

## CHAIRMAN'S REPORT



The net profit attributable to shareholders was \$56,722,000, decreasing 55% from that of 1999.

In 2000, consumer markets in Hong Kong were under severe strain as the overall economy continued to be depressed. Our sales of gold and gem-set jewellery suffered a sharp decline in line with the overall trend.

In Taiwan, we recorded steady sales and satisfactory contribution to the Group's profits. Gaining wide recognition as a brand, Emphasis has established itself as a leader in the local market.

Taking another strategic step in the Mainland, we have started a joint-venture in Qingdao to manufacture jewellery there. Later on the business will be expanded to retailing in Shangdong and further afield.

Profits from the securities brokerage business in 2000 increased, thanks to the activity generated by the interest in information technology stocks at the beginning of the year. Our Internet securities-trading platform went online as [www.338.net](http://www.338.net) during the year and it put us amongst the first successful brokers in fully implementing straight-through processing with the AMS/3 system of the Hong Kong Stock Exchange.

We do not expect consumer spending to see much improvement in 2001. We expect the securities broking business to be very difficult, as banks elbowed their way into the business in the middle of a very cautious market, and at the same time as online brokers offered deep discounts on commission. In such difficult times, we must maintain our competitive edge and keep our costs down. We shall continue our careful expansion in the Mainland and increase our profitability in Taiwan. We shall exploit our technological advantage in securities broking to offer new products and services, and to expand our client base.

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Members of the Board and of the staff were deeply saddened when Mr Chow Kwen Yum, one of the founders of the Group, passed away on 19 February 2001. Over the years his contribution to the Group was incalculable, his enthusiasm for work and his leadership inspirational. He will be missed by us all.

On behalf of the Board, I wish to thank our shareholders for their unstinting support and our staff for their hard work. A special note of gratitude is due to Mr Chan Chak Lam, who is retiring as director but does not wish to seek re-election. He has given outstanding service both in the management and on the board, and we wish him all the best.



**Chow Kwen Lim**

*Chairman*

Hong Kong

10 April 2001