

# Chairman's Statement

On behalf of the Board of Directors of Magnum International Holdings Limited ("the Company") I wish to present the results of your Company and its subsidiaries ("the Group") for the financial year ended 31st December 2001.

## **BUSINESS REVIEW**

For the year ended 31st December 2001, the Group recorded a turnover of HK\$14.3 million and a loss before tax of HK\$51.9 million. The turnover of the Group decreased by HK\$22.0 million as compared to that of the year ended 31st December 2000. Since the Group's major business is securities dealing and margin financing, such significant reduction in turnover was in line with the decrease in the overall market transaction volume of the Hong Kong stock market and the continuous decline of the Hang Seng Index in the year under review. The loss before tax for the year increased from HK\$18.8 million in 2000 to HK\$51.9 million in 2001. The significant increase in loss before tax include HK\$22.7 million exchange losses realized upon cessation of the operation of the Philippines subsidiary. In addition, the loss before tax in current year include provision for unrealized losses for investments, provision for doubtful debts, diminution in value of the investment properties and financial cost on borrowings.

During the year under review, your Board decided to cease the operation of the Philippines stock brokering business for an indefinite period in view of the unfavourable business performance as well as the unfavourable business prospects. The operation and revenue of the Philippines stock brokering business turned from bad to worse. The Asian financial crisis in 1997 and the political instabilities affected the stock market of the Philippines and trading volume reduced significantly. The situation worsened after the incident on 11th September 2001 in the United States of America.

## **FUTURE PROSPECTS**

The Group is constantly looking for new business opportunities but will exercise extra caution in the midst of the current unstable economic environment. The management continues to carry out and implement plans to strengthen the core business whilst containing costs with the objective of placing the Group on a better footing.

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## APPRECIATION

I would like to thank our value customers, bankers, all business partners and shareholders, for their continued support to the Group any my fellow directors and staff for their hard work and loyalty.

**Lim Teong Leong**

*Chairman*

Hong Kong

16th April 2002