



I am pleased to present to our shareholders, the annual results of Hong Kong Fortune Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st December, 2002.

### RESULTS

The Group's audited turnover for the year ended 31st December, 2002 was HK\$92,999,000 (2001: HK\$39,656,000), representing an increase of 1.35 times over the corresponding period in 2001.

The Group's audited net profit from ordinary activities attributable to shareholders for the year ended 31st December, 2002 was HK\$105,247,000 (2001: net loss of HK\$4,025,000). The increase in net profit for the year was mainly due to the gains on disposal of a subsidiary and an associate, and a decrease in finance costs due to the repayment of all the interest-bearing loans during the year.

### OVERVIEW

The year 2002 was a year of growth and improved performance for the Company, despite the challenging global business environment.

During the year, the Group adopted the strategy of diversifying into the potentially lucrative retail industry. Apart from the existing large scale cash-and-carry warehouse store, another store was opened recently in Wuhan, the People's Republic of China (the "PRC").

Meanwhile, as Shanghai's property market is now recovering steadily, in order to maximize returns for shareholders, the Group is examining a number of development plans for the Group's further development of its prime real estate in Shanghai, PRC.

### PROSPECTS

The Group's business is concentrated in South-East Asia with a strong focus on the PRC. With the steady economic growth in the PRC, which brings along with the increased purchasing power and higher demand for better living standard, the Group is in a strong position to take advantage of the economic boom in the PRC based on the Group's extensive experience and network in the PRC.

**PROSPECTS** (Continued)

We expect that 2003 will continue to be a challenging year. In the year ahead, the Group will consider for further expansion in its retail business, and continue to focus on developing its existing real estate business as well as seeking other opportunities to diversify into logistics business in the PRC, in order to strengthen its earning base. The Directors believe that this strategic diversification is in the best interest of the Group, enabling it to create greater value for shareholders.

**ACKNOWLEDGEMENT**

I would like to express our gratitude to shareholders for their continued support to the Group and to the Directors and staff members of the Group for their commitments and dedicated services in past years.

**Soopakij Chearavanont**

*Chairman*

11th April, 2003