



NewOcean Energy Holdings Limited
新海能源集團有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號 : 00342



Interim Report 2009



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Report on Review of Interim Financial Information

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF
NEWOCEAN ENERGY HOLDINGS LIMITED

Introduction

We have reviewed the interim financial information set out on pages 04 to 23, which comprises the condensed consolidated statement of financial position of NewOcean Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



Report on Review of Interim Financial Information *(Continued)*

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that caused us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period ended 30 June 2008 and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

9 September 2009



Condensed Consolidated Statement of Comprehensive Income

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

Condensed Consolidated Statement of Financial Position

		As at 30 June 2009 (Unaudited) <i>HK\$'000</i>	As at 31 December 2008 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	9	558,951	572,037
Prepaid lease payments for land		53,190	54,341
Prepaid lease payments for coast		11,887	12,271
Goodwill		123,316	123,436
Other intangible assets		14,197	15,739
Interest in a jointly controlled entity		9,773	12,142
Other assets		24,260	31,401
Deferred tax assets		1,556	1,556
		797,130	822,923
Current assets			
Inventories		175,702	137,666
Trade debtors and bills receivable	10	702,137	447,671
Other debtors, deposits and prepayments	10	328,214	412,053
Derivative financial instruments		2,628	550
Prepaid lease payments for land		2,349	2,348
Prepaid lease payments for coast		778	778
Amount due from a jointly controlled entity		319	319
Pledged bank deposits	11	663,590	732,199
Bank balances and cash		73,611	143,756
		1,949,328	1,877,340
Current liabilities			
Trade creditors and bills payable	12	645,919	322,087
Other creditors and accrued charges		107,177	215,789
Derivative financial instruments		5,659	—
Tax liabilities		21,276	5,378
Borrowings, partly secured — repayable within one year	13	1,146,560	1,309,045
Obligation for put option to minority shareholder of a subsidiary		5,103	5,103
		1,931,694	1,857,402

Condensed Consolidated Statement of Financial Position *(Continued)*

		As at 30 June 2009 (Unaudited) HK\$'000	As at 31 December 2008 (Audited) HK\$'000
	<i>Notes</i>		
Net current assets		17,634	19,938
Total assets less current liabilities		814,764	842,861
Capital and reserves			
Share capital	14	96,336	96,336
Share premium and other reserves		657,023	619,741
Equity attributable to equity holders of the Company		753,359	716,077
Minority interests		1,531	1,531
Total equity		754,890	717,608
Non-current liabilities			
Deferred tax liabilities		13,194	15,002
Borrowings, partly secured — repayable over one year	13	46,680	110,251
		59,874	125,253
		814,764	842,861



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory surplus reserves HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Contributed surplus accounts HK\$'000	Retained profits HK\$'000	Attributable to owners of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2009 (audited)	96,336	293,490	122,085	6,290	51,952	5,663	1,667	138,594	716,077	1,531	717,608
Profit for the period	—	—	—	—	—	—	—	40,713	40,713	—	40,713
Exchange differences arising from translation to presentation currency	—	—	—	—	(541)	—	—	—	(541)	—	(541)
Total comprehensive income for the period	—	—	—	—	(541)	—	—	40,713	40,172	—	40,172
Transfer	—	—	—	(2,401)	—	—	—	2,401	—	—	—
Dividend paid (note 8)	—	—	—	—	—	—	—	(2,890)	(2,890)	—	(2,890)
At 30 June 2009 (unaudited)	96,336	293,490	122,085	3,889	51,411	5,663	1,667	178,818	753,359	1,531	754,890
At 1 January 2008 (audited)	48,168	199,299	122,085	5,046	38,977	5,663	1,667	92,225	513,130	10,713	523,843
Profit for the period	—	—	—	—	—	—	—	29,738	29,738	—	29,738
Exchange differences arising from translation to presentation currency	—	—	—	—	22,878	—	—	—	22,878	—	22,878
Total comprehensive income for the period	—	—	—	—	22,878	—	—	29,738	52,616	—	52,616
Transfer	—	—	—	(877)	—	—	—	877	—	—	—
Dividend paid (note 8)	—	—	—	—	—	—	—	(5,298)	(5,298)	—	(5,298)
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	(10,545)	(10,545)
At 30 June 2008 (unaudited)	48,168	199,299	122,085	4,169	61,855	5,663	1,667	117,542	560,448	168	560,616

The special reserve of the Group represents the difference between the share capital, share premium and capital redemption reserve of the Group's former ultimate holding company whose shares were exchanged for the Company's shares and the nominal amount of the share capital issued by the Company pursuant to a scheme of arrangement dated 14 April 1999.

The statutory surplus reserves represent enterprise development and general reserve funds appropriated from the profit after taxation of subsidiaries established in the People's Republic of China (the "PRC") in accordance with the PRC laws and regulations.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Audited) HK\$'000
Net cash from (used in) operating activities	92,255	(118,275)
Net cash from (used in) investing activities		
Interest received	13,176	16,890
Purchase of property, plant and equipment	(5,199)	(18,577)
Decrease (increase) in pledged bank deposits	68,609	(528,343)
Other investing cash flows (net)	(7,880)	(8,516)
	68,706	(538,546)
Net cash (used in) from financing activities		
Borrowings raised	2,293,877	2,887,048
Repayments of borrowings	(2,518,127)	(2,180,578)
Other financing cash flows (net)	(4,548)	(8,764)
	(228,798)	697,706
Net (decrease) increase in cash and cash equivalents	(67,837)	40,885
Cash and cash equivalents at beginning of the period	141,950	105,968
Effect of foreign exchange difference	(502)	5,727
Cash and cash equivalents at end of the period	73,611	152,580
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	73,611	155,812
Bank overdrafts	—	(3,232)
	73,611	152,580

Notes to the Condensed Consolidated Financial Statements

1. General Information and Basis of Preparation

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

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

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

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

2. Principal Accounting Policies

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

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

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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

2. Principal Accounting Policies *(Continued)*

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

HKFRS 8 Operating Segments

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

HKAS 1 (Revised) Presentation of Financial Statements

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

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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

2. Principal Accounting Policies *(Continued)*

HKAS 1 (Revised) Presentation of Financial Statements *(Continued)*

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

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

¹ Effective for annual periods beginning on or after 1 July 2009.

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

³ Effective for annual periods beginning on or after 1 January 2010.

⁴ Effective for transfers on or after 1 July 2009.

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.



Notes to the Condensed Consolidated Financial Statements *(Continued)*

3. Segment Information

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

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

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



Notes to the Condensed Consolidated Financial Statements *(Continued)*

3. Segment Information *(Continued)*

Business segments

Six months ended 30 June 2009 (Unaudited)

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



Notes to the Condensed Consolidated Financial Statements *(Continued)*

3. Segment Information *(Continued)*

Business segments *(Continued)*

Six months ended 30 June 2008 (Unaudited)

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

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

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

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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

4. Written Off of Rental Deposit for LPG Vessel

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

5. Profit Before Taxation

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

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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

6. Income Tax Expense

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

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

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

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

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



Notes to the Condensed Consolidated Financial Statements *(Continued)*

7. Earnings Per Share

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

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

	Six months ended 30 June	
	2009 (Unaudited)	2008 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	963,353,374	529,844,356

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

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

8. Dividends

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

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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

9. Movements in Property, Plant and Equipment

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

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

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

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

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

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

11. Pledged Bank Deposits

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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

12. Trade Creditors and Bills Payable

The aged analysis of trade creditors is as follows:

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



Notes to the Condensed Consolidated Financial Statements *(Continued)*

13. Borrowings, Partly Secured

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

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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

14. Share Capital

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

15. Contingent Liabilities

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

16. Other Commitments

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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

17. Lease Commitments

The Group as lessee

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

18. Related Party Transactions

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

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

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

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

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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

18. Related Party Transactions *(Continued)*

Compensation of key management personnel

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

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

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

19. Events After the End of the Reporting Period

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

Interim Dividend

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

Management Discussion and Analysis

General

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

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

Management Discussion and Analysis *(Continued)*

General *(Continued)*

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

Business Review and Analysis

Overall Situation

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

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

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

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

Management Discussion and Analysis *(Continued)*

Business Review and Analysis *(Continued)*

Overall Situation *(Continued)*

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

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

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

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

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

LPG Wholesaling

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

Management Discussion and Analysis *(Continued)*

Business Review and Analysis *(Continued)*

LPG Wholesaling *(Continued)*

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

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

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



Management Discussion and Analysis *(Continued)*

Business Review and Analysis *(Continued)*

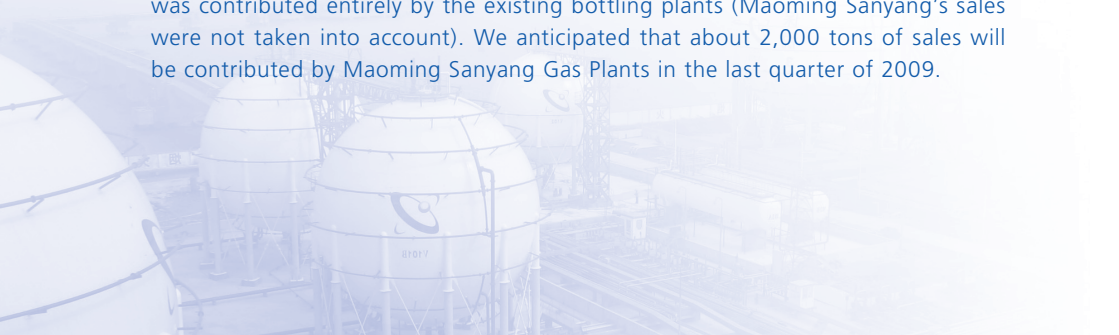
LPG Retailing

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

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

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

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



Management Discussion and Analysis *(Continued)*

Business Review and Analysis *(Continued)*

Electronics

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

Business Outlook

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



Management Discussion and Analysis *(Continued)*

Business Outlook *(Continued)*

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

Changes in Directorship

On 18 June 2009, Mr. Cai Xikun, Mr. Siu Ka Fai, Brian and Mr. Wang Jian were appointed as new directors of the Company and were designated as executive directors. Mr. Cai, Mr. Siu and Mr. Wang have service contracts with the Company under which annual director's fees of HK\$396,000, HK\$594,000 and HK\$382,800 respectively were payable as determined by the Board.

On the same day, Mr. Shum Chun, Lawrence, executive director, took the office of Managing Director of the Company on the vacation of the position due to change of job duties by Mr. Chiu Sing Chung, Raymond, who remains as executive director.



Directors' and Chief Executives' Interest in Securities of the Company

As at 30 June 2009, the interests of the directors and chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Securities Code") to be notified to the Company and the Stock Exchange were as follows:

(a) Interests in Shares (Long Position)

Name of Director	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company
Shum Siu Hung	Family interest (Note 1)	490,779,280	50.94
Wu Hong Cho	Other (Note 2)	24,538,964	2.55
Cen Ziniu	Other (Note 2)	4,907,793	0.51
Shum Chun, Lawrence	Beneficial owner	44,933,558	4.66
	Other (Note 2)	73,616,892	7.64

Notes:

- These represent the same block of 490,779,280 shares held as corporate interest by Tong Shiu Ming, spouse of Shum Siu Hung as referred to in Note 1 to sub-paragraph (a) "Interests in Shares (Long Position)" of the paragraph headed "Substantial Shareholder" below, and is deemed to be the family interest of Shum Siu Hung. These 490,779,280 shares are held by Uniocean Investments Limited ("Uniocean"), which is owned as to 64% by Tong Shiu Ming 15% by Shum Chun, Lawrence, 15% by Shum Ho, Neo, 5% by Wu Hong Cho and 1% by Cen Ziniu. (Shum Chun, Lawrence and Shum Ho, Neo are sons of Shum Siu Hung and Tong Shiu Ming.)
- These interests reflect respectively the 5%, 1% and 15% proportional interest of Wu Hong Cho, Cen Ziniu and Shum Chun, Lawrence in the 490,779,280 shares held by Uniocean.

Directors' and Chief Executives' Interest in Securities of the Company *(Continued)*

(b) Share Options

Name of Director	Date of grant	Exercise price per Share (HK\$)	Exercise period	Number of underlying Shares	Outstanding Share Option as 30/06/2009
Shum Siu Hung	16/6/2006	0.625	17/6/2006 – 31/12/2015	9,940,358	9,940,358
Chiu Sing Chung, Raymond	16/6/2006	0.625	17/6/2006 – 31/12/2015	6,626,905	6,626,905
Siu Ka Fai, Brian	15/5/2006	0.625	17/6/2006 – 31/12/2015	4,970,179	4,970,179
Cheung Kwan Hung, Anthony	16/6/2006	0.625	17/6/2006 – 31/12/2015	1,104,484	1,104,484

Save as disclosed above in this paragraph and other than the non-beneficial interests of directors in the nominee shares in certain subsidiaries held by certain directors subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the Company, as at 30 June 2009 no directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which were, pursuant to the SFO and the Securities Code, required to be notified to the Company and the Stock Exchange.

During the period under review none of the Company or any of its subsidiaries was a party to any arrangement to enable the directors or chief executive or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, and no director or chief executive or any of their spouses or children under 18 years of age had been granted or had exercised any such right or the right to subscribe for equity or debt securities of the Company.

Substantial Shareholders' Interest in Securities of the Company

As at 30 June 2009, according to the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO and so far as is known to the directors the persons (other than directors and chief executives whose interests are disclosed above) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

(a) Interests in Shares (Long Position)

Name of Shareholder	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company
Tong Shiu Ming	Held by corporation (Note 1)	490,779,280	50.94
Yam Tak Cheung	Held by corporation (Note 2)	80,000,000	8.30

Notes:

- 490,779,280 shares of the Company are held by Uniocean. As described in Note 1 to sub-paragraph (a) "Interests in Shares (Long Position)" of the paragraph headed "Directors' and Chief Executives' Interest in shares, Underlying Shares and Debentures" above, Uniocean is owned as to 64% by Tong Shiu Ming 15% by Shum Chun, Lawrence, 15% by Shum Ho, Neo, 5% by Wu Hong Cho and 1% by Cen Ziniu. Tong Shiu Ming is deemed to be the controlling shareholder of Uniocean.
- 80,000,000 shares of the Company are held by Integrated Asset Management (Asia) Limited ("Integrated Assets"). Yam Tak Cheung owns 100% of Integrated Asset and is deemed to be the controlling shareholder of Integrated Assets.

Substantial Shareholders' Interest in Securities of the Company *(Continued)*

(b) Share Options

Name of Shareholder	Capacity	Exercise price per Share (HK\$)	Number of underlying Shares	Outstanding Share Option as at 30/06/2009
Tong Shiu Ming (Note)	Family interest	0.625	9,940,358	9,940,358

Note:

These represent the same block of share option to subscribe 9,940,358 shares held by Shum Siu Hung, the spouse of Tong Shiu Ming as referred to in sub-paragraph (b) "Share Options" of the paragraph headed "Directors' and Chief Executives' Interest in shares, Underlying Shares and Debentures" above, and were deemed to be the family interest of Tong Shiu Ming.

Corporate Governance and Other Information

Corporate Governance

The Company complied with the provision of the Code on Corporate Governance Practices (the "Governance Code") as set out in Appendix 14 of the Listing Rules on the Stock Exchange throughout the six months ended 30 June 2009 with the exception that the independent non-executive directors are not appointed for a specific term as provided in the Governance Code. Under the Bye-laws of the Company, independent non-executive directors of the Company shall retire by rotation and their appointment will be reviewed when they are due for re-election. In the opinion of the directors, this arrangement meets the same objectives as the Governance Code.



Corporate Governance and Other Information *(Continued)*

Compliance with the Model Code for Securities Transactions by Directors

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conducting regarding securities transactions (the "Securities Code"). Having made specific enquiry of the directors, all directors of the Company had complied with the required standards as set out in the Securities Code during the six months ended 30 June 2009.

Purchase, Sale and Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2009.

Liquidity and Financial Review

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

Human Resources

As at 30 June 2009, the Group employed approximately 520 employees in Hong Kong and mainland China. The Group remunerated the employees based on their performance, experience and prevailing market practices.



Corporate Governance and Other Information *(Continued)*

Foreign Exchange Fluctuations

The wholesale business of the Group earns a large portion of its revenue in Renminbi and cost of the Group's imports is incurred in US dollars. The Group therefore has a certain degree of exposure to foreign exchange risk arising from the exposure of Renminbi against Hong Kong dollars and US dollars. However, as explained in the sub-paragraph headed "LPG Wholesaling" in the section "Management Discussion and Analysis", depending on the exchange market the Group may use financial instruments for, among other things, hedging up to the extent of the settlement amount. The Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong Dollars, US dollars and Renminbi in the foreseeable future.

Review by Audit Committee

The audit committee, comprising all the independent non-executive directors of the Company, has reviewed with the Company's 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 2009.

By order of the Board
Shum Siu Hung
Chairman

Hong Kong, 9 September 2009

