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

2013
INTERIM REPORT

Contents

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF
NEWOCEAN ENERGY HOLDINGS LIMITED

Introduction

We have reviewed the condensed consolidated financial statements of NewOcean Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 4 to 36, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other 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 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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.

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 these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that caused us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

19 August 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 (Unaudited) HK$'000	2012 (Unaudited and restated) HK$'000
Continuing operations			
Revenue	3	**6,857,440**	5,878,569
Cost of sales		**(6,294,529)**	(5,335,017)
Gross profit		**562,911**	543,552
Net exchange gain (loss)	4	**89,307**	(94,369)
Other income	5	**83,459**	71,996
Selling and distribution expenses		**(107,812)**	(84,952)
Administrative expenses		**(105,224)**	(92,122)
Changes in fair values of derivative financial instruments		**(15,458)**	37,868
Changes in fair values of convertible bonds		**1,385**	—
Finance costs		**(123,995)**	(145,128)
Share of profit of a joint venture		**546**	1,285
Share of profits of associates		**9,878**	—
Profit before taxation	6	**394,997**	238,130
Taxation charge	7	**(16,415)**	(10,587)
Profit for the period from continuing operations		**378,582**	227,543
Discontinued operations			
Profit for the period from discontinued operations	8	**—**	465
Profit for the period		**378,582**	228,008
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**35,472**	(9,795)
Item that may be subsequently reclassified to profit or loss:			
Fair value loss on available for sale investment		**(3,177)**	—
Other comprehensive income (expense) for the period (net of tax)		**32,295**	(9,795)
Total comprehensive income for the period		**410,877**	218,213

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income *(Continued)*

For the six months ended 30 June 2013

	Note	Six months ended 30 June **2013 (Unaudited)** ***HK$'000***	 2012 (Unaudited and restated) *HK$'000*
Profit for the period attributable to:			
Owners of the Company			
Continuing operations		**378,754**	228,589
Discontinued operations		**—**	465
		378,754	229,054
Non-controlling interests		**(172)**	(1,046)
		378,582	228,008
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**411,013**	219,270
Non-controlling interests		**(136)**	(1,057)
		410,877	218,213
Earnings per share			
From continuing and discontinued operations	9		
Basic		**HK$0.277**	HK$0.175
Diluted		**HK$0.272**	HK$0.173
From continuing operations			
Basic		**HK$0.277**	HK$0.175
Diluted		**HK$0.272**	HK$0.172

Condensed Consolidated Statement of Financial Position

At 30 June 2013

	Note	As at 30 June 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	11	**1,475,844**	1,362,710
Land use rights	12	**244,834**	231,298
Prepaid lease payments for coast		**9,711**	9,963
Goodwill		**294,715**	289,608
Other intangible assets		**351,557**	359,036
Interest in associates		**241,600**	231,722
Interest in a joint venture		**11,159**	10,420
Other assets		**8,600**	1,068
Deferred tax assets		**1,341**	1,304
		2,639,361	2,497,129
Current assets			
Inventories		**742,014**	705,155
Trade debtors and bills receivable	13	**1,477,661**	2,069,137
Amount due from an associate		**212,890**	137,084
Other debtors, deposits and prepayments	13	**985,895**	1,104,393
Derivative financial instruments		**2,866**	6,906
Land use rights	12	**10,187**	9,515
Prepaid lease payments for coast		**861**	846
Properties held for sales		**208,575**	221,989
Properties under development for sales		**206,724**	188,060
Available for sale investment		**77,632**	80,809
Convertible bonds		**81,356**	79,971
Pledged bank deposits	14	**3,230,217**	4,056,010
Bank balances and cash		**1,113,021**	1,196,143
		8,349,899	9,856,018

Condensed Consolidated Statement of Financial Position *(Continued)*

At 30 June 2013

	Note	As at 30 June 2013 (Unaudited) *HK$'000*	As at 31 December 2012 (Audited) *HK$'000*
Current liabilities			
Trade creditors and bills payable	*15*	**2,042,437**	3,258,442
Other creditors and accrued charges		**164,387**	193,238
Amount due to a joint venture		**502**	493
Derivative financial instruments		**21,583**	31,418
Tax liabilities		**45,688**	40,063
Borrowings fully secured by pledged bank deposits – repayable within one year	*16*	**2,666,463**	3,588,551
Borrowings partially secured by pledged bank deposits – repayable within one year	*16*	**900,306**	31,007
Borrowings secured by other assets – repayable within one year	*16*	**192,166**	228,987
Borrowings unsecured – repayable within one year	*16*	**1,070,108**	2,058,250
Payable to non-controlling shareholder of a subsidiary		**5,649**	5,550
		7,109,289	9,435,999
Net current assets		**1,240,610**	420,019
Total assets less current liabilities		**3,879,971**	2,917,148
Capital and reserves			
Share capital	*17*	**148,340**	130,586
Share premium and other reserves		**3,530,259**	2,437,818
Equity attributable to equity holders of the Company		**3,678,599**	2,568,404
Non-controlling interests		**16,436**	16,572
Total equity		**3,695,035**	2,584,976
Non-current liabilities			
Deferred tax liabilities		**146,533**	145,661
Borrowings unsecured – repayable over one year	*16*	**38,403**	186,511
		184,936	332,172
		3,879,971	2,917,148

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

Attributable to equity holders of the Company													
	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	Revaluation reserve HK$'000	Contributed surplus accounts HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013 (Audited)	130,586	711,250	122,085	36,220	143,746	5,663	–	1,667	(127)	1,417,314	2,568,404	16,572	2,584,976
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	378,754	378,754	(172)	378,582
Exchange differences arising on translation to presentation currency	–	–	–	–	35,436	–	–	–	–	–	35,436	36	35,472
Fair value loss on available for sale investment	–	–	–	–	–	–	(3,177)	–	–	–	(3,177)	–	(3,177)
Total comprehensive income (expense) for the period	–	–	–	–	35,436	–	(3,177)	–	–	378,754	411,013	(136)	410,877
Appropriations	–	–	–	273	–	–	–	–	–	(273)	–	–	–
Dividend paid *(Note 10)*	–	–	–	–	–	–	–	–	–	(56,369)	(56,369)	–	(56,369)
Issued of shares pursuant to placements *(Note 17(a))*	16,650	762,570	–	–	–	–	–	–	–	–	779,220	–	779,220
Issued of shares pursuant to exercise of share options *(Note 17(b))*	1,104	7,719	–	–	–	(1,920)	–	–	–	–	6,903	–	6,903
Transaction costs attributable to issue of shares	–	(30,572)	–	–	–	–	–	–	–	–	(30,572)	–	(30,572)
At 30 June 2013 (Unaudited)	148,340	1,450,967	122,085	36,493	179,182	3,743	(3,177)	1,667	(127)	1,739,426	3,678,599	16,436	3,695,035
At 1 January 2012 (Audited)	130,586	711,250	122,085	27,771	144,178	5,663	–	1,667	35,690	644,864	1,823,754	23,781	1,847,535
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	229,054	229,054	(1,046)	228,008
Exchange differences arising on translation to presentation currency	–	–	–	–	(9,784)	–	–	–	–	–	(9,784)	(11)	(9,795)
Total comprehensive income (expense) for the period	–	–	–	–	(9,784)	–	–	–	–	229,054	219,270	(1,057)	218,213
Appropriations	–	–	–	2,882	–	–	–	–	–	(2,882)	–	–	–
Dividend paid *(Note 10)*	–	–	–	–	–	–	–	–	–	(30,036)	(30,036)	–	(30,036)
At 30 June 2012 (Unaudited)	130,586	711,250	122,085	30,653	134,394	5,663	–	1,667	35,690	841,000	2,012,988	22,724	2,035,712

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Net cash (used in) from operating activities			
Operating cash flows before movements in working capital		**508,066**	333,305
Decrease in trade debtors and bills receivable		**609,594**	417,997
(Decrease) increase in trade creditors and bills payable		**(1,249,547)**	779,833
Other operating cash flows (net)		**(38,441)**	(387,596)
		(170,328)	1,143,539
Net cash from (used in) investing activities			
Interest received		**75,429**	66,955
Purchase of property, plant and equipment	*11*	**(133,734)**	(185,152)
Acquisition of a subsidiary (net of cash and cash equivalents acquired)	*22*	**—**	(523,295)
Withdrawal of pledged bank deposits		**3,412,792**	1,529,006
Placement of pledged bank deposits		**(2,585,690)**	(1,740,098)
Entrusted loan repayment from an entity		**—**	644,423
Other investing cash flows (net)		**(31,615)**	(3,821)
		737,182	(211,982)
Net cash used in financing activities			
Proceeds from issue of shares pursuant to placements		**779,220**	—
Proceeds from issue of shares pursuant to exercise of share options		**6,903**	—
Expenses on issue of shares		**(30,572)**	—
New borrowings raised		**5,954,974**	6,692,475
Repayments of borrowings		**(7,190,967)**	(7,532,821)
Dividend paid		**(56,369)**	(30,036)
Other financing cash flows (net)		**(123,995)**	(145,127)
		(660,806)	(1,015,509)
Net decrease in cash and cash equivalents		**(93,952)**	(83,952)
Cash and cash equivalents at beginning of the period		**1,196,143**	877,595
Effect of foreign exchange difference		**10,830**	(540)
Cash and cash equivalents at end of the period represented by bank balances and cash		**1,113,021**	793,103

1. General Information and Basis of Preparation

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate and immediate holding company is Uniocean Investments Limited ("Uniocean"), 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 sales and distribution of liquefied petroleum gas ("LPG"), oil products business and sales of electronic products.

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

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 ("HK$"), the presentation currency for the condensed consolidated financial statements.

On 24 December 2012, the Group lost control on subsidiaries that engaged in segment of selling of oil products to marine transportation customers in Hong Kong become discontinued operations. The details are set out in note 8. The comparative figures of the condensed consolidated statement of profit or loss and other comprehensive income and other relevant notes to the interim financial statements for the six months ended 30 June 2012 have been restated accordingly.

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new and revised HKASs, Hong Kong Financial Reporting Standards ("HKFRSs") amendments and interpretation ("HK(IFRIC) – INT" (hereinafter collectively referred to as the "new and revised HKFRSs")) issued by the HKICPA:

2. Principal Accounting Policies *(Continued)*

- HKFRS 10 Consolidated financial statements;
- HKFRS 11 Joint arrangements;
- HKFRS 12 Disclosure of interests in other entities;
- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 Consolidated financial statements, joint arrangements and disclosure of interest in other entities: Transition guidance;
- HKFRS 13 Fair value measurement;
- HKAS 19 (as revised in 2011) Employee benefits;
- HKAS 28 (as revised in 2011) Investments in associates and joint ventures;
- Amendments to HKFRS 7 Disclosures – Offsetting financial assets and financial liabilities;
- Amendments to HKAS 1 Presentation of items of other comprehensive income;
- Amendments to HKFRSs Annual improvements to HKFRSs 2009-2011 cycle; and
- HK(IFRIC) – INT 20 Stripping costs in the production phase of a surface mine.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

HKFRS 10 Consolidated financial statements

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) – INT 12 "Consolidation – special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The directors of the Company reviewed and assessed the Group's investees in accordance with the requirements of HKFRS 10. The directors of the Company concluded that there was no impact to the Group's condensed consolidated financial statements for the adoption of HKFRS 10.

2. Principal Accounting Policies *(Continued)*

HKFRS 11 Joint arrangements

HKFRS 11 replaces HKAS 31 "Interests in joint ventures", and the guidance contained in a related interpretation, HK(SIC) – INT 13 "Jointly controlled entities – non-monetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investment in joint arrangement in accordance with the requirements of HKFRS 11. The directors of the Company concluded that the Group's investment in 廣州市橋新燃氣有限公司, which was classified as a jointly controlled entity under HKAS 31 and accounted for using the equity method, should be classified as a joint venture under HKFRS 11 and continuous accounted for using the equity method. There was no impact to the Group's condensed consolidated financial statements for the adoption of HKFRS 11.

2. Principal Accounting Policies *(Continued)*

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The Group has outstanding derivative financial instruments presented under current assets and current liabilities in the condensed consolidated statement of financial position which are under master netting agreements.

The amendments have been applied retrospectively. For the purpose of preparing the condensed consolidated financial statements, the additional disclosures are not presented but will be included in the Group's annual consolidated financial statements for the year ending 31 December 2013.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information in accordance with the consequential amendments of HKAS 34 are set out in note 21 and additional disclosures in accordance HKFRS 13 will be disclosed in the Group's annual consolidated financial statements for the year ending 31 December 2013. The application of HKFRS 13 has no impact to the fair value measurements of the Group's assets and liabilities.

2. Principal Accounting Policies *(Continued)*

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or on the disclosures set out in these condensed consolidated financial statements.

3. Segment Information

Information reported to the Chairman of the Company, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on nature and location of the goods being sold. These revenue streams and the basis of the internal reports about components of the Group are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

During the six months ended 30 June 2013, the Group engaged selling of oil products to wholesaler customers, leasing of oil vessels and leasing of oil storages in Zhuhai which included in oil products business segment. The Group currently organised into the following major operating segments, each of which represents an operating and reportable segment of the Group:

1. Sales and distribution of LPG – This segment derives its revenue from selling of LPG to various customers including wholesalers, industrial customers, auto-gas operators, overseas customers, bottled LPG end-users, auto-gas end-users etc. The operation is carried out in Hong Kong, the PRC and Macau for both onshore and offshore customers.

3. **Segment Information** *(Continued)*

2. Oil products business – This segment derives its revenue from selling of oil products to wholesaler customers and marine transportation customers, leasing of oil vessels and leasing of oil storages in Zhuhai.

3. Sales of electronic products – This segment derives its revenue from trading of electronic products such as integrated circuit and mobile phones etc.

In December 2012, the Group lost control on subsidiaries that engaged in the segment of selling of oil products to marine transportation customers in Hong Kong and thus became discontinued operations. The details of the discontinued operations are set out in note 8.

For the period ended 30 June 2012, the segment information for oil products business reported below includes segment information for the discontinued operations of selling of oil products to marine transportation customers in Hong Kong.

Information regarding the above segments is presented below.

Six months ended 30 June 2013 (Unaudited)

	Sales and distribution of LPG	Oil products business	Sales of electronic products	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations				
Segment revenue	5,826,929	943,570	58,441	6,828,940
Segment profit	449,321	2,500	4,023	455,844
Share of profits of associates	—	9,878	—	9,878
	449,321	12,378	4,023	465,722
Other income				75,429
Profit from property investment and development in the PRC				11,100
Central administration costs and directors' salaries				(19,186)
Changes in fair values of derivative financial instruments				(15,458)
Changes in fair values of convertible bonds				1,385
Finance costs				(123,995)
Profit before taxation				394,997

3. Segment Information *(Continued)*

Six months ended 30 June 2012 (Unaudited and restated)

	Sales and distribution of LPG *HK$'000*	Oil products business *HK$'000*	Sales of electronic products *HK$'000*	Consolidated *HK$'000*
Continuing and discontinued operations				
Segment revenue	5,441,850	99,475	436,719	5,978,044
Segment profit	248,694	465	46,558	295,717
Other income				66,955
Central administration costs and directors' salaries				(16,817)
Changes in fair values of derivative financial instruments				37,868
Finance costs				(145,128)
Profit for the period from discontinued operations				(465)
Profit before taxation (continuing operations)				238,130

All of the segment revenue reported above is from external customers or associates. Segment profit represents the profit earned by each segment without allocation of certain other income, central administration costs and directors' salaries, changes in fair values of derivative financial instruments, changes in fair values of convertible bonds and finance costs.

The total reportable segment revenue can be reconciled to the revenue as presented in condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2013 (Unaudited) ***HK$'000***	2012 (Unaudited) *HK$'000*
Total reportable segment revenue	**6,828,940**	5,978,044
Add: Revenue from property investment and development in the PRC	**28,500**	—
Less: Revenue from discontinued operations	**—**	(99,475)
Revenue as presented in the condensed consolidated statement of profit or loss and other comprehensive income	**6,857,440**	5,878,569

3. Segment Information *(Continued)*

The Group has a subsidiary engages in the property investment and development in the PRC which is considered as ordinary course of business. The operating results and other financial information of this subsidiary are not reviewed by the CODM for the purpose of resources allocation and performance assessments.

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

Segment assets

	As at 30 June 2013 (Unaudited)	As at 31 December 2012 (Audited and restated)
	HK$'000	*HK$'000*
Continuing operations		
Sales and distribution of LPG	**4,005,569**	5,091,644
Sales of electronic products	**732,635**	606,410
Oil products business	**742,999**	231,722
Total segment assets	**5,481,203**	5,929,776
Available for sale investment	**77,632**	80,809
Convertible bonds	**81,356**	79,971
Deferred tax assets	**1,341**	1,304
Bank balances and cash	**1,113,021**	1,196,143
Pledged bank deposits	**3,230,217**	4,056,010
Properties held for sales	**208,575**	221,989
Properties under development for sales	**206,724**	188,060
Derivative financial instruments	**2,866**	6,906
Other unallocated assets	**586,325**	592,179
Consolidated assets	**10,989,260**	12,353,147

3. Segment Information *(Continued)*

Segment liabilities

	As at 30 June 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
Continuing operations		
Sales and distribution of LPG	**1,984,292**	3,416,868
Sales of electronic products	**15,852**	15
Oil products business	**162,502**	—
Total segment liabilities	**2,162,646**	3,416,883
Derivative financial instruments	**21,583**	31,418
Tax liabilities	**45,688**	40,063
Deferred tax liabilities	**146,533**	145,661
Borrowings	**4,867,446**	6,093,306
Other unallocated liabilities	**50,329**	40,840
Consolidated liabilities	**7,294,225**	9,768,171

4. Net Exchange Gain (Loss)

Continuing operations

During the period, the amount included net exchange gain arising from pledged RMB bank deposits and the corresponding USD borrowings amounted to approximately HK$42,038,000 (Six months ended 30 June 2012: net exchange loss of HK$70,847,000).

5. Other Income

	Six months ended 30 June 2013 (Unaudited) HK$'000	Six months ended 30 June 2012 (Unaudited) HK$'000
Continuing operations		
Interest income on pledged RMB bank deposits	**45,281**	50,906
Other interest income	**30,148**	16,049
Others	**8,030**	5,041
	83,459	71,996

6. Profit Before Taxation

	Six months ended 30 June	
	2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Continuing operations		
Profit before taxation has been arrived at after charging:		
Amortisation of land use rights (included in administrative expenses)	**4,406**	7,993
Amortisation of prepaid lease payments for coast (included in administrative expenses)	**426**	422
Amortisation of other intangible assets (included in cost of sales)	**13,748**	7,843
Depreciation of property, plant and equipment	**42,492**	37,908
Total depreciation and amortisation	**61,072**	54,166
Gross rental income from leasing of oil vessels	**1,000**	—
Less: Direct operating expenses	**(243)**	—
	757	—

7. Taxation Charge

	Six months ended 30 June	
	2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Continuing operations		
Other regions in the PRC		
Current tax	**18,100**	13,604
Deferred tax		
Current period	**(1,685)**	(3,017)
	16,415	10,587

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 2013 and 30 June 2012.

7. Taxation Charge *(Continued)*

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

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

8. Discontinued Operations

On 5 September 2012, Sound Hong Kong Limited ("SHK") a wholly owned subsidiary of the Company entered into an investment agreement (the "Investment Agreement") with New Concept Capital Limited ("NCC") and Nitgen&Company Co., Ltd ("Nitgen"). NCC is an independent third party to the Group and is a wholly owned subsidiary of a company listed on the Stock Exchange. Nitgen is a company incorporated in Korea whose common shares are listed on Korean Securities Dealers Automated Quotations, a trading board of the Korea Exchange. Pursuant to the Investment Agreement, both SHK and NCC conditionally agreed to subscribe certain amounts of shares and convertible bonds to be issued by Nitgen (the "Subscription"). The Subscription was completed on 12 December 2012, SHK subscribed 17,136,230 Nitgen shares at price of KRW11,070,005,000 (equivalent to approximately HK$80,809,000) and convertible bonds issued by Nitgen at price of USD10,369,000 (equivalent to approximately HK$80,672,000).

On 5 September 2012, SHK, NCC and Nitgen Eco & Energy International Holdings Limited ("NEE") entered into a sales and purchase agreement (the "Disposal Agreement") in which SHK and NCC agreed to dispose their equity interests in Success Pillar Limited ("Success Pillar") to NEE at a total consideration of HK$ 241,180,000 (the "Disposal"). NEE is a wholly owned subsidiary of Nitgen. Before completion of the Disposal, SHK and NCC owned 65% and 35% of equity interest in Success Pillar respectively. Success Pillar owned 51% of Ego Time Limited ("Ego Time") and the remaining 49% equity interest is owned by another wholly owned subsidiary of the Company. Ego Time is a newly set up investment holding company in May 2012 of two subsidiaries that incorporated in BVI and engaged in the business of sales and distribution of oil products in Hong Kong. Upon completion of the Disposal on 24 December 2012, the Group lost control over Success Pillar and Ego Time. The effective interest in Ego Time reduced from 82.15% to 49%. The consideration of HK$156,767,000 and HK$84,413,000 to SHK and NCC were settled by the fund raised by Nitgen through the Subscription.

The details of the Investment Agreement and Disposal Agreement are set out in the circular issued by the Company in accordance with Chapter 14A of the Listing Rules on 11 October 2012, and independent shareholders' approval was obtained at a special general meeting of the Company on 1 November 2012.

8. Discontinued Operations *(Continued)*

The retained equity interest in Ego Time is held by another wholly owned subsidiary treated as interest in associates to the Group. On 24 December 2012, the segment of selling of oil products to marine transportation customers in Hong Kong became discontinued operations. The comparative figures of the condensed consolidated statement of profit or loss and other comprehensive income and other relevant notes to the interim financial statements for the six months ended 30 June 2012 have been restated accordingly.

The results of the segment of selling of oil products to marine transportation customers in Hong Kong for the period ended 30 June 2012, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited and restated)
	HK$'000	*HK$'000*
Revenue	—	99,475
Cost of sales	—	(98,133)
Gross profit	—	1,342
Net exchange loss	—	(21)
Selling and distribution expenses	—	(724)
Administrative expenses	—	(132)
Profit before taxation	—	465
Taxation charge	—	—
Profit for the period	—	465

Profit for the period from discontinued operations included the following:

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited and restated)
	HK$'000	*HK$'000*
Cost of inventory recognised as expense	—	98,133
Staff salaries and bonus	—	7

During the period ended 30 June 2012, Success Pillar did not have any significant impact to the Group's cash flow. The carrying amounts of the assets and liabilities of Success Pillar at the date of disposal are disclosed in 2012 annual report.

9. Earnings Per Share

From continuing and discontinued operations

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	
	2013 (Unaudited)	2012 (Unaudited)
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to the owners of the Company)	**378,754**	229,054
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,367,040,244**	1,305,853,374
Effect of dilutive ordinary shares		
Share options	**25,602,319**	19,734,380
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,392,642,563**	1,325,587,754

From continuing operations

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

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
	HK$'000	*HK$'000*
Earnings figures are calculated as follow:		
Profit for the period attributable to the owners of the Company	**378,754**	229,054
Less: Profit for the year from discontinued operations	**—**	(465)
Earnings for the purpose of basic earnings per share from continuing operations	**378,754**	228,589

The denominators used are the same as the detailed above for both basic and diluted earnings per share.

9. Earnings Per Share *(Continued)*

From discontinued operations

For the six months ended 30 June 2012, basic and diluted earnings per share from the discontinued operations were insignificant based on the profit from discontinued operations of approximately HK$465,000.

10. Dividend

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
	HK$'000	*HK$'000*
Final dividend of HK3.80 cents per share for the year ended 31 December 2012 paid during the interim period (2012: Final dividend of HK2.30 cents per share for year ended 31 December 2011)	**56,369**	30,036

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

11. Movements in Property, Plant and Equipment

During the period, the Group paid approximately HK$133,734,000 (six months ended 30 June 2012: HK$185,152,000) to acquire property, plant and equipment. During the period ended 30 June 2012, the property, plant and equipment acquired on acquisition of a subsidiary amount to approximately HK$269,164,000.

12. Land Use Rights

	As at 30 June 2013 (Unaudited)	As at 31 December 2012 (Audited)
	HK$'000	*HK$'000*
The Group's land use rights comprise:		
Land use rights outside Hong Kong, in the PRC under medium term leases	**255,021**	240,813
Analysed for reporting purposes as:		
Non-current asset	**244,834**	231,298
Current asset	**10,187**	9,515
	255,021	240,813

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

The Group allows an average credit period of 90 days to its trade debtors. The bills receivable are matured within the range of 30 days to 180 days for the period ended 30 June 2013 and the year ended 31 December 2012. The following is an aged analysis of trade debtors and bills receivable at the end of the reporting period presented based on the invoice date, which approximated the respective revenue recognition dates:

	As at 30 June 2013 (Unaudited)	As at 31 December 2012 (Audited)
	HK$'000	*HK$'000*
0 to 30 days	**674,240**	1,387,388
31 to 60 days	**290,565**	306,538
61 to 90 days	**216,788**	303,795
91 to 180 days	**204,590**	67,842
Over 180 days	**91,478**	3,574
	1,477,661	2,069,137

Included in deposits are trade deposits paid to suppliers of approximately HK$521,982,000 (31 December 2012: HK$614,042,000) in relation to the purchase of inventories which will be delivered within one year commencing from the date of the signed purchase contract.

Included in other debtors, there is a loan receivable which a subsidiary of the Company entered into a loan agreement with an independent third party to provide a short term loan of RMB216,000,000 (31 December 2012: RMB200,000,000), which equivalent to approximately HK$271,169,000 (31 December 2012: HK$246,655,000). It is entrusted by equity share of an unlisted company owned by the independent third party in the PRC and bears floating interest rate of People's Bank of China plus 3% per annum and will be matured in December 2013. The cash provided by the subsidiary of the Company is used for developing a potential property project in Zhuhai in the PRC. The loan receivable will be fully repaid to the Group in December 2013.

14. Pledged Bank Deposits

At 30 June 2013, RMB pledged bank deposits of approximately HK$3,104,469,000 (31 December 2012: HK$3,606,395,000) were pledged to the banks to secure the bank trust receipts loans.

15. Trade Creditors and Bills Payable

The aged analysis of trade creditors and bills payable presented based on invoice date is as follows:

	As at 30 June 2013 (Unaudited)	As at 31 December 2012 (Audited)
	HK$'000	*HK$'000*
0 to 30 days	**849,466**	765,094
31 to 60 days	**269,124**	613,039
61 to 90 days	**367,468**	471,646
91 to 180 days	**553,813**	1,408,470
Over 180 days	**2,566**	193
	2,042,437	3,258,442

The trade creditors and bills payable are mainly mature within 90 and 180 days respectively.

16. Borrowings

	As at 30 June 2013 (Unaudited) HK$'000	As at 31 December 2012 (Audited) HK$'000
Bank trust receipts loans	1,031,130	1,519,815
Bank trust receipts loans (pledged with RMB bank deposits)	3,405,330	3,588,551
Other bank loans	430,986	984,940
	4,867,446	6,093,306
Repayable within one year shown under current liabilities		
Borrowings fully secured by pledged bank deposits	2,666,463	3,588,551
Borrowings partially secured by pledged bank deposits	900,306	31,007
Borrowings secured by other assets	192,166	228,987
Borrowings unsecured	1,070,108	2,058,250
	4,829,043	5,906,795
Repayable over one year shown under non-current liabilities		
Borrowings unsecured	38,403	186,511
	4,867,446	6,093,306
Analysis as:		
Secured	3,758,935	3,848,545
Unsecured	1,108,511	2,244,761
	4,867,446	6,093,306
Carrying amount repayable:		
Within one year	4,829,043	5,906,795
More than one year, but not exceeding two years	38,403	158,041
More than two years, but not exceeding five years	—	28,470
	4,867,446	6,093,306
Less: Amounts due within one year shown under current liabilities	(4,829,043)	(5,906,795)
	38,403	186,511

16. Borrowings *(Continued)*

As at 30 June 2013, other bank loans of the Group comprised of an amount of approximately HK$244,766,000 (31 December 2012: HK$692,871,000) carried variable interest ranging from 2.21% to 3.70% (31 December 2012: 2.08% to 7.2%) per annum. Included in the balance of HK$244,766,000, approximately HK$114,366,000 (31 December 2012: HK$31,007,000) is secured by other assets (31 December 2012: bank deposits) of the Group. The remaining other bank loans of approximately HK$186,220,000 (31 December 2012: HK$292,069,000) carried fixed interest ranging from 1.88% to 6.98% (31 December 2012: 3.25% to 6.98%) per annum, approximately HK$77,800,000 (31 December 2012: nil) is secured by other assets of the Group. Included in other bank loans of the Group, approximately HK$405,715,000 (31 December 2012: HK$700,425,000) is guaranteed by the Company and/or its subsidiaries.

As at 30 June 2013, the bank borrowings of approximately HK$192,166,000 (31 December 2012: HK$228,987,000) are pledged by the Group's bills receivable.

17. Share Capital

	Number of shares	**Amount** *HK$'000*
Ordinary shares of HK$0.10 each (2012: HK$0.10 each)		
Authorised share capital:		
At 1 January 2012, 31 December 2012 and 30 June 2013	20,000,000,000	2,000,000
Issued and fully paid share capital:		
At 1 January 2012, 31 December 2012 and 1 January 2013	1,305,853,374	130,586
Issue of shares pursuant to placements *(Note a)*	166,500,000	16,650
Issue of shares pursuant to exercise of share options *(Note b)*	11,044,842	1,104
At 30 June 2013	1,483,398,216	148,340

Notes:

(a) On 22 April 2013, arrangements were made in accordance with the placing and subscription agreement dated 17 April 2013 (the "Placing and Subscription Agreement") for a private placement to independent placees of 166,500,000 shares of HK$0.10 each in the Company held by Uniocean, at a price of HK$4.68 per share representing a discount of approximately 13.49% to the closing market price of the Company's shares on 17 April 2013.

17. Share Capital *(Continued)*

Notes: (Continued)

(a) *(Continued)*

Pursuant to the Placing and Subscription Agreement, Uniocean subscribed for 166,500,000 new shares of HK$0.10 each in the Company at a price of HK$4.68 per share on 29 April 2013. The net proceeds of approximately HK$748,648,000 would be used as follows: (i) to upgrade and expand the handling capacity of its LPG facilities at the Group's LPG terminal in Zhuhai, Guangdong Province, the PRC; (ii) for funding of the Sinopec — NewOcean JV as set out in the announcement of the Company dated 10 April 2013; (iii) for the installation of LPG or Liquefied Natural Gas facilities in certain gas stations owned by China Petroleum & Chemical Corporation; (iv) to build two propylene tanks in Zhuhai Terminal to support the upgraded sea terminal in Zhuhai, Guangdong Province, the PRC; (v) to acquire LPG bottles in relation to the Company's business in Hong Kong and (vi) for general capital purposes. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 21 May 2012 and rank pari passu with other shares in issue in all respects.

(b) During the period ended 30 June 2013, the Company issued and allotted a total of 11,044,842 shares of HK$0.10 each in the Company at exercise price of HK$0.625 each to certain share options holders who exercised their share options. These shares issued rank pari passu with other shares issue in all respects.

The table below discloses movement of the Company's share options held by the Group's employees (including directors):

	Number of share options
Outstanding as at 1 January 2013	32,582,284
Exercised during the period	(11,044,842)
Outstanding as at 30 June 2013	21,537,442

18. Lease Commitments

The Group as lessee

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

	As at 30 June 2013 (Unaudited)	As at 31 December 2012 (Audited)
	HK$'000	*HK$'000*
Within one year	**19,020**	20,250
In the second to fifth year inclusive	**34,703**	39,674
After five years	**21,634**	22,888
	75,357	82,812

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	As at 30 June 2013 (Unaudited)	As at 31 December 2012 (Audited)
	HK$'000	*HK$'000*
Within one year	**4,898**	—
In the second to fifth year inclusive	**2,512**	—
After five years	**301**	—
	7,711	—

19. Other Commitments

	As at 30 June 2013 (Unaudited)	As at 31 December 2012 (Audited)
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the financial statements in respect of:		
Purchase of gas plant and machinery	**50,685**	90,086

20. Contingent Liabilities

The Group had no significant contingent liabilities at both 30 June 2013 and 31 December 2012.

21. Fair Value Measurements of Financial Instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair value as at 30 June 2013	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Equity securities classified as available for sale investment in the statement of financial position	Listed equity securities in Korea – HK$77,632,000	Level 1	Quoted bid prices in an active market	N/A	N/A
Foreign currency forward contracts classified as derivative financial instruments in the statement of financial position	Assets – HK$2,866,000 and liabilities – HK$6,799,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A

21. Fair Value Measurements of Financial Instruments *(Continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/ financial liabilities	Fair value as at 30 June 2013	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Cross currency interest rate swaps contracts classified as derivative financial instruments in the statement of financial position	Liabilities – HK$11,324,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A
Interest rate swaps contracts classified as derivative financial instruments in the statement of financial position	Liabilities – HK$3,460,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A
Unlisted financial instruments classified as convertible bonds in the statement of financial position.	Convertible bonds issued by a listed entity in Korea – HK$81,356,000	Level 3	Discounted cash flow and Trinominal Option Pricing Model. The key inputs are: cost of debts, spot price, conversion price, time to maturity, risk-free rate and volatility	Cost of debt of 17.60% is based on the sum of risk free rate and average credit spread, which is estimated based on the average spread of several traded bonds with similar maturity and credit rating in the Pacific Rim Market. Volatility of the share price of 41.51% for the conversion component is determined based on the historical trend of the market price of the bond issuer *(Note)*	The higher the cost of debt, the lower the fair value. The higher of the volatility, the higher the fair value

Note: If the cost of debt to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of convertible bonds would decrease/increase by approximately HK$104,000/HK$252,000. If the volatility to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of convertible bonds would increase/decrease by approximately HK$243,000/HK$104,000. In management's opinion, the sensitivity analysis is unpresentative of the inherent equity price risk as the period end exposure does not reflect the exposure during the period.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

21. Fair Value Measurements of Financial Instruments *(Continued)*

Reconciliation of Level 3 fair value measurements of financial assets

	HK$'000
At 1 January 2013	79,971
Total gain in profit or loss	1,385
At 30 June 2013	81,356

The total gain for the period included in profit or loss relates to convertible bonds held at the end of the current reporting period and the changes in fair value of convertible bonds is recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation on regular basic. The directors of the Company work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The valuation team engages the external valuers to perform the valuations of the convertible bonds required for financial reporting purposes, including Level 3 fair value measurements of financial assets. As a part of the valuation process, the valuation team reports directly to the financial controller of the Group. The financial controller of the Group reports the valuation team's findings to the board of directors of the Company semi-annually. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

22. Acquisition of a Subsidiary

In January 2012, the Group exercised the call option to acquire 95% equity interest in 聯新能源發展有限公司("聯新能源") from an independent third party 珠海市旺通船務有限公司("旺通船務"). The acquisition was completed on 22 January 2012 ("Acquisition Date"). This acquisition has been accounted for using the acquisition method of accounting. The initial exercise price of the call option of RMB580,000,000 (equivalent to HK$712,884,000) was adjusted by the outstanding amount due to shareholder and the shortfall in the agreed carrying amount of property, plant and equipment of approximately RMB310,000,000 (equivalent to HK$381,009,000) and RMB11,937,000 (equivalent to HK$14,672,000) respectively. After taken into account of those adjustments, the total exercise price for the acquisition was approximately RMB258,063,000 (equivalent to HK$317,203,000) and the settlement of amount due to a former shareholder was approximately RMB310,000,000 (equivalent to HK$381,009,000). The primary reason for the acquisition of 聯新能源 is to expand a new business segment of retail operation business of LPG gas station in Guangdong district. The amount of goodwill arising as a result of the acquisition was approximately HK$202,509,000.

Total consideration

	HK$'000
Call Option *(Note a)*	36,909
Fair value of previously held 5% equity interest *(Note b)*	27,409
Exercise price for acquisition of 95% equity interest *(Note c)*	317,203
	381,521

Notes:

(a) 旺通船務 issued a call option to a wholly-owned subsidiary, 新海百富洋投資有限公司 to acquire 95% of the registered capital of 聯新能源 on 23 December 2010, which is amounted to RMB37,061,000 (equivalent to approximately HK$45,524,000 as at Acquisition Date). The fair value of the call option on the date of exercise was RMB30,030,317 (equivalent to approximately HK$36,909,000). The change in fair value of approximately HK$8,615,000 was charged to profit or loss for the six months period ended 30 June 2012.

(b) 5% registered capital of 聯新能源 was acquired at a consideration of RMB3,000,000 (equivalent to approximately HK$3,685,000 as at Acquisition Date (31 December 2011: HK$3,701,000)) by a wholly owned subsidiary, 新海能源(中國)有限公司, from 廣州森能燃氣有限公司 on 23 December 2010. The amount is treated as if it was disposed of and reacquired at fair value of RMB22,303,000 (equivalent to HK$27,409,000) on the Acquisition Date. The gain on deemed disposal of approximately HK$23,724,000 was credited to profit or loss for the six months period ended 30 June 2012.

(c) A deposit of RMB57,000,000 (equivalent to approximately HK$70,015,000 as at Acquisition Date) was prepaid for the acquisition of 聯新能源 on 21 December 2011.

22. Acquisition of a Subsidiary *(Continued)*

Assets and liabilities recognised at the date of acquisition

	HK$'000
Net assets acquired:	
Non-current assets	
Property, plant and equipment	269,164
Other intangible assets	375,932
	645,096
Current assets	
Inventories	2,771
Trade debtors and bills receivable	172,546
Other debtors, deposits and prepayment	11,426
Bank balances and cash	104,902
	291,645
Current liabilities	
Trade creditors and bills payable	(99,620)
Other creditors and accrued charges	(16,516)
Borrowings – repayable within one year	(126,368)
Amount due to former shareholder *(Note)*	(381,009)
	(623,513)
Non-current liabilities	
Deferred tax liabilities	(134,216)
Net assets at the date of acquisition	179,012

Note: The amount due to former shareholder was fully settled immediately after the completion of the acquisition.

The receivables acquired (which principally comprised trade debtors, bills receivable, other debtors and deposits) with a fair value of HK$178,451,000 at the date of acquisition had gross contractual amounts of HK$178,451,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected amount to nil.

The acquisition-related costs amounting to HK$1,200,000 incurred in the year ended 31 December 2010 were recognised directly as an administrative expense in that year. There was no acquisition-related costs being incurred during the six months period ended 30 June 2012.

22. Acquisition of a Subsidiary *(Continued)*

Goodwill arising on acquisition

	HK$'000
Total consideration	381,521
Less: Recognised amount of identifiable net assets acquired (100%)	(179,012)
Goodwill arising on acquisition	202,509

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

Impact of acquisition on the results of the Group

The goodwill arose on acquisition of 聯新能源 was attributable to the anticipated profitability of distribution of LPG to Guangdong district market through the LPG network owned by 聯新能源 and the anticipated future operating synergies that the Group can leverage on the existing LPG sourcing team, revenue growth and future market development from the combination. The LPG network owned by 聯新能源 are mainly located in favorable locations next to public transportation stations. In addition, 聯新能源 is one of the major LPG suppliers of public transportations in Guangdong district. In the opinion of directors, this acquisition would improve their market share in southern region of the PRC. In order to ensure the quality and continuous supply of LPG to the business of 聯新能源 , the Group has set up an offshore subsidiary with experienced LPG purchasing team to act as the purchasing arm for 聯新能源 to source international LPG. This offshore subsidiary and 聯新能源 is counted as a separate cash generating unit and the goodwill of HK$202,509,000 is allocated to this cash generating unit.

Net cash outflow arising on acquisition

	HK$'000
Consideration paid in cash	247,188
Settlement of the amount due to former shareholder	381,009
Less: Cash and cash equivalent balances acquired	(104,902)
	523,295

23. Related Party Transactions

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

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
	HK$'000	*HK$'000*
Sales to a joint venture	**1,025**	517
Rental expenses paid to Shum Ho, Neo *(Note)*	**480**	480
Sales to an associate	**942,145**	—
Rental income received from an associate		
(i) Oil vessels	**1,000**	—
(ii) Office premises	**330**	—

Note: Shum Ho, Neo is the employee of the Group and also the son of Shum Siu Hung and Tong Shiu Ming. Shum Siu Hung is the executive director of the Company.

On 16 May 2012, Sound Management Services Limited, a wholly-owned subsidiary of the Company, entered into an office tenancy agreement with Shum Ho, Neo, son of Shum Siu Hung, for the use of office premises provided by Shum Ho, Neo located on 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong at HK$80,000 per calendar month for a period of one year commencing on 16 May 2012. On 16 May 2013, the agreement was renewed for one year to 15 May 2014 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	
	2013 (Unaudited)	2012 (Unaudited)
	HK$'000	*HK$'000*
Salaries and allowances	**4,334**	4,128
Contribution to retirement benefit schemes	**45**	46
	4,379	4,174

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 2013 (six months ended 30 June 2012: nil).

Management Discussion and Analysis

1. General

In the first half of 2013 the market was of the general view that economic growth in China was slowing down, and that her business sector would need to hold back its development pace. This however was not evident in Southern China, where capital investments in various sectors remained strong. Besides, as energy products are the basic needs for all economic activities, there is no sign of a weakening in their demand. The price of energy products for the period remained relatively stable without significant fluctuations on both the international market and the local market, providing a favourable environment for further development of the Group's energy business in the region.

Two years ago, the Group marked the 10th anniversary of its launch into the Liquefied Petroleum Gas ("LPG") business with the establishment of a long-term strategy focusing all its resources in the energy market in Southern China, in particular the Guangdong Province and Hong Kong. As part of this strategy, the Group will pursue a two-pronged development in both LPG and oil products to capitalize on its advantage of having built up a fully integrated business network and logistic platform in the region over the past decade. In 2012, through an associated company the Group commenced marine bunkering service in Hong Kong as a spearhead project for its oil products business. With the successful completion of the spearhead project in autumn 2012 a new growth cycle of the Group began.

1. General *(Continued)*

During the first half of 2013, in addition to continual sales expansion of LPG and oil products in accordance with the strategy, the Group has been highly successful in implementing various significant programmes. These included the award in January 2013 of a two-year exclusive contract by the Hong Kong SAR Government to an associate of the Group to provide bunkering service for the entire Hong Kong Government fleet of marine vessels; the signing in April of a joint venture agreement between Sinopec Guangdong and the Group for a close alliance in the development of the Guangzhou auto-gas market; and the issue in May by the Hong Kong Buildings Department of a construction commencement permit which allows the immediate construction of a bottled LPG depot in Tuen Mun and signifies the count-down to commencement of sale of bottled LPG in Hong Kong. Construction of the Group's 70,000 ton depot for oil products and two additional 5,000 ton berths in the Zhuhai Terminal has reached rudimentary completion, and pre-delivery inspection commenced in late June 2013. The new facilities will be the powerhouse for the Group's marine bunkering business. These programmes together laid a solid foundation for the future development of LPG and oil products businesses.

2. Group Overall Performance

Turnover of the Group in the first 6 months of 2013 was approximately HK$6,857,440,000, representing an increase of 16.65% as compared to approximately HK$5,878,569,000 for the same period of 2012. Net profit for the period increased substantially by approximately 66.04% to approximately HK$378,582,000 in comparison with approximately HK$228,008,000 for the same period of 2012.

The Group issued 166,500,000 new shares in April 2013 by way of top-up issuance which raised net proceeds of approximately HK$748,648,000. As at 30 June 2013, the Company's weighted average number of ordinary shares was accordingly increased to 1,367,040,244 shares (as at 30 June 2012: 1,305,853,374 shares). Basic earnings per share for the half year ended 2013 was HK 27.7 cents (for the half year ended 30 June 2012: HK 17.5 cents), representing a 58.29% increase as compared to that for the same period last year.

2. Group Overall Performance *(Continued)*

The Group's principal businesses of LPG and oil products along with its auxiliary business of electronics business achieved an aggregate gross profit of approximately HK$562,911,000 and a gross profit margin of about 8.21%. Although the gross profit slightly increased by 3.56%, gross profit margin decreased by around 1% in comparison with the gross profit of approximately HK$543,552,000 and gross profit margin of 9.25% for the same period of 2012. Notwithstanding the rapid growth of the oil products business for the period, its profitability still remained on the low side as total sales would still need time to pick up, which led to reduction in the overall gross profit margin.

2.1 Segmental Performance

LPG

LPG sales volume of the Group in the first half of 2013 amounted to about 859,700 tons, representing a slight increase of 4.96% as compared to about 819,100 tons for the same period of 2012. Turnover of LPG was approximately HK$5,826,929,000, 7.08% above that of approximately HK$5,441,850,000 for the same period of 2012. Gross profit increased by about 9.82% to approximately HK$545,247,000 in 2013 from approximately HK$496,478,000 for the same period of 2012. During this period, the Group has improved its sales to industrial customers in Guangdong Province and sales of bottled LPG (which generate higher gross profit) and moderately reduced sales to fellow LPG operators (which generate lower gross profit). As a result, despite increases in turnover by approximately 7% only, gross profit has increased by about 10%. The overall gross profit margin of LPG business has increased to 9.36% from 9.12% of the corresponding period last year. As at 30 June 2013, LPG business contributed approximately 84.97% (for the same period of 2012: 92.57%) of the Group's total turnover. Purely as a result of the rapid growth of oil products business, the LPG proportion of the Group's total turnover has shown a decline.

2. Group Overall Performance *(Continued)*

2.1 Segmental Performance *(Continued)*

Oil Products

As part of a strategic arrangement, the Group disposed of 51% equity interest in project companies that had been responsible for spearheading its marine bunkering business in Hong Kong to a Korean listed group. Accordingly, the project companies have changed their status from being subsidiaries to associates of the Group, and the results of the marine bunkering business were no longer consolidated in the Group's accounts. However, as the Group retained its function as the principle supplier, most of the bunkering fuel delivered by the project companies was still supplied by a wholly-owned subsidiary of the Group. Sales of bunkering fuel amounted to approximately 203,000 tons in the first half of 2013, whereas the Group's turnover was about HK$943,570,000 and net profit was approximately HK$2,500,000. Such business accounting for approximately 13.76% of the Group's turnover for the period under review. In addition, profits shared from the associates amounted to approximately HK$9,878,000 were included in the Group's consolidated financial statements under equity method of accounting. The aggregate amount of these two items was approximately HK$12,378,000, amounting to about 1.31% of the sales of oil products.

Electronics

The trading volume of mobile phones and electronics components reduced significantly with a turnover of merely about HK$58,441,000, representing an 86.62% decrease as compared to approximately HK$436,719,000 for the same period of 2012. Gross profit reduced significantly 94.09% from approximately HK$47,074,000 for the same period of 2012 to only approximately HK$2,783,000. The gross profit margin of the electronics business decreased to about 4.76% (for the same period of 2012: 10.78%) as well. In the first half of 2013, a large part of the procurement of mobile phones and electronic components from the Group by a major Thailand buyer was postponed due to restructuring of its business direction and overall development plan, including a repositioning of target customers and products. This did not represent the termination of cooperation of the major buyer with the Group. We believed that upon the completion of its business restructuring, the Group's turnover of electronics business would gradually return to normal.

2. Group Overall Performance *(Continued)*

2.2 Foreign Exchange Gain and Other Income

Since the beginning of the year the market has gradually restored its expectation for the RMB to appreciate. The change provided an opportunity for the Group to structurally match its related payment obligations against financing arrangements for the purchase of imported gas, thereby reducing the cost of foreign exchange conversion (equivalent to a reduction in the purchase cost of imported gas in RMB) for the settlement of the purchase price. At the same time, the interest rate for US dollars loans remained low while the RMB deposit rate rose modestly. As the interest margin of the two currencies widened, the related economic benefits from these structured matching transactions became more significant. In the first half of 2013, the Group had a net foreign exchange gain of approximately HK$89,307,000 and interest income of approximately HK$75,429,000.

2.3 Cost Control

Financial Expenditures

Financial expenditures (most of them were interest expenses) in the first half of 2013 was approximately HK$123,995,000, representing a decrease of about 14.56% compared to approximately HK$145,128,000 for the same period of 2012. Since the beginning of the year, the Group has started to increase the amount of US dollar short-term working capital loan raised in Hong Kong to replace RMB short-term working capital loan utilized in the PRC. Due to the timely implementation of this arrangement, the Group's financial expenditures were effectively reduced. Moreover, credit tightening in the PRC in the mid-year did not have any negative effect on the funding of the Group.

2. Group Overall Performance *(Continued)*

2.3 Cost Control *(Continued)*

Cost

The aggregate amount of sales and distribution costs and administrative expenses for the period was approximately HK$213,036,000, representing an increase of about 20.31% as compared to that of about HK$177,074,000 for the same period of 2012. When comparing this aggregate sum with that of approximately HK$252,099,000 for the second half of 2012, the total costs and expenses were actually lower than that for the second half of 2012 by 15.50%. It is expected that the LPG and oil products business would continue to grow rapidly but the Group's overall operation cost in coming years would be able to maintain effectively at a level similar to that in 2013.

2.4 Conclusion

It can be seen from the analysis above that the net profit for the period has increased substantially by 66.04%, which was mainly attributable to improved LPG sales of the Group to industrial customers which generated higher profit margin and the cost outlay of the Group's LPG purchases has lowered through the adoption of effective financial matching arrangements. In addition, the replacement of RMB borrowings with US dollar borrowings has reduced the financing cost which also contributing to the increase of net profit.

3. Particulars of the LPG Business

The sales of LPG of the Group in the first half of 2013 was approximately 859,700 tons, representing an increase of about 4.96% as compared to that of about 819,100 tons for the same period of 2012. Wholesaling and end-users sales amount were approximately 603,500 tons and 256,200 tons respectively. The wholesaling to end-users sales proportion was about 70:30, which is similar to the proportion of 69:31 for the same period of 2012.

3. Particulars of the LPG Business *(Continued)*

Industrial Customers

The Group's major customers in the region include petrochemical plants, aluminium mills, air-conditioner manufacturers, lighter manufacturers, ceramic factories, glass factories, aerosol factories, automobile manufacturers and other auto-gas refueling operators in Guangzhou. Sales to these customers in the first half of 2013 reached about 381,200 tons, representing an increase by 33.15% in comparison with that of about 286,300 tons (sales to industrial customers: 278,000 tons, sales to auto-gas refueling operators: 8,300 tons) for the same period of 2012. Sales to industrial customers in the first half of 2013 alone have gone up by about 87,000 tons. The petrochemical plants that used LPG as production feedstock contributed mostly to this increase in demand, and they are naturally our captive customers. The volume supplied to other auto-gas refueling operators in Guangzhou increased by about 7,900 tons, signifying also a gradual strengthening of cooperation between the Group and those operators.

Overseas Customers

Sales to overseas customers in the first half of this year amounted to approximately 166,300 tons, decreasing by 24.06% as compared to that of approximately 219,000 tons for the same period last year. Nevertheless, we believed that the annual sales in 2013 would be similar to that of 2012. In spite of the very modest profit generated by this business, we should make use of the sales to those overseas customers to adjust our inventory level on timely manner so that the risk of price fluctuations can be effectively mitigated. Moreover, our overseas customers were all reputable oil majors or international LPG traders. Maintaining close cooperative relationships with them would help enhancing the international recognition and status of the Group.

Other Sea Terminals and Bottling Plants

Sales of other sea terminals and bottling plants for the period was about 56,000 tons, representing a decrease of 10.40% as compared to that of about 62,500 tons for the same period of 2012. Similar to the sales to overseas customers, although this business could only generate very modest profit, we need to maintain cooperative relationships with them for the sake of smooth expansion of our downstream market in the region.

3. Particulars of the LPG Business *(Continued)*

End-users – Bottled LPG

The Group sold bottled LPG to household and industrial and commercial customers (such as restaurants, food outlets and small factories) in different districts through the 16 bottling plants located in 11 cities in Guangdong and Guangxi Province. The computerised customer service centre in Zhuhai established by the Group has improved the quality of services to household customers and thereby enhanced the direct sales of bottled LPG in Guangdong Province. The Group's LPG bottling plant near Zhuhai Hengqin has succeeded to provide regular cross border bottle refilling service to a number of international bottled LPG operators in Macau, well proving that the professionalism (in terms of services and safety) of the Group in handling bottled LPG has reached international standard and gained international recognition. Sales of bottled LPG of the Group in the first half of 2013 continued to increase to 141,600 tons, representing an increase of 5.04% as compared to about 134,800 tons for the same period last year. As at 30 June 2013, the Group has a total of approximately 823,000 captive household customers, representing an increase of 1.48% with the number of household customers rose by about 12,000 in this half year. The number of commercial customers was about 4,600, representing an increase of 6.98% with the number of commercial customers rose by about 300 in this half year.

Ender-users – Auto-gas

The Group achieved sales of about 114,600 tons through the 17 auto-gas refueling stations in Guangzhou, representing a slight decrease of 1.63% in comparison with that of about 116,500 tons in the first half of 2012. The slight decrease in the sales volume was caused by the need of 3 stations for renovation in the first half of this year. During the period of renovation (about 2 months), only part of the facilities within these stations could provide normal auto-gas refueling services. Besides, as we had to serve buses with priority, certain number of taxies unavoidably was lost to other auto-gas refueling stations during that period. In fact, the volume of auto-gas supplied to buses by the 17 stations increased by about 1,400 tons in the first half of this year, while the loss of sales to taxies as caused by the station renovation was about 3,300 tons. Sales of auto-gas is anticipated to rebound as negative impact of station renovation will be greatly reduced and the demand for auto-gas in Guangzhou in the latter half of the year are usually more than that in the first half.

4. Operation of the Oil Products Business

In May 2012, the Group launched the marine bunkering business in Hong Kong (namely, to distribute fuel oil to ships within Hong Kong waters) through the establishment of new project companies. The Group subsequently disposed of 51% equity interest in the project companies to a listed group in Korea at the end of the year. Since then, although the Hong Kong marine oil distribution business has been separated from the Group's business, a wholly owned subsidiary of the Group took the role of supplying most of the marine fuel oil that the project companies required. Notwithstanding its lack of direct involvement in the downstream sales in the Hong Kong marine bunkering business, the Group still proactively develops and owns various infrastructure and operating licenses (including the oil storage depot under construction, the application of operating license for bonded warehouses and the acquisition of a number of bunker ships, and the floating barge) that are key elements in the entire supply chain. All these reflect the Group's strong commitment in pursuing great development of its oil products business on a grand scale.

During the first half of 2013, the project companies have distributed fuel oil to ships in Hong Kong through two main channels: (1) a non-motorized barge as the refueling station anchored in Yau Ma Tei Typhoon Shelter to supply marine gas oil to small cargo ships sailing between mainland China and Hong Kong. Pursuant to the contract with the Hong Kong Government, starting from January this year, the refueling station commenced to supply ultra-low sulphur diesel to all ships owned by the Hong Kong Government. The Group acquired that refueling station, now known as the "NEWOCEAN 3"（「新海3」）in May this year and leased it to the project companies by way of bareboat charter; and (2) 4 bunker ships to transfer marine fuel oil to ships including bulk carriers, container ships, cruises and foreign warships. The storage capacity of these 4 bunker ships is 260 tons, 320 tons, 350 tons and 1,000 tons respectively. The Group has purchased the two bunker ships with storage capacity of 260 tons and 350 tons and named them "NEWOCEAN 1"（「新海1」）and "NEWOCEAN 2"（「新海2」）respectively, which are also leased to the project companies through bareboat charter. The remaining two bunker ships are leased by the project companies from third party owners directly.

4. Operation of the Oil Products Business *(Continued)*

During the first six months of the year, the sales volume of the project companies have grown significantly, resulting in an increase in oil supply from the Group to the project companies to about 203,000 tons. The Group has provided sufficient support and resources to the project companies to improve their distribution capacity and service quality, which has helped to increase the sales and market share of the project companies at a swift pace.

5. Business Outlook

Following the successful completion of the spearhead project for oil products, and the successful implementation of the various expansion programmes for its LPG, Liquefied Nature Gas ("LNG") and oil products businesses, the Group is now poised for substantial revenue growth in the foreseeable future.

LPG Business

The Group has signed a joint venture agreement with Sinopec Guangdong in April this year to establish a joint venture for the joint implementation of long term development plans of various businesses. The Sinopec-NewOcean joint venture has completed its capital injection verification, and would be able to commence operation upon the issue of an operating license by the Industry and Commerce Bureau of the PRC government. The joint venture intends to carry out LPG businesses that include the followings:

1. By way of subcontracting, the Sinopec-NewOcean joint venture will operate and manage the 17 LPG refueling stations in Guangzhou owned by the Group and the 3 LPG refueling stations in the same city currently owned by Sinopec Guangdong. Within the next two years, the Sinopec-NewOcean joint venture will add LPG refueling facilities in 5 selected petrol stations currently owned by Sinopec. Besides, the joint venture will also convert the other 22 selected petrol filling stations currently owned by Sinopec into integrated oil and gas stations. In the meantime, there is no fixed plan as to which of the stations to be installed with LPG refueling facilities and which to be installed with LNG refueling facilities. This will be determined subject to the market demand. In either case, in line with the increase in the number of LPG refueling stations in Guangzhou, there will be adequate auto-gas refueling resources in Guangzhou, which can effectively promote the replacement of diesel and gasoline by LPG as vehicle fuel and hence give an impetus to more demand for auto-gas in Guangzhou.

5. **Business Outlook** *(Continued)*

LPG Business *(Continued)*

2. The Group is responsible for supplying the LPG required by all the refueling stations operated by the Sinopec-NewOcean joint venture.

3. The Sinopec-NewOcean joint venture plans to enhance its distribution efficiency of bottled LPG leveraging on the existing petrol filling station network of Sinopec in Guangdong. By combining the available land resources of Sinopec Guangdong and the well-established sales network of the Group, the sales channels of bottled LPG will be further expanded so that both parties will increase their bottled LPG market shares in Guangdong.

LNG Business

In line with the Group's strategy in the development of auto-gas refueling business (i.e. stations need to be built on prime locations and targeting on customers with high consumption), in May the Group entered into a cooperation agreement with a Guangzhou bus company preparing to carry out LNG auto-gas refueling business in Guangzhou. The parties are drafting the application for gas station construction. The plan is to build LNG auto-gas refueling stations inside the parking lots where the bus company parks its buses, with an aim to facilitate the bus company's project to phase out diesel buses by LNG buses. The bus company estimates that there will ultimately be approximately 1,000 LNG buses in service, and those buses will then become our captive LNG customers.

Furthermore, the Group is planning on the two projects below:

1. To construct LNG storage tanks on a land parcel near the Group's Zhuhai Terminal, which has already been reserved for the use of the Group's business development. The whole idea is to integrate the LNG storage tanks with the terminal and transform them into a receiving terminal to serve as the key infrastructure for LNG importation.

2. To construct a liquefaction plant on a land parcel owned by Sinopec Guangdong in Shaoguan of Guangdong Province, turning pressurized natural gas brought into Guangdong through pipelines into LNG for supplying to heavy vehicles in Guangdong as a fuel to substitute gasoline and diesel.

5. Business Outlook *(Continued)*

LNG Business *(Continued)*

These two projects are still in the preliminary stage of research. In principle, the implementation timeframe will be decided after taking into consideration the market demand for LNG. It is estimated that construction will commence after 5 years at the soonest.

Oil Products Business

1. The Group's 70,000 tons oil storage depot in the Zhuhai Terminal is expected to complete construction and commence operation during the fourth quarter of this year. Equipped with the oil storage depot, the Group will be able to purchase from different channels to lower the purchase cost and reinforce the competitiveness of its marine bunkering business in Hong Kong.

2. In addition, the Group has ordered two bunker ships each with a capacity of 4,500 tons sailing between Zhuhai and Hong Kong for prompt replenishment of marine oil that the bunkering business in Hong Kong will require.

3. In corporation with the 70,000 tons oil storage depot in Zhuhai, the Sinopec-NewOcean joint venture will also lease from Sinopec a license to provide bonded marine oil to foreign ships berthing at the estuary of the Pearl River (within PRC waters).

Change in Company Secretary

On 30 June 2013, Mr. Wu Hong Cho ("Mr. Wu") retired from the office of company secretary of the Company and Mr. Cheung Man Kin ("Mr. Cheung") is appointed as company secretary with effect from 1 July 2013. Mr. Cheung has extensive experience in accounting and auditing, is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a member of Certified Public Accountants of Australia. The Board wishes to take this opportunity to express its gratitude to Mr. Wu for his valuable service and contributions to the Company.

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

As at 30 June 2013, 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$0.10 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	Beneficial owner	35,244,358	2.38%
	Held by corporation *(Note 1)*	490,779,280	33.08%
		526,023,638	35.46%
Shum Chun, Lawrence	Beneficial owner	53,989,558	3.64%
	Other *(Note 2)*	73,616,892	4.96%
		127,606,450	8.60%
Cheung Kwan Hung, Anthony	Beneficial owner	1,104,484	0.07%

Notes:

1. These represent the block of 490,779,280 shares held by Uniocean Investments Limited ("Uniocean") which were held as corporate interest by Shum Siu Hung, and were the same block of shares as referred to in note 1 in the paragraph headed "Substantial Shareholders' Interest in Shares and Underlying Shares" below. Uniocean is owned as to 70% by Shum Siu Hung, 15% by Shum Chun, Lawrence and 15% by Shum Ho, Neo, both Shum Chun, Lawrence and Shum Ho, Neo are sons of Shum Siu Hung.

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

(b) Share options

Name of executive director	Capacity	Number of options held	Number of underlying shares held
Chiu Sing Chung, Raymond	Beneficial owner	6,626,905	6,626,905
Siu Ka Fai, Brian	Beneficial owner	4,970,179	4,970,179
		11,597,084	11,597,084

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 2013.

Share Options

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

	Option type	Outstanding at 1 January 2013	Exercised during the period	Outstanding at 30 June 2013
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
		21,537,442	(9,940,358)	11,597,084
Category 2: Independent Non-Executive Director				
Cheung Kwan Hung, Anthony	2006B	1,104,484	(1,104,484)	—
Category 3: Employees	2006A	9,940,358	—	9,940,358
		32,582,284	(11,044,842)	21,537,442

The weighted average closing price of the Company's share immediately before the date on which the share options were exercised was HK$5.445.

Notes:

1. The Company's share options were granted under a share option scheme adopted on 18 June 2003 ("Option Scheme"). The Option Scheme was expired on 17 June 2013. Pursuant to the terms of the Option Scheme, the options granted prior to the expiration of the Option Scheme are continued to be valid and exercisable in accordance with the 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 2013, 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:

Long positions of ordinary shares of HK$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Uniocean	Beneficial owner	490,779,280	33.08%
Tong Shiu Ming	Family interest *(Note 1)*	490,779,280	33.08%
	Family interest *(Note 2)*	35,244,358	2.38%
FIL Limited	Investment manager	89,558,000	6.04%

Long positions of ordinary shares of HK$0.10 each of the Company *(Continued)*

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Temasek Holdings (Private) Limited	Interest of controlled corporation *(Note 3)*	75,706,000	5.10%
Fullerton (Private) Limited	Interest of controlled corporation *(Note 3)*	75,706,000	5.10%
Temasek Fullerton Alpha Pte. Ltd.	Interest of controlled corporation *(Note 3)*	49,286,000	3.32%
FFMC Holdings Pte. Ltd.	Interest of controlled corporation *(Note 3)*	75,706,000	5.10%
Fullerton Fund Management Company Ltd.	Investment manager *(Note 3)*	75,706,000	5.10%

Notes:

1. These represents the same block of 490,779,280 shares held as corporate interest by Shum Siu Hung, spouse of Tong Shiu Ming as referred to in note 1 under section (a) of the paragraph headed "Directors' and Chief Executives' Interest in Shares and Underlying Shares" above, and were deemed to be the family interest of Tong Shiu Ming.

2. These represents the same block of 35,244,358 shares held beneficially by Shum Siu Hung, spouse of Tong Shiu Ming as referred to in the paragraph headed "Directors' and Chief Executives' Interest in Shares and Underlying Shares" above, and were deemed to be the family interest of Tong Shiu Ming.

3. Fullerton Fund Management Company Ltd as investment manager is deemed to own a total of 75,706,000 Shares through various funds under its management. Fullerton Fund Management Company Ltd's entire interest is indirectly owned by FFMC Holdings Pte. Ltd., and Fullerton (Private) Limited indirectly owned 100% interest in FFMC Holdings Pte. Ltd. Amongst the total 75,706,000 Shares, 49,286,000 Shares are held in the name of Temasek Fullerton Alpha Pte. Ltd. and its entire interest is directly owned by Fullerton (Private) Limited. Fullerton (Private) Limited's entire interest is indirectly owned by Temasek Holdings (Private) Limited. Temasek Holdings (Private) Limited, Fullerton (Private) Limited, FFMC Holdings Pte. Ltd. are all deemed to be interested in the above said 75,706,000 Shares by virtue of the Securities and Futures Ordinance.

Other than 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 2013.

Corporate Governance and Other Information

Compliance with the Corporate Governance Code

In the opinion of the directors, throughout the six months ended 30 June 2013 the Company has complied with the code provisions (the "CG Code") contained in the Code on Corporate Governance Practices and Corporate Governance Report as set out in Appendix 14 of the Listing Rules with the exception that the independent non-executive directors are not appointed for a specific term as provided in the CG 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 CG Code.

Compliance with the Model Code for Securities Transactions by Directors

The Company has 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 all directors, all directors of the Company have complied with the required standards as set out in the Securities Transactions Code during the six months ended 30 June 2013.

Liquidity and Financial Review

At 30 June 2013, the net current assets of the Group amounted to approximately HK$1,240,610,000 (31 December 2012: HK$420,019,000) and the Group's bank balances and cash was approximately HK$1,113,021,000 (31 December 2012: HK$1,196,143,000). At the end of reporting date, gearing ratio was 0.01:1 (31 December 2012: 0.07:1) which was calculated based on total long term borrowings of approximately HK$38,403,000 (31 December 2012: HK$186,511,000) and total equity of approximately HK$3,695,035,000 (31 December 2012: HK$2,584,976,000).

Human Resources

As at 30 June 2013, the Group employed approximately 1,100 employees in Hong Kong, Macau and mainland China. The Group remunerated the employees based on their performance, experience and prevailing market practices.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

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 2013.

By order of the Board
Shum Siu Hung
Chairman

Hong Kong, 19 August 2013