

Financial Review

Financial Performance

Turnover

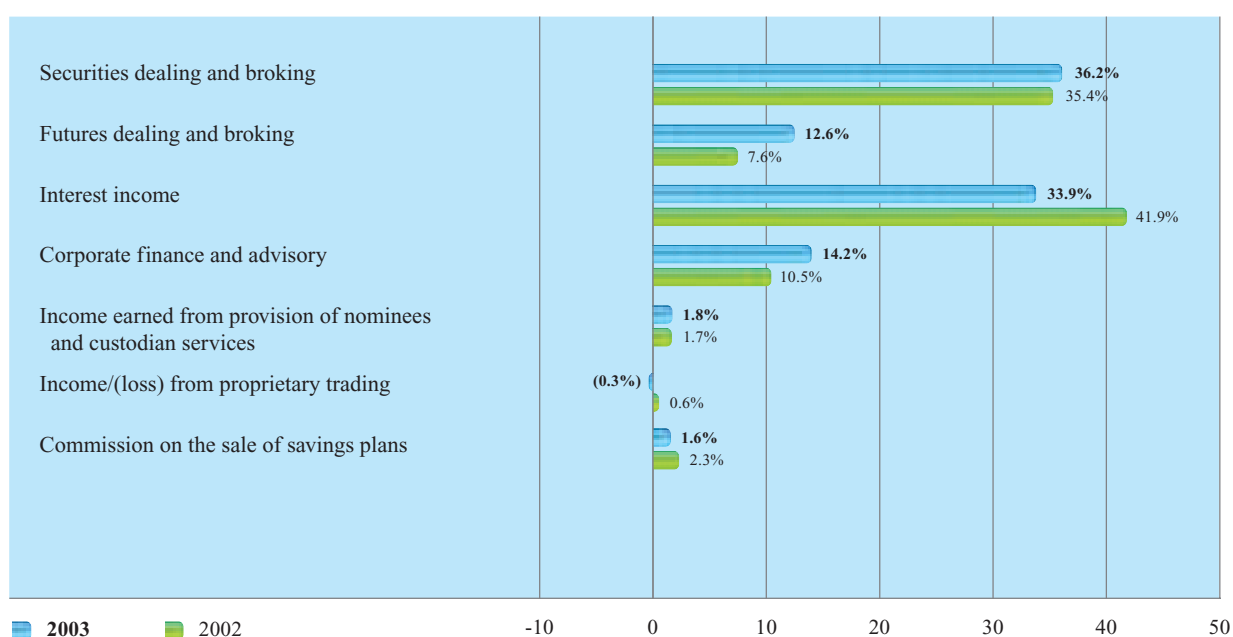
Turnover of the Group for the year ended 31 March 2003 increased by 1.15% to HK\$274 million (2002: HK\$271 million).

A summary of the turnover from different operations of the Group is set out below: –

Turnover	2003 HK\$'000	2002 HK\$'000
Securities dealing and broking	99,209	95,801
Futures dealing and broking	34,432	20,465
Interest income	92,838	113,485
Corporate finance and advisory	38,924	28,410
Bullion contracts dealing and broking	94	70
Income earned from provision of nominees and custodian services	4,711	4,628
Fund management	187	55
Income/(loss) from proprietary trading	(958)	1,677
Commission on the sale of savings plans	4,342	6,078
	273,779	270,669

Turnover Breakdown

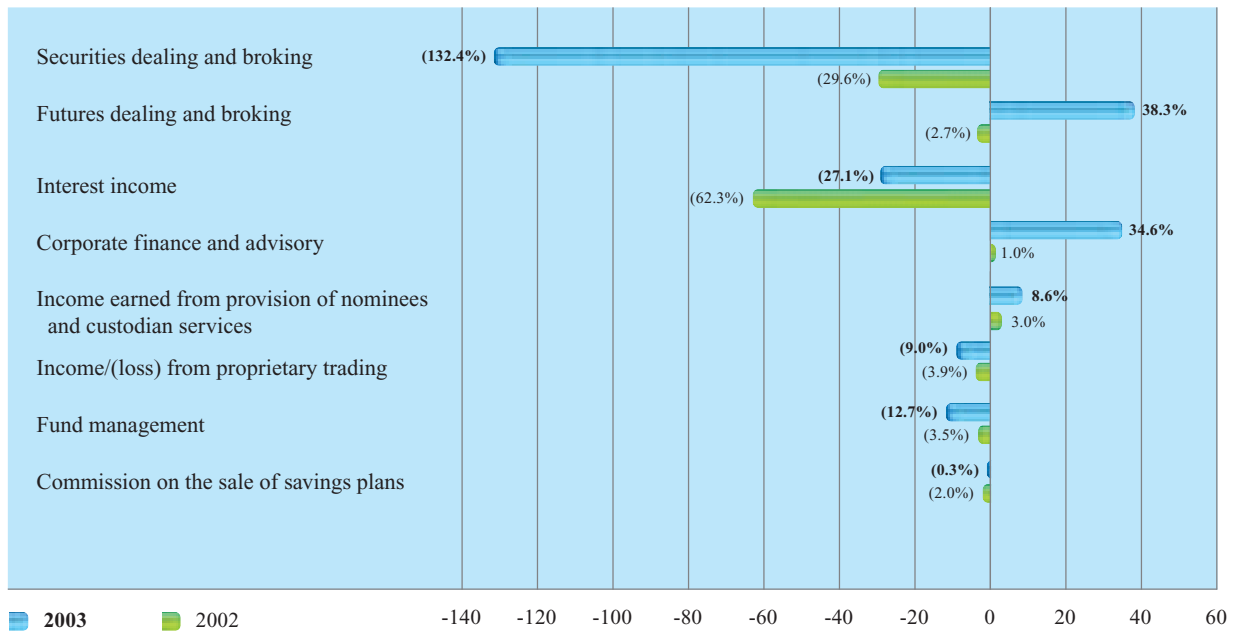
Year ended 31 March





Operating Profit Breakdown

Year ended 31 March

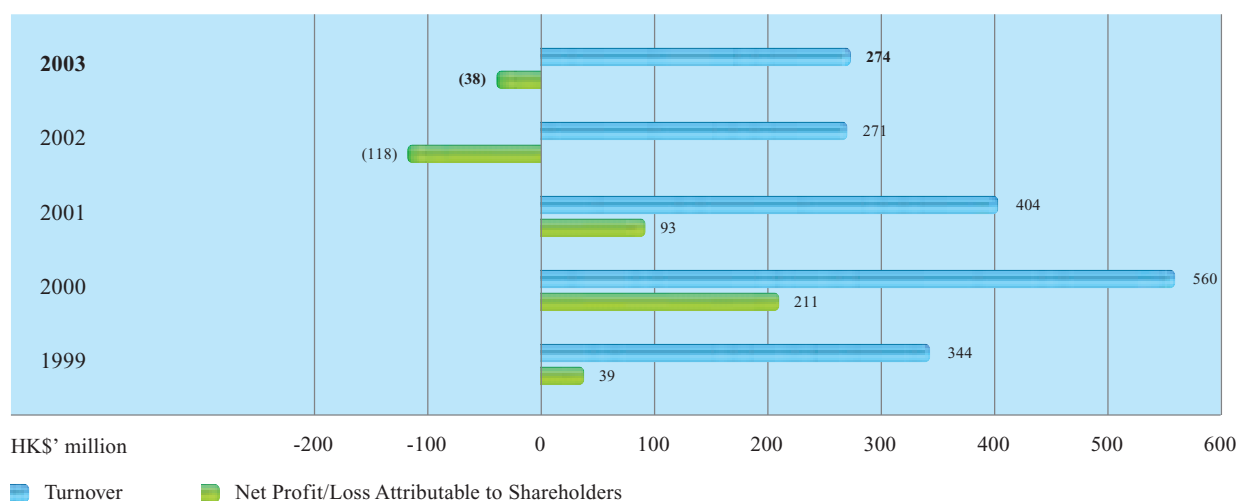


Net Loss Attributable to Shareholders

Net loss attributable to shareholders significantly reduced by 67.66% to HK\$38 million compared with HK\$118 million in 2002.

Turnover and Net Profit/Loss Attributable to Shareholders

Year ended 31 March



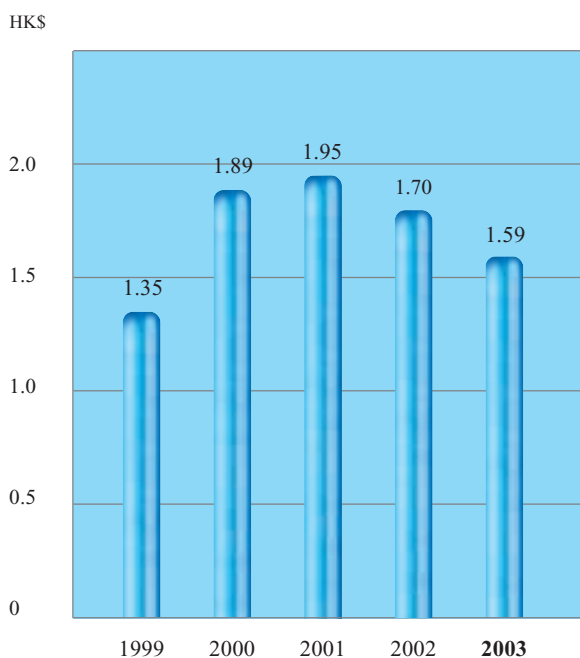
Capital Structure and Treasury Policies

Capital Structure

The Company has not issued any additional shares during the year.

During the year, the Company has made share repurchases of a total of 4,640,000 of the shares of the Company on The Stock Exchange of Hong Kong Limited to enhance the net assets value per share of the Company. As at 31 March 2003, the total issued share capital of the Company stood at HK\$47,563,370 comprised of 475,633,699 shares of HK\$0.10 each.

Net Assets Value Per Share



Treasury Policies

The business activities of the Group are funded by bank borrowings, unsecured loans and cash generated from operating activities. Majority of the Group's bank borrowings are renewable on a yearly basis and are subject to floating interest rate.

The Group's financial risk management strategies include extending the tenor of facilities, diversifying the funding sources, spreading out the maturity dates to manage interest rate risk exposure.

The Group considers that fluctuations in exchange rates do not impose a significant risk to the Group since the level of foreign currency exposure on non-HKD assets and liabilities is relatively immaterial as compared with its total assets value or outstanding debts.

Liquidity and Financial Resources

As at 31 March 2003, the Group has cash and bank balances of HK\$62 million (2002: HK\$40 million). Short term and long term investments were HK\$5 million (2002: HK\$11 million) and HK\$31 million (2002: HK\$47 million) respectively. 89% of the long term investments were investments in listed equity securities in Hong Kong and were stated at market value.

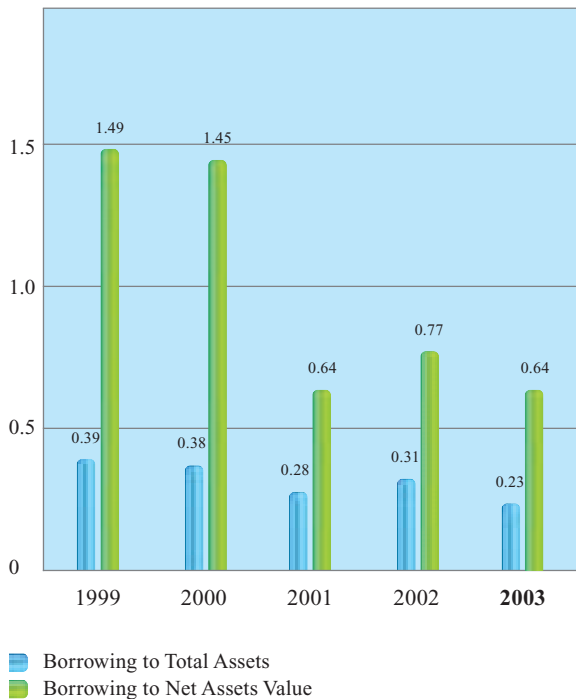
Both the current ratio (current assets/current liabilities) and the ratio of borrowings to total assets as at 31 March 2003 maintained at satisfactory level of 1.47 (2002: 1.58) and 0.23 (2002: 0.31) respectively. The Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 64% (2002: 77%). The decrease in the gearing ratio was due to the reduction of total borrowings. Total borrowings, which were classified under current liabilities, amounted to HK\$481 million and bank borrowings comprised 86% (2002: 75%) of the total borrowings and were mainly employed for providing clients with secured loans or share margin financing. As at 31 March 2003, the Group's total banking facilities amounted to HK\$1,405 million, of which HK\$989 million remained undrawn. The interest expense was under tight control during the year and it was reduced by 35% as compared with last year. The ratio of interest income to interest expense showed an



improvement to 5.63 (2002: 4.51). The directors believe that the Group has adequate working capital to service its business activities.

Gearing Ratio

Year ended 31 March



Contingent Liabilities

As at 31 March 2003, the Company has provided corporate guarantees to the extent of HK\$2,007 million (2002: HK\$1,930 million) to secure the general banking facilities granted to subsidiary companies. The amounts drawn down against these facilities at the year end date amounted to approximately HK\$416 million (2002: HK\$472 million).

Corporate guarantees to the extent of US\$4 million (2002: US\$4 million) have been provided by the Company in respect of gold trading facilities granted to a subsidiary; and the Company has provided a corporate guarantee to the extent of HK\$7 million (2002: HK\$10 million)

in favour of the lessor in respect of an operating lease arrangement for leasing computer equipment by a subsidiary.

Material Acquisition and Disposal of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries and associated companies by the Group for the year.

Employees

The Group's total staff costs for the year ended 31 March 2003, excluding directors' emoluments, amounted to HK\$105 million (2002: HK\$142 million). As at 31 March 2003, the Group employed a total of 385 (2002: 392) permanent staff of which 108 (2002: 92) were commission-based staff.

On 23 August 2002, a new share option scheme (the "2002 Share Option Scheme") was adopted while the share option scheme adopted by the Company at its special general meeting on 17 July 1996 and amended by resolution of the directors on 30 July 1996 (the "1996 Share Option Scheme") was terminated to the effect that no further share options shall be granted under the 1996 Share Option Scheme.

A summary of the principal terms of the 1996 Share Option Scheme (only those applicable to the outstanding share options granted under the 1996 Share Option Scheme) and the 2002 Share Option Scheme is set out in note 32 to the financial statements.