



**NEWOCEAN GREEN ENERGY  
HOLDINGS LIMITED**  
**新海環保能源集團有限公司**  
(Incorporated in Bermuda with limited liability)  
(於百慕達註冊成立之有限公司)



Environmentally  
Friendly

LPG

**Interim Report 中期報告**

For The Twelve Months Ended 30th September, 2002  
截至2002年9月30日止12個月



The Board of Directors (the “Board”) of NewOcean Green Energy Holdings Limited (the “Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the twelve months ended 30th September, 2002 together with comparative figures for the previous corresponding period are as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>12 months ended</b> <b>30.09.2002</b> <b>(Unaudited)</b> <b>HK\$'000</b>	12 months ended 30.09.2001 (Audited) HK\$'000
	<i>Note</i>		
Turnover	2	<b>353,515</b>	79,076
Cost of sales		<b>(292,500)</b>	(81,060)
Gross profit/(loss)		<b>61,015</b>	(1,984)
Other income		<b>2,861</b>	3,144
Selling and distribution expenses		<b>(4,041)</b>	(3,960)
Administrative expenses		<b>(28,617)</b>	(39,885)
Inventories written off		—	(941)
Loss on disposals and write-offs/down of property, plant and equipment		<b>(6,255)</b>	(18,948)
Loss on investment in securities		—	(403)
Profit/(loss) from operations	3	<b>24,963</b>	(62,977)
Finance costs		<b>(2,863)</b>	(569)
Recognition of impairment in goodwill arising on acquisition of subsidiaries		—	(64,138)
Recognition of impairment in goodwill arising on acquisition of an associate		—	(16,560)
Share of results of an associate		—	353
Profit/(loss) before taxation		<b>22,100</b>	(143,891)
Taxation	4	<b>(13)</b>	—
Profit/(loss) before minority interests		<b>22,087</b>	(143,891)
Minority interests		<b>186</b>	287
Net profit/(loss) for the period		<b>22,273</b>	(143,604)
Earnings/(loss) per share			
Basic and diluted	5	<b>0.69 cents</b>	(5.5 cents)

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>30.09.2002</b> <b>(Unaudited)</b> <b>HK\$'000</b>	30.09.2001 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	6	<b>89,162</b>	66,375
Goodwill	7	<b>30,449</b>	28,902
		<u><b>119,611</b></u>	<u>95,277</u>
<b>Current assets</b>			
Inventories		<b>8,105</b>	9,316
Trade debtors	8	<b>29,927</b>	9,400
Other debtors, deposits and prepayments		<b>15,110</b>	6,769
Amount due from a related company		<b>360</b>	187
Amount due from a minority shareholder of a subsidiary		<b>357</b>	357
Pledged bank deposits		<b>1,473</b>	1,090
Bank balances and cash		<b>10,567</b>	3,032
		<u><b>65,899</b></u>	<u>30,151</u>
<b>Current liabilities</b>			
Trade creditors	9	<b>12,480</b>	14,834
Other creditors and accrued charges		<b>10,304</b>	8,379
Amounts due to related companies		<b>510</b>	616
Bills payable		<b>925</b>	2,170
Borrowings		<b>39,104</b>	10,827
		<u><b>63,323</b></u>	<u>36,826</u>
<b>Net current assets/(liabilities)</b>		<u><b>2,576</b></u>	<u>(6,675)</u>
		<u><b>122,187</b></u>	<u>88,602</u>
<b>Capital and reserves</b>			
Share capital	10	<b>324,894</b>	267,594
Reserves	11	<b>(205,330)</b>	(227,519)
		<b>119,564</b>	40,075
<b>Mandatory convertible notes</b>		—	46,000
<b>Minority interests</b>		<b>2,623</b>	2,527
		<u><b>122,187</b></u>	<u>88,602</u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>12 months ended</b> <b>30.09.2002</b> <b>(Unaudited)</b> <b>HK\$'000</b>	12 months ended 30.09.2001 (Audited) HK\$'000
Net cash inflow/(outflow) from operating activities	<b>8,698</b>	(20,535)
Net cash (outflow) from returns on investments and servicing of finance	<b>(2,833)</b>	(282)
Net cash (outflow) from taxation	<b>(13)</b>	—
Net cash (outflow) from investing activities	<b>(30,053)</b>	(7,718)
Net cash (outflow) before financing	<b>(24,201)</b>	(28,535)
Net cash inflow from financing	<b>31,723</b>	10,120
Increase/(decrease) in cash and cash equivalents	<b>7,522</b>	(18,415)
Cash and cash equivalents at beginning of the period	<b>1,205</b>	18,966
Effect of foreign exchange rate changes	<b>(120)</b>	654
Cash and cash equivalents at end of the period	<b>8,607</b>	1,205
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	<b>10,567</b>	3,032
Other creditors/borrowings repayable within three months from the date of advances	<b>(1,960)</b>	(1,827)
	<b>8,607</b>	1,205

## CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	<b>12 months ended</b> <b>30.09.2002</b> <b>(Unaudited)</b> <b>HK\$'000</b>	12 months ended 30.09.2001 (Audited) HK\$'000
Exchange differences arising from translation of financial statements of overseas subsidiaries not recognised in the income statement	<b>(120)</b>	1,582
Net profit/(loss) for the period	<b>22,273</b>	(143,604)
Total net recognised gains/(losses)	<b>22,153</b>	(142,022)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Principal Accounting Policies and Basis of Preparation

The interim financial statements have been prepared in accordance with the Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants.

The accounting policies and methods of computation used in preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 30th September, 2001 except that the Group has adopted SSAP No. 26 “Segment Reporting” issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on or after 1st January, 2001.

In Note 2 to these condensed interim accounts, the Group has disclosed segment revenue and results as defined under SSAP 26. In accordance with the Group’s internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

## 2. Segmental Information

The Group is principally engaged in sale and distribution of liquefied petroleum gas and manufacturing and sale of electronic products. These businesses are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

### *Business segments*

	Liquefied Petroleum Gas		Electronic Products		Consolidated	
	12 months ended		12 months ended		12 months ended	
	30.09.2002 (Unaudited) HK\$’000	30.09.2001 (Audited) HK\$’000	30.09.2002 (Unaudited) HK\$’000	30.09.2001 (Audited) HK\$’000	30.09.2002 (Unaudited) HK\$’000	30.09.2001 (Audited) HK\$’000
<b>Segment revenues</b>	<b>224,454</b>	15,496	<b>129,061</b>	63,580	<b>353,515</b>	79,076
<b>Segment results</b>	<b>35,838</b>	(739)	<b>(1,133)</b>	(35,576)	<b>34,705</b>	(36,315)
Other income					—	3,144
Loss on disposals and write-offs/down of property, plant and equipment					(6,255)	(18,948)
Loss on investment in securities					—	(403)
Amortisation of goodwill					(1,676)	(3,062)
Unallocated corporate expenses					(1,811)	(7,393)
Profit/(loss) from operations					<b>24,963</b>	(62,977)
Finance costs					<b>(2,863)</b>	(569)
Recognition of impairment in goodwill arising on acquisition of subsidiaries					—	(64,138)
Recognition of impairment in goodwill arising on acquisition of an associate					—	(16,560)
Share of results of an associate					—	353
Profit/(loss) before taxation					<b>22,100</b>	(143,891)

### *Geographical segments*

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

	<b>Revenue</b>	
	<b>12 months ended 30.09.2002 (Unaudited) HK\$'000</b>	<b>12 months ended 30.09.2001 (Unaudited) HK\$'000</b>
Mainland China	<b>322,996</b>	52,724
Europe and United States	<b>21,916</b>	12,914
South East Asia, Korea, Japan and Australia	<b>8,094</b>	10,906
Hong Kong	<b>509</b>	2,532
	<b><u>353,515</u></b>	<b><u>79,076</u></b>

### **3. Profit/(Loss) From Operations**

Profit/(loss) from operations is stated after charging the following:

	<b>12 months ended 30.09.2002 (Unaudited) HK\$'000</b>	<b>12 months ended 30.09.2001 (Audited) HK\$'000</b>
Depreciation and amortization		
Owned assets	<b>5,554</b>	5,805
Goodwill	<b>1,676</b>	3,062
	<b><u>7,230</u></b>	<b><u>8,867</u></b>

### **4. Taxation**

The charge comprises:

	<b>12 months ended 30.09.2002 (Unaudited) HK\$'000</b>	<b>12 months ended 30.09.2001 (Audited) HK\$'000</b>
Hong Kong profits tax	—	—
PRC income tax	<b>13</b>	—
	<b><u>13</u></b>	<b><u>—</u></b>

No provision for Hong Kong profits tax has been made. Income tax paid in the PRC was calculated at 33%.

## 5. Earnings/(Loss) per Share

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	<b>12 months ended</b> <b>30.09.2002</b> <b>(Unaudited)</b> <b>HK\$'000</b>	12 months ended 30.09.2001 (Audited) HK\$'000
Profit/(loss) for the purposes of calculation of basic and diluted earnings/(loss) per share	<u>22,273</u>	<u>(143,604)</u>
	<b>No. of shares</b>	No. of shares
Weighted average number of shares for the purposes of calculation of basic earnings/(loss) per share	<b>3,209,523,174</b>	<u>2,605,462,352</u>
Effect of dilutive potential shares	<u>39,744,308</u>	
Weighted average number of shares for the purposes of calculation of diluted earnings per share	<u><b>3,249,267,482</b></u>	

## 6. Property, Plant and Equipment

During the period, additions to property, plant and equipment amounted to HK\$42,194,000 (30.09.2001: HK\$14,248,000).

## 7. Goodwill

During the period, a goodwill of HK\$3,223,000 arose on the acquisition of 100% of equity interest in Environmental Energy Investment Limited ("Environmental") by Sound Green Energy Limited ("Sound Green"), a wholly-owned subsidiary of the Company and is amortized over 20 years, reflecting its expected useful life. During the corresponding period of the twelve months ended 30th September, 2001, a goodwill of HK\$96,102,000 arose.

## 8. Trade Debtors

The credit terms of the Group range from 0 to 90 days. The ageing analysis of trade debtors is as follows:

	<b>30.09.2002</b> <b>(Unaudited)</b> <b>HK\$'000</b>	30.09.2001 (Audited) HK\$'000
0 - 30 days	<b>12,993</b>	3,824
31 - 60 days	<b>13,603</b>	1,922
61 - 90 days	<b>104</b>	1,162
91 - 120 days	<b>82</b>	92
More than 120 days	<u>3,145</u>	<u>2,400</u>
	<u><b>29,927</b></u>	<u>9,400</u>

## 9. Trade Creditors

The ageing analysis of trade creditors is as follows:

	<b>30.09.2002</b> <b>(Unaudited)</b> <b>HK\$'000</b>	30.09.2001 (Audited) HK\$'000
0 - 30 days	2,271	5,066
31 - 60 days	2,341	4,205
61 - 90 days	1,865	1,698
91 - 120 days	1,231	474
More than 120 days	4,772	3,391
	<u>12,480</u>	<u>14,834</u>

## 10. Share Capital (Unaudited)

Ordinary shares of par value of HK\$0.10 each

	<b>30.09.2002</b> <b>Number of shares</b>	<b>30.09.2002</b> <b>HK\$'000</b>
<i>Authorised:</i>		
At beginning and at end of the period	<u>20,000,000,000</u>	<u>2,000,000</u>
<i>Issued and fully paid:</i>		
At 30.09.2001	2,675,936,873	267,594
Issue of shares in consideration for the acquisition of a subsidiary	100,000,000	10,000
Issue of shares upon conversion of mandatory convertible notes	460,000,000	46,000
Issue of shares upon exercise of share options	13,000,000	1,300
At 30.09.2002	<u>3,248,936,873</u>	<u>324,894</u>

*Notes:*

- (a) On 16th October, 2001, the Company issued new 100,000,000 ordinary shares at HK\$0.10 per share as the consideration for acquisition of 100% equity interest in Environmental by its wholly owned subsidiary Sound Green and HK\$10,000,000 was fully credited to the share capital account.
- (b) Mandatory convertible notes of HK\$46,000,000 were converted into shares and HK\$46,000,000 was credited to the share capital account.
- (c) The Group received HK\$1,336,000 (30.09.2001: HK\$1,120,000) as consideration for exercise of share options during the period.



## 11. Reserves (Unaudited)

	<b>Share Premium</b>	<b>Special Reserve</b>	<b>Asset Revaluation Reserve</b>	<b>Exchange Reserve</b>	<b>Deficit</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 30.09.2001	461,757	122,085	1,331	1,436	(814,128)	(227,519)
Exchange differences arising from translation of financial statements of overseas subsidiaries	—	—	—	(120)	—	(120)
Premium arising from exercise of share options	36	—	—	—	—	36
Released upon disposal	—	—	(496)	—	496	—
Profit for the period	—	—	—	—	22,273	22,273
<b>At 30.09.2002</b>	<b>461,793</b>	<b>122,085</b>	<b>835</b>	<b>1,316</b>	<b>(791,359)</b>	<b>(205,330)</b>

## 12. Acquisition of Subsidiaries

On 16th October, 2001, the Group acquired 100% of equity interest of Environmental at a consideration of 100,000,000 shares of the Company issued at HK\$0.10 each.

	<b>30.09.2002 (Unaudited) HK\$'000</b>	30.09.2001 (Audited) HK\$'000
Fair value of net assets	<b>6,777</b>	2,759
Goodwill	<b>3,223</b>	96,102
Minority interests	—	(2,814)
	<b>10,000</b>	96,047
Total purchase consideration	<b>10,000</b>	96,047

### 13. Related Party Transactions

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

	<b>12 months ended 30.09.2002 (Unaudited) HK\$'000</b>	12 months ended 30.09.2001 (Audited) HK\$'000
Gold Decade Limited (Gold Decade)		
Royalty fee paid to	7	123
Guangdong Huabao Electric Appliance Co., Limited ("Huabao") Rental expenses paid to	—	1,440
Hunsworth Industrial Limited ("Hunsworth")		
Rental expenses paid to	<b>1,200</b>	1,200

Shum Siu Hung is a director of Gold Decade and has a beneficial interest in Gold Decade.

Shum Siu Hung and his spouse, Tong Shiu Ming, both directors of the Company, are directors and shareholders of Hunsworth.

Shum Siu Hung, director of the Company, has given a personal guarantee to secure loans of HK\$4,000,000 (30.09.2001: HK\$4,000,000) granted to the Group and HK\$1,000,000 was outstanding at 30th September, 2002 (30.09.2001: HK \$4,000,000).

### 14. Contingent Liabilities

At 30th September, 2002, the Group had contingent liabilities amounting to HK\$12,000,000 (30.09.2001: HK\$2,000,000) in respect of guarantees given to financial institutions in relation to general facilities secured. The facilities utilised by the Group at 30th September, 2002 amounted to HK\$1,479,000 (30.09.2001: HK\$1,827,000).

### 15. Pledge of Assets

At 30th September, 2002, the Group pledged its bank deposits amounting to HK\$1,437,000 (30.09.2001: HK\$1,090,000) to secure general banking facilities granted to the subsidiaries of the Group. Land use right with aggregate net book value of HK\$2,170,000 (30.09.2001: Nil) was pledged to a bank to obtain a bank loan of HK\$1,604,000 (30.09.2001: Nil) granted to a subsidiary of the Group.

## 16. Lease Commitments

At 30th September, 2002, the Group had outstanding commitments under a non-cancellable operating lease, in respect of rented premises, which fall due as follows:

	<b>30.09.2002</b> <b>(Unaudited)</b> <i>HK\$'000</i>	30.09.2001 (Audited) <i>HK\$'000</i>
Within one year	<b>710</b>	1,894
In the second to fifth years inclusive	<b>442</b>	836
Over five years	—	76
	<u><b>1,152</b></u>	<u>2,806</u>

## 17. Other Commitments

Capital expenditure contracted for but not provided in the financial statements in respect of:

	<b>30.09.2002</b> <b>(Unaudited)</b> <i>HK\$'000</i>	30.09.2001 (Audited) <i>HK\$'000</i>
Investment in subsidiaries	<b>10,922</b>	7,225
Investment in an associate	<b>1,885</b>	1,885
Purchase of property, plant and equipment	<b>348</b>	523
	<u><b>13,155</b></u>	<u>9,633</u>

## 18. Post Balance Sheet Event

On 2nd December, 2002, Guilin Green Energy Limited (Guilin Green), a wholly-owned subsidiary of the Company entered into a conditional agreement pursuant to which Guilin Green agreed to purchase the entire equity interest in Qingxin Bai Fu Yang Petrol Chemical Company Limited (Bai Fu Yang). The consideration for the acquisition is RMB26,000,000 (or approximately HK\$24,528,000) which will be satisfied wholly in cash. The principal businesses of Bai Fu Yang are the wholesale and distribution of liquefied petroleum gas in Qingyuan of Guangdong, PRC.

## **THIRD INTERIM DIVIDEND**

The Board does not recommend the payment of the third interim dividend for the twelve months ended 30th September, 2002.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Analysis**

During the period under review, the Group's business continued to record profitable growth after a successful turnaround in the first quarter. Turnover reached HK\$353,515,000, being 4.47 times of HK\$79,076,000 recorded in the corresponding period of last year. Net profit for the period was HK\$22,273,000 (2001: loss of HK\$143,604,000). Earnings per share were 0.69 HK cents (2001: loss of 5.50 HK cents).

The management endeavours to continue to develop its green energy business. During the period, the proportion of green energy business expanded to approximately 63.5% of the Group's turnover and electronic business accounted for approximately 36.5%. Green energy business has started to make significant contribution to the Group's overall profit while the performance of its electronic business has improved substantially after the business restructuring conducted by the management in the previous two years. During the period, the Liquefied Petroleum Gas ("LPG") business was launched as planned. Although the net profit growth slowed down slightly as compared to the previous quarters, the management is optimistic towards the overall performance of the Group in the future. It is expected that the proportion of green energy business will continue to grow rapidly.

The PRC government has recently promulgated tighter requirements for fire safety. The Group has conducted full-scale renovation for our gas tanks and associated facilities recently. This factor has a slight and short-term impact on the growth of net profit during the period. The management believes that regularization of the fuel industry will result in the phasing out of weaker competitors and we can be benefited by expanding our market share during the process. On the other hand, the significant increase in price of LPG during the last quarter of the period has also affected our profit margin. With the Group's ever-expanding sales network and the increase in gas sales, we have diversified our procurement channels. In addition, the Group is considering to use hedge solutions to lower our operational risk caused by fluctuation in fuel price.

During the period, the Group disposed of certain plant and machineries which were aged, under-utilized, obsolete and need for repairs and replacements. Such disposals resulted in a loss of approximately HK\$6,255,000 and has slightly affected the Group's overall profit. The management has put in much effort in the reduction of operating costs and administrative expenses. Despite the substantial increase in turnover, administrative expenses has been reduced to a large extent by approximately HK\$11,268,000 as compared to the corresponding period of last year. The management has illustrated its experiences and ability to make the Group's operation more effective and efficient.

## **Green Energy Business**

### ***Distribution of Bottled LPG for Domestic-use***

Our Joint Venture, Daqing Longyou Green Energy Limited operates smoothly. Daqing, Qiqihaer and Shenyang have become the core markets in the terminal sales network of LPG business in the north-eastern region.

During the period, Guilin NewOcean Green Energy Limited (桂林綠環能源發展有限公司), a wholly-owned subsidiary of the Group, has concluded the lease of LPG refueling business in Guilin's Eastern Station with “中國石油天然氣第六建設公司”. Assets of the stations including equipments, facilities, venue, transport fleet and recycled bottles were leased as a package. Number of customers increased satisfactorily through the operation of self-owned and licensed LPG retail outlets. During the period, the Group has further consolidated its LPG distribution business in Guilin and Lipu areas by acquiring a new LPG refueling station in Lipu.

The Group's subsidiary, Wuzhou NewOcean Green Energy Limited (“梧州市新海燃氣有限公司”), continues to operate its LPG retail outlets for supply to residents in Wuzhou. The Group's market share in Wuzhou is on the rise as planned with the effective use of operation and management strategies and the provision of quality services to customers.

Another subsidiary, Cangwu NewOcean Green Energy Limited (“蒼梧縣新海燃氣有限公司”), is undergoing leveling works for its gas tanks which is expected to start operation by early 2003.

During the period, the Group contracted through its subsidiary, Lianyungang NewOcean Green Energy Limited (“連云港綠環燃氣有限公司”), to invest in a LPG bottled gas station in Ping Ming town, Donghai county of Lianyungang. We were offered preferential policies on an exclusive basis and also the first right to commence vehicle conversion and to build LPG refueling stations.

### ***LPG Wholesaling Business***

Performance of the Group's LPG wholesaling business is encouraging. The number of customers continues to increase satisfactorily. We have now expanded our market to include Guangzhou, Beijing, Hubei, Heilongjiang and Guangxi province.

### ***LPG Refueling Stations for Vehicle-use***

With the back up of public bus companies which provide a stable customer base, the Group's LPG vehicle refueling stations in Daqing and Qiqihaer enjoy steady growth.

The Group has concluded a cooperation agreement with Wuzhou Public Transport Company (“梧州市公共汽車總公司”). We are now in the process of venue approval and technical details for vehicle conversion and construction of LPG refueling stations. The project is expected to become operational by stages in 2003.

During the period, the Group signed a joint venture agreement through our Shandong Zaozhuang NewOcean Green Energy Limited (“山東棗庄新海燃氣有限公司”) with Shandong Zaozhuang Transport Company (“山東省棗庄汽車運輸有限公司”) to operate the business of vehicle conversion and refueling stations in the southern region of Shandong. Zaozhuang is a major transportation hub linking the north and south, mid to long distance passenger vehicles are expected to become the base customers of the project. In addition, the Group’s joint venture partner is the exclusive operation in Zaozhuang’s long haul passenger transport business. A steady source of customers is assured for the Group. Currently, the Group is mastering the techniques for vehicle dual-fuel conversion and the progress is promising.

### ***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 feasibility of several projects and plans to develop two to four piped gas projects next year.

### **Electronic Business**

During the period, the Group continued to implement various cost control measures and launched a number of new models for electronic audio products and home appliances. Electronic and home appliance products under “Huabao” brand are well received in the PRC’s retail market. Overseas sales to the European market maintained a stable growth. The Group’s electronic business has improved substantially during the period and is now on the growth track.

### **Business Prospect**

Looking forward, the Group will continue to expand its LPG sales and distribution business in the PRC while strengthening its existing electronic business. The Group’s new projects for environmental energy business will be financed internally. The Group adopts the strategy

of re-investing profits on a recurring basis to enlarge its market share. During the period, the Group's LPG business has extended into Zaozhuang in Shandong and Lianyungang in Jiangsu; Guilin, Lipu, Wuzhou and Cangwu in Guangxi. Markets in negotiation include Huadu, Qingyuan, Yunfu, Zhongshan and Zhaoqing etc. During the period, the Group has successfully obtained several target markets and is confident in further expanding its LPG business. The Board strongly believes that the Group's earning power will be further improved with continuous business development in the right direction and with appropriate strategy.

## LIQUIDITY AND FINANCIAL REVIEW

At the period end, the Group's current ratio was 1.04:1, quick ratio was 0.91:1. Bank balances and cash amounted to HK\$10,567,000. Gearing ratio was 34.13 % which was calculated based on total liabilities of HK\$63,323,000 and total assets of HK\$ 185,510,000.

## HUMAN RESOURCES

As at 30th September, 2002, the Group employed approximately 570 employees in Hong Kong and mainland China. The Group remunerated the employees based on their performance, experience and prevailing market practices.

## DIRECTORS' INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

### (i) Shares

At 30th September, 2002, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Note	Number of shares			
		Personal interests	Corporate interests	Family interests	Other interests
Shum Siu Hung	1	38,540,000	1,136,544,000	—	—
Tong Shiu Ming	2	—	1,136,544,000	38,540,000	—
Cen Ziniu	3	—	—	—	11,365,440
Wu Hong Cho	4	—	—	—	56,827,200
Cheng Wai Leung		120,000	—	—	—
Chan Yee Hoi		—	—	—	—
Cheung Kwan Hung, Anthony		—	—	—	—
Young Wing Chun, Michael Frederick		—	—	—	—

*Notes:*

1. 1,136,544,000 shares of the Company were held by Uniocean Investments Limited (“Uniocean”). Uniocean is owned as to 48.11% by Shum Siu Hung, 45.89% by Tong Shiu Ming (spouse of Shum Siu Hung), 5% by Wu Hong Cho and 1% by Cen Ziniu.
2. 38,540,000 shares of the Company were deemed to be interested by Tong Shiu Ming, spouse of Shum Siu Hung, as family interests.
3. 11,365,440 shares of the Company were deemed to be interested by Cen Ziniu as other interests through his share of 1% interests in Uniocean.
4. 56,827,200 shares of the Company were deemed to be interested by Wu Hong Cho as other interests through his share of 5% interests in Uniocean.

**(ii) Options**

At 30th September, 2002, the directors had personal interests in share options to subscribe for shares in the Company pursuant to the Company’s share option scheme as follows:

Name of directors	Date of Grant (dd/mm/yy)	Outstanding	Granted	Exercised	Outstanding	Exercise	Exercisable period (dd/mm/yy)
		at 01.10.2001	during the period	during the period	at 30.09.2002	price per share (HK\$)	
Shum Siu Hung	03.03.2000	35,000,000	—	—	35,000,000	0.180	04.09.2000 - 02.09.2005
	14.03.2002	—	30,000,000	—	30,000,000	0.130	
Tong Shiu Ming	20.06.2001	35,000,000	—	—	35,000,000	0.100	21.12.2001 - 20.12.2006
Cen Ziniu	03.03.2000	30,000,000	—	—	30,000,000	0.180	04.09.2000 - 02.09.2005
	14.03.2002	—	30,000,000	—	30,000,000	0.130	
Wu Hong Cho	03.03.2000	15,000,000	—	—	15,000,000	0.180	04.09.2000 - 02.09.2005
	20.06.2001	20,000,000	—	(10,000,000)	10,000,000	0.100	
Cheng Wai Leung	20.06.2000	3,000,000	—	(3,000,000)	0	0.112	21.12.2000 - 20.12.2005
	20.06.2001	40,000,000	—	—	40,000,000	0.100	

Save as disclosed above and other than nominee shares in certain subsidiaries held by certain directors in trust for the Group, neither the directors nor the chief executives nor any of their respective associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and neither the directors nor the chief executives nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.



## **SUBSTANTIAL SHAREHOLDERS**

Other than the interests disclosed above under the heading “Directors’ Interests in Shares and Rights to Acquire Shares”, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no person as having an interest of 10% or more in the issued share capital of the Company as at 30th September, 2002.

## **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 twelve months ended 30th September, 2002.

## **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 unaudited interim financial statements for the twelve months ended 30th September, 2002.

## **CORPORATE GOVERNANCE**

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the twelve months ended 30th September, 2002 in compliance 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”).

## **PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE’S WEBSITE**

Information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules was published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)).

By order of the Board  
**Shum Siu Hung**  
*Chairman*

Hong Kong, 5th December, 2002

