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 DECEMBER 31, 2007

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 December 31, 2007 together with comparative figures for the year ended December 31, 2006 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	2007 HK$'000	2006 HK$'000
Continuing operations			
Revenue	2	**3,890,225**	2,384,835
Cost of sales		**(3,719,247)**	(2,261,555)
Gross profit		**170,978**	123,280
Other income	4	**90,331**	35,310
Selling and distribution expenses		**(58,107)**	(28,431)
Administrative expenses		**(74,195)**	(44,188)
Changes in fair values of foreign currency forward contracts		**(22,883)**	—
Impairment losses on receivables		—	(2,658)
Adjustment to goodwill		**(442)**	(1,123)
Loss on disposals and write-offs of property, plant and equipment		—	(404)
Finance costs		**(53,693)**	(37,280)
Share of profit (loss) of a jointly controlled entity		**570**	(418)
Recognition of share-based payments	5	—	(5,855)
Profit before taxation		**52,559**	38,233
Taxation (charge) credit	6	**(2,105)**	179
Profit for the year from continuing operations	7	**50,454**	38,412
Discontinued operations			
Profit for the year from discontinued operations		—	5,718
Profit for the year attributable to equity holders of the Company		**50,454**	44,130
Earnings per share	8		
From continuing and discontinued operations			
Basic		**HK10.47 cents**	HK9.16 cents
Diluted		**HK10.44 cents**	HK9.16 cents
From continuing operations			
Basic		**HK10.47 cents**	HK7.97 cents
Diluted		**HK10.44 cents**	HK7.97 cents

* *for identification purposes only*

CONSOLIDATED BALANCE SHEET

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment		**501,112**	438,592
Prepaid lease payments for land		**53,391**	51,823
Prepaid lease payments for coast		**12,290**	12,137
Goodwill		**102,623**	84,428
Other intangible assets		**16,850**	—
Interest in a jointly controlled entity		**12,502**	11,932
Other assets		**35,759**	65,694
Deferred tax assets		**1,930**	2,636
		736,457	667,242
Current assets			
Inventories		**126,925**	57,970
Trade debtors and bills receivable	*9*	**430,863**	139,338
Other debtors, deposits and prepayments		**160,530**	129,558
Prepaid lease payments for land		**2,211**	2,061
Prepaid lease payments for coast		**732**	683
Amount due from a jointly controlled entity		**471**	270
Pledged bank deposits		**755,375**	313,657
Bank balances and cash		**105,968**	151,034
		1,583,075	794,571
Current liabilities			
Trade creditors and bills payable	*10*	**381,816**	284,714
Other creditors and accrued charges		**96,814**	87,409
Derivative financial instrument		**21,402**	—
Tax liabilities		**4,322**	9,286
Borrowings, partly secured — repayable within one year		**1,064,999**	401,444
		1,569,353	782,853
Net current assets		**13,722**	11,718
Total assets less current liabilities		**750,179**	678,960
Capital and reserves			
Share capital		**48,168**	48,168
Share premium and other reserves		**464,962**	397,782
Equity attributable to equity holders of the Company		**513,130**	445,950
Minority interests		**10,713**	1,531
Total equity		**523,843**	447,481
Non-current liabilities			
Deferred tax liabilities		**16,109**	9,246
Borrowings, partly secured — repayable over one year		**205,421**	222,233
Obligation for put option to minority shareholder of a subsidiary		**4,806**	—
		226,336	231,479
		750,179	678,960

Notes:

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

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning January 1, 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) — INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) — INT 8	Scope of HKFRS 2
HK(IFRIC) — INT 9	Reassessment of embedded derivatives
HK(IFRIC) — INT 10	Interim financial reporting and impairment

The adoption of these new HKFRSs had no material effect on how the results or financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirement of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

HKAS 1 (Revised)	Presentation of financial statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and separate financial statements[2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[1]
HKFRS 3 (Revised)	Business combintations[2]
HKFRS 8	Operating segments[1]
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions[3]
HK(IFRIC) – INT 12	Service concession arrangements[4]
HK(IFRIC) – INT 13	Customer loyalty programmes[5]
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a defined benefit asset, minimum funding requirements and their interaction[4]

[1] Effective for annual periods beginning on or after January 1, 2009.
[2] Effective for annual periods beginning on or after July 1, 2009.
[3] Effective for annual periods beginning on or after March 1, 2007.
[4] Effective for annual periods beginning on or after January 1, 2008.
[5] Effective for annual periods beginning on or after July 1, 2008

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

2. Revenue

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less discount, related taxes, returns and allowances, and rental and leasing income for the year, and is analysed as follows:

	2007	2006
	HK$'000	*HK$'000*
Continuing operations		
Sale and distribution of liquefied petroleum gas ("LPG")	**3,673,610**	2,287,545
Sale of electronic products	**216,615**	97,290
	3,890,225	2,384,835
Discontinued operations		
Leasing of investment properties	**—**	2,696
	3,890,225	2,387,531

3. Business and geographical segments

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

The Group was also involved in the leasing of investment properties. The operation was discontinued during the year ended December 31, 2006.

Segment information about these businesses is presented below:

Business segments

Income statement

For the year ended December 31, 2007:

	Sale and distribution of LPG	**Sale of electronic products**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
Segment revenue	**3,673,610**	**216,615**	**3,890,225**
Segment result	**112,884**	**20,432**	**133,316**
Interest income	**—**	**—**	**10,287**
Unallocated corporate expenses	**—**	**—**	**(22,409)**
Change in fair values of foreign currency forward contracts	**—**	**—**	**(22,883)**
Gain on disposal of subsidiaries	**—**	**—**	**7,371**
Finance costs	**—**	**—**	**(53,693)**
Share of profit of a jointly controlled entity	**570**	**—**	**570**
Profit before taxation	**113,454**	**20,432**	**52,559**
Taxation charge			**(2,105)**
Profit for the year			**50,454**

For the year ended 31 December, 2006:

	Continuing operations			Discontinued operations	
	Sale and distribution of LPG	Sale of electronic products	Total	Leasing of investment properties	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	2,287,545	97,290	2,384,835	2,696	2,387,531
Segment result	68,209	13,650	81,859	2,401	84,260
Interest income	—	—	13,394	2	13,396
Net gain (loss) on disposals and write-offs of property, plant and equipment	(404)	—	(404)	86	(318)
Gain on change in fair value of investment properties	—	—	—	3,229	3,229
Unallocated corporate expenses	—	—	(18,918)	—	(18,918)
Finance costs	—	—	(37,280)	—	(37,280)
Share of loss of a jointly controlled entity	(418)	—	(418)	—	(418)
Profit before taxation	67,387	13,650	38,233	5,718	43,951
Taxation credit					179
Profit for the year					44,130

Geographical segments

The Group's operations, by the geographical location of its customers, were located in Hong Kong and the People's Republic of China (the "PRC"), South East Asia, Korea and Europe. The Group's sale and distribution of LPG were carried out in the PRC. The Group's sale of electronic products was carried out in Hong Kong.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods:

	Sales revenue from continuing operations by geographical markets	
	2007	2006
	HK$'000	*HK$'000*
The PRC	**2,265,145**	2,207,287
South East Asia	**1,155,396**	62,528
Hong Kong	**132,437**	42,667
Korea	**337,247**	37,108
Europe	**—**	35,245
	3,890,225	2,384,835

4. Other income

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest earned on bank deposits	**10,287**	13,394	**—**	2	**10,287**	13,396
Net exchange gain	**63,283**	16,638	**—**	80	**63,283**	16,718
Gain on change in fair value of derivative financial instruments	**—**	1,481	**—**	—	**—**	1,481
Gain on disposal of subsidiaries	**7,371**	—	**—**	—	**7,371**	—
Subcontracting fee income	**6,471**	—	**—**	—	**6,471**	—
Others	**2,919**	3,797	**—**	1,309	**2,919**	5,106
	90,331	35,310	**—**	1,391	**90,331**	36,701

5. Recognition of share-based payments

During the year ended December 31, 2007, no option was granted. During the year ended December 31, 2006, options were granted on May 15, 2006 and June 16, 2006. The estimated fair value of the options granted on these dates is approximately HK$5,855,000.

The fair value is calculated using the Black-Scholes pricing model. The inputs into the model are as follows:

	6.16.2006	5.15.2006
Weighted average share price	HK$0.77	HK$0.68
Exercise price	HK$0.69	HK$0.69
Expected volatility	60.18%	58.33%
Expected life in years	1	1
Risk free rate	4.39%	4.08%
Excepted dividend yield	1.50%	1.50%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous one year. The expected life used in the model was based on management's best estimation taking into account non-transferability and other behavioural consideration. Risk free rate was determined by reference to the yield of 1 year Exchange Fund Notes at the date of grant. Expected dividend yield was based on historical dividend yield of the shares of the Company.

During the year ended December 31, 2006, the Group recognised a total expense of approximately HK$5,855,000 in the consolidated income statement in relation to share options granted by the Company.

6. Taxation (charge) credit

The amount of taxation (charged) credited to the consolidated income statement represents:

	2007	2006
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**—**	(470)
Other regions in the PRC	**(2,631)**	(313)
	(2,631)	(783)
Deferred tax		
Current year	**374**	962
Attributable to a change in tax rate	**152**	—
	526	962
	(2,105)	179

For the year ended December 31, 2007, the Group has no Hong Kong taxable profit. For the year ended December 31, 2006, Hong Kong Profits Tax was calculated at 17.5% of the estimated assessable profit for the year.

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.

7. Profit for the year

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit for the year has been arrived at after charging (crediting):						
Amortisation of prepaid lease payments for land (included in administrative expenses)	**2,133**	1,991	—	—	**2,133**	1,991
Amortisation of prepaid lease payments for coast (included in administrative expenses)	**707**	670	—	—	**707**	670
Amortisation of other intangible assets (included in cost of sales)	**2,163**	—	—	—	**2,163**	—
Auditor's remuneration	**1,812**	1,347	—	—	**1,812**	1,347
Depreciation for property, plant and equipment	**22,611**	14,620	—	—	**22,611**	14,620
Minimum lease payments under operating leases:						
— LPG vessel	**13,852**	3,808	—	—	**13,852**	3,808
— Premises	**1,393**	1,322	—	14	**1,393**	1,336
Staff costs						
Directors' fee	**380**	378	—	—	**380**	378
Directors' other emoluments	**5,698**	8,293	—	—	**5,698**	8,293
Contributions to retirement benefits schemes excluding HK$60,000 (2006: HK$60,000) included in directors' emoluments	**658**	174	—	14	**658**	188
Others	**13,922**	12,250	—	409	**13,922**	12,659
	20,658	21,095	—	423	**20,658**	21,518
Gross rental income from investment properties	—	—	—	(2,696)	—	(2,696)
Less: Outgoings	—	—	—	551	—	551
	—	—	—	(2,145)	—	(2,145)

8. Earnings per share

For continuing and discontinued operations

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

	2007	2006
	HK$'000	*HK$'000*
Profit attributable to the equity holders of the parent for the purposes of basic and diluted earnings per share	**50,454**	44,130
Number of ordinary shares for the purposes of basic earnings per share	**481,676,687**	481,676,687
Effect of dilutive potential ordinary shares:		
Options	**1,781,495**	170
Number of ordinary shares for the purpose of diluted earnings per share	**483,458,182**	481,676,857

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of the parent entity is based on the following data:

Earnings figures are calculated as follows:

	2007	2006
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**50,454**	44,130
Less: Profit for the year from discontinued operations	—	(5,718)
	50,454	38,412

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

From discontinued operations

Basic earnings per share for the discontinued operations is HK1.19 cents per share, based on the profit for the year ended December 31, 2006 from the discontinued operations of approximately HK$5,718,000 and the denominators detailed above for basic earnings per share.

Diluted earnings per share for the discontinued operation is HK1.19 cents for the year ended December 31, 2006.

9. Trade debtors and bills receivable

	2007	2006
	HK$'000	*HK$'000*
Trade debtors	**430,532**	80,152
Less: Allowance for doubtful debts	**—**	(326)
	430,532	79,826
Bills receivable	**331**	59,512
	430,863	139,338

The Group allows an average credit period of 180 days. The bills receivable are matured within the range of 30 days to 90 days. The following is an aged analysis of trade debtors (net of allowances for doubtful debts) at each balance date:

	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	**344,826**	101,464
31 to 60 days	**11,949**	37,538
61 to 90 days	**22,949**	217
91 to 180 days	**9,363**	78
Over 180 days	**41,776**	41
	430,863	139,338

10. Trade creditors and bills payable

The aged analysis of trade creditors is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	**181,674**	158,094
31 to 60 days	**130,449**	—
Over 90 days	**247**	—
	312,370	158,094
Bills payable	**69,446**	126,620
	381,816	284,714

The bills payable are matured within the range of 0 days to 60 days (2006: 0 days to 60 days).

FINAL DIVIDEND

The Directors have recommended a final dividend of HK1.1 cents per share (2006: HK1.0 cent per share) to be paid to shareholders on the register of members on June 10, 2008. Subject to shareholders' approval at the forthcoming annual general meeting to be held on June 17, 2008, the final dividend will be paid on or about June 27, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from June 10, 2008 to June 17, 2008, both days inclusive, during which period no share transfers can be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrars, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4.00 p.m. on Friday, June 6, 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group continued to achieve high business growth for the year ended December 31, 2007. Group total revenue surged to approximately HK$3,890,225,000, a growth of 63.1% in comparison with that of approximately HK$2,384,835,000 for the year ended December 31, 2006. Profit attributable to the equity holders of the Company for the year ended December 31, 2007 was approximately HK$50,454,000, an increase of 14.3% comparing with that of approximately HK$44,130,000 for the year ended December 31, 2006. As at December 31, 2007, the Company had 481,676,687 shares in its issued and paid up capital. Basic earnings per share for the year 2007 was HK10.47 cents, an increase of 14.3% comparing with the basic earnings per share of HK9.16 cents for the year ended December 31, 2006.

Regarding the Group's business volume for 2007: (1) the turnover contribution of liquefied petroleum gas ("LPG") was approximately HK$3,673,610,000, about 94.4% of the total turnover; its gross profit contribution amounted to approximately HK$146,919,000, about 85.9% of the Group's total gross profit, total LPG sale volume for the whole year reached 650,000 tons, an increase of 25% in comparison with that of 520,000 tons in the year 2006; (2) the turnover contribution of electronic components and cellular phones ("electronics") was approximately HK$216,615,000, representing 5.6% of the total turnover; its gross profit contribution amounted to approximately HK$24,059,000, about 14.1% of the Group's total gross profit.

LPG business continued its two-prong development — wholesaling and retailing — in year 2007.

LPG Wholesaling has gradually changed from the general buy/sell trading model to substantially a price hedged, quasi logistic service business model. All LPG sourced in bulk from the international market is channeled through our Zhuhai Terminal that serves as a cargo holding and logistic centre for redistribution to neighboring area covering Guangdong, Hong Kong, Macau, Philippine and Vietnam. The change effectively mitigates the risk of price fluctuation and at the same time speedily boosts the LPG wholesaling volume. We strongly believe the adoption of such business model will contribute to the Group enduring benefits in the long run.

LPG Retailing continues to expand in Guangdong Province by way of acquiring other bottling plant operators in the market. At the same time the Group substantially increased the volume of domestic LPG purchase, reducing our bottling plants' reliance on imported LPG from the Zhuhai Terminal. This move effectively helps to keep up their competitiveness in the retailing price and at the same time strengthen their earning capability.

Electronics business is changing from general trading of electronic components to cellular phones trading, which can be more specifically planned, more effectively managed and has a higher development potential. The developing countries along the Mekong River have been identified as the target market for the Group's cellular phones.

1. LPG Business

1.1 Market situation

China – Guangdong

LPG applications are broadly divided into two main categories – household use, and industrial/commercial cum automobile use. Generally, household users apply LPG for cooking and water heating purposes, thus there is no specific requirement on the quality (generally referring to the gas pressure and/or the proportion between propane and butane). LPG for industrial use is for manufacturing or power production. Hence, different industries require LPG of different specifications. Currently, the refineries in China are, due to various reasons, unable to produce LPG with controlled/constant quality. Therefore, LPG produced domestically is only for household use; industrial users generally rely on imported LPG.

China's total LPG consumption in 2007 was approximately 21,000,000 tons, of which about 17,000,000 tons (81%) were domestic LPG and about 4,000,000 tons (19%) were imported LPG. Guangdong is all the time the province in China that consumes the largest volume of LPG. In 2007, total consumption in the province amounted to about 5,680,000 tons, representing about 27% of the demand of the whole country. On the supply side, about 890,000 tons came from refineries inside the province; 2,060,000 tons were brought in by ships and trucks from other provinces. The aggregate supply (domestic LPG) from these two sources covered 52% of Guangdong's total consumption. 2,730,000 tons (about 48%) were imported to meet the remaining demand.

Guangdong's total consumption (tons)	Demand (tons) Household use	Industrial/ Commercial use	Automobile use	Supply (tons) Domestic LPG	Imported LPG
Year 2006:	3,070,000	2,310,000	250,000	1,810,000	3,820,000
5,630,000 (100%)	(55%)	(41%)	(4%)	(32%)	(68%)
Year 2007:	3,000,000	2,380,000	300,000	2,950,000	2,730,000
5,680,000 (100%)	(53%)	(42%)	(5%)	(52%)	(48%)

(Source: Guangdong Oil and Gas Association, with 2007 segment data projected from the data for 2006)

(A) The rapid economic growth coupled with the strong urge for improvement of the environment in the Pan-Pearl River Delta region have driven Guangdong to become faster than other provinces in converting to LPG (a clean energy) in its industrial and commercial development (especially automobile), and to put LPG to a wider range of uses. In comparison with that of 2006, the consumption of LPG by the industrial and commercial/automobile sectors increased by 120,000 tons, a growth of 4.6%. For the automobile sector alone, the growth was even higher, at 20%.

(B) Prior to year 2005, while the price difference between imported LPG and domestic LPG was small, and because of the shortage of supply in the province, 90% of the LPG demand (both household use and industrial use) in Guangdong was met by importing. This explains why most of the first class LPG import terminals were built in Guangdong.

(C) In the span of 3 years from 2005 to 2007, the international price of LPG has doubled (i.e. from US$400/ton to now US$800/ton). The price difference between imported LPG and domestic LPG is much widened. Domestic LPG is therefore massively brought into Guangdong from other provinces. In 2007, about 2,060,000 tons of domestic LPG was transported to Guangdong satisfying about 36% of its consumption. Production inside Guangdong was also increased but reached its peak at 890,000 tons, just meeting 16% of the province's total demand. It signifies that the LPG demand of Guangdong is very unlikely to be self sustaining. Over 80% has to be supplied from other places, no matter from other provinces or overseas.

(D) The relatively high price of imported LPG and the increase of supply from both inside and outside the province caused a significant change in the chain of flow of LPG in Guangdong. The volume of imported LPG reduced continuously from formerly 90% of the province's total consumption to 70% in 2006 and further down to about 50% in 2007. Whether or not the volume of imported LPG will decrease further is a great concern to all the first class LPG import terminals in Guangdong. It is also their key consideration in formulating purchase strategy for the coming future.

(E) As shown in the statistics of Guangdong in 2007, the ratio between household LPG consumption and industrial consumption (53/47) was quite similar to the ratio between the volume of domestic LPG and imported LPG (52/48). It shows the existence of a market mechanism that is driving domestic LPG supply to match with household demand and imported LPG supply to match with industrial demand. This movement reached the balancing point in 2007. Taking this factor into consideration we foresee that the volume of imported LPG will rebound slowly in line with the increase in auto-gas consumption. If the international price of LPG substantially comes down, household demand will turn back to imported LPG, causing the growth of import volume to accelerate.

Other Neighboring Areas

The situation in Hong Kong, Macau, Vietnam and Philippine and other neighboring areas are very much the same as that in Guangdong where the majority of its LPG consumption has to be fulfilled by international supply.

The case of Hong Kong is a bit different. 85% of its household demand is served by town gas while the rest, a very stable demand of about 150,000 tons per annum, is by LPG. Given that nearly all taxies in Hong Kong have been converted to LPG (mini-buses are undergoing the same conversion), the demand for auto-gas is ostensibly growing, with the volume currently reaching about 250,000 tons per annum. Macau's LPG demand is also growing as a result of the tremendous increase in commercial and entertainment activities. Currently, Macau's LPG demand is about 40,000 tons per annum.

The LPG import volume of Vietnam surged from 465,000 tons in year 2006 to 607,000 tons in year 2007, an increase of 31%. The import volume of Philippine in year 2007 was approximately 850,000 tons which was similar to that in 2006. LPG consumed in Hong Kong, Macau, Vietnam and Philippine was in the past mainly supplied by Taiwan and Thailand. Since the end of 2006, Taiwan's production became quite unstable, this substantially affected its supply. Thailand had relocated its LPG production for local use; export is basically not allowed. All these changes in the market gave a very good chance for the first class LPG terminals to substitute the role of Taiwan and Thailand and become the major pressurized LPG supplier in the region.

1.2 Business situation

The purchase volume of the Group:

Purchase categories	**2007**		**2006**	
Imported refrigerated LPG Term contract	220,000 tons (10 shipments)	43%	0	0%
Imported refrigerated LPG Spot purchase	285,000 tons (26 shipments)	55%	443,000 tons (24 shipments)	93%
Imported pressurized LPG Spot purchase	0	0%	13,000 tons (7 shipments)	3%
Domestic pressurized LPG Spot purchase	12,000 tons (7 shipments)	2%	16,000 tons (14 shipments)	4%
Purchase volume of Zhuhai Terminal	517,000 tons	80%	472,000 tons	91%
Local trucks LPG Spot purchase	133,000 tons (5,000 trucks)	20%	48,000 tons (2,000 trucks)	9%
Total purchase volume of the Group	650,000 tons	100%	520,000 tons	100%

The imported cargoes were supplied mainly by Glencore, Vitol, Statoil, Geogas, Naftomar and Petrodec. The supply by Glencore and Vitol were made on the basis of term contract, price determined in link with LPG index and shipments to arrive regularly. Other supplies were on spot basis. Prices were determined partly in link with LPG index and partly fix. Domestic LPG was procured based on spot market price from refineries, other terminals and local traders inside China.

The sales volume of the Group:

Sales categories	**2007**		**2006**	
Bonded export Term contract	135,000 tons	29%	0	0%
Bonded export Spot sale	14,000 tons	3%	36,000 tons	10%
Domestic LPG term contract accounts	79,000 tons	17%	0	0%
Domestic joint purchase contract accounts	125,000 tons	26%	210,000 tons	60%
Domestic LPG Spot sale	119,000 tons	25%	104,000 tons	30%
Wholesale volume	472,000 tons	73%	350,000 tons	67%
Sale of retailers Sales volume	178,000 tons	27%	170,000 tons	33%
Total sales volume of the Group	650,000 tons	100%	520,000 tons	100%

The major overseas customers of our LPG wholesaling include Hong Kong Sinopec, E1 Corporation and Sojitz, and the major local customers in China include Guangzhou SHV, Zhuhai Gas and Guangzhou Lianxin (the auto-gas operator in Guangzhou). Sales to all these major customers were on term contracts (or joint purchase agreement) with the prices determined in link with LPG index or on cost plus basis. All spot sales (no matter to overseas or local customers) were on fixed prices determined in accordance with the then market situation.

Wholesale business

In 2007, the Group's LPG wholesale volume reached 472,000 tons, an increase of 35% in comparison with that of 350,000 tons in year 2006. The growth was attributable entirely to the substantial increase in export (approximately 150,000 tons). Local wholesaling could only be maintained at a volume ranging from 310,000 to 320,000 tons. At the end of 2006, most of the first class terminals in Guangdong had already been aware of the further decrease in LPG import volume. Besides, they unavoidably had to compete with the domestic LPG that would be dumped into the Guangdong market. The immediate reaction of most terminals was to reduce their purchase of the import volume. We however adopted a different approach to tackle the situation. We decisively took measures in both maintaining our share in the domestic market and expanding our sales into the overseas market.

In order to maintain our local market share, strong marketing effort was put on the industrial users and we successfully obtained a term contract from the Guangzhou auto-gas operator. In 2007, this term contract contributed an additional sales volume of 79,000 tons. It made up for the reduced volume under the joint purchase arrangement and generated a much higher profit margin.

Expansion into the overseas market was also quite successful. Term contracts were entered into with E1 Corporation, Sojitz and the Hong Kong Sinopec and that contributed a sales volume of 135,000 tons in 2007 (29% of total wholesale business in 2007). As the purchase price and the selling price of this line of business are all linked to the same LPG index, the profit margin is ascertained. Price fluctuation risk is effectively hedged.

The previously mentioned measures enabled Zhuhai Terminal to better utilize its competitive edge as being a first class import terminal, achieve continual business growth under difficult market situation, maintain and intensify the cooperation relation with the major international LPG suppliers, and more importantly further improve its earning capability.

In 2008, it is estimated that the sales to the Guangzhou auto-gas operator will increase to 120,000 tons and sales to overseas customers under term contracts and spot business of bonded export will increase to 240,000 and 60,000 tons respectively. Sales volume under joint purchase arrangement will be further reduced to 75,000 tons. All together our LPG wholesaling is estimated to surge to about 550,000 tons. It is worth noting that 90% of these wholesaling are to be conducted under a model of hedged price and ascertained profit margin. The LPG wholesaling business will definitely contribute to the Group stable and enduring benefits.

Retail business

In 2007, the Group continued to acquire other bottling plant operators in the Guangdong Province in order to push forward our retail business development. In early 2007, we acquired 51% interest of Guangzhou Shi Menghua LPG Company Limited ("Menghua"), and further increased our stake in Menghua to 90% in the middle of year 2007. Menghua operates four LPG bottling plants in Guangzhou. Its retail volume is approximately 150 tons per day making it the second largest retailer in Guangzhou after Guangzhou SHV (approximately 11% market share in Guangzhou). The former owner has sub-contracted the whole operation of Menghua in the first year of our acquisition (i.e. year 2007). As a result, Menghua's sales volume was not consolidated into the books of the Group. Because of this and notwithstanding that we had acquired 90% interest of Menghua in 2007, the total retail volume of the Group just increased by approximately 8,000 tons when comparing with that of year 2006 (growth of approximately 4.7%).

In Guangdong, the household consumption volume of LPG in 2007 (approximately 3,000,000 tons) actually dropped by about 2.3% in comparison with that of 3,070,000 tons in 2006. The 4.7% growth achieved by our 9 bottling plants should be considered as a better-than-market result. More significantly, the Group had successfully reduced the volume of LPG (imported gas) required to be allocated by Zhuhai Terminal to our bottling plants. The volume of such internal allocation was about 122,000 tons in 2006; it was reduced to about 45,000 tons in 2007 (substantial decrease of 63%). On the other hand, the purchase of domestic LPG was increased from 64,000 tons to 144,000 tons in 2007 (up by 125%). As domestic LPG is lower in price, the operation cost of our bottling plants in 2007 was very well controlled and their earning capability was significantly improved.

In 2008, the business volume of Menghua will be consolidated into the Group. It will add about 55,000 tons to our retail business. The total retail volume of the Group is expected to increase prominently to about 240,000 tons. Furthermore, the purchase volume of domestic LPG will be increased to about 200,000 tons enabling our retail business to make remarkable profit in 2008.

2. Electronics Business

In 2007, the turnover of the Group's electronics business amounted to about HK$216,615,000 of which about HK$157,778,000 was attributable to the trading of electronics components (about 72.8%) and the rest of about HK$58,837,000 came from sales of cellular phones (about 27.2%).

The Group is cooperating with Newtel Corporation Co. Ltd. ("Newtel") of Thailand to develop the business of supplying cellular phones to Thailand and Vietnam markets. Newtel and the Group jointly study and design various models of cellular phones that will suit the consumers' appetite of these two markets. In the course of designing and creating a product, Newtel is responsible for identifying the consumers' preference for style and functions while the Group provides technical support and the know-how about components selection. This is the part where Newtel and the Group will work together. The rest of the business transactions between Newtel and the Group are purely buying and selling (the Group will identify prudent manufacturers in China, place purchase order to them for production of certain volume in accordance with the design concurred by Newtel and the Group and then sell the whole lot of products to Newtel). Since our purchase of the cellular phones from the manufacturer in China shall be made on the prerequisite of Newtel taking all the products, the profit margin of this business is ascertained.

In 2007, about 60,000 cellular phones were sold to Newtel based on this business model. Newtel and the Group had smooth cooperation and payments by Newtel were punctually made. We anticipate that the volume of this line of business will be substantially increased to 200,000 units of cellular phones in 2008.

3. Business Outlook

The Group will continue to better focus on LPG wholesaling for its business development. To do so the Group will further improve and enhance the throughput capability of Zhuhai Terminal enabling it to maintain and expand its business relationship with both domestic and overseas counterparts. The storage capacity expansion project (from 2,100 tons to 15,600 tons) in Zhuhai Terminal was basically completed in October 2007. The separate storage for propane and butane and the mixing facilities were successfully test run at the end of 2007, and the installation of all the facilities is anticipated to complete within 2008. Application for government approval to add two additional 5,000 ton class berths along the Terminal's coastal line is entering into the final stage, and the construction will most likely commence in the 4th quarter of 2008. All these construction works would be completed in the first half of 2009. By then, the competitiveness of Zhuhai Terminal will be further enhanced.

In respect of the LPG retail business, the Group will continue to acquire other bottling plant operators in Guangdong for network expansion. At the same time, the purchase of domestic LPG will be substantially increased for further improvement of the earning capability of the retail business.

In respect of the cooperation with Caltex South China Investment Ltd to jointly invest in the establishment of 80,000 tons of oil product storage at the Zhuhai Terminal, because of government policy issues, the project implementation is deferred. Nevertheless, Caltex and the Group agreed unanimously to continue the cooperation and keep on the negotiation with the Government for early approval of the project.

LIQUIDITY AND FINANCIAL RESOURCES

As at December 31, 2007, the net current assets of the Group amounted to approximately HK$13,722,000 (2006: HK$11,718,000) and the Group's bank balances and cash was approximately HK$105,968,000 (2006: HK$151,034,000). At the balance sheet date, current ratio was 1.01:1 (2006: 1.01:1), quick ratio was 0.93:1 (2006: 0.94:1), gearing ratio was 0.77:1 (2006: 0.69:1) which was calculated based on total liabilities of approximately HK$1,795,689,000 (2006: HK$1,014,332,000) and total assets of approximately HK$2,319,532,000 (2006: HK$1,461,813,000).

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at December 31, 2007 and 2006.

PLEDGE OF ASSETS

At December 31, 2007, the Group pledged its bank deposits amounting to approximately HK$755,375,000 (2006: HK$313,657,000) to secure general banking facilities granted to the Group. The bank loans of the Group comprise of an amount of approximately HK$171,160,000 (2006: HK$163,380,000) drawn under a term loan facility secured by a floating charge over the assets of the Company, and by share mortgages of the issued capital and floating charges over the assets of Sound Hong Kong Limited and NewOcean Shenzhen Energy Investment Limited which are wholly-owned subsidiaries of the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2007, the Group employed approximately 500 full time employees in Hong Kong and the PRC. The Group remunerated the employees based on their performance, experience and prevailing market practice. Employee benefits provided by the Group include a provident fund scheme, medical insurance scheme and an employee share option scheme.

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

Neither the Company nor any if its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the 12 months ended December 31, 2007.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended December 31, 2007, except that the independent non-executive directors of the Company are not appointed for terms of office determined according to a fixed period of time. Nevertheless, such directors were appointed to their offices for such term of office and are subject to retirement in accordance with the provisions in the Bye-laws of the Company.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

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

REVIEW OF ANNUAL RESULT

The audit committee of the Company has reviewed with 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 December 31, 2007.

PUBLICATION OF RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at http://www.newoceanhk.com and the website of The Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk. The 2007 Annual Report will be dispatched to shareholders in due course and will be published at the web sites of the Company and the Stock Exchange of Hong Kong Limited at the same time.

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

Hong Kong, April 23, 2008

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 the non-executive director, Mr. Anthony Cheung Kwan Hung, Mr. Benedict Chan Yuk Wai and Dr. Xu Mingshe being the independent non-executive directors.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of NewOcean Energy Holdings Limited ("the Company") will be held at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong on Tuesday, June 17, 2008 at 11:00 a.m. ("Annual General Meeting") for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended December 31, 2007.

2. To declare a final dividend.

3. To re-elect directors retiring by annual rotation pursuant to the provision of the Bye-laws of the Company, namely Mr. Cheung Kwan Hung, Anthony and Mr. Chiu Sing Chung, Raymond, and to authorize the Board to fix their remuneration. (All the retiring directors, being eligible, offer themselves for re-election.)

4. To re-appoint auditors and to authorise the Board of Directors to fix their remuneration.

As Special Business

5. To consider, and if thought fit, to pass the following resolution as an ordinary resolution of the Company:

   "THAT:

   (a) subject to the following provisions of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company, and to make or grant offers, agreements or options (including bonds, notes, warrants, debentures and securities convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

   (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including bonds, notes, warrants, debentures and securities convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;

   (c) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below), (ii) an issue of shares pursuant to any existing specific authority, including upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any bonds, notes, debentures or securities convertible into shares of the Company; (iii) any employee share option scheme or similar arrangement for the time being adopted by the Company; and (iv) an issue of shares of the

Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

"Relevant Period" means the period from the date of passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law of Bermuda to be held; or

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

"Rights Issue" means an offer of shares open for a period fixed by the director of the Company made to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of, any recognised regulatory body or any stock exchange in or in any territory outside, Hong Kong)."

6. To consider, and if thought fit, to pass the following resolution as an ordinary resolution of the Company:

"THAT:

(a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose ("Recognised Stock Exchange"), subject to and in accordance with all applicable laws, rules and regulations and the requirements of The Rules Governing the Listing of Securities on the Stock Exchange, or of any other Recognised Stock Exchange be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares which the Company is authorised to repurchase pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the shares of HK$0.10 each in the issued share capital of the Company at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

(c) for the purposes of this resolution, "Relevant Period" means the period from the date of passing of this resolution until whichever is the earliest of:

   (i) the conclusion of the next annual general meeting of the Company;

   (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law of Bermuda to be held; or

   (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting."

7. To consider, and if thought fit, to pass the following resolution as an ordinary resolution of the Company:

   "THAT:

   subject to the passing of Ordinary Resolution No. 5 and Ordinary Resolution No. 6 as set out in the notice convening this meeting (the "Notice"), the general mandate granted to the directors of the Company to allot, issue and deal with additional shares of the Company pursuant to Ordinary Resolution No. 5 set out in the Notice be and is hereby extended by the addition to it of an amount representing the aggregate nominal amount of the shares in the capital of the Company which are repurchased by the Company pursuant to and since the granting to the Company of the general mandate to repurchase shares in accordance with Ordinary Resolution No. 6 set out in the Notice."

By Order of the Board
Wu Hong Cho
Company Secretary

Hong Kong, April 23, 2008

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company but must be present in person to represent the member.

2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be lodged at the share registrar of the Company, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereon.

3. Regarding ordinary resolutions No. 5 to 7, please refer to the circular of the Company which will be dispatched to shareholders on or about April 30, 2008.