

# Chairman's Statement



I am pleased to present the first annual report of OSK Asia Corporation Limited (the "Company") since the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in September 2000 to the shareholders.

## FINANCIAL HIGHLIGHTS 1999/2000

	Year ended		Percentage Change
	31st December, 2000	1999	
Turnover (HK\$ million)	117.24	86.99	34.8%
Profit attributable to shareholders (HK\$ million)	30.67	28.10	9.1%
Earnings per share — Basic	6.0 cents	5.9 cents	1.7%
Dividends per share (HK\$)	0.04	—	—
Shareholders' funds (HK\$ million)	305.54	242.62	25.9%

During the period under review, the turnover of the Company and its subsidiaries (the "Group") increased by approximately 34.8% as compared with 1999 whereas the profit attributable to shareholders and shareholders' funds increased by approximately 9.1% and 25.9% respectively. The increase in turnover was mainly contributed by the stockbroking business during the first half of Year 2000.

## DIVIDENDS

The directors of the Company have decided to recommend a payment of a special final dividend of HK\$0.015 per share in respect of the year ended 31st December, 2000 due to the gain on the sales of shares in the Hong Kong Exchanges and Clearing Limited ("HKEC"). Together with the interim dividend of HK\$0.025 per share paid on Tuesday, 31st October, 2000, the total dividend will be HK\$0.04 per share for the year. The proposed special final dividend, if approved at the forthcoming annual general meeting, will be payable in cash on Thursday, 3rd May, 2001 to shareholders whose names appear in the register of members of the Company on Friday, 20th April, 2001.

## PUBLIC OFFER AND PLACING

The Year 2000 marked the milestone in the history of the Group as the Company was successfully listed on the Stock Exchange on 28th September, 2000. A total of 125,000,000 new shares of the Company were issued at an offer price of HK\$0.55 per share resulting in net proceeds of approximately HK\$56 million being raised by the Company.

Since listing, the Group has utilised approximately HK\$5 million of the proceeds from listing for expansion of the margin financing business which contributed favourably in the hefty increase of approximately 388.5% in interest income from margin and other financing activities in 2000. The Group has also invested approximately HK\$0.5 million in technology-related areas out of the proceeds from listing and has committed to invest approximately another HK\$0.7 million. In addition, approximately HK\$5.8 million was utilized to enhance the Group's underwriting capability. The Group has utilised about HK\$11 million as general



working capital. The balance of the net proceeds as at 31st December, 2000, of approximately HK\$33 million was placed on short-term deposits with financial institutions in Hong Kong and will be used for the expansion of the Group's margin financing business, investment in technology-related areas and to develop the Group's corporate finance business.

#### **THE FUTURE**

The Hong Kong securities industry is facing enormous challenges and is subject to drastic potential changes in the coming years. Although the extent of the effect of the abolishment of the minimum commission rate in 2002 and the possible passing of the proposed controversial Securities and Futures Bill is not yet certain, the Group has taken steps to prepare for the changes. The Group has expanded its range of services by diversifying into the asset management business and corporate finance services; it has invested substantially in technology-related areas, including its own electronic trading system, now successfully connected to the AMS/3 of the Stock Exchange. Such investment will continue in the future. The Group also plans to launch its internet trading service in the second quarter of 2001. It will also continue to pursue a policy of expanding its market and trading capability through selective opening of new branches, strategic alliances, mergers and acquisitions. It is believed that such steps together with the solid shareholders' funds base after listing will enable the Group to move forward to meet the challenges ahead.

I would like to take this opportunity to express my sincere gratitude to my fellow directors and to all our employees for their dedication and hard work.

**Ong Leong Huat**  
*Chairman*

Hong Kong, 23rd February, 2001