



Management Discussion and Analysis 管理層之討論及分析

GENERAL

The Group maintained an energetic growth in its business during the 12 months ended December 31, 2003. Turnover of HK\$ 446,802,000 was recorded during the year, an increase of 7.0% over the turnover of HK\$417,747,000 for the 15 months ended December 31, 2002. More significant was the increase in the Group's net profit for these 12 months, which amounted to HK\$17,051,000, an increase of 55.4% over the net profit of HK\$10,970,000 for the 15 months ended December 31, 2002. Profit per share accordingly increased by 52.9%, from HK0.34 cents per share for the 15 months ended December 31, 2002 to HK0.52 cents per share for the 12 months ended December 31, 2003.

Out of the Group's turnover during the 12 months under review, HK\$429 million, equal to approximately 96.0% of the turnover, was revenue derived from the sale and distribution of LPG in the People's Republic of China (the "PRC"). During the period especially harsh business conditions confronted the Group in the first quarter and a significant part of the second quarter. The onset of hostilities in the Middle East at the beginning of this period caused an upsurge of LPG cost. As a consequence the period saw a sharp decline in gross profit margins. The outbreak of the Severe Acute Respiratory Syndrome, which occurred during the same period in the PRC, also severely affected sales of bottled LPG to the catering commercial customers and certain industrial customers. Measures for cost cutting in outlying provinces, coupled with consistent effort to maintain revenue growth in the core provinces of Guangdong and Guangxi, were put into effect by the Group in early 2003. Due to the success of these measures and the Group's efforts, after business conditions returned to normal in the second half of 2003, sales and turnover rebounded strongly to result in an overall sales and profit growth for the whole year.

BOTTLED LPG AND LPG DISTRIBUTION BUSINESS

The provinces of Guangdong and Guangxi have become the core business area of the Group in view of its proximity to Hong Kong, the comparatively high LPG consumption per capita due to the general higher living standards compared with many parts of the PRC, and the higher profit margins for bottled LPG. The Group's network of bottled LPG and LPG distribution businesses in these two provinces has been expanded from the beginning of the year 2003 to cover the cities/prefectures of Guilin (桂林), Wuzhou (梧州), Lipu (荔浦), Cangwu (蒼梧) and Qingyuan (清遠).

概覽

截至2003年12月31日止12個月，本集團業務保持可觀增長，年內錄得營業額446,802,000港元，較截至2002年12月31日止15個月錄得之營業額417,747,000港元，增長7.0%。同期，本集團溢利淨額升幅最為顯著，較截至2002年12月31日止15個月溢利淨額10,970,000港元攀升55.4%，高達17,051,000港元。因此，每股盈利由截至2002年12月31日止15個月0.34港仙，大幅躍升52.9%，增加至截至2003年12月31日止12個月0.52港仙。

在回顧期間12個月內，本集團營業額中429,000,000港元(相等於營業額約96.0%)乃來自在中華人民共和國(「中國」)銷售及分銷液化石油氣(「液化氣」)所得收入。期內，本集團於期內第1季及第2季大部分時間所面對的營商環境尤其困難。本年度初期，中東緊張局勢進一步升級，驅使液化氣成本暴漲，以致期內毛利率因此有所下降。同期，中港兩地同時爆發非典型肺炎，亦嚴重影響酒店飲食等行業之用戶及部分廠戶瓶裝液化氣之銷量。本集團於2003年年初對偏遠省份實施節流措施，在集團不懈努力下，冀能保持廣東及廣西兩個主要省份的收入持續上升。由於減省成本措施奏效及經過本集團多方面努力，業務狀況終能在2003年下半年恢復正常，銷售額及營業額相繼明顯回升，令全年整體銷售額及利潤均有所增長。

瓶裝液化氣及液化氣分銷業務

廣東及廣西兩省貼近香港，因而成為本集團業務發展核心地區。由於該等地區相比中國多個地區的生活水平較佳，因此，液化氣人均消耗量相對較高，瓶裝液化氣的毛利率亦較為理想。本集團早於2003年年初已致力拓展廣東及廣西兩省的瓶裝液化氣及液化氣分銷業務網絡，覆蓋縣市計有桂林、梧州、荔浦、蒼梧以及清遠。



Management Discussion and Analysis (Con't) 管理層之討論及分析 (續)

Bottled LPG business was generally affected by the adverse conditions in the first two quarters of 2003. To combat the situation, the Group downscaled operations in markets that provided lower profit margins, or where the rate of market growth is comparatively lower. In line with this measure, the Group's LPG operations in North Eastern China were downsized. The proposal to set up a domestic bottled LPG business near Lianyungang (連雲港) in Jiangsu Province was also put in abeyance. Through these measures, the Group significantly reduced its capital commitment in these regions and achieved considerable savings in administrative costs.

The effect of downscaling operations in outlying provinces has been more than compensated by the improvement of its operations in Guangdong and Guangxi. Completion of the acquisition of Qingxin Baifuyang Petrol Chemical Company Limited (清新縣百富洋石油化工有限公司), now the Company's wholly-owned subsidiary in Qingyuan, added 32 retail sales and distribution points to the Group in January 2003. Preparation for the setting up of a further bottled LPG business in Huadu District of Guangzhou City (廣州市花都區) was near completion towards the end of 2003, business being expected to start formally in the first half of 2004. All the above measures will help on strengthening our foothold in Guangdong and Guangxi for further expansion, optimizing the deployment of our internal resources and enhancing our management effectiveness.

ACQUISITION OF ZHUHAI LPG COMPANY

On December 15, 2003 the Company and its wholly owned subsidiary, NewOcean (Shenzhen) Energy Investment Limited, entered into agreement for the acquisition of the entire equity interest of Zhuhai LPG Company.

Zhuhai LPG Company is located in Gaolan Island, Zhuhai, a port island adjacent to Zhuhai City and connected to the mainland by road. A highly developed network of roads and highway leads from Gaolan Island to all parts of the Pearl Delta and further to many parts of Guangdong and Guangxi. Zhuhai LPG Company owns and operates a sea terminal on Gaolan Island with a maximum berthing capacity of 50,000 metric tonnes of LPG. The storage depot in the terminal has a storage capacity of 2,100 tonnes and additional depot space of 50,000 square metres for future development. All these factors, coupled with the strategic location of the sea terminal adjacent to the main South China Sea route, make it a suitable logistic centre for procurement, interim storage and delivery of LPG for use by the Group with the prospect of easy infrastructural expansion to keep in line with the future growth.

2003年上半年，經濟疲弱、百業蕭條，瓶裝液化氣業務亦不能倖免，整體表現大受影響。面對如斯不利之營商環境，本集團遂整頓毛利率較低市場的營運，甚至減少市場增長比率較慢地區的營運。為了配合此項措施，本集團更重整中國東北市場的液化氣業務。與此同時，集團亦將建議在江蘇省連雲港鄰近增加瓶裝液化氣業務之計劃擱置。透過上述種種措施，本集團在該等地區之資本開支得以顯著減少，也同時節省不少行政費用。

廣東及廣西的經營業務表現大為好轉，足以抵銷集團精簡偏遠省份營運後所造成之影響。本集團於2003年1月收購了清新縣百富洋石油化工有限公司(現已成為本公司於清遠之全資附屬公司)，使集團的零售及分銷網點再增添32個。2003年年底時，於廣州市花都區加設瓶裝液化氣業務相關之籌備工作接近完成，有關業務可望於2004年上半年正式展開。以上措施均有助進一步加強本集團在廣東及廣西覆蓋面、優化內部資源之調配，並可加強本集團之管理效率。

收購珠海液化氣公司

2003年12月15日，本公司與全資附屬公司新海(深圳)能源投資有限公司訂立一份協議，收購珠海液化氣公司之全部股本權益。

珠海液化氣公司位於珠海高欄島，即毗連珠海市的一個港口工業區島嶼，可經陸路接連中國內地。高欄島的道路及公路網絡規劃完善，交通四通八達，連接珠江三角洲各地以至廣東及廣西多個不同地區。珠海液化氣公司擁有及經營高欄島內一個海運碼頭，泊位適合停泊滿載重量達50,000公噸的液化氣船隻。碼頭儲氣站之儲存量達2,100噸，可建額外儲氣站的土地面積50,000平方米，以配合未來發展需要。憑藉以上種種有利因素，加上海運碼頭經過悉心部署，毗連華南海運沿線，令珠海液化氣公司適宜作為物流中心，可供本集團採購、中途儲存以及輸送液化氣之用，加上基建設施容易擴充，定能全面配合今後之業務增長。



Management Discussion and Analysis (Con't) 管理層之討論及分析 (續)

Completion of the acquisition of Zhuhai LPG Company took place in March 2004. Prior to the Completion, the Group put into place an upgraded management and operation structure to cater for the conversion into a fully integrated import-wholesale-retail business structure. Direct import of LPG from overseas supplier has already started in December 2003, and a fully functional wholesale business for LPG in bulk started in March 2004. Since the completion of the acquisition, the Zhuhai sea terminal becomes the centre for these operations and a town office was set up in Zhuhai City centre for sales administration purposes. Through such vertical integration process, the Group is able to ensure stable source of supply, reduce the direct cost of LPG purchase, and to mitigate the risk of price fluctuation.

ELECTRONICS BUSINESS

Starting from January 2003, the Group contracted out the manufacture and sales arm of the electronics business. Income from leasing of property, plant and equipment was over HK\$3.3 million.

BUSINESS OUTLOOK

With the acquisition of Zhuhai LPG Company, the Group established a firm foothold at the entrance to the Pearl Delta Region, an area with the highest LPG consumption in China. The strategic location of the Zhuhai sea terminal and its high handling capacity for LPG allowed the Group to make a strong entry into the wholesale, distribution and retail LPG markets in the Pearl Delta. Commencement of full operation of the Zhuhai sea terminal at the beginning of March 2004 has already triggered a sharp expansion of the Groups business, particularly in the wholesale sector. As purchasing of LPG plays a key role in LPG business, the Zhuhai sea terminal will also benefit the existing operations of the Group as a whole by providing the strong logistic support.

Preparation for vehicular LPG projects in China, which had been slowed down in the course of the year 2003 due to the adverse conditions, is expected to resume in 2004 with certain local city governments issuing clear policies for the use of LPG as a clean vehicular fuel. The Group is also paying close attention to new government policies in Guangdong and Guangxi that would promote the use of LPG as a substitute for heavy fuel oil. When opportunity arises, the Group will move into the vehicular LPG and industrial LPG business sector.

收購珠海液化氣公司一事已於2004年3月圓滿達成。進行是次收購前，本集團全面提升管理及經營結構，作好充份準備，藉此改組為一家集進口、批發及零售業務架構於一身的綜合公司。本集團於2003年12月開始直接向海外供應商進口液化氣，並於2004年3月正式全面開展液化氣批發業務。自是次收購完成後，珠海海運碼頭已成為該等經營業務的核心，而本集團更在珠海市中心內增設市內辦事處，負責管理銷售事宜。通過垂直整合程序，本集團可確保穩定供應來源，減少購買液化氣直接成本及減低價格波動的風險。

電子業務

自2003年1月起，本集團將電子業務的製造及銷售外判承包商。來自物業、機器及設備之租賃收入超過3,300,000港元。

業務前景

繼集團成功收購珠海液化氣公司之後，本集團業務已穩紮根基，成功衝破通往珠江三角洲地區之大關，而珠江三角洲是中國液化氣消耗量最高地區。珠海海運碼頭之位置乃經過悉心部署，其液化氣處理能力較高，本集團借助珠海液化氣公司的優勢，相信定可打入珠江三角洲一帶之液化氣批發、分銷及零售市場。珠海海運碼頭在2004年3月初正式全面投入運作後，帶動本集團業務迅速增加，以批發業務的增長尤其突出。由於採購液化氣在液化氣業務中為一項重要環節，整體而言，珠海海運碼頭可為本集團提供強大物流支援，對本集團現有經營業務有利。

2003年，由於市況不景，令到集團在中國加建汽車液化氣加氣站項目之籌備工作受阻，待若干地方政府公佈明確政策，推動液化氣作為清潔汽車燃料後，預料有關工作可望於2004年再度展開。本集團亦密切注視廣東及廣西一些有助推廣液化氣為燃油替代品之新政府政策，並會在時機出現時涉足汽車液化氣及工業液化氣等行業類別。



Management Discussion and Analysis (Con't) 管理層之討論及分析 (續)

The Directors believe that China's entry into the WTO, the growing energy requirements of China, and the increasing concern for environmental protection will all work to foster a strong growth for imported LPG and other forms of higher quality fuels. The Group intends to make full use of its operational capabilities and will strive to capture an important part of the market.

LIQUIDITY AND FINANCIAL RESOURCES

In preparation for the business expansion of the Group brought about by the acquisition of the Zhuhai LPG Company, the Company placed 416,280,000 new shares to individual, institutional or other investors in December 2003 pursuant to a Placing and Underwriting Agreement entered into with Kim Eng Securities (Hong Kong) Limited and VC CEF Brokerage Limited entered into on November 27, 2003. Net proceeds of approximately HK\$48.7 million were generated by the Placing, which was used as part of the cash consideration for the acquisition of the Zhuhai LPG Company.

As at December 31, 2003, the net current assets of the Group amounted approximately to HK\$13,256,000 and the Group's bank balances and cash was HK\$10,410,000. At the balance sheet date, current ratio was 1.3, quick ratio was 1.2, gearing ratio was 25.2% which was calculated based on total liabilities of HK\$58,569,000 and total assets of HK\$232,722,000.

CONTINGENT LIABILITIES

At December 31, 2003, the Company has given a corporate guarantee to the extent of HK\$1,000,000 to a financial institution and two unlimited guarantees to financial institutions in respect of general facilities granted to the Group. The facilities utilised by the Group at December 31, 2003 amounted to HK\$1,780,000 (2002: HK\$1,983,000). At December 31, 2003, the Company is a guarantor to an agent for import of liquefied petroleum gas under an agency agreement entered into between a subsidiary of the Company and the agent. The Group had no significant contingent liabilities at December 31, 2003 and December 31, 2002.

董事深信，隨著中國加入世貿，結合國內對能源的需求漸高，以及環保日益受到各界關注等種種因素，將會推動進口液化氣及其他優質燃料之需求強勁增長。本集團計劃盡量善用旗下各類業務之產能，務求佔據液化氣市場一主要地位。

流動資金及財務資源

為了配合本集團收購珠海液化氣公司之業務發展，本公司於2003年11月27日根據其與金英證券(香港)有限公司及匯盈加怡證券有限公司訂立之配售及包銷協議，於2003年12月向個別人士、機構或其他投資者配售共416,280,000股新股。是次配售所得款項淨額約為48,700,000港元，已撥作收購珠海液化氣公司所需支付部分現金代價之用。

於2003年12月31日，本集團之流動資產淨額合共為約13,256,000港元；銀行結餘及現金為10,410,000港元；於結算日，流動比率為1.3；速動比率為1.2。資產負債比率為25.2%，此乃根據負債總額58,569,000港元和資產總額232,722,000港元計算。

或然負債

於2003年12月31日，本公司就本集團所獲一般信貸向一家財務機構作出1,000,000港元限額之擔保，另向多家財務機構作出兩項無上限數額之擔保。於2003年12月31日，本集團已動用之該等信貸金額為1,780,000港元(2002: 1,983,000港元)。於2003年12月31日，本公司一附屬公司與負責進口液化石油氣之代理訂立一份代理協議，據此，本公司為該代理之擔保人。於2003年12月31日及2002年12月31日，本集團並無重大或然負債。



Management Discussion and Analysis (Con't) 管理層之討論及分析(續)

PLEDGE OF ASSETS

At December 31, 2003, the Group pledged its bank deposits amounting to HK\$2,607,000 (2002: HK\$1,662,000) to secure general banking facilities granted to the Group. The Group has pledged gas plant and facilities, and plant and machinery having an aggregate net book value of HK\$2,183,000 (2002: HK\$2,236,000) and nil (2002: HK\$2,932,000) respectively to secure general banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2003, the Group employed approximately 250 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 provident fund scheme, medical insurance scheme and an employee share option scheme.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the 12 months ended December 31, 2003.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the audited financial statements for the 12 months ended December 31, 2003.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") throughout the 12 months ended December 31, 2003

By Order of the Board
Shum Siu Mau
Chairman

Hong Kong, April 23, 2004

資產抵押

於2003年12月31日，本集團為獲得一般銀行信貸而將2,607,000港元(2002: 1,662,000港元)之銀行存款抵押。為取得給予本集團之一般銀行貸款，本集團已抵押賬面淨值分別2,183,000港元(2002: 2,236,000港元)及無(2002: 2,932,000港元)之氣庫及設施與機器及設備。

僱員及酬金政策

截至2003年12月31日，本集團於香港及中國僱用約250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。

購買、出售及贖回本公司之上市證券

於截至2003年12月31日止12個月期間內，本公司或其任何附屬公司概無購買、出售或贖回本公司之上市證券。

審核委員會

本公司審核委員會與管理層已審閱本集團所採納之會計原則及實務準則，以及財務申報事宜，其中包括審閱截至2003年12月31日止12個月之經審核財務報表。

公司監管

董事會認為，本公司於截至2003年12月31日止12個月期間均已遵守據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄14所載之最佳應用守則。

承董事會命
主席
岑少謀

香港，2004年4月23日