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 2011

FINANCIAL HIGHLIGHT

- Revenue increased by 44% to HK$5,467 million
- Gross profit increased by 22.5% to HK$212 million
- Profit for the period attributable to the owners of the Company increased by 160% to HK$165 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 2011 together with comparative figures for the corresponding period in 2010. 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 2011

		Six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	3	**5,467,227**	3,795,586
Cost of sales		**(5,255,509)**	(3,622,797)
Gross profit		**211,718**	172,789
Interest income on pledge Renminbi ("RMB") bank deposits		**32,749**	31,882
Interest income from entrusted loan		**81,609**	-
Net exchange gain	4	**74,524**	4,692
Other income	5	**5,009**	3,354
Selling and distribution expenses		**(38,343)**	(36,228)
Administrative expenses		**(72,677)**	(52,026)
Changes in fair values of derivative financial instruments		**(15,685)**	12,318
Interest on bank trust receipts loans pledged with RMB bank deposits		**(23,870)**	(23,432)
Other finance costs		**(62,697)**	(43,187)
Share of profit of a jointly controlled entity		**864**	177
Profit before taxation	6	**193,201**	70,339
Taxation charge	7	**(27,154)**	(6,834)
Profit for the period		**166,047**	63,505
Other comprehensive income			
Exchange differences arising on translation		**27,105**	14,067
Total comprehensive income for the period		**193,152**	77,572
Profit for the period attributable to:			
Owners of the Company		**165,120**	63,505
Non-controlling interests		**927**	-
		166,047	63,505
Total comprehensive income for period attributable to:			
Owners of the Company		**192,181**	77,239
Non-controlling interests		**971**	333
		193,152	77,572
Earnings per share	8		
Basic		**HK12.64 cents**	HK5.49 cents
Diluted		**HK12.46 cents**	HK5.43 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2011

	Note	**As at 30 June 2011 (Unaudited)** *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment	10	**698,392**	668,263
Prepaid lease payments for land		**147,551**	64,631
Prepaid lease payments for coast		**10,951**	11,106
Goodwill		**133,128**	130,224
Other intangible assets		**10,740**	12,498
Interest in a jointly controlled entity		**8,806**	7,861
Available for sale investment		**3,607**	3,526
Other assets		**161,598**	125,613
Entrusted loan		**674,478**	-
Derivative financial instruments		**44,565**	-
Deferred tax assets		**1,644**	1,610
		1,895,460	1,025,332
Current assets			
Inventories		**542,904**	469,727
Property under development for sale		**141,134**	-
Trade debtors and bills receivable	11	**1,211,807**	756,361
Other debtors, deposits and prepayments	11	**954,711**	446,371
Derivative financial instruments		**5,558**	44,023
Entrusted loan		**-**	638,053
Prepaid lease payments for land		**2,947**	2,880
Prepaid lease payments for coast		**825**	806
Pledged bank deposits	12	**3,252,873**	2,035,865
Bank balances and cash		**266,908**	380,181
		6,379,667	4,774,267
Current liabilities			
Trade creditors and bills payable	13	**479,068**	460,611
Other creditors and accrued charges		**246,584**	124,127
Amount due to a jointly controlled entity		**-**	458
Derivative financial instruments		**105,738**	88,172
Tax liabilities		**45,310**	26,401
Borrowings – repayable within one year	14	**5,185,028**	3,341,329
Obligation for put option to non-controlling shareholder of a subsidiary		**5,411**	5,288
		6,067,139	4,046,386
Net current assets		**312,528**	727,881
Total assets less current liabilities		**2,207,988**	1,753,213

Capital and reserves			
Share capital	15	**130,586**	130,586
Share premium and other reserves		**1,517,245**	1,338,122
Equity attributable to equity holders of the Company:		**1,647,831**	1,468,708
Non-controlling interests		**10,854**	9,883
Total equity		**1,658,685**	1,478,591
Non-current liabilities			
Deferred tax liabilities		**18,990**	20,376
Borrowings – repayable after one year	14	**530,313**	254,246
		549,303	274,622
		2,207,988	1,753,213

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 liquefied petroleum gas ("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.

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same of those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2010. In addition, the Group has applied, for the first time, the following accounting policies:

Building under development for future owner-occupied purpose

When buildings are in the course of development for administrative purposes, the amortization of prepaid lease payments provided during the construction period is included as part of costs of building under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realizable value. Cost comprises both the prepaid lease payments for land and development cost for the property. Net realizable value takes into account the price ultimately expected to be realized, less applicable selling expenses and the anticipated costs to completion.

Development cost of property comprises construction costs, borrowing costs capitalized according to the Group's accounting policy and directly attributable cost incurred during the development period. On completion, the properties are transferred from properties under development for sale to properties held for sale.

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)	Improvements to HKFRSs 2010
HKAS 24 (as revised in 2009)	Related party disclosures
HKAS 32 (Amendments)	Classification of rights issues
HK(IFRIC)-INT 14 (Amendments)	Prepayments of a minimum funding requirement
HK(IFRIC)-INT 19	Extinguishing financial liabilities with equity instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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

HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[1]
HKFRS 9	Financial instruments[4]
HKFRS 10	Consolidated financial statements[4]
HKFRS 11	Joint arrangements[4]
HKFRS 12	Disclosures of interests in other entities[4]
HKFRS 13	Fair value measurement[4]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[3]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[2]
HKAS 19 (as revised in 2011)	Employee benefits[4]
HKAS 27 (as revised in 2011)	Separate financial statements[4]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[4]

[1] *Effective for annual periods beginning on or after 1 July 2011.*
[2] *Effective for annual periods beginning on or after 1 January 2012.*
[3] *Effective for annual periods beginning on or after 1 July 2012.*
[4] *Effective for annual periods beginning on or after 1 January 2013.*

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 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 30 June 2011, 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.

HKFRS 11 replaces HKAS 31 "Interests in joint ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The Group's jointly controlled entities that are currently accounted for using the equity method of accounting would be classified as joint venture and accounted for in accordance with HKFRS 11.

Other than disclosed above, the directors of the Company anticipate that the application of other new or revised standards 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 2011 (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	**4,203,492**	**820,275**	**443,460**	**5,467,227**
Segment profit	**137,433**	**17,867**	**38,922**	**194,222**
Interest income on pledged RMB bank deposits				**32,749**
Interest income from entrusted loan				**81,609**
Other interest income				**1,529**
Central administration costs and directors' salaries				**(14,656)**
Changes in fair values of derivative financial instruments				**(15,685)**
Interests on bank trust receipts loans pledged with RMB bank deposits				**(23,870)**
Other finance costs				**(62,697)**
Profit before taxation				**193,201**

Six months ended 30 June 2010 (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	2,666,185	626,783	502,618	3,795,586
Segment profit	60,811	20,534	21,859	103,204
Interest income on pledged RMB bank deposits				31,882
Other interest income				998
Central administration costs and directors' salaries				(11,444)
Changes in fair values of derivative financial instruments				12,318
Interests on bank trust receipts loans pledged with RMB bank deposits				(23,432)
Other finance costs				(43,187)
Profit before taxation				70,339

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 derivative financial instruments, interests on bank trust receipts loans pledged with RMB bank deposits and other finance costs.

4. Net Exchange Gain

During the period, the amount included net exchange gain arising from pledged RMB bank deposits and the corresponding USD borrowings amounted to approximately HK$60,428,000 (six months ended 30 June 2010: HK$9,017,000).

5. Other Income

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**1,529**	998
Others	**3,480**	2,356
	5,009	3,354

6. Profit Before Taxation

	Six month ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Amortization of prepaid lease payments for land (included in administrative expenses)	**1,377**	1,319
Amortization of prepaid lease payments for coast (included in administrative expenses)	**407**	390
Amortization of other intangible assets (included in cost of sales)	**1,967**	1,900
Depreciation of property, plant and equipment	**26,221**	21,592
Total depreciation and amortization	**29,972**	25,201

7. Taxation charge

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
PRC enterprise income tax	**28,980**	7,095
Deferred tax	**(1,826)**	(261)
	27,154	6,834

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 2011 and 30 June 2010.

PRC enterprise income tax is 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.

8. 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	
	2011	2010
	(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)	**165,120**	63,505
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,305,853,374**	1,155,853,374
Effect of dilutive share options	**19,854,829**	14,274,570
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,325,708,203**	1,170,127,944

9. Dividends

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Final dividend of HK1.0 cent per share for the year ended 31 December 2010 paid during the interim period (2010: Final dividend of HK1.0 cent per share for year ended 31 December 2009)	13,058	11,558

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

10. Movements in Property, Plant and Equipment

During the period, the Group paid approximately HK$20,139,000 (six months ended 30 June 2010: HK$18,952,000) to acquire property, plant and equipment.

11. 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 receivable at the end of each of the reporting period:

	As at 30 June 2011 (Unaudited) ***HK$'000***	As at 31 December 2010 (Audited) *HK$'000*
0 to 30 days	**705,294**	371,195
31 to 60 days	**242,024**	22,958
61 to 90 days	**194,080**	135,222
91 to 180 days	**67,908**	224,790
Over 180 days	**2,501**	2,196
	1,211,807	756,361

Included in deposits are trade deposits paid to suppliers of approximately HK$820,731,000 (31 December 2010: HK$369,893,000) in relation to the purchase of LPG which will be delivered within one year in the PRC. Up to the date of this announcement, the LPG subsequently delivered to the Group amounted to approximately HK$118,950,000.

12. Pledged Bank Deposits

At 30 June, 2011, RMB pledged bank deposits of approximately HK$3,237,525,000 (31 December 2010: HK$2,015,149,000) were pledged to banks to secure the bank trust receipts loans.

13. Trade Creditors and Bills Payable

The aged analysis of trade creditors and bills payable is as follows:

	As at 30 June 2011 (Unaudited) ***HK$'000***	As at 31 December 2010 (Audited) *HK$'000*
0 to 30 days	**200,738**	267,075
31 to 60 days	**79,485**	102,991
61 to 90 days	**88,508**	88,956
Over 90 days	**110,337**	1,589
	479,068	460,611

The trade creditors and bills payable are mainly mature within 90 and 120 days respectively.

14. Borrowings

	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Bank trust receipts loans	**1,778,571**	1,027,408
Bank trust receipts loans (pledged with RMB bank deposits)	**3,077,243**	1,962,641
Other bank loans	**859,527**	605,526
	5,715,341	3,595,575
Analysis as:		
Secured	**3,572,922**	2,230,790
Unsecured	**2,142,419**	1,364,785
	5,715,341	3,595,575
Carrying amount repayable:		
Within one year	**5,185,028**	3,341,329
More than one year, but not exceeding two years	**268,534**	140,387
More than two years, but not exceeding five years	**261,779**	113,859
	5,715,341	3,595,575
Less: Amounts due within one year shown under current liabilities	**(5,185,028)**	(3,341,329)
	530,313	254,246

As at 30 June 2011, other bank loans of the Group comprised of an amount of approximately HK$600,636,000 drawn under term loan facilities which carry variable interest ranging from 2.11% to 4.28% per annum. Included in the balance is approximately HK$124,511,000 that is secured by the bank deposits of the Group and guaranteed by the Company and a subsidiary. The remaining other bank loans of approximately HK$258,891,000 are guaranteed by the Company and its subsidiaries and carry fixed interest ranging from 4.86% to 6.72% per annum.

As at 31 December 2010, other bank loans of the Group comprised of an amount of approximately HK$322,293,000 drawn under term loan facilities which carried variable interest ranging from 2.05% to 3.89% per annum. Included in the balance, approximately HK$148,768,000 was secured by the bank deposits of the Group and guaranteed by the Company and a subsidiary. The remaining other bank loans of approximately HK$283,233,000 were guaranteed by the Company and its subsidiaries which carried fixed interest ranging from 4.37% to 5.89% per annum.

15. Share Capital

	Number of shares	Amount *HK$'000*
Ordinary shares of HK$0.10 each (2010: HK$0.10 each)		
Authorised share capital:		
At 31 December 2010 and 30 June 2011	20,000,000,000	2,000,000
Issued and fully paid share capital:		
At 31 December 2010 and 30 June 2011	1,305,853,374	130,586

On 28 June 2011, the Company has obtained a conditional approval ("Conditional Approval") from Taiwan Stock Exchange, Taiwan Central Bank and Taiwan Securities and Futures Bureau for proposed listing of Taiwan Depositary Receipts ("TDR") on the Taiwan Stock Exchange. The Conditional Approval has approved the issuance of 130,000,000 ordinary shares of the Company. Up to the date of this announcement, the issuance of ordinary shares under TDR has not been completed.

16. Contingent Liabilities

The Group had no significant contingent liabilities at both 30 June 2011 and 31 December 2010.

17. Other Commitments

	As at 30 June 2011 (Unaudited) ***HK$'000***	As at 31 December 2010 (Audited) *HK$'000*
Capital expenditure contracted for but not provided in the financial statements in respect of:		
Purchase of gas plant and machinery	**126,025**	130,563
Relocating the existing residents and for demolishing the buildings on the land *(Note)*	**51,706**	-

Note: The amount represents the remaining unpaid contractual amount for relocating existing residents and demolishing buildings on land.

18. 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 2011 (Unaudited) ***HK$'000***	As at 31 December 2010 (Audited) *HK$'000*
Within one year	**8,157**	7,838
In the second to fifth year inclusive	**7,611**	10,631
After five years	**5,724**	2,203
	21,492	20,672

19. Related Party Transactions

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

	Six months ended 30 June	
	2011 (Unaudited) ***HK$'000***	2010 (Unaudited) *HK$'000*
Sales to a jointly controlled entity	**2,347**	7,134
Rental expenses paid to Shum Ho, Neo *(Note)*	**368**	330

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 2010, Sound Management Services Limited, a wholly-owned subsidiary of the Company, entered into an office tenancy agreement with Shum Ho, Neo, 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 2010. On 16 May 2011, the agreement was renewed for one year to 15 May 2012 at HK$80,000 per calendar month with the same terms.

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	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Salaries and allowances	**3,203**	3,447
Contribution to retirement benefit schemes	**42**	53
	3,245	3,500

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 2011 (six months ended 30 June 2010: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

1. Group Overall Performance

In line with the development plan set down in 2009, during the past two years the Group pursued a dynamic expansion programme aiming at the liquefied petroleum gas ("LPG") end-users market. Measures taken produced marked results and all development targets have been well attained. Amongst them, in the pursuit of the autogas refueling market the Group entered into a framework agreement (the "Framework Agreement") in October 2010 for the acquisition of Lianxin Energy Development Co. Ltd., pursuant to which the Group acquired an initial stake in its business at the end of the year as the first stage of the acquisition. Concurrent to achieving high business growth, the Group has been leveraging on its integrated chain of distribution infrastructures to expand into the more profitable end-users market, thus raising the proportion of liquefied petroleum gas ("LPG") retailing to its aggregate sales, and ultimately strengthening the Group's earning capability. The Group achieved very encouraging results in the first half of 2011 with a significant surge in its net earnings. The results show that that the Group's development approach has been effective and will lead the Group onto the forthcoming harvest cycle.

In the first six months of 2011, turnover of the Group surged to approximately HK$5.467 billion, 44.0% more than that of approximately HK$3.796 billion for the same period in 2010. Profit attributable to the owners of the Company increased vastly by 160.0% to approximately HK$165 million in comparison with that of approximately HK$63.51 million for the same period in 2010. As at 30 June 2011, the Company had 1,305,853,374 weighted average number of ordinary shares (as at 30 June 2010: 1,155,853,374), and basic earnings per share for the half year ended 30 June 2011 was HK12.64 cents, 130.2% above that of HK5.49 cents for the same period ended 30 June 2010.

1.1 Segment Performance

The Group achieved about 709,000 tons of sales of LPG for the first half of 2011, a growth of 22.7% comparing with that of about 578,000 tons in the same period of 2010. The increase in both sales volume and market price produced a turnover growth of 52.6% to about HK$5.024 billion (for the same period in 2010: about HK$3.293 billion). LPG's contribution increased to 91.9% of the Group's total turnover (for the same period in 2010: 86.8%). LPG gross profit increased by 16.9% to about HK$176 million when compared with that of about HK$150 million for the same period in 2010.

The trading volume of mobile phones and electronics components ("Electronics") in first half of 2011 was reduced in line with the policy of focusing on LPG development. Electronics business continued to adopt the same business model with Thailand as the major market in the first half of 2011. Turnover diminished by 11.8% to about HK$443 million as compared with that of about HK$503 million for the same period in 2010. Electronics' contribution reduced to about 8.1% of the Group's total turnover (for the same period in 2010: 13.2%). Gross profit increased by 60.2% to about HK$35.95 million in comparison with that of about HK$22.44 million for the same period in 2010. Gross profit margin was restored to the normal level of about 8.1% (for the same period in 2010: 4.5%).

1.2 Interest Incomes, Net Exchange Gain and Other Income

The figures of the above items for the first half of 2011 comprised usual foreign exchange gain and a new interest income generated through the granting of a loan by the Group under the Framework Agreement, and both of them were in fact closely related to the day to day operation of the LPG business for the period.

Foreign Exchange Gain

In order to minimize the Group's total transaction cost for purchase of LPG from overseas, the Group always adopts a model of structured matching transactions that matches its LPG purchases against related payment and financing arrangements. The payment and financing arrangements involve the making of appropriate hedging RMB cash deposits and the simultaneous use of forward exchange contracts (or non-deliverable forward exchange contracts) to hedge exchange rate fluctuations in the settlement currency. The foreign exchange gain generated from the effective adoption of this model of structured matching transactions could be viewed as a reduction of the exchange cost, in order words, a reduction in the direct cost of sales that boosts up the gross profit margin of the LPG business. The net foreign exchange gain in this respect increased to about HK$69.31 million in the first half of 2011, 3 times above that of HK$17.47 million for the same period in 2010. Should this net foreign exchange gain be included in the LPG revenue, the LPG gross profit would become about HK$245 million and the gross margin would rise to 4.9% (for the same period in 2010, the gross profit would be about HK$168 million, and gross margin would be 5.1%). As these figures can show, the LPG gross margin is stabilized, and the negative impact of price rise on margin has been effectively mitigated.

Loan Interest Income

Under the Framework Agreement the Company agreed to acquire, in two separate stages, the entire registered capital of Lianxin Energy Development Limited (which owns and operates a network of 17 autogas refueling stations in Guangzhou). All the matters involved in the first stage (including the acquisition of 5% of Lianxin and the provision of RMB580 million loan to the vendor) were completed at the end of December 2010. Although the financial results of Lianxin is not yet allowed to be consolidated into the financial statements of the Group, the portion of interest income amounting to HK$60 million relate to the loan granted by the Group under the Framework Agreement has been received for the period from 1 January 2011 to 30 June 2011, and has been booked under Interest Income From Entrusted Loan of the Group. Such income could be viewed as the Group's investment return prior to completion of the remaining stage of the Lianxin acquisition. After the completion of the remaining stage which is schedule for the end of year 2011, such interest payment will be discontinued, but the results of the autogas refueling business operated by Lianxin would be consolidated in the financial results of the Group. In this respect, we strongly believe Lianxin will significantly contribute to the sales growth in the end-users market and the improvement of the overall LPG earnings.

1.3 Cost Control

Financial Expenditures

The Group incurred about HK$62.7 million of Other Finance Costs in the first half of 2011, 45.2% higher than that of about HK$43.19 million for the same period in 2010. While market interest rates remained almost at the same level as that in the first half of 2010, much higher interest expenses were incurred as a result of increase in bank borrowings. The Group had taken out more short term trade related bank borrowings to meet additional working capital requirement brought about by the increase in business turnover. Besides, an additional term loan of US$42 million was acquired to fund the acquisition of Lianxin. Even with the increase in borrowing, the item Other Finance Costs in the first half of 2011 stayed at 1.15% of the Group's total turnover, which is more or less the same as that of 1.14% for the same period in 2010.

Operating Cost

For this period, the aggregate sum of Sales and Distribution Costs and Administrative Expenses amounted to about HK$111.0 million, 25.8% more than that of about HK$88.25 million for the same period in 2010. Percentage wise, such costs bear approximately the same percentage to the Group's total turnover for the same period for the two previous years 2011 (2.0%) and 2010 (2.3%).

1.4 Conclusion

Fueled by high business growth and able to maintain a stable gross margin and effective control on operating costs, the LPG business achieved outstanding results in the first half of 2011. Increased profit from the business together with the substantial income related combined to give the Group a strong and sustainable increase in net earnings.

2. LPG Business

2.1 LPG Wholesaling

The Group's LPG wholesaling business covers mainly the Southern China region and the neighboring cities and countries. Its target customers include overseas buyers, industrial customers, autogas refueling operators and other bottling plants in the region. Total wholesaling volume reached about 599,000 tons in the first half of 2011, an increase of 25.3% as compared with that of about 478,000 tons for the same period in 2010.

Industrial Customers

The Group's industrial customers in the region include petrochemical plants, aluminum mills, air-conditioner manufacturers, lighter manufacturers, ceramic factories, glass factories and automobile manufacturers. Sales to industrial customers amounted to about 184,000 tons in the first half of 2011, an increase of 21.9% in comparison with that of about 151,000 tons for the same period in 2010. The growth is expected to continue given that industrial customers have been targeted for further expansion.

Autogas Operators

The Group is wholesaling to autogas operators in Guangzhou and Wuhan. Benefiting from the synergy brought about by the Lianxin acquisition, wholesaling of autogas rose by a significant 48.5% to about 98,000 tons (for the same period in 2010: about 66,000 tons). Further growth in this respect is anticipated for the second half of this year.

Overseas Customers

In the past, overseas customers were mostly located in Hong Kong, Macau, Philippines and Vietnam. The Group successfully opened up the Thailand and Singapore market in early 2011. Sales to overseas customers therefore increased by 134.9% to about 249,000 tons in the first half of 2011 (for the same period in 2010: about 106,000 tons).

Other Bottling Plants

Being the leading LPG wholesaler in Guangdong, the Group is a natural candidate for wholesale supply to other bottling plants (which serves mainly the household market) in the region. Since 2006 when industrial and autogas customers were designated as targets for long term development, the Group has changed its business strategy regarding supplies to these bottling plants. Sales to other bottling plants in the region have been restricted to mainly domestic gas, and the volume of purchase for this business sector would be strictly determined by sales secured. With such restrictions, the volume of wholesaling to other bottling plants is expected to fluctuate from time to time. For the first half of 2011, sales in this respect amounted to about 68,000 tons, down 56.1% from that of about 155,000 tons for the same period in 2010.

2.2 LPG Retailing

LPG retailing refers to as the sales of bottled LPG conducted by the Group's bottling plants. As at the end of June 2011, the Group owned and operated 16 bottling plants and about 220 retail outlets situated in 11 cities in Southern China including Guilin, Lipu, Wuzhou, Cangwu of Guangxi Province and Guangzhou, Shenzhen, Zhuhai, Maoming, Huadu, Deqing, Qingyuan of Guangdong Province. In addition, the Group acquired a distributor in Macau in March of 2010 to start its bottled LPG sales in Macau.

Targeted customers of bottled LPG are mainly household and commercial users (such as restaurants, food outlets). Traditionally, retail business could only be expanded by the increase in the number of retail outlets. As the major cities of Guangdong become more and more commercialized, to identify appropriate shop spaces for LPG retail outlets is no longer an easy task. In order that business development is not to be hindered by this problem, the Group established a computerized customer service centre in Zhuhai at the end of year 2010. Customers in the whole of Guangdong can place purchase orders by dialing one phone number - the service hot-line. The service centre will then immediately notify the bottle wagon closest to the customer to make prompt delivery of the bottle and complete the transaction. Such sales model integrates the bottle wagon with the efficient telecommunication system built around the service hot-line, and turns the wagon into a mobile LPG sales outlet.

The establishment of the customer service centre effectively helped to boost retailing sales. For the first half of 2011, sales of bottled LPG reached 110,000 tons, an increase of 10.0% in comparison with that of about 100,000 tons for the same period in 2010. As at the end of 30 June 2011, the Group has about 750,000 captive household customers, an increase of 10.3% compared with that of about 680,000 customers for the same period in 2010. As the same time, the Group has about 3,800 commercial customers, an increase of 18.8% as compared with that of about 3,200 customers for the same period in 2010.

2.3 Logistics and Distribution

Since the beginning of this year, the Group has continually strengthened its distribution capability in order that any possible bottle-neck situation could be tackled in advance. Currently, the Group owns 10 tanker trucks mainly for bulk distribution of LPG to industrial customers that demand assurance in quality. Also, there are about 130 bottle wagons shuttling around locations with a high density of customers, ready to carry out job orders from the service centre and ensure prompt delivery of the bottles. More tanker trucks and bottle wagons are planned to be added to the fleet in the second half of the year for further enhancement in logistic efficiency. With respect to the Zhuhai Terminal, apart from the addition of two berths, two LPG storage tanks each of 2,500 ton capacity are being built with construction scheduled to be completed by the middle of next year. By then, the Zhuhai Terminal is able to distribute routinely about 6,000 tons of LPG per day, and its throughput capacity will be expanded to about 2,100,000 tons per annum.

3. Business Outlook

3.1 In respect of the plan to sell bottled LPG in Hong Kong, the application for "Registered Gas Supply Company" license is reaching its final stage. The LPG terminal at Lung Kwu Tan of Tuen Mun is planned to be completed by the end of this year and the sales of bottled LPG in Hong Kong under the NewOcean brand name is likely to start early next year.

3.2 Proximity of the Zhuhai Hengqin Bottling Plant to the Macau/Zhuhai border gave a predominant niche to the Group which is now promoting cross border bottle refilling services to the Macau distributors. Though the adoption of this service model, transportation distance will be shortened, logistic efficiency enhanced and transportation cost reduced. All these benefit both the buyer and the seller. Market response to the proposal has been most encouraging, and actual transaction volume is anticipated to increase rapidly in the second half of this year.

3.3 A new partner had been identified for the Oil Products Storage Project in mid 2010. Currently, all foundation works have been completed; and construction of the oil depot commenced in July 2011. Based on the construction schedule, all construction and fitting out works will be completed by mid 2012, and operation is expected to start in the third quarter of the year. By then, the Oil Products Storage Project will effectively help to enhance berth utilization and bring to the Group a substantial storage rental income.

3.4 With the completion of the second stage of the Lianxin acquisition scheduled for the end of this year, the Group will be able to engage directly in the autogas refueling business commencing early next year. The autogas business is anticipated to generate additional LPG sales of about 250,000 tons per annum and produce a much higher gross profit margin. Immediately after the acquisition is completed, the Group will put forth a series of development plans related to auto-gas refueling. In particular, the Group will make use of the Guangzhou model to expand into the autogas market of other cities in the Guangdong Province. We are confident that autogas refueling will become a new driving force to enhance the Group's earning capability.

LIQUIDITY AND FINANCIAL REVIEW

At 30 June 2011, the net current assets of the Group amounted to approximately HK$312,528,000 (31 December 2010: HK$727,881,000) and the Group's bank balances and cash was approximately HK$266,908,000 (31 December 2010: HK$380,181,000). At the end of reporting date, gearing ratio was 0.32:1 (31 December 2010: 0.17:1) which was calculated based on total long term borrowings of approximately HK$530,313,000 (31 December 2010: HK$254,246,000) and total equity of approximately HK$1,658,685,000 (31 December 2010: HK$1,478,591,000).

HUMAN RESOURCES

As at 30 June 2011, the Group employed approximately 665 employees in Hong Kong, Macau and mainland China. The Group remunerated the employees based on their performance, experience and prevailing market practices.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

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 2011.

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 2011 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 2011.

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 2011 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, 15 August 2011

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.