

Management Discussion and Analysis

管理層討論 及分析

OVERVIEW OF 2002

Impacted by talk of war, terrorism and recession, global stock markets headed by the US markets responded to the uncertainty with shrinking turnover and sliding indices. Meanwhile, the Hong Kong government pursued a deflationary policy as an alternative to currency measures, which further affected local market sentiment. The local Hang Seng Index (HSI) lost 18% in 2002 closing at 9,321 points and turnover further shrank to a daily average of HK\$6.47 billion vs. HK\$8.0 billion in 2001.

Notwithstanding the difficult economic climate, the Group managed to enlarge our market share and remain profitable in 2002, largely as a result of our ongoing efforts to diversify our products and services.

Our involvement as a Liquidity Provider (LP) of derivative warrants and Equity Linked Instruments (ELIs) for several leading issuers and international investment banks provided a significant income stream.

Another valuable income source came from the third party execution and clearing services we provide to non-exchange participants. We are hopeful that the income derived from this area will continue to grow and partially compensate for the slowdown in traditional brokerage income.

二零零二年綜覽

在戰爭、恐怖主義和經濟衰退等不明朗因素的影響下，跟隨美股走勢的全球股市在成交額及指數方面均呈萎縮下滑之勢。與此同時，港府實行通縮政策，以取代干預現行貨幣之措施，使本港市場氣氛進一步受影響。本港恒生指數(恒指)在二零零二年下跌了18%，收9,321點；而成交額亦低見每日平均只有64.7億港元，較二零零一年的80億港元為低。

縱使經濟不景，但憑着集團努力不斷實行產品與服務多元化，集團於二零零二年仍能擴大市場佔有率及錄得盈利。

集團為數間首要的衍生認股權證及股票掛鈎票據發行人及國際投資銀行擔任流通量提供者，帶來了重大的收入貢獻。

集團另一個收入來源乃來自為非聯交所參與者提供第三方交易執行及結算服務。集團寄望這項收入會繼續增長，可幫補傳統經紀服務收入的放緩。

Capital raising activities also remained buoyant despite the general bearish market in Hong Kong. A total of 117 initial public offerings (IPOs) were brought to the market in 2002, most being China-affiliated stocks. While the receivership of Euro-Asia Agricultural (Holdings) Company Limited damaged investor confidence on the quality of China-based companies, and reduced the number of IPOs covered in the second half, we remained an active participant being involved in 73 placements and under-writings for IPOs and covered warrants, including such prominent issues as BOC Hong Kong (Holdings) Limited and CK Life Sciences Int'l., (Holdings) Inc.

The 12 consecutive years of economic recession in Japan has resulted in a market with zero interest rate and little expectation of revival in the short term. On the other hand, China's success in joining the World Trade Organization (WTO) suggests there is major business potential in the China market. This should present Japanese investors with an alternative investment opportunity to their local market. Our North Asian Sales Department exploited this opportunity by providing the necessary expertise to bridge the gap between Japanese investors and the China market, by supplying Japanese information and arranging visits to China for their better understanding of the market.

REVIEW OF OPERATIONS

Securities Broking

The year 2002 saw severe declines in many of the world's major stock markets, most notably in the US and Europe, with investor confidence impacted by doubts over the strength of global economic recovery and concerns over

儘管香港大市向淡，但集資活動仍然活躍，二零零二年共有117次首次公開招股 (IPO)，當中大部分都是中資股。雖然歐亞農業(控股)有限公司被接管事件打擊了投資者對中國背景公司的信心，令下半年公開招股的數目有所減少，但集團仍積極參與了73次公開招股及備兌認股權證的配售及包銷，當中包括中銀香港(控股)有限公司及長江生命科技集團有限公司等。

日本經過連續12年的經濟衰退後，產生一個零利率市場，短期內復甦機會渺茫。另一方面，中國成功加入世界貿易組織(WTO)，意味著中國市場商業潛力龐大，將可給予日本投資者在本土市場以外的投資新天地。集團的北亞營業部捉緊此商機，為日本投資者到華投資提供專業服務，並提供有關資料及安排他們到華視察，使他們能進一步了解中國市場。

業務回顧

證券經紀業務

全球各大股市於二零零二年均見顯著下滑，特別是歐美股市，原因是投資者對全球經濟復甦速度存疑，對企業不當行為感到憂慮，投資信心受挫。年初，投資者仍因美國經濟有跡象從谷底反彈而對市場樂

corporate malfeasance. At the beginning of the year, optimism in regard to the bottoming out of the US economy and investment confidence as a result of aggressive fiscal and monetary policy, stimulated a sharp rebound across Asia. However, the Hong Kong market reverted to bearish sentiment domestically due to reduced investor confidence and concerns over a steepening Hong Kong budget deficit, sluggish consumption spending and depressed property prices during the second half of the year.

The turnover and brokerage income of our traditional stockbroking business has declined in line with the overall slowdown of the market. However, continued efforts to upgrade the quality of our sales executives with ongoing training programmes for products such as leveraged foreign exchange, Equity-Linked Instruments, mutual funds and bonds have allowed us to diversify our income stream and reduce reliance on equities brokerage income as the prime source of revenue.

Looking forward, our new Sales Administration Management System (SAMs) is being launched in 2003, providing our account executives with better access to client, market and trade information, and enabling our sales force to improve our customer service vis-a-vis similar securities services offered by banks or peer firms. With the deregulation of the minimum brokerage scheme in April 2003, various promotional schemes have also been planned to expand our asset base, while new sales executives are being continually recruited to further consolidate our position as a leader in the current competitive environment.

觀，並因其積極進取之財政及貨幣政策而重拾投資信心，刺激亞洲股市大幅反彈。然而，由於本港財赤日趨嚴重，消費疲弱及物業價格下跌，投資者信心減退，使港股於下半年回落。

傳統股票經紀業務的營業額及佣金收入隨大市滑落而下跌。然而，集團透過開辦有關槓桿外匯、股票掛鈎票據、互惠基金及債券等產品的持續培訓課程，不斷努力提升其經紀質素，讓集團能擴闊收入基礎，減少倚賴股票經紀佣金作為其主要之收入來源。

展望將來，新的銷售行政管理系統(SAMs)正於二零零三年推出，為經紀們提供接觸客戶、市場及交易資料的更佳渠道，大大提升集團的客戶服務質素，可媲美銀行或同業所提供同類的證券服務。隨著最低經紀佣金制於二零零三年四月廢除，集團已制定多個推廣計劃以擴大客戶基礎，並正不斷招攬營銷人員，以進一步鞏固集團於目前競爭激烈的市場中之領導地位。

Online Trading

Following the success of its marketing programs in 2001, SHK Online began the year 2002 with a client and asset transfer program specifically aimed at the client base of a competitor that had ceased business at the end of 2001. The program substantially increased SHK Online's client base and customer asset level and further consolidated its dominant position within the industry.

Despite the generally lack-lustre performance of the local stock market, SHK Online's total value of stock transacted in the year 2002 exceeded HK\$10 billion. The number of accounts also showed a healthy increase of over 50% compared to the end of 2001.

The improved critical mass allowed SHK Online to place more emphasis on enhancing its financial position in the year 2002. Careful cost control, a gradual revamp of the overall pricing structure, coupled with reduced reliance on incentives, enabled SHK Online to manage and rationalise its bottom-line, and although the online operations made a loss for the year as a whole, there were, for the first time, months where it made a positive contribution to cashflow.

During the year, SHK Online also launched a completely revamped website, with expanded contents and much improved ergonomics and user accessibility.

Looking forward to 2003, SHK Online intends to maintain its leadership position. The drive to expand market share and enhance profitability will continue through tactical and opportunistic client acquisition and suitable incentive

鴻財網

延續二零零一年市場推廣計劃成功的聲勢，鴻財網鑒於某競爭對手於二零零一年結業，於二零零二年推出了一項以該公司客戶為目標的客戶轉倉優惠計劃。此優惠計劃令鴻財網的客戶基礎及所持客戶資產大幅提升，進一步鞏固其在業內之領導地位。

儘管本港股市整體表現失色，但鴻財網於二零零二年度之總股份交投量仍突破100億港元；客戶數目亦穩健增長，較二零零一年年底高出50%以上。

繼客戶人數有所增加後，鴻財網在二零零二年將重點放於提升本身的財政狀況上。實行審慎成本控制，逐步整頓整體收費結構，配合減少倚賴推出優惠計劃的措施，使該部門之財政狀況得以改善，其網上業務全年雖錄得虧損，但在年內某些月份首次為集團之現金流量帶來貢獻。

鴻財網亦於年內推出全新改良之網站，內容更加豐實，操作更加簡便。

展望二零零三年，鴻財網將力圖保持其領導地位，透過一連串策略性和投機性吸納客戶的活動以及合適的優惠計劃，務求擴大其市場佔有率和增加盈利。另外，該部門會着重發展多元化業務，並推出新的增

programs. Emphasis will also be placed on expanding the revenue stream through diversification and introduction of new value-added products and services. Work is already well under way to bring a number of new products and markets to the online platform. The “reverse integration” of online services to the traditional account executive network, which has now been completed, should also contribute to SHK Online. Finally, with the anticipated consolidation within the market place, SHK Online will also seek acquisition opportunities.

Research

In general, 2002 was a productive year notwithstanding market conditions. Whilst maintaining quality in research standards and satisfactory institutional viewership, we published a total of 338 strategy, sector or company-specific reports, excluding daily investment notes or commentaries. We also attended 549 company visits and presentations and recorded 2,728 media quotes for the year. Four large-scale public seminars and 26 seminars at our branch offices were hosted by our Research team.

Nevertheless, research quality was not compromised, and our top 20 calls in 2002 outperformed the HSI by a margin of 39-126%. Being an independent research unit, we do not have a biased concentration of recommendations, and this is evidenced by the breakdown in the recommendations made throughout 2002: STRONG BUY 3.6%, BUY 44.6%, HOLD 28.7% and SELL 23.1%.

值產品與服務，擴闊收入來源。網上平台亦將引入更多新的投資產品，網上服務更伸延至傳統經紀的客戶，將可為鴻財網帶來收入貢獻。最後，由於預期市場會出現整固，鴻財網將積極物色收購機會以加強實力。

資料研究

整體而言，儘管市況欠佳，資料研究部在二零零二年仍繼續增加其研究報告數量，除研究報告質素保持在高水平外，機構閱覽人數也令人滿意。集團先後發表了338份策略性、個別行業或公司的研究報告，每日亦發表投資筆記或股評。此外，集團年內出席了549次公司採訪及簡報會以及錄得2,728次媒體引述，又主辦過四次大型公開講座和26次在集團分行舉辦的講座。

然而，集團並未因追求發表數量而疏忽了質量，在二零零二年集團推介買入的首20隻股份表現均超出恒指39至126%。作為一個獨立的研究部門，其作出之建議皆不偏不倚，此可引證於二零零二年內所作的建議分析：強烈建議買入3.6%；買入44.6%；持有28.7%及沽售23.1%。

Corporate Finance

The Corporate Finance Division continued to be active in the local market, successfully completing three Initial Public Offerings (IPOs) during the year as sponsors. The division was also appointed as the placing agent for the placement of shares in four listed companies and joint bookrunner and joint lead manager for one IPO. Aside from being involved in these and many other rights issues and share underwritings, the division also provided financial advisory services and acted as independent financial advisers for the independent directors of various companies.

Our China Desk further expanded its business in 2002 by providing corporate finance services to several clients in China in regard to their listing on Hong Kong exchanges. Various strategic partnerships with organisations and companies in mainland China were also established in 2002. In addition, the Group's Beijing office also actively developed stable contacts with the P.R.C. Central Government and other professional institutions. These initiatives should produce better understanding and facilitate our plans for expansion in Greater China. We believe these initiatives help strengthen our brand name and enhance the Group's position throughout mainland China.

企業融資

企業融資部繼續活躍於本地市場，年內先後為三間公司的首次公開招股擔任保薦人，也獲委聘為配售代理，負責四間上市公司的股份配售工作；另又獲聘為一間公司的首次公開招股擔任聯席賬簿管理人及聯席牽頭經辦人。除參與眾多其他供股及股份包銷外，該部門亦提供財務顧問服務，並為多間不同公司的獨立董事擔任獨立財務顧問。

集團的中國業務於二零零二年繼續擴展，年內為數名中國客戶提供企業融資服務，協助該等公司在港交所上市。集團於二零零二年亦與多個國內機構和公司建立策略性夥伴關係。除此之外，集團在北京的辦事處也積極與中國中央政府及其他專業機構展開定期接觸，此應有助集團更深入了解國內情況，有利於集團在大中華地區的擴展計劃。我們相信，此等舉動均有助加強集團的知名度，並可提高集團在國內的地位。

Securities Financing

Following the penny stocks incident and tighter Securities and Futures Commission (SFC) regulations on haircuts for illiquid stocks, our margin loan book declined by a further 7.6% compared to last year. Equities investors also became more conservative in margin trading in view of market conditions.

However, we were able to improve our services during 2002 through various initiatives, including the launch of additional fund deposit channels to facilitate clients depositing funds into their trading accounts, the refining and upgrading of our back office system; and the successful migration to the CCASS/3 system with Hong Kong Securities Clearing Company Limited (HKSCC).

Term Lending

Our term loan portfolio reduced substantially compared to last year due to caution on behalf of borrowers and our more stringent lending policy. We will continue to develop this profitable business.

Foreign Exchange, Bullion, Commodities and Futures

The Middle East problem, together with a market perception of an over-valued US Dollar, caused a weakening of the US Dollar against the Euro in the last few months of 2002, with the Euro hitting the three-year record high (as of 31 December 2002) of 1.05. This intensified volatility has in turn boosted our transaction volume, which increased substantially compared to 2001.

證券放款

繼仙股事件以及證券及期貨事務監察委員會(證監會)收緊對低流通量股票作抵押品的有關監管後，集團的證券放款額與去年比較再度下跌7.6%。股票投資者進行孖展買賣時亦因市況而較前審慎。

然而，透過實行多項措施，包括推出額外存款渠道，以便客戶將資金存入其買賣戶口、將後勤部門系統提升，以及成功轉接至香港中央結算有限公司(香港結算)的第三代中央結算系統，集團的服務質素於二零零二年進一步改善。

有期借款

由於借款客戶態度審慎，加上集團收緊貸款政策，使集團的有期借款組合較去年大幅減少。然而，集團將繼續發展此項有利潤的業務。

外匯、黃金、商品及期貨

中東問題令市場變化加劇，加上市場認為美元幣值過高，使美元於二零零二年最後幾個月對歐羅轉弱，而歐羅(截至二零零二年十二月三十一日止)則錄得三年以來之高位1.05。市場波幅加劇，反而推高了集團的外匯和黃金成交額，較二零零一年大幅增加。

The same factors which contributed to a slow-down in the equities business also led to an upturn in our forex and bullion business. This was especially evident in the pre-war crisis atmosphere, with the gold price rising to a six-year record high. We were successful in capturing this upsurge of business and our trading volume in precious metals enjoyed a major increase.

We introduced mini-sized leveraged forex contracts with half the normal contract size in the 4th quarter of 2002 in order to capture additional volume and to appeal to a broader range of investors. This product caters predominantly to retail clients and we believe it should be successful in our branch network.

Applications for forex trading licenses for our branch network have now been approved by the regulators and forex trading services will soon commence in the branch network.

Financial futures, especially index futures such as DJIA, S&P and Hang Seng Index Futures, played an important part for clients in hedging against high volatility risks in the stock and commodities markets. As a leading brokerage house providing a full range of products, our trading volume in futures as a whole showed remarkable growth and helped sustain our high ranking on the Hong Kong Futures Exchange. Our activities under our Financial Institutions Group as market maker for index options on the Exchange further strengthened our position in the industry and provided a steady volume and revenue for the Group.

同樣因素雖導致股票業務放緩，卻令集團之外匯及黃金業務上升。市場變化加劇的現象在開戰之前特別明顯，金價更創出六年新高。集團成功捕捉此等商機，貴金屬成交量錄得顯著升幅。

為了提高成交額和吸引不同層面的客戶進行外匯買賣，集團於二零零二年第四季推出合約價值較正常低一半的迷你槓桿外匯合約，以散戶為主要目標，相信此產品在分行網絡上將可成功推出。

集團現已獲監管機構批出分行的外匯買賣牌照，故分行短期內便可開始提供外匯買賣服務。

投資期貨，特別是指數期貨如道指、標普及恒指期貨等，均是客戶對沖股票及商品市場之高波幅風險之主要投資工具。作為一間提供多元化產品的首要經紀行，集團的期貨交投量錄得顯著增長，使集團在香港期貨交易所的排名繼續保持於高位。集團的金融機構統營部在期交所進行指數期權莊家之活動，進一步提高了集團在業界的地位，並為集團帶來穩定的交投量及收入。

Finally, ongoing promotion of diversified investment products such as Equity-Linked Notes, Bonds (including Mini-Bonds) and Stock Borrowing and Lending Services, has resulted in increased volume for those products particularly in the Group's branch network.

Wealth Management

Sun Hung Kai Wealth Management ("SHKWM") was established to offer financial planning and wealth management services to both individual and corporate clients. SHKWM offers integrated and customised financial solutions catering to the client's specific needs, including retirement and children education planning, offshore financial arrangements, and asset allocation strategies. Mutual fund products and promotions for Mini-Bonds were also well received by our branch retail clients. Our team of more than 20 financial advisors is well experienced and highly professional. 6 of our advisors obtained the prestigious Certified Financial Planner qualification in 2002.

Alternative Investments

SHK Fund Management's Alternative Investment team specializes in identifying top performing alternative investment managers who rank highest amongst their peers in their sectors in terms of size, performance and risk management. By forming global partnerships with such managers, we ensure that our clients in Asia will be able to access those managers whose services have long been limited to institutional and high net worth investors in the US or Europe.

最後，集團不斷宣傳高息票據及債券(包括迷你債券)及股票借貸等多元化之產品及服務，亦令有關產品的交投量(尤其在集團的分行網絡上)不斷上升。

資產管理

集團成立新鴻基優越理財(「新鴻基理財」)，為個人及公司客戶提供財務策劃及資產管理服務。新鴻基理財所提供的綜合及貼身理財方案，包括退休及兒童教育計劃、離岸財務安排及資產分配策略，均能配合客戶的個別需要。互惠基金產品及迷你債券的推廣，也甚受分行散戶歡迎。該部門有超過20名具經驗與擁有專業資格的財務顧問，其中6人更於二零零二年取得具聲望的特許財務分析員資格。

另類投資

新鴻基基金管理的另類投資部專責物色在本業中排名最高，及在基金規模、投資表現及風險管理方面均表現出色的另類投資基金經理。透過與這些基金經理建立全球性夥伴關係，確保集團的亞洲客戶得以享有長久以來專為歐美機構及大戶投資者而設的管理服務。

It is our strong belief that successful investor-manager relationships are founded on an alignment of interests. As a result, we have adopted an approach which is client-driven and independent. We work in close partnership with our investors and our managers from needs analysis to strategy and manager selection.

In line with our basic philosophy, our flagship product operated by our first offshore partner, Fixed Income Discount Advisory Co., has been extremely well-received in Asia, despite the gloomy economic environment and the rising geopolitical tensions. In 2003, we will continue to develop innovative product relationships for our clients in Asia.

Insurance Broking

The year 2002 was a challenging year with shrinking market volumes and insurers withdrawing cover in many industries and classes of insurance. Business development was difficult and successful placements were often possible only after considerable effort and lengthy negotiations.

Despite difficult market conditions, the Insurance Broking Division reported a successful year with a record year-on-year profit growth of 18% from 2001. Such success can be attributed to our aggressive marketing approach, and more importantly, the contribution of our loyal and skilled staff.

The division also obtained an official approval from the Chinese Insurance Regulatory Commission to establish a representative office in Shanghai, marking a significant chapter in our development in the China market.

集團堅信，成功的投資者與基金經理之關係乃建基於共同利益之上。因此，集團採取了一套以客戶為主導及獨立的投資管理手法。從分析需要、策略制定以至基金經理之任用，集團均會與其投資客戶及基金經理緊密合作。

相應集團的基本信念，儘管經濟環境欠佳及地區性政治局勢日益緊張，集團與首個離岸夥伴Fixed Income Discount Advisory Co.合作並由其負責管理之旗艦基金在亞洲極受歡迎。於二零零三年，集團將繼續為亞洲客戶發展創新的產品服務。

保險經紀

二零零二年對保險經紀部是挑戰性的一年，保險市場萎縮，保險公司不願為眾多工業及保險類別承保。業務發展困難，往往需要花上多番努力及較長的商議，才能取得保單。

市況縱然低迷，但保險經紀部仍創出成功的一年，與二零零一年相比，錄得18%的重大利潤增長。該部門的成功乃歸因於其積極進取的市場推廣策略，而更重要的是忠誠和專業的員工所付出的努力。

該部門更取得中國保險監督管理委員會之批准，在上海設立代表辦事處，為集團在中國市場的發展寫上重要一頁。

Electronic Financial Information Service

With the continuous sluggish market environment, the division recorded a small operating loss compared to an operating profit in the previous year. Although revenue dropped, we adopted a stringent cost control policy that successfully reduced operating costs. The reduction in revenue was mainly attributed to a general decline in market pricing and loss of revenue from some major local telecommunication operators.

Despite the negative market environment, we have partnered with several major financial information providers in Hong Kong and have successfully gained significant market penetration for our financial data in the local retail market. More importantly, the quality of earnings has improved because of the transition of our core source of revenue into subscription-based income from individual customers in the retail market. We believe such a source of revenue is more stable and provides a steadier growth trend. In January 2003, our new product – “Intelligent Stock Monitor” (ISM), which is targeted at experienced and professional investors was also soft-launched.

We remain one of the dominant financial content providers in Hong Kong even after market consolidation. We will continue to consolidate our existing product lines, and plan to launch more innovative products, in order to fully leverage our powerful database and expertise. In the near future, we will develop a more advanced version of ISM and allocate R&D resources on new products like “Stock Alert” and an advanced version of “Stock Mining”.

電子財經服務

由於市場環境持續呆滯，電子財經資訊部相較上年度的經營溢利，本年度卻錄得經營虧損。該部門的收入雖然因市場價格全面下調，及失去來自部分大型本地電訊公司的收入而下跌，但由於實行嚴格的成本控制，該部門成功節省其經營成本。

儘管市場環境惡劣，該部門亦與本港數個主要財經資訊供應商結成夥伴，其財經資訊成功地取得重大的本地零售市場滲透率。而更重要是該部門的主要收入來源已轉向零售市場個別訂戶形式的收入，故其盈利質素得以改善。集團相信，此項收入來源更為穩定，增長趨勢也更加平穩。二零零三年一月，集團針對富經驗及專業的投資者而設計的新產品Intelligent Stock Monitor (ISM)亦初步推出。

即使經過市場整固，集團仍是本港主要財經內容供應商之一。集團將繼續強化現有產品線，及計劃推出更創新的產品，以充分利用集團強大的數據庫及專業知識。在不久的將來，集團會開發出更先進版本的ISM，並將撥配資源研發“Stock Alert”及“Stock Mining”先進版本等新產品。

Corporate Marketing

Following the successful implementation of the "Trust" advertising campaign in 2001, which established a core brand value for SHK Financial Group by focusing on its history and financial strength, the Corporate Marketing Department further enhanced such brand value in 2002 by focusing and reinforcing the Group's leadership position within the industry. A two-pronged strategy was adopted with the use of long term, high-visibility billboards for maintaining brand recall, supplemented by periodic bursts of high-impact newspaper advertisements with a slightly more aggressive stance for more tactical and topical purposes. Coupled with a series of opportunistic and well-timed promotional campaigns, this approach enabled the Group to capture further mindshare from both the investing public and peer industry firms alike, while at the same time, achieve fairly significant cost savings by further leveraging its ad-spend dollars within the advertising industry.

Looking forward to 2003, the Corporate Marketing Department aims to gradually expand the established platform of "Trust" and "Leadership" by focusing on the Group's diversified product line. A series of marketing campaigns has been planned for implementation in the first quarter, and this will be supplemented by the use of various new marketing and promotional tools in the second quarter and onwards.

COST CONTROL

Administrative expenses dropped by 7.2% to HK\$242.05 million (2001: HK\$260.76 million) mainly as a result of stringent cost controls and ongoing work on developing operational efficiencies.

企業市場推廣

二零零一年的「值得付託」廣告宣傳取得成功，透過集中刻劃新鴻基金融集團的歷史及財力，為集團建立核心品牌。企業市場推廣部於二零零二年進一步提升此品牌，集中宣傳並加強集團於業內的領導地位。集團採用雙管齊下的策略，長期使用大型戶外廣告板維持品牌形象，輔之以高成效的定期報章廣告，以較為進取的立場，發揮宣傳策略及製造話題。配合連串投機性及最佳時機的推廣活動，使集團的品牌深入投資大眾及同業的同時，亦藉善用廣告費而達到較大的成本節省。

展望二零零三年，企業市場推廣部計劃透過集中宣傳集團的多元化產品，逐步增強大眾對集團之「值得付託」和「領導地位」此兩個已建立的意念。首季已有連串市場推廣宣傳活動計劃推出，第二季起則會有各種創新的市場推廣及宣傳攻勢加以配合。

成本控制

管理費用減少7.2%至242.05百萬港元(二零零一年：260.76百萬港元)，主要是屬行成本控制及持續提升經營效率之成果。

Staff costs decreased by 14.3% to HK\$122.65 million (2001: HK\$143.07 million) mainly as a result of the full-year impact of the substantial salary reductions imposed in October 2001, together with the opportunity to hire at significantly lower rates given the state of the labour market.

It is noteworthy that this staff cost reduction was achieved even as total staff numbers rose by 8.05%.

HUMAN RESOURCES AND TRAINING

As of 31 December 2002, the total number of employees was 604. Total staff costs amounted to approximately HK\$122.65 million (2001: HK\$143.07 million). We operate different remuneration schemes according to role. For sales personnel, the package comprises a base pay or draw, and commission or bonus, whereas for non-sales personnel, it comprises base pay and performance-based bonus elements when circumstances are appropriate.

In response to the appeal by the Financial Services Bureau to meet the human resources development needs of the financial services sector, we have offered four internship places for students at local universities to help equip them with practical experience in our day-to-day operations.

We have also organised a total of 26 in-house Continuing Professional Training (CPT) programmes for our sales staff to ensure that they are kept abreast of new product knowledge and regulatory-related issues.

Furthermore, to ensure that our staff meet with the competence requirements of foreign exchange trading licenses, in collaboration with the Hong Kong Securities Institute and the Financial Services Development Centre of the

員工成本降低14.3%至122.65百萬港元(二零零一年：143.07百萬港元)，主要由於二零零一年十月份實施大幅度減薪之全年效應，以及於現時勞工市場狀況下可以大幅降低之薪酬延聘員工所致。

值得注意的是在員工成本減低的同時，員工總人數卻上升了8.05%。

人力資源及培訓

截至二零零二年十二月三十一日，總僱員人數為604人。總僱員成本約122.65百萬港元(二零零一年：143.07百萬港元)。集團為營銷及非營銷僱員設立不同的薪酬制度。營銷僱員的薪酬組合包括底薪，以及佣金或花紅，而非營銷僱員則包括底薪及於適當情況下按表現發放之花紅。

為響應財經事務局對培訓財經服務界人材的呼籲，集團提供四名實習生空缺予本地大學生，幫助他們從集團的日常運作中汲取實際經驗。

集團亦為旗下銷售員工舉辦了合共26個內部持續專業培訓(CPT)課程，確保員工掌握最新之產品知識及監管事務資訊。

此外，為確保員工符合外匯交易牌照勝任能力的規定，集團與香港證券學會及職業訓練局財經事務培訓

Vocational Training Centre, we have organized two internal induction training programmes on foreign exchange trading. Each programme entailed 24 contact hours, and a total of 102 sales staff completed the programme.

INVESTMENTS IN PRINCIPAL ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITY

Tian An China Investments Company Limited ("Tian An") (43.27% owned)

In 2002, Tian An recorded sales of total floor area of approximately 250,000 m², representing an increase of 121% over last year. Of this, 96% came from residential or commercial property and 4% from industrial property. Property sales in the Eastern region of mainland China contributed significantly to the satisfactory performance.

China attained a GDP growth of around 8% amidst very sluggish economies in Europe and the US. The property market showed a particularly impressive result with real estate investment increasing by 21.9% to RMB774 billion. Following the decision to allow Shanghai's hosting of the 2010 Expo and the blueprint to develop the banks of the Huangpu River, foreign investment continued to increase substantially. Substantial investment is also being experienced for the construction work for various facilities for the 2008 Olympic Games in Beijing, which should further stimulate the need for high-end homes.

Though this level of investment has led to a debate over a potential property bubble, especially for luxury high-end units, and has put pressure on the housing prices, it is believed that the government will continue its focus on stimulating the domestic demand and increasing exports in order to maintain steady growth of the national economy.

發展中心合辦了兩次有關外匯買賣之內部在職培訓課程。各課程包括長達24小時之面授課程，而共有102名銷售員工完成了課程。

於主要聯營公司及共同控制公司之投資

天安中國投資有限公司 (「天安」) (集團持有 43.27% 權益)

於二零零二年，天安銷售的樓面總面積約為250,000平方米，較上年度增長121%。當中96%為住宅或商廈物業，其餘4%為工廈物業。華東地區之物業銷售令天安今年取得令人滿意的業績。

在歐美經濟蕭條之時，國內之生產總值卻錄得約8%增長，物業市場中房地產投資增長21.9%至人民幣7,740億元，成績更是令人鼓舞。自上海獲二零一零年世界博覽會之主辦權以及黃浦江兩岸之發展藍圖定案以後，外來投資持續大幅增長。北京將舉辦的二零零八年奧運會各項設施之建設工程亦同樣得到大額投資，從而將進一步刺激對高檔住房之需求。

雖然此投資水平引發對潛在物業泡沫(尤其在豪華高檔單元)之爭議，並對住宅價格產生壓力，但相信政府將繼續集中刺激國內需求及增加出口，以維持國內經濟穩定增長。政府進行之大型基建項目以及經改

The large-scale infrastructure projects undertaken by the government together with improved social facilities will stimulate individuals' demand for new houses and improvement in living standards.

As a nationwide and experienced property developer with adequate quality landbank in various cities of China, Tian An is confident that with its strengths it will capitalize on these opportunities in 2003.

Yu Ming Investments Limited ("Yu Ming") (21.36% owned)

During the year, Yu Ming's major investments were Euros and US dollar deposits, its interests in Argyle Centre, listed securities and a portfolio of debt securities.

Argyle Centre is a fully leased shopping mall located in a prime spot in Mongkok. Stable rental income benefited from low interest rates through a leveraged structure in an associated company.

Yu Ming's debt securities portfolio generated good income and some capital gain. The unrealized loss of the debt securities was attributable to Yu Ming's accounting policy of recording the securities at market value rather than their acquisition cost. In cases where the securities are held to redemption, some or all of the unrealized losses may be written back in the year of redemption, depending on the actual redemption price.

During the year, certain write-downs were made to direct investments, including an investment in a China education joint venture and the BOC China Fund Limited.

善之社區設施，將對個人購置新樓房、改善生活水平起刺激作用。

作為一間全國性及經驗豐富的物業發展商，加上在國內各大城市的優質土地儲備，天安相信憑藉其實力，將可於二零零三年掌握中國市場的商機。

禹銘投資有限公司 (「禹銘」) (集團持有 21.36% 權益)

年內，禹銘之主要投資為歐羅及美元存款、於旺角中心之權益、上市證券及債務證券的投資組合。

旺角中心乃一個位於九龍旺角區之商場，座落於人流最旺之購物地帶，現已全部租出。此項投資項目之租金收入穩定，而由於擁有該商場之禹銘聯營公司之資金部份來自銀行借款，因應利率向下調整而促使該項目回報有所提升。

禹銘之債務證券組合帶來可觀收入及部份之資本收益。禹銘所持之債務證券錄得賬面損失，主要是禹銘所採用之會計政策乃按證券之市場價值而非購入成本入賬。倘債務證券持有至贖回日期，若干或全數賬面損失或可撥在贖回年度內，惟須視乎實際贖回價格而定。

年內，禹銘若干直接投資須作減值撥備，當中包括在中國之教育合營項目，以及中銀中國基金有限公司之投資。

Innovative International (Holdings) Limited (“Innovative”), in which Yu Ming invested in its convertible note, completed its debt restructuring in 2002. During the year, Yu Ming received cash from the rescuing investor and shares in Innovative as settlement of the amount due.

During the year, Yu Ming invested substantially in Euros, resulting in a sizeable profit from the rally of Euros during the year.

As at 31 December 2002, most of Yu Ming’s investments were based in Hong Kong and US dollars and therefore have limited exposure to foreign currency risks.

Quality Healthcare Asia Limited (“QHA”) (28.53% owned)

The Group acquired an approximately 28.53% shareholding interest in QHA on 17 December 2002.

QHA is the largest listed healthcare company in Hong Kong. The QHA group provides care for private and corporate contract patients through 700 Western and Chinese medical centres, and 46 dental and physiotherapy centres. In 2002, the network recorded more than 1.7 million healthcare visits. It operates nine elderly care homes and Hong Kong’s longest-established international nursing service. One of its medical practices has been serving Hong Kong people for 135 years.

The QHA group’s turnover in 2002 exceeded HK\$753 million. Overall QHA produced a profit of HK\$54.1 million in 2002 against a loss of HK\$183.6 million in 2001, a considerable achievement. The achievement of the promising result

巨川國際(集團)有限公司(「巨川國際」)(禹銘曾投資其可換股票據)，已於二零零二年完成其債務重組計劃。年內，禹銘從拯救巨川國際之投資者獲取現金及巨川國際股份，以抵銷巨川國際應付禹銘之款項。

年內，禹銘積極投資於歐羅，並因應歐羅匯價造好而獲取豐厚利潤。

於二零零二年十二月三十一日，禹銘之大部份投資均以港元及美元定值，因而毋須顧慮外匯風險。

卓健亞洲有限公司(「卓健」)(集團持有28.53%權益)

集團於二零零二年十二月十七日收購了卓健約28.53%股權。

卓健是香港最大的上市醫療機構，透過700間西醫及中醫醫療中心及46間牙科和物理治療中心，為個別人士及公司合約病人提供醫療服務。二零零二年，卓健醫療保健網絡錄得逾170萬投診人次，另經營九間護老院及香港歷史最悠久的國際護理服務社，而卓健其中一種醫療業務更在香港為市民服務了達135年之久。

卓健集團於二零零二年之營業額逾753百萬港元，整體溢利為54.1百萬港元，較二零零一年的虧損183.6百萬港元大有改進，卓健取得此項佳績，主要乃由於出售了呈虧損的ehealthcareasia Limited，以及全

is attributable to the disposal of loss-making ehealthcareasia Limited and key improvements in efficiency and profitability in its core businesses.

QHA is now in a net cash position having reduced its debt from HK\$571.7 million December 2000 to HK\$67.1 million in December 2002. Its total net assets increased from HK\$40.3 million as at 31 December 2001 to HK\$93.8 million as at 31 December 2002.

SHK Finance Limited (“SHK Finance”)

SHK Finance, a wholly-owned indirect subsidiary of Earnest Finance Limited, is a licensed money lender and is engaged in the personal and consumer loan business. The Group decided to dispose of its consumer finance business in order to concentrate on its other lending activities and the business of QHA. The sale of Earnest Finance Limited was finally completed on 24 January 2003 for HK\$87.5 million. A loss of HK\$5.5 million was incurred on the disposal which will be booked in the first half of 2003.

FINANCIAL RESOURCES AND GEARING RATIO

The Group continued to maintain a strong financial position. As at 31 December 2002, the Group's total bank borrowings amounted to HK\$42 million, which, when related to Group shareholders' funds, resulted in a gearing ratio of approximately 0.9%.

力改善其核心業務的效率及盈利能力所致。

卓健成功將債務由二零零零年十二月的571.7百萬港元減至二零零二年十二月的67.1百萬港元，現正處於淨現金狀況。其總資產淨值由二零零一年十二月三十一日之40.3百萬港元增至二零零二年十二月三十一日之93.8百萬港元。

新鴻基財務有限公司 (「新鴻基財務」)

新鴻基財務(Earnest Finance Limited之間接全資附屬公司)乃持牌放債人及從事個人與私人貸款業務。集團決定出售私人貸款業務，以專注發展其他貸款以及卓健之業務。Earnest Finance Limited之出售於二零零三年一月二十四日經已完成，代價為87.5百萬港元。是項出售所產生約5.5百萬港元之虧損，將於二零零三年上半年度入賬。

財政資源及資本與負債比率

集團繼續維持強勁的財政狀況，截至二零零二年十二月三十一日，集團的銀行總借款為42百萬港元，若與集團股東資金相比，資本與負債比率約為0.9%。

The liquidity of the Group is demonstrated by the current ratio (current assets/current liabilities) which was 3.52 times. This ratio showed improvement from the 2.19 times applicable in the previous year ended 31 December 2001.

CAPITAL STRUCTURE, BANK BORROWINGS AND EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Company has not issued any additional shares or made share repurchases during the year as shown in note 26 to the accounts on page 107.

The business activities of the Group are funded by its shareholders' funds, mortgage loans and short-term bank borrowings during the year. All the mortgage loans and short-term bank borrowings are in HK dollars as at 31 December 2002 and are based on commercial floating interest rates. There are no seasonal factors in our borrowing profile.

The fluctuations in exchange rates and market prices do not impose a significant risk to the Group as its level of foreign currency exposure is relatively immaterial as compared with its total assets value or outstanding debts.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

On 17 December 2002, the Group acquired an approximately 28.53% shareholding interest in Quality HealthCare Asia Limited ("QHA") for a total consideration of HK\$141.96 million. QHA, whose shares are listed in Hong Kong, is a private sector provider of healthcare services in Hong Kong.

集團之流動資產比率(流動資產相對流動負債)較截至二零零一年十二月三十一日止年度為佳，由2.19倍上升至3.52倍。

資本結構、銀行貸款及滙兌率浮動風險

本公司於年內並無發行任何額外股份或購回本公司股份，詳情請參閱第107頁附註26。

年內，集團業務活動的資金來自股東資金、按揭貸款及短期銀行借款。截至二零零二年十二月三十一日，所有按揭貸款及短期銀行借款均以港元為單位，利息以商業浮動利率計算。集團之銀行借款並不受季節性因素影響。

外滙兌換率及市場價格的浮動對集團並不會造成重大風險，與集團總資產值或未償還債項比較，其外滙風險相對來說並不重要。

附屬及聯營公司的重大收購及出售

二零零二年十二月十七日，集團以總代價141.96百萬港元收購卓健亞洲有限公司(「卓健亞洲」)約28.53%股權。卓健亞洲之股份在香港上市，是一家香港私家醫療服務供應商。

On 19 December 2002, the Group entered into a conditional sale and purchase agreement with an indirect subsidiary of Allied Group Limited, the Company's ultimate holding company, which constitutes a connected transaction as detailed in the Directors' Report on page 57, to sell its entire 50% shareholding in Earnest Finance Limited, together with the assignments of advances, for an aggregate consideration of HK\$87.5 million. The agreement was completed on 24 January 2003 and resulted in a loss of HK\$5.5 million in year 2003.

The Group was also able to realize a small profit of HK\$2 million from the sale of its 25% interest in Galy Electric Appliance Co. Ltd. Guangzhou in March 2002.

Apart from the above, there has been no material acquisition or disposal of subsidiaries and associated companies by the Group in 2002.

SEGMENT INFORMATION

Detailed segment information in respect of the Group's turnover, contribution to profit or loss from operations, segment assets and liabilities are shown in note 2 to the accounts on page 83.

CHARGES ON GROUP ASSETS

Listed shares with an aggregate value of HK\$89 million were pledged by subsidiaries for bank loans and overdrafts. Leasehold properties of the Group with a total book value of HK\$64 million were pledged by subsidiaries to banks for mortgage loans granted to them with a total outstanding balance of HK\$42 million as at 31 December 2002.

二零零二年十二月十九日，集團與本公司之最終控股公司聯合集團有限公司之一間間接附屬公司訂立一項有條件買賣協議（此構成一項關連交易，詳見董事會報告第57頁），以出售Earnest Finance Limited之全部50%股權（連同轉讓曾給予該公司的墊款），總代價為87.5百萬港元。該協議於二零零三年一月二十四日完成，而於二零零三年年度所導致之虧損為5.5百萬港元。

二零零二年三月，集團亦藉出售於廣州嘉利電器有限公司之25%權益，獲微利2百萬港元。

除上述外，集團於二零零二年並無任何附屬及聯營公司的重大收購或出售。

分項資料

有關集團營業額、經營溢利或虧損之貢獻、分項資產及負債之分項資料詳情，請參閱第83頁賬目附註2。

集團資產押記

集團的附屬公司將其持有總值89百萬港元的上市公司股份抵押予銀行，以換取銀行貸款及透支。集團的附屬公司亦將其賬面總值64百萬港元之集團物業抵押予銀行，作為給予集團按揭貸款之抵押，該貸款於二零零二年十二月三十一日之未償還結餘為42百萬港元。

CONTINGENT LIABILITIES

Details regarding the contingent liabilities are set out in note 33 to the accounts on page 116.

TAXATION

Details regarding the Group's taxation are set out in note 11 to the accounts on page 92. The Group's taxation charge in 2002 increased by 5.68% to HK\$35.91 million (2001: HK\$33.98 million), primarily due to an increase in the share of taxation from associated companies during the year; which in turn was mainly a result of the higher profits of Tian An in China, and the higher tax rates there.

MANAGEMENT OF RISKS

Policies and Procedures

The Group has established policies and procedures for risk management which are reviewed regularly by the management and various Group committees, including the Credit & Risks Management Committee (the "CRM"), which reports to the Executive Committee of the Board of Directors, to ensure the proper monitoring and control of all major risks arising from the Group's activities at all times. The Group's Internal Audit and Compliance Department (which reports independently to the non-executive Chairman and the Audit Committee as well as to the Chief Executive Officer) also performs regular reviews to supplement the various internal control measures adopted by the management and various divisions within the Group to ensure compliance with policies and procedures. These various

或然負債

集團的或然負債詳情，請參閱第116頁賬目附註33。

稅項

集團稅項詳情載於第92頁賬目附註11。集團於二零零二年之稅項支出增加5.68%至35.91百萬港元（二零零一年：33.98百萬港元），主要原因是天安於中國之溢利增加，而當地之稅率較高，以致年內應佔聯營公司稅項增加。

風險管理

政策及程序

集團已設立風險管理的政策及程序，並由管理層及多個集團委員會（包括須向董事會執行委員會匯報的信貸及風險管理委員會（「信貸風險委員會」）定期進行檢討，以確保於任何時候因集團業務而產生之所有主要風險得以受到監控。除管理層及個別部門採取各項內部監控措施外，集團的稽核及法規監核部

control procedures are also examined and separately reported upon to the Audit Committee and the Board of Directors by the external auditors at least annually.

Credit Risk

Credit risk arises from a number of areas. These include the possibility that the counter party in a transaction may default during the settlement process. It also arises from lending, settlement, treasury, market-making, derivatives trading and other activities undertaken by the Group.

The Group's credit manual sets out in detail the credit approval and monitoring procedures, which are established in accordance with sound business practices, the requirements and provisions of the relevant ordinances, and where applicable, the codes or guidelines issued by The Securities and Futures Commission of Hong Kong.

Day-to-day credit management is performed by the Credit Department with reference to the aforementioned criteria including creditworthiness, collateral pledged, and risk concentration of the counter parties. Decisions made by the Credit Department are reviewed daily by the executive directors and senior management of the Group and by the CRM at its regular (normally fortnightly) meetings.

(一個向非執行主席、審核委員會及行政總裁獨立匯報的部門)亦會定期查核，從而確保該等政策及程序得以遵守。此等監控程序亦最少每年由外聘核數師審察及分別向審核委員會及董事會報告。

信貸風險

導致信貸風險的成因眾多，包括交易對手有可能在交收過程中出現違約，信貸風險亦可能來自放款、交收、庫務、作價買賣、衍生產品交易及其他集團所從事的活動。

集團之信貸政策指引詳列批准信貸及監管程序，該等程序乃按照專業守則、有關條例的規定以及香港證券及期貨事務監察委員會發出之有關守則或指引而訂定。

日常信貸管理由信貸部負責。信貸部會就對方之信譽、抵押品及風險分佈作出批核，並由集團之執行董事及高級管理層每日審閱，而信貸風險委員會亦於定期例會中(通常每兩星期一次)作出檢討。

Liquidity Risk

The Group manages its liquidity position to ensure the Group maintains a prudent and adequate liquidity ratio, in strict accordance with statutory requirements. This is achieved by the management, comprising the executive directors, the Chief Financial Officer and relevant senior managers monitoring the liquidity position of the Group on a daily basis to ensure the availability of sufficient liquid funds to meet all obligations and compliance with the statutory requirements such as the Financial Resources Rules applying to various registered subsidiaries. The monitoring process and the results of the same are reported to the CRM, the Audit Committee and the Board of Directors at the regular meetings.

Capital Risk

The Group maintains a strong capital base to support the development of its businesses and to comply, where necessary, with at least the minimum statutory ratios.

Capital is allocated to the various activities of the Group depending on requirements and the degree of risk appropriate to various activities. Cost of capital, as determined from time to time, is allocated against its users.

流動資金風險

集團監管其流動資金狀況，確保有審慎而充裕的流動資金比率，以遵守有關之法定要求。管理層包括執行董事、財務總監及有關高層管理人員每日均監察集團的流動資金狀況，以符合法定要求（如適用於集團多間持牌附屬公司的財務資源條例），而有關監管程序及結果亦於定期會議中向信貸風險委員會、審核委員會及董事會匯報。

資本風險

集團維持穩固之資本基礎，以支持其業務發展及遵從所須至少之最低法定比率要求。

資金乃按集團各業務不同之需求及所承擔之風險分配至集團各業務範圍。資金成本（隨時間而定）由其用者各自承擔。

Interest Rate Risk

Interest rate risk primarily results from timing differences in the repricing of interest bearing assets, liabilities and commitments. The Group's interest rate risk exposure arises mainly from margin financing and other lending activities undertaken. The Group has the legal capacity to quickly recall such loans or reprice its margin loans to an appropriate level. Its interest-sensitive positions can readily be identified. Interest rates paid by the Group are managed by the Finance Department with the aim of maximizing the spread of interest consistent with liquidity and funding obligations.

Foreign Exchange Risk

Foreign exchange risk is the risk to earnings or capital arising from movements of foreign exchange rates.

The Group's foreign exchange risk primarily arises from currency exposures originating from its leveraged foreign exchange business or purchases on behalf of clients of foreign securities. Foreign exchange risk is managed and monitored by the relevant department under the limits approved by the Group's directors. In relation to our leveraged foreign exchange activity, our position is that of a market-maker, and accordingly our risk is primarily a derivative foreign exchange risk for a client who does not or cannot meet margin calls following any period of substantial currency turbulence. Our principal lending operations are carried out in local currency to obviate foreign exchange risk. Accordingly, the Group has no significant exposure to foreign exchange fluctuations.

利率風險

利率風險主要由就附有利息之資產、負債及承擔重新定價之時差所引致。集團的利率風險主要來自證券放款及其他貸款業務。集團可法定要求借款人即時償還貸款，或重訂證券放款之息率至適當水平，而集團亦可容易地確定其在提供貸款時所承受之利率風險水平。集團所支付之利息乃由財務部管理，以盡量令息差符合資金之流動性及需求。

外匯風險

外匯風險乃外幣匯率變動對盈利或資本造成之風險。

集團之外匯風險主要來自其槓桿外匯或代客購買海外證券之業務。外匯風險由有關部門按集團董事會所批准的限額作出管理及監察。就槓桿外匯業務而言，由於集團乃擔任莊家之位置，倘客戶在經歷重大匯率波動後未能或無法填補保證金額，將對集團造成衍生外匯風險。集團主要的貸款業務仍以本地貨幣進行，以減低外匯風險。故此，集團並無承受重大的外匯風險。

Market Risk

Market risk is the risk arising from changes in interest rates, foreign exchange rates, equity, real property or commodity prices. It may affect the prices of financial instruments or other assets held by the Group. Financial instruments taken or held by the Group include foreign exchange contracts, futures contracts, equity, derivative and fixed income securities.

Market risk limits are approved by the Group's various Committees and, in some cases, by the Board of Directors. Actual positions are compared with approved limits and monitored regularly by the relevant divisional head, the Credit Department and by the senior management of the Group. Exposures are measured and monitored on a "mark-to-market" basis with stop-loss limits. Market risk trading positions are subject to daily mark-to-market valuation, which is also reported daily to the senior management for their review. The Group's Internal Audit and Compliance Department also performs regular audits to supplement the above controls to ensure compliance with the established market risk limits and guidelines.

Calamity Risk

In common with all companies and particularly financial services groups, the Group is exposed to the potential impact of natural and man-made disasters. In our case, being heavily dependent on information technology and its associated infrastructural requirements, we need to be particularly vigilant in this regard, especially with the prevalence world-wide of "hacking", and "virus-attacks".

市場風險

市場風險來自利率、外幣匯率、股票、地產及商品價格之變動，從而影響集團所持有之金融工具或其他資產的價格。集團購入或持有之金融工具包括外匯合約、期貨合約、股票、衍生及定息證券。

市場風險的限額由集團多個委員會或按情況由董事會審批。有關部門主管、信貸部及高級管理層均會定時監察，並將實際的狀況與審批的限額作出比較，同時亦會就市場價格按止蝕水平計算及控制風險。涉及市場風險之買賣活動均按每日市場價格而進行估值，並每日向高級管理層匯報審閱結果。集團的稽核及法規監察部亦會作出定期審核，以補充上述監控，確保遵從集團既訂的市場風險限額及指引。

災難風險

一如其他公司，特別是金融服務機構，集團受自然或人為災難所影響。由於業務性質關係，集團十分依賴資訊科技及其相關基建條件，集團需要對這方面提高警覺，特別是盛行的全球性「黑客」及「病毒」入侵。

In the aftermath of the various disasters impacting on the insurance industry during the past two years, appropriate insurance cover has been harder than normal to obtain, and more expensive. However, working with our Insurance Broking Division, we have managed to obtain what we believe is adequate cover for all the potential risks of this type to which we may be exposed.

In the case of our IT infrastructure, we also maintain stringent security procedures, as well as off-site back-up and recovery programmes which we continually review and refine.

Reputational Risk

A key factor for businesses in the financial services sector is their reputation for financial probity and prudence. Recent examples of “rogue traders” impacting on such reputations elsewhere in the world have drawn attention to such risks. In our case, with our important and valuable “brand”, we manage these risks through our strong internal controls and risk management regime, by comprehensive employee and operational manuals in key areas, and by the strength and independence of our Internal Audit and Compliance Department.

REGULATORY ENVIRONMENT

Most of the Group’s products and services are regulated and as such, the Group ensures and continues its support of a culture of compliance and best practice corporate governance.

過去兩年保險業受各種災難影響，投保較以前困難及昂貴。然而，透過與保險經紀部的合作，集團已取得其認為足夠之保額，以保障所有同類型之可能性風險。

資訊科技基建方面，集團亦維持嚴謹保安程序，並不斷檢討及改善離站式備份裝置及有關還原程式。

商譽風險

誠實及審慎之商譽對金融服務業來說是一重要因素。最近於世界各地出現之詐騙案，使行內行外開始關注這方面之風險。「品牌」對我們來說實屬非常重要及珍貴，而藉著嚴謹之內部監控及風險管理，如推行全面之員工及營運守則，加上集團稽核及法規監核部之效能與獨立運作，致使我們成功管理這些風險。

監察環境

集團產品及服務大多受到監管，集團亦會確保並貫徹遵循法規及最佳應用守則之企業管治文化。

The most significant events in the regulatory environment in 2002 have been the enactment of the Securities and Futures Ordinance and its subsidiary legislation and the implementation of various anti-money laundering and anti-terrorism measures including the United Nations (Anti-Terrorism Measures) Ordinance. As a result of the latter, compliance issues directed towards prevention of money laundering and financing of terrorism featured prominently. During the year, the Group was also actively involved in preparation for the implementation of the Securities and Futures Ordinance on 1 April 2003.

The Group is in the process of updating its internal procedures and modifying relevant computerized systems to meet the new challenges. The maximum number of staff possible attended seminars organized by the Securities and Futures Commission and other professional bodies relating to the impending regulatory changes.

The Group remains fully committed to compliance with the regulatory requirements for the protection and safeguarding of clients' assets and in the interests of its shareholders.

證券及期貨條例與其附屬條例之制定，以及實行多項反洗黑錢活動及反恐措施(包括聯合國(反恐措施)條例)均是二零零二年監管環境中的大事。就後者而言，針對防止洗黑錢活動及恐怖主義融資的監管問題著墨甚多。年內，集團亦積極準備，迎接二零零三年四月一日證券及期貨條例之實施。

集團正檢討其內部程序及修改有關電腦系統以迎接新挑戰。集團一直鼓勵員工掌握最新之監管規定變動，並盡可能安排員工出席證券及期貨事務監察委員會以及其他專業團體舉辦之有關研討會。

集團定必繼續遵守一切監管規定，以保障客戶資產及符合股東之最佳利益。

PROSPECTS

The Group enjoys a strong balance sheet and has cash surplus to its normal requirements for working capital. It also has access to substantial banking lines.

As evidenced by the Group's acquisition of Quality HealthCare Asia Limited in December 2002, the Group has interest in value propositions that can enhance shareholder value as well as diversify income sources. The current consolidation in the broking industry may possibly provide opportunities for the Group in the future. The Group will remain alert for any opportunities should they arise.

There are no material investments or capital assets that we are obliged to make or acquire as a result of any pre-existing commitments.

2003 will remain a challenging year. However, the Company is well-positioned to meet the challenges with our diversified range of products and our highly skilled and dedicated management team and work force.

展望

集團財政穩健，所持現金盈餘足以應付日常營運資金需要，並備有大額的銀行信貸以供動用。

從集團於二零零二年十二月收購卓健亞洲有限公司之舉可見，集團有意進行既可提升股東價值，亦能將收入來源多元化之方案。現時證券經紀業的整合，可望於未來為集團帶來商機。集團將繼續密切注視任何商機。

集團並無任何已訂承諾而必須作出重大投資或資本資產的收購。

二零零三年將仍為充滿挑戰之一年。然而，本公司已準備就緒，以其多元化之產品及專業至誠的管理層和員工，迎接挑戰。