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 2009

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 2009 together with comparative figures for the corresponding period in 2008. These condensed consolidated interim results have not been audited, but have been reviewed by the Company's auditor and audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**3,147,000**	2,972,108
Cost of sales		**(2,978,630)**	(2,890,097)
Gross profit		**168,370**	82,011
Other income		**18,534**	133,492
Selling and distribution expenses		**(31,664)**	(42,090)
Administrative expenses		**(42,210)**	(47,654)
Changes in fair values of foreign currency forward contracts		**1,529**	(11,002)
Written off of rental deposit for liquefied petroleum gas ("LPG") vessel	*4*	**(15,088)**	—
Written off of trade debtors		**—**	(17,167)
Written off of other debtors		**—**	(1,115)
Finance costs		**(32,616)**	(64,962)
Share of loss of a jointly controlled entity		**(2,369)**	(360)
Profit before taxation	*5*	**64,486**	31,153
Income tax expense	*6*	**(23,773)**	(1,415)
Profit for the period		**40,713**	29,738
Other comprehensive income			
Exchange differences arising on translation		**(541)**	22,878
Total comprehensive income for the period		**40,172**	52,616
Profit for the period attributable to the owners of the Company		**40,713**	29,738
Earnings per share	*7*		
Basic		**HK4.23 cents**	HK5.61 cents
Diluted		**HK4.23 cents**	HK5.61 cents

* *for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2009 (Unaudited) HK$'000	As at 31 December 2008 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	9	**558,951**	572,037
Prepaid lease payments for land		**53,190**	54,341
Prepaid lease payments for coast		**11,887**	12,271
Goodwill		**123,316**	123,436
Other intangible assets		**14,197**	15,739
Interest in a jointly controlled entity		**9,773**	12,142
Other assets		**24,260**	31,401
Deferred tax assets		**1,556**	1,556
		797,130	822,923
Current assets			
Inventories		**175,702**	137,666
Trade debtors and bills receivable	10	**702,137**	447,671
Other debtors, deposits and prepayments	10	**328,214**	412,053
Derivative financial instruments		**2,628**	550
Prepaid lease payments for land		**2,349**	2,348
Prepaid lease payments for coast		**778**	778
Amount due from a jointly controlled entity		**319**	319
Pledged bank deposits	11	**663,590**	732,199
Bank balances and cash		**73,611**	143,756
		1,949,328	1,877,340
Current liabilities			
Trade creditors and bills payable	12	**645,919**	322,087
Other creditors and accrued charges		**107,177**	215,789
Derivative financial instruments		**5,659**	—
Tax liabilities		**21,276**	5,378
Borrowings, partly secured — repayable within one year	13	**1,146,560**	1,309,045
Obligation for put option to minority shareholder of a subsidiary		**5,103**	5,103
		1,931,694	1,857,402
Net current assets		**17,634**	19,938
Total assets less current liabilities		**814,764**	842,861
Capital and reserves			
Share capital	14	**96,336**	96,336
Share premium and other reserves		**657,023**	619,741
Equity attributable to equity holders of the Company		**753,359**	716,077
Minority interests		**1,531**	1,531
Total equity		**754,890**	717,608
Non-current liabilities			
Deferred tax liabilities		**13,194**	15,002
Borrowings, partly secured — repayable over one year	13	**46,680**	110,251
		59,874	125,253
		814,764	842,861

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information and Basis of Preparation

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Its ultimate and immediate holding company is Uniocean Investments Limited, a company incorporated in the British Virgin Islands ("BVI"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business is 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Group are the sale and distribution of LPG and sale of electronic products.

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are or have become effective for the Group's financial year beginning on 1 January 2009.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) — INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) — INT 13	Customer loyalty programmes
HK(IFRIC) — INT 15	Agreements for the construction of real estate
HK(IFRIC) — INT 16	Hedges of a net investment in a foreign operation

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments (see note 3) and has had no impact on the reported results or financial position of the Group.

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

The adoption of these new or revised standards, amendments and interpretations had no material effect on the results and financial position of the Group for the current and/or prior accounting period. Accordingly, no prior period adjustment has been required.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 27 (Revised in 2008)	Consolidated and separate financial statements[1]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 2 (Amendments)	Group cash-settled share-based payments transactions[3]
HKFRS 3 (Revised in 2008)	Business combinations[1]
HK(IFRIC) — INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) — INT 18	Transfers of assets from customers[4]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for transfers on or after 1 July 2009.

The adoption of HKFRS 3 (Revised) may affect the Group's 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 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group'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.

3. Segment Information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, Chairman of the Group, in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, primary segment information was analysed based on the types of the Group's operating divisions — (i) sale and distribution of LPG and (ii) sale of electronic products. However, information reported to the Group's Chairman who is the chief operating decision maker for the purposes of resource allocation and assessment of performance focuses more specifically on the category of customers for each type of goods. The principal categories of customers for these goods are wholesalers and retailers. The Group's three reportable segments under HKFRS 8 are sale and distribution of LPG — wholesale, sale and distribution of LPG — retail and sale of electronic products — wholesale.

The comparative segment information has been restated upon the adoption of HKFRS 8.

Business segments

Six months ended 30 June 2009 (Unaudited)

	Sale and distribution of LPG — wholesale *HK$'000*	Sale and distribution of LPG — retail *HK$'000*	Sale of electronic products — wholesale *HK$'000*	Consolidated *HK$'000*
Segment revenue	**2,411,435**	**359,436**	**376,129**	**3,147,000**
Segment profit	**54,132**	**13,355**	**26,936**	**94,423**
Investment income				**13,176**
Central administration costs and directors' salaries				**(9,657)**
Change in fair values of foreign currency forward contracts				**1,529**
Finance costs				**(32,616)**
Share of loss of a jointly controlled entity				**(2,369)**
Profit before taxation				**64,486**

Six months ended 30 June 2008 (Unaudited)

	Sale and distribution of LPG — wholesale *HK$'000*	Sale and distribution of LPG — retail *HK$'000*	Sale of electronic products — wholesale *HK$'000*	Consolidated *HK$'000*
Segment revenue	2,275,527	516,298	180,283	2,972,108
Segment profit	77,759	13,482	13,851	105,092
Investment income				16,890
Central administration costs and directors' salaries				(14,505)
Change in fair values of foreign currency forward contracts				(11,002)
Finance costs				(64,962)
Share of loss of a jointly controlled entity				(360)
Profit before taxation				31,153

All of the segment revenue reported above is from external customers. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of loss of jointly controlled entities, change in fair values of foreign currency forward contracts, investment income and finance costs. This is the measure reported to the Group's Chairman for the purposes of resource allocation and assessment of segment performance.

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

	30 June 2009 (Unaudited) ***HK$'000***	31 December 2008 (audited) *HK$'000*
Sale and distribution of LPG — retail	**315,165**	280,897
Sale and distribution of LPG — wholesale	**1,303,245**	1,363,262
Sale of electronic products	**351,785**	148,898
Total segment assets	**1,970,195**	1,793,057

4. Written Off of Rental Deposit for LPG Vessel

The Group paid a rental deposit of approximately HK$15,088,000 to the lessor for leasing a LPG vessel for a term of five years. Due to the delay in completion of the construction of LPG vessel and obtaining the international shipping licenses according to the agreed terms in the lease agreement, the lease agreement has been terminated and the Group has the right to recover the rental deposits from the lessor. In the opinion of the directors of the Company, the recoverability of the rental deposit is uncertain and remote, thus the full amount is written off.

5. Profit Before Taxation

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Impairment on interest in a jointly controlled entity (included in share of loss of a jointly controlled entity) (Note)	**2,402**	—
Amortisation of prepaid lease payments for land (included in administrative expenses)	**1,173**	1,140
Amortisation of prepaid lease payments for coast (included in administrative expenses)	**389**	378
Amortisation of other intangible assets (included in cost of sales)	**1,548**	1,156
Depreciation of property, plant and equipment	**20,627**	18,221
Total depreciation and amortisation	**23,737**	20,895
Net exchange gain	**(94)**	(114,070)

Note: The jointly controlled entity is engaged in LPG retail in the People's Republic of China (the "PRC"). Due to the uncertainty about the market conditions in the recent years and the continuous losses in the jointly controlled entity, the Group revised its cash flow projections for this jointly controlled entity during this period. An impairment loss of HK$2,402,000 was recognised during the current period.

6. Income Tax Expense

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**(10)**	—
Other regions in the PRC	**(21,441)**	(811)
	(21,451)	(811)
Underprovision in prior years in other regions in the PRC	**(4,200)**	—
	(25,651)	(811)
Deferred tax	**1,878**	(604)
	(23,773)	(1,415)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period ended 30 June 2009 and 30 June 2008.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company's subsidiaries operating in Hong Kong incurred tax losses for the six month period ended 30 June 2009 and 30 June 2008.

The current tax for other regions in the PRC represents PRC enterprise income tax calculated at the rates prevailing in the PRC.

No deferred tax liability has been recognised in respect of temporary differences associated with undistributed earnings of subsidiaries operating in the PRC because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

7. Earnings Per Share

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

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to the owners of the Company)	**40,713**	29,738

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**963,353**	529,844

For the six month period ended 30 June 2008, the number of ordinary share for the purpose of basic earnings per share has been adjusted for the open offer on 13 October 2008.

Diluted earnings is not shown as the exercise price of the share options outstanding is higher than the average market price for shares for the periods ended 30 June 2009 and 30 June 2008.

8. Dividends

	Six months ended 30 June	
	2009	2008
	(unaudited)	(audited)
	HK$'000	*HK$'000*
Final dividend of HK0.3 cent per share for the year ended 31 December 2008 paid during the interim period (2008: Final dividend of HK1.1 cents per share for year ended 31 December 2007)	**2,890**	5,298

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).

9. Movements in Property, Plant and Equipment

During the period, the Group paid approximately HK$5,199,000 (six months ended 30 June 2008: HK$18,577,000) to acquire property, plant and equipment.

10. Trade Debtors, Bills Receivable, Other Debtors, Deposits and Prepayments

The Group allows an average credit period of 180 days to its trade debtors. The bills receivable are matured within the range of 30 days to 90 days. The following is an aged analysis of trade debtors and bills receivable at the end of each of the reporting period:

	As at 30 June 2009 (Unaudited) ***HK$'000***	As at 31 December 2008 (Audited) *HK$'000*
0 to 30 days	**573,592**	134,335
31 to 60 days	**39,954**	30,578
61 to 90 days	**25,996**	279,567
91 to 180 days	**60,226**	1,993
Over 180 days	**2,369**	1,198
	702,137	447,671

Included in deposits, there is a trade deposit paid to a supplier of approximately HK$185,674,000 (2008: HK$368,657,000) in relation to the purchase of LPG which will be delivered within one year in the PRC.

Included in other debtors, there is a short term advance to a LPG customer, an independent third party, of approximately HK$68,063,000 (2008: nil) which is unsecured, interest free and repayable on 30 November 2009.

11. Pledged Bank Deposits

At 30 June 2009, bank deposits of approximately RMB503,298,000 (equivalent to approximately HK$570,937,000) (31.12.2008: RMB605,046,000 equivalent to approximately HK$686,078,000) were pledged for USD short term borrowings of approximately USD74,190,000 (equivalent to approximately HK$577,196,000) (31.12.2008: USD87,095,000 equivalent to approximately HK$677,602,000). The remaining balance of pledged bank deposits was pledged to bank to secure general banking facilities granted to the Group.

12. Trade Creditors and Bills Payable

The aged analysis of trade creditors is as follows:

	As at 30 June 2009 (Unaudited) ***HK$'000***	As at 31 December 2008 (Audited) *HK$'000*
0 to 30 days	**308,244**	141,056
31 to 60 days	**98,431**	—
61 to 90 days	**9**	—
Over 90 days	**446**	404
	407,130	141,460
Bills payable	**238,789**	180,627
	645,919	322,087

13. Borrowings, Partly Secured

	As at 30 June 2009 (Unaudited) ***HK$'000***	As at 31 December 2008 (Audited) *HK$'000*
Bank trust receipts loans	**476,653**	587,732
Bank trust receipts loans (pledged with RMB bank deposits)	**577,196**	677,602
Other bank loans	**139,391**	152,156
Bank overdrafts	**—**	1,806
	1,193,240	1,419,296
Analysed as:		
Secured	**824,002**	936,954
Unsecured	**369,238**	482,342
	1,193,240	1,419,296
Carrying amount repayable:		
Within one year	**1,146,560**	1,309,045
More than one year, but not exceeding two years	**46,680**	48,633
More than two years, but not exceeding five years	**—**	61,618
	1,193,240	1,419,296
Less: Amounts due within one year shown under current liabilities	**(1,146,560)**	(1,309,045)
	46,680	110,251

Other bank loans of the Group comprise of: (a) an amount of approximately US$11,720,000 (equivalent to approximately HK$91,182,000) (31.12.2008: US$18,920,000 equivalent to HK$147,198,000) 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 two wholly owned subsidiaries, Sound Hong Kong Limited and NewOcean (Shenzhen) Energy Investment Limited; (b) an amount of approximately HK$2,833,000 (31.12.2008: HK$4,958,000) drawn under a term loan facility guaranteed by the Company; and (c) an amount of RMB40,000,000 (equivalent to approximately HK$45,376,000) (2008: nil) drawn under short-term loan facility guaranteed by the Company.

14. Share Capital

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.10 each (2008: HK$0.10 each)		
Authorised share capital:		
At 31 December 2008 and 30 June 2009	**20,000,000,000**	2,000,000
Issued and fully paid share capital:		
At 31 December 2008 and 30 June 2009	**963,353,374**	96,336

15. Contingent Liabilities

The Group had no significant contingent liabilities at both 30 June 2009 and 31 December 2008.

16. Other Commitments

	As at 30 June 2009 (Unaudited)	As at 31 December 2008 (Audited)
	HK$'000	*HK$'000*
a. Capital expenditure contracted for but not provided in the financial statements in respect of:		
Purchase of gas plant and machinery	**4,259**	1,423
b. Acquisition of a subsidiary, 茂名市三陽燃氣有限公司	**8,406**	16,340

17. Lease Commitments

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 June 2009 (Unaudited) ***HK$'000***	As at 31 December 2008 (Audited) *HK$'000*
Within one year	**38,512**	55,604
In the second to fifth year inclusive	**82,143**	102,808
After five years	**3,868**	4,660
	124,523	163,072

18. Related Party Transactions

During the period, the Group entered into the following transactions with related parties:

	Six months ended 30 June	
	2009 (Unaudited) ***HK$'000***	2008 (unaudited) *HK$'000*
Sales to a jointly controlled entity	**164**	201
Rental expenses paid to Shum Ho, Neo (Note)	**254**	228

Note: Shum Ho, Neo is the son of Shum Siu Hung, Chairman of the Group, and Tong Shiu Ming, spouse of Shum Siu Hung.

On 16 May 2008, Sound Management Services Limited, a wholly-owned subsidiary of the Company, entered into an office tenancy agreement with Shum Ho, Neo, son of Shum Siu Hung, for the use of office premises provided by Shum Ho, Neo located on 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong at HK$38,000 per calendar month for a period of one year commencing on 16 May 2008. On 16 May 2009, the agreement was renewed for one year to 15 May 2010 at HK$55,000 per calendar month with the same terms.

In the opinion of the Company's directors, the rental amounts were based on market rates at the time when the tenancy agreement was renewed.

Compensation of key management personnel

The remuneration of executive directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(unaudited)
	HK$'000	*HK$'000*
Short-term benefits	**3,399**	2,667
Post-employment benefits	**53**	30
	3,452	2,697

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

19. Events After the End of the Reporting Period

On 21 August 2009, two wholly owned subsidiaries of the Company, Sound Hong Kong Limited and NewOcean Development Limited ("NewOcean Development") entered into a subscription agreement (the "Subscription Agreement") with Provisional Talent Limited (the "Subscriber") pursuant to which the Subscriber has conditionally agreed to subscribe the subscription shares (the "Subscription Shares") at the subscription price of HK$100,000,000 payable to NewOcean Development in cash (the "Subscription") which represents 25% of the issued share capital of NewOcean Development as enlarged by the Subscription. Sound Hong Kong Limited is the immediate holding company of NewOcean Development. NewOcean Development is an investment holding company and its subsidiaries are engaged in sales and distribution of LPG in the PRC. According to the Subscription Agreement, NewOcean Development granted a put-back option (the "Put Option") to the Subscriber. The Put Option is exercisable for a term of three years from the completion of the Subscription. The Subscriber has the right to require NewOcean Development to repurchase, or to procure the purchase of, the Subscription Shares in accordance with the conditions in the Subscription Agreement. In the event of exercising the Put Option, the Subscription Shares will be repurchased by NewOcean Development at a repurchase consideration equal to the subscription price plus an interest accruing at 5% per annum from the date of the exercise to the date of payment of the repurchase consideration. Up to the date of this report, the Subscription has not been completed.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

General

The Group continued to maintain healthy business growth for the half-year ended 30 June 2009. During the period, it recorded a turnover of approximately HK$3,147,000,000. Whilst turnover growth was just 5.88% on the turnover of approximately HK$2,972,108,000 for the same period in 2008, the net profit generated therefrom surged by about 36.91% to approximately HK$40,713,000 in comparison with that of approximately HK$29,738,000 for the same period in 2008. During the second half of 2008, the Company completed an open offer of 481,676,687 new shares to our shareholders on the basis of one offer share for each share held by the shareholder. As at 30 June 2009, the Company had 963,353,374 weighted average number of ordinary shares (as at 30 June 2008: 529,844,356 shares), and basic earnings per share for the half-year ended 30 June 2009 was HK4.23 cents (half year ended 30 June 2008: HK5.61 cents based on 529,844,356 shares), a decrease of 24.60% in comparison with that of HK5.61 cents for the same period in 2008.

Liquefied petroleum gas ("LPG") recorded a sales volume of approximately 500,000 tons in the first half of 2009, representing a 26.26% increase in comparison with that of approximately 396,000 tons for the corresponding period in 2008. Turnover stood at approximately HK$2,771,000,000, roughly equaling the turnover of approximately HK$2,792,000,000 for the same period in 2008. During this half-year period, LPG prices in both the domestic market and the international market followed the substantial adjustment in crude oil prices commencing October 2008. Sales price on average dropped by more than 20% which accounted for the slight drop in the Group's turnover despite the increase in the sales volume. As there was a even steeper drop in the average cost of purchase for the Group the gross profit achieved in the first half of year 2009 therefore rose to about HK$141,000,000, an increase of over 100% (in comparison with that of about HK$67,500,000 for the same period in year 2008).

Cellular phones and electronics components ("Electronics") recorded a turnover of about HK$376,000,000 in the first half of 2009, an increase of more than 100% in comparison with that of about HK$180,000,000 for the same period in 2008. As the gross profit of Electronics was relatively stable, its growth rate was more or less equals the turnover. Accordingly it reached approximately HK$27,000,000, doubling that of about HK$14,500,000 for the same period in 2008.

Business Review and Analysis

Overall Situation

The Group has the honour of being selected as an eligible entity on the launch of the cross border Renminbi settlement pilot plan by the Central Government in 2009. We strongly believe that the high degree of discipline in the running of our LPG business, our continual growth in import and export volume and the size of our renminbi exchange transactions were the key consideration of the Zhuhai Government to include the Group in the first batch of eligible entities in the pilot plan, and that also confirmed our high standing in the LPG industry of Zhuhai.

Despite the global recession in 2009 triggered by the financial tsunami in 2008, the Group remained unaffected and maintained substantial business growth.

In the first half of 2009, the LPG import volume of our Zhuhai Terminal grew to about 433,000 tons, an increase of about 33.23% in comparison with that of about 325,000 tons for the same period in 2008. Out of these approximately 433,000 tons, about 397,000 tons were sold to the market and about 36,000 tons were internally allocated to the Group's retail operations. The bottling plants owned by the Group had achieved approximately 103,000 tons of sales in the first half of 2009, an increase of about 10.75% comparing with that of about 93,000 tons for the same period in 2008. Out of the approximately 103,000 tons of sales, approximately 36,000 tons were sourced from the Zhuhai Terminal and the remaining approximately 67,000 tons were purchased locally from the oil refineries or other terminals in mainland China.

Regarding trading in cellular phones, the Group continued the business model of cooperation with Newtel Corporation Co. Ltd. ("Newtel") of Thailand and focused on the sales in the Thailand market.

The restructuring of the internal corporate organization relating to all our businesses was close to completion by the end of the first half of 2009. Three major wholly owned subsidiaries had been designated to head the development of three major lines of business:

LPG Wholesaling — NewOcean (Shenzhen) Energy Investment Co. Ltd. functions as the spearhead, it directly owns the LPG terminal company in Zhuhai which, in turn, is responsible for the promotion of local LPG wholesaling, bonded exports and the expansion into providing chemical products (including oil products) logistics services;

LPG Retailing — NewOcean Development Limited functions as the spearhead, it directly and indirectly owns all the subsidiaries that are engaged in LPG retailing in Guangdong and Guangxi. It is also responsible for the establishment of a comprehensive sales network in mainland China, the trading of local LPG as well as the expansion of bottled LPG into the overseas markets; and

Electronics — Baifuyang Macao Commercial Offshore Ltd. functions as the spearhead company, it handles all the trading of cellular phones and electronics components.

Led by the holding company of the Group, these three teams will continue to promote their own lines of business and to optimize their team structures under appropriate degree of operational, financial and managerial autonomy/independence.

LPG Wholesaling

In the first half of 2009, the LPG wholesaling volume of the Group reached about 397,000 tons, a 30.85% growth over that of about 303,400 tons for the same period in 2008. Out of the approximately 397,000 tons of wholesaling, approximately 125,000 tons were exported (with prices linked with LPG index); approximately 126,000 tons were sold to local customers under term contracts (with prices linked with LPG index), about 2,000 tons were supplied to industrial customers and the remaining 144,000 tons were sold to the mainland market in fixed prices on spot basis.

During the period under review, the price difference between imported LPG and local LPG that had long prevailed in the market was narrowed due to substantial drop of the international price. The demand for import LPG in Guangdong rebounded and at the same time the suppliers were offered a margin slightly better than that of export. The management of the Group took the chance to raise its import volume and spot sales made an important contribution to the increase of gross profit margin of the LPG wholesaling in the first half of 2009.

In the past few years as our imports need to be settled in American dollars, and we receive Renminbi from a large portion of our wholesales, the Group constantly needed to exchange Renminbi into American dollars through the banking system in mainland China. During this exchange process, the management utilize financial instruments such as direct forward contracts and non-deliverable foreign exchange for hedging as well as exchange cost savings (booked as other incomes) up to the extent of the settlement amount. In the first half of year 2009, because of the slow down of Renminbi appreciation, there was less chance in the market for utilizing the above mentioned financial instruments to achieve exchange cost savings. Exchanges of Renminbi into American were mostly done on spot price basis and therefore income derived from these cost savings measures has dropped significantly.

In the first half of year 2009, the management also took certain other measures to control the operating cost of the LPG wholesaling. These included the termination of a LPG ship time charter contract, as a result ship rental expenditure was reduced by about RMB10,000,000, and the termination of another LPG ship time charter contract that caused a provision of about HK$15,088,000 for the ship rental deposit. In addition, as interest rate remained at a rather low level in the period and there was less utilization of the above mentioned financial instruments, both the administrative expenses and the financial expenses were reduced.

LPG Retailing

The LPG retail business conducted through the Group's bottling plants in Guangdong and Guangxi Province achieved a sales volume of about 103,000 tons in the first half of year 2009, an increase of about 10.75% in comparison with that of about 93,000 tons for the same period in 2008. During the period, as the price difference between import LPG and local LPG narrowed, the Group considerably increased the supply of import LPG volume to its retail customers. The change to import LPG, which has much better quality than local LPG, was intended as brand name promotion. The change caused little impact on its earning capability, but helped to lay a strong foundation for the Group's expansion in direct sales to end-users.

	2008 (half year)	**2009 (half year)**
Allocation by Zhuhai Terminal	21,600 tons (23%)	36,000 tons (35%)
Purchase of local LPG	71,400 tons (77%)	67,000 tons (65%)
Total Purchase	**93,000 tons (100%)**	**103,000 tons (100%)**

In the first half of 2009, development focus was put on reducing the Group's sales through dealers and establishing our own network for direct sales. Since the beginning of year 2009, logistic facilities and manpower in Guangzhou and Shenzhen were strengthened for the aforesaid purpose, and direct sales of bottled LPG to restaurants and households has started with the aim to improve the gross profit from the Group's sales.

The acquisition of the Maoming City Sanyang LPG Company Limited is expected to be completed in September 2009. Sales growth in the first half of year 2009 was contributed entirely by the existing bottling plants (Maoming Sanyang's sales were not taken into account). We anticipated that about 2,000 tons of sales will be contributed by Maoming Sanyang Gas Plants in the last quarter of 2009.

Electronics

The total turnover of Electronics trading in the first half of year 2009 increased to about HK$376,000,000 (about 100% of that of approximately HK$180,000,000 for the same period in 2008). Out of the total turnover, about HK$228,000,000 were from trading in cellular phones and about HK$148,000,000 were from electronics components. In line with the Group's existing policy of promoting more on cellular phones trading, the proportion between the cellular phones and electronics components further increased to 61/39 from 58/42 in 2008. In respect of the trading of cellular phones, the Group is cooperating with Newtel pursuant to which the Group shall make its purchase of the cellular phones after Newtel has committed to off-take all the products. Through this cooperation, the Groups maintains an assured profit margin for the business.

Business Outlook

In respect of the LPG wholesaling business, the Zhuhai Terminal will continue to serve as the logistic centre for the expansion of its distribution network. In order to provide its logistic service with higher efficiency, the Zhuhai Terminal will start the construction of two additional berths in the second half of year 2009. At the same time, it will also speed up the approval progress of the oil products storage project. We anticipate that the total import volume of the Zhuhai Terminal will most likely exceed 800,000 tons in 2009, which is close to its current maximum handling capacity of about 1,000,000 tons. The addition of two berths will effectively increase the Terminal's annual handling capacity to about 1,600,000 tons of LPG and concurrently about 1,000,000 tons of oil products.

Regarding the LPG retailing business, the Group has made increased efforts to promote direct sales inside China in 2009. The Group is also poised to expand the bottled LPG business into the Hong Kong and Macau markets. In order to achieve this goal, a new company was established in Hong Kong as a subsidiary of NewOcean Development Limited, through which the Group is now applying for the licenses as registered gas suppliers in Hong Kong and Macau. Leases have also been taken out for two pieces of land in Tuen Men for the construction of a depot that serves as storage and distribution centre for bottled LPG. In addition, in order to accelerate the expansion of bottled LPG into Hong Kong and Macau, the Group successfully secured a strategic investor to inject HK$100,000,000 into NewOcean Development Limited for 25% of its shares in August 2009, details of which have been announced by the Company on 25 August 2009. We anticipate that the total sales volume of LPG retailing will exceed 210,000 tons in the current year, and when the Hong Kong and Macau business commenced operation in 2010, the earning capability will be substantial enlarged.

LIQUIDITY AND FINANCIAL REVIEW

At the period end, the Group maintained bank balances and cash amounting to approximately HK$73,611,000 (31.12.2008: HK$143,756,000). Current ratio and gearing ratio were 1.01:1 (31.12.2008: 1.01:1) and 0.73:1 (31.12.2008: 0.73:1) respectively. The latter was calculated on the basis of total liabilities of approximately HK$1,991,568,000 (31.12.2008: HK$1,982,655,000) divided by total assets of approximately HK$2,746,458,000 (31.12.2008: HK$2,700,263,000).

HUMAN RESOURCES

As at 30 June 2009, the Group employed approximately 520 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 2009.

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 2009.

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 2009 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 2009.

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 2009 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, 9 September 2009

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, Mr. Cen Ziniu, Mr. Cai Xikun, Mr. Brian Siu Ka Fai and Mr. Wang Jian, 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.