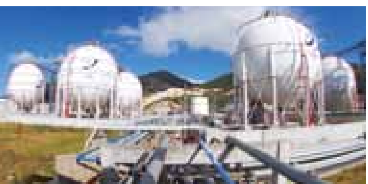
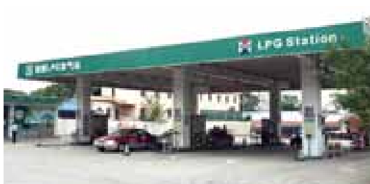
NewOcean Energy Holdings Limited
新海能源集團有限公司

(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：342

INTERIM REPORT 2011





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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 4 to 28, 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 2011 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 and 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

15 August 2011

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

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

Condensed Consolidated Statement of Financial Position

At 30 June 2011

	Note	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment	*10*	**698,392**	668,263
Prepaid lease payments for land	*11*	**147,551**	64,631
Prepaid lease payments for coast		**10,951**	11,106
Goodwill		**133,128**	130,224
Other intangible assets		**10,740**	12,498
Interest in a jointly controlled entity		**8,806**	7,861
Available for sale investment		**3,607**	3,526
Other assets	*12*	**161,598**	125,613
Entrusted loan	*15*	**674,478**	—
Derivative financial instruments	*15*	**44,565**	—
Deferred tax assets		**1,644**	1,610
		1,895,460	1,025,332
Current assets			
Inventories		**542,904**	469,727
Property under development for sale	*13*	**141,134**	—
Trade debtors and bills receivable	*14*	**1,211,807**	756,361
Other debtors, deposits and prepayments	*14*	**954,711**	446,371
Derivative financial instruments		**5,558**	44,023
Entrusted loan	*15*	**—**	638,053
Prepaid lease payments for land		**2,947**	2,880
Prepaid lease payments for coast		**825**	806
Pledged bank deposits	*16*	**3,252,873**	2,035,865
Bank balances and cash		**266,908**	380,181
		6,379,667	4,774,267
Current liabilities			
Trade creditors and bills payable	*17*	**479,068**	460,611
Other creditors and accrued charges		**246,584**	124,127
Amount due to a jointly controlled entity		**—**	458
Derivative financial instruments		**105,738**	88,172
Tax liabilities		**45,310**	26,401
Borrowings – repayable within one year	*18*	**5,185,028**	3,341,329
Obligation for put option to non-controlling shareholder of a subsidiary	*19*	**5,411**	5,288
		6,067,139	4,046,386
Net current assets		**312,528**	727,881
Total assets less current liabilities		**2,207,988**	1,753,213

Condensed Consolidated Statement of Financial Position *(Continued)*

At 30 June 2011

	Note	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Capital and reserves			
Share capital	*20*	**130,586**	130,586
Share premium and other reserves		**1,517,245**	1,338,122
Equity attributable to equity holders of the Company		**1,647,831**	1,468,708
Non-controlling interests		**10,854**	9,883
Total equity		**1,658,685**	1,478,591
Non-current liabilities			
Deferred tax liabilities		**18,990**	20,376
Borrowings – repayable after one year	*18*	**530,313**	254,246
		549,303	274,622
		2,207,988	1,753,213

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note i)	Statutory surplus reserves HK$'000 (Note ii)	Exchange reserve HK$'000	Share options reserve HK$'000	Contributed surplus accounts HK$'000	Other reserve HK$'000 (Note iii)	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2011 (audited)	130,586	711,250	122,085	27,771	84,812	5,663	1,667	33,111	351,763	1,468,708	9,883	1,478,591
Profit for the period	–	–	–	–	–	–	–	–	165,120	165,120	927	166,047
Other comprehensive income for the period	–	–	–	–	27,061	–	–	–	–	27,061	44	27,105
Total comprehensive income for the period	–	–	–	–	27,061	–	–	–	165,120	192,181	971	193,152
Appropriations	–	–	–	(4,240)	–	–	–	–	4,240	–	–	–
Dividend paid *(Note 9)*	–	–	–	–	–	–	–	–	(13,058)	(13,058)	–	(13,058)
At 30 June 2011 (unaudited)	130,586	711,250	122,085	23,531	111,873	5,663	1,667	33,111	508,065	1,647,831	10,854	1,658,685
At 1 January 2010 (audited)	115,586	463,013	122,085	24,767	52,231	5,663	1,667	–	229,678	1,014,690	1,527	1,016,217
Profit for the period	–	–	–	–	–	–	–	–	63,505	63,505	–	63,505
Other comprehensive income for the period	–	–	–	–	13,734	–	–	–	–	13,734	333	14,067
Total comprehensive income for the period	–	–	–	–	13,734	–	–	–	63,505	77,239	333	77,572
Appropriations	–	–	–	262	–	–	–	–	(262)	–	–	–
Disposal of partial interest in a subsidiary without losing control of the subsidiary *(Note 23)*	–	–	–	–	(550)	–	–	33,111	–	32,561	7,439	40,000
Dividend paid *(Note 9)*	–	–	–	–	–	–	–	–	(11,558)	(11,558)	–	(11,558)
At 30 June 2010 (Unaudited)	115,586	463,013	122,085	25,029	65,415	5,663	1,667	33,111	281,363	1,112,932	9,299	1,122,231

Notes:

(i) 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.

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

(iii) The Group disposed of 10% equity interest of a subsidiary to an independent third party without losing control. The other reserve represents the difference between the consideration received and the carrying amount of the 10% non-controlling interests and the exchange reserve related to the disposed 10% equity content of the subsidiary.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	Note	Six months ended 30 June 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Net cash used in operating activities		**(898,405)**	(172,552)
Net cash used in investing activities			
Interest received		**94,278**	32,880
Acquisition of a subsidiary (net of cash and cash equivalents acquired)	*22*	**—**	(5,958)
Purchase of property, plant and equipment	*10*	**(20,139)**	(18,952)
Acquisition of leasehold land through purchase of subsidiary	*21*	**(18,037)**	—
Deposit paid for relocating the existing residents and for demolishing the buildings on the newly acquired land	*12(b)*	**(58,320)**	—
Increase in pledged bank deposits		**(1,143,486)**	(663,839)
Other investing cash flows (net)		**(2,849)**	833
		(1,148,553)	(655,036)
Net cash from financing activities			
Borrowings raised		**6,014,733**	3,808,140
Repayments of borrowings		**(3,987,119)**	(2,650,378)
Other financing cash flows (net)		**(99,624)**	(221,381)
		1,927,990	936,381
Net (decrease) increase in cash and cash equivalents		**(118,968)**	108,793
Cash and cash equivalents at beginning of the period		**380,181**	194,716
Effect of foreign exchange difference		**5,695**	2,505
Cash and cash equivalents at end of the period		**266,908**	306,014
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**266,908**	306,889
Bank overdrafts		**—**	(875)
		266,908	306,014

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

1. General Information and Basis of Preparation

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

The Company acts as an investment holding company. The principal activities of the Group are the sale and distribution of liquefied petroleum gas ("LPG") and sale of electronic products.

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

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

2. Principal Accounting Policies

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

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

2. Principal Accounting Policies *(Continued)*

Buildings under development for future owner-occupied purpose

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

Properties under development for sale

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

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

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

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

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

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

2. Principal Accounting Policies *(Continued)*

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

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

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

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

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the financial year ending 31 December 2013. Based on the Group's financial assets and financial liabilities as at 30 June 2011, the application of the new standard will affect the measurement and classification of the Group's available for sale investment and entrusted loan with an embedded option.

2. Principal Accounting Policies *(Continued)*

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

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

Other than disclosed above, the directors of the Company anticipate that the application of other new or revised standards will have no material impact on the results and the financial position of the Group.

3. Segment Information

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

Six months ended 30 June 2011 (Unaudited)

	Sale and distribution of LPG through Zhuhai terminal and in the international market	Sale and distribution of LPG through retail networks in the PRC	Sale of electronic products	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	4,203,492	820,275	443,460	5,467,227
Segment profit	137,433	17,867	38,922	194,222
Interest income on pledged RMB bank deposits				32,749
Interest income from entrusted loan				81,609
Other interest income				1,529
Central administration costs and directors' salaries				(14,656)
Changes in fair values of derivative financial instruments				(15,685)
Interests on bank trust receipts loans pledged with RMB bank deposits				(23,870)
Other finance costs				(62,697)
Profit before taxation				193,201

3. Segment Information *(Continued)*

Six months ended 30 June 2010 (Unaudited)

	Sale and distribution of LPG through Zhuhai terminal and in the international market *HK$'000*	Sale and distribution of LPG through retail networks in the PRC *HK$'000*	Sale of electronic products *HK$'000*	Consolidated *HK$'000*
Segment revenue	2,666,185	626,783	502,618	3,795,586
Segment profit	60,811	20,534	21,859	103,204
Interest income on pledged RMB bank deposits				31,882
Other interest income				998
Central administration costs and directors' salaries				(11,444)
Changes in fair values of derivative financial instruments				12,318
Interests on bank trust receipts loans pledged with RMB bank deposits				(23,432)
Other finance costs				(43,187)
Profit before taxation				70,339

All of the segment revenue reported above is from external customers. Segment profit represents the profit earned by each segment without allocation of interest income, central administration costs and directors' salaries, changes in fair values of derivative financial instruments, interests on bank trust receipts loans pledged with RMB bank deposits and other finance costs.

4. Net Exchange Gain

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

5. Other Income

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

6. Profit Before Taxation

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

7. Taxation Charge

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

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company's subsidiaries operating in Hong Kong incurred tax losses for the six months periods ended 30 June 2011 and 30 June 2010.

PRC enterprise income tax is calculated at the rates prevailing in the PRC.

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

8. Earnings Per Share

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

	Six months ended 30 June	
	2011 (Unaudited) *HK$'000*	2010 (Unaudited) *HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to the owners of the Company)	**165,120**	63,505

8. Earnings Per Share *(Continued)*

	Six months ended 30 June	
	2011 (Unaudited) ***HK$'000***	2010 (Unaudited) *HK$'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,305,853,374**	1,155,853,374
Effect of dilutive share options	**19,854,829**	14,274,570
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,325,708,203**	1,170,127,944

9. Dividends

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

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

10. Movements in Property, Plant and Equipment

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

11. Movements in Prepaid Lease Payment for Land

During the period, the Group acquired a leasehold land in Zhuhai through purchase of a subsidiary (the "Land"). Details of the acquisition are set out in note 21. The site area of the Land is 15,750 square meters. The Group will develop half of the Land to construct a property for owner-occupied purpose and half for properties for sale. The detail of property under development for sale is disclosed in note 13.

12. Other Assets

	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Deposit for acquisition of LPG stations in Guangzhou *(Note a)*	**102,210**	99,891
Deposit for relocating the existing residents and for demolishing the buildings on the Land *(Note b)*	**58,320**	—
Deposit for purchase of property, plant and equipment	**1,068**	25,722
	161,598	125,613

Notes:

(a) The amount represents the deposit paid by the Group to a lawyer firm for it to act as the agent for acquisition of LPG stations in Guangzhou. Pursuant to the agency agreement signed between the Group and the lawyer firm as a refundable deposit in December 2010, RMB85,000,000 was transferred to the lawyer firm to arrange the acquisition of not less than 15 LPG stations in Guangzhou and handle the related share transfer procedures. Up to the date of this report, no acquisition agreements have been signed.

(b) On 23 June 2011, the Group entered into a contract with an independent third party for relocating the existing residents and for demolishing the buildings on the Land with total consideration of RMB140,000,000. A deposit of RMB97,000,000 was paid on 30 June 2011 and the commitment is disclosed in note 25. The Group will develop half of the land as properties for sale, half of the deposit paid of RMB48,500,000 (equivalent to approximately HK$58,320,000) is included in property under development for sale in the consolidated statement of financial position as at 30 June 2011.

13. Property Under Development for Sale

The Group will develop half of the Land into properties for sale. The details of the Land are set out in note 11. The amount also included prepaid deposits of RMB48,500,000 (equivalent to approximately HK$58,320,000) for relocating the existing residents and for demolishing the buildings on the Land. The details of the deposits are disclosed in note 12 (b).

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

The Group allows an average credit period of 120 days to its trade debtors. The bills receivable are matured within the range of 30 days to 90 days. The following is an aged analysis of trade debtors and bills receivable at the end of each of the reporting period:

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

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

15. Entrusted Loan

Pursuant to the framework agreement dated 21 October 2010 (the "Agreement"), the subsidiaries of Group entered into the following transactions with two independent third parties (the "Transactions"):

A. A wholly owned subsidiary, 珠海新海能源科技有限公司 ("珠海科技") agreed with 廣州森能燃氣有限公司 to acquire 5% registered capital of 聯新能源發展有限公司 ("聯新能源") at a consideration of RMB3,000,000 (equivalent to approximately HK$3,526,000). 聯新能源 is a privately owned entity incorporated in the PRC that operates 17 LPG stations in Guangzhou. The acquisition was completed on 23 December 2010 and the 5% registered capital of 聯新能源 was classified as an available for sale investment in the consolidated statement of financial position as at 30 June 2011 and 31 December 2010. The investment is stated at cost less impairment, if any.

15. Entrusted Loan *(Continued)*

B. A wholly owned subsidiary, 新海百富洋投資有限公司 ("百富洋投資") agreed to provide an entrusted loan of RMB580,000,000 (equivalent to approximately HK$681,607,000) to 珠海市旺通船務有限公司 ("旺通船務") (the "Entrusted Loan"). 旺通船務 owned 95% of the registered capital of 聯新能源. Based on the terms set out in the Agreement, the Entrusted Loan is repayable on 23 December 2011 with total interest of HK$120,000,000 payable at maturity. The Entrusted Loan is pledged by 95% registered capital of 聯新能源. On the same date, 旺通船務 also issued a call option to 百富洋投資 which allows 百富洋投資 to acquire the 95% registered capital of 聯新能源 (the "Call Option"). The exercise price of the Call Option is RMB580,000,000 and the exercise period of the Call Option is from 23 December 2011 to 22 January 2012. There are several conditions set out in the Agreement to be fulfilled by 旺通船務 before 百富洋投資 will consider to exercising the Call Option, including i) a special audit on 聯新能源, ii) 旺通船務 to pay up all the interests in respect of the Entrusted Loan, iii) all required operating leases of 旺通船務 are still effective etc. Even if these conditions are all met, the exercise of the Call Option is at the discretion of 百富洋投資.

The Entrusted Loan was split into two portions according to Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement". (The loan receivable is carried at amortized cost using the effective interest method.) The Entrusted Loan was classified at initial recognition as a loan receivable on 23 December 2010 at approximately RMB542,939,000 with effective interest rate at 25.5% per annum. The remaining amount represented a Call Option of approximately RMB37,061,000 which is measured at cost less any identified impairment losses at the end of the reporting period. As at 31 December 2010, in the opinion of the Directors, the Entrusted Loan would be recovered within the next twelve months and therefore was classified as a current asset. As at 30 June 2011, the amount of the Entrusted Loan and Call Option were reclassified as non-current asset because the Directors consider it is probable that the Group will exercise the Call Option and acquire 95% registered capital of 聯新能源.

The detail of Transactions is set out in the circular issued by the Company dated on 2 December 2010.

16. Pledged Bank Deposits

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

17. Trade Creditors and Bills Payable

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

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

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

18. Borrowings

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

18. Borrowings *(Continued)*

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

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

19. Obligation for Put Option to Non-Controlling Shareholder of A Subsidiary

Pursuant to an agreement dated 1 July 2007 (the "Agreement") entered between a wholly owned subsidiary, Qingxin NewOcean Transportation Company Limited ("Qingxin NewOcean") and the non-controlling shareholder of 廣州市夢華燃氣有限公司 ("NCS"), NCS granted a call option ("Call Options") to Qingxin NewOcean to acquire the 10% equity interest from NCS at a consideration of RMB4,500,000 for the period from 1 July 2007 to 30 June 2009. In addition, Qingxin NewOcean has granted a put option to NCS to sell the 10% equity interest to Qingxin NewOcean at a consideration of approximately HK$5,411,000 (equivalent to RMB4,500,000 translated at year end exchange rate) from the period from 1 July 2009 to 31 July 2009 ("Put Option"). The obligation of the Put Option was recorded as a current liabilities in the statement of financial position. Qingxin NewOcean exercised the Call Option on 30 June 2009 and proposed to settle the consideration by the other receivables due from NCS. NCS did not agree the settlement arrangement and requested for cash settlement of RMB4,500,000. The case was referred to the court on 17 January 2011, a final judgement of the court in the PRC was issued. Based on the court judgement, Qingxin NewOcean has to settle the consideration of RMB4,500,000 by cash and pay a compensation of approximately RMB1,670,000 to NCS. Up to the date of this report, the required settlement has not been made by Qingxin NewOcean.

20. Share Capital

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

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

21. Acquisition of Leasehold Land Through Purchase of Subsidiary

On 15 June 2011, the Group entered into a sale and purchase contract with two vendors to acquire 100% equity interest of 珠海市成海貿易有限公司(" 珠海成海 ") at an aggregate consideration of approximately HK$96,468,000 and a call option (the "Call Option"). Details of the Call Option are set out in Note (b) below. The acquisition was completed on 30 June 2011 and 珠海成海 has not yet commenced business at the date of acquisition. The acquisition is accounted for as acquisition of the leasehold land and the associated liabilities of 珠海成海 .

	HK$'000
Net assets acquired	
The Land	165,628
Other payables	(49,748)
Total consideration	115,880
Satisfied by	
Cash consideration *(Note a)*	96,468
Call Option *(Note b)*	19,412
Total consideration	115,880

21. Acquisition of Leasehold Land Through Purchase of Subsidiary *(Continued)*

Notes:

(a) On 20 June 2011, the Group paid approximately HK$36,074,000 to the vendors and the remaining approximately HK$60,394,000 is included in other creditors and accrued charges in the consolidated statement of financial positions as at 30 June 2011.

(b) On 15 June 2011, the Group entered into a supplemental agreement with the vendors to grant the call option to vendors to acquire 1,500 square meters of the properties located on the Land to be completed by the Group at a maximum price of RMB15,000 per square meter. The Call Option is exercisable upon the completion of the construction. The fair value of the Call Option is exercisable upon the completion of the construction. The fair value of the Call Option is determined by an independent valuation company and the amount of approximately HK$19,412,000 is included in other creditors and accrued charges in the consolidated statements of financial position as at 30 June 2011. The Call Option was measured at fair value on initial recognition. The model adopted for the measurement of the Call Option was Black-Scholes model. The key input for the Black-Scholes model are: market value of RMB37,500,000 for the 1,500 square meters of the completed properties, volatility of 3.47% and risk free rate of 3.49% per annum. Based on the contractual terms, the Call Option requires physical delivery of the underlying assets (properties located on the Land) only and is not readily convertible to cash. The Directors consider the Call Option is not within the scope of HKAS 39 "Financial Instruments: Recognition and the Measurement" and accordingly, the Call Option is subsequently measured at cost.

22. Acquisition of a Subsidiary

For the period ended 30 June 2010

On 28 February 2010, the Group acquired a 100% equity interest in 東方石油 for cash consideration of approximately HK$6,065,000. 東方石油 operated a LPG retail office in Macau. This acquisition has been accounted for using the acquisition method of accounting. The amount of goodwill arising as a result of the acquisition was approximately HK$5,523,000.

The net assets acquired in the transaction and the goodwill arising are as follows:

	Assets and liabilities recognized at the date of acquisition 東方石油 ***HK$'000***
Net assets acquired:	
Property, plant and equipment	**671**
Inventories	**783**
Trade debtors	**161**
Other debtors, deposits and prepayments	**45**
Bank balances and cash	**107**
Trade creditors	**(61)**
Other creditors and accrued charges	**(1,164)**
	542
Goodwill	**5,523**
Total consideration	
Satisfied by cash	**6,065**
Net cash outflow arising on acquisition	
Cash consideration paid	**(6,065)**
Cash and cash equivalents acquired	**107**
	(5,958)

22. Acquisition of a Subsidiary *(Continued)*

For the period ended 30 June 2010 *(Continued)*

Acquisition related costs amounting to HK$60,000 were excluded from the cost of acquisition and were recognized as an expense in the period.

The receivables acquired (which principally comprised trade receivables and other debtors, deposits and prepayments) with a fair value of approximately HK$206,000 had gross contractual amounts of approximately HK$206,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected was nil.

None of the goodwill arising on this acquisition was expected to be deductible for tax purposes.

In the opinion of the directors, the carrying amounts of the assets and liabilities were approximately equal to their fair value as at the acquisition date. The goodwill arising on the acquisitions was attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination. 東方石油 contributed approximately HK$2,896,000 to the Group's revenue and incurred a loss of approximately HK$137,000 during the period between the date of acquisition and 30 June 2010 respectively.

23. Disposal of Interest in a Subsidiary that Does Not Result in Losing Control

In June 2010, the Group disposed of 10% of its equity interest in Best Resources Base Limited, reducing its controlling interest to 90%. The proceeds on disposal of HK$40,000,000 were received in cash in advance in 2009 and included in other creditors and accrued charges at 31 December 2009.

24. Contingent Liabilities

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

25. Other Commitments

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

Note: The amount represents the remaining unpaid contractual amount for relocating existing residents and demolishing buildings on the Land as disclosed in note 12(b).

26. Lease Commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 June 2011 (Unaudited) *HK$'000*	As at 31 December 2010 (Audited) *HK$'000*
Within one year	**8,157**	7,838
In the second to fifth year inclusive	**7,611**	10,631
After five years	**5,724**	2,203
	21,492	20,672

27. Related Party Transactions

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

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

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

On 16 May 2010, Sound Management Services Limited, a wholly-owned subsidiary of the Company, entered into an office tenancy agreement with Shum Ho, Neo, for the use of office premises provided by Shum Ho, Neo located on 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong at HK$55,000 per calendar month for a period of one year commencing on 16 May 2010. On 16 May 2011, the agreement was renewed for one year to 15 May 2012 at HK$80,000 per calendar month with the same terms.

Compensation of key management personnel

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

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Salaries and allowances	**3,203**	3,447
Contribution to retirement benefit schemes	**42**	53
	3,245	3,500

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

Interim Dividend

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

Management Discussion and Analysis

1. Group Overall Performance

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

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

1. Group Overall Performance *(Continued)*

1.1 Segment Performance

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

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

1.2 Interest Incomes, Net Exchange Gain and Other Income

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

1. Group Overall Performance *(Continued)*

1.2 Interest Incomes, Net Exchange Gain and Other Income *(Continued)*

Foreign Exchange Gain

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

1. Group Overall Performance *(Continued)*

1.2 Interest Incomes, Net Exchange Gain and Other Income (Continued)

Loan Interest Income

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

1. Group Overall Performance *(Continued)*

1.3 Cost Control

Financial Expenditures

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

Operating Cost

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

1. Group Overall Performance *(Continued)*

1.4 Conclusion

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

2. LPG Business

2.1 LPG Wholesaling

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

Industrial Customers

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

2. LPG Business *(Continued)*

2.1 LPG Wholesaling *(Continued)*

Autogas Operators

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

Overseas Customers

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

Other Bottling Plants

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

2. LPG Business *(Continued)*

2.2 LPG Retailing

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

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

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

2. LPG Business *(Continued)*

2.3 Logistics and Distribution

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

3. Business Outlook

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

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

3. Business Outlook *(Continued)*

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

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

Directors' and Chief Executives' Interest in Shares and Underlying Shares

As at 30 June 2011, the interests of the directors and chief executives and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(a) Long positions of ordinary shares of HK$0.1 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Shum Siu Hung	Family interest *(Note 1)*	490,779,280	37.58%
Shum Chun, Lawrence	Beneficial owner	49,933,558	3.82%
	Other *(Note 2)*	73,616,892	5.64%
		123,550,450	9.46%
Cen Ziniu	Other *(Note 2)*	4,907,793	0.38%

Notes:

1. These represent the same block of 490,779,280 shares held as corporate interest by Tong Shiu Ming, spouse of Shum Siu Hung, through Uniocean Investments Limited ("Uniocean") as referred to in note 2 below and note 1 under paragraph (a) of the section headed "Substantial Shareholders' Interest in Shares and Underlying Shares", and were deemed to be the family interest of Shum Siu Hung.

2. These interests reflect respectively 15% and 1% proportional interest of Shum Chun, Lawrence and Cen Ziniu in the 490,779,280 shares held by Uniocean.

Directors' and Chief Executives' Interest in Shares and Underlying Shares *(Continued)*

(b) Share options

Name of executive director	Capacity	Number of options held	Number of underlying shares held
Shum Siu Hung	Beneficial owner	9,940,358	9,940,358
Chiu Sing Chung, Raymond	Beneficial owner	6,626,905	6,626,905
Siu Ka Fai, Brian	Beneficial owner	4,970,179	4,970,179
		21,537,442	21,537,442

Name of independent non-executive director	Capacity	Number of options held	Number of underlying shares held
Cheung Kwan Hung, Anthony	Beneficial owner	1,104,484	1,104,484

Other than disclosed above and nominee shares in certain subsidiaries held by certain directors in trust for the Group, none of the directors, chief executives nor their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2011.

Share Options

The following table discloses movements in the Company's share options during the period:

	Option type	Outstanding at 30 June 2011	Outstanding at 30 June 2010
Category 1: Directors			
Shum Siu Hung	2006B	9,940,358	9,940,358
Chiu Sing Chung, Raymond	2006B	6,626,905	6,626,905
Siu Ka Fai, Brian	2006A	4,970,179	4,970,179
Total directors		21,537,442	21,537,442

	Option type	Outstanding at 30 June 2011	Outstanding at 30 June 2010
Category 2: Independent Non-Executive Directors			
Cheung Kwan Hung, Anthony	2006B	1,104,484	1,104,484
Category 3: Employees	2006A	9,940,358	9,940,358
		32,582,284	32,582,284

Notes:

1. The Company's share options were granted under a share option scheme adopted on 18 June 2003 ("Option Scheme").

2. Details of the types of options granted under the Option Scheme are as follows:

Option Type	Date of Grant	Vesting Period	Exercise Period	Exercise Price *HK$*
2006A	15 May 2006	16 May 2006 to 16 June 2006	17 June 2006 to 31 December 2015	0.625
2006B	16 June 2006	—	17 June 2006 to 31 December 2015	0.625

3. Under the Option Scheme, the number and exercise price of the share options are subject to adjustment in case of rights issue, bonus issue, or other similar changes in the Company's share capital. The number and exercise price shown in the tables above represent the number and exercise price of share options as adjusted.

Substantial Shareholders' Interest in Shares and Underlying Shares

As at 30 June 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of certain directors and chief executives, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

(a) Long positions of ordinary shares of HK$0.1 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Tong Shiu Ming	Held by corporation *(Note 1)*	490,779,280	37.58%
Yam Tak Cheung	Held by corporation *(Note 2)*	80,000,000	6.13%

Notes:

1. 490,779,280 shares of the Company are held as corporate interest by Tong Shiu Ming through 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.

2. 80,000,000 shares of the Company are held by Integrated Asset Management (Asia) Limited ("Integrated Asset"). Yam Tak Cheung owned 100% of Integrated Asset and was deemed to be the controlling shareholder of Integrated Asset.

(b) Share options

Name of shareholder	Capacity	Number of options held	Number of underlying shares
Tong Shiu Ming	Family interest *(Note)*	9,940,358	9,940,358

Note: Share option to subscribe 9,940,358 shares are held by Shum Siu Hung, the spouse of Tong Shiu Ming as referred to note 1 under paragraph (a) of the section headed "Directors' and Chief Executives' Interest in Shares and Underlying Shares" above, and are deemed to be the family interest of Tong Shiu Ming.

Save as disclosed above, the Company has not been notified of any other relevant interests or short position in the issued share capital of the Company as at 30 June 2011.

Corporate Governance and Other Information

Corporate Governance

The Company complied with the provision of the Code on Corporate Governance Practices (the "Corporate Governance Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2011 with the exception that the independent non-executive directors are not appointed for a specific term as provided in the Corporate Governance Code. Under the Bye-laws of the Company, independent non-executive directors of the Company shall retire by rotation and their appointment will be reviewed when they are due for re-election. In the opinion of the directors, this arrangement meets the same objectives as the Governance Code.

Compliance with the Model Code for Securities Transactions by Directors

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Securities Transactions Code") as its own code of conduct regarding securities transactions. Having made specific enquiry of the directors, all directors of the Company had complied with the required standards as set out in the Securities Transactions Code during the six months ended 30 June 2011.

Liquidity and Financial Review

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

Corporate Governance and Other Information *(Continued)*

Disclosure pursuant to Rule 13.18 of the Listing Rules

On 28 January 2011 an agreement (the "Facility Agreement") was entered into between the Company as borrower and certain financial institutions as lenders whereby a term loan facility in the aggregate amount of US$42,000,000 was provided to the Company, to be repaid in instalments the last of which falling due 48 months from the date of the Facility Agreement. Under the Facility Agreement, if the Shum Family (comprising certain family members and relatives of Mr. Shum Siu Hung, Chairman of the Company as set out in the Facility Agreement) cease to beneficially own 30% of the issued share capital of the Company, or cease to have control over the Company, the lenders shall have the right to cancel the facility available to the Company. Upon such an event all outstanding amounts due under the Facility Agreement will become immediately due and payable.

As at 30 June 2011 the Shum Family beneficially own approximately 41.4% in aggregate of the issued share capital of the Company.

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

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

Human Resources

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

Audit Committee

The audit committee, comprising all independent non-executive directors of the Company, has reviewed with the Company's external auditor and the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the directors, including a review of the unaudited condensed consolidated accounts for the six months ended 30 June 2011.

By order of the Board
Shum Siu Hung
Chairman

Hong Kong, 15 August 2011