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 2010

FINANCIAL HIGHLIGHT

- Revenue increased by 20.6% to HK$3,796 million
- Gross profit increased by 2.6% to HK$173 million
- Profit for the period attributable to the owners of the Company increased by 56.0% to HK$64 million

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 2010 together with comparative figures for the corresponding period in 2009. These condensed consolidated interim results have not been audited, but have been reviewed by the Company's external auditor and the audit committee.

** for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	3	**3,795,586**	3,147,000
Cost of sales		**(3,622,797)**	(2,978,630)
Gross profit		**172,789**	168,370
Other income		**39,928**	18,534
Selling and distribution expenses		**(36,228)**	(31,664)
Administrative expenses		**(52,026)**	(42,210)
Changes in fair values of foreign currency forward contracts		**12,318**	1,529
Written off of rental deposit for liquefied petroleum gas ("LPG") vessel	4	**-**	(15,088)
Finance costs on bank trust receipts loans pledged with RMB bank deposits		**(23,432)**	(13,285)
Other finance costs		**(43,187)**	(19,331)
Share of profit (loss) of a jointly controlled entity		**177**	(2,369)
Profit before taxation	5	**70,339**	64,486
Income tax expense	6	**(6,834)**	(23,773)
Profit for the period attributable to the owners of the Company		**63,505**	40,713
Other comprehensive income			
Exchange differences arising on translation		**14,067**	(541)
Total comprehensive income for the period		**77,572**	40,172
Total comprehensive income for the period attributable to:			
Owners of the Company		**77,239**	40,172
Non-controlling interests		**333**	-
		77,572	40,172
Earnings per share	7		
Basic		**HK5.49 cents**	HK4.23 cents
Diluted		**HK5.43 cents**	HK4.23 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2010

	Note	As at 30 June 2010 (Unaudited) HK$'000	As at 31 December 2009 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	9	**573,827**	572,471
Prepaid lease payments for land		**65,449**	66,164
Prepaid lease payments for coast		**11,226**	11,512
Goodwill		**127,152**	120,509
Other intangible assets		**14,167**	15,961
Interest in a jointly controlled entity		**7,607**	6,170
Other assets		**69,380**	68,111
Deferred tax assets		**1,556**	1,190
		870,364	862,088
Current assets			
Inventories		**419,985**	425,846
Trade debtors and bills receivable	10	**789,593**	762,023
Other debtors, deposits and prepayments	10	**749,112**	579,588
Derivative financial instruments		**16,283**	6,057
Prepaid lease payments for land		**2,676**	2,650
Prepaid lease payments for coast		**786**	778
Amount due from a jointly controlled entity		**-**	341
Pledged bank deposits	11	**2,063,896**	1,392,355
Bank balances and cash		**306,889**	194,716
		4,349,220	3,364,354
Current liabilities			
Trade creditors and bills payable	12	**834,620**	954,001
Other creditors and accrued charges		**79,878**	139,332
Derivative financial instruments		**4,769**	3,450
Tax liabilities		**18,242**	18,807
Borrowings, partly secured – repayable within one year	13	**2,803,962**	2,052,545
Obligation for put option to non-controlling shareholder of a subsidiary		**5,150**	5,103
		3,746,621	3,173,238
Net current assets		**602,599**	191,116
Total assets less current liabilities		**1,472,963**	1,053,204
Capital and reserves			
Share capital	14	**115,586**	115,586
Share premium and other reserves		**997,346**	899,104
Equity attributable to:			
Owners of the Company		**1,112,932**	1,014,690
Non-controlling interests		**9,299**	1,527
Total equity		**1,122,231**	1,016,217
Non-current liabilities			
Deferred tax liabilities		**19,453**	19,187
Borrowings, partly secured – repayable over one year	13	**331,279**	17,800
		350,732	36,987
		1,472,963	1,053,204

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2010

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 2009, except as described below.

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.

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

Except as described below, 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 or prior accounting period and no prior period adjustment has been required.

HKFRS 3 (Revised 2008) Business Combinations

HKFRS 3 (Revised 2008) Business Combination has been applied prospectively from 1 January 2010. Its application has affected the accounting for the acquisition of 東方石油有限公司 in the current period.

The impact of adoption of HKFRS 3 (Revised 2008) has been to require acquisition-related costs to be accounted for separately from the business combination. As a result, the Group has recognized approximately HK$60,000 of such costs as administrative expense in profit or loss, whereas previously they would have been accounted for as part of the cost of the acquisition and the goodwill would have been increased by HK$60,000.

The adoption of HKFRS 3 (Revised 2008) has no other impact to the Group for the current or prior accounting periods.

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increase or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involved loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under HKAS 27 (Revised 2008), all increases or decreases in such interest are dealt with in equity, with no impact on goodwill or profit or loss.

In respect of the disposal during the period of part of the Group's interest in Best Resources Base Limited, the impact of the change in policy has been that the difference of approximately HK$33,111,000 between the consideration received and the increase in the carrying amount of the non-controlling interests and the exchange reserve related to the disposed 10% equity interest of Best Resources Base Limited has been recognised directly in equity. Had the previous accounting policy been applied, this amount would have been recognised in profit or loss.

The effect of changes in accounting policies described above on the results for the current period and prior periods by line item presented in the condensed consolidated statement of comprehensive income is as follows:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Decrease in other income from disposal of an interest in a subsidiary that does not result in loss of control	**(33,111)**	-
Increase in administrative expense arising on the recognition of acquisition-related costs when incurred	**(60)**	-
Decrease in profit before taxation for the period	**(33,171)**	-

The effect of changes in accounting policies described above on the Group's basis and dilutive earnings per share is as follows:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK cents	*HK cents*
Basis earnings per share before adjustments arising from changes in accounting policy	**8.35**	4.23
Disposal of an interest in a subsidiary that does not result in loss of control	**(2.86)**	-
Acquisition-related costs recognised when incurred	**-**	-
Reported basic earnings per share	**5.49**	4.23

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK cents	*HK cents*
Diluted earnings per share before adjustments arising from changes in accounting policy	**8.26**	4.23
Disposal of an interest in a subsidiary that does not result in loss of control	**(2.83)**	-
Acquisition-related costs recognised when incurred	**-**	-
Reported diluted earnings per share	**5.43**	4.23

Amendment to HKAS 17 Lease

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present it as prepaid lease payments in the condensed consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. Instead, the amendment requires the classification of leasehold land to be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group has reassessed the classification of unexpired leasehold land at 1 January 2010 based on information that existed at the inception of the leases. In the opinion of the directors of the Company, no reclassification is required because none of the leasehold land qualifies for finance lease classification. Hence, the adoption of the amendment to HKAS 17 has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related party disclosures[4]
HKAS 32 (Amendment)	Classification of rights issues[2]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[3]
HKFRS 9	Financial instruments[5]
HK(IFRIC)-INT 14 (Amendment)	Prepayments of a minimum funding requirement[4]
HK(IFRIC)-INT 19	Extinguishing financial liabilities with equity instruments[3]

1 *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011.*
2 *Effective for annual periods beginning on or after 1 February 2010.*
3 *Effective for annual periods beginning on or after 1 July 2010.*
4 *Effective for annual periods beginning on or after 1 January 2011.*
5 *Effective for annual periods beginning on or after 1 January 2013.*

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

3. Segment Information

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

Six months ended 30 June 2010 (Unaudited)

	Sale and distribution of LPG through Zhuhai terminal and in the international market	Sale and distribution of LPG through retail networks in the PRC	Sale of electronic products	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	**2,666,185**	**626,783**	**502,618**	**3,795,586**
Segment profit	**60,811**	**20,534**	**21,859**	**103,204**
Interest income				**32,880**
Central administration costs and directors' salaries				**(11,444)**
Changes in fair values of foreign currency forward contracts				**12,318**
Finance costs on bank trust receipts loans pledged with RMB bank deposits				**(23,432)**
Other finance costs				**(43,187)**
Profit before taxation				**70,339**

Six months ended 30 June 2009 (Unaudited)

	Sale and distribution of LPG through Zhuhai terminal and in the international market *HK$'000*	Sale and distribution of LPG through retail networks in the PRC *HK$'000*	Sale of electronic products *HK$'000*	Consolidated *HK$'000*
Segment revenue	2,411,435	359,436	376,129	3,147,000
Segment profit	53,785	10,986	26,936	91,707
Interest income				13,176
Central administration costs and directors' salaries				(9,310)
Changes in fair value of foreign currency forward contracts				1,529
Finance costs on bank trust receipt loans pledged with RMB bank deposits				(13,285)
Other finance costs				(19,331)
Profit before taxation				64,486

The directors have changed the name of the operating segments from "international nature LPG business" and "PRC nature LPG business" to "sales and distribution of LPG through Zhuhai terminal and in the international market" and "sale and distribution of LPG through retail networks in the PRC" respectively. The directors considered that the current terms have better description on their operating segments. There is no re-designation of the Group's operating segments as compared with the operating segments disclosed in the consolidated financial statements of the Group for the year ended 31 December 2009.

All of the segment revenue reported above is from external customers. Segment profit represents the profit earned by each segment without allocation of interest income, central administration costs and directors' salaries, changes in fair values of foreign currency forward contracts, finance costs on bank trust receipts loans pledged with RMB bank deposits and other finance costs.

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

	As at 30 June 2010 (Unaudited) *HK$'000*	As at 31 December 2009 (Audited) *HK$'000*
Sale and distribution of LPG through Zhuhai terminal and in the international market	**1,915,453**	1,485,223
Sale and distribution of LPG through retail networks in the PRC	**410,906**	333,725
Sale of electronic products	**428,070**	737,843
Total segment assets	**2,754,429**	2,556,791

4. Written Off of Rental Deposit for LPG Vessel

In the year ended 31 December 2008, 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 the LPG vessel and obtaining the international shipping licenses according to the agreed terms in the lease agreement, the lease agreement had been terminated and the Group had 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 at that time was considered to be uncertain and remote, thus the full amount was written off during the six months ended 30 June 2009.

Subsequently a voluntary settlement was reached for the early termination of the aforesaid contract and the Group received a compensation of approximately HK$10,898,000, thus the full year written-off amount netted off to approximately HK$4,190,000 for the year ended 31 December 2009.

5. Profit Before Taxation

	Six months ended 30 June	
	2010	2009
	(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)	**1,319**	1,173
Amortisation of prepaid lease payments for coast (included in administrative expenses)	**390**	389
Amortisation of other intangible assets (included in cost of sales)	**1,900**	1,548
Depreciation of property, plant and equipment	**21,592**	20,627
Total depreciation and amortisation	**25,201**	23,737
Net exchange gain	**(4,692)**	(94)

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 recent years and the continuous losses in the jointly controlled entity, the Group revised its cash flow projections for this jointly controlled entity during the period ended 30 June 2009. An impairment loss of approximately HK$2,402,000 was recognised for the period ended 30 June 2009 accordingly. There is no further impairment loss recognised on interest in this jointly controlled entity for the period ended 30 June 2010.

6. Income Tax Expense

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**-**	10
Other regions in the PRC	**7,095**	21,441
	7,095	21,451
Underprovision in prior years in other regions in the PRC	**-**	4,200
	7,095	25,651
Deferred tax	**(261)**	(1,878)
	6,834	23,773

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months periods ended 30 June 2010 and 30 June 2009.

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 months periods ended 30 June 2010 and 30 June 2009.

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

	Six months ended 30 June	
	2010	2009
	(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)	**63,505**	40,713

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,155,853,374**	963,353,374
Effect of dilutive share options	**14,274,570**	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,170,127,944**	963,353,374

Diluted earnings for the period ended 30 June 2009 is not calculated as the exercise price of the share options outstanding was higher than the average market price for shares for the period.

8. Dividends

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Final dividend of HK1.0 cent per share for the year ended 31 December 2009 paid during the interim period (2009: Final dividend of HK0.3 cent per share for year ended 31 December 2008)	11,558	2,890

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: nil).

9. Movements in Property, Plant and Equipment

During the period, the Group paid approximately HK$18,952,000 (six months ended 30 June 2009: HK$5,199,000) to acquire property, plant and equipment.

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

The Group allows an average credit period of 120 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 receivables at the end of each of the reporting period:

	As at 30 June 2010 (Unaudited) *HK$'000*	As at 31 December 2009 (Audited) *HK$'000*
0 to 30 days	**148,765**	362,059
31 to 60 days	**553,761**	231,479
61 to 90 days	**34,980**	29,860
91 to 180 days	**41,619**	84,618
Over 180 days	**10,468**	54,007
	789,593	762,023

Included in deposits are trade deposits paid to suppliers of approximately HK$672,815,000 (31 December 2009: HK$541,197,000) in relation to the purchase of LPG which will be delivered within one year in the PRC.

11. Pledged Bank Deposits

At 30 June, 2010, RMB pledged bank deposits of approximately HK$2,023,462,000 (31 December 2009: HK$1,343,238,000) were pledged to banks to secure the bank trust receipts loans that are classified as current borrowing at the reporting date amounted to approximately HK$2,037,541,000 (31 December 2009: HK$1,362,408,000). The remaining balance of pledged bank deposits were pledged to banks 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 2010 (Unaudited) *HK$'000*	As at 31 December 2009 (Audited) *HK$'000*
0 to 30 days	**182,935**	437,473
31 to 60 days	**42,034**	127,555
61 to 90 days	**2,956**	36,155
Over 90 days	**1,591**	426
	229,516	601,609
Bills payable	**605,104**	352,392
	834,620	954,001

The bills payable mature within 120 days.

13. Borrowings, partly secured

	As at 30 June 2010 (Unaudited) *HK$'000*	As at 31 December 2009 (Audited) *HK$'000*
Bank trust receipts loans	**536,895**	532,174
Bank trust receipts loans (pledged with RMB bank deposits)	**2,037,541**	1,362,408
Other bank loans	**559,930**	175,763
Bank overdrafts	**875**	-
	3,135,241	2,070,345
Analysis as:		
Secured	**2,075,269**	1,511,380
Unsecured	**1,059,972**	558,965
	3,135,241	2,070,345
Carrying amount repayable:		
Within one year	**2,803,962**	2,052,545
More than one year, but not exceeding two years	**218,968**	-
More than two years, but not exceeding five years	**112,311**	17,800
	3,135,241	2,070,345
Less: Amounts due within one year shown under current liabilities	**(2,803,962)**	(2,052,545)
	331,279	17,800

As at 30 June 2010, the other bank loans are unsecured. As at 31 December 2009, other bank loans of the Group comprise of: (a) an amount of approximately HK$70,642,000 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 the wholly owned subsidiaries, Sound Hong Kong Limited and NewOcean (Shenzhen) Energy Investment Limited; (b) an amount of approximately HK$23,347,000 drawn under a term loan facility guaranteed by the Company; (c) an amount of approximately HK$81,774,000 drawn under a short term loan facility for PRC companies guaranteed by the Company; and (d) an amount of approximately HK$13,629,000 drawn under a term loan facility secured by fixed charge over the assets of a wholly owned subsidiary, Shenzhen Baorun Liquefied Petroleum Gas Company Limited.

14. Share Capital

	Number of shares	Amount *HK$'000*
Ordinary shares of HK$0.10 each (2009: HK$0.10 each)		
Authorised share capital:		
At 31 December 2009 and 30 June 2010	20,000,000,000	2,000,000
Issued and fully paid share capital:		
At 31 December 2009 and 30 June 2010	1,155,853,374	115,586

15. Contingent Liabilities

The Group had no significant contingent liabilities at both 30 June 2010 and 31 December 2009.

16. Other Commitments

	As at 30 June 2010 (Unaudited) ***HK$'000***	As at 31 December 2009 (Audited) *HK$'000*
Capital expenditure contracted for but not provided in the financial statements in respect of:		
Purchase of gas plant and machinery	**11,096**	10,169
Capital contribution to an associate company	**68,111**	68,111

17. Lease Commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 June 2010 (Unaudited) ***HK$'000***	As at 31 December 2009 (Audited) *HK$'000*
Within one year	**8,599**	7,126
In the second to fifth year inclusive	**12,978**	13,828
After five years	**2,095**	3,205
	23,672	24,159

18. Related Party Transactions

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

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Sales to a jointly controlled entity	**7,134**	164
Rental expenses paid to Shum Ho, Neo (Note)	**330**	254

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 2009, 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$55,000 per calendar month for a period of one year commencing on 16 May 2009. On 16 May 2010, the agreement was renewed for one year to 15 May 2011 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	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Salaries and allowances	**3,447**	3,399
Contribution to retirement benefit schemes	**53**	53
	3,500	3,452

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

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

1. Summary of Group Performance

1.1. Overall Performance

For the half year ended 30 June 2010, turnover of the Group increased to approximately HK$3,795,586,000, about 20.6% higher than that of approximately HK$3,147,000,000 for the same period in 2009. Profit attributable to the owners of the Company surged by about 56.0% to approximately HK$63,505,000 in comparison with that of approximately HK$40,713,000 for the first half of year 2009. As at 30 June 2010, the Company had 1,155,853,374 weighted average number of ordinary shares (as at 30 June 2009: 963,353,374 shares), and basic earnings per share for the half year ended 30 June 2010 was HK5.49 cents, about 29.8% above that of HK4.23 cents for the same period ended 30 June 2009.

1.2. Business Performance

In the first half of year 2010, **Liquefied Petroleum Gas ("LPG")** recorded a sales volume of approximately 578,000 tons, about 15.6% more than that of approximately 500,000 tons for the first half of 2009. LPG turnover rose to approximately HK$3,292,968,000. The increase in sales volume coupled with higher average sales price in this period constituted a turnover growth of about 18.8% in comparison with that of approximately HK$2,770,871,000 for the same period in 2009. Gross profit though increased to approximately HK$150,351,000 (for the same period in 2009: approximately HK$141,221,000), while gross margin dropped to about 4.6% from that of about 5.1% in the same period of 2009. LPG purchase cost had been continually increasing over the first half of year 2010, with adjustments of sales price inevitably lagging behind, thus causing the shrink in gross margin.

Cellular phones and electronics components ("Electronics") recorded a turnover of approximately HK$502,618,000 in the first half of 2010, an increase of about 33.6% in comparison with that of approximately HK$376,129,000 for the same period in 2009. Gross profit however decreased by about 17.4% to approximately HK$22,438,000 in comparison with that of approximately HK$27,149,000 in the same period of 2009.

The Group's overall gross profit in the first half of year 2010 increased slightly to approximately HK$172,789,000 from that of approximately HK$168,370,000 in the same period of 2009. Affected by the under-performed trading of electronics components, overall gross margin dropped to about 4.6% from that of about 5.4% for the same period in 2009.

1.3 Financial Performance

Despite interest rates remaining at a relatively low level during this period, the Group incurred relatively higher financial costs in the first half of 2010. Interest expenses increased as more bank borrowings had been made to finance the increased cost of purchase as well as the expanded sales on credit. In addition, extra bank charges were paid to secure term loan facilities of US$40,000,000 to meet our planned capital expenditures.

In the first half of year 2010, the financial market had strong expectation for RMB appreciation. Taking this opportunity, the Group applied financial instruments such as direct Foreign Exchange forward contracts and non-deliverable Foreign Exchange to reduce our exchange cost in nearly all the transactions that needed to convert RMB into US$ for payment of the LPG purchases. Net foreign exchange gain (after deducting related interest expenses) in this respect increased substantially and largely compensated the narrowed gross profit margin and the increased financing costs.

1.4 Operational Performance

Sales and distribution expenses increased to approximately HK$36,228,000 from that of approximately HK$31,664,000 in the same period of 2009. The additional costs were mainly incurred in the employment of labour for distribution of bottled LPG and the chartering of trucks and ships for bulk delivery of LPG. Anyhow, sales and distribution expenses had still been maintained at about 1% of the turnover and that was more or less at the same level for the same period in 2009.

Administrative expenses increased to approximately HK$52,026,000 from that of approximately HK$42,210,000 in the same period of 2009. The additional sum was spent on further extension of our LPG retail network, in particular the expansion of staff force and the intensive preparation and promotion work for opening up bottled LPG retail operation in Zhuhai and Macau. The operation in these two areas started in March 2010 and had been expanding with promising momentum.

2. Business Review and Analysis

2.1 LPG Wholesaling

In the first half of year 2010, the price difference between imported and local LPG widened again due to the continual rise of international prices. Management of the Group had taken a very cautious approach in the purchase of imported LPG. Total volume of imported LPG amounted to approximately 215,000 tons, a reduction of about 50.3% comparing with that of about 433,000 tons in the same period of 2009. Purchases under term contract were maintained at a volume more or less equalling that in the same period of 2009. Purchases on spot basis however had been reduced substantially, and the shortfall was covered by increase in local LPG purchase.

Given the change in purchase strategy, the Group's Zhuhai Terminal recorded a reduction of its LPG import volume for the first time in the past 5 years, but the wholesale volume of the Group was unaffected. It continued to expand and reached approximately 478,000 tons in the first half of year 2010, a growth of about 20.4% in comparison with that of about 397,000 tons for the same period in 2009. Out of the 478,000 tons of wholesaling, approximately 106,000 tons were exported mostly under term contract; approximately 150,000 tons were sold under term contracts to PRC industrial customers and auto-gas operators, and about 222,000 tons were sold in the PRC market on spot basis.

The Group was able to achieve continual growth in its LPG wholesaling volume without relying heavily on importing. It signified that the sources of purchases had been secured and diversified (both internationally and locally), the Group has established sufficient infrastructures in addition to the sea terminal to handle cargoes from different sources, and the sales network had been developed to cover customers with a variety of needs. We strongly believe that in the coming future, the Group willl enjoy higher flexibility in choosing LPG with appropriate quality to meet its customers' requirement, and ,to lower its cost of purchase at the same time.

2.2 LPG Retailing

The bottled LPG retailing business conducted through the Group's bottling plants in the Guangdong and Guangxi provinces achieved a sales volume of approximately 100,000 tons in the first half of year 2010.

In 2010, two bottling plants are expected to add to the Group's distribution network that comprises the existing 13 bottling plants. The bottling plant at Zhuhai Terminal is scheduled to complete its construction and resume its operation in September. It will serve as a distribution centre for supplying bottled LPG to industrial customers in Zhuhai industrial zone, Xinhui and Kaiping area. In May 2010, we acquired another bottling plant situated close to the Zhuhai/Macau Hengqin Cross Border Check Point. The location of this plant provides it with high convenience and improved efficiency in serving the Zhuhai household/commercial market as well as providing bottle refilling services to the distributors in Macau.

In March 2010, the Group successfully acquired one of the seven bottled LPG distributors in Macau. Although this distributor has only a single digit percentage of market share in Macau, it plays an important role in establishing close relationship with other distributors in the city and helps to promote the cross-border bottle refilling services of our Hengqin bottling plant.

In addition to expanding into more profitable markets by the increase of strategically located bottling plants, the Group continued to pursue the establishment of its own network for direct sales by strengthening its logistic facilities and manpower of the existing plants. Guangzhou and Shenzhen operation indeed produced positive results. For other markets, more time and effort will be needed to alter the current market situation.

2.3 Electronics

In the first half of year 2010, the turnover of the Group's electronics business amounted to approximately HK$502,618,000, a growth of about 33.6% in comparison with that of approximately HK$376,129,000 for the same period in 2009.

Electronic components trading contributed a turnover of approximately HK$321,000,000 (for the same period in 2009: approximately HK$147,910,000), but generated only a gross profit of approximately HK$5,940,000 (for the same period in 2009: approximately HK$8,630,000). Gross margin narrowed substantially to 1.9% from 5.8%.

With respect to cellular phones business, being affected by the political instability prevailing in Thailand in the first quarter of 2010, turnover of cellular phones business dropped by about 20.4% to approximately HK$181,618,000 from that of approximately HK$228,219,000 for the same period in 2009. Gross profit contribution therefore decreased to approximately HK$16,498,000 (for the same period in 2009: approximately HK$18,519,000). Nevertheless, gross margin of cellular phones business was able to maintain at about 8% - 9% which is at the same level as that for the same period in 2009.

3. Business Outlook

3.1 The Group's business license for refined oil products storage, which had been under application for some years, was granted in August 2009 but the cooperation with Caltex South China Investment was terminated in early 2010. Subsequently, a new partner was identified to jointly develop the refined oil products storage project. Preparation for construction had been completed in July 2010. The foundation work of the project started in August and the entire construction work is planned to be completed within 12 months. By the last quarter of 2011, a new line of business – refined oil products storage will commence its operation. It will bring additional rental revenue to the Group without incurring substantial operating costs and will further enhance the utilization of the jetties in the Zhuhai Terminal.

3.2 The construction of two additional berths at the Zhuhai Terminal had been rescheduled. It will be undertaken processed in parallel to the construction of the refined oil products storage to minimize the impact on daily operation of the LPG terminal. The additional berths are expected to be completed by August 2011. By then Zhuhai Terminal's annual handling capacity will be increased to about 1,600,000 tons of LPG side by side with about 1,000,000 tons of refined oil products.

3.3 In late 2009, Management had already put the strengthening of earning capability as their development objective for the coming years. In order to do so, the Group is going to expand to the downstream market including more direct sales of bottled LPG to household users, auto-gas refueling stations operation and city gas operation in Guangdong. Furthermore we shall also expand into the Hong Kong and Macau bottled LPG market where much higher profit margin is anticipated.

3.4 In June, the Group entered into a letter of intent for the acquisition of a Guangzhou auto-gas operator. Negotiations are still ongoing as at the date of this announcement. Auto-gas operation has ample room for development in Guangdong, and being the major import LPG supplier in this market, the Group's participation in the auto-gas operation will definitively be synergy creating.

3.5 Application for the license of Registered Gas Supply Company had been made to the Hong Kong government and it is approaching the final stage for approval. We have made available all resources including land, bottle storage terminal, cross-border wagons and bottles to facilitate our distribution of bottled LPG in Hong Kong, and the operation is likely to commence at the end of 2010.

We anticipate that 2010 will be a year for capital investment and acquisition, with only moderate sales growth and profitability improvement. If the negotiations for the acquisition of the Guangzhou auto-gas operator are fruitful, and the Hong Kong operation can commence at the end of this year, marked improvement in our earning capability can be expected in 2011.

CHANGE IN DIRECTORSHIP

On 14 June 2010, Mr. Wu Hong Cho ("Mr. Wu") resigned as non-executive director of the Company and Mr. Wu will continue to hold the position of company secretary of the Company.

LIQUIDITY AND FINANCIAL REVIEW

At the period end, the Group maintained bank balances and cash amounting to approximately HK$ 306,889,000 (31 December 2009: HK$ 194,716,000). Current ratio and gearing ratio were 1.16:1 (31 December 2009: 1.06:1) and 0.78:1 (31 December 2009: 0.76:1) respectively. The latter was calculated on the basis of total liabilities of approximately HK$ 4,097,353,000 (31 December 2009: HK$3,210,225,000) divided by total assets of approximately HK$5,219,584,000 (31 December 2009: HK$4,226,442,000).

HUMAN RESOURCES

As at 30 June 2010, the Group employed approximately 670 employees in Hong Kong, Macau and mainland China. The Group remunerated the employees based on their performance, experience and prevailing market practices.

FOREIGN EXCHANGE FLUCTUATIONS

The LPG business of the Group generates a large portion of its revenue in Reminbi and cost of the Group's LPG imports is incurred in US dollars. The Group therefore has a certain degree of exposure to foreign exchange risk arising from the exposure of Renminbi against Hong Kong dollars and US dollars. However, as explained in the sub-paragraph headed "Financial Performance" in the section "Management Discussion and Analysis", the Group applied financial instruments such as direct Foreign Exchange forward contracts and non-deliverable Foreign Exchange to reduce our exchange cost, and these transactions have a foreign exchange hedging effect. The Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong Dollars, US dollars and Renminbi in the foreseeable future.

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 2010.

AUDIT COMMITTEE

The audit committee, comprising all independent non-executive directors of the Company, has reviewed with the Company's external auditor and 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 2010.

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 throughout the six months ended 30 June 2010 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 (the "Securities Code") as its own code of conduct regarding securities transactions. 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 2010.

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 2010 Interim Report will be dispatched to shareholders in due course and will be published at the websites of the Company and the Stock Exchange at the same time.

By order of the Board
Shum Siu Hung
Chairman

Hong Kong, 25 August 2010

As at the date of this announcement, the Board of the Company comprises Mr. Shum Siu Hung, Mr. Shum Chun, Lawrence, Mr. Cai Xikun, Mr. Cen Ziniu, Mr. Chiu Sing Chung, Raymond, Mr. Siu Ka Fai, Brian and Mr. Wang Jian, being the executive Directors, Mr. Cheung Kwan Hung, Anthony, Mr. Chan Yuk Wai, Benedict and Dr. Xu Mingshe, being the independent non-executive Directors.