

## Chairman's Statement

I hereby present to the shareholders the annual report of the Company for the year ended 31st December, 2001.

### REVIEW OF OPERATIONS

2001 was a difficult year. The three global economic locomotives, that is, US, Europe and Japan, all ran out of steam. Export driven economies across the globe were hard hit during the year. The global economic downturn, volatile stock markets and high unemployment rates adversely affected the Asian economy. The downturn of the global economy was further aggravated by the repercussions of the terrorist attack of 11th September. This incident greatly reduced the short-term visibility of the global economy and stock markets.

During the year, Hong Kong was affected by the global economic downturn and experienced a tough and adverse operational environment. The local stock market had a volatile year. Property prices continued to fall whilst the property market remained generally sluggish. Despite several interest rate cuts, the poor investment sentiment and weak residential loan demand have led to keen competition in the mortgage loan sector.

The Group recorded a total turnover of HK\$74.2 million for the year. Following the disposal of a significant portion of mortgage loan portfolio in the second half of year 2000 and with the continued sluggish loan demand, turnover for the year generated from mortgage finance decreased significantly. Amid the volatile stock markets, the Group incurred an unrealised holding loss on other investments in securities of HK\$37.5 million. The Group achieved an operating profit of HK\$4.3 million before accounting for the above unrealised holding loss and recorded loss attributable to shareholders of HK\$32.1 million when such loss was included. Even in the face of difficult economic environment, the Group is still debt-free and continues to maintain a very strong liquidity position with total cash and bank balances amounted to HK\$140 million at the year end.

### PROSPECTS

Soaring unemployment rate and weak consumer demand will continue to put pressure on the local economy. With the anticipated gradual recovery of the US economy, it is expected that the local economic environment will improve but such improvement will largely depend on the pace of recovery in the US. The Group is cautiously optimistic as to the long-term prospects of the local economy. With its strong financial position, the Group is able to meet the challenges and difficulties ahead and will continue to seize opportunities for growth in a cautious and prudent manner.

### APPRECIATION

On behalf of the Board of Directors, I would like to extend my sincere appreciation to the management and all of our staff for their dedicated service during the year.

**Ning Gaoning**  
*Chairman*

Hong Kong, 18th March, 2002