

Chairman's Statement

主席報告

On behalf of NewOcean Green Energy Holdings Limited (the "Company"), I am pleased to present the audited financial results of the Company and its subsidiaries (collectively the "Group") for the year ended December 31, 2004.

In year 2004, the volatile movement of international crude oil price tremendously drove up the cost of operation of liquefied petroleum gas ("LPG") business in Southern China. The gross margin of the Group's LPG retail business was adversely affected though its sales volume had recorded a substantial growth. The LPG terminal company in Zhuhai (now renamed to NewOcean Energy (Zhuhai) Limited) acquired by the Group in March 2004 did help to mitigate partly the impact of the market difficulties. It achieved a rapid expansion of the Group's LPG wholesale business and successfully placed itself into the league of the top LPG importers and wholesalers in the Pearl River Delta area.

The Group achieved a turnover of HK\$1,023,782,000 in year 2004, a growth of 129.1% compared with the turnover of HK\$446,802,000 for the year 2003. Net earning of the Group increased by a very moderate 18.3% from HK\$17,051,000 in 2003 to HK\$20,178,000 in 2004. The small increase in net earning was attributable to the substantial rise of direct cost as well as the need to make write-off and impairment provisions for certain business. There have been the inevitable the Group had to pay for better development in the future.

In the year under review, the Group's LPG turnover was HK\$949,656,000, being 92.8% of the Group's total turnover. Followed the acquisition of the terminal company in March 2004, the Group has become a professional LPG corporation controlling the import-wholesale-retail business chain in a fully integrated manner. Coupled with the strategic network established in Guangdong and Guangxi, the Group now has a solid foundation for its long-term business development.

本人謹代表新海環保能源集團有限公司（「本公司」）董事會欣然向股東提呈本公司及其附屬公司（統稱「本集團」）截至2004年12月31日止之經審核業績。

2004年中國華南地區液化氣業務因國際原油價格頻繁波動，致使經營成本大幅上漲，雖然本集團的液化石油氣（「液化氣」）零售業務仍然有相當的增長，但其所實現的毛利率卻大受影響。儘管市場經營條件困難，本集團在2004年3月完成收購並正式接管位於珠海市高欄島的液化氣碼頭公司（現已更名為新海能源（珠海）有限公司一簡稱「碼頭公司」），正好發揮了一定的緩衝作用，通過碼頭公司，本集團的液化氣批發業務得以迅速擴展，成為珠三角地區液化氣主要進口商及批發商之一。

本集團於2004年度全年錄得營業額1,023,782,000港元，較截至2003年12月31日止12個月之營業額446,802,000港元，增加129.1%。2004年全年純利僅為20,178,000港元，較2003年同期純利17,051,000港元微升18.3%，純利僅有輕微的上升是受成本上漲的影響、加上需要對部分業務進行撥備及撇賬所致，這是為了未來發展需要，迫不得已而付出的代價。

在回顧期間的12個月內，本集團在中國進行的液化氣銷售額為949,656,000港元，佔總營業額92.8%。三月份成功收購了碼頭公司後，本集團已成為一家集進口、批發、零售於一身的液化氣專業運營公司，而且在中國廣東、廣西省地區亦已佈置了具有策略性意義的網絡，為長遠發展奠定了堅實的基礎。



Chairman's Statement (Con't)

主席報告(續)

The Group is well aware that the current earning capability of the terminal company is hindered by its limited storage capacity and the idleness of land. The Group has been actively pursuing the LPG storage expansion plan, and shall enter into cooperation with an international oil company to optimize the jetty and land utilization with view to bring in reasonable profit for the shareholders. Before the completion of these constructions, the Group will deploy joint-purchase arrangement with other terminals and lease of barge for sea distribution to make up the large jetty-small storage deficiency. By these ways, the terminal company will be able to enjoy the economy of scale of bulk purchase, reduce its direct cost and improve its gross margin of LPG retail and wholesale business.

The Group shall declare dividend to our shareholders for 2004 and shall take it as our commitment to share the Group's profit with our shareholders on a continual basis.

I would like to take this opportunity to express my sincere appreciation to all the Group's employees for their dedicated work in the past year.

Shum Siu Mau
Chairman

Hong Kong, April 22, 2005

目前碼頭公司的倉儲能力有限，而且其擁有的土地仍未被完全利用，未能發揮其最理想的盈利能力。本集團已積極進行利用剩餘土地擴大珠海的液化氣倉儲能力的計劃，同時亦已鎖定一家國際級石油公司進行合作，盤活土地及碼頭的使用，為股東帶來合理的利潤。在一系列的建設工程未完成之前，本集團將與其他液化氣碼頭進行聯合採購的合作及租賃小船進行海上貨物分流，彌補大碼頭小倉庫的缺陷，實現大批量的採購，發揮規模效應，降低成本，有效改善批發及零售業務的毛利率。

本集團於本年度將向股東派發股息，繼續與股東分享集團的盈利。

本人藉此機會，謹代表董事會對本集團全體員工過去之辛勤努力，表示感謝。

主席
岑少謀

香港，2005年4月22日

