

# Management's Statement

On behalf of the Board of Directors, I am pleased to present to you the Group's annual report and audited financial statements, for the year ended March 31, 2002.

## Financial results

The Group recorded a net profit attributable to shareholders of HK\$14 million for the year.

## Business review

For the financial year under review, the Hang Seng Index dropped from 12,760.64 in April 2001 to 11,032.92 by the end of March 2002, representing a decrease of 13.5%.

Our economy slowdown which was further worsen by the terrorist attack of 911 in the USA. This tragic incident had a direct adverse effect on both our economy and the stock market.

Despite such an adverse market in general, our investment portfolio shows a very encouraging performance. The total realised and unrealised gain on our listed portfolio was approximately HK\$15.5 million, and the net asset value per share of the Company raised by approximately 16.3%.

## Prospects

Indications that the Fed interest rates will be on hold for the coming few months and expectation that our economy is bottoming out have led to the market rebound further since our year end.

We expect the stock market could be driven up by liquidity flows although in the absence of major drivers, the upside will be limited. However, once factors such as local confidence improve or signs of economy recovery will push the market beyond the barrier.

The inflow of fund from the Qualified Domestic Institutional Investors (QDII) scheme in the second half of 2002 may also be a stimulus for the local stock market.

On the local side, concerns regarding the record of high unemployment rate, contracted retail sales and persist deflation may lead to investors predict that the pace of economic recovery may be more sluggish than expected.

The abolishment of the PRC tourist quota system and the city wide summer promotion campaign "Mega Hong Kong Sale" organised by the Hong Kong Tourism Board will provide opportunity for the local retail sector and assist in recovery of our economy and consumer confidence.

On the other hand, concerns of another US invasion, violence attack in the Middle East and tension between India and Pakistan may send the index down.

## Financial Review

As at March 31, 2002, the Group had cash and bank balances of approximately HK\$7.5 million (2001: HK\$3.6 million) and had no other borrowing.

## Appreciation

I would like to take this opportunity to extend my sincere thanks and express appreciation to those who have supported us during the year.

**Li Kwok Cheung, George**  
*Executive Director*

Hong Kong, June 10, 2002