

*Balanced Scorecard System*

## Implementation of the Balanced Scorecard

Tai Fook Securities Group is dedicated to providing our customers with comprehensive, quality financial products and services. This year, the Group will strengthen our all round performance by becoming a strategy-focused organization through the implementation of the Balanced Scorecard.

The Balanced Scorecard is a tool for Tai Fook to translate the management objectives of the Group into operational terms, measurable indicators, and indices. Through the four perspectives, namely financial, customer, internal business processes, and learning and growth, Tai Fook management will define the cause-effect relationship of our corporate strategy from a top down approach, analyze the Group's financial performance, and assess customers' value proposition. At the same time, Tai Fook is dedicated to driving corporate innovation and employee empowerment. Tai Fook will encourage staff to learn and grow, and to improve business processes in key areas to enhance profitability, corporate growth, and customer satisfaction. Interacting with and aligning these four perspectives together will make up the strategic map of the Group.

By adopting the Balanced Scorecard, the Group hopes to fulfill its vision by introducing a systematic, measurable management system with the appropriate

key success indicators, synchronizing the strategies of the individual units with the strategies of the Board in order to create synergy, improve efficiency, and ultimately become a strategy-focused organization. Tai Fook plans to apply the Balanced Scorecard initially to the corporate level and further extend it down to the departments and individual level in the coming future.

## Developing the Mainland Market

With the opening up of the financial market in the Mainland, Tai Fook will continue to uphold its philosophy of "Taking roots in Hong Kong and outreaching to China" to become a prominent securities house in the Greater China region. The Group had co-organised many large-scale investment seminars with its PRC counterparts in the past three years to facilitate the exchange of financial information between Hong Kong and China as well as to build a solid foundation for potential partnerships with these PRC counterparts. The promotional and experience sharing activities also provided Tai Fook with an excellent channel to take a close watch on the Mainland's investment market and investors' sentiment.



*Mainland clients enquired our staff about listing and corporate financing issues in an exhibition.*



Prospectus of “CCS Tai Fook China Investment Fund”.

On the Asset Management front, Tai Fook is proactive to develop the China market. We established in September 2003 the “CCS Tai Fook China Investment Fund” jointly with China Merchants – China Communications Securities Limited (CM-CCS), a Hong Kong based company affiliated with the renowned China Merchants Securities Company Limited in the Mainland. We were among the first to set up a China Investment Fund in Hong Kong for public subscription. The Fund is a product of the combined experience of Hong Kong and PRC investment experts, and invests in H-shares and Red chip stocks. The Fund has achieved satisfactory return since its inception.

### Equity Capital Market

With an extensive sales network and a solid capital base, Tai Fook has strong underwriting capabilities in both initial public offerings (“IPO”) and private placements. In order to maintain our position as one of the leading market participants in Hong Kong, Tai Fook actively involved in taking underwriting positions in various sizeable IPOs during 2003. The underwriting exercises completed during 2003 included the IPO of: Sinotrans Limited, Vedan International (Holdings) Limited, Weiqiao Textile Company Limited and Great Wall Automobile Holdings Company Ltd.

Tapping our extensive client base, Tai Fook also actively participated in the fund-raising exercise in the secondary market by acting as the placing agent for 10 listed companies during 2003.

### Customer First

Tai Fook achieved the ISO Quality Management Systems Certification as early as in 1996. To date, seven departments of Tai Fook have received ISO certifications. The Group continues to believe in providing the best services to our customers.

Research items	Satisfaction rate of customers %
Account Executive Trading	90
Online Trading	80
Daily / Monthly Statement	90
Overall Products and Services	80
Payment / Transfer / Electronic Statement	80
Customer Service	80

Result highlights of customer satisfaction survey 2003.

A customer satisfaction survey was conducted in 2003 to learn how customers perceive the quality of our products and services. The survey covered online trading as well as trading through account executives and branches. The results helped us understand our customers better so that different customer groups may be served according to their needs.

In order to have better communication with our PRC customers, the Group has established a Call Center in Shenzhen that provides efficient and convenient support to the Mainland customers.



The Group organized large-scaled investment seminars regularly.

### Staff Training & Development

Tai Fook is proud to be the industry pioneer with a focus on training and development of human assets. We believe that only professional and competent staff can provide quality services to our customers. Though we were affected by SARS for about 3 months last year, we were still able to provide a wide range of training activities to our staff.



*Staff of the Leadership Development Program participated in a climbing competition.*

In this financial year, on top of regular trainings in relation to professional industry knowledge, operations and language training, our focus could be divided into three folds:

- Leadership Development
- Mainland Management Trainees
- Corporate Culture

### Leadership Development

Nine management staff graduated from our Leadership Development Program after attending a series of training workshops and activities for 3 years. Through this program, their overall management capability and leadership skills have greatly enhanced. Now they are well prepared to take up the role of future leaders and will surely make significant contribution to the Group.



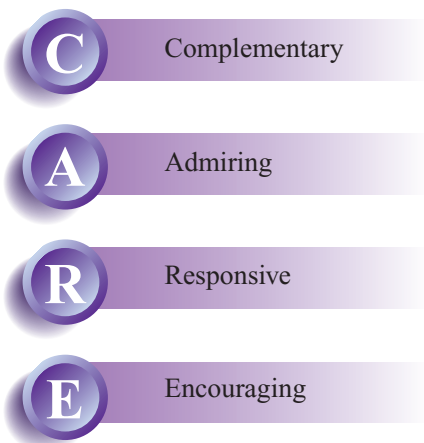
*Staff participated in a Leadership Training Workshop.*

### Mainland Management Trainees

To align with the Group's strategy of expansion into the China market, we recruited six Management Trainees in the Mainland, who all obtained Master Degrees from reputable China or overseas universities. They are undergoing a 2 year on-the-job training within the Group to familiarise with company's culture, operations as well as the management best practices. They will become our assets to assist in the planning and execution of our China related businesses.

### Corporate Culture

A warm and caring corporate culture will not only bring harmony within the Group, but also facilitate its staff to provide superb quality services to our customers. Therefore, we launched a Group wide program to introduce the CARE concept to all staff in Hong Kong and Mainland China last year. CARE stands for:

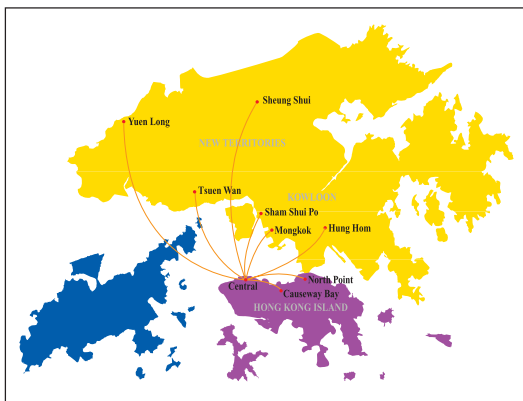


We will keep on cultivating this culture within the Group. Definitely, our cooperative and cohesive staff team will enable us to face any future challenges.

In Tai Fook, we endeavour to develop our human assets to meet both the present and future business needs. With a professional team of staff, we are confident that we can continue to excel in the financial services industry.

### Diversified Products and Services

As a one stop shop for investment products and services, Tai Fook added leveraged foreign exchange trading to its product portfolio last year to let investors with non-discretionary accounts grasp the money-making opportunity through the movement of exchange rates in the international currency market. The Group also launched global futures online trading services to enable investors to trade futures products in leading markets. We believe that it is crucial to maintain and develop our client base through the provision of new investment channels and extensive product mix to suit their requirements.



*In addition to Head Office in Central, we have nine branches in Hong Kong and Macau.*

In order to cope with the growing number of customers, Tai Fook Causeway Bay Branch was relocated to a spacious office in Soundwill Plaza, Causeway Bay, in April this year. In May, we will also be moving our Lam Tin Branch to Chuang’s Hung Hom Plaza, Hung Hom. Customers will enjoy a complete range of retail investment services in these well-equipped, and more spacious new Branches.



*Branch located in Soundwill Plaza, Causeway Bay.*

### Reinforcement of Online Trading Platform

Tai Fook understands the importance of relying on top-notch information technology if it is to achieve success. As online securities trading becomes increasingly in demand, the Group responds quickly to continuously improve and upgrade its online systems to deliver a professional trading platform with up-to-date technology to its online customers. Tai Fook and Hong Kong Post joined hands to promote the e-Cert application to raise investors' consciousness of secured online trading.



*Our Data Centre located in Central.*

What's more, the Group has introduced "Fu Zhong Bao", a real time stock quote service for our Mainland customers with its Chinese user-friendly design that brings about easy and flexible trading experience.

Tai Fook also established iT Technology (Shenzhen) Company Limited for research and development of information technology to further develop our information technology and diversified online services.



*Tai Fook website provides real-time market information and online trading services.*

### Research

Despite the negative sentiment SARS had on the market in the previous year, our Research Department continued to produce quality research reports and sound investment advice to investors. Our scope of work mainly related to macroeconomics, industry specific reports, listed companies, and investment advisory research analysis. Tai Fook has taken advantage of our online presence to distribute these daily market news, company research reports, industry reports, monthly market reports, economic analysis, and listed company announcements to our customers in a timely manner.



The Group has relied on its strong research capability to broadcast the web TV program “Weekly Stock Picks” that recommends 5 hottest stocks of the week to the investors. Our research team offered professional, objective, and timely investment advice to our customers according to our philosophy of “close to the market, close to the customers, and close to the industry”.

### Awards and Achievements

Tai Fook has been established for over 30 years and is renowned for its strong capital base and robust foundation. The Group has been successful in penetrating the finance markets and establishing extensive business networks throughout the Asia Pacific region. In the past four years, Tai Fook received numerous awards and recognition from local and overseas professional bodies that acknowledged our outstanding service; as such our Group is recognised as one of Hong Kong’s leading financial institutions.

In May and December 2003, the Group was again awarded “Best Domestic Equity House” and “Best Brokerage Company” by Asiamoney and Capital Magazine. The winning of the awards for four consecutive years has put Tai Fook in a prestigious position in the local financial services industry. In February 2003, the Group’s success in the information technology area was recognised by the distinguished IT magazine CIO in naming Tai Fook as one of the “CIO 100 Honoree 2003” – CIO Asia’s Annual Index of Asia’s Top Performing Enterprise Users of IT.



Tai Fook won the “Best Brokerage Company” of The Outstanding Information Technology and Finance Enterprise Award by Capital for two consecutive years.



CIO 100 Honoree 2003,  
CIO Asia’s Top Performing  
Enterprise Users of IT



Best Brokerage  
Company



Best Domestic Equity  
House in Hong Kong



ISO9001:2000  
Quality Management  
Systems Certificate

## Community Service and Driving Environmental Protection

Apart from being a professional financial institution, Tai Fook endeavours to serve the community through active participation in activities organised by Community Chest and other charitable organisations. Every year, our Group, together with its 400 plus employees takes part in community activities such as “Dress Casual Day”, “Skip Lunch Day”, “The Community Chest Marathon”, and make contributions to Oxfam Hong Kong, Shelter Society Services Center, regional Kai-Fong Welfare Association and homes for the elderly, etc.

Tai Fook takes an active stance to protect the environment and minimise pollution. The Group has put in place comprehensive programs to encourage employees to use fewer resources, such as electricity, paper, and stationery, etc. to achieve the ultimate goal of saving the environment.



*Mr. Wong Shiu Hoi, Peter, Group Managing Director & Chief Executive and our staff participated in charity marathon.*