



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>

AUDITED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2008

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, 2008 together with comparative figures for the year ended December 31, 2007 as follows:

CONSOLIDATED INCOME STATEMENT

| | Notes | 2008 HK\$'000 | 2007 HK\$'000 |
|---|-------|----------------------------|----------------------------|
| Revenue | 2 | 6,158,614 | 3,890,225 |
| Cost of sales | | <u>(5,931,218)</u> | <u>(3,719,247)</u> |
| Gross profit | | 227,396 | 170,978 |
| Other income | 4 | 163,699 | 90,331 |
| Selling and distribution expenses | | (99,087) | (58,107) |
| Administrative expenses | | (85,562) | (63,419) |
| Written off of trade debtors | | (17,167) | — |
| Written off of other debtors | | (1,115) | — |
| Changes in fair values of foreign currency forward contracts | | 11,936 | (22,883) |
| Adjustment to goodwill | | (135) | (442) |
| Finance costs | | (145,483) | (64,469) |
| Share of (loss) profit of a jointly controlled entity | | <u>(360)</u> | <u>570</u> |
| Profit before taxation | | 54,122 | 52,559 |
| Taxation charge | 5 | <u>(1,211)</u> | <u>(2,105)</u> |
| Profit for the year attributable to equity holders of the Company | 6 | <u><u>52,911</u></u> | <u><u>50,454</u></u> |
| Earnings per share | 7 | | |
| Basic | | <u><u>HK8.48 cents</u></u> | <u><u>HK9.52 cents</u></u> |
| Diluted | | <u><u>HK8.48 cents</u></u> | <u><u>HK9.49 cents</u></u> |

* For identification purpose only

CONSOLIDATED BALANCE SHEET

| | <i>Notes</i> | 2008 <i>HK\$'000</i> | 2007 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 572,037 | 501,112 |
| Prepaid lease payments for land | | 54,341 | 53,391 |
| Prepaid lease payments for coast | | 12,271 | 12,290 |
| Goodwill | | 123,436 | 102,623 |
| Other intangible assets | | 15,739 | 16,850 |
| Interest in a jointly controlled entity | | 12,142 | 12,502 |
| Other assets | | 31,401 | 35,759 |
| Deferred tax assets | | 1,556 | 1,930 |
| | | <u>822,923</u> | <u>736,457</u> |
| Current assets | | | |
| Inventories | | 137,666 | 126,925 |
| Trade debtors and bills receivable | 8 | 447,671 | 430,863 |
| Other debtors, deposits and prepayments | | 412,053 | 160,530 |
| Derivative financial instruments | | 550 | — |
| Prepaid lease payments for land | | 2,348 | 2,211 |
| Prepaid lease payments for coast | | 778 | 732 |
| Amount due from a jointly controlled entity | | 319 | 471 |
| Pledged bank deposits | | 732,199 | 755,375 |
| Bank balances and cash | | 143,756 | 105,968 |
| | | <u>1,877,340</u> | <u>1,583,075</u> |
| Current liabilities | | | |
| Trade creditors and bills payable | 9 | 322,087 | 381,816 |
| Other creditors and accrued charges | | 215,789 | 96,814 |
| Derivative financial instruments | | — | 21,402 |
| Tax liabilities | | 5,378 | 4,322 |
| Borrowings, partly secured — repayable within one year | | 1,309,045 | 1,064,999 |
| Obligation for put option to minority shareholder of a subsidiary | | 5,103 | — |
| | | <u>1,857,402</u> | <u>1,569,353</u> |
| Net current assets | | <u>19,938</u> | <u>13,722</u> |
| Total assets less current liabilities | | <u><u>842,861</u></u> | <u><u>750,179</u></u> |

| | <i>Notes</i> | 2008 HK\$'000 | 2007 HK\$'000 |
|--|--------------|--------------------------------|------------------|
| Capital and reserves | | | |
| Share capital | | 96,336 | 48,168 |
| Share premium and other reserves | | 619,741 | 464,962 |
| | | <hr/> | <hr/> |
| Equity attributable to equity holders of the Company | | 716,077 | 513,130 |
| Minority interests | | 1,531 | 10,713 |
| | | <hr/> | <hr/> |
| Total equity | | 717,608 | 523,843 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 15,002 | 16,109 |
| Borrowings, partly secured — repayable over one year | | 110,251 | 205,421 |
| Obligation for put option to minority shareholder of a subsidiary | | — | 4,806 |
| | | <hr/> | <hr/> |
| | | 125,253 | 226,336 |
| | | <hr/> | <hr/> |
| | | 842,861 | 750,179 |
| | | <hr/> <hr/> | <hr/> <hr/> |

1. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are or have become effective.

| | |
|-------------------------------------|--|
| HKAS 39 and HKFRS 7 (Amendments) | Reclassification of financial assets |
| HK(IFRIC)–INT 11 | HKFRS 2: Group and treasury share transactions |
| HK(IFRIC)–INT 12 | Service concession arrangements |
| HK(IFRIC)–INT 14 | HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction |

The adoption of the new HKFRSs had no material effect on how the results or financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year 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) | Improvements to HKFRSs ¹ |
| HKAS 1 (Revised) | Presentation of financial statements ² |
| HKAS 23 (Revised) | Borrowing costs ² |
| HKAS 27 (Revised) | Consolidated and separate financial statements ³ |
| HKAS 32 & 1 (Amendments) | Puttable financial instruments and obligations arising on liquidation ² |
| HKAS 39 (Amendment) | Eligible hedged items ³ |
| HKFRS 1 & HKAS 27 (Amendments) | Cost of an investment in a subsidiary, jointly controlled entity or associate ² |
| HKFRS 2 (Amendment) | Vesting conditions and cancellations ² |
| HKFRS 3 (Revised) | Business combinations ³ |
| HKFRS 7 (Amendment) | Improving disclosures about financial instruments ² |
| HKFRS 8 | Operating segments ² |
| HK(IFRIC)-INT 9 & HKAS 39 (Amendments) | Embedded derivatives ⁴ |
| HK(IFRIC)-INT 13 | Customer loyalty programmes ⁵ |
| HK(IFRIC)-INT 15 | Agreements for the construction of real estate ² |
| HK(IFRIC)-INT 16 | Hedges of a net investment in a foreign operation ⁶ |
| HK(IFRIC)-INT 17 | Distributions of non-cash assets to owners ³ |
| HK(IFRIC)-INT 18 | Transfers of assets from customers ⁷ |

- ¹ Effective for annual periods beginning on or after January 1, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after July 1, 2009
- ² Effective for annual periods beginning on or after January 1, 2009
- ³ Effective for annual periods beginning on or after July 1, 2009
- ⁴ Effective for annual periods ending on or after June 30, 2009
- ⁵ Effective for annual periods beginning on or after July 1, 2008
- ⁶ Effective for annual periods beginning on or after October 1, 2008
- ⁷ Effective for transfers on or after July 1, 2009

The application 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 or interpretations will have no material impact on the results and the financial position of the Group.

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 for the year, and is analysed as follows:

| | 2008 | 2007 |
|--|-------------------------|------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Sale and distribution of liquified petroleum gas ("LPG") | 5,702,341 | 3,673,610 |
| Sale of electronic products | 456,273 | 216,615 |
| | <u>6,158,614</u> | <u>3,890,225</u> |

3. Business and geographical segments

The Group is principally engaged in sale and distribution of LPG and sale of electronic products. These businesses are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

Business segments

Income statement

For the year ended December 31, 2008:

| | Sale and distribution of LPG HK\$'000 | Sale of electronic products HK\$'000 | Consolidated HK\$'000 |
|--|--|---|----------------------------------|
| Segment revenue | <u>5,702,341</u> | <u>456,273</u> | <u>6,158,614</u> |
| Segment result | 118,858 | 37,900 | 156,758 |
| Interest income | — | — | 46,324 |
| Unallocated corporate expenses | — | — | (15,053) |
| Change in fair values of foreign currency forward contracts | — | — | 11,936 |
| Finance costs | — | — | (145,483) |
| Share of loss of a jointly controlled entity | (360) | — | (360) |
| Profit before taxation | | | 54,122 |
| Taxation charge | | | (1,211) |
| Profit for the year | | | <u>52,911</u> |

For the year ended 31 December, 2007:

| | Sale and distribution of LPG <i>HK\$'000</i> | Sale of electronic products <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|--|---|--|---------------------------------|
| Segment revenue | <u>3,673,610</u> | <u>216,615</u> | <u>3,890,225</u> |
| Segment result | 123,660 | 20,432 | 144,092 |
| Interest income | — | — | 10,287 |
| Gain on disposal of subsidiaries | 7,371 | — | 7,371 |
| Unallocated corporate expenses | — | — | (22,409) |
| Change in fair values of foreign currency forward contracts | — | — | (22,883) |
| Finance costs | — | — | (64,469) |
| Share of profit of a jointly controlled entity | 570 | — | <u>570</u> |
| Profit before taxation | | | 52,559 |
| Taxation charge | | | <u>(2,105)</u> |
| Profit for the year | | | <u><u>50,454</u></u> |

Geographical segments

The Group's operations, by the geographical location of its customers, are located in Hong Kong and the People's Republic of China (the "PRC"), South East Asia, Thailand, Vietnam and Korea. The Group's sale and distribution of LPG was carried out in the PRC. The Group's sale of electronic products was carried out in Hong Kong.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods:

| | Sales revenue by geographical markets | |
|-----------------|--|-------------------------|
| | 2008 | 2007 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| The PRC | 3,405,935 | 2,265,145 |
| Thailand | 1,134,286 | 841,066 |
| Vietnam | 801,158 | — |
| South East Asia | 231,631 | 314,330 |
| Hong Kong | 570,808 | 132,437 |
| Korea | 14,796 | 337,247 |
| | <u>6,158,614</u> | <u>3,890,225</u> |

4. Other income

| | 2008 <i>HK\$'000</i> | 2007 <i>HK\$'000</i> |
|----------------------------------|-------------------------|-------------------------|
| Interest earned on bank deposits | 46,324 | 10,287 |
| Net exchange gain | 113,633 | 63,283 |
| Gain on disposal of subsidiaries | — | 7,371 |
| Subcontracting fee income | — | 6,471 |
| Others | 3,742 | 2,919 |
| | <u>163,699</u> | <u>90,331</u> |

5. Taxation charge

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

| | 2008 <i>HK\$'000</i> | 2007 <i>HK\$'000</i> |
|--------------------------------------|-------------------------|-------------------------|
| Current tax: | | |
| Other regions in the PRC | <u>(3,180)</u> | <u>(2,631)</u> |
| Deferred tax | | |
| Current year | 1,783 | 374 |
| Attributable to a change in tax rate | <u>186</u> | <u>152</u> |
| | <u>1,969</u> | <u>526</u> |
| | <u>(1,211)</u> | <u>(2,105)</u> |

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% (2007: 17.5%) of the estimated assessable profit for the year.

The current tax for other regions in the PRC represents PRC enterprise income tax, which is calculated at the rates prevailing, in respect of the Company's subsidiaries operating in the PRC.

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.

On March 16, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the PRC. On December 6, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulations, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC, was reduced from

33% to 25% from January 1, 2008 onwards. The relevant tax rates for the Group's subsidiaries in the PRC range from 18% to 25% (2007: 15% to 33%). The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled. 新海 (珠海) is entitled to the 50% tax relief on the PRC enterprise tax at a tax rate increasing progressively for the next three years from 18% to 22% from 2008 to 2010. From 2011 onwards it will be subject to 25% PRC enterprise tax.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and its subsidiaries had no assessable profits arising in Hong Kong.

6. Profit before taxation

| | 2008 | 2007 |
|--|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Profit for the year has been arrived at after charging: | | |
| Amortisation of prepaid lease payments for land (included in administrative expenses) | 2,316 | 2,133 |
| Amortisation of prepaid lease payments for coast (included in administrative expenses) | 767 | 707 |
| Amortisation of other intangible assets (included in cost of sales) | 2,347 | 2,163 |
| Auditor's remuneration | 2,037 | 1,812 |
| Depreciation for property, plant and equipment | 37,467 | 22,611 |
| Loss on disposal and write-off of property, plant and equipment | 95 | — |
| Minimum lease payments under operating leases: | | |
| — LPG vessel | 19,592 | 13,852 |
| — Premises | 1,874 | 1,393 |
| Sub-contracting fee | 376 | 346 |
| Staff costs | | |
| Directors' fees | 330 | 380 |
| Directors' other emoluments | 6,214 | 5,698 |
| Contributions to retirement benefits schemes excluding HK\$60,000 (2007: HK\$60,000) included in directors' emoluments | 1,136 | 658 |
| Others | 21,840 | 13,922 |
| | 29,520 | 20,658 |

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:

| | 2008 <i>HK\$'000</i> | 2007 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Profit attributable to the equity holders of the parent for the purposes of basic and diluted earnings per share | <u>52,911</u> | <u>50,454</u> |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 623,672,335 | 529,844,356 |
| Effect of dilutive potential ordinary shares: | | |
| Options | <u>—</u> | <u>1,781,495</u> |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | <u>623,672,335</u> | <u>531,625,851</u> |

The number of ordinary shares for the purposes of basic and diluted earnings per share has been adjusted for the open offer on October 13, 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 year ended December 31, 2008.

8. Trade debtors and bills receivable

| | 2008 <i>HK\$'000</i> | 2007 <i>HK\$'000</i> |
|------------------|--------------------------------|-------------------------|
| Trade debtors | 424,993 | 430,532 |
| Bills receivable | <u>22,678</u> | <u>331</u> |
| | <u>447,671</u> | <u>430,863</u> |

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

| | 2008 <i>HK\$'000</i> | 2007 <i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| 0 to 30 days | 134,335 | 344,826 |
| 31 to 60 days | 30,578 | 11,949 |
| 61 to 90 days | 279,567 | 22,949 |
| 91 to 180 days | 1,993 | 9,363 |
| Over 180 days | 1,198 | 41,776 |
| | 447,671 | 430,863 |

Included in the Group's trade debtors, are debtors of approximately HK\$122,898,000 (2007: HK\$84,833,000) denominated in USD, which is not the functional currency of the relevant group entities.

9. Trade creditors and bills payable

The aged analysis of trade creditors is as follows:

| | 2008 <i>HK\$'000</i> | 2007 <i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| 0 to 30 days | 141,056 | 181,674 |
| 31 to 60 days | — | 130,449 |
| Over 90 days | 404 | 247 |
| | 141,460 | 312,370 |
| Bills payable | 180,627 | 69,446 |
| | 322,087 | 381,816 |

The bills payable are matured within the range of 0 to 60 days (2007: 0 to 60 days).

Included in the Group's trade creditors and bills payable are amounts of approximately HK\$265,595,000 (2007: HK\$381,167,000) denominated in USD, which is not the functional currency of the relevant group entities.

FINAL DIVIDEND

The Directors have recommended a final dividend of HK0.3 cent per share (2007: HK1.1 cents per share) to be paid to shareholders on the register of members on June 10, 2009. Subject to shareholders' approval at the forthcoming annual general meeting to be held on June 17, 2009, the final dividend will be paid on or about June 27, 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from June 10, 2009 to June 17, 2009, 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 4.00 p.m. on Tuesday, June 9, 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Executive Summary

The Group achieved an outstanding performance for the year ended December 31, 2008 with Group total revenue of approximately HK\$6,158,614,000, a growth of 58.3% comparing with that of approximately HK\$3,890,225,000 for the year ended December 31, 2007. Profit attributable to the equity holders of the Company for the year ended December 31, 2008 amounted to approximately HK\$52,911,000, an increase of 4.9% comparing with that of approximately HK\$50,454,000 for the year ended December 31, 2007. On October 13, 2008, the Company concluded an open offer on the basis of one offer share for each share held by the shareholders resulting in the number of its shares doubling to 963,353,374 at the end of year 2008. Accordingly, the basic earnings per share for the year 2008 was HK8.48 cents, 10.9% lower than that of HK9.52 cents for the year ended December 31, 2007.

In 2008, the total sales volume of the Group's LPG business was about 795,000 tons representing a 22.3% growth comparing with that of 650,000 tons in 2007. LPG turnover surged to approximately HK\$5,702,341,000 representing 92.6% of the Group's total turnover, and an increase of 55.2% comparing with that of about HK\$3,673,610,000 in 2007. The turnover increase of 55.2% was disproportional to the sales volume growth of 22.3%, which explains that the turnover growth was attributable mainly to increase in price.

The turnover contribution of electronic components and cellular phones ("Electronics") amounted to approximately HK\$456,273,000 representing 7.4% of the Group's total turnover, a growth of 110.7% comparing with that of approximately HK\$216,615,000 for the year 2007.

In managing our LPG operation, we have all along been adopting the policy of low inventory and high turnover, and we are able to increase continually our throughput tonnage with natural hedging of buying and selling prices in our portfolio. The sudden drop of the international LPG price by 60% in October therefore imposed minimal impact on our LPG earnings in 2008. Apart from the hedging of prices, the exposure related to currency difference are also hedged to the extent of the settlement amount by financial instruments such as direct forward contracts and non deliverable foreign exchange. This quasi logistic service business model proves its effectiveness in achieving rapid business growth as well as mitigating the price fluctuation risk, and will be persistently adopted for our further development.

Despite the economic recession caused by the global financial crisis towards the last quarter of 2008, the Group's LPG business is not adversely affected. In the coming future, we also foresee minimal impact given the following reasons:

- (A) As an energy item, LPG is a daily necessity. Its demand is relatively inelastic to the change in price and economic situation. What will affect mostly the demand for LPG is not the economic situation, but the availability and supply of alternative energy products such as natural gas and Dimethyl Ether ("DME").
- (B) Our LPG business focuses on the market of Guangdong and its neighboring areas. The economy there is less affected relative to that of the American and European markets. Besides, the Chinese government has already taken measures to promote the expansion of internal consumption and the continuation of its economic development. These measures, as we strongly believe, will provide added impetus to the general demand for energy products;
- (C) The prices of international LPG and domestic LPG have both come down substantially since November 2008. It helps to enhance the consumers' affordability, expand the LPG application and strengthen the competitiveness of LPG amongst alternative energy products.

2. LPG Business

2.1 Market (Guangdong) Situation

| <i>Units: '000 tons</i> | 2006 | | 2007 | | 2008 | |
|------------------------------|-------|------|-------|------|--------------|-------------|
| Total Consumption | 5,460 | 100% | 5,620 | 100% | 4,581 | 100% |
| Source of Supply: | | | | | | |
| Refineries inside Guangdong | 853 | 16% | 1,130 | 20% | 936 | 20% |
| Refineries outside Guangdong | 942 | 17% | 1,800 | 32% | 2,272 | 50% |
| Overseas | 3,665 | 67% | 2,690 | 48% | 1,373 | 30% |

Source: Guangdong Oil and Gas Associations

The figures in the above table, give an immediate impression that Guangdong's demand for LPG has shrank by about 1,000,000 tons in 2008, down 18.5% from that of 2007. The extent of reduction indeed might create anxiety, linking it with the global recession. This is however not the actual situation. The gas consumption of Guangdong in 2008 is estimated to remain at about 5,700,000 tons, and it was met 80% by LPG (about 4,581,000 tons), 17% by natural gas (about 969,000 tons) and about 3% by DME (about 171,000 tons).

Natural gas is employed mainly for substituting coal and oil in power generation. Since household users are not primarily the target customers, and pipeline installation takes time, with respect to Guangdong natural gas can at most replace LPG to a very limited extent in the household gas market. DME is a kind of additive to LPG. The government regulation promulgated in January 2008 that allows the adding of not more than 20% of DME into LPG, provides DME with certain room for development. Throughout year 2008, as the price of DME has always been substantially below LPG (particularly, the imported LPG) with highest price difference of about RMB1,500 per ton, the adding of DME indeed could help on profitability enhancement. The demand for DME thus rose in 2008. Subsequent to the significant drop of LPG price commencing October 2008, the price difference between DME and LPG has been narrowed down to about RMB400 per ton. The incentive of adding DME lost its attractiveness, and the activities in this respect are anticipated to slow down in 2009.

From January to October of 2008, the price of international LPG rose continually reaching the height of about US\$1,000 per ton in July and August. With the price staying at such high level, ample price arbitrage and keen competition evolved in the market.

1. In the past, Guangdong's LPG demand relied mostly on import, and the supply of the domestic refineries could only satisfy about 20% of the market demand. Under such situation, the domestic refineries naturally followed the import gas price movement in quoting their price (usually, about RMB100 to RMB200 per ton less). This tradition broke when import price was extremely high and LPG from other provinces was massively brought into Guangdong to capitalize on the price arbitrage. The domestic refineries were no longer able to keep on taking import gas price as the benchmark. They had to take into account of the volume of LPG flowing into Guangdong when they tended to make price adjustment. As such, for most of the time in 2008, refinery LPG from other provinces indeed dictated the whole market price movement. The significant decrease of import volume and the stagnancy of wholesale price became the inevitable outcome.
2. DME took from LPG a small portion of the market because of its price advantage.

From November 2008 to the present, the price of international LPG dropped by 60%, and stayed at the level of US\$400 to US\$450 per ton for most of the time. Although the price temporarily rose to about US\$530 per ton in February 2009, it went back to the US\$400

to US\$450 level in March shortly after the rise. While the supply of international LPG is going to increase in the near future and shipping cost reduces because of the global recession, the international price of LPG is generally expected to remain in the range from US\$380 to US\$530 per ton throughout the year 2009.

In March 2009, the average price of international LPG was about US\$410 per ton, and the terminals' purchase cost therefore was about RMB3,400 per ton. During the same period of time, refinery products were priced at about RMB3,500 to RMB3,600 per ton. Obviously, there was not much price difference between import LPG and refinery products, and because of its quality stability, the demand of import LPG surged. The price of DME ranged from about RMB3,200 to RMB3,400 per ton. Not much cost could be saved by adding DME into LPG, discouraging a lot of the activities in this respect.

Taking the approximately 700,000 tons of LPG import volume of Guangdong in the first quarter of 2009 as a reference and according to a reportedly 30% scheduled production reduction for LPG by refineries in the north of China, we estimate that the Guangdong LPG supply will rebound to 5,000,000 to 5,400,000 tons in 2009. Domestic production will share about 20% of the market. Supply by refineries outside Guangdong will have a lesser share of about 30% while that of import LPG will rebound to 50%.

2.2 Business Situation

The total volume of LPG purchased by the Group in 2008 amounted to 795,000 tons. Our Zhuhai Terminal imported 662,000 tons and exported 260,000 tons. Relative to Guangdong's total import volume of about 1,778,500 tons and the export volume of about 405,600 tons, our Zhuhai Terminal proudly became the top LPG importer (about 37% of Guangdong's total import volume) and the top exporter (about 64% of Guangdong's total import volume) in 2008.

| The Group's Purchase Categories | 2008 | | 2007 | |
|--|---------------------|-------------|--------------|------|
| Term Contract — refrigerated ship import cargo | 366,000 tons | 46% | 220,000 tons | 34% |
| Spot purchase — refrigerated ship import cargo | 240,000 tons | 30% | 285,000 tons | 44% |
| Spot purchase — pressurized ship import cargo | 56,000 tons | 7% | 0 ton | 0% |
| Spot purchase — pressurized ship domestic cargo | 0 ton | 0% | 12,000 tons | 2% |
| Total purchase of Zhuhai Terminal | 662,000 tons | 83% | 517,000 tons | 80% |
| Spot purchase — pressurized truck domestic cargo | 133,000 tons | 17% | 133,000 tons | 20% |
| The Group's total purchase | 795,000 tons | 100% | 650,000 tons | 100% |

Refrigerated cargoes were mainly provided by international suppliers including Geogas, Statoil, Total, Glencore, Vitol, Naftomar and Petrodec. In 2008, term contracts were entered into with Geogas and Statoil to replace Glencore and Vitol. 18 shipments (each

shipment of about 22,000 tons) were supplied to us regularly with price determined in link with LPG index. The spot purchases of refrigerated cargoes were mainly priced in link with LPG index and partly fixed. Pressurized cargoes were supplied mainly by Sinopec Hong Kong, Sojitz, Formosa, Caltex and SHV, all on fixed price basis. Pressurized truck cargoes were mainly supplied domestically in China by Maoming Petrochemicals, Guangzhou Petrochemicals, Zhuhai Hengqin Gas Processing Plant, Hunan Changling Petrochemicals, Hubei Jingmen Petrochemicals and etc. All these purchases were transported directly from the refineries to the Group's bottle filling plants for retailing purpose.

| The Group's Sales Categories | 2008 | | 2007 | |
|--|---------------------|-------------|--------------|------|
| Term contract — re-export | 238,000 tons | 30% | 135,000 tons | 21% |
| Spot sales — re-export | 21,000 tons | 3% | 14,000 tons | 2% |
| Term contract — domestic sales | 101,000 tons | 12% | 79,000 tons | 12% |
| Sales under Joint Purchase Arrangement | 103,000 tons | 13% | 125,000 tons | 19% |
| Spot domestic sales | 137,000 tons | 17% | 119,000 tons | 19% |
| Total sales of Zhuhai Terminal | 600,000 tons | 75% | 472,000 tons | 73% |
| Sales of retailers Sales volume | 195,000 tons | 25% | 178,000 tons | 27% |
| The Group's total sales | 795,000 tons | 100% | 650,000 tons | 100% |

The major overseas customers of our LPG wholesaling included Sinopec Hong Kong, Sojitz Japan and El Corporation Korea. The major local customers in China included Guangzhou Lianxin (the auto-gas operator in Guangzhou), Guangzhou SHV, Zhuhai Gas and Puning Zhonghong. Sales in this respect were on term contracts or joint purchase agreement with the prices determined in link with LPG index or on cost plus basis. All spot sales (both overseas and local) were on fixed prices determined in accordance with the then market situation.

In conclusion, the Group is considered quite successfully in expanding its LPG business again in 2008 with market share enhancement despite the prominent shrink of the Guangdong market.

| <i>Units: '000 tons</i> | 2008 | 2007 |
|--|---------------|--------------|
| Total consumption of Guangdong (A) | 4,581 | 5,620 |
| Total sales of the Group | 795 | 650 |
| Less: Re-export | (260) | (149) |
| Domestic sales of the Group (B) | 535 | 501 |
| Group's market share in Guangdong (B)/(A) | 11.68% | 8.91% |

Should the export volume of Guangdong be counted, the total demand of Guangdong amounts to about 5,000,000 tons and our Group's market share shall become 16%.

Wholesale Business

The Group's LPG wholesale business is all conducted through our Zhuhai Terminal. The majority of the transactions are priced in link with international LPG index, generating a natural hedge of the buying and selling prices and fixed gross margin. This trading model is equivalent to logistic service rendering. It effectively helps to achieve rapid growth of business as well as mitigation of price fluctuation risk.

In 2008, the Group's LPG wholesaling volume reached approximately 600,000 tons, a growth of about 27% comparing with that of 472,000 tons in 2007. Amongst all sales categories, the export volume increased by about 74% to 260,000 tons comparing with that of 149,000 tons in 2007. It is the key contributor to the Group's overall wholesaling growth. Domestic wholesaling in China recorded a slight increase of 5% to about 340,000 tons comparing with that of 323,000 tons in 2007. Guangzhou Lianxin, the auto-gas operator, became the single largest customer domestically. Supply to Lianxin rose by about 28% in 2008 comparing with that of 2007. With respect to joint purchase arrangement, as the international LPG price always stayed at relatively high level in the first 10 months, not many transactions could be done initially. When the price went down in November, the cooperation with Guangzhou SHV resumed, and in just the last two months, about 56,000 tons of sales was concluded resulting in the total annual sales under joint venture arrangement surging to 103,000 tons and that exceeded our target for 37% (approximately 75,000 tons) by the end of 2007.

In conclusion, although most of the time in 2008, the entire business environment was quite unfavorable, we were able to meet all our business targets and achieve encouraging performance.

Retail Business

In early 2008, the Group decided to set up a wholly foreign owned investment holding company in China responsible for all the Group's LPG retail business as well as domestic gas trading. The company, namely Zhuhai NewOcean Energy Technology Co. Ltd. ("NewOcean Technology"), was incorporated in Zhuhai on May 19, 2008. The principal functions of NewOcean Technology include:

1. to hold the equity of all subsidiaries of the Group that operate LPG retails business and any further acquisitions – within year 2008, the shareholdings of Deqing Nanxiong Station and Shenzhen Baorun Station had been transferred to NewOcean Technology. The share transfer of other stations was subsequently completed in March 2009. In addition, NewOcean Technology also entered into an agreement to acquire Maoming Sanyang LPG Company;
2. to perform as the purchase center for domestic LPG of the Group and to arrange internal allocation of the cargoes to the retail operations – in 2008, NewOcean Technology has established close business relationship with the refineries in Guangdong and the neighboring provinces. Preferential rate of discount is given for bulk purchase which laid down a solid foundation for the Group's retail subsidiaries to further reduce the cost of domestic LPG purchase;

3. to formulate the development strategies of LPG retail business and to monitor daily operation thereof – within year 2008, NewOcean Technology had developed a set of procedures and guidelines for managing risks associated to credit sales, hence paving the way for all the retail subsidiaries to expanding direct sales to commercial customers in a prudent manner.

Despite the fact that the Group's LPG retail sales volume in 2008 did surge by 9.5% to 195,000 tons as compared with that of 178,000 tons in 2007, such volume was below our target of 240,000 tons in 2007. Failure to meet the target was mainly due to shrinkage of the Guangdong LPG market by 20% (mainly in the retail market) and the anticipated sales contribution of Maoming Sanyang not being substantiated as a result of defer of acquisition completion to 2009.

Business Outlook

We reckon that the Guangdong LPG market will have two major changes in 2009:

1. The international LPG price has already gone back to the 2004 level; the demand of import LPG shall obviously rebound;
2. The LPG consumption of Guangdong will increase as a result of the price reduction.

Based on the above prediction, we expect to achieve a sales volume growth of 5% reaching 840,000 tons in 2009. The total sales volume will comprise approximately 620,000 tons of wholesaling and approximately 220,000 tons of retailing. Notwithstanding the growth in sales volume, the Group's LPG revenue will reduce in 2009 because of the 50% cut in market price.

The management of the Group has set the improvement of gross margin as the major task of our LPG operation in 2009. For wholesaling, the fixed margin that will be generated from export term contracts, domestic sales term contracts and the joint purchase agreement have all been raised when the contracts are renewed. For retailing, all the subsidiaries are striving to improve their operating gross margin by promoting direct sales to the commercial customers and reducing their transactions with the bottle wholesalers.

Zhuhai terminal is still processing on its application to build two additional 5,000 tons class berths along the terminal's coastal line. The environmental evaluation work has just started in March 2009, and all approvals are anticipated to be in place by mid 2009. Although in the meantime, the economic certainty in the near future can hardly be assured, in order to further strengthen the competitiveness of our Zhuhai Terminal, we shall continue to pursue this project subject to the availability of term bank financing.

3. Electronics Business

For year 2008, the turnover of the Group's electronics business amounted to about HK\$456,273,000 which doubled that of approximately HK\$216,615,000 in 2007. The electronics components trading contributed a turnover of about HK\$170,605,000 which was more or less the same as that of 2007. The turnover of cellular phone business surged to about HK\$285,668,000, an increase of about 385.5% comparing with that of approximately HK\$58,837,000 in 2007.

In 2008, by adopting the business model for previous years, the Group continued its cooperation with Newtel Corporation Co. Ltd. ("Newtel") of Thailand to develop the cellular phone business. Initially, the developing countries along the Mekong River have been identified as the target market, but in order not to take high risk of currency depreciation that happened in the middle of the year, both parties agreed to put on hold further development in the Vietnam market. Thailand then became the major country for expansion. Despite the political uncertainty in Thailand in the second half of 2008, the demand for medium to low class cellular phones had not been adversely affected. According to Newtel, the "Wellcome" brand owned by Newtel now ranks the third in the Thai cellular phone market, signifying that a solid foundation of Wellcome has been established. All in all, the Group and Newtel are having very smooth cooperation. Payments are continued to be made by Newtel punctually. Much higher profit is expected to come from this business in the future.

LIQUIDITY AND FINANCIAL RESOURCES

As at December 31, 2008, the net current assets of the Group amounted to approximately HK\$19,938,000 (2007: HK\$13,722,000) and the Group's bank balances and cash was approximately HK\$143,756,000 (2007: HK\$105,968,000). At the balance sheet date, current ratio was 1.01:1 (2007: 1.01:1), quick ratio was 0.94:1 (2007: 0.93:1), gearing ratio was 0.73:1 (2007: 0.77:1) which was calculated based on total liabilities of approximately HK\$1,982,655,000 (2007: HK\$1,795,689,000) and total assets of approximately HK\$2,700,263,000 (2007: HK\$2,319,532,000).

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at December 31, 2008 and 2007.

PLEDGE OF ASSETS

At December 31, 2008, the Group pledged its bank deposits amounting to approximately HK\$732,199,000 (2007: HK\$755,375,000) to secure general banking facilities granted to the Group. The bank loans of the Group comprise of an amount of approximately HK\$147,198,000 (2007: HK\$171,160,000) 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 Sound Hong Kong Limited and NewOcean (Shenzhen) Energy Investment Limited which are wholly-owned subsidiaries of the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2008, the Group employed approximately 520 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 of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the 12 months ended December 31, 2008.

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, 2008, 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, 2008.

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 2008 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 20, 2009

As at the date of this announcement, the Board of the Company comprises Mr. Shum Siu Hung, Mr. Raymond Chiu Sing Chung, Mr. Lawrence Shum Chun and Mr. Cen Ziniu, 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.