



On behalf of the Board of Directors (the “Board”) of NewOcean Green Energy Holdings Limited (the “Company”), I am pleased to present to the shareholders the audited results of the Company and its subsidiaries (the “Group”) for the period from October 1, 2001 to December 31, 2002.

Results and Financial Review

In year 2002, the Group has successfully realised its reorganisation move and turnaround into profits. The management has since year 2000 recognised green energy business as the Group’s future business direction and corporate target. Presently business restructuring is basically completed following two years of continued efforts. During the period, the Group’s Liquefied Petroleum Gas (“LPG”) sale and distribution business succeeded in setting up a market network in the PRC and achieved a marked increase in turnover coupled with consolidation of resources. With tight measures on control of operating expenses and costs of sales, the Group had successfully turned a new page and became profitable in the period under review.

Turnover in the period increased substantially to HK\$417,747,000, being 5.28 times the turnover of HK\$79,076,000 for the last corresponding period (12-months ended September 30, 2001). During the period, profits attributable to shareholders were HK\$10,970,000 and earnings per shares were 0.34 HK cents, comparing with the attributable loss of HK\$143,604,000 and loss per share of 5.51 HK cents for the last corresponding period in year 2001. In year 2002, the Group had demonstrated its ability to turnaround with the focus on green energy business.

The Group achieved outstanding performance in its business restructure. Green energy business has become the Group’s major business and main contributor of profits. During the period under review, share of green energy business to the Group’s turnover increased substantially to 66.81 % with a profit margin of approximately 16.33%. Its operating profit contribution was approximately HK\$45,566,000, posting a strong growth as compared with last year’s result.

The share of electronics business to the Group’s turnover was down-sized to 33.19%. During the period, the division’s performance was improved and operating loss was reduced following a business re-engineering move. Since early 2003, electronics business has been contracted-out to differentiate

本人謹代表新海環保能源集團有限公司（「本公司」）董事會（「董事會」）提呈股東本公司及其附屬公司（統稱「本集團」）由2001年10月1日至2002年12月31日止15個月期間之經審核業績。

業績及財務回顧

2002年體現了集團「轉型成功、轉虧為盈」。始自2000年，管理層已將環保能源定為集團業務轉型的目標方向。經過兩年來不斷的努力，業務重整已基本完成。其間，集團的液化石油氣（「液化氣」）業務在中國市場內有效實現了銷售網絡的開拓、銷售規模的擴張及資源的整合；加上在經營開支及銷售成本上採取了嚴格的控制措施，集團在回顧期內已成功扭轉局面，轉虧為盈。

在回顧期內，集團的總營業額大幅上升至417,747,000港元，為截至2001年9月30日止12個月的營業額79,076,000港元之5.28倍。期內股東應佔溢利為10,970,000港元；每股盈利0.34港仙，與2001年同期總虧損143,604,000港元、每股虧損5.51港仙相比，集團在2002年內充分表現了以環保能源作為核心業務所帶來之效益。

集團在業務重整的工作上取得明顯成效。環保能源已成為集團的主營業務及主要盈利來源。在回顧期內，環保能源業務佔集團總營業額大幅上升至66.81%、盈利百分比約為16.33%、其經營溢利約為45,566,000港元，比對去年同期皆有顯著增長。

電子業務佔期內集團總營業額下降至33.19%。經整頓後電子業務已有所改善，期內經營虧損大幅收窄。為使更有效運用資源，加強盈利能力，由2003年初起電子業務已採取發包方法撥離集團的主



from the Group's core business in order to promote efficiency and enhance earnings. The management recognised the fact that the Group has to pay substantial costs before the Group's assets and business can be effectively utilised under the new business model. Accordingly, revaluation deficit and impairment loss for certain assets were recognised for electronics business. During the period, a write-down in value of approximately HK\$5,829,000 and HK\$9,227,000 were recognised for certain fixed assets and the solar fan project respectively. In addition, the Group recorded a loss of approximately HK\$6,319,000 for disposal of certain property, plant and equipment which were aged, obsolete and under-utilized in order to reduce future costs of repairs and maintenance. Such factors adversely affected the Group's profits during the period. The Directors considered that such write-down and disposal confirmed further the Group's focus on green energy and laid down a solid foundation for its future earnings.

The management has made continued efforts in tightening control of operating costs and administrative expenses. Despite the substantial increase in turnover, administrative expenses in the current 15-month period had been reduced by approximately 8 % when compared with last corresponding 12-month period in year 2001, reflecting the management's efficiency in costs reduction.

Business Discussion and Review

Liquefied Petroleum Gas Business

Industry Review

Benefited from the PRC's rapid economic growth, constant improvement in people's standard of living and favourable government policies for environment protection, sale and distribution of LPG, a clean and efficient source of energy, is recognised as a business with strong potentials for development and growth in the PRC's environmental energy market.

While the PRC government actively promotes the use of environmental energy, emphasis is put on the safe use of LPG. Recently, the PRC government has tightened measures on fire prevention for LPG business operators. The Group in response to government requirement, had conducted full-scale renovation for our gas tanks and associated facilities during the period in order to meet the higher safety standards, maintain our assets values and secure business continuity and efficiency. Although this factor has slightly affected our short-term profits, the management considered that regularization of fuel industry will

營範圍。管理層為體現集團資產及業務的實質價值，認為集團須就電子業務作出了重估及減值，付出了沉重代價。期內電子業務部分固定資產重估虧絀及確認減值約5,829,000港元，太陽能抽風機項目確認減值約9,227,000港元；鑑於部分電子廠房機器及設備已老化、過時及使用率低，為了節省日後整修更換的支出，集團將部分資產出售，錄得虧損約6,319,000港元。此等因素大幅削弱了集團期內的盈利表現。董事會認為有關之減值及出售可進一步明確集團集中資源發展環保能源業務之策略，為加強未來盈利能力奠定了良好基礎。

管理層不斷努力控制經營成本及行政開支，在營業額大幅增長的前提下，期內15個月行政開支比去年同期12個月減省約8%，充分取得開源節流的成效。

業務討論及分析

液化石油氣業務

行業回顧

在中國經濟高速發展、人民生活不斷改善的大趨勢下，加上中國政府積極推行環保政策的優勢，液化氣作為一種清潔高效之能源，在中國的環保能源市場內，是一項極具發展潛力、可實現高增長的業務。

在中國政府積極推動清潔能源之同時，使用液化氣的安全性亦備受重視。近年，政府正不斷對經辦液化氣業務的消防安全加強監控。為了積極回應政府的要求，集團在回顧期內已對屬下氣庫及相關設施進行了全面整改，以達至政府制定的各項安全標準，維護了集團的資產價值，保證業務的延續性及效益。此舉雖然對集團的短期利潤會略有輕微影響，但管理層認為，長遠而言，行業的規範化有助汰弱留強，淘



result in the phasing out weaker and sub-standard competitors which would therefore bring long-term benefit to the Group by expanding our future market share.

Purchase price of LPG is an important factor in determining cost of operation. During the later half of year 2002, price of LPG was very fluctuating and inevitably our overall profit margin was adversely affected. However, benefited by the Group's expanding sale network, increasing gas sales and diversification of procurement channels, the adverse impacts caused by price fluctuation were kept under control and gross profit rate stabilised. In addition, the Group is prepared to use various hedge solutions to lower our operational risk caused by LPG price fluctuation.

Domestic-use Bottled LPG Distribution Business

Guilin, Guangxi

During the period, the Group's wholly-owned subsidiary 桂林綠環能源發展有限公司 (Guilin NewOcean Green Energy Limited) ("Guilin Green"), concluded the lease of LPG refuel business in Guilin's Eastern Station with 中國石油天然氣第六建設公司 together with assets of the station (including equipment, facilities, venue, transport fleet and recycled bottles). Number of customers increased rapidly through the fast-expanding operation of self-owned and licensed LPG retail outlets. In the meantime, Guilin Green had further consolidated its LPG distribution network in the area by acquiring a local LPG refuel station in the nearby city, Lipu.

Wuzhou, Guangxi

During the period, the Group's subsidiary, 梧州市新海燃氣有限公司 (Wuzhou NewOcean Green Energy Limited) ("Wuzhou NewOcean"), continued to operate its LPG retail outlets in Wuzhou area. The Group's market share in Wuzhou is presently on the rise as planned through provision of quality services and internal management measures. The Group during the period reached a full-scale cooperation alliance with its business partner in Wuzhou, "廣州梧州駿豐燃氣有限公司", pursuant to which starting from year 2003, both parties agreed to merge and conduct jointly their respective markets of domestic bottled LPG in Wuzhou. Market share of LPG business in Wuzhou is expected to enlarge and gross profit margin is thus stabilised through this alliance. The Group's another subsidiary, 蒼梧縣新海燃氣有限公司 (Cangwu NewOcean Green Energy Limited), is constructing a gas tank in Cangwu, Wuzhou and is now undergoing levelling work. It is expected that operation can be started in mid-2003.

汰市場上部分不規範的競爭對手，對集團擴大市場佔有率有正面的幫助。

液化氣的採購價格是影響經營成本的重要因素。在2002年下半年，液化氣價格甚為波動，對集團的總體邊際利潤造成一定的影響。不過，隨著集團的銷售網絡日益擴大、銷氣量亦已上規模，以及採購渠道的多元化，集團已經相對減輕氣價波動的影響、穩定了業務的毛利率。此外，集團亦準備採用各種對沖手段，以減少氣價波動帶來的經營風險。

瓶裝民用液化氣分銷業務：

廣西桂林地區

期內，集團之獨資附屬公司「桂林綠環能源發展有限公司」（「桂林綠環」）落實了承辦「中國石油天然氣第六建設公司」位於桂林市東站的液化氣加氣業務，並同時承租了汽站的資產（包括設備、設施、場地、運輸車隊及週轉鋼瓶）。通過自設及加盟的液化氣門市部大力開展瓶裝液化氣的零售業務，客戶數量迅速增長。與此同時，桂林綠環亦收購了桂林周邊荔浦縣當地的液化氣加氣站，進一步鞏固桂林荔浦一帶的分銷網絡。

廣西梧州地區

期內，附屬公司「梧州市新海燃氣有限公司」（「梧州新海」）繼續於梧州市地區拓展液化氣門市部。通過對客戶提供優質服務及內部的規範管理，集團在梧州的市場佔有率已按預期目標有效提升。與此同時，集團與梧州新海的合作夥伴「廣州梧州駿豐燃氣有限公司」達成聯盟協定，由2003年起，全面合併雙方在梧州地區的液化氣業務，共同經營發展梧州市場，擴大集團於梧州燃氣市場之佔有份額，同時亦穩定了當地業務之毛利水平。另外，集團附屬公司「蒼梧縣新海燃氣有限公司」於梧州市蒼梧縣正進行氣庫的籌建工作，現正進行土地平整工程，預計2003年中可投入營運。



Qingyuan, Guangdong

In early 2003, the Group completed the acquisition of the entire interests in 清新縣百富洋石油化工有限公司 (Qingxin Bai Fu Yang Petrol Chemical Company Limited) (“Bai Fu Yang”). With the existing 32 LPG sales outlets under Bai Fu Yang, the Group is expanding new LPG sale outlets and customer base. The Group considered that by consolidating its LPG distribution businesses in Qingyuan, Guilin and Wuzhou, synergy can be created, bringing to the Group a steady growth in income.

Jiangsu

During the period, the Group through its wholly-owned subsidiary, 連雲港綠環燃氣有限公司 (Lianyungang NewOcean Green Energy Limited), acquired preferential policies from local government in Peng Min Town of Donghai (東海平明) for construction of LPG refuel station and, on an exclusive basis, the retail business of domestic-use bottled LPG. We were also offered the first right for the business of vehicle conversion and LPG refuel station.

North-eastern China

During the period, business of our joint venture company, 大慶龍油環保能源有限公司 (Daiqing Longyou Green Energy Limited) was slowed down due to amendments to the local safety requirements and the resulting comprehensive asset renovation. The Group is evaluating various proposals for assets renovation and project exchange with business partners, aiming at completion in the short run.

LPG Wholesaling Business

The Group's LPG wholesaling business during the period covered cities in provinces as Guangdong, Guangxi and Heilongjiang. Business volume is increasing satisfactorily.

Vehicle-use LPG Refuel Stations

Wuzhou, Guangxi

During the period, the Group concluded a co-operation agreement with 梧州市公共汽車總公司 (Wuzhou Public Transport Company). At the present stage, we are working on the technical details for vehicle conversion and site submission for constructing a LPG refuel station. We expect the project can be put to operation by stages in the later half of year 2003.

廣東清遠地區

2003年初，集團完成收購「清新縣百富洋石油化工有限公司」(「百富洋」)之全部權益。在百富洋已有32個液化氣分銷網點的基礎上，集團正逐步擴展新的液化氣銷售網點及客戶基礎。集團認為結合清遠、桂林及梧州的液化氣分銷業務，可創造協同效益，為集團帶來收入上的穩步增長。

江蘇地區

期內，集團透過全資附屬公司「連雲港綠環燃氣有限公司」於連雲港東海縣平明鎮取得政府的優惠政策興建液化氣氣站，以及獨家經營民用瓶裝氣的零售業務，並同時享有汽車改裝及液化氣加氣站的優先開發權。

東北地區

合營公司「大慶龍油環保能源有限公司」在期內因應消防修例，資產須進行全面整改，業務進度略為拖慢。集團正與合作伙伴研究各項資產整改工程及項目置換方案，並爭取於短期內完成。

液化氣批發業務

期內，集團之液化氣批發業務覆蓋廣東、廣西及黑龍江一帶的城市。業務量正穩定增長。

車用液化氣加氣站業務

廣西梧州地區

期內，集團與「梧州市公共汽車總公司」簽訂了合作協定，在現階段正深入研討改車技術細節，亦同時進行站點審批申請，預計在2003年下半年該項目可投入營運。



Zaozhuang, Shandong

During the period, the Group formed a joint venture, 山東棗庄新海燃氣有限公司 (Shandong Zaozhuang NewOcean Green Energy Limited) with 山東省棗庄汽車運輸有限公司 (Shandong Zaozhuang Transport Company) for the business of vehicle conversion and LPG refuel stations in the southern region of Shandong. Zaozhuang is a major transportation hub linking the north and south, middle to long distance passenger vehicles are expected to be the Group's huge source of potential customers. In addition, the Group's joint venture partner is the sole company in Zaozhuang who operates in long-distance passenger transport. This project can bring a steady source of customers for the Group.

Piped LPG Business

During the period, the Group entered into a cooperation agreement and formed strategic partnership with “中國住房投資建設公司” and “中房集團數字社區委員會” (“CRED”) which are under the flagship of the renowned China National Real Estate Development Group in the PRC. Subject to relevant government rules and regulations, the Group has the priority to choose small communities and municipal towns developed by CRED for the development and supply of piped gas. As CRED possesses strong network and rich resources in the development of real estates and small communities, it has secured a solid and large customer base. Forming a strategic partnership with CRED for development of piped gas in small communities can facilitate the Group in capturing large customer groups effectively. The Group is now evaluating the effectiveness of several projects and plans to develop one to two piped gas projects in small communities in the coming year.

Electronic Business

During the period, affected by such factors as economic recession and severe competition in electronic products, the Group's electronic business is still loss-making. However, through the effective use of cost control measures and the launch of new models, turnover increased steadily and loss was narrowed substantially. Starting from year 2003, the Group has concluded the contract out of its manufacture and sale arms of electronics business conducted under its wholly-owned subsidiaries, Shunde Sound Electronic Company Limited (順德新海電子有限公司) and Sound Electronics (Shenzhen) Company

山東棗庄地區

期內，集團與「山東省棗庄汽車運輸有限公司」簽訂合資協議成立「山東棗庄新海燃氣有限公司」，在山東南部經營汽車改裝及液化氣加氣站業務。棗庄擁有南北交通樞紐之地利，中、長途客運車將成為集團最具潛力的客源；且集團合作夥伴乃棗庄市長途客運車業務之獨家經營者，此項目可為集團取得穩定的客源。

管道液化氣業務

期內，集團與國內著名房地產集團「中房集團」旗下之「中國住房投資建設公司」及「中房集團數字社區委員會」簽訂合作協議組成策略性合作夥伴；在符合政府有關計劃及規定的前提下，集團享有優先選擇權，在中房進行房地產開發的小區及社區專案中，開發管道液化氣供應專案。由於中房擁有雄厚實力及知名度、在地產開發及小區發展方面擁有龐大網路，佔有固定客源，因此與中房組成策略性合作夥伴發展小區管道液化氣業務，有助集團鎖定客戶群，穩定銷售。集團同時正進行其他數個管道專案的研究及效益評估，計劃在來年發展約一至兩個小區管道液化氣項目。

電子業務

期內，受到經濟不景氣與及電子產品競爭激烈之因素影響，集團之電子業務仍然虧損；但通過集團推行有效的成本控制措施，推出多款新型號產品，銷售量能保持穩定增長，期內電子業務之虧損已大幅收窄。由2003年起，集團落實發包旗下之電子業務，由富經驗獨立第三者公司及其後由集團前高級管理人員承包集團全資附屬公司「順德新海電子有限公司」及「海溢電子(深圳)有限公司」之生產及銷售部



Limited (海溢電子(深圳)有限公司) to experienced independent third party company and subsequently also with a then senior management of the Group. Contracting out of the Group's electronics business will enable the Group to concentrate its resources on the development of the green energy business and to enhance the efficiency of the Group's assets. Financially, the Group will be benefited from savings in administrative expenses with added incomes generated through the leases of factory premises and contracting fees.

Business Prospects

The Group had successfully acquired various target markets and gradually enlarged its market share during the period. Looking forward, apart from consolidation of its existing LPG sale and distribution business, the Group will actively consider further investment in projects with profit potentials. Through provision of quality management services and gradual expansion of market share in LPG industry, the Group will adopt diversified purchasing channels in order to stabilize LPG purchase cost and gross profit level. The Directors strongly believe that the Group's earnings power will be further enhanced through continuous business development in the right direction with appropriate strategy.

Liquidity and Financial Resources

As at December 31, 2002, the net current liabilities of the Group amounted approximately to HK\$16,844,000 and the Group's bank balances and cash was HK\$9,584,000. At the balance sheet date, current ratio was 0.73; quick ratio was 0.61. Gearing ratio was 36.15% which was calculated based on total liabilities of HK\$61,462,000 and total assets of HK\$170,020,000.

Contingent Liabilities

At December 31, 2002, the Company has given unlimited guarantees (9.30.2001: HK\$2,000,000) to financial institutions in respect of general facilities granted to the Group. The facilities utilised by the Group at December 31, 2002 amounted to HK\$1,983,000 (9.30.2001: HK\$1,827,000). The Group had no significant contingent liabilities at September 30, 2001 and December 31, 2002.

門。發包電子業務可使集團集中資源發展環保能源業務、盤活公司資產；在財務方面，發包不但可為集團減輕行政開支，而且更帶來廠房租金及承包費之額外收入。

業務展望

期內，集團已成功取得數個液化氣目標市場。集團展望除繼續鞏固現有液化氣銷售業務外，將積極尋找具盈利貢獻的項目。通過優質管理服務逐步擴大各地液化氣市場之佔有率。同時，集團將採取多元化採購渠道以穩定氣源價格及毛利水平。董事會深信，正確的業務策略加上管理層的努力開拓，預計集團未來的盈利能力將可進一步提高。

流動資金及財務資源

於2002年12月31日，集團之流動負債淨額合共為約16,844,000港元；銀行結餘及現金為9,584,000港元；流動比率為0.73；速動比率為0.61。資產負債比率為36.15%，此乃根據負債總額61,462,000港元和資產總額170,020,000港元計算。

或然負債

於2002年12月31日，本公司就本集團所獲一般信貸向財務機構作出無上限數額(9.30.2001: 2,000,000港元)之擔保。於2002年12月31日，集團已動用之該等信貸金額為1,983,000港元(9.30.2001: 1,827,000港元)。於2001年9月30日及2002年12月31日，本集團並無重大或然負債。



Pledge of Assets

At December 31, 2002, the Group pledged its bank deposits amounting to HK\$1,662,000 (9.30.2001: HK\$1,090,000) to secure general banking facilities granted to the Group. The Group has pledged land and buildings, and plant and machinery having aggregate net book value of HK\$2,236,000 (9.30.2001: Nil) and HK\$2,932,000 (9.30.2001: Nil) respectively to secure general banking facilities granted to the Group.

Employees and Remuneration Policies

As at December 31, 2002, the Group employed approximately 450 full time employees in Hong Kong and the PRC. The Group remunerated the employees based on their performance, experience and prevailing market practice. Employee benefits provided by the Group include a mandatory provident fund scheme, medical insurance scheme and an employee share option scheme.

Appreciation

I would take this opportunity to express my sincere gratitude to all of the Group's employees for their hard work and dedicated efforts in the past and to express my thanks to the shareholders and business partners of the Group for their continued support.

By order of the Board

Shum Siu Hung

Chairman

Hong Kong, April 16, 2003

資產抵押

於2002年12月31日，本集團為獲得一般銀行信貸而將1,662,000港元(9.30.2001：1,090,000港元)之銀行存款抵押。另本集團為獲得一般銀行信貸而將賬面總淨值2,236,000港元(9.30.2001：無)的土地及樓宇與賬面總淨值2,932,000港元(9.30.2001：無)的機器及設備抵押予銀行。

僱員及酬金政策

截至2002年12月31日，本集團於香港及中國僱用約450名全職僱員。本集團按各員工之工作表現、經驗及當時市場情況酬報各員工。本集團之員工福利包括強制性公積金供款、醫療保險及僱員購股權計劃。

致謝

本人藉此機會，謹代表董事會對本集團員工過去之辛勤努力表示謝意。本人亦謹此對股東及業務夥伴一直以來對集團之支持及信心表示感謝。

承董事會命

主席

岑少雄

香港，2003年4月16日