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

FINANCIAL HIGHLIGHT

— Revenue increased by 30.8% to HK$8,478 million

— Gross profit increased by 13.0% to HK$447 million

— Profit for the year increased by 22.2% to HK$137 million

* *For identification purposes only.*

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

The Board of Directors (the "Board") of NewOcean Energy Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 together with comparative figures for the year ended 31 December 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	**2010** *HK$'000*	2009 *HK$'000*
Revenue	*2*	**8,477,715**	6,483,119
Cost of sales		**(8,030,917)**	(6,087,801)
Gross profit		**446,798**	395,318
Interest income on pledged Renminbi ("RMB") bank deposits		**47,088**	17,190
Other income	*4*	**68,232**	10,839
Selling and distribution expenses		**(79,093)**	(84,957)
Administrative expenses		**(136,432)**	(93,413)
Written off of trade debtors		—	(2,256)
Written off of other assets		—	(4,190)
Impairment on goodwill recognised		—	(7,500)
Changes in fair values of derivative financial instruments		**(82,087)**	2,607
Interests on bank trust receipts loans pledged with RMB bank deposits		**(40,946)**	(19,677)
Other finance costs		**(68,348)**	(52,896)
Share of profit (share of loss and impairment) of a jointly controlled entity		**239**	(5,972)
Profit before taxation	*6*	**155,451**	155,093
Taxation charge	*5*	**(18,067)**	(42,642)
Profit for the year		**137,384**	112,451
Other comprehensive income			
Exchange differences arising on translation		**33,511**	275
Total comprehensive income for the year		**170,895**	112,726
Profit for the year attributable to:			
Owners of the Company		**136,647**	112,451
Non-controlling interests		**737**	—
		137,384	112,451
Total comprehensive income attributable to:			
Owners of the Company		**169,778**	112,730
Non-controlling interests		**1,117**	(4)
		170,895	112,726
Earnings per share			
Basic	*7*	**HK11.59 cents**	HK11.53 cents
Diluted	*7*	**HK11.42 cents**	HK11.53 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**668,263**	572,471
Prepaid lease payments for land		**64,631**	66,164
Prepaid lease payments for coast		**11,106**	11,512
Goodwill		**130,224**	120,509
Other intangible assets		**12,498**	15,961
Interest in a jointly controlled entity		**7,861**	6,170
Available for sale investment		**3,526**	—
Other assets		**125,613**	68,111
Deferred tax assets		**1,610**	1,190
		1,025,332	862,088
Current assets			
Inventories		**469,727**	425,846
Trade debtors and bills receivable	*8*	**756,361**	762,023
Other debtors, deposits and prepayments		**446,371**	579,588
Derivative financial instruments		**44,023**	6,057
Entrusted loan		**638,053**	—
Prepaid lease payments for land		**2,880**	2,650
Prepaid lease payments for coast		**806**	778
Amount due from a jointly controlled entity		**—**	341
Pledged bank deposits		**2,035,865**	1,392,355
Bank balances and cash		**380,181**	194,716
		4,774,267	3,364,354
Current liabilities			
Trade creditors and bills payable	*9*	**460,611**	954,001
Other creditors and accrued charges		**124,127**	139,332
Amount due to a jointly controlled entity		**458**	—
Derivative financial instruments		**88,172**	3,450
Tax liabilities		**26,401**	18,807
Borrowings — repayable within one year		**3,341,329**	2,052,545
Obligation for put option to non-controlling shareholder of a subsidiary		**5,288**	5,103
		4,046,386	3,173,238
Net current assets		**727,881**	191,116
Total assets less current liabilities		**1,753,213**	1,053,204

	Note	2010 HK$'000	2009 HK$'000
Capital and reserves			
Share capital	*10*	**130,586**	115,586
Share premium and other reserves		**1,338,122**	899,104
Equity attributable to equity holders of the Company		**1,468,708**	1,014,690
Non-controlling interests		**9,883**	1,527
Total equity		**1,478,591**	1,016,217
Non-current liabilities			
Deferred tax liabilities		**20,376**	19,187
Borrowings — repayable over one year		**254,246**	17,800
		274,622	36,987
		1,753,213	1,053,204

Notes:

1. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC)-INT 17	Distributions of non-cash assets to owners
HK-INT 5	Presentation of financial statements — classification by the borrower of a team loan that contains a repayment on demand clause

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKFRS 3 (as revised in 2008) Business combinations

HKFRS 3 (as revised in 2008) "Business Combinations" 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. HKFRS 3 (as revised in 2008) requires acquisition related costs to be accounted for separately from the business combination. As a result, the Group has recognised 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 additional goodwill of approximately HK$60,000 would have been recognised.

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

HKAS 27 (as revised in 2008) Consolidated and separate financial statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. 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, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

The application of the revised Standard has affected the accounting for the Group's disposal of 10% of its equity interest in Best Resources Base Limited in the current year. The change in policy has resulted in the difference of approximately HK$33,111,000 between the consideration received of HK$40,000,000 and the non-controlling interests recognised of approximately HK$7,439,000 being recognised directly in equity, instead of in profit or loss. Therefore, the change in accounting policy has resulted in a decrease in the profit for the year of approximately HK$33,111,000. The cash consideration received as deposit in 2009 of HK$40,000,000 was included in cash flows from financing activities.

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

	2010	2009
	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 expenses arising from the recognition of acquisition-related costs when incurred	**60**	—
Decrease in profit before taxation for the year	**33,171**	—

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

	2010	2009
	HK cents	*HK cents*
Basic earnings per share before adjustments arising from changes in accounting policies	**14.40**	11.53
Adjustment arising from changes in accounting policies	**(2.81)**	—
Reported basic earnings per share	**11.59**	11.53

	2010	2009
	HK cents	*HK cents*
Diluted earnings per share before adjustments arising from changes in accounting policies	**14.19**	11.53
Adjustment arising from changes in accounting policies	**(2.77)**	—
Reported diluted earnings per share	**11.42**	11.53

Amendment to HKAS 17 Leases

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.

Hong Kong Interpretation 5 Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause

Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" ("HK INT 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK INT 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

The application of HK INT 5 has had no impact on the reported profit or loss for the current and prior years.

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 7 (Amendments)	Disclosures — transfers of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (as revised in 2009)	Related party disclosures[6]
HKAS 32 (Amendments)	Classification of rights issues[7]
HK(IFRIC)-INT 14 (Amendments)	Prepayment of a minimum funding requirement[6]
HK(IFRIC)-INT 19	Extinguishing financial liabilities with equity instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 February 2010.

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The directors anticipate that the application of HKFRS 9 will be adopted in the Group's consolidated financial statements for the financial year ending 31 December 2013. Based on the Group's financial assets and financial liabilities as at 31 December 2010, the application of the new Standard will affect the measurement and classification of the Group's available for sale investment and entrusted loan with an embedded option.

The application of the other new and revised standards and interpretations issued but not yet effective is not expected to have a material effect.

2. Revenue

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less discount, related taxes and returns and allowances, and rental income of liquefied petroleum gas ("LPG") bottles for the year, and is analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
Sale and distribution of LPG	**7,216,004**	5,713,597
Sale of electronic products	**1,245,421**	760,497
Rental of LPG bottles	**16,290**	9,025
	8,477,715	6,483,119

3. Segment Information

Information reported to the Chairman of the Company, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on nature and location of the goods being sold. These revenue streams and the basis of the internal reports about components of the Group are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance. The directors have changed the name of the operating segments from "international nature LPG business" and "People's Republic of China (the "PRC") nature LPG business" to "sales and distribution of LPG through Zhuhai terminal and in the international market" and "sales and distribution of LPG through retail networks in the PRC and Macau" respectively. The directors considered that the current terms have better description on their operating segments. There is no redesignation 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.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December 2010:

	Sales and distribution of LPG through Zhuhai terminal and in the international market *HK$'000*	**Sales and distribution of LPG through retail networks in the PRC and Macau** *HK$'000*	**Sale of electronic products** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue	**5,904,895**	**1,327,399**	**1,245,421**	**8,477,715**
Segment profit	**216,356**	**50,537**	**77,843**	**344,736**
Interest income on pledged RMB bank deposits				**47,088**
Other interest income				**4,792**
Central administration costs and directors' salaries				**(49,784)**
Changes in fair values of derivative financial instruments				**(82,087)**
Interests on bank trust receipts loans pledged with RMB bank deposits				**(40,946)**
Other finance costs				**(68,348)**
Profit before taxation				**155,451**

For the year ended 31 December 2009:

	Sales and distribution of LPG through Zhuhai terminal and in the international market	Sales and distribution of LPG through retail networks in the PRC and Macau	Sale of electronic products	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	5,019,762	702,860	760,497	6,483,119
Segment profit	159,123	35,817	36,624	231,564
Interest income on pledged RMB bank deposits				17,190
Other interest income				848
Central administration costs and directors' salaries				(24,543)
Changes in fair values of derivative financial instruments				2,607
Interests on bank trust receipts loans pledged with RMB bank deposits				(19,677)
Other finance costs				(52,896)
Profit before taxation				155,093

The accounting policies of the reportable segments are the same as the Group's accounting policies. 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, changes in fair values of derivative financial instruments, interests income on pledged RMB bank deposits, other interest income, interest on bank trust receipts loan, pledged with RMB bank deposits, and other finance costs.

Segment assets and liability

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

Segment assets

	2010	2009
	HK$'000	*HK$'000*
Sales and distribution of LPG through Zhuhai terminal and in the international market	**1,561,433**	1,485,223
Sales and distribution of LPG through retail networks in the PRC and Macau	**489,197**	339,895
Sale of electronic products	**513,066**	737,843
Total segment assets	**2,563,696**	2,562,961
Available for sale investment	**3,526**	—
Deferred tax assets	**1,610**	1,190
Bank balances and cash	**380,181**	194,716
Pledged bank deposits	**2,035,865**	1,392,355
Derivative financial instruments	**44,023**	6,057
Entrusted loan	**638,053**	—
Other unallocated assets	**132,645**	69,163
Consolidated assets	**5,799,599**	4,226,442

Segment liabilities

	2010	2009
	HK$'000	*HK$'000*
Sales and distributions of LPG through Zhuhai terminal and in the international market	**496,540**	1,010,859
Sales and distribution of LPG through retail networks in the PRC and Macau	**33,802**	70,575
Sale of electronic products	**20,247**	11,153
Total segment liabilities	**550,589**	1,092,587
Derivative financial instruments	**88,172**	3,450
Tax liabilities	**26,401**	18,807
Deferred tax liabilities	**20,376**	19,187
Borrowings	**3,595,575**	2,070,345
Other unallocated liabilities	**39,895**	5,849
Consolidated liabilities	**4,321,008**	3,210,225

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments (other than available for sale investment, deferred tax assets, bank balances and cash, pledged bank deposits, derivative financial instruments, entrusted loan and certain other assets, certain other receivables and certain fixed assets); and

- all liabilities are allocated to reportable segments (other than current and deferred tax liabilities, bank borrowings, derivative financial instruments and certain other payables).

Other segment information

For the year ended 31 December 2010

	Sales and distribution of LPG through Zhuhai terminal and in the international market *HK$'000*	**Sales and distribution of LPG through retail networks in the PRC and Macau** *HK$'000*	**Sale of electronic products** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Amounts included in the measure of segment profit or segment assets:					
Capital expenditure and increase in goodwill	**39,452**	**91,163**	**—**	**413**	**131,028**
Depreciation of property, plant and equipment	**27,882**	**16,063**	**2**	**145**	**44,092**
Amortisation of other intangible assets	**—**	**3,820**	**—**	**—**	**3,820**
Amortisation of prepaid lease payments for land	**2,948**	**652**	**—**	**—**	**3,600**
Amortisation of prepaid lease payments for coast	**786**	**—**	**—**	**—**	**786**
Loss (gain) on disposal and written off of property, plant and equipment	**73**	**(173)**	**—**	**—**	**(100)**
Share of profit of a jointly controlled entity	**—**	**(239)**	**—**	**—**	**(239)**

For the year ended 31 December 2009

	Sales and distribution of LPG through Zhuhai terminal and in the international market *HK$'000*	Sales and distribution of LPG through retail networks in the PRC and Macau *HK$'000*	Sale of electronic products *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:					
Capital expenditure and increase in goodwill	13,174	35,675	—	55	48,904
Depreciation of property, plant and equipment	27,524	13,293	149	221	41,187
Amortisation of other intangible assets	—	3,271	—	—	3,271
Amortisation of prepaid lease payments for land	1,987	433	—	—	2,420
Amortisation of prepaid lease payments for coast	778	—	—	—	778
Loss (gain) on disposal and written off of property, plant and equipment	60	(36)	269	3	296
Impairment on goodwill recognised	—	7,500	—	—	7,500
Share of loss and impairment of a jointly controlled entity	—	5,972	—	—	5,972

Geographical information

The Group's operations are located in Hong Kong and the PRC, Thailand and other countries.

The Group's revenue from operations from external customers based on their location and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue		**Non-current assets**	
	2010 ***HK$'000***	2009 *HK$'000*	**2010** ***HK$'000***	2009 *HK$'000*
Hong Kong	**160,209**	402,215	**20,184**	10,878
The PRC (excluding Hong Kong)	**4,195,631**	3,639,413	**992,501**	849,974
Thailand	**3,206,121**	1,740,874	**—**	—
Other countries	**915,754**	700,617	**7,511**	46
Total	**8,477,715**	6,483,119	**1,020,196**	860,898

Note: Non-current assets exclude deferred tax assets and available for sale investment.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group either in year 2010 or 2009 are as follows:

	2010	2009
	HK$'000	*HK$'000*
Customer A[2]	**1,245,421**	760,564
Customer B[1]	**1,233,200**	—
Customer C[1]	**480,168**	1,178,789
Customer D[1]	**727,500**	980,400

1 Revenue from LPG business

2 Revenue from electronic products

4. Other Income

	2010	2009
	HK$'000	*HK$'000*
Interest income	**4,792**	848
Net exchange gain *(Note)*	**58,462**	6,721
Others	**4,978**	3,270
	68,232	10,839

Note: The amount included net exchange gain arising from pledged RMB bank deposits and the corresponding United States Dollars ("USD") borrowings amounted to approximately HK$66,097,000 (2009: HK$4,243,000).

5. Taxation Charge

The amount of taxation charged to the consolidated statement of comprehensive income represents:

	2010	2009
	HK$'000	*HK$'000*
Other regions in the PRC		
Current tax	**17,914**	39,915
Underprovision of prior years	**—**	4,982
	17,914	44,897
Deferred tax		
Current year	**153**	(2,255)
	18,067	42,642

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, 新海能源(珠海)有限公司("新海(珠海)") is entitled to exemption from the PRC enterprise income tax for the two years starting from its first profit-making year, followed by a 50% tax relief for the next three years. The tax charge provided has been made after taking these tax incentive into account. The first profit making year of 新海(珠海) is 2006.

Except for the profit generated by subsidiaries in Hong Kong is wholly absorbed by tax losses brought forward, there is no provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and other subsidiaries had no assessable profits arising in Hong Kong.

The taxation charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2010	2009
	HK$'000	*HK$'000*
Profit before taxation	**155,451**	155,093
Tax at the domestic tax rate 25%	**38.863**	38,773
Tax effect of expenses not deductible for tax purpose	**26,813**	8,344
Tax effect of income not taxable for tax purpose	**(15,497)**	(8,027)
Tax effect of profit which are exempted from tax or under tax concessions	**(59,697)**	(25,244)
Tax effect of tax losses not recognised	**25,333**	26,631
Tax effect of deductible temporary differences not recognised	**2,605**	858
Utilisation of tax losses previously not recognised	**(353)**	(3,675)
Underprovision of prior year	**—**	4,982
Taxation charge for the year	**18,067**	42,642

The domestic tax rate (which is the PRC enterprise income tax rate) in the jurisdiction where the operation of the Group is substantially based is used.

6. Profit Before Taxation

	2010 *HK$'000*	2009 *HK$'000*
Profit before taxation has been arrived at after charging:		
Amortisation of prepaid lease payments for land (included in administrative expenses)	**3,600**	2,420
Amortisation of prepaid lease payments for coast (included in administrative expenses)	**786**	778
Amortisation of other intangible assets (included in cost of sales)	**3,820**	3,271
Auditor's remuneration	**3,066**	2,705
Depreciation for property, plant and equipment	**44,092**	41,187
(Gain) loss on disposal and write-off of property, plant and equipment	**(100)**	296
Minimum lease payments under operating leases:		
— LPG vessel	**—**	1,676
— Premises	**4,540**	2,870
Staff costs		
Directors' fees	**380**	330
Directors' other emoluments	**9,178**	8,273
Contributions to retirement benefits schemes excluding HK$90,000 (2009: HK$81,000) included in directors' emoluments	**2,487**	1,701
Others	**33,517**	20,861
	45,562	31,165

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:

	2010 *HK$'000*	2009 *HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to the owners of the Company)	**136,647**	112,451
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,179,278,032**	975,483,511
Effect of dilutive ordinary shares		
Share options	**17,793,666**	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,197,071,698**	975,483,511

The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for 2009.

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

	2010	2009
	HK$'000	*HK$'000*
Trade debtors	**749,481**	762,023
Bills receivable	**6,880**	—
	756,361	762,023

The Group allows an average credit period of 120 days. The bills receivable are matured within the range of 30 days to 90 days for the year ended 31 December 2010. The following is an aged analysis of trade debtors and bills receivables at the end of the reporting period presented based on the invoice date:

	2010	2009
	HK$'000	*HK$'000*
0 to 30 days	**371,195**	362,059
31 to 60 days	**22,958**	231,479
61 to 90 days	**135,222**	29,860
91 to 180 days	**224,790**	84,618
Over 180 days	**2,196**	54,007
	756,361	762,023

Included in the Group's trade debtors, are debtors of approximately HK$57,176,000 (2009: HK$365,380,000) denominated in USD, which is not the functional currency of the relevant group entities.

Included in the Group's trade debtors balance are debtors with aggregate carrying amount of approximately HK$223,312,000 (2009: HK$136,651,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The trade debtors past due but not provided for were either subsequently settled as at the date of this report or no historical default of payments by the respective customers. The average age of these receivables is 100 days (2009: 138 days).

Ageing of trade receivables which are past due but not impaired

	2010	2009
	HK$'000	*HK$'000*
61 to 90 days	**234**	137
91 to 180 days	**221,284**	82,850
181 to 365 days	**1,794**	53,664
Total	**223,312**	136,651

Movement in the allowance for doubtful debts

	2010	2009
	HK$'000	*HK$'000*
Balance at beginning of the year	**—**	—
Impairment losses recognised on trade and other debtors	**—**	2,256
Amounts written off as uncollectible	**—**	(2,256)
Balance at end of the year	**—**	—

Included in other debtors, there are trade deposits paid to suppliers of approximately HK$369,893,000 (2009: HK$541,197,000) in relation to the purchase of LPG which will be delivered within one year commencing from the date of the signed purchase contract.

9. Trade Creditors and Bills Payable, Other Creditors and Accrued Charges

The aged analysis of trade creditors is as follows presented based on invoice date:

	2010	2009
	HK$'000	*HK$'000*
0 to 30 days	**182,133**	437,473
31 to 60 days	**6,795**	127,555
61 to 90 days	**1,552**	36,155
91 to 180 days	**—**	8
Over 180 days	**1,589**	418
	192,069	601,609

The aged analysis of bills payables is as follows:

0 to 30 days	**84,942**	43,086
31 to 60 days	**96,195**	92,109
61 to 90 days	**87,405**	137,025
91 to 180 days	**—**	80,172
	268,542	352,392
	460,611	954,001

Included in the Group's trade creditors and bills payable are amounts of approximately HK$18,949,000 (2009: HK$588,624,000) denominated in USD, which is not the functional currency of the relevant group entities.

10. Share Capital

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.10 each (2009: HK$0.10 each)		
Authorised share capital:		
At 1 January 2009, 31 December 2009 and 2010	20,000,000,000	2,000,000
Issued and fully paid share capital:		
At 1 January 2009	963,353,374	96,336
Issue of shares due to placing *(Note a)*	192,500,000	19,250
At 31 December 2009	1,155,853,374	115,586
Issue of shares due to placing *(Note b)*	150,000,000	15,000
At 31 December 2010	1,305,853,374	130,586

Notes:

(a) On 9 December 2009, 192,500,000 shares of HK$0.1 each were issued by way of placing at a placing price of HK$1.0 per share. These shares rank pari passu in all respects with other shares in issue.

(b) On 5 November 2010, 150,000,000 shares of HK$0.1 each were issued by way of placing at a price of HK$1.78 per shares. These shares rank pari passu in all respects with other shares in issue.

FINAL DIVIDEND

The Directors have recommended a final dividend of HK1.0 cent per share (2009: HK1.0 cent per share) to be paid to shareholders on the register of members on 7 June 2011. Subject to shareholders' approval at the forthcoming annual general meeting to be held on 13 June 2011, the final dividend will be paid on or about 30 June 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 7 June 2011 to 13 June 2011, both days inclusive, during which period no share transfers can be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrars, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 3 June 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year 2010, the Group dedicated major efforts to further strengthen the foundations for our LPG business. Corporate performance remained stable during the period and at the same time the Group made substantial progress towards the development targets set down in 2009. It successfully opened up new downstream markets for direct sales of bottled LPG and also planned to enter into the autogas business by creating an opportunity to acquire 17 autogas refueling stations in Guangzhou. Although the contribution from the new downstream markets in 2010 is still not material, their earnings and growth potential will make significant contribution to the results of the Group in the coming years.

1. Performance Appraisal and Analysis

1.1 Overall Performance

Group total revenue increased to approximately HK$8,477,715,000, a growth of about 30.8% comparing with that of approximately HK$6,483,119,000 for the year ended 31 December 2009. Profit attributable to the equity holders of the Company for the year ended 31 December 2010 surged to approximately HK$136,647,000, an increase of about 21.5% in comparison with that of about HK$112,451,000 for the year ended 31 December 2009. On 5 November 2010, the Company completed a new issue of 150,000,000 shares by way of a top-up placing of shares at HK$1.78 per share, and raised net proceeds of approximately HK$263,237,000, which were applied for the autogas refueling stations project as announced by the Company on 25 October 2010. Basic earnings per share for the year 2010, calculated on the weighted average of ordinary shares of 1,179,278,032 shares as at 31 December 2010, increased slightly by approximately 0.5% to HK11.59 cents per share when compared with that of HK11.53 cents per share for the year ended 31 December 2009.

1.2 Business Performance

The Group recorded an aggregate gross profit of approximately HK$446,798,000 in 2010, a moderate increase of about 13.0% compared with that of approximately HK$395,318,000 for year 2009. Overall gross profit margin however was reduced to about 5.3% (2009: 6.1%) as a result of the shrinkage in LPG gross margin.

The bulk of the Group's turnover has been derived from LPG business, which is conducted through the Group's Zhuhai terminal, by way wholesale in both the domestic and the international markets; and through retail networks in the PRC and Macau, mainly by way of retail.

Driven by both the increase in price and sales volume, total LPG turnover surged to approximately HK$7,232,294,000 representing a growth of about 26.4% when compared with that of about HK$5,722,622,000 in 2009. Total LPG sales volume amounted to about 1,219,000 tons in 2010, an increase of about 15.0% compared with that of about 1,060,000 tons in 2009.

Sales and distribution of LPG through Zhuhai terminal and in the international market

Even though the total imported LPG volume decreased by 39.2% to 485,000 tons from last year's figure of 798,000 tons, the turnover of sales and distribution of LPG through the Zhuhai terminal and in the international market increased by 17.6% to approximately HK$5,904,895,000 as the drop was compensated by increased domestic LPG trade and the rise in price of LPG at the same time.

The gross margin decreased to 4.3% comparing to last year's 5.2% as most of the sales premiums have been set at fixed dollar amount per ton, therefore the gross profit margin (presented in percentage) reduced inevitably when the price level of LPG was raised generally in 2010.

We exercised tighter control over the expenses especially on the saving in the ship chartering expenses by renting the ships on spot basis instead of signing long term contracts. At the same time we yield more other income from foreign exchange gain as detailed in the section 1.3 Financial Performance below. Overall, we managed to achieved an increase in segment profit of approximately HK$57,233,000 to approximately HK$216,356,000.

Sales and distribution of LPG through retail networks in the PRC and Macau

The turnover of sales and distribution of LPG through retail networks in the PRC (together with the Macau network which came into operation in the second quarter of 2010) increased by 88.9% to approximately HK$1,327,399,000 partly due to the contribution of the new acquisitions in 茂名, 珠海 and Macau, and partly due to our success in penetrating into the end-user market with a view to stabilize and improve the Group's overall LPG gross margin. Foundation work relating to the end-user market had almost been completed in 2010, but the anticipated effect would take time to come. We have strong confidence that the direct sales volume will grow at a much faster rate than that of wholesaling in the ensuing years. By then, overall LPG gross margin will be less affected by price fluctuations in the market.

The gross profit increased by 17.3% to approximately HK$116,095,000. Although the newly acquisition has brought us increase in payroll and depreciation expenses, those increase in cost has partly been offset by the increase in other income from foreign exchange gain and the segment profit increased by 41.1% to approximately HK$50,537,000.

Electronics

The turnover of electronics components and cellular phones (collectively "Electronics") altogether amounted to approximately HK$1,245,421,000, an increase of about 63.8% in comparison with that of about HK$760,497,000 in 2009. Gross profit amounted to about HK$77,343,000, an increase of about 109.2% when compared with that of about HK$36,969,000 for year 2009.

Amongst the two Electronics categories, the electronics components business achieved better performance than the cellular phones business in 2010. Turnover of electronics components increased by about 156.7% to about HK$897,650,000 (2009: HK$349,648,000); its gross profit margin also rebounded to about 5.1% from the abnormally low level of about 1.0% for year 2009. Turnover of cellular phones reduced by about 15.4% to about HK$347,771,000 (2009: HK$410,849,000) mainly due to weakened consumption power in the aftermath of the political instability in Thailand. Its gross profit margin nevertheless rose slightly to about 9.1% from that of 8.1% in 2009.

Although the performance of electronics components trading had been outstanding in both turnover growth and margin improvement in 2010, the management still considers it not part of the Group's core business. Unlike LPG where significant investment was made in 2010, there are no plans to allocate any additional resources for further expansion of the Group's Electronics business.

1.3 Financial Performance

Foreign Exchange Gain

Given the continual appreciation of RMB in the past few years, the Group has from time to time endeavoured to minimize the cost of exchanging RMB to USD by applying appropriate financial arrangements. According to the LPG business model, the Group pays USD to purchase imported LPG, and receives RMB for its sales inside China. Whenever USD payment has to be made to suppliers, an equivalent amount of RMB is always available in hand, and normally, the RMB will be changed straight into USD in the spot market. Alternatively, the Group may deposit its RMB with a bank (usually a bank in

PRC) for a selected tenor, and uses the deposit as collateral for equivalent amount of USD borrowing at the same tenor to fund the payment. Concurrently, the Group will enter into either Deliverable Forward Exchange Contract ("DF") or Non-Deliverable Forward Exchange Contract ("NDF") with a bank as the counterparty in order that the future exchange rate on the maturity is fixed for applying the RMB deposit to repay the USD borrowing. The management will compare the effective rates that the two approaches will generate and choose the more favourable one to process the exchange. The deposit, borrowing and either DF or NDF have to be done altogether in a package to produce the effect same as a straight exchange transaction. The management has never adopted merely the deposit/borrowing arrangement without entering into DF or NDF; otherwise the Company will be exposed to future exchange risks.

Over the year 2010, RMB appreciated about 3.4% in the spot market; it was anticipated to appreciate even more in the DF and NDF markets. As such, the management adopted mostly the deposit/borrowing approach to handle its RMB exchanges in 2010, and achieved a net gain in foreign exchange of about HK$66,097,000. Such gain, from the management's point of view, can be interpreted as a saving of the exchange cost or a reduction of cost of goods sold for LPG, resulting in a moderate enhancement of the LPG gross profit.

Financial Expenses

Financial expenses of the Group amounted to about HK$109,294,000 in 2010. These comprised interest expenses of about HK$97,046,000 and bank charges of about HK$12,248,000. Interest expenses increased by about 103.2% when compared with that of about HK$47,757,000 in 2009. The increase was mainly due to escalating interest rate for RMB borrowing and that higher interest margin was required for USD borrowing and, despite the base rate (mostly LIBOR) remained stable at a low level, the higher interest margin required for USD borrrowing.

For the whole of year 2010, the market had high expectations on the appreciation of RMB. The People's Bank of China also announced on a number of occasions the raise in RMB interest rate and its objective to slow down credit expansion. At the beginning of the year, the management made an analysis on its bank borrowing portfolio and the market situation, and concluded that certain measures had to be taken to hedge against the interest risk. It was decided that more weight should be put on USD borrowings to replace RMB borrowings, and to acquire medium term fixed rate borrowings to replace short term floating rate borrowings. Up to the end of the second quarter, the Group had successfully secured term loan facilities of USD40,000,000. The USD loans drawn were exchanged into RMB and injected into the subsidiaries in China partly for its capital expenditure and partly to repay a portion of the then outstanding RMB borrowings. Concurrently, the Group entered into some Non-Deliverable Swap Contracts ("NDS") with the bank as the counterparty and effectively locked in the corresponding interest payment at a fixed rate which was much lower than that of RMB loan offered by the Chinese bank at that moment.

The measures taken have effectively controlled interest expenses at a manageable level commencing from the second half of year 2010 and will continue for the ensuing 3 years, but the increase in interest expenses in the first half of the year was unavoidable. Furthermore, in arranging the USD term loan facilities, bank management fee had to be paid in addition to the interest and thus caused the bank charges to increase.

Fair Value Change of Derivatives Financial Instruments

In 2010, the Group recorded a fair value change of derivatives financial instruments of about HK$82,087,000 and that caused a superficial jeopardy to our net earnings. According to the prevailing accounting standards, DF, NDF and NDS are all defined as derivatives financial instruments and the value of these need to be assessed at the end of the financial year on a mark to market basis. Such value changes, though, contingent in nature, have to be recorded in the income statement as an item similar to gain or loss (as required by the accounting standard). In substance, these derivatives contracts (as explained in the above in the section headed "Foreign Exchange Gain") are the constituents of a package of financial instruments arranged on fully hedged basis for cost saving purposes. Accordingly, such fair value change actually causes no impact to our financial position.

1.4 Operational Performance

The sales and distribution expenses of the Group, which comprised mainly salary, transportation cost, warehouse rental and demurrage charges, amounted to about HK$79,093,000 in total in 2010 (2009: about HK$84,957,000). In this respect, a reduction of about HK$5,864,000 was achieved notwithstanding the growth of sales volume and turnover. Assuming that these expenses are equally shared by the LPG sales volume of each year, the unit sales and distribution expenses would be about HK$124.6/ton for 2008, about HK$80.1/ton for 2009, and about HK$64.9/ton for 2010. The improvement is indeed quite impressive, but such improvement could be achieved only because our LPG sales in these years were mostly on wholesaling basis and the expenses related thereto were effectively cut down by the enhancement of our logistic efficiency. In the forthcoming years, the situation is anticipated to change. LPG retailing volume which generally incurs higher distribution cost will be expanding much faster than that of LPG wholesaling, and further reduction in the sales and distribution expenses of the Group are therefore unlikely. The management however will keep on enhancing the logistic efficiency and use further savings in wholesaling to make good the additional expenses for retailing expansion. The absolute amount of expenses may still increase despite such measure being taken, but the unit cost is expected to be maintained at a level more or less the same as that in 2010.

The administrative expenses of the Group for 2010 amounted to about HK$136,432,000, an increase of about 46.1% when compared with that of about HK$93,413,000 for 2009. Amongst all the administrative expenses items, salary and welfare recorded the most obvious increase. Additional human resources were deployed for execution of the expansion plan at head office level and for day to day operation at subsidiary level given that bottled LPG business in Maoming, Zhuhai and Macau had started all in one year. Additional pre-opening expenses were also incurred in the process of qualifying ourselves as registered gas supply company for entering into the Hong Kong bottled LPG market. Other items that showed significant increase included legal and professional fees that were mainly incurred for the autogas refueling station project in Guangzhou. As a whole, the additional expenditures were all related to expanding direct sales to the downstream markets which, we anticipate, would bring about significant business growth as well as earnings improvement. As most of the foundation work for business expansion has been completed in 2010, further expenditure of this nature are unlikely to occur and the administrative expenses for 2011 are expected to be reduced moderately.

2. LPG Business Overall

2.1 The Market Situation (Guangdong)

Units: '000 tons	**2010**		2009		2008	
China's total demand	**23,377**	**100%**	22,400	100%	20,550	100%
Guangdong's total demand	**5,100**	**22%**	5,241	23%	4,581	22%

Source: Guangdong Oil and Gas Associations

Units: '000 tons	**2010**		2009		2008	
China's total import	**3,196**	**100%**	4,109	100%	2,600	100%
Guangdong's total import	**2,271**	**71%**	2,873	70%	1,777	68%
China's total export	**916**	**100%**	818	100%	675	100%
Guangdong's total export	**729**	**80%**	568	69%	404	60%

Source: China Custom

In line with the continual increase in oil price globally, the international price of LPG kept on rising over the year of 2010. At the same time, local refineries in China had substantially increased their LPG output. Massive supply of domestic LPG flooded the market, damping domestic price adjustments. The price difference between imported LPG and domestic LPG was much widened. Market demand for imported LPG was weakened and LPG terminals were quite cautious in placing import orders. As a result, for the whole of the year 2010, the LPG import volume of China dropped 22.2% and that of Guangdong dropped 21.0%.

In Guangdong, although its import volume had a 21.0% reduction, its export volume increased by about 28.3% signifying that the domestic market had indeed lost appetite in imported LPG.

As a whole, 2010 was quite a difficult year to the import sea terminals, each of them having to make certain adjustment to their purchase and sales strategy in order to maintain their share in the supply market.

2.2 Business Situation

In view of the high import price and the widened difference between the prices of import and domestic supply, the Group had to make appropriate adjustment to its purchase strategy to avoid the risk of taking any position on imported LPG. Purchase of imported LPG was reduced while that of domestic LPG was substantially increased. Thanks to the change in strategy, the Group was able to maintain sales volume growth to about 1,219,000 tons in 2010, an increase of about 15.0% in comparison with that of about 1,060,000 tons in 2009.

Through our Zhuhai Terminal, the Group imported about 485,000 tons in 2010, 39.2% less than that of about 798,000 tons in 2009. Accordingly, Zhuhai Terminal's ranking in China's import fell to the second place for the first time in the past 3 years. Export volume recorded a 14.0% decrease to about 227,000 tons from that of about 264,000 tons in 2009, ranking it number two in China's total export. With respect to domestic LPG, purchase volume surged to about 734,000 tons in 2010, an increase of 180.2% compared with that of about 262,000 tons in 2009.

The Group's Purchase Categories	**2010**		2009	
Term contract – ship import cargo	270,000 tons	22%	383,000 tons	36%
Spot purchase – ship import cargo	215,000 tons	18%	415,000 tons	39%
Import Volume	**485,000 tons**	**40%**	**798,000 tons**	**75%**
Domestic purchase volume — spot	**734,000 tons**	**60%**	**262,000 tons**	**25%**
The Group's total purchase	**1,219,000 tons**	**100%**	**1,060,000 tons**	**100%**

The Group's sales Categories	**2010**		**2009**	
Imported LPG:				
Export – term contract	*120,000 tons*	*25%*	*186,000 tons*	*23%*
Export – spot sales	*107,000 tons*	*22%*	*78,000 tons*	*10%*
Export Total	**227,000 tons**	**47%**	**264,000 tons**	**33%**

The Group's sales Categories	2010		2009	
Domestic sales – term contract	*131,000 tons*	*27%*	*178,000 tons*	*22%*
Domestic sales— spot	*45,000 tons*	*9%*	*292,000 tons*	*37%*
Domestic sales – in bottle for industrial use	*82,000 tons*	*17%*	*64,000 tons*	*8%*
Domestic Sales Total	**258,000 tons**	**53%**	**534,000 tons**	**67%**
Imported LPG Distribution Total	**485,000 tons**	**100%**	**798,000 tons**	**100%**
Domestic LPG:				
Bottled LPG	127,000 tons	17%	124,000 tons	47%
Domestic LPG bulk selling	607,000 tons	83%	138,000 tons	53%
Domestic LPG Distribution Total	**734,000 tons**	**100%**	**262,000 tons**	**100%**
The Group's total LPG sales	**1,219,000 tons**		**1,060,000 tons**	

2.3 Imported LPG Distribution

Export

The Group's LPG export volume in 2010 dropped about 14.0% as the result of losing about 60,000 tons of sales under term contract. The Group intended to compensate for the volume loss by the increase in spot sales. But as spot sales occasionally puts the Group at the risk of running imported LPG positions, the Group decided not to take an aggressive approach. Ultimately, spot sales volume was increased by only about 30,000 tons. Although we were ultimately unable to maintain the previous year's export volume, the management had not given up any opportunity to compensate for the loss in export volume in 2010. A new term contracts for about 50,000 tons of export was secured at the end of the year which, we believe, will contribute significantly to the rebound of export volume in 2011.

In the second quarter 2010, the Group acquired a distributor of bottled LPG in Macau for commencement of its operation in the Macau bottled LPG market. At the same time, keen efforts had been put on applying for the license of Registered Gas Supply Company for entering the bottled LPG market in Hong Kong. These two markets, which rely heavily on imported LPG, will help to boost up our export from China and also to improve our earnings.

Imported LPG Distribution in the Domestic Market

Distribution of imported LPG in the domestic market did face a difficult business environment as the price of domestic LPG was much lower than that of imported LPG most of the time in 2010. In many cases, industrial customers tolerated the price differential for the quality of the gas, but voiced strong demands for price concessions. In these cases, the Group took the initiative to analyze the genuine needs of the client and supplied to them the mixture of imported and domestic gas with the quality that suited their minimum requirement. By doing so, the sales of imported LPG had to reduce, but our customer base and the volume of sales to them would all be maintained, or even increased.

Amongst all industrial customers, autogas operators require exclusively imported LPG. No tolerance on quality would be allowed. Our sales in this respect therefore were not affected. Since under the autogas refueling stations project, the Group has acquired an initial 5% interest in 17 refueling stations in Guangzhou at the end of 2010, an increase in the supply of imported LPG to the existing operator of the stations is possible in the coming year.

The distribution of imported LPG (in bottles) through our bottling plants had achieved remarkable growth of about 28.1% from about 64,000 tons in 2009 to about 82,000 tons in 2010. The industrial customers that needed to be supplied in bottles consumed relatively small volume of the gas. The rise in imported LPG price did not impose significant impact on their cost of production, thus there are no serious obstacles to our sales promotion. The sales growth in this respect was all attributable to the dedication of our bottling plants, and the growth trend is highly likely to continue.

2.4 Domestic LPG Distribution (including bottled LPG distribution)

Domestic LPG wholesaling

The distribution of domestic LPG recorded a significant growth in 2010. Total volume reached about 734,000 tons, an increase of 180.2% as compared with that of about 262,000 tons in 2009. Zhuhai NewOcean Energy Technology Company Limited ("NewOcean Technology"), the purchase centre for domestic LPG, was able to achieve a substantial increase in purchase and in sales. Apart from its role of assuring the supply of domestic LPG to our own bottling plants, NewOcean Technology also assisted in maintaining our customer base in the domestic wholesaling sector, The Group has been able to keep customers which would otherwise be deterred by the high prices of imported LPG. In this respect, NewOcean Technology successfully wholesaled about 607,000 tons of domestic LPG, about 339.9% increase comparing with that of about 138,000 tons in 2009.

Domestic LPG Retailing

With respect to bottled LPG, the Group had continued to reduce its sales through dealers by establishing our own direct sales network. The logistic facilities and manpower in Guangzhou and Shenzhen had been strengthened, and direct sales of bottled LPG to both restaurants and households were all increased.

In 2010, the Group had completed the construction of a new bottling plant in the Zhuhai Terminal which now focuses on the supply to industrial customers in Zhuhai Industrial Zone, Xinhui and Kaiping area. It also acquired a bottling plant in Zhuhai Hengqin for penetration into the neighboring household/commercial market. By making these investments, the number of bottling plants of the Group increased from 14 in 2009 to 16 in 2010. These plants all together achieved a sales volume of about 209,000 tons, an increase of about 11.2% compared to that of about 188,000 tons in 2009. It is worth noting that out of the about 209,000 tons of retail sales, about 127,000 tons were domestic LPG sold to household customers. The remaining about 82,000 tons were imported LPG supplied to industrial customers.

2.5 Wholesaling and Retailing Proportion

Wholesaling and retailing volumes were respectively about 1,010,000 tons and about 209,000 tons in 2010 while those of 2009 were respectively about 872,000 tons and about 188,000 tons. The volume growth rates were respectively about 15.8% and 11.2%. The wholesaling and retailing proportion in 2010 was about 83:17 which was more or less the same as that of 82:18 in 2009. According to our development plan, the Group has been accelerating the expansion of direct sales to the lucrative downstream markets aiming at improvement in earnings. The proportion between wholesaling and retailing volume will from now on serve as an indicator for monitoring the effect of such strategy. Whilst not much change in the proportion was observed in 2010, as the foundation work had almost been completed in 2010, we are confident that the increase in retailing will contribute much better earnings in the forthcoming years.

3. Electronics Business

In 2010, we continued the cooperation with NewTel Corporation Co. Ltd. ("NewTel") and adopted the same business model in selling cellular phones in the Thailand market. The political uncertainty in 2009 did weaken consumption power in Thailand and cause a moderate decline in the sales volume in 2010.

Electronics components trading has been a speculative business. The Group will continue this business only on the condition that the sales are to be conducted on cost plus basis, and credit exposure will be kept at minimum level.

4. Business Outlook

The Group's LPG business will continue to be our main development objective in the coming future, and our focus will be put on the strengthening of our earning capability.

The bottling plant in Zhuhai Hengqin has attracted distributors in Macau to enter into contract with the plant for LPG bottle refilling. We have strong confidence that the proximity of the plant to the distributors can help to substantially reduce the cross border transportation cost of the transaction and produce mutual benefits to both parties.

Penetration into the bottled LPG markets for a higher profit margin shall continue, in particular the application for registration as a Registered Gas Supply Company in Hong Kong will be accelerated to strive for commencement of bottled LPG sales in the second quarter of year 2011.

More resources shall be immediately deployed to promote and extend the autogas projects into other cities of Guangdong. In this respect our financial ability to invest in building sufficient refueling stations and our assurance of continual supply of autogas are the attributes that will earn local government's support to move the projects forward.

At the Zhuhai Terminal, construction work for both the additional berths and the oil storage depot all commenced in late 2010. These projects are planned to complete by the end of 2011. By then, the annual throughput capacity of the Zhuhai Terminal will increase to about 1,600,000 tons of LPG, and the Oil storage depot project will start to contribute to the earnings of the Group.

Since the foundation work for expanding our direct sales to the downstream markets were by and large completed in 2010, we are looking forward to a prominent growth of the retail sales as well as their significant contribution to the Group's earnings in 2011.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, the net current assets of the Group amounted to approximately HK$727,881,000 (2009: HK$191,116,000) and the Group's bank balances and cash was approximately HK$380,181,000 (2009: HK$194,716,000). At the end of reporting date, current ratio was 1.18:1 (2009: 1.06:1), quick ratio was 1.06:1 (2009: 0.93:1), gearing ratio was 0.17:1 (2009: 0.02:1) which was calculated based on total long term borrowings of approximately HK$254,246,000 (2009: HK$17,800,000) and total equity of approximately HK$1,478,591,000 (2009: HK$1,016,217,000).

CONTINGENT LIABILITIES

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

PLEDGE OF ASSETS

At 31 December 2010, the Group pledged its bank deposits amounting to approximately HK$2,035,865,000 (2009: HK$1,392,355,000) to secure general banking facilities granted to the Group. At 31 December 2009, other bank loans of the Group comprised 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; and (c) an amount of approximately HK$81,774,000 drawn under a short term loan facility for PRC companies guaranteed by the Company. Included in this amount, 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, that represented additional charge of the guarantee.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2010, the Group employed 630 (2009: 500) full time employees in Hong Kong, Macau and the PRC. The Group remunerated the employees based on their performance, experience and prevailing market practice. Employee benefits provided by the Group include a provident fund scheme, medical insurance scheme and an employee share option scheme.

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

Neither the Company nor any if its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the 12 months ended 31 December 2010.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2010, except that the Independent Non-executive Directors of the Company are not appointed for terms of office determined according to a fixed period of time in accordance with the CG Code. Nevertheless, such Directors were appointed to their offices for such term of office and are subject to retirement in accordance with the provisions in the Bye-laws of the Company.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

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

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed with external auditors and the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the audited financial statements for the year ended 31 December 2010.

PUBLICATION OF RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.newoceanhk.com and the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. The 2010 Annual 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
NewOcean Energy Holdings Limited
Shum Siu Hung
Chairman

Hong Kong, 18 March 2011

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