



# 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 2008

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 2008 together with comparative figures for the corresponding period in 2007. These condensed consolidated interim results have not been audited, but have been reviewed by the Company’s audit committee.

### CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>30.06.2008</b>	30.06.2007
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	3	<b>2,972,108</b>	1,557,312
Cost of sales		<b><u>(2,890,097)</u></b>	<u>(1,487,732)</u>
Gross profit		<b>82,011</b>	69,580
Other income		<b>133,492</b>	24,391
Selling and distribution expenses		<b>(42,090)</b>	(22,921)
Administrative expenses		<b>(85,176)</b>	(27,611)
Changes in fair values of foreign currency forward contracts		<b>(11,002)</b>	-
Finance costs		<b>(45,722)</b>	(18,114)
Share of loss of a jointly controlled entity		<b><u>(360)</u></b>	<u>(227)</u>
Profit before taxation	4	<b>31,153</b>	25,098
Taxation (charge) credit	5	<b><u>(1,415)</u></b>	<u>1,807</u>
Profit for the period		<b><u>29,738</u></b>	<u>26,905</u>
Earnings per share	7		
Basic		<b><u>6.17 cents</u></b>	<u>5.59 cents</u>
Diluted		<b><u>6.17 cents</u></b>	<u>5.57 cents</u>

\* for identification purpose only

## CONDENSED CONSOLIDATED BALANCE SHEET

		<b>30.06.2008</b>	31.12.2007
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		523,179	501,112
Prepaid lease payments for lands		55,688	53,391
Prepaid lease payments for coast		12,699	12,290
Goodwill		120,700	102,623
Other tangible assets		16,981	16,850
Interest in a jointly controlled entity		12,142	12,502
Other assets		18,709	35,759
Deferred tax assets		2,007	1,930
		<u>762,105</u>	<u>736,457</u>
<b>Current assets</b>			
Inventories		216,379	126,925
Trade debtors and bills receivable	8	497,435	430,863
Other debtors, deposits and prepayments		318,761	160,530
Prepaid lease payments for lands		2,355	2,211
Prepaid lease payments for coast		780	732
Amount due from a jointly controlled entity		341	471
Pledged bank deposits	9	1,283,718	755,375
Bank balances and cash		155,812	105,968
		<u>2,475,581</u>	<u>1,583,075</u>
<b>Current liabilities</b>			
Trade creditors and bills payable	10	515,861	381,816
Other creditors and accrued charges		112,667	96,814
Derivative financial instruments		29,374	21,402
Tax liabilities		3,812	4,322
Borrowings, partly secured – repayable within one year	11	1,803,802	1,064,999
		<u>2,465,516</u>	<u>1,569,353</u>
<b>Net current assets</b>		<u>10,065</u>	<u>13,722</u>
Total assets less current liabilities		<u>772,170</u>	<u>750,179</u>
<b>Capital and reserves</b>			
Share capital		48,168	48,168
Share premium and other reserves		512,280	464,962
Equity attributable to equity holders of the Company		560,448	513,130
Minority interests		168	10,713
<b>Total equity</b>		<u>560,616</u>	<u>523,843</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		16,790	16,109
Borrowings, partly secured – repayable over one year	11	189,646	205,421
Obligation for put option to minority shareholder of a subsidiary		5,118	4,806
		<u>211,554</u>	<u>226,336</u>
		<u>772,170</u>	<u>750,179</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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 2007.

### 2. Principal Accounting Policies

The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new Interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2008. The adoption of these new Interpretations 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 recognised.

HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial positions of the Group.

HKAS 1 (Revised)	Presentation of financial statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and separate financial statements <sup>2</sup>
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation <sup>1</sup>
HKFRS 2 (Amendment)	Vesting conditions and cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business combinations <sup>2</sup>
HKFRS 8	Operating segments <sup>1</sup>
HK(IFRIC) – INT 13	Customer loyalty programmes <sup>3</sup>
HK(IFRIC) – INT 15	Agreements for the construction of real estate <sup>1</sup>
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008.

<sup>4</sup> Effective for annual periods beginning on or after 1 October 2008.

### 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*

30.06.2008 (Unaudited)

	<b>Sale and distribution of LPG HK\$'000</b>	<b>Sale of electronic products HK\$'000</b>	<b>Consolidated HK\$'000</b>
<b>Segment revenue</b>	<b>2,791,825</b>	<b>180,283</b>	<b>2,972,108</b>
<b>Segment result</b>	<b>72,275</b>	<b>13,581</b>	<b>85,856</b>
Interest income	-	-	<b>16,890</b>
Unallocated corporate expenses	-	-	<b>(14,509)</b>
Changes in fair values of foreign currency forward contracts	-	-	<b>(11,002)</b>
Finance costs	-	-	<b>(45,722)</b>
Share of loss of a jointly controlled entity	<b>(360)</b>	-	<b>(360)</b>
Profit before taxation	<b>71,915</b>	<b>13,581</b>	<b>31,153</b>
Taxation charge			<b>(1,415)</b>
Profit for the period			<b>29,738</b>

30.06.2007 (Unaudited)

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

#### 4. Profit Before Taxation

Profit before taxation is stated after charging the following items:

	<b>30.06.2008</b> <b>(Unaudited)</b> <b><i>HK\$'000</i></b>	30.06.2007 (Unaudited) <i>HK\$'000</i>
Depreciation for property, plant and equipment	<b>18,221</b>	7,846
Amortisation of prepaid lease payments for lands	<b>1,140</b>	1,044
Amortisation of prepaid lease payments for coast	<b>378</b>	346
Amortisation of other intangible assets	<u><b>1,156</b></u>	<u>-</u>
Total depreciation and amortisation	<u><b>20,895</b></u>	<u>9,236</u>

## 5. Taxation (Charge) Credit

	<b>30.06.2008</b> <b>(Unaudited)</b> <i>HK\$'000</i>	30.06.2007 (Unaudited) <i>HK\$'000</i>
Current tax:		
Hong Kong	-	-
Other regions in the PRC	<b>(811)</b>	(249)
Deferred tax	<b>(604)</b>	2,056
	<b>(1,415)</b>	1,807

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 27 June 2008, a dividend of HK1.1 cents per share (2007: HK1 cent per share) was paid to shareholders as the final dividend for 2007.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: 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:

	<b>30.06.2008</b> <b>(Unaudited)</b> <i>HK\$'000</i>	30.06.2007 (Unaudited) <i>HK\$'000</i>
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period)	<b>29,738</b>	26,905
Number of shares		
Number of ordinary shares for the purposes of basic earnings per share	<b>481,676,687</b>	481,676,687
Effect of dilutive potential ordinary shares: share options	-	1,206,977
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b>481,676,687</b>	482,883,664

## 8. Trade Debtors and Bills Receivable

The Group allows an average credit period of 180 days. The aged analysis of trade debtors and bills receivable is as follows:

	<b>30.06.2008</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31.12.2007 (Audited) <i>HK\$'000</i>
0 to 30 days	335,465	344,826
31 to 60 days	146,860	11,949
61 to 90 days	8,639	22,949
91 to 180 days	5,039	9,363
More than 180 days	1,432	41,776
	<u>497,435</u>	<u>430,863</u>

## 9. Pledged Bank Deposits

At 30 June 2008, bank deposits of approximately RMB1,075,302,000 (equivalent to approximately HK\$1,223,087,000) (31.12.2007: HK\$691,310,000) were pledged for US\$ borrowings of approximately US\$149,384,000 (equivalent to approximately HK\$1,162,205,000) (31.12.2007: HK\$668,971,000). The remaining balance of pledged bank deposits was pledged to banks to secure general banking facilities granted to the Group.

## 10. Trade Creditors and Bills Payable

The aged analysis of trade creditors is as follows:

	<b>30.06.2008</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31.12.2007 (Audited) <i>HK\$'000</i>
0 to 30 days	311,052	181,674
31 to 60 days	1,660	130,449
More than 90 days	701	247
	<u>313,413</u>	<u>312,370</u>
Bills payable	<u>202,448</u>	<u>69,446</u>
	<u>515,861</u>	<u>381,816</u>

## 11. Borrowings, Partly Secured

	<b>30.06.2008</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.12.2007 (Audited) HK\$'000
Bank trust receipt loans	1,731,388	1,004,748
Other bank loans	202,097	212,407
Other long-term loans	56,731	53,265
Bank overdrafts	3,232	-
	<u>1,993,448</u>	<u>1,270,420</u>
Analyzed as:		
Secured	1,364,571	978,923
Unsecured	628,877	291,497
	<u>1,993,448</u>	<u>1,270,420</u>
Carrying amount repayable:		
On demand or within one year	1,803,802	1,064,999
More than one year, but not exceeding two years	104,066	95,170
More than two years, but not exceeding five years	85,580	110,251
	<u>1,993,448</u>	<u>1,270,420</u>
<i>Less:</i> Amount due within one year shown under current liabilities	<u>(1,803,802)</u>	<u>(1,064,999)</u>
	<u>189,646</u>	<u>205,421</u>

Bank trust receipt loans include an amount of approximately US\$149,384,000 borrowings (equivalent to approximately HK\$1,162,205,000) (31.12.2007: HK\$668,971,000) which was fully secured by the pledged RMB bank deposits of approximately RMB1,075,302,000 (equivalent to approximately HK\$1,223,087,000) (31.12.2007: HK\$691,310,000).

Other bank loans include (a) an amount of approximately US\$20,680,000 (equivalent to approximately HK\$160,890,000) (31.12.2007: HK\$171,160,000) drawn under a term loan facility secured by a floating charge over the assets of the Company, and by the share mortgages of the issued capital and the floating charges over the assets of various subsidiaries of the Company; (b) an amount of approximately RMB30,000,000 (equivalent to approximately HK\$34,123,000) (31.12.2007: HK\$32,038,000) drawn under short term loan facilities guaranteed by the Company; (c) an amount of approximately HK\$7,084,000 (31.12.2007: HK\$9,209,000) drawn under a term loan guaranteed by the Company.



## **12. Post Balance Sheet Events**

On 25 June 2008, Zhuhai NewOcean Energy Technology Company Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with third parties independent to the Group for the acquisition of 100% equity interest in Maoming City Sanyang LPG Company Limited (“Sanyang LPG”) at the consideration of RMB28,000,000. A circular dated 18 July 2008 containing further details of the acquisition has been dispatched. The acquisition was not completed at 30 June 2008, thus the financial statements of Sanyang LPG were not consolidated into the Group’s consolidated interim financial statements for the period ended 30 June 2008.

The Company proposed to raise approximately HK\$144,500,000 before expenses by the issue of 481,676,687 shares at a price of HK\$0.30 per share by way of an open offer on the basis of one share for every share held on a record date. A circular dated 29 August 2008 and a prospectus dated 16 September 2008 containing details of the open offer have been dispatched.

### **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: nil).

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **General**

The Group continued to maintain healthy business growth for the half year ended 30 June 2008. During the period, it recorded a turnover of approximately HK\$2,972,108,000, a growth of 90.8% comparing with that of approximately HK\$1,557,312,000 for the half year ended 30 June 2007. The net profit of the Group for the period amounted to approximately HK\$29,738,000, a slight increase of 10.5% in comparison with that of approximately HK\$26,905,000 for the half year ended 30 June 2007. As at 30 June 2008, the Company had 481,676,687 issued and paid up ordinary shares. Basic earnings per share for the half year ended 30 June 2008 was HK6.17 cents, an increase of 10.3% comparing with that of HK5.59 cents for the same period ended 30 June 2007.

The sales volume of LPG in the first half of 2008 was approximately 396,000 tons, representing a 20% increase in comparison with that of approximately 330,000 tons for the first half of 2007. During such period, the international market price of LPG surged significantly. The average price of LPG arriving at the Asian region for the first half of 2008 reached US\$868/ton, representing a jump of more than 50% to that of US\$567/ton for the first half year of 2007. It signified that the Group’s turnover growth in the first half year of 2008 was mainly attributable to increase in price instead of increase in sales volume.

Since 2007, the Group has been developing a price hedged trading model for its LPG wholesaling, with the gross profit margin by large being fixed and the price fluctuation risk being effectively mitigated. This trading model is considered successful as evidenced by the continually expanding sales volume achieved in the past two years. Nevertheless, we have to admit that the high LPG price coupled with increased interest rate (especially RMB interest rate in the PRC) in the first half year of 2008 indeed had a negative impact on the Group’s earning capability. The relatively fixed gross profit versus a scaled up turnover inevitably resulted in narrowed gross margin. In addition, more working capital was required to fund the scaled up turnover, and the interest rate was increasing. The Group had to incur higher interest expense, thus further corroded its profit contribution. This explained the contradictory situation of an about 90% increase in sales volume providing only about 10% increase in profit.

The Group envisages that the situation will be substantially improved in the second half of 2008. Firstly, in line with the decreasing crude oil price, the international market price of LPG has been reducing to about US\$800/ton in August and further down to about US\$770/ton in September, and we believe that the average price for the second half year of 2008 will be maintained below US\$800/ton. The pressure of decreasing gross profit margin is likely to be released. Secondly, at a Special General Meeting held on 16<sup>th</sup> September, the Company has passed a resolution to raise approximately HK\$144,500,000 of share capital, and the proceeds are designated for reducing the Group's short-term bank loan. Interest expense is likely to be appropriately controlled to reinstate the Group's profitability.

## **Business Review and Analysis**

### ***Summary of Overall Business Development***

In the first half of 2008, the Group achieved approximately 396,000 tons of sales of LPG. The import volume of our Zhuhai Terminal was approximately 325,000 tons, an increase of 26.4% comparing with that of approximately 257,000 tons for the same period of 2007. Out of the approximately 325,000 tons in the first half year of 2008, approximately 303,400 tons were sold on the market, and the remaining approximately 21,600 tons were internally allocated to the Group's retail operations.

The bottling plants owned by the Group had achieved approximately 93,000 tons of sales in the first half of 2008, a decrease of 18.2% comparing with that of approximately 110,000 tons for the same period of 2007. Out of the approximately 93,000 tons, approximately 21,600 tons were internally supplied by the Zhuhai Terminal, and the remaining approximately 71,400 tons were purchased locally from refineries or other terminals in the PRC.

With regard to the electronic business, we continued the cooperation with Newtel Corporation Co. Ltd. ("Newtel") of Thailand and focused more on developing the supply of cellular phones to the Mekong River region. The general trading of electronics parts and components correspondingly was reducing. The turnover of electronics business was approximately HK\$180,283,000 in the first half of 2008, a growth of 66.5% comparing with that of approximately HK\$108,257,000 for the same period last year.

At present, the Group has in place a complete business infrastructure for our LPG wholesaling business, LPG retailing business and the electronics business. In order to facilitate better management and to effectively exploit the development potential of each line of business, the Group decided to pursue an internal organizational restructuring pursuant to which the following three operation groups are established:

- (1) International Energy Group – its principal function is to channel energy products from the international market to the South China Sea region covering Southern China, Hong Kong, Macau, Taiwan, Philippines and Vietnam. The major asset of the International Energy Group is the class one LPG terminal located in Zhuhai. Although the Zhuhai Terminal currently only conducts the storage, re-export and distribution of LPG, in the long run, it has great spin-off potential to cover other energy products by virtue of its advantageous location and efficient logistic services;

- (2) China Energy Group – its principal function is to carry out LPG trading in the PRC (mainly, all the LPG retailing of the Group). A wholly-owned foreign owned company namely “Zhuhai NewOcean Energy Technology Company Limited” has been established in Zhuhai, PRC as the spearhead of the China Energy Group. NewOcean Technology is mainly responsible (A) to hold the equity of all subsidiaries of the Group that operates LPG retail business and any further business acquisitions; (B) to perform as the purchase centre of domestic LPG of the Group and to arrange internal allocation of the cargoes to the retail operations; and (C) to formulate the development strategies of LPG retail business and to monitor daily operation thereof;
- (3) Electronics Group – its principal function is to further develop the trading business of supplying cellular phones to Mekong River region by cooperating with Newtel of Thailand.

The above organizational restructuring will enable the Group to source more professional personnel of appropriate expertise, to better manage the assets and businesses of each Group in order to create more economic benefits, and to achieve better development.

### ***LPG Wholesale Business***

Import volume through the Zhuhai Terminal (i.e. International Energy Section) was about 325,000 tons in the first half of 2008 (approximately 63% of the import volume in the full year of 2007). Out of the total import volume, about 205,200 tons were re-exported to Southeast Asian countries and sold in China under term contracts with prices linked with LPG index or on cost plus basis; about 21,600 tons were allocated to the Group’s own LPG retail operation and the remaining 98,200 tons were sold in China on spot basis. International Energy Section will continue to operate under a business model of hedged price and assured profit margin. We continue to expand the sales volume, and shall further adjust its customer portfolio from currently only about 63% towards a position that 90% of our wholesaling will be conducted under these business models, it will effectively contribute to the Group enduring benefits under manageable market risks.

### ***LPG Retail Business***

The LPG retail business conducted through the Group’s bottling plants in Guangdong and Guangxi Province (i.e. the China Energy Group) achieved a sales volume of about 93,000 tons (approximately 52% of the total retail volume of 178,000 tons in the full year of 2007). In the first half year of 2008, the Group continued to enhance its purchase of domestic LPG which is relatively lower in price than that of the imported LPG. The operating cost of the bottling plants was therefore well controlled and their earning capability was continually improving.

	<b><u>Full year of 2007</u></b>	<b><u>Jan to Jun 2008</u></b>
Allocation by the Terminal in Zhuhai	45,000 tons (25%)	21,600 tons (23%)
Purchase of domestic LPG	133,000 tons (75%)	71,400 tons (77%)
<b>Total Purchase</b>	<b>178,000 tons (100%)</b>	<b>93,000 tons (100%)</b>

In 2008, the Group continued its strategy of acquiring other bottling plant operators in Guangdong for expansion of its LPG retail network. As set out in the circular dated 18 July 2008, the Group’s wholly owned subsidiary (Zhuhai NewOcean Energy Technology Company Limited) has entered into agreement to acquire Maoming City Sanyang LPG Company Limited at a consideration of RMB28,000,000. Sanyang is anticipated to contribute an additional LPG sales volume of about 8,000 tons in this year after the acquisition is completed in the fourth quarter.

## ***Electronics Business***

The total turnover of electronics trading in the first half of 2008 increased to about HK\$180,230,000 (about 83% of the total turnover in the full year of 2007). Out of the total turnover, about HK\$104,000,000 were trading of cellular phones and about HK\$76,000,000 were that of electronics components. The proportion between the trading of cellular phones and electronics components changed substantially from 27/73 in year 2007 to 58/42 in the first half of year 2008 in line with the Group's existing policy to expand further the trading of cellular phones and gradually reduce its engagement in electronics components. In respect of the trading of cellular phones, the Group is cooperating with Newtel Corporation Co. Ltd. of Thailand pursuant to which the Group shall make its purchase of the cellular phones after Newtel has committed to take all the products. The profit margin of this business is therefore ascertained.

## **Business Outlook**

In line with the existing development trend, we anticipate that the sales volume and the turnover of both LPG and electronics business for the whole year of 2008 shall continue to have satisfactory growth. The management shall put more emphasis on streamlining the Group's operational structure and to enhance its earning capability.

## **LIQUIDITY AND FINANCIAL REVIEW**

At the period end, the Group maintained bank balances and cash amounting to approximately HK\$155,812,000 (31.12.2007: HK\$105,968,000). Current ratio and gearing ratio were 1:1 (31.12.2007: 1.01:1) and 0.83:1 (31.12.2007: 0.77:1) respectively. The latter was calculated on the basis of total liabilities of approximately HK\$2,677,070,000 (31.12.2007: HK\$1,795,689,000) divided by total assets of approximately HK\$3,237,686,000 (31.12.2007: HK\$2,319,532,000).

## **HUMAN RESOURCES**

As at 30 June 2008, the Group employed approximately 390 employees in Hong Kong and mainland China. The Group remunerated the employees based on their performance, experience and prevailing market practices.

## **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 2008.

## **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 2008.

## **CORPORATE GOVERNANCE**

The Company complied with the provision of the Code on Corporate Governance Practices (the “Governance Code”) as set out in Appendix 14 of the Listing Rules on the Stock Exchange throughout the six months ended 30 June 2006 with the exception that the independent non-executive directors are not appointed for a specific term as provided in the Governance 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 Governance 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 “Securities Code”). Having made specific enquiry of the directors, all directors of the Company had complied with the required standards as set out in the Securities Code during the six months ended 30 June, 2008.

## **PUBLICATION OF RESULTS AND INTERIM REPORT**

This result announcement is published on the Company’s website at <http://www.newoceanhk.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>. The 2008 Interim Report will be dispatched to shareholders in due course and will be published at the websites of the Company and The Stock Exchange of Hong Kong Limited at the same time.

By order of the Board  
**Shum Siu Hung**  
Chairman

Hong Kong, 25 September 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 non-executive Director, Mr. Anthony Cheung Kwan Hung, Mr. Benedict Chan Yuk Wai and Dr. Xu Mingshe, being the independent non-executive Directors.*