilities		
Borrowings fully secured by pledged bank deposits	**2,469,373**	2,876,760
Borrowings partially secured by pledged bank deposits	**1,632,022**	1,661,424
Borrowings secured by other assets	**11,227**	192,166
Borrowings unsecured	**2,126,914**	1,352,309
	6,239,536	6,082,659
Repayable over one year shown under non-current liabilities		
Borrowings secured – more than one year, but not exceeding two years	**11,226**	-
Borrowings unsecured – more than one year, but not exceeding two years	**387,594**	318,727
Borrowings secured – more than two years, but not exceeding five years	**30,405**	-
Borrowing unsecured – more than two years, but not exceeding five years	**754,660**	233,550
	1,183,885	552,277
	7,423,421	6,634,936

14. Share capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.1 each (2013: HK$0.1 each)		
Authorised share capital:		
At 1 January 2013, 31 December 2013 and 2014	20,000,000,000	2,000,000
Issued and fully paid share capital:		
At 1 January 2013	1,305,853,374	130,586
Issued of shares pursuant to a placement *(Note a)*	166,500,000	16,650
Issued of shares pursuant to exercise of share options *(Note b)*	11,044,842	1,104
At 31 December 2013 and 1 January 2014	1,483,398,216	148,340
Repurchase of shares *(Note c)*	(3,000,000)	(300)
At 31 December 2014	1,480,398,216	148,040

Notes:

(a) On 22 April 2013, arrangements were made in accordance with a placing and subscription agreement dated 17 April 2013 (the "Placing and Subscription Agreement") for a private placement to independent placees of 166,500,000 shares of HK$0.10 each in the Company held by Uniocean, at a price of HK$4.68 per share representing a discount of approximately 13.49% to the closing market price of the Company's shares on 17 April 2013.

Pursuant to the Placing and Subscription Agreement, Uniocean subscribed for 166,500,000 new shares of HK$0.10 each in the Company at a price of HK$4.68 per share on 29 April 2013. The net proceeds of approximately HK$748,648,000 would be used as follows: (i) to upgrade and expand the handling capacity of LPG facilities at the Group's LPG terminal in Zhuhai, Guangdong Province, the PRC; (ii) for funding of the set up of Sinopec NewOcean Energy Company Limited ("Sinopec NewOcean") as set out in the announcement of the Company dated 10 April 2013; (iii) for the installation of LPG or liquefied natural gas ("LNG") facilities in certain gas stations owned by China Petroleum and Chemical Corporation ("Sinopec"); (iv) to build two propylene tanks in Zhuhai Terminal to support the upgraded sea terminal in Zhuhai, Guangdong Province, the PRC; (v) to acquire LPG bottles in relation to the Company's business in Hong Kong and (vi) for general capital purposes. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 21 May 2013 and rank pari passu with other shares in issue in all respects.

(b) During the year ended 31 December 2013, the Company issued and allotted a total of 11,044,842 shares of HK$0.10 each in the Company at exercise price of HK$0.625 each to certain share options holders who exercised their share options. These shares issued rank pari passu with other shares issue in all respects.

(c) During the year ended 31 December 2014, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary share of HK$0.10	Price per share highest	Price per share lowest	Aggregate consideration paid (excluding transaction cost)
		HK$	*HK$*	*HK$'000*
September 2014	3,000,000	3.85	3.85	11,550

The above shares were cancelled upon repurchase.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2014, the global energy market experienced choppy waves. The large scale of fluctuation in oil price had brought a high risk to the oil industry. Since June of the year, the crude oil price slumped from around US$110 per barrel to US$50 per barrel (and even dropped below US$45 per barrel in January 2015), representing a drop of over 50% in 6 months, the sharpest decline in such short term (6 months) since 2009. Steered by the oil price, prices of liquefied petroleum gas ("LPG") and refined oil ("oil products") also went on a downward track, causing serious losses to some wholesalers who overstocked. However, the performance of NewOcean Energy Holdings Limited (the "Group") was not the least affected. As it is well known, the Group has upheld the business model of low inventory and highly efficient logistics along the years, under which trading in LPG or oil products are substantially priced by the cost plus method or the back-to-back method to mitigate the risks of price fluctuations. Our meticulous operating strategy is precisely the reason that the Group can successfully resisted the severe impact brought by the market downfalls in both 2008 and last year.

In the first half of 2014, the LPG demand in the Southern China market became sluggish as the government forcefully promoted the use of liquefied natural gas ("LNG"), causing a slight decrease in the sales volume of LPG of the Group for the period. During the second half of the year, given the bounce in consumer demand for LPG as the price continued to go down, the Group has recovered in business to attain a slight increase in the sales volume for the year versus last year. The oil products business remained robust in 2014 and achieved a more than double growth to over 1 million tons in sales volume. Paralleled to this, the Group has also gradually enhanced the profitability of its oil products business through adopting numerous measures that have reaped effects in 2014 and significantly increased the profit contribution of the oil products business. The LNG business remained at the early stage of laying the end-user sales network and has yet substantial contribution to the overall revenue of the Group. As to the development of the LNG business, the Group has long decided to adopt the strategy of development driven by end users. Under this it will proactively promote cooperation with inter-provincial logistics and transportation companies and nationwide major production bases, and take Guangdong Province as the starting point to set up multiple LNG autogas refueling stations in major transportation hubs in the province. This will be paralleled by lock-in arrangements with the transportation fleet of our partners as the long-term customers of the autogas refueling stations.

Despite an unfavorable operating environment on the overall in 2014, the Group successfully sustained continuous growth in the operating profits. The risk of Renminbi ("RMB") depreciation at the beginning of the year were alleviated to a certain extent as it came to the second half of the year, which significantly narrowed the exchange losses. The net interest incomes for the year received by the Group from significant RMB fixed deposits were more than enough to offset the exchange losses arising from the holding of RMB and brought along noticeable contribution to the profits of the Group.

Of the infrastructure projects developed by the Group, (1) the modification of the first LNG autogas refueling station in joint efforts with the Guangdong branch of China Petroleum and Chemical Corp ("Sinopec") was completed and officially commenced operation in April; (2) the addition of two LPG tanks in the warehousing zone of Zhuhai Terminal was completed, passed the required certification and was ready for full operation in May; (3) the two 4,500-ton large high-speed bunker ships funded by the Group have arrived in Hong Kong and were officially delivered for use in July and October respectively; (4) the 70,000-ton oil storage depots and the auxiliary berth have obtained all the approvals and commenced operation in February 2015. We believe that with the successive commencement of operation of these infrastructures, our LPG and oil products businesses will enjoy enhanced logistics efficiency, stronger industry competitiveness and higher economic benefits.

1. Overall Performance of the Group

The Group has newly established its LNG business in 2014, which was still in the stage of sales network building and therefore has not generated any revenue during the period. In 2014, the businesses of the Group recorded a turnover of approximately HK$19,633,037,000 in total, up by 36.02% from the turnover of approximately HK$14,433,446,000 in 2013. Profit attributable to owners of the Company was approximately HK$900,270,000, representing an increase of 14.93% as compared to approximately HK$783,308,000 for the same period of 2013.

The Group's principal businesses of LPG and oil products along with its secondary business of electronics business and property investment and development in China recorded an aggregate gross profit of approximately HK$1,377,227,000 in 2014, representing an increase of approximately HK$161,719,000 from the aggregate gross profit of approximately HK$1,215,508,000 for the same period of 2013 (an increase by approximately 13.30%). Although the gross profit went up significantly, the gross profit margin did not increase. During the year, we made some technical adjustments on the gross profit of the autogas refueling business as a result of a change in sales model. Moreover, the profitability of the oil products business has been increased but still lagged behind that of the LPG business. As such, while there was a tangible increase in the overall gross profit of the Group as the sales volume of oil products once again doubled, the overall gross margin of the Group would be diluted accordingly. Because of that, the overall profit margin has been reduced from 8.42% of the same period of 2013 to 7.01% of 2014.

In September 2014, the Company did a share repurchase from the market and therefore cancelled 3,000,000 ordinary shares in issue. As at 31 December 2014, the Company's weighted average number of ordinary shares was 1,482,576,298 shares (31 December 2013: 1,425,090,095 shares). Basic earnings per share for 2014 was HK$0.61 (2013: HK$0.55), representing an increase of approximately 10.91% compared to the same period of 2013.

1.1 Segment Performance

In 2014, sales of energy products amounted to approximately 2,829,000 tons in total, representing an increase of approximately 677,000 tons or 31.46% compared to approximately 2,152,000 tons for the same period of 2013. The respective weight of LPG and oil products to the total sales volume was as follows:

Sales volume	LPG		Oil products		Total
2014	**1,743,000 tons**	**61.61%**	**1,086,000 tons**	**38.39%**	**2,829,000 tons**
2013	1,682,000 tons	78.16%	470,000 tons	21.84%	2,152,000 tons

During the year, the Group recorded a total operating revenue of approximately HK$19,633,037,000, representing an increase of approximately HK$5,199,591,000 or 36.02% from approximately HK$14,433,446,000 of 2013. The operating revenue of the Group mainly originates from the three business segments of LPG, oil products and electronic products. The respective weight of these three business segments in the total revenue was:

	LPG	Oil products	Electronics
2014	**64.51%**	**26.56%**	**8.66%**
2013	76.59%	17.16%	6.06%

As projected from the Group's strategy of energy development, whilst the turnover of the LPG business remained relatively steady and that of the oil products business showed remarkable progress, the growth of the electronics business in 2014 was only transient. In the long run, all resources will certainly be invested into the development of energy products, and there will only be a dwindling room for development for the electronics business.

LPG Business

The LPG business of the Group recorded a turnover of approximately HK$12,664,606,000 in 2014, superseding the turnover of approximately HK$11,055,102,000 for the same period of 2013 by 14.56%. Sales volume amounted to approximately 1,743,000 tons, representing an increase of 3.63% compared to the sales volume of approximately 1,682,000 tons in 2013. In 2014, the LPG business realized a gross profit of approximately HK$1,072,624,000, down by approximately HK$98,850,000 from approximately HK$1,171,474,000 for the same period of 2013. The gross profit margin also narrowed from 10.60% of 2013 to 8.47% of 2014. During the period, the decrease in profit margin was due to the changes in the sales model for auto gas refueling. Apart from the above changes, there was no significant change in the sales model and profitability of other LPGs.

Since November 2013, the joint venture established by the Group and Sinopec Guangdong branch commence to start the strategic cooperation. Through the subcontract from Lianxin Energy Development Company Limited ("Lianxin Energy", a subsidiary of the Group), all the 17 LPG refueling stations in Guangzhou to operate and manage the autogas refueling business in Guangzhou. Given this cooperation, the Group has transformed from being a seller to end users at autogas refueling stations to become an exclusive supplier of auto LPG for the joint venture, whereas the revenue from end user sales previously earned through Lianxin Energy (accounting for approximately 6% of the turnover of Lianxin Energy) was transferred to the associate. Due to the said changes, the gross profit from LPG sales of 2014 was less than that of 2013, and the gross profit margin has accordingly diminished.

Although the profit margin of the sale of the autogas refueling business has been decreased, with the benefit of cooperating with the Sinopec Guangdong, the economic benefit of autogas refueling business have not been affected, the real case was: (A) subsequent to the subcontracting, all the operating costs and expenses of Lianxin Energy were no longer included in the consolidated financial statements of the Group, leading to a reduction in the expenses equivalent to approximately HK$83,367,000 in the books of the Group (that is, the cost of sales and administrative expenses of Lianxin Energy in 2014); (B) the Group has received an additional subcontracting fees and information and technical fees in the amount of approximately HK$16,436,000 from the joint venture; and (C) the Group has received a profit allocation of approximately HK$8,953,000 in 2014. The total of these three economic benefits has almost completely set off the decrease in the gross profit from LPG for 2014, proving that the cooperation has no material effects on the revenues of the Group. Our ultimate objective for the cooperation with Sinopec Guangdong branch is to enable the continuous expansion of its LPG sales through setting up new LPG and LNG autogas refueling stations at high traffic areas in Guangzhou (that is, existing refueling stations of Sinopec) with minimal input of resources to create bigger autogas demand, and to open up another energy product business for the Group through venturing into the construction and operation of auto LNG refueling stations through this cooperation.

During the first half of 2014, the LPG demand in the Southern China market was considerably weak under sustained high prices and the fad of LNG, leading to a decrease in the sales volume of the Group and a corresponding drop in the gross profit from the sales of LPG. With the gradual decline in the purchase cost and recovery in market demand during the second half of the year, the gross profit was accordingly improved. Excluding the impact by the changes in the autogas refueling business, the consolidated profitability of the LPG business was generally similar to that of 2013 with minimal decrease. In 2015, we believe that the profitability of LPG would be able to steadily pick up if the market price of LPG remains at the low level at the year end of 2014.

Oil Products Business

At the end of 2012, the Group has disposed of 51% equity interests in the project company ("Project Company") engaged in marine bunkering business in Hong Kong. The Project Company was accordingly changed from being a subsidiary of the Group into an associated company. Regardless of the said changes, a subsidiary of the Group was still responsible for the provision of fuel oil to the Project Company. Throughout 2013 and for most of the time in 2014, the fuel oil business of the Group has operated under such arrangement until 29 December 2014, on which date the Group repurchased from a third party the 51% equity share of the Project Company sold, at a consideration of HK$250,000,000. Upon this, the Project Company once again became a wholly-owned subsidiary of the Group.

In 2014, total sales of marine fuel oil of the Group amounted to approximately 1,086,000 tons, most of which was supplied to the Project Company, and represented an increase of approximately 616,000 tons or over 1.3 times compared to the sales volume of approximately 470,000 tons of 2013. Revenue of the oil products business amounted to approximately HK$5,214,037,000 in 2014, representing an increase of approximately HK$2,737,824,000 or approximately 1.1 times compared to approximately HK$2,476,213,000 of 2013. The profitability of the oil products business was substantially improved in 2014, with the gross profit from sales escalating from approximately HK$10,648,000 of 2013 to approximately HK$176,196,000 of 2014, whereas the gross profit margin shuttled from 0.43% of 2013 to 3.38% of 2014. Despite that the profitability of the oil products business still lagged behind that of the LPG business, we believe that the amazing growth in its turnover, coupled with the significantly enhanced synergy between the Group and the Project Company upon the acquisition of the 51% equity interests in the Project Company completed by the end of 2014, will effectively step up the logistics efficiency of the oil products business and further support the macro objectives of diversifying the energy products and becoming a prominent supplier of energy products in the Southern China region.

By the end of the year, one of the major customers of the Project Company, OW Bunker Group (reputed to be the largest bunker trader in the world) went bankrupt, and there arose the risk of recoverability for its goods payments due to the Project Company in the amount of approximately HK$58,605,000. The Project Company is currently taking all means (including but not limited to requesting the ships receiving the services to make payments to the Project Company directly, and taking appropriate legal action) to recover the receivables. However, to be conservative, the Project Company has decided to make a full provision for the amounts receivable as bad debts during the financial year of 2014. The operating results of the Project Company was as a result turned from recording a profit of approximately HK$11,452,000 to a loss of approximately HK$47,153,000 in 2014. According to the equity method, the Group was also required to share a loss of an associate (that is, the Project Company) in the amount of approximately HK$23,105,000.

After absorbed the operating loss of an associate, the oil products business of the Group has recorded a profit of approximately HK$131,677,000 in 2014, accounting for approximately 2.53% of the sales revenue of oil products of the Group, which far exceeded the profit performance of 2013.

After the Group completed the repurchase of the 51% equity interests of the Project Company, we have been assisting in recovering the receivables arising from the bankruptcy of OW Bunker, at the same time refining our credit management system for the oil business (including credit insurance). Moreover, the Group is also actively improving our logistic operations of our oil business to increase profit. Our oil storage located in Zhuhai has received all necessary licenses from the government, and already commenced operation in February 2015. The newly built oil vessels have been delivered and in operation, these infrastructure facilities will bring synergies to the oil business development of the Pearl River Delta, and enable the Group to further lowering its operating cost.

Electronics Business

In 2014, the Group's mobile phone and electronic component ("Electronics") trading business recorded a turnover of approximately HK$1,699,397,000, representing an increase of 94.52% from approximately HK$873,631,000 of the same period in 2013. Having reassessed the market demand in 2013, the major buyer in Thailand decided to adjust its major product categories from the previous mid- to low-end mobile phones to launching advanced intelligent mobile phones with strong functions, giving arise to a very robust demand for newly-developed integrated circuits and electronic components. During the first half of the year, the large bulk purchase of lately developed integrated circuits made by the Thailand customer at once pumped up our turnover to beat that for the full year in 2013 in a half-year's time. In the second half of the year, the Group did not increase the production of that model of integrated circuit as it was concerned with the risk of its being replaced by new products, and therefore only sold all the remaining stock at a price close to the cost and ended the development and sales of this new product. Contribution to the profits from the electronics business for the entire year was approximately HK$99,695,000, representing an increase of 347.34% as compared to approximately HK$22,286,000 of 2013. The gross profit margin also increased from 2.55% of 2013 to a more normal level of 5.87%.

1.2 Foreign Exchange Gain and Other Income

Since January 2014, the net exchange rate of RMB to United States Dollars ("USD") swung through ups and downs, sliding from the beginning of the year, then gradually picking up in May, and felling back onto the downward track in the fourth quarter of 2014.

The Group recorded an exchange loss of approximately HK$22,738,000 for the year due to the depreciation of RMB, of which an exchange loss of approximately HK$8,583,000 arose from RMB deposits under structured matching arrangements, and the remaining exchange losses of approximately HK$14,155,000 stemmed from intra-group current accounts denominated in RMB and certain current assets denominated in RMB. As a Hong Kong enterprise targeting China mainland as the primary sales market, we were inevitably impacted by fluctuations in the exchange rate of RMB. However, most of the losses was unrealized exchange losses on the consolidated financial statements of the Group and had no significant impact on the cash flow of the Group.

As mentioned above, the structured matching arrangements have given rise to part of the exchange losses. It should be noted that the same structured matching arrangements (that is, deposits in RMB and borrowings in USD) have at the same time brought along net interest incomes of approximately HK$70,048,000 (interest incomes from RMB pledged deposits accounted for as other incomes of approximately HK$168,173,000, minus interest expenses for USD loans of approximately HK$98,125,000). Such net interest incomes were not only more than enough to offset the exchange losses arising from the structured matching arrangements but also brought along additional incomes of more than HK$60,000,000 to the Group.

In order to adapt to the new environment in the international financial market, since the second half of 2014 the Group has started to cut such structured matching arrangements. The balance of RMB pledged deposits was moderately reduced from equivalent to approximately HK$4,665,730,000 at the end of June to equivalent to approximately HK$3,494,770,000 at the end of the year (the year-end balance of 2013 was equivalent to approximately HK$3,859,479,000). Starting from 2015, expiring structured matching arrangements were generally not renewed, and it is estimated that RMB deposits will further reduce by equivalent to approximately HK$1.5 billion. Unless RMB regains its upward, the Group will continue to reduce the amount of RMB deposits to avert the inherent exchange risks.

1.3 Control of Operating Costs

Finance Costs

The Group's total finance costs in 2014 amounted to approximately HK$226,210,000 (2013: HK$206,640,000), including interests on USD loans related to RMB pledged deposits of approximately HK$98,125,000 (2013: HK$66,795,000), and interest expenses on liquid capital loan for operating needs of approximately HK$128,085,000 (2013: HK$139,845,000). Since the beginning of 2013, the Group has gradually switched to using USD loans raised in Hong Kong to satisfy the needs for liquid capital and reduce the amount of RMB liquid capital loans raised in China with the aim of minimizing the financing costs. This has proven to be highly effective, as seen from the decrease in the balances of bank loans used for liquid capitals (excluding USD loans used for structured matching arrangements) of the Group from approximately HK$2,504,755,000 in 2012 to approximately HK$2,202,176,000 in 2013 followed by the subsequent rebound to approximately HK$3,475,848,000 in 2014. On the other hand, interest expenses for the same period decreased from approximately HK$194,546,000 of 2012 by 28.12% to approximately HK$139,845,000 of 2013 and then further dropped by 8.41% to approximately HK$128,085,000 of 2014. The Group expects that in the forthcoming years, more liquid capital will be required to support our growing receivable accounts as the sales volume of the oil product business continue to escalate, inevitably leading to an increased demand for bank loans. As such, financing costs control is one of our key area in managing. Moreover, the Group has always been able to choose the appropriate method, to achieve our target of reasonable cost of capital.

Selling and Distribution Expenses

The Group's total selling and distribution expenses amounted to approximately HK$251,656,000, representing a decrease of approximately HK$23,389,000 or 8.50% from approximately HK$275,045,000 of 2013. The selling and distribution expenses of the Group included the salary of sales staff, depreciation for tools and equipment, rental for the land and warehouses, LPG shipping costs, trucking costs, warehousing cost, and brokerage costs etc. In the previous year, approximately 30% of this item came from the consolidation of Lianxin Energy's sales cost (autogas refueling business), while 70% was attributable from expenses arising from other LPG business, oil products business and electronic products business. Since November 2013, the Group has started to subcontract the operation of 17 autogas refueling stations of Lianxin Energy under the Group to a joint venture established by NewOcean and Sinopec Guangdong branch. Under this arrangement, the selling and distribution expenses of Lianxin Energy were entirely borne by the joint venture in 2014, and there was a corresponding reduction in the selling and distribution expenses. However, certain selling and distribution expenses may record an increase due to business expansion, including loading, unloading and warehousing charges, transportation fees and advertising fees. As a result the selling and distribution expenses did not record a corresponding decrease by 30%, but was only reduced by 8.50%.

Administrative Expenses

The total administrative expenses of the Group amounted to approximately HK$228,938,000 in 2014, representing an increase of approximately HK$2,585,000 or merely 1.14% from approximately HK$226,353,000 of 2013. The administrative expenses of the Group mainly included emolument of management staff, business trip and entertainment expenses, depreciation charge, amortization of land use rights and professional fees etc. This moderate increase during the period includes items of a more significant magnitude including: (1) emolument of management staff — human resources were increased significantly to cater for the needs of business development (in particular LNG autogas refueling business). This expense accounted for approximately 21% of the administrative expenses, representing an increase of approximately 9.89% from 2013; and (2) rentals, utilities and office-related expenses – the headquarters of the Group in Hong Kong was relocated to a new office of over 7,000 square feet in The Sun's Group Centre in January 2014 to meet the needs of business expansion, leading to an increase in the rentals and related expenses by over 50% as compared to 2013. On the other hand during the year administrative expenses incurred by Lianxin Energy were borne by the associate which has subcontracted the operation of the autogas refueling stations. In the previous year, approximately 7% of the total administrative expenses of the Group arose from the autogas refueling station business. As such, due to significant increases in the emolument and benefits of management staff, rentals and utilities, there was a slight increase in the total administrative expenses for the year despite the exclusion of the administrative expenses of Lianxin Energy.

2. Major Changes in the Financial Position

2.1 Current Ratio

As at 31 December 2014, the Group had total current assets of approximately HK$10,938,936,000 (31 December 2013: HK$10,321,031,000), total current liabilities of approximately HK$8,025,300,000 (31 December 2013: HK$8,478,661,000), and current ratio of 136.31%, representing a remarkable improvement from 121.73% of 2013 and reflecting the adequacy of liquid capital held by the Group for the operation of its energy products (that is, large bulk goods).

2.2 Fixed Assets and Investments

To align with the development of product diversification, the Group invested approximately HK$339,000,000 into purchase of fixed assets and increased the investments in the oil product business and the preliminary investment for the LNG autogas refueling business in 2014.

During 2014, the Group has acquired other fixed assets and land use rights amounting to approximately HK$136,000,000. In addition, the two bunker ships "NewOcean 5" and "NewOcean 6" ordered in 2013 completed construction in 2014. Of the total construction cost and other related expenses of approximately HK$96,000,000, the Group prepaid approximately HK$70,000,000 in 2013, and the remaining amount of approximately HK$26,000,000 was paid to the construction company within this year. During the year, the Group has invested approximately HK$27,000,000 in commencing the LNG business, including the preparation for setting up joint venture/ associate companies and purchase of related equipment.

At the end of 2014, the Group has acquired the entire equity interests in Success Pillar Limited at a consideration of HK$250,000,000. Before this acquisition, Success Pillar Limited held 51% of the marine bunkering business in Hong Kong (that is, the Project Company set out in the above section 1.1 Business Segment – Oil Products Business), while the remaining 49% was held by the Group through a wholly-owned subsidiary. Upon completion of the acquisition, the company holding the marine bunkering business ceased to be an associated company of the Group and became a wholly-owned subsidiary. The Group considers that this acquisition will bring along further synergy in promoting the consolidation of the two oil products customer networks developed by the Group and the marine bunkering business in Hong Kong. The acquisition will also allow the Group to obtain the full control of the marine bunkering business in Hong Kong, in order to align its business objectives with those of the Group, fortify the chain of operation of the oil products business and generate higher profitability and overall shareholders' value for the Company. The acquisition was completed on 29 December 2014. The consideration of HK$250,000,000 would be settled by two payments. The first payment of HK$150,000,000 was settled at the end of 2014 and the second payment of HK$100,000,000 was settled in January of 2015. In accordance with the Hong Kong Accounting Standards, the Group has recorded gain on deemed disposal of an associated company in the amount of approximately HK$21,860,000, whereas the goodwill and intangible assets arising from the acquisition were approximately HK$372,022,000 and HK$102,722,000, respectively.

The Group's available for sale investment represented shares of Integrated Energy Limited ("IE"), a listed company in Korea. The Group through the disposal of 65% of the equity interests in Success Pillar Limited in 2012 and exercised convertible bonds in 2013 to exchange a total of 32.45% of the shares in IE. During 2014, the Group disposed of approximately 5.12% of the shares of IE in view of ongoing volatility of the Korean stock market and the Group would like to focus on developing its existing principal businesses and the newly added LNG autogas refueling business. At the end of 2014, the Group's shareholding in IE decreased to 27.33%. The disposal brought along cash proceeds in the amount of approximately HK$22,133,000 for use in other investments, and recorded a slight loss from the disposal of available for sale investments of approximately HK$2,528,000.

In 2014, the Group had no new real estate project. The original small project is now slowly put to the market since 2013 and approximately 11.94% was further disposed of in 2014, adding to an accumulated disposal of approximately 16.65%. The remaining properties are expected to be disposed in the coming year. The other project which is related to establishment of the headquarters in Zhuhai by the Group, which is under construction at present. Upon completion, the Group intends to dispose of part of the property to recoup the investment in the entire project, whereas the remaining parts of the property will be used as the headquarters in Zhuhai.

2.3 Gearing Ratio

Bank loans

As at the end of 2014, the Group's total bank loans amounted to approximately HK$7,423,421,000, representing an increase of approximately HK$788,485,000 or 11.88% compared to approximately HK$6,634,936,000 as at the end of 2013. The balance as at the end of 2014 included: (1) USD loans related to Structured Matching of approximately HK$2,469,373,000, representing a decrease of approximately HK$407,387,000 from the balance of approximately HK$2,876,760,000 as at the end of 2013; (2) short-term working capital loan of approximately HK$3,770,163,000, representing an increase of approximately HK$564,264,000 from the balance of approximately HK$3,205,899,000 as at the end of 2013; and (3) long-term working capital loan of approximately HK$1,183,885,000 representing an increase of approximately HK$631,608,000 from the balance of approximately HK$552,277,000 as at the end of 2013. The Group mainly utilized medium-term USD loans to meet the demand for liquid capital arising from business development (in particular the high-speed expansion of the oil products business) in 2014. Of the balance of bank loans as at the end of 2014, approximately HK$4,954,048,000 was borrowings for liquid capital required for operating needs, representing an increase of approximately HK$1,195,872,000 as compared to the balance of approximately HK$3,758,176,000 as at the end of 2013. Out of these new financings, approximately HK$816,900,000 was a 3-year syndicated loan, and the remaining approximately HK$378,972,000 represented general bank loans.

Shareholders' Equity

In September 2014, the Company has repurchased from the market and thereafter cancelled 3,000,000 ordinary shares in issue, resulting in a decrease in the Company's shareholders' equity by HK$11,550,000. Other than this, the Company has not undertaken any other fund-raising activities on the capital market. The Group's net profits for the year have increased by approximately 15.08% to approximately HK$900,906,000. As a result, the shareholders' equity of the Company has increased from approximately HK$4,095,536,000 as at the end of 2013 by 19.02% to approximately HK$4,874,600,000.

Gearing Ratio

	As at 31 December 2014	As at 31 December 2013
Total bank loans	**HK$7.423 billion**	HK$6.635 billion
Bank balances and cash and pledged bank deposits	**HK$5.261 billion**	HK$5.610 billion
Shareholders' equity	**HK$4.875 billion**	HK$4.096 billion
Bank loans/Shareholders' equity	**152.27%**	161.99%
Net bank loans (after deducting bank balances and cash and pledged bank deposits)/Shareholders' equity	**44.35%**	25.02%

In 2014, the Group's bank loans increased by approximately HK$788,485,000, whereas cash (including bank deposits and pledged deposits) decreased by approximately HK$348,579,000, resulting in an increase of net debt to equity ratio (that is, item 5 in the above table) from 25.02% of 2013 to 44.35% of 2014. Nevertheless, we believe that the Group's gearing ratio is remained at a very healthy level.

3. Business Condition

3.1 LPG Business

Purchase

In 2014, approximately 1,743,000 tons of LPG were purchased in total, representing an increase of merely 61,000 tons or 3.63% as compared to approximately 1,682,000 tons of the same period in 2013. During the year, approximately 1,067,000 tons of imported LPG were purchased, representing an increase of approximately 105,000 tons or 10.91% from approximately 962,000 tons of the same period in 2013. Approximately 676,000 tons of domestic LPG were purchased, representing a decrease of approximately 44,000 tons or approximately 6.11% from approximately 720,000 tons of the same period in 2013.

LPG Gas Imported from Overseas ("Imported Gas")

Approximately 1,067,000 tons of Imported Gas in total were directly purchased by the headquarters of the Group: (1) in 2014, approximately 954,000 tons of Imported Gas purchased were settled by letters of credit issued by international banks, accounting for 89.41% of the total purchase volume of Imported Gas; approximately 113,000 tons of Imported Gas purchased were settled by telegraphic transfers, accounting for 10.59% of the total purchase volume of Imported Gas; (2) there were 7 suppliers in total, with Shell being the largest supplier in terms of volume at 546,000 tons, accounting for over half of the purchase volume of Imported Gas (approximately 51.17%). Two other suppliers were national petroleum companies in the Middle East and Northern Europe, with a total supply volume being approximately 301,000 tons, accounting for 28.21% of the purchase volume of Imported Gas. The remaining 4 suppliers were international LPG trading companies with the supply volume of approximately 220,000 tons, accounting for 20.62% of the purchase volume of Imported Gas; (3) the gas was mainly sourced from the Middle East at 859,000 tons, accounting for 80.51% of the purchase volume of Imported Gas. The volume of gas sourced from Africa was approximately 101,000 tons, accounting for 9.47% of the purchase volume of Imported Gas. The remaining approximately 107,000 tons of Imported Gas were sourced from Australia, Northern Europe, the United States and Korea respectively. Of approximately 1,067,000 tons of Imported Gas purchased, approximately 277,500 tons were settled overseas, whereas the remaining approximately 789,500 tons were first transported to the bonded LPG warehouses in Guangdong Province (including NewOcean's LPG cargo terminal located in Gaolan Port, Zhuhai and other cargo terminals). Approximately 666,700 tons were sold on the domestic market, while approximately 122,800 tons were re-exported to the overseas market through NewOcean's cargo terminal.

LPG Purchased from the China Domestic Market ("Domestic Gas")

In 2014, all Domestic Gas purchased by the Group was produced by petroleum refineries or natural gas processing plants in China. The total volume amounted to approximately 676,000 tons, which was slightly lower than approximately 720,000 tons of 2013. Part of the Domestic Gas purchased was sourced from refineries of Chinese National Petroleum Corporation and Sinopec in Guangdong Province. Part of the Domestic Gas was transported by tank wagons from neighboring provinces (such as Hunan and Hubei) into Guangdong Province. In addition, some of the Domestic Gas was shipments transported by pressure vessels from Shandong.

Sales

As the infrastructures constructed and owned by the Group were mainly situated at the west bank of the Pearl River, the Group will generally adopt our operating strategy to sell to end-users directly. As to the business in the east bank of the Pearl River, we needed to cooperate with partners equipped with considerable terminal facilities in the localities for market exploration. In 2014, a total of approximately 1,743,000 tons of LPG were sold in 2014, representing an increase of approximately 3.63% as compared to approximately 1,682,000 tons of the same period in 2013.

Sales category	**Sale volume in 2014**	**Sale volume in 2013**	**Change**
Overseas customers	**400,000 tons**	350,000 tons	+50,000 tons
Industrial customers	**755,000 tons**	744,000 tons	+11,000 tons
Other terminals and bottling plants	**73,000 tons**	65,000 tons	+8,000 tons
Bottled LPG	**271,000 tons**	278,000 tons	−7,000 tons
Autogas refueling	**244,000 tons**	245,000 tons	−1,000 tons

Overseas customers – major customers included international LPG trading companies in Netherlands, Japan and Korea. During 2014, sales of this category amounted to approximately 400,000 tons, representing an increase of 14.29% as compared to approximately 350,000 tons of the same period in 2013. Out of the sales to overseas customers in 2014, approximately 277,500 tons were settled overseas, while the remaining approximately 122,500 tons were re-sold through the bonded warehouses in Zhuhai Terminal to Hong Kong, Macau, Philippines, Vietnam, Bangladesh, Cambodia and Malaysia.

Industrial customers – major customers included chemical plants, aluminum mills, air-conditioner manufacturers, lighter manufacturers, ceramics factories, glass factories, refinery plants, automobile manufacturers, food processing plants and other autogas refueling operators in the Pearl River Delta Region. During 2014, sales of this category amounted to approximately 755,000 tons, representing an increase of only 1.48% as compared to approximately 744,000 tons of the same period in 2013. The less-than-expected growth in the sales volume to industrial customers was mainly attributable to the lack of significant increases in the demand as two large scale plants using LPG as a raw material for their chemical products did not commence operation as scheduled. In addition, there were no evident market advantages for LPG as a chemical raw material and the demand was relatively sluggish during the first half of the year when its price remained at high levels. With the significant decline in the price during the second half of the year that trigger stronger demand, the Group has successfully reversed the decline in business of the first half totally.

Other terminals and bottling plants – major customers represented other terminals (secondary terminals) and bottling plants. In 2014, sales of this category amounted to approximately 73,000 tons, representing an increase of 12.31% compared to approximately 65,000 tons of the same period in 2013. Sales of this category were all Domestic Gas, picked up by vehicles or vessels sent by the customers to the refineries or the auxiliary terminals. The goods were directly delivered to the customer warehouses, without passing through any warehouses controlled by NewOcean.

Bottled LPG – domestic bottled LPG was mainly supplied to the general public and commercial end-users such as restaurants, entertainment venues, small hotels, laundry shops. In 2014, sale volume of the Group's bottled LPG (including sales in Macau and Hong Kong) was approximately 271,000 tons, representing a slight decrease of 2.52% from approximately 278,000 tons of the same period in 2013. Due to the LNG fad and the high LPG price level, sales of LPG were weak during the first half of the year. With a significant drop in LPG price during the second half of the year, LPG demand went back up greatly, along with customers switched back from LNG to LPG, businesses have recovered in the second half, despite that the sales volume for the entire year were still slight lagged behind that of last year. If the market price of LPG remains at the low level at the year end of 2014, it is estimated that in 2014, the sales of bottled LPG will likely rebound back to a level similar to that of 2013 at approximately 278,000 tons. In face of a rather sluggish market, we have planned to implement a number of measures to protect our market share of LPG enjoyed by the Group in the Guangdong Province, including (1) to reinforce the cooperation with Sinopec Guangdong branch to identify suitable locations in second- and third-tier cities in Guangdong Province for the construction of new bottling plants and attract existing customers in the region to make up for the loss of business in other cities; (2) to expedite the relocation of certain bottling plants to enable the return to normal production and sales by the affected bottling plants as soon as possible and to minimize the loss of customers.

We could not continue to use the bottling plant of the Group originally located near Hengqin due to the expiry of and the failure to renew the lease, and therefore have shifted to use the bottling workshop located at Zhuhai Terminal to continue the provision of gas and bottling services to some of the bottled LPG operators in Macau (including operators who are agents of international brands). We also cooperated with a state-owned enterprise in Zhuhai to identify the land for construction a new bottling plant in the urban area of Zhuhai in order to expand the sales of bottled LPG in that area.

The bottled LPG business of the Group officially commenced in Hong Kong in December 2013 and was the first registered gas supply company in Hong Kong not required to construct large infrastructures on Tsing Yi Island. During the past year, the Group has strived to entice distributors of other brands on the market to shift to selling the Group's products. Our efforts were met with some unexpected impediments that have greatly slowed down our pace of development. Sales for the year fell short of expectations but are continually improving. As to date, we have recruited approximately 26 distributors with the sales coverage growing from northern New Territories to Tuen Mun, Kowloon, Lantau, Cheung Chau and Hong Kong Island. We will continue to develop distributors in different districts and assist them to invigorate their own sales volume. It is anticipated that the performance of the bottled LPG business in Hong Kong will record very remarkable improvements in the forthcoming year.

Autogas refueling – since November 2013, the joint venture established in hands with Sinopec officially commenced operation to operate and manage the 17 autogas refueling stations and 3 autogas refueling stations under Sinopec Guangdong (including 17 autogas refueling stations in Guangdong urban areas) by way of subcontract. Since then, the Group has transformed from being an autogas refueling station operator to become the exclusive LPG supplier to the joint venture. In 2014, approximately 244,000 tons of auto LPG were supplied by the Group to the joint venture for the entire year, representing a decrease of approximately 1,000 tons as compared to approximately 245,000 tons for the same period in 2013. As reflected by the decrease in the sales of auto LPG for the first half of last year, some of the buses in Guangzhou have switched to using LNG as the fuel and commenced running, leading to a slight decrease in the sale volume of LPG at individual refueling stations under the joint venture. During the second half of the year, apart from reinforcing the communications with the bus companies, the joint venture also stepped up promotions to taxis in Guangzhou and accordingly regained considerable business. The joint venture is now speeding up its application for the addition of auto LPG refueling facilities at 5 of the refueling stations owned by Sinopec with the aim of expanding its sales network. Also, it will entice other small- to mid-sized vehicles to have LPG renovation with the aim of creating new demand and thereby stabilize the sales of the autogas refueling business.

3.2 Oil Products Business

For most of the time in 2014, fuel oil sold by the Project Company (please refer to the description of the Project Company in section 1.1 Business Segment – Oil Products Business) was mainly exclusively supplied by a subsidiary of the Group. During the period, approximately 790,500 tons of fuel oil were supplied by the said subsidiary to the Project Company for the use of marine bunkering in Hong Kong. Since 2014, the Group has also commenced the direct-sales and wholesale of oil products in China and recorded sales of approximately 295,500 tons during the year. Sales of fuel oil by the Group in Hong Kong and the China markets added to a total of approximately 1,086,000 tons for the entire year, representing an increase of 131.06% compared to approximately 470,000 tons of the same period in 2013.

Marine Bunkering Business in Hong Kong

Purchase of Fuel Oil

Marine fuel oil supplied to the Project Company (used by the marine bunkering business in Hong Kong) mainly includes the two categories of vessel diesel (commonly known as “red oil”) and vessel fuel oil (commonly known as “black oil”). Red oil is used by different types of small- to mid-sized vessels operating within the Hong Kong waters, whereas black oil is basically required by large vessels running the international lines. During 2014, approximately 174,700 tons of red oil were purchased by the Group for the Project Company, representing a significant increase of 235.96% as compared to approximately 52,000 tons of the same period in 2013; whilst approximately 615,800 tons of black oil were purchased, representing an increase of 47.32% as compared to approximately 418,000 tons of the same period in 2013.

Red oil supplied within the Hong Kong waters was all purchased from major oil companies in Hong Kong. Vessel diesel is called red oil as all vessel oil is added with red liquid under the supervision of the Customs as an identifier of duty-paid after being imported to Hong Kong. The procedure of adding red liquid has always been allowed in oil storage tanks onshore, meaning that only oil companies with oil storage depots at the terminals on Tsing Yi Island would have the adequate resources to import, store and supply vessel diesel. Up to date, we have no choice but purchase red oil from these oil companies as our sole purchase source.

The purchase source of black oil is more diversified. Apart from oil companies in Hong Kong, we have directly made purchases from Singapore during the first half of 2014, and leased bonded oil storage depots in the Pearl River Delta Region for storage before supplying to the Hong Kong market. During the second half of the year, we have entered into a long-term supply contract with an enterprise owning a terminal bonded warehouse in the Pearl River Delta Region, under which the enterprise would provide supply in prescribed quantities on a monthly basis. This has helped to reduce the cost of leasing bonded warehouses and therefore effectively improved the profit margin of fuel oil sales.

Sales

During 2014, the Project Company continued to carry out the marine bunkering business in the Hong Kong waters mainly by two ways: (1) red oil – supply of red oil to customers by a floating barge anchored in Yau Ma Tei Typhoon Shelter called "NewOcean 3" (a marine bunker station with a fixed location) and 4 small tank vessels. Major customers included pilot vessels in Hong Kong, cruises anchored in the Victoria Harbour, jetfoils of Cotai Water Jet sailing between Hong Kong and Macau, ferries running the outlying island lines, engineering ships and floating barges in the Hong Kong waters, small cargo vessels and fishing vessels sailing between China and Hong Kong, and the majority of fishing vessels based in Hong Kong; (2) black oil – transportation of fuel oil to big ships by 4 to 6 bunker ships of different sizes by drawing up alongside the ships in the anchorage. Major customers included import and export merchant ships, container ships, tankers, bulk carriers, and even foreign warships visiting Hong Kong.

Domestic Oil Products Business

Purchase of Fuel Oil

The Group only commenced its oil products trading business in 2014, during which approximately 295,500 tons of marine diesel, automotive diesel, fuel oil and industrial heavy oil in total were purchased on the domestics market. Sinopec, CNPC, Sinochem and CNOOC were the only companies with the qualifications and capacities to supply gasoline, diesel and fuel oil in the past, but given quite a number of local refineries (mostly located in Shandong) entering the supply chain, coupled with the gradual improvements in the civic-owned oil storage facilities in Guangdong Province, we were able to purchase various oil products through different channels and use warehouses at different locations for storage. This purchase model allows us to purchase suitable oil products or match oil products meeting the specifications in accordance with the customers' needs and enhance the effectiveness of the logistics and transportation of the oil produces in order to lower the trading and operating costs of oil products.

Sales

In 2014, the sales of oil products (including marine diesel and marine fuel oil, industrial heavy oil, and automotive diesel) in China amounted to approximately 295,500 tons in total. The Group's aggressive exploration of the marine bunkering business in China largely includes the automotive diesel two categories: (A) domestic trading — the Group positions bunker ships within the fishing ports in Zhuhai and Taishan to provide duty-paid marine diesel to the local fishing vessels. The Group has also obtained the approval to position an oil barge (marine bunker station with a fixed location) in the waters between Nansha and Dongguan to provide bunkering (duty-paid marine oil) services to cargo vessels entering and leaving Guangzhou; (B) duty-free oil business — through business cooperation, duty-free oil bunkering services are provided to foreign ships berthed at the waters of the Pearl River Delta Region using the duty-free marine oil supply license owned by China Shipping & Sinopec Suppliers Co. Ltd. At the same time, the Group also leases oil product warehouses in Guangdong Province and other provinces to facilitate purchases and operates the fuel oil wholesale business to nearby refueling stations, industrial users and transportation companies using these oil warehouses.

Logistics Facilities

During 2014, the Group continued to increase the investments in fixed assets, expand the various infrastructures and obtain the business licenses quintessential to the chain of operation of the marine bunker business (including the oil storage depot in Zhuhai, the application of operating permit for bonded warehouses and the acquisition of a number of bunker ships completed and under construction). Under the persistent effort of the Group, the oil storage depot in Zhuhai finally obtained all the licenses in February 2015 for the official commencement of operation. Subsequently, the Group has also filed the application for bonded warehoused to the Customs of Zhuhai. The said infrastructures and operating permit are expected to bring synergies to the commencement of the domestic oil products business and the promotion of the marine bunkering business in Hong Kong. The Group has been purchasing or constructing bunker ships since 2013 and has been incessantly stepping up its delivery capacity and efficiency. Currently, the Group is equipped with a bunker fleet comprising: 1 barge of 1,700 tons, 4 bunker ships (1 x 270 tons, 1 x 370 tons, 2 x 4,500 tons) and 2 bunker ships under construction (1 x 2,300 tons, 1 x 3,000 tons), and 6 bunker ships under long-term leases (1 x 5,000 tons, 1 x 1,200 tons, 2 x 300 tons, 1 x 1,100 tons, 1 x 250 tons).

3.3 LNG Business

LNG Business of the Group is still in the stage of building up end-point sales network. Although small amount of sales has been achieved during 2014, it did not contribute materially to the Group's overall revenue. The Group has long identified LNG to be its important investment opportunities going forward and have designated LNG business as the Group's business direction for future development. We have continued to endeavor in the strategy of driving development through making end-point sales, thereby accelerating investment in and the implementation of expansion plan of LNG business.

Promoting the organic integration between fuel suppliers and end-users was the development strategy of the Group's LNG business which created a win-win situation under which advantages complementing and resources sharing were possible. We intended to cooperate with the end-users (including bus companies, logistic companies, transportation companies and large scale production site or network that required logistic transportation) for the establishment of joint ventures. Based on the cooperation, LNG autogas refueling stations would be constructed on the land supplied by the business partners, and autogas refueling and related services would be provided to the business partners or transport vehicles which maintained close business relationship with the business partners. By this way of cooperation, not only the practical problem of finding land for the refueling stations was overcome but enormous end-users with substantive demand could also be secured effectively. It was a development mode having the advantages of low investment cost, short construction period and high economic returns.

As at the end of 2014, the Group has initiated two cooperation projects as follow:

(1) The Group and Shanghai Conch International Investment and Development Co., Ltd. signed a cooperation framework agreement to jointly establish their first joint ventures Guangdong Shenhai New Energy Company Limited in Hengqin New District of Zhuhai City, Guangdong Province in pursuit of comprehensive cooperation for the development of LNG and other energy products. After Guangdong Shenhai has achieved the planned results, NewOcean and Conch would extend the same cooperation mode to other suitable districts across the nation for building a huge LNG refueling station network aiming at providing the most attentive refueling services to large-scaled cross-country transport vehicles. Besides, both parties would establish an associate with Chongqing Heavy Vehicle through the joint venture in order to jointly invest in the construction of LNG vehicle 4S shop, LNG vehicles refitting factory, gas bottle inspection station and LNG refueling station. This could assist more heavy transport vehicles in joining the gas-for-fuel program and secure more captive customers for the joint ventures.

(2) To set up additional LNG autogas refueling facilities at not less than 6 existing refueling stations of Sinopec Guangdong in Guangzhou through Sinopec NewOcean Energy Company Limited, the joint venture established with Sinopec Guangdong. One such refueling station has completed construction and commenced operation in May 2014. The remaining 5 projects have filed for construction and would commence operation successively in the coming one to two years. In the long run, the cooperation with Sinopec Guangdong is expected to gradually extend to 16 other existing refueling stations.

Apart from these two projects, the Group has invested immense human resources to continue the identification of other opportunities of cooperation in different cities in Guangdong Province during 2014. Negotiations related to such cooperation were smooth and some of the projects are expected to commence in 2015.

4. Business Outlook

In the next few years coming up, LPG business will continue to serve as our business cornerstone to ensure a consistent and lucrative income stream for the Group. We estimate the profitability arising from LPG will continue to increase in the short term; our oil business will be the Group's major growth driver on both revenue and profit; and LNG is the Group's future business direction to achieve a long term consistent growth. We believe, due to our sales network expansion, and our constant refining of our logistical efficiency, the Group's profitability will increase going forward.

4.1 LPG Business

According to our estimation, a structural change has emerged in the LPG market in China. It is undeniable that the application of LPG as a fuel will gradually be replaced by natural gas as its pipe network expanded. However, applying LPG as a chemical raw material is relatively new and there is plenty of room for further development. In addition, it will not be replaced by natural gas. Although there are no factors to boost the need for LPG on the market, there are neither factors diminishing it, therefore, the need for LPG will not be greatly reduced.

In 2013, the Group has established a LPG business strategy that emphasizes on quality rather than quantity. We will continue to explore markets with better profitability, with a focus on close collaboration with production entities that apply LPG as a chemical raw material in order to secure a large group of stable targets in the long run. In terms of our collaboration with Sinopec Guangdong branch, on top of building LNG autogas refueling stations, LPG autogas refueling facilities are also added to the existing gas stations of Sinopec, to provide convenience services for more taxi drivers. For the development of our bottled LPG business, we will leverage on the existing gas station network of Sinopec to enhance higher delivery efficiency, as well as the available land resources of Sinopec, to build new LPG bottling plant in order to compensate for customer loss due to shut down or relocation of existing bottling plants.

The Group always has high hope in Hong Kong LPG market, we will continue to devote more human resources into the LPG bottling market, overcome existing challenges and rapidly enhance market share. We will strive even harder to capture opportunities to enter the Hong Kong autogas refueling market with innovative and practical business model, with an aim to become a major LPG supplier in Hong Kong.

4.2 Oil Products Business

The Group has spent the past two years laying down a sound foundation in marine bunkering market in Hong Kong. As of today, bunker ships and marine bunker station placed within territorial waters of Hong Kong are enough for us to take up 60% of the Hong Kong marine diesel market. In addition, the Group is equipped with two efficient and high-speed large scale bunker ships, which greatly benefits us in attracting international bulking ship oil supply contracts. Sales of marine fuel oil will be further increased in the near future.

The two new 4,500 tons bunker ships are the largest and fastest bunker ships within territorial waters of Hong Kong. They have provided us with a list of competitive advantages: (1) with this bunker ship, we could apply diesel import and export permit from relevant Hong Kong government authorities and directly import diesel from oversea countries and directly deliver the marine diesel to our customers from the bunker ship once they arrived Hong Kong. This method of purchase allows us to stay independent of oil companies and largely reduce our purchase cost; (2) in terms of handling marine fuel oil, our bunker ship is capable of performing various tasks at the same time, including oil transport, delivery and internal distribution. With these two bunker ships, we do not have to rent bunker ships from the others, which in turn would lower the operation cost.

In terms of developing oil products business in the Pearl Delta area, (1) through our cooperation with Sinopec, we supply bonded marine fuel to vessels anchored in the territorial waters of China by way of rental license; (2) we set up a joint venture with Conch which engages in the provision of other traditional energy products in addition to LNG related business, including marine bunkering (provide oil to over 1,000 vessels of Conch in the sea), fuel wholesale on land (provide fuel for Conch's production base for its own use) and acquire or build gas and oil station (provide autogas diesel to large scale carrier vehicles in Conch's production base).

Oil storage depots and terminal projects in Zhuhai have acquired all necessary permits in February 2015 and have commenced operation. They will act as a major base for oil products business development in the Pearl Delta area. The Group will actively set up marine bunkering stations in the Pearl River and Xijiang River, continuously perfect the storage and delivery system in the Pearl Delta area, acquire or establish bunkering network, to setup a complete operating chain for the oil products business and enhance the long term development of oil products business in Mainland China. It is expected that these establishment will bring us significant business growth and revenue contribution.

4.3 LNG Business

The Group has determined LNG business to be its development highlight back in 2012 and has selected autogas refueling as its entry point. We strive to establish joint ventures with a group of end users to build and operate LNG autogas refueling stations, and secure the group of end users.

Since April 2013, the Group has been seeking cooperation with various large scale enterprises including bus companies, transportation companies, cross boarder logistic companies and mega construction material base. Among which, the first refueling station built by a joint venture with Sinopec has commenced operation in May 2014. It is expected that approximately 10 LNG autogas refueling stations will commence operation in the next two years and contribute to the Group's revenue growth.

Apart from the cooperation projects that have already kicked off, the Group has entered into other cooperative agreements in 2014, including:

(1) establish joint venture with Guangzhou Xinshui Bus Company, prepare to build 2 LNG autogas refueling stations in the public bus stations of Xinshui Bus Company;

(2) enter into cooperative frame agreement with YATFAI Group (a cross boarder logistic company), to build a LNG autogas refueling station in a desirable location in Dongguan through a collectively established joint venture;

(3) collectively establish joint venture with Zhuhai City Gas Pipe Company Limited, prepare to seek to build more than one L-CNG autogas refueling station in Zhuhai;

(4) by way of a 20 years operation lease, invest, build and operate a LNG autogas refueling station in Shunde.

In addition, the Group is currently negotiating with various companies regarding joint venture cooperation, and intends to set up no less than 20 LNG autogas refueling stations in Guangzhou, Zhaoqing, Foshan and Shenzhen etc.

FINAL DIVIDEND

The Directors have recommended a final dividend of HK6.6 cents per share (2013: HK5.7 cents per share) to be paid to shareholders on the register of members on 4 June 2015. Subject to shareholders' approval at the forthcoming annual general meeting to be held on 27 May 2015, the final dividend will be paid on or about 26 June 2015.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Wednesday, 27 May 2015. A notice convening the annual general meeting will be published and dispatched to the shareholders in due course in the manner required under the Listing Rules.

The Register of Members of the Company will be closed on 26 May 2015 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 May 2015.

In addition, the Register of Members of the Company will be closed from Wednesday, 3 June 2015 to Friday, 5 June 2015, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 2 June 2015.

FOREIGN EXCHANGE FLUCTUATIONS

The Group derives its sales revenue principally in RMB, and its cost of sales is mainly denominated in USD and RMB. 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 2014 and 2013.

PLEDGE OF ASSETS

At 31 December 2014, the Group pledged its oil vessels with carrying value of approximately HK$94,110,000 to secure bank loans granted to the Group.

EMPLOYEES AND EMPLOYEE BENEFITS

As at 31 December 2014, the Group employed 1,166 (2013: 1,135) full time employees in Hong Kong, Macau and other regions in the PRC. The Group remunerated the employees based on their performance, experience and prevailing market practice. Employee benefits provided by the Group include a mandatory provident fund scheme, medical insurance scheme and an employee share option scheme.

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

During the year, the Company repurchased and cancelled 3,000,000 of its ordinary shares of HK$0.10 each on the Stock Exchange at an aggregate consideration of HK$11,550,000 excluding transaction cost. The repurchase of the Company's share during the year was effected by the Board, pursuant to the repurchase mandate granted by the shareholders, with a view to benefit shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Details of the shares repurchase during the year are as follow:

Month of repurchase	No. of ordinary share of HK$0.10	Price per share highest	Price per share lowest	Aggregate consideration paid (excluding transaction cost)
		HK$	*HK$*	*HK$'000*
September 2014	3,000,000	3.85	3.85	11,550

The premium paid on the repurchase of the shares of approximately HK$11,250,000 has been debited to the share premium account.

CORPORATE GOVERNANCE

In the opinion of the directors, throughout the year ended 31 December 2014 the Company has complied with the code provisions (the "CG Code") contained in the Code on Corporate Governance Practices and Corporate Governance Report as set out in Appendix 14 of the Listing Rules with the exception that the independent non-executive directors are not appointed for a specific term as provided in the CG Code. Under the Bye-laws of the Company, independent non-executive directors of the Company shall retire by rotation and their appointment will be reviewed when they are due for re-election. In the opinion of the directors, this arrangement meets the same objectives as the CG Code.

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 auditor 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 2014.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2014. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 at www.hkexnews.hk. The annual report for year 2014 will be dispatched to shareholders in due course and will be published at the websites of the Company and the Stock Exchange at the same time.

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

Hong Kong, 16 March 2015

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.