

## Chairman's Statement

I am pleased to report the activities of the Group for the year ended 31 December 2001.

### BUSINESS REVIEW

The stock market was very quiet throughout the year 2001 when compared to last year especially the robust first three months of 2000. The 11 September incidence in the US shattered stock markets around the world and aggravated the worldwide recession. Notwithstanding that property sales particularly on newly developed housing blocks have been stimulated, the low interest rate has not roused much investment confidence in the stock market.

Due to low turnover in stock and futures markets, commission income from securities and commodities broking as well as underwriting commission and share margin finance interest was greatly reduced. However, turnover from internet trading steadily increased as we offered incentive commission to online clients during the year. Trading activities produced a gain as a result of the increase in market value of securities investment. Corporate advisory business had improved.

The personal loan portfolio increased by four times and the clientele expanded from local individuals to overseas domestic helpers. The operation has already reached break-even point and started to make a contribution to the Group.

In order to combat the unfavourable market conditions, the Group implemented cost control measures. Headcounts and salaries were reduced and administrative expenses tightened.

Overall, the Group's turnover dropped approximately 52% to HK\$127 million and the net profit dropped approximately 16% to approximately HK\$20 million for the year 2001.

### OUTLOOK

A recovery is underway in the US and the worldwide economy is expected to soon follow. China's admission to the World Trade Organisation and its hosting of the Olympic Games in 2008 will provide good business opportunities to Hong Kong.

The Group will continue to adopt a lean and mean approach for its operations but without sacrificing the quality of services. We will capitalize on the exposures of the Group both locally and in the PRC to expand the scope of businesses.

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### APPRECIATION

On behalf of the Board, I wish to express my gratitude to our shareholders and clients for their support and all our staff members for their hard work and dedicated service.

By Order of the Board

**Ng Hung Sang, Robert**

*Chairman*

Hong Kong Special Administrative Region of  
the People's Republic of China

24 April 2002