



## financial investment and services division

The Group is engaged in a range of **financial investment and services**, including equities, portfolio management, securities trading, foreign exchange trading, as well as loan financing and automotive financing, to name a few.



Amidst the global volatile financial climate as a result of the US accounting scandals and corporate governance issues, the performance of Hong Kong equity market was similarly affected. The average daily turnover of Hong Kong's equity market fell by 19% from HK\$8 billion in 2001 to HK\$6.5 billion in 2002. The investment sentiment was further weakened in the second half of 2002 by the then much anticipated war on Iraq. Despite such difficult market conditions, the division continued to contribute profit to the Group's growth.

Against a backdrop of a gloomy investment market caused by global political conflicts, sluggish economy, rising unemployment and the outbreak of atypical pneumonia in Hong Kong, the Group is aware that the operating outlook for the financial services market will remain extremely challenging.

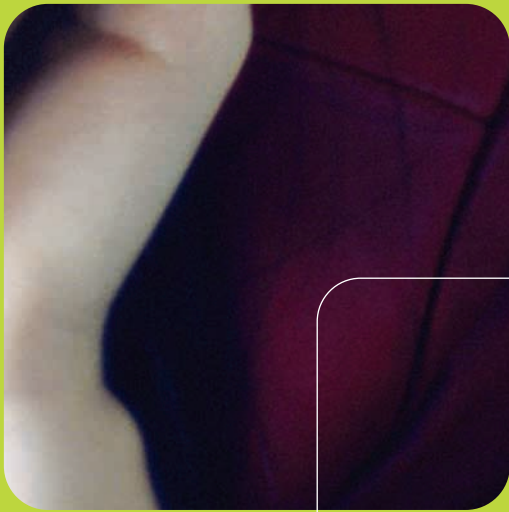
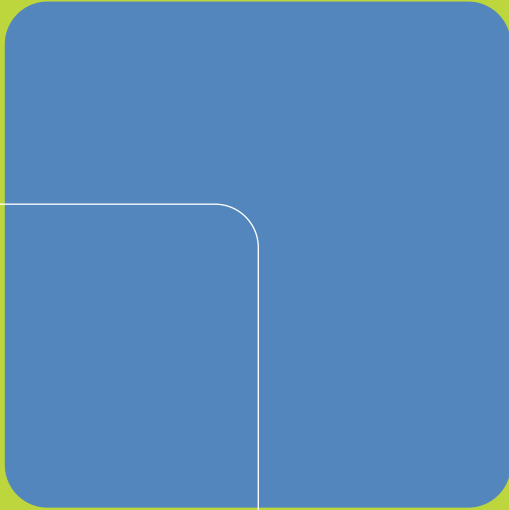
In light of the removal of minimum brokerage, we have focused on strengthening our sales team in order to enhance our dedicated customer services. The Group strongly believes that customer-driven services and good investment returns are key factors for attracting new clients. Moreover, the Group is confident that the provision of Internet trading will expand its customer base and strengthen its business.



## the key to success

The Group takes pride in its key assets: value-added services and management and staff. With customer satisfaction as top priority, the Group leverages on the resources and consolidated synergies of its five businesses to continue to focus on process improvement and to offer value-added services to customers. Such continuous effort to pursue excellence is a reflection of the Group's respect and commitment to its customers, business partners and shareholders.

All of the Group's management have accumulated over ten years of experience in their respective business divisions and possess sharp market insights to capture potential market opportunities and expand business growth. Equally as important is the team of dedicated staff, who understand the overall direction of the Group and is committed to achieving the corporate mission. For this reason, the Group has also consistently focused on training and remuneration policy to motivate and reward its quality work force, who have over the years, contributed to the success of the Group through their continuous efforts to maximise customer satisfaction and enhance shareholders' value.



# high growth markets

implementing the

right strategy at

the right time with

the right people





## financial review

### Liquidity and Financial Resources

The Group's financial position remains strong. Shareholders' funds increased to HK\$4,123 million as at 31 December 2002 from HK\$3,818 million in 2001 .

At the balance sheet date, the Group's total banking facilities stood at HK\$5,145 million and term loans amounted to HK\$1,116 million compared to HK\$5,774 million and HK\$1,184 million respectively for the previous year. An increase in borrowing for the Group's capital expenditure and working capital requirement was offset by the repayments on the term loans due during the year. The Group has sufficient financial resources and adequate banking facilities to fund its ongoing operations, including capital expenditure in Year 2003.

The maturity profiles of the Group's term loans are:

	<b>2002</b>	2001
	HK\$ million	HK\$ million
Within one year	<b>433</b>	262
In the second year	<b>253</b>	310
In the third to fifth years, inclusive	<b>430</b>	612

### Gearing

The gearing ratio of the Group on the basis of long term debt to equity was 17% ( 2001: 24% ). Profit from operating activities covered 3.6 times over the finance cost as compared to last year's 2.9 times.

### Interest Rates and Foreign Currency Exposure

The Group's funding reflects the capital structure of each business. All its financing and treasury activities are monitored by a Central Treasury at the corporate level. The Group structures to match the tenure of its borrowing with its assets and liabilities and manages its interest rates exposure in relation to the interest rates level and outlook. The Group also aims to minimise its risks of currency exposure by buying forward, through hedging mechanisms, where appropriate.