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 5.3% to HK$6,483 million

— Gross profit increased by 73.8% to HK$395 million

— Profit for the year attributable to owners of the company increased by 113% to HK$112 million

AUDITED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2009

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 December 31, 2009 together with comparative figures for the year ended December 31, 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Revenue	2	**6,483,119**	6,158,614
Cost of sales		**(6,087,801)**	(5,931,218)
Gross profit		**395,318**	227,396
Other income	4	**28,029**	163,699
Selling and distribution expenses		**(84,957)**	(99,087)
Administrative expenses		**(93,413)**	(85,562)
Written off of trade debtors		**(2,256)**	(17,167)
Written off of other debtors		**—**	(1,115)
Written off of other assets		**(4,190)**	—
Impairment on goodwill recognised		**(7,500)**	—
Changes in fair values of foreign currency forward contracts		**2,607**	11,936
Adjustment to goodwill		**—**	(135)
Interests on bank trust receipts loans pledged with bank deposits		**(19,677)**	(72,760)
Other finance costs		**(52,896)**	(72,723)
Impairment and share of loss of a jointly controlled entity		**(5,972)**	(360)
Profit before taxation	6	**155,093**	54,122
Taxation charge	5	**(42,642)**	(1,211)
Profit for the year		**112,451**	52,911
Other comprehensive income			
Exchange differences arising on translation		**275**	12,975
Total comprehensive income for the year		**112,726**	65,886
Profit for the year attributable to:			
Owners of the Company		**112,451**	52,911
Total comprehensive income attributable to:			
Owners of the Company		**112,730**	65,886
Minority interests		**(4)**	—
		112,726	65,886
Earnings per share			
Basic and diluted	7	**HK11.53 cents**	HK8.48 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2009

	Notes	**2009**	2008
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**572,471**	572,037
Prepaid lease payments for land		**66,164**	54,341
Prepaid lease payments for coast		**11,512**	12,271
Goodwill		**120,509**	123,436
Other intangible assets		**15,961**	15,739
Interest in a jointly controlled entity		**6,170**	12,142
Other assets		**68,111**	31,401
Deferred tax assets		**1,190**	1,556
		862,088	822,923
Current assets			
Inventories		**425,846**	137,666
Trade debtors and bills receivable	*8*	**762,023**	447,671
Other debtors, deposits and prepayments	*8*	**579,588**	412,053
Derivative financial instruments		**6,057**	550
Prepaid lease payments for land		**2,650**	2,348
Prepaid lease payments for coast		**778**	778
Amount due from a jointly controlled entity		**341**	319
Pledged bank deposits		**1,392,355**	732,199
Bank balances and cash		**194,716**	143,756
		3,364,354	1,877,340
Current liabilities			
Trade creditors and bills payable	*9*	**954,001**	322,087
Other creditors and accrued charges		**139,332**	215,789
Derivative financial instruments		**3,450**	—
Tax liabilities		**18,807**	5,378
Borrowings — repayable within one year		**2,052,545**	1,309,045
Obligation for put option to minority shareholder of a subsidiary		**5,103**	5,103
		3,173,238	1,857,402
Net current assets		**191,116**	19,938
Total assets less current liabilities		**1,053,204**	842,861

	2009	2008
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**115,586**	96,336
Share premium and other reserves	**899,104**	619,741
Equity attributable to equity holders of the Company	**1,014,690**	716,077
Minority interests	**1,527**	1,531
Total equity	**1,016,217**	717,608
Non-current liabilities		
Deferred tax liabilities	**19,187**	15,002
Borrowings — repayable over one year	**17,800**	110,251
	36,987	125,253
	1,053,204	842,861

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, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC)-INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC)-INT 13	Customer loyalty programmes
HK(IFRIC)-INT 15	Agreements for the construction of real estate
HK(IFRIC)-INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC)-INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after July 1, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Excepts as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised) Presentation of financial statements

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

HKFRS 8 Operating segments

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

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group had not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

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

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related party disclosures[6]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[5]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[7]
HK(IFRIC)-INT 14 (Amendment)	Prepayments of a minimum funding requirement[6]
HK(IFRIC)-INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC)-INT 19	Extinguishing financial liabilities with equity instruments[5]

1 Effective for annual periods beginning on or after July 1, 2009.
2 Effective for annual periods beginning on or after July 1, 2009 and January 1, 2010, as appropriate.
3 Effective for annual periods beginning on or after January 1, 2010.
4 Effective for annual periods beginning on or after February 1, 2010.
5 Effective for annual periods beginning on or after July 1, 2010.
6 Effective for annual periods beginning on or after January 1, 2011.
7 Effective for annual periods beginning on or after January 1, 2013.

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after January 1, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments of Interpretations will have no material impact on the consolidated financial statements.

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:

	2009	2008
	HK$'000	*HK$'000*
Sale and distribution of LPG	**5,713,597**	5,702,341
Sale of electronic products	**760,497**	456,273
Rental of LPG bottles	**9,025**	—
	6,483,119	6,158,614

3. Segment information

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

In prior years, primary segment information was analysed based on the types of the Group's operating divisions — (i) sale and distribution of LPG and (ii) sale of electronic products. However, information reported to the chief operating decision maker, being the Chairman of the Group, for the purposes of resource allocation and assessment of performance focuses more on whether the nature of the trading of the goods is international or the People's Republic of China (the "PRC"). The Group's three reportable segments under HKFRS 8 are international nature LPG business ("International LPG business"), the PRC nature LPG business ("PRC LPG business") and sales of electronic products.

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

Segment revenues and results

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

For the year ended December 31, 2009

	International LPG business	**PRC LPG business**	**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				**18,038**
Central administration costs and director's salaries				**(24,543)**
Change in fair values of foreign currency forward contracts				**2,607**
Interests on bank trust receipts loans pledged with bank deposits				**(19,677)**
Other finance costs				**(52,896)**
Profit before taxation				**155,093**

For the year ended December 31, 2008

	International LPG business	PRC LPG business	Sale of electronic products	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	4,659,340	1,043,001	456,273	6,158,614
Segment profit	94,348	24,150	37,900	156,398
Interest income				46,324
Central administration costs and director's salaries				(15,053)
Change in fair values of foreign currency forward contracts				11,936
Interests on bank trust receipts loans pledged with bank deposits				(72,760)
Other finance costs				(72,723)
Profit before taxation				54,122

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. 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, change in fair values of foreign currency forward contracts, interest income, interests on bank trust receipts loans pledged with bank deposits and other finance costs.

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

Segment assets

	2009	2008
	HK$'000	*HK$'000*
International LPG business	**1,485,223**	1,363,397
PRC LPG business	**333,725**	280,762
Sale of electronic products	**737,843**	148,898
Total segment assets	**2,556,791**	1,793,057
Interest in a jointly controlled entity	**6,170**	12,142
Deferred tax assets	**1,190**	1,556
Bank balances and cash	**194,716**	143,756
Pledged bank deposits	**1,392,355**	732,199
Derivative financial instruments	**6,057**	550
Other unallocated assets	**69,163**	17,003
Consolidated assets	**4,226,442**	2,700,263

Segment liabilities

	2009	2008
	HK$'000	*HK$'000*
International LPG business	**1,010,859**	494,751
PRC LPG business	**70,575**	12,705
Sale of electronic products	**11,153**	13,947
Total segment liabilities	**1,092,587**	521,403
Derivative financial instruments	**3,450**	—
Tax liabilities	**18,807**	5,378
Deferred tax liabilities	**19,187**	15,002
Borrowings	**2,070,345**	1,419,296
Other unallocated liabilities	**5,849**	21,576
Consolidated liabilities	**3,210,225**	1,982,655

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

- all assets are allocated to reportable segments (other than interest in a jointly controlled entity, deferred tax assets, bank balances and cash, pledged bank deposits, derivative financial instruments 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, obligation for put option to minority interests of a subsidiary and certain other payables).

Other segment information

For the year ended December 31, 2009

	International LPG business	PRC LPG business	Sale of electronic products	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or segment assets:					
Capital expenditure and 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**

For the year ended December 31, 2008

	International LPG business *HK$'000*	PRC LPG business *HK$'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 goodwill	82,761	18,507	6	219	101,493
Adjustment to goodwill	135	—	—	—	135
Depreciation of property, plant and equipment	24,523	12,449	10	485	37,467
Amortisation of other intangible assets	—	2,347	—	—	2,347
Amortisation of prepaid lease payments for land	1,958	358	—	—	2,316
Amortisation of prepaid lease payments for coast	767	—	—	—	767
Loss on disposal and written off of property, plant and equipment	87	8	—	—	95

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 and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue		**Non-current assets**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**402,215**	570,808	**10,878**	15,857
The PRC	**3,639,413**	3,405,935	**849,974**	805,070
Thailand	**1,740,874**	1,134,286	**—**	—
Other countries	**700,617**	1,047,585	**46**	440
Total	**6,483,119**	6,158,614	**860,898**	821,367

Note: Non-current assets exclude deferred tax assets.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2009	2008
	HK$'000	*HK$'000*
Customer A[1]	**1,178,789**	856,741
Customer B[1]	**980,400**	683,196
Customer C[2]	**760,564**	451,090

1 Revenue from LPG business
2 Revenue from electronic products

4. Other income

	2009	2008
	HK$'000	*HK$'000*
Interest earned on bank deposits	**18,038**	46,324
Net exchange gain	**6,721**	113,633
Others	**3,270**	3,742
	28,029	163,699

5. Taxation charge

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

	2009	2008
	HK$'000	*HK$'000*
Other regions in the PRC		
Current tax	**39,915**	3,180
Underprovision of prior years	**4,982**	—
	44,897	3,180
Deferred tax		
Current year	**(2,255)**	(1,783)
Attributable to a change in tax rate	**—**	(186)
	(2,255)	(1,969)
	42,642	1,211

On June 26, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from January 1, 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 a subsidiary 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:

	2009	2008
	HK$'000	*HK$'000*
Profit before taxation	**155,093**	54,122
Tax at the domestic tax rate 25%	**38,773**	13,531
Tax effect of expenses not deductible for tax purposes	**8,344**	8,370
Tax effect of income not taxable for tax purpose	**(8,027)**	(4,749)
Tax effect of profit which are exempted from tax or under tax concession	**(25,244)**	(25,896)
Tax effect of tax losses not recognised	**26,631**	10,290
Tax effect of deductible temporary differences not recognised	**858**	308
Utilisation of tax losses previously not recognised	**(3,675)**	(819)
Underprovision of prior year	**4,982**	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	**—**	(10)
Decrease in opening deferred tax liability resulting from a decrease in applicable tax rate	**—**	186
Taxation charge for the year	**42,642**	1,211

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

	2009	2008
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Amortisation of prepaid lease payments for land (included in administrative expenses)	**2,420**	2,316
Amortisation of prepaid lease payments for coast (included in administrative expenses)	**778**	767
Amortisation of other intangible assets (included in cost of sales)	**3,271**	2,347
Auditor's remuneration	**2,705**	2,037
Depreciation for property, plant and equipment	**41,187**	37,467
Loss on disposal and write-off of property, plant and equipment	**296**	95
Minimum lease payments under operating leases:		
— LPG vessel	**1,676**	19,592
— Premises	**2,870**	1,874
Sub-contracting fee	**1,165**	1,047
Staff costs		
Directors' fees	**330**	330
Directors' other emoluments	**8,273**	6,214
Contributions to retirement benefits schemes excluding HK$81,000 (2008: HK$60,000) included in directors' emoluments	**1,701**	1,136
Others	**20,861**	21,840
	31,165	29,520

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:

	2009	2008
	HK$'000	*HK$'000*
Profit attributable to the equity holders of the parent for the purposes of basic and diluted earnings per share	**112,451**	52,911
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**975,483,511**	623,672,335

The number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for the open offer on October 13, 2008.

The computation of diluted earnings per share does not assume the exercise of the Company's option because the exercise price of the share options outstanding is higher than the average market price for shares for the year ended December 31, 2009 and 2008.

8. Trade debtors, bills receivable, other debtors, deposits and prepayments

	2009	2008
	HK$'000	*HK$'000*
Trade debtors	**762,023**	424,993
Bills receivable	—	22,678
	762,023	447,671

The Group allows an average credit period of 120 days. The bills receivable are matured within the range of 30 to 90 days for the year ended December 31, 2008. The following is an aged analysis of trade debtors and bills receivables at the end of the reporting period:

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**362,059**	134,335
31 to 60 days	**231,479**	30,578
61 to 90 days	**29,860**	279,567
91 to 180 days	**84,618**	1,993
Over 180 days	**54,007**	1,198
	762,023	447,671

Included in the Group's trade debtors, are debtors of approximately HK$365,380,000 (2008: HK$122,898,000) 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$136,651,000 (2008: HK$3,191,000) 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 138 days (2008: 167 days).

Ageing of trade receivables which are past due but not impaired

	2009	2008
	HK$'000	*HK$'000*
61 to 90 days	**137**	—
91 to 180 days	**82,850**	1,993
181 to 365 days	**53,664**	1,198
Total	**136,651**	3,191

During the year ended December 31, 2009, trade receivables of approximately HK$2,256,000 (2008: HK$17,167,000) were written off to consolidated statement of comprehensive income due to the default in principal payments or under liquidation. The Group did not hold any collateral over these balances.

During the year ended December 31, 2008, other receivables of approximately HK$1,115,000 were written off to consolidated statement of comprehensive income due to the default in principal payments or under liquidation. The Group does not hold any collateral over these balances. No other receivable was written off during the year ended December 31, 2009.

Included in other debtors, there is a trade deposit paid to a supplier of approximately HK$541,197,000 (2008: HK$368,657,000) in relation to the purchase of LPG which will be delivered within one year.

9. Trade creditors and bills payable

The aged analysis of trade creditors is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**437,473**	141,056
31 to 60 days	**127,555**	—
61 to 90 days	**36,155**	—
91 to 180 days	**8**	—
Over 180 days	**418**	404
	601,609	141,460

The aged analysis of bills payables is as follows:

0 to 30 days	**43,086**	149,304
31 to 60 days	**92,109**	31,323
61 to 90 days	**137,025**	—
91 to 180 days	**80,172**	—
	352,392	180,627
	954,001	322,087

Included in the Group's trade creditors and bills payable are amounts of approximately HK$588,624,000 (2008: HK$265,595,000) denominated in USD, which is not the functional currency of the relevant group entities.

FINAL DIVIDEND

The Directors have recommended a final dividend of HK1.0 cent per share (2008: HK0.3 cent per share) to be paid to shareholders on the register of members on June 8, 2010. Subject to shareholders' approval at the forthcoming annual general meeting to be held on June 15, 2010, the final dividend will be paid on or about June 30, 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from June 8, 2010 to June 15, 2010, 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 Monday, June 7, 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Summary of Group Performance

The Group achieved an outstanding performance in 2009 notwithstanding the difficult business environment in the aftermath of the 2008 world financial crisis.

1.1 Overall Performance

Group total revenue increased to approximately HK$6,483,119,000, a 5.27% growth compared with that of approximately HK$6,158,614,000 for the year ended December 31, 2008. Despite the numerically small growth in revenue, profit attributable to the equity holders of the Company for the year ended December 31, 2009 surged to approximately HK$112,451,000, doubling that of approximately HK$52,911,000 for the year ended December 31, 2008. On December 9, 2009, the Company completed a new issue of 192,500,000 shares by way of a top-up placing of shares at HK$1.00 per share, which generated net proceeds of approximately HK$188,773,000. The basic earnings per share for the year 2009, calculated on the enlarged issued share capital of 1,155,853,374 shares as at December 31, 2009, increased by 35.97% to HK11.53 cents per share compared with that of HK8.48 cents per share for the year ended December 31, 2008.

1.2 Business Performance

The Group's sales volume of liquefied petroleum gas ("LPG") passed the million ton milestone to reach about 1,060,000 tons in 2009. It represented an impressive growth of approximately 33% in comparison with that of about 795,000 tons in 2008. The LPG price in 2009 went down globally from its historical height in 2008. As such, our significant growth in sales volume generated merely a small increase in turnover to approximately HK$5,722,622,000 for LPG business, representing 88.27% of the Group's total turnover, but only 0.36% increase compared with that of approximately HK$5,702,341,000 in 2008.

The turnover contribution of electronics business, comprising electronics components and cellular phones, amounted to approximately HK$760,497,000 representing 11.73% of the Group's total turnover and a growth of 66.68% compared with that of approximately HK$456,273,000 for the electronic business for year 2008.

The reduction of the LPG portion of the Group's total turnover from 92.59% in 2008 to 88.27% in 2009 should not be read as any change of our business focus. As a matter of fact, the Group had made use of the global environment of energy price adjustment to further expand its market coverage and at the same time enhance the net earnings of its LPG business.

Apart from the 33% growth in the sales volume, which stands as a testimony to the Group's dedication to pursue LPG expansion, gross profit contributed by LPG business increased to approximately HK$358,348,000 in 2009 (2008: HK$191,947,000), representing 90.65% of the Group's total gross profit. A margin improvement from 3.37% in 2008 to 6.26% in 2009 was recorded during the period, as the Group was able to negotiate more favourable purchasing terms due to the increase in volume and the lowered LPG price allowed more aggressive pricing for the Group's LPG sales. Under a market situation where the price gap between imported LPG and domestic LPG was very much narrowed, the Group was able to achieve more effective matching of its purchase and distribution (i.e. domestic LPG for household consumption; imported LPG for export, industrial and auto-gas demand). The trading volume of imported LPG and domestic LPG both increased substantially and gross margin was successfully improved.

In respect of the electronics business, the business model adopted provided stable gross profit contribution at approximately HK$36,970,000 (2008: HK$35,449,000) which representing 9.35% of the Group's total gross profit.

1.3 Operational Performance

The Group's overall gross margin improved to 6.10% in 2009 from 3.69% in 2008 mainly due to improvement in unit gross margin and reduction in unit selling price of the LPG business.

During this period, the Group succeeded in cutting down its sales and distribution expenses by more than HK$14,000,000. Amongst the measures taken, early termination of LPG vessel time charter contracts was the most effective and the move reduced significantly the ship rental expenditure. In the early termination of one contract, full provision of about HK$15,088,000 for the ship rental deposit had been made in the interim results. Subsequently a voluntary settlement was reached for the early termination of the aforesaid contract with the Group received a compensation of approximately HK$10,898,000, thus the full year written-off amount netted off to approximately HK$4,190,000.

In 2009, administrative expenses increased moderately by about 9.18% from 2008. The additional expenditure was mainly incurred in expanding and streamlining the bottled LPG business, and included the establishment of our own network for direct distribution of bottled LPG, the expansion into Maoming market, preparations for penetration into Hong Kong and Macau markets. We strongly believe that the implementation of all these plans will bring about significant business growth as well as further improvement of our retail margin.

1.4 *Financial Performance*

Interest rate remained at relatively low level throughout this period. The Group was able to enjoy significant savings in its financial expenses which is one of the key factors contributing to the substantial increase in our net profit.

With respect to currency exposure, in the first half of year 2009, since the market expectation of Renminbi appreciation was not as aggressive as that in year 2008, there existed very little chance to apply financial instruments such as direct foreign exchange forward contracts and non-deliverable foreign exchange forward contracts to reduce our exchange cost (in relation to converting RMB into US$ for payments). Nearly all our purchase payments for the LPG importation in that period were made by spot exchange of RMB into US$. In the second half of year 2009, market sentiment changed, and these financial activities were resumed. All in all, the foreign exchange gain (the major component of the Group's other incomes) in 2009 reduced prominently from the exceptional height in 2008. On the other hand, financial expenses in relation to these financial activities also reduced accordingly.

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

2. LPG Business

2.1 LPG Market Situation (Guangdong)

Units: '000 tons	**2009**		2008		2007	
China's total demand	**22,400**	**100%**	20,550	100%	20,285	100%
Guangdong's total demand	**5,241**	**23%**	4,581	22%	5,620	28%

Source: Guangdong Oil and Gas Associations

Units: '000 tons	**2009**		2008		2007	
China's total import	**4,109**	**100%**	2,600	100%	4,038	100%
Guangdong's total import	**2,873**	**70%**	1,777	68%	2,908	72%
China's total export	**818**	**100%**	675	100%	338	100%
Guangdong's total export	**568**	**69%**	404	60%	222	66%

Source: China Custom and Excise

During the course of development of the LPG market in Guangdong, massive foreign investment had been made to help the establishment of an efficient supply chain in the province and the promotion of wider and more advanced applications of LPG. These investments made Guangdong the largest LPG market in China. For many years, Guangdong as a single province out of the 27 provinces in China consumed close to a quarter of the LPG sold in the country. Besides, Guangdong has always been ahead of other provinces in utilizing LPG for environmental protection purposes. As the major LPG import sea terminals are located in Guangdong, the province naturally becomes a window through which the bulk of imported LPG, which is of better quality than domestic LPG, is channeled into China. In recent years, the infrastructure described above has taken root in the province and further nurtured Guangdong to become a collection and distribution centre of imported LPG, not only serving the domestic market, but also covering neighbouring areas in the South China Sea Region.

Units: '000 tons	**2009**		2008		2007	
Guangdong LPG Consumption:	**5,241**	**100%**	4,581	100%	5,620	100%
Source of Supply:						
Refineries inside Guangdong	**1,415**	**27%**	936	20%	1,130	20%
Refineries outside Guangdong	**1,520**	**29%**	2,272	50%	1,800	32%
Import	**2,305**	**44%**	1,373	30%	2,690	48%

Source: Guangdong Oil and Gas Associations

The 2009 statistics indicated a sharp rise in the volume of imported LPG and an equally steep decline in the volume of domestic LPG supplied by refineries outside Guangdong. These changes were driven mostly by the consumer's preference under the situation that the price differential between imported and domestic LPG has remained small for most of the year 2009.

In general, LPG household users are sensitive to price and quality while industrial users (including auto-gas users) are very demanding on quality, but less sensitive to price.

With respect to household users, when the prices of imported LPG and domestic LPG were more or less at the same level, the demand for imported LPG obviously increased, and LPG supplied by refineries inside Guangdong, which is inferior to imported LPG but still has acceptable quality, was preferred to LPG supplied by refineries outside Guangdong, which is of inconsistent quality.

With respect to industrial users (including auto-gas users), as different applications of LPG would require LPG of different specifications and domestic LPG is generally unable to meet with all quality requirements at the same time, imported LPG becomes a necessity. We estimate that the current industrial demand in Guangdong is about 1 million tons. In line with the increasing application of LPG as feedstock for petrochemical plants and auto-gas application spreading from Guangzhou into other cities of Guangdong, the demand of imported LPG will increase very rapidly.

We, as a leading LPG supplier in Guangdong, constantly monitor market changes and make corresponding adjustments to our buying and selling strategies.

2.2 Overall Business Situation

The Group's LPG purchase reached about 1,060,000 tons in 2009, an increase of about 33% in comparison with that of about 795,000 tons in 2008.

With respect to imported LPG, for the second successive year, our Zhuhai Terminal maintained its leading position in respect of LPG import and export in China. In 2009, the terminal imported about 800,000 tons (about 28% of Guangdong's import) and exported about 264,000 tons (about 46% of Guangdong's export).

With respect to domestic LPG, Zhuhai NewOcean Energy Technology Co. Ltd. (the purchase centre of our domestic LPG) increased substantially the volume of purchase to about 262,000 tons in 2009 (almost doubling that in 2008).

The Group's Purchase Categories	**2009**		**2008**	
Term contract — ship import cargo	383,000 tons	36%	366,000 tons	46%
Spot purchase — ship import cargo	415,000 tons	39%	296,000 tons	37%
Import Volume	**798,000 tons**	**75%**	662,000 tons	83%
Domestic purchase volume — spot	**262,000 tons**	**25%**	133,000 tons	17%
The Group's total purchase	**1,060,000 tons**	**100%**	795,000 tons	100%

The Group's Sales Categories	**2009**		**2008**	
Imported LPG:				
Export — term contract	186,000 tons	23%	238,000 tons	36%
Export — spot sales	78,000 tons	10%	21,000 tons	3%
Export Total	**264,000 tons**	**33%**	259,000 tons	39%
Domestic sales — term contract	178,000 tons	22%	101,000 tons	15%
Domestic sales — spot	292,000 tons	37%	137,000 tons	21%
Domestic sales — joint purchase	0 tons	0%	103,000 tons	16%
Domestic sales — in bottle for industrial use	64,000 tons	8%	62,000 tons	9%
Domestic Sales Total	**534,000 tons**	**67%**	403,000 tons	61%
Imported LPG Distribution Total	**798,000 tons**	**100%**	662,000 tons	100%
Domestic LPG:				
Bottled LPG	124,000 tons	47%	103,000 tons	77%
Domestic LPG bulk selling	138,000 tons	53%	30,000 tons	23%
Domestic LPG Distribution Total	**262,000 tons**	**100%**	133,000 tons	100%
The Group's total LPG sales	**1,060,000 tons**		795,000 tons	

2.3 Imported LPG Distribution

In 2009, overall international LPG prices came down substantially from its historical height in 2008. In addition, extra supply, sometimes at the millions-ton level, was put onto the international market (in particular, by Qatar) with little choice of buyers other than China. Therefore, offer prices in the spot market would sometimes dip below term contracts prices which generally follow the prices dictated by Saudi Aramco. In view of such situation, the Group's purchases conducted through term contracts were arranged so as to have matching sales contracts in approximately equal volumes, and to set pricing formulas of both sides to link with the same LPG index to minimize price fluctuation risks. The volume purchased under term contract in 2009 amounted to about 383,000 tons which closely matched the about 364,000 tons of sales under term contracts (including export and domestic sales) made during the period.

For spot purchase and sales, we pre-sold most of the cargoes immediately after the purchase price was fixed and margin was secured. The spot purchase quantity during the period increased to about 415,000 tons. This quantity was distributed partly to meet the export demand growth and partly for distribution to second class terminals and bottling plants in Guangdong. Sales under joint purchase arrangement were terminated at the end of 2008, but business with the joint purchase partners has continued and was transacted on spot basis.

For the expansion of imported LPG distribution, we have all along been putting our focus on industrial customers that have captive demand on good quality imported LPG, which brings to us much higher profit margin. In 2009, we succeeded in increasing our sales to industrial customers by about 75,000 tons (grouped under domestic sales — term contract), and a number of term contracts that involve sizable demand were in the pipeline. For selling to industrial customers, credit term ranging from 90 days to 120 days has to be granted as a market practice. The sales expansion in this respect indeed caused an increase of trade account receivables in our balance sheet and that means higher credit risk has to be borne. To deal with this issue, we centralize the approval authority of credit sales at the senior management level of the Group. For some customers, bank drafts are taken as securities or credit insurances are covered for risk and return justification.

2.4 Domestic LPG Distribution (including bottled LPG distribution)

In 2009, Zhuhai NewOcean Energy Technology Company Limited ("NewOcean Technology"), a wholly owned subsidiary of the Company incorporated in Zhuhai as a wholly foreign owned investment holding company, continued to perform its role as the purchase centre of the Group for domestic LPG. NewOcean Technology increased substantially its purchasing commitment in domestic LPG in order to secure better volume discounts. Total purchase increased from about 133,000 tons in 2008 to about 262,000 tons in 2009. This amount represents purchasing conducted during the year under a "over buying" purchasing model, whereby purchases were made in quantities exceeding the actual stock requirements of our own bottling plants. The over-bought stock was then sold on the wholesale market for a relatively low but secured margin. In China, the domestic LPG suppliers (i.e. the refineries) only accept payment in advance or cash deposit. Our increase in the purchase volume indeed increased our working capital requirement, but since the earnings from sales of the excessive amount to outsiders were more than sufficient to cover the additional funding costs, taking this approach in domestic LPG trading is very effective in lowering the cost of purchase for our bottled LPG distribution.

The bottled LPG business conducted through the Group's 13 bottling plants in Guangdong and Guangxi province achieved a sales volume of about 188,000 tons in 2009, an increase of about 14% when compared with that of about 165,000 tons in 2008. The increase in volume was attributable to the organic growth of each market and the completion of Maoming Bottling Plant acquisition in September 2009.

Commencing from the beginning of the year, development focus is being put on reducing the Group's bottled LPG sales through dealers and establishing our own direct sales network. The logistic facilities and manpower in Guangzhou and Shenzhen were strengthened for the aforesaid purpose. Direct sales of bottled LPG to both restaurants and households were increasing gradually. As the promotion of direct sales of bottled LPG is a labour intensive process, we are only aiming at a moderate initial sales growth in this area. We are however confident that with the extension of our direct distribution network, sales of bottled LPG will grow with increasing momentum in the near future.

3. Electronics Business

In 2009, the turnover of the Group's electronics business amounted to approximately HK$760,497,000, a growth of 66.68% in comparison with that of approximately HK$456,273,000 in 2008. Electronics components trading contributed a turnover of approximately HK$349,648,000 which doubled that of approximately HK$170,605,000 in 2008. The turnover of cellular phone business grew to approximately HK$410,849,000, an increase of 43.82% compared with that of approximately HK$285,668,000 in 2008.

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 prevailing in Thailand in 2009 had not caused adverse impact on the cellular phone business, but consumer sentiment was indeed affected resulting in a business growth rate lower than expected. According to Newtel, the growth slow-down only signified a consolidation of the market and the "WellcoM" brand remained one of the top four brand names for cellular phones sales in Thailand.

4. Business Outlook

The Group's LPG core business will remain as our key development direction in the coming future. For the past years, we put our entire resources in establishing, expanding and streamlining our LPG distribution channels. The logistics related establishments within our development programme have substantially been completed in 2009. In the coming future, we shall focus on the strengthening of our earning capability. A number of new development plans that are LPG retailing related have been formulated in 2009 and are being implemented.

We will penetrate into the bottled LPG markets of higher profit margin. Hong Kong and Macau have been identified as the immediate targets. As ground work for our bottled LPG business in Hong Kong, we have taken out leases over two pieces of land in Tuen Mun for the construction of a depot that serves as storage and distribution centre. In the meantime, a wholly owned subsidiary of the Company has been processing the application to the relevant department in the Hong Kong Government for registration as a Registered Gas Supply Company. It is expected that bottled LPG distribution in Hong Kong will commence within the year of 2010. The development of the Macau market moved much faster. The distribution of bottled LPG in Macau commenced in March 2010 after the Group acquired one of the seven domestic distributors in the region.

The Group is also preparing to enter into the Zhuhai bottled LPG market. The bottling plant originally situated within our Zhuhai Terminal had been removed in 2006 to provide space for storage capacity expansion. The plant is now being re-built on a piece of land adjacent to the depot area of the terminal with construction work anticipated to complete by April 2010. The new bottling plant will serve the Zhuhai bottled LPG market as well as providing logistic services to our Macau operations.

In 2010, we will employ a diversity of financial products in both the capital market and debt market to accelerate our acquisitions and expansions into businesses that involve more advanced LPG applications. We are particularly interested in the auto-gas market of Guangdong where there is ample room for development, and being the major imported LPG supplier in this market, our participation in the auto-gas operation will definitively be synergy creating.

With regard to our LPG wholesaling business, the time schedule for two additional berths at the Zhuhai Terminal has been adjusted so that the construction work will proceed in coordination with the oil storage depot construction which was finally approved in August 2009. The addition of two berths at the Zhuhai Terminal will effectively enhance its annual throughput capacity to about 1,600,000 tons of LPG with the ability to handle about 1,000,000 tons of oil products concurrently.

We have the confidence that the achievements we made in 2009 would be a milestone in the Group's long term development. Starting from this year, the Group shall enter into a new era with much faster growth both in its size as well as earnings.

LIQUIDITY AND FINANCIAL RESOURCES

As at December 31, 2009, the net current assets of the Group amounted to approximately HK$191,116,000 (2008: HK$19,938,000) and the Group's bank balances and cash was approximately HK$194,716,000 (2008: HK$143,756,000). At the balance sheet date, current ratio was 1.06:1 (2008: 1.01:1), quick ratio was 0.93:1 (2008: 0.94:1), gearing ratio was 0.76:1 (2008: 0.73:1) which was calculated based on total liabilities of approximately HK$3,210,225,000 (2008: HK$1,982,655,000) and total assets of approximately HK$4,226,442,000 (2008: HK$2,700,263,000).

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at December 31, 2009 and 2008.

PLEDGE OF ASSETS

At December 31, 2009, the Group pledged its bank deposits amounting to approximately HK$1,392,355,000 (2008: HK$732,199,000) to secure general banking facilities granted to the Group. The bank loans of the Group comprise of an amount of approximately HK$84,271,000 (2008: HK$147,198,000) drawn under term loan facilities secured by a floating charge over the assets of the Company, by share mortgages of the issued capital and floating charges over the assets of Sound Hong Kong Limited and NewOcean (Shenzhen) Energy Investment Limited, and by fixed charge over the fixed assets of Shenzhen Baorun Liquefied Petroleum Gas Company Limited which are wholly-owned subsidiaries of the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2009, the Group employed approximately 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 December 31, 2009.

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 December 31, 2009, 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 RESULT

The Audit Committee of the Company has reviewed with 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 December 31, 2009.

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 2009 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, April 12, 2010

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

* *For identification purposes only.*