

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL RESULTS

During the year under review, the Group recorded a turnover of approximately HK\$324,693,000 (2002: HK\$44,134,000) and a profit of approximately HK\$4,031,000 (2002: loss of HK\$30,009,000 as restated). The substantial increase in turnover was contributed by the investment trading and holding segment. Turnover of this segment was approximately HK\$266,294,000 during the year ended 31 December 2003 (2002: HK\$1,967,000).

The Group's staff costs and other operating expenses decreased by 51% to HK\$31,497,000 for the review period in comparison with last year (2002: HK\$64,034,000).

BUSINESS REVIEW AND PROSPECTS

Broking

Affected by the sluggish local stock market and the outbreak of the severe acute respiratory syndrome (the "SARS"), turnover of our broking business in the first half of 2003 decreased significantly. In April 2003, the Hang Seng Index was as low as 8,409. The average daily trading volume on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the first five months of that year was HK\$6,617 million, compared with HK\$7,487 million in the same period in 2002, representing a decrease of 12%. After suffering from the effect of the depressed economy for few months, the stock market was then fuelled by various favourable news, particularly the SARS being contained in June 2003, coupled with the announcement of the relaxation of mainland travel restriction and the signing of the Closer Economic Partnership Arrangement with Hong Kong by the China officials to boost the local economic activities. The Hang Seng Index finally soared by 50% to 12,594 on 12 December 2003. The upward trend was accompanied by an increase in average daily trading volume during the period from 1 July 2003 to 31 December 2003, which surged by 136% to approximately HK\$13.6 billion compared with the same period in 2002. In late 2003, the local securities market was further boosted by the new issues. The frenzy for IPO intensified by the persistent spectacular performance of new shares, which were mainly leading

財務業績

於回顧年度，本集團錄得營業額約324,693,000港元(二零零二年：44,134,000港元)及溢利約4,031,000港元(二零零二年：虧損30,009,000港元(重列))。營業額大幅上升可歸因於投資買賣及控股分部的營業額上升之故。於截至二零零三年十二月三十一日止年度，此分部錄得的營業額約為266,294,000港元(二零零二年：1,967,000港元)。

於回顧年度，本集團的僱員成本及其他經營開支較去年度下跌51%至31,497,000港元(二零零二年：64,034,000港元)。

業務回顧與展望

經紀業務

受本地股票市況表現呆滯及爆發急性嚴重呼吸系統綜合症(「非典型肺炎」)影響，本集團經紀業務的營業額於二零零三年上半年大幅下跌。恆生指數於二零零三年四月跌至低點8,409點。香港聯合交易所有限公司(「聯交所」)主板截至該年度前五個月的平均每日成交量為六十六億一千七百萬港元，較二零零二年同期的七十四億八千七百萬港元下跌12%。經過數月來經濟不振的影響後，股票市場其後受多項利好消息推動，特別是非典型肺炎於二零零三年六月受到控制，配合中國官員宣佈放寬內地旅遊限制以及與香港簽訂更緊密經貿關係安排，此種種措施均刺激本地經濟活動。恆生指數最終於二零零三年十二月十二日升至12,594點之水平，較低位上升50%。恆指的上升趨勢更加得到由二零零三年七月一日至二零零三年十二月三十一日期間的平均每日成交量上升所配合，該成交量較二零零二年同期相比大幅增加了136%至約一百三十六億港元。於二零零三年年終時，本地的證券市場更進一步受新股熱潮推動。這個新股熱潮由投資者對新股持續不斷的投機性表現所帶動，而有關公司多屬於尋求

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論及分析(續)

state-owned enterprises and quality private enterprises in China seeking their listings in the Hong Kong market, was attractive to retail investors, the main client source of the Group, with an appetite and hope for quick profits.

The substantial decrease in turnover of our broking business during the bearish times in early 2003 was compensated by the increase during the bullish times in late 2003. As a result, turnover of the broking segment was only slightly decreased by 3% to HK\$28,512,000 (2002: HK\$29,365,000). The performance of this segment has a marked improvement in 2003, which was mainly due to the decrease in staff costs and other operating expenses incurred during this year.

Financing

To compensate for the slowdown of activities of the traditional securities brokerage business, the Group has commenced to engage in the money lending business in late 2002 and the results of this business is fruitful. The Group will continue to adopt a prudent and conservative financing policy and a strict control on loan lending as an effort to control the risk level to protect the interests of the shareholders.

Investment trading and holding

In order to further enhance our shareholders' value, the Group has expanded its investment in proprietary share trading. The turnover of this segment has increased substantially from HK\$1,967,000 in 2002 to HK\$266,294,000 in 2003.

在本港市場上市的龍頭國有企業及國內的優質私人企業，對渴望賺取極短線利潤的散戶投資者尤其吸引，當中本集團的主要客戶基礎亦包括在內。

二零零三年上半年股市大跌期間，我們的經紀業務的營業額雖然大幅下跌，但卻被二零零三年下半年股市上升期間的上升所抵銷，故此，此業務分部的營業額僅下跌3%至28,512,000港元(二零零二年：29,365,000港元)。整個業務分部的表現於二零零三年出現重大改善，主要歸因於年內減少僱員成本及其他經營開支。

貸款業務

為彌補傳統證券業務的下滑，本集團於二零零二年下半年開始從事貸款業務，而該業務的表現理想。本集團將繼續採納既穩健及保險之融資政策，以及嚴格監控貸款業務，致力控制風險水平以保障各股東的利益。

投資買賣及控股業務

為進一步提升股東之回報，本集團已擴展其於自有股份買賣之投資。此業務分部之營業額由二零零二年之1,967,000港元大幅增加至二零零三年的266,294,000港元。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論及分析(續)

FINANCIAL REVIEW

Liquidity, Financial Resources and Funding

At 31 December 2003, the Group had net current assets of HK\$223,795,000 (2002: HK\$213,291,000).

At 31 December 2003, the Group had cash reserve of approximately HK\$90 million (2002: HK\$59 million), which included approximately HK\$61 million (2002: HK\$32 million) of client's funds that were kept in designated segregated bank accounts. Most of the cash reserves were placed in Hong Kong dollar short-term deposits with major banks in Hong Kong.

The gearing ratio as at 31 December 2003 was 54% (2002: 5%). The gearing ratio was derived by dividing the aggregate of bank borrowings and other borrowings by the amount of shareholders' equity. The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 198% (2002: 355%), reflecting adequacy of financial resources.

The Group's debt capital structure changed considerably from the structure at the end of 2002. The Group has outstanding bank overdrafts of approximately HK\$128,057,000 as at 31 December 2003 (2002: HK\$8,866,000). The bank overdrafts were denominated in Hong Kong dollars and interest bearing at prevailing commercial lending rates. Listed investments belonging to clients were pledged to secure these bank overdrafts. These overdrafts were used to finance the Group's operations. We expect that all these borrowings will be repaid by internal generated funds.

Taking into account the financial resources available to the Group including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present requirements.

財務回顧

流動資金、財務資源及融資

於二零零三年十二月三十一日，本集團之流動資產淨值為223,795,000港元(二零零二年：213,291,000港元)。

於二零零三年十二月三十一日，本集團約有現金儲備90,000,000港元(二零零二年：59,000,000港元)，包括存放在指定獨立銀行賬戶內的客戶資金約61,000,000港元(二零零二年：32,000,000港元)。大部份現金儲備均存放在香港主要銀行作為港元短期存款。

於二零零三年十二月三十一日之負債比率為54%(二零零二年：5%)。負債比率為銀行借款及其他借款的總和除以股東資金總額。本集團之流動資金比率(流動資產對流動負債之比率)為198%(二零零二年：355%)，反映本集團具備足夠財務資源。

本集團之債務資本架構與二零零二年年末比較起來有重大改變。本集團於二零零三年十二月三十一日有未償還之銀行透支約128,057,000港元(二零零二年：8,866,000港元)。銀行透支以港元為單位及以現行商業貸款利率計息。屬於客戶之上市投資已用作擔保該等銀行透支。該等透支乃用於撥付本集團之營運所需。本集團預期上述所有借貸將以內部資金償還。

連同本集團可用財務資源(包括內部資金及可用銀行信貸)，本集團有足夠營運資金應付現時需要。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論及分析(續)

Pledge of Assets

At 31 December 2003, listed investments belonging to clients with total market value of approximately HK\$405 million (2002: HK\$28 million) were pledged to banks to secure overdraft facilities granted to the Group.

Capital Structure

In December 2003, the Company undertook a capital reorganisation. The reorganisation included the following:

- (a) each of the issued share of HK\$0.10 each was subdivided into 5 shares of HK\$0.02 each and each of the unissued share of HK\$0.10 each was subdivided into 10 new shares;
- (b) the nominal value of each of the subdivided share of HK\$0.02 each of the Company in issue was reduced to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.01 on each issued subdivided share so that the issued share capital of the Company of HK\$60,000,000 was reduced by HK\$30,000,000 to HK\$30,000,000;
- (c) the entire amount of approximately HK\$43,652,000 standing to the credit of the share premium account of the Company was reduced to zero; and
- (d) the credit arising from the capital reorganisation was transferred to the contributed surplus account of the Company and an amount of approximately HK\$88,986,000 standing to the credit of the contributed surplus account was applied to eliminate the whole accumulated losses of the Company of approximately HK\$88,986,000 as at 30 June 2003.

Apart from this, there was no change in the Company's capital structure during the year ended 31 December 2003.

資產抵押

於二零零三年十二月三十一日，本集團將總市值約405,000,000港元(二零零二年：28,000,000港元)屬於客戶之上市投資抵押予銀行，作為本集團獲授透支額之擔保。

股本架構

於二零零三年十二月，本公司進行股本重組。重組包括下列各項：

- (a) 每一股面值0.10港元已發行股份分拆為五股每股面值0.02港元股份及每一股面值0.10港元未發行股份分拆為十股新股份；
- (b) 本公司已發行之每股分拆股份面值由0.02港元削減至0.01港元，即註銷每股已發行分拆股份之繳足股本0.01港元，使本公司已發行股本由60,000,000港元削減30,000,000港元至30,000,000港元；
- (c) 本公司股份溢價賬進賬全部金額約43,652,000港元削減至零；及
- (d) 股本重組所產生之進賬轉撥本公司實繳盈餘賬，而實繳盈餘賬進賬金額約88,986,000港元乃用以抵銷本公司於二零零三年六月三十日之累計虧損約88,986,000港元。

除上述者外，本公司股本架構於截至二零零三年十二月三十一日止年度內並無任何變動。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論及分析(續)

Exchange Rate Risk

The Group is exposed to a very limited level of exchange risk as the business transactions of the Group are mainly denominated in Hong Kong dollars.

Material Acquisitions and Disposals of Subsidiaries

The Group had no material acquisition and disposal of subsidiaries during the year ended 31 December 2003.

Human Resources

As at 31 December 2003, the Group had 46 employees.

The Group remunerated its employees mainly based on the individual's performance and experience. Apart from the basic remuneration, discretionary bonus and share options may be granted to eligible employees by reference to the Group's performance as well as individual's performance.

The Group will continue to emphasise on staff training and total quality management to better prepare its staff for the upcoming changes and challenges in the market and industry.

匯率風險

由於本集團之業務交易主要以港元為單位，故本集團面對之匯兌風險相當有限。

重大收購及出售附屬公司

本集團截至二零零三年十二月三十一日止年度內並無涉及附屬公司之重大收購及出售事項。

人力資源

於二零零三年十二月三十一日，本集團共有46名僱員。

本集團主要按個別員工之表現及經驗釐定僱員薪酬。除基本酬金外，本集團亦會按本集團業績及個別員工表現向合資格僱員發放不定額花紅及購股權。

本集團將繼續重視員工培訓及全面品質管理，使員工能作好充份準備，面對市場及行業未來的轉變及挑戰。