

A close-up photograph of a hand holding a lit matchstick. The matchstick is lit, with a bright orange and yellow flame at the tip. The background is a deep blue, textured surface. The lighting is dramatic, highlighting the texture of the hand and the matchstick.

The Group is Confident and Well-prepared
in Embracing the Opportunities of
Energy-related Businesses

本集團現已準備就緒，有信心抓緊
能源相關業務之機遇

Chairman's STATEMENT

主席報告

On behalf of the board of directors ("Board"), I present the annual report of Dong Fang Gas Holdings Limited ("Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2003.

Business Review

The year under review has been a tough year for the Group. The lingering effect of the 911 terrorist attack, the Iraq War and the outbreak of Severe Acute Respiratory Syndrome ("SARS") beset the Group with difficult business environment and rocked the slow recovery of the world's economy.

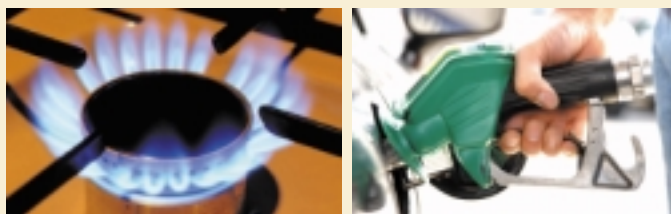
To revitalize its overall performance and strengthen its financial position, the Group has been adopting a prudent and cautious approach in evaluating its existing declining business in manufacturing and trading of building materials and at the same time, actively exploring new business opportunities to bring in new funding and revenue stream.

本人謹代表董事會（「董事會」）提呈東方燃氣集團有限公司（「本公司」）及其附屬公司（以下統稱「本集團」）截至二零零三年三月三十一日止年度之年度報告。

業務回顧

回顧年度對本集團可謂形勢嚴峻。「九一一」恐怖襲擊、美伊戰爭及爆發非典型肺炎（「SARS」）之持續影響，令本集團陷入艱困之營商環境，並打擊漸見復甦之全球經濟。

為了提升整體業績及鞏固財務狀況，本集團審慎評估其現有不斷縮減之建材製造及貿易業務，同時積極開拓業務機遇，為本集團爭取資金及收入新來源。



Having said that, the Group also noted the continuous economic prosperity, improving general living standards and increasing environmental consciousness in the People's Republic of China ("PRC") leads to boosting demand for energy, in particular a demand in surge for clean fuel. According to the Statistical Review of World Energy 2002 published by British Petroleum, consumption for natural gas in the PRC during 2002 was 30.1 billion cubic metres, represented a significant increase of 8.0% over 2001. Consumption of natural gas in Asia Pacific area and the world only showed an increase of 4.8% and 2.8% over 2001 respectively, suggesting a strong growth in demand of natural gas in the PRC. Production of natural gas in the PRC also reached a high growth rate of 7.7% in 2002 compared with the world average of 1.4%.

In order to jump on board in the fast train of the prosperous economic developments and energy-related businesses backed by the new funding of approximately HK\$441.6 million raised in the subscription and placing in September 2002, the Group has, through entering into agreements for acquisitions of energy-related businesses, set its mark to capture the potential businesses and thus realize the premium arising from booming energy-related sector.

然而本集團亦注意到，中華人民共和國（「中國」）經濟蓬勃發展，生活水平逐漸提高，加上越來越多人注重環保，令到市場對能源之需求急劇上升，當中以無污染能源之需求最為明顯。據英國石油發表之《二零零二年世界能源統計》顯示，二零零二年中國天然氣之消耗量達301億立方米，較二零零一年大幅增長8.0%。亞太區及全球之天然氣消耗量，僅較二零零一年分別增長4.8%及2.8%，反映出中國對天然氣之需求增長強勁。二零零二年中國天然氣產量增幅亦高達7.7%，而全球平均增幅則僅為1.4%。

為了抓緊經濟高速發展之勢，趕上能源相關業務軌道，本集團藉著二零零二年九月透過股份認購及配售集資約441,600,000港元，訂下若干收購能源相關業務之協議，務求實現潛在業務，獲取能源相關行業蓬勃發展之成果。



Prospect

Embarked on a gradual recovery after the Iraq combat and the outbreak of SARS, the Group anticipates another year of challenge to come. However, the Group is well equipped to take up the challenge, by divesting its non-performing building material retail business in Hong Kong and adopt stringent cost control. Moreover, the Board is well aware of the continuous effort for environmental conservation, particularly in the improvement in air quality, which is one of the PRC's national policies against securing a sustainable economic growth within the country. In light of the above, the Group is confident of the prospects in the energy-related sector and it shall exercise its utmost caution in assessing any possible investment opportunities arising from energy-related projects or other appropriate investment projects. The Group values any opportunities which may provide growth and development potentials in the long run, to strive for better return to the shareholders.

Appreciation

On behalf of my fellow directors and all members of the Group, I would like to thank our shareholders for their continual support and wish to extend my sincere appreciation for the efforts and loyalty of our staff.

On behalf of the Board

Dr. Chan Kwok Keung, Charles

Chairman

Hong Kong, 23 July 2003

前景

美伊戰事及 SARS 爆發過後，經濟復甦緩慢，因此本集團預期來年仍然困難重重。然而，透過分拆表現欠佳之香港建材零售業務，以及嚴格控制成本，本集團已充份準備迎接未來挑戰。此外，董事會深明持續推行環保乃中國國家政策之一，尤其是改善空氣質素，與維持國家經濟增長同樣重要。因此，本集團對能源相關行業之前景充滿信心，並將審慎評估能源相關項目或其他合適之投資項目所帶來之任何潛在投資機遇。本集團定當珍惜可能帶來長遠增長及發展之任何機會，藉此為股東帶來最佳回報。

致謝

本人謹此代表其他董事及本集團所有成員，感謝所有股東對本集團一直支持，並對全體員工勤奮忠誠致以衷心謝意。

代表董事會

主席

陳國強博士

香港，二零零三年七月二十三日