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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

The Board of Directors (the "Board") of NewOcean Energy Holdings Limited (the "Company") presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 together with comparative figures for the corresponding period in 2006. These condensed consolidated interim results have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	**30.06.2007 (Unaudited) *HK$'000***	30.06.2006 (Unaudited) *HK$'000*
Revenue		**1,557,312**	1,250,507
Cost of sales		**(1,487,732)**	(1,193,955)
Gross profit		**69,580**	56,552
Other income		**24,391**	12,186
Selling and distribution expenses		**(22,921)**	(12,170)
Administrative expenses		**(27,611)**	(20,312)
Finance costs		**(18,114)**	(13,789)
Share of loss of a jointly controlled entity		**(227)**	(248)
Recognition of share-based payments		**—**	(5,855)
Profit before taxation	*4*	**25,098**	16,364
Taxation	*5*	**1,807**	881
Profit for the period		**26,905**	17,245
Earnings per share	*7*		
Basic		**5.59 cents**	3.58 cents
Diluted		**5.57 cents**	3.58 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30.06.2007 (Unaudited) HK$'000	31.12.2006 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**471,191**	438,592
Prepaid lease payments for lands		**52,374**	51,823
Prepaid lease payments for coast		**12,163**	12,137
Goodwill		**101,003**	84,428
Interest in a jointly controlled entity		**11,705**	11,932
Available-for-sale investment		**25,086**	—
Other assets		**—**	65,694
Deferred tax assets		**2,677**	2,636
		676,199	667,242
Current assets			
Inventories		**145,734**	57,970
Trade debtors and bills receivable	*8*	**274,903**	139,338
Other debtors, deposits and prepayments		**155,948**	129,558
Prepaid lease payments for lands		**2,125**	2,061
Prepaid lease payments for coast		**704**	683
Amount due from a jointly controlled entity		**1,418**	270
Pledged bank deposits		**24,334**	12,633
Pledged bank deposits related to currency swap		**281,333**	301,024
Bank balances and cash		**49,611**	151,034
		936,110	794,571
Current liabilities			
Trade creditors and bills payable	*9*	**352,099**	284,714
Other creditors and accrued charges		**51,448**	87,409
Tax liabilities		**9,132**	9,286
Borrowings, partly secured — repayable within one year		**215,669**	108,286
Borrowings related to currency swap, secured — repayable within one year		**288,733**	293,158
		917,081	782,853
Net current assets		**19,029**	11,718
Total assets less current liabilities		**695,228**	678,960
Capital and reserves			
Share capital		**48,168**	48,168
Share premium and other reserves		**425,434**	397,782
Equity attributable to equity holders of the Company		**473,602**	445,950
Minority interests		**1,531**	1,531
Total equity		**475,133**	447,481
Non-current liabilities			
Deferred tax liabilities		**8,246**	9,246
Borrowings, partly secured — repayable over one year		**211,849**	222,233
		220,095	231,479
		695,228	678,960

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

2. Principal Accounting Policies

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2006 except for the following accounting policy which is applicable to the period ended 30 June 2007.

Available-for-sale investments

Available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

In the current period, the Group has applied, for the first time, a new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2007.

The adoption of the new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognized.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 11	HKFRS 2: Group and Treasury Share Transactions[2]
HK(IFRIC) — Int 12	Service Concession Arrangements[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 March 2007
[3] Effective for annual periods beginning on or after 1 January 2008

The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

3. **Segmental Information**

The Group is principally engaged in the sale and distribution of liquefied petroleum gas ("LPG") and sale of electronic products. These businesses are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

Business segments

30.06.2007 (Unaudited)

	Sale and distribution of LPG *HK$'000*	**Sale of electronic products** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue	**1,449,055**	**108,257**	**—**	**1,557,312**
Segment result	**29,567**	**18,456**	**—**	**48,023**
Interest income	**—**	**—**	**2,458**	**2,458**
Unallocated corporate expenses	**—**	**—**	**(7,042)**	**(7,042)**
Finance costs	**—**	**—**	**(18,114)**	**(18,114)**
Share of loss of a jointly controlled entity	**(227)**	**—**	**—**	**(227)**
Profit (loss) before taxation	**29,340**	**18,456**	**(22,698)**	**25,098**
Taxation				**1,807**
Profit for the period				**26,905**

30.06.2006 (Unaudited)

	Sale and distribution of LPG *HK$'000*	Sale of electronic products *HK$'000*	Leasing of investment properties, property, plant and equipment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Segment revenue	1,216,496	31,864	2,147	—	1,250,507
Segment result	41,882	347	1,757	—	43,986
Interest income	—	—	—	4,348	4,348
Unallocated corporate expenses	—	—	—	(12,078)	(12,078)
Finance costs	—	—	—	(13,789)	(13,789)
Share of loss of a jointly controlled entity	(248)	—	—	—	(248)
Recognition of share-based payments	—	—	—	(5,855)	(5,855)
Profit (loss) before taxation	41,634	347	1,757	(27,374)	16,364
Taxation					881
Profit for the period					17,245

During the year ended 31 December 2006, the Group decided to discontinue the operation on leasing of investment properties, property, plant and equipment. On 2 September 2006, the Group entered into a sale agreement to dispose of the investment properties. The disposal was completed on 8 September 2006, on which the title of the investment properties passed to the acquirer.

4. Profit Before Taxation

Profit before taxation is stated after charging the following items:

	30.06.2007 (Unaudited) ***HK$'000***	30.06.2006 (Unaudited) *HK$'000*
Depreciation for property, plant and equipment	**7,846**	7,338
Amortization of prepaid lease payments for lands	**1,044**	962
Amortization of prepaid lease payments for coast	**346**	329
Total depreciation and amortization	**9,236**	8,629

5. **Taxation**

	30.06.2007	30.06.2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**—**	—
Other regions in the PRC	**(249)**	(33)
Deferred tax	**2,056**	914
	1,807	881

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company's subsidiaries operating in Hong Kong incurred a tax loss for the period.

The current tax for other regions in the PRC represents PRC enterprise income tax, which is calculated at the rates prevailing, in respect of the Company's subsidiaries operating in the PRC.

6. **Dividend**

On 25 June 2007, a dividend of HK1 cent per share (2006: HK1.2 cents per share) was paid to shareholders as the final dividend for 2006.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: nil).

7. **Earnings per Share**

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

	30.06.2007	30.06.2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit for the period attributable to equity holders of the Company)	**26,905**	17,245
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**481,676,687**	481,676,687
Effect of dilutive potential ordinary shares: share options	**1,206,977**	259,636
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**482,883,664**	481,936,323

8. Trade Debtors and Bills Receivable

The credit terms of the Group range from 0 to 180 days. The aged analysis of trade debtors is as follows:

	30.06.2007	31.12.2006
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
0 to 30 days	**212,634**	77,277
31 to 60 days	**3,951**	2,213
61 to 90 days	**34,716**	217
91 to 120 days	**17,934**	11
More than 120 days	**5,668**	108
	274,903	79,826
Bills receivable	**—**	59,512
	274,903	139,338

9. Trade Creditors and Bills Payable

The aged analysis of trade creditors is as follows:

	30.06.2007	31.12.2006
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
0 to 30 days	**165,495**	158,094
31 to 60 days	**53**	—
61 to 90 days	**1,559**	—
More than 120 days	**3,734**	—
	170,841	158,094
Bills payable	**181,258**	126,620
	352,099	284,714

10. Post Balance Sheet Events

On 27 December 2006 and 29 December 2006, the Company's indirect wholly-owned subsidiary Qingxin NewOcean Transportation Company Limited ("NewOcean Transportation") entered into a subscription agreement and a supplemental agreement respectively with third parties independent to the Group, for the acquisition of the 51% equity interest in Guangzhou Shi Menghua LPG Company Limited ("Menghua LPG"). On 1 July 2007, NewOcean Transportation and Mr. Hu Shifa, one of the third parties, entered into another supplemental agreement, which principally provides for modification of the arrangements for price and equity holding ratio adjustments under the Subscription Agreement of 2006, and the cancellation of Mr. Hu's rights and obligations in respect of the First Year Profit as defined in the Subscription Agreement and the Supplement Agreement of 2006. A circular dated 2 August 2007 containing details of the transactions was dispatched to the shareholders of the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

General

The Group continued to maintain high business growth for the half year ended 30 June 2007. During the period, it recorded a turnover of approximately HK$1,557,312,000, a growth of 24.53% from the turnover of HK$1,250,507,000 for the period ended 30 June 2006. The net profit of the Group for the period amounted to HK$26,905,000, a marked increase of 56.02% in comparison with the net profit of HK$17,245,000 for the period ended 30 June 2006. As at 30 June 2007, the Company has 481,676,687 issued and paid up ordinary shares. Basic earning per share for the period ended 30 June 2007 was HK5.59 cents, a 56.15% increase compared with the basic earning per share of HK3.58 cents for the period ended 30 June 2006.

Business Review and Analysis

Summary of Overall Business Development

In the first half of 2007, the Group executed with prominent results a series of business development plans formulated earlier in 2006. Approximately 330,000 tons of sales of liquefied petroleum gas ("LPG") were achieved, representing an increase of about 20% compared with the sales of about 275,000 tons in the same period of 2006. The Zhuhai Terminal imported about 257,000 tons, of which 220,000 tons were wholesaled to the downstream market and the remaining 37,000 tons were internally allocated to the Group's own bottle filling plants. The Group's bottle filling plants in various cities of Guangdong and Guangxi Province together recorded total retail sales of about 110,000 tons, a moderate increase of about 10% compared with the sales of about 100,000 tons in the same period in 2006. Out of the total retail sales of 110,000 tons, about 73,000 tons were purchased from refineries in the domestic market, and the remaining 37,000 tons were supplied by the Zhuhai Terminal.

Apart from continuing business growth, it is particularly worthwhile to note:

(1) Phase One construction of the LPG storage expansion in the Zhuhai Terminal was basically completed in February 2007. The storage capacity of the Zhuhai Terminal was increased from 2,100 tons to 9,600 tons. Phase Two construction, which followed immediately, is expected to be completed in October 2007. By then, the storage capacity of the Zhuhai Terminal will be expanded to 15,600 tons. Expansion of the storage capacity will reduce the moorage time needed by LPG carriers to complete cargo discharging. This has the effect of reducing our LPG purchase cost by cutting down on carrier rental overheads. The positive effect was quite evident in the first half of 2007. Furthermore, now being equipped with a number of spherical tanks for separate of storage of propane and butane, the Zhuhai Terminal can supply LPG with very specific mixture ratios. This ability has extended its market to the hi-end industrial LPG market and brought about an improvement in wholesaling margin.

(2) According to China Custom Statistics, the Zhuhai Terminal moved up from being the fifth largest LPG terminal (in terms of import volume) in China at the end of 2006 to the third largest in the first half of 2007. It also achieved the second lowest average cost of purchase amongst the top 10 largest LPG terminals in China. All these demonstrate the benefit of the economy of scale that the Zhuhai Terminal has all along been pursuing.

(3) In early 2007, the Group successfully secured term supply contracts from two reputable international LPG traders, namely, Glencore and Vitol. Term supply contracts benefit the operation of the Zhuhai Terminal in many respects, including stable supply, providing a back-up for term sales contracts, establishment of a self-hedged business model and mitigation of price risk, all these will bring about enduring operational benefits.

(4) At least as important as the expansion of the storage capacity at the Zhuhai Terminal is its storage turnover rate. The management always hold efficiency in cargo handling as being the most effective means to increase storage turnover. Since early 2007, the Management have been conducting a feasibility study on a plan to build two additional 5,000 tons berths on the Terminal's coastal line for this purpose. The plan received strong support from the relevant government departments of Zhuhai City, and construction is scheduled to commence in early 2008. It is estimated that with two additional berths the annual throughput capacity of the Zhuhai Terminal will double to 1,500,000 tons of LPG, with a further capacity for 2,000,000 tons of oil products. The Zhuhai Terminal therefore stands poised now to become the most efficient terminal in Southern China.

LPG Business

Market Situation

The market segregation between local and imported LPG— local LPG for the general public and imported LPG for industrial users and automobiles, is taking clear shape in the first half of 2007. High international LPG prices, increased local LPG production in China, and improvement in transportation of locally produced LPG all bring about a new stage of competition between LPG produced locally and imported LPG. The era when imported LPG dominates price movement in Southern China has now come to an end.

In the first half of 2007, suppliers of local LPG performed the role of price regulators, they effectively stabilized LPG wholesaling prices in Southern China (which rose slowly from about RMB5,000/ton in February to RMB5,600/ton in June). Such pattern of price movement was quite advantageous to downstream retail operators because they have sufficient time to adjust their retail price, transfer the increased cost to the end users, and to maintain a reasonable profit margin. However, to most Class I terminal operators this poses a dilemma. As they relied mainly on imported LPG, their purchase cost during the period remained at a high figure of US$550/ton to US$630/ton, squeezing their profit margin and in some cases forcing these operators to trade at a loss. With the exception of the Group's Zhuhai Terminal, almost all Class I operators substantially reduced their LPG intake from abroad. Some had to suffer shrunken business volume in order to minimize loss. There is strong hint that relocation of market share amongst major players in LPG wholesaling in Southern China is now underway.

LPG Wholesaling

With respect to LPG wholesaling, the Group has all along been taking a business strategy different from that of other Class I terminals in Southern China. The Group focuses on enhancing its storage turnover rate to achieve business expansion, and providing highly efficient logistic services to foster a long term customer relationship. Besides making these marketing efforts, the Group has since the second half of 2006 been exploring two new markets and has had considerable success:

(1) **The overseas market that is outside Southern China, but in the vicinity of the Zhuhai Terminal (including Hong Kong, Macau, Philippines and Vietnam) —** The Zhuhai Terminal purchases LPG from overseas supplier and sells back to the overseas market with cost price and sales price both pegged to international reference price. It successfully achieved significant business growth and avoided direct competition with local LPG. The Group has entered into term sales contracts with E1 Corporation of Korea and Sojitz Company of Japan (both are international LPG traders), and increased its sales to China Resources Hong Kong. Sales to these three customers totalled about 20,000 tons per month, on an annual basis the sales will represent about 40% of the Group's total wholesaling volume planned for the year 2007.

(2) **Industrial users and auto-gas operators in Southern China using exclusively imported LPG —** As a requirement, these customers purchase LPG with specific mixing proportions (comprising propane and butane) and import quality. They are willing to pay international price for the purchase of imported LPG. The Group has entered into a term sales contract with the major auto-gas operator in Guangzhou. The amount of about 10,000 tons per month from the contract represents on an annual basics about 20% of the Group's planned total wholesaling volume in 2007.

In addition to the above, the Group continued its joint purchase cooperation (sales on cost plus basis) with Guangzhou Zhen Rong and Zhuhai Gas though the volume was slightly reduced to about 90,000 tons in the first half of 2007. The Group anticipates that the sales under joint purchase cooperation will make up about 30% of the Group's planned total wholesaling volume in 2007.

From the above, it is quite obvious that the buyers for about 90% of the Group's planned purchase in 2007 have been locked in, and the selling prices are all cost linked. The net earning from the Group's LPG wholesaling is therefore safely secured.

LPG Retailing

The Group's retail business maintained moderate growth in the first half of 2007. Supplies of LPG to the Group's bottle filling plants changed, from 45% by the Zhuhai Terminal and 55% by local refineries to 33% by the Zhuhai Terminal and 67% by local refineries. Such change effectively lowered the cost of purchase and improved the earning capability of the Group's retail business.

The Group acquired a 51% interest in Menghua LPG at the beginning of 2007, and increased the shareholding to 90% in August 2007. This is the largest LPG retail operation acquisition ever made by the Group. The four bottle filling plants operated by Menghua LPG are selling about 150 tons per day, occupying about 11% of the market share in Guangzhou. It is anticipated that such acquisition will effectively contribute to the substantial growth of retail business volume of the Group in 2007.

Oil Products Storage Project

With respect to the oil products storage project, a joint venture between Caltex South China Investment Ltd. and the Group is working on the preparations for the construction. Construction is anticipated to commence in the beginning of 2008 and be completed in early 2009. The development progress of this project has been postponed for one year.

Electronics Business

Since the second half of 2006, the Group concentrates more on mobile phones trading. This business involves design of mobile phones by the Group, with production and assembly conduct by designated factories in China. Currently the products are sold to Thailand, Vietnam, Laos and other countries along the Mekong River. Due to good market response to the products, including mobile phones, sold to these markets, there was a noticeable increase in the profit contribution by the electronic business.

Business Outlook

Maintaining its strong growth momentum in the past several years, the Group is expected to achieve total LPG sales volume exceeding 800,000 tons in 2007 about 600,000 tons of which being wholesale and 200,000 tons being retail. Turnover for the whole year is expected to exceed HK$3.3 billion. The Group is fully prepared for commencement of construction of the oil products storage project and the additional berths in 2008, paving the way for the great leap of the Zhuhai Terminal in its next stage of development.

LIQUIDITY AND FINANCIAL REVIEW

At the period end, the Group maintained bank deposits and cash amounting to approximately HK$355,278,000 (including pledged bank deposits of approximately HK$24,334,000 and pledged bank deposits related to currency swap of approximately HK$281,333,000) (31.12.2006: HK$464,691,000 including pledged bank deposits of approximately HK$12,633,000 and pledged bank deposits related to currency swap of approximately HK$301,024,000). Current ratio and gearing ratio were 1.02:1 (31.12.2006: 1.01:1) and 0.71:1 (31.12.2006: 0.69:1) respectively. The latter was calculated on the basis of total liabilities of approximately HK$1,137,176,000 (31.12.2006: HK$1,014,332,000) divided by total assets of approximately HK$1,612,309,000 (31.12.2006: HK$1,461,813,000).

HUMAN RESOURCES

As at 30 June 2007, the Group employed approximately 370 employees in Hong Kong and mainland China. The Group remunerated the employees based on their performance, experience and prevailing market practices.

CHANGE IN DIRECTORSHIP

On 16 June 2007, to the grief of all directors and staff members of the Group, Mr. Ma Man Hoi, Joseph, independent non-executive director of the Company, passed away due to an illness. The independent non-executive directors of the Company currently consist of Mr. Cheung Kwan Hung, Anthony, Mr. Chan Yuk Wai, Benedict and Dr. Xu Mingshe.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2007.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the directors, including a review of the unaudited condensed consolidated accounts for the six months ended 30 June 2007.

CORPORATE GOVERNANCE

The Company complied with the provision of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules on the Stock Exchange throughout the six months ended 30 June 2007 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conducting regarding securities transactions (the "ST Code"). Having made specific enquiry of the directors, all directors of the Company had complied with the required standards as set out in the ST Code during the six months ended 30 June 2007.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website (http://www.newoceanhk.com) and Stock Exchange's website (http://www.hkex.com.hk). The 2007 Interim Report will be despatched to the shareholders and will be made available on the aforesaid websites of the Company and Stock Exchange in due course.

By order of the Board
Shum Siu Hung
Chairman

Hong Kong, 19 September, 2007

As at the date of this announcement, the Board of the Company comprises Mr. Shum Siu Hung, Mr. Raymond Chiu Sing Chung, Mr. Lawrence Shum Chun and Mr. Cen Ziniu, being the executive Directors, Mr. Wu Hong Cho, being non-executive Director, Mr. Anthony Cheung Kwan Hung, Mr. Benedict Chan Yuk Wai and Dr. Xu Mingshe, being the independent non-executive Directors.

* *for identification purpose only*