

# Chairman's Statement



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A silver lining appeared from cloud upon a turn-around from the austere market conditions since July 2003. A sharp rebound in the stock market has seen the investors resume their confidence following a series of supportive program including relaxation of travel barrier for the mainland tourists ("Individual Travel Scheme"), and further detailing of Closer Economic Partnership Arrangement ("CEPA"). The improving Hong Kong economy, a rallying stock market, numerous high-profile China-related listings and speculation about a revaluation of the yuan, sent a wave of foreign capital flowing into Hong Kong, resulting in a sharp rising of Hang Seng Index to the highest of 13,928 in February 2004 from the lowest of 9,602 in July 2003 during the financial year under review. However, amid fears the tightened macroeconomic control measures pursued by the China government, Hang Seng Index which closed at 12,285 at the financial year ended 30 June 2004 has been adjusted downwards by 11.8% from the peak of this financial year.

Tanrich Financial Holdings Limited ("Tanrich" or the "Group") achieved an encouraging profit attributable to shareholders of HK\$26.3 million for the year ended 30th June 2004, representing an increase of HK\$16.1 million, or 157.8%, over that of HK\$10.2 million for year ended 30th June 2003. Basic earnings per share was HK13.1 cents (2003: HK5.1 cents). Turnover increased to HK\$132.4 million, representing an increase of 4.5% over the corresponding period in 2003, while operating profit boosted to HK\$29.0 million by 124.8% over last year's HK\$ 12.9 million.

The Board of Directors recommended the payment of a final dividend of HK1 cent per share for the year ended 30th June 2004 (2003: HK1 cent), together with an interim dividend of HK1 cent per share, the total dividend for the year would be HK2 cents per share. The shareholder's fund is reserved for the Group's businesses further development and expansion in the coming year.



**Mr. Yip Man Fan**  
*Founder & Chairman*

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Notwithstanding the volatile market conditions during the year under review, we achieved such gratifying results which were attributed to our continued efforts in diversifying businesses, successful strategic investment tactics in proprietary trading and benefits from office rental deduction.

Benefiting from the recovering economy and numerous powerful initial public offerings, our securities broking and securities margin financing businesses turned around to a total profit of HK\$2.3 million from losses, represented 7.9% of the Group's operating profit. We committed to continue expanding such businesses and broadening our client base in the coming future.

Even though the operating profit of our futures broking business recorded HK\$15.6 million, dropped by 38.1% compared with the corresponding period of last year, we still maintained the market share of around 76.6% in Hong Kong for Japanese commodity futures trading on Tokyo Grain Exchange ("TGE") in terms of trading volume for the year ended 30 June 2004.

Needless to say, the impressive achievements would not be possible without competent staff and management. On behalf of the Board, I would like to express my appreciation to the staff and the management for their continuous dedication and commitment that contributed to success in an improving, but volatile economy and business environment in 2004.

Lastly, we would like to thank our valuable shareholders, customers for their valuable support and encouragement and, more importantly, we would like to share with you our success in the years to come.

On behalf of the Board,

**Yip Man Fan**

*Chairman*

Hong Kong, 8th September 2004