



BUSINESS REVIEW

Results

During the nine months ended 31 December 2004, the Group managed to sustain another impressive profit growth as compared to the result of twelve months ended 31 March 2004. Total turnover for the Group was HK\$29,753,000 (1.4.2003 to 31.3.2004: HK\$47,031,000). Net profit attributable to shareholders was approximately HK\$45,684,000, representing a leap of 4.61 times over that of HK\$8,148,000 for the twelve months ended 31 March 2004.

Market Overview

Market was characterized with a wide and volatile trading pattern during the period. Subsequent to a favourable performance in the first quarter of 2004 riding on the V-shaped economic turnaround from the doldrums in 2003 and the enthusiastic reception of newly listed stocks, the market soon fell into steep correction triggered by the renewed anxieties on the escalating oil prices, the potential terror threat before US presidency election, the implement of China credit tightening policy to curb overheating economy and the revival of interest hike cycle. Aggressive profit takings emerged across the board, causing further dumping of a lot of shares and sending Hang Seng Index down from 13,919 at 1 March 2004 to a year low of 10,968 at 17 May 2004. Since the market underwent some lengthy sideways during the correction in the middle of the year, activities from retail investors were curtailed by the poor investment confidence and the absence of sizable performing new listings. As the situations of these negative external elements were improved and worries gradually faded away, the market cautiously resumed the upward movement. Investment sentiment was further boosted by the bullish reports on the outlook of leisure and gaming business in Macau and investors rushed in to chase those related counters. Speculative activities on Macau concepts were hot heating as investors reacted emotionally to the rumours and news. Hang Seng Index closed near the year high at 14,222 with 1,680 points gain (or about 13.4% higher) during the period and 1,586 points gain (or 12.2% higher) as compared to that of 2003. Total turnover for the whole market during the period marked good gains over the same corresponding period of last year with average daily turnover rising 30.4% to HK\$15.11 billions. Significant portion of the market turnover was attributed to the trading in derivatives products and those related cash stock hedging products. The market volume skewed in favour of Group A brokers and inevitably at the expense of Group C.

業務回顧

業績

本集團截至二零零四年十二月三十一日止九個月溢利，相對二零零四年三月三十一日十二個月溢利，再度長足增長。本集團之營業總額約29,753,000港元（二零零三年四月一日至二零零四年三月三十一日：47,031,000港元）。股東應佔溢利約45,684,000港元，較去年二零零四年三月三十一日止十二個月之8,148,000港元增加4.61倍。

市場回顧

於期間內，投資氣氛曾經因為國內及國外不明朗因素而動盪不定。受惠於經濟從二零零三年谷底出現V型反彈及新上市股份認購反應熱烈，二零零四年第一季股市表現出色，隨後卻因為油價急升、美國舉行總統選舉前可能出現恐怖襲擊之威脅、中國施行收緊信貸之政策冷卻過熱經濟，及利率重拾升軌之沖擊而出現重大調整，獲利沽盤充斥市場，引發多種股份被大幅拋售，結果恒生指數從二零零四年三月一日之13,919點顯著下跌至二零零四年五月十七日之10,968點。市場在年中時經歷一段頗長調整橫行局面，由於投資信心轉趨薄弱及缺乏大型表現出色之新股上市，散戶投資者之活動亦受到影響而減退。直至此等負面外在因素有所改善，憂慮逐漸消除，股市審慎地復甦，再度回升。投資氣氛受對澳門之消閒及博彩業務前景發表之樂觀消息得到進一步推動，而投資者紛紛追捧此類股份。由於投資者對傳言及新聞反應非常敏感，澳門概念股票之投機活動極為熾熱。恒生指數於期間內得以接近全年高位14,222點收市，上升1,680點（或上升約13.4%），而較二零零三年則上升1,586點（或上升約12.2%）。於期間內，整個股市之總成交量較上年度同期錄得良好增長，每日平均成交量上升30.4%至151.1億港元。股市交易其中很大部份主要來自衍生工具產品及現金股票對沖產品，市場成交量以A組經紀佔大多數，而C組經紀佔成交比率相應減少。



The abolition of minimum commission charge system intensified competitions in the industry and has eroded the profit margin of the operators. Indirectly, it also put pressure on some operators in extending generous credits to investors as alternate competitive appeals to maintain business volume and hence increased business risks. The aggressive marketing of bank operators backed with privileged competitive advantages continued to plunder business from the broking operators especially in Group C which mainly focus on serving local client.

Hong Kong economy towards 2005 remains solid and intact though it is still vulnerable to the occasional disturbance from the external economic uncertainties and geopolitical risks. Performance in various areas still trends positively covering the unemployment rates, tourist visits, external trades, property, domestic consumption and inflation. The clearer domestic government policies coupled with the persistent favourable China policies effect in consolidating an unrivaled position for Hong Kong as an international financial, tourist, trade and logistic center in the Asia and the international. The closer integration of China with international market amplifies demand for financial services from both Chinese enterprises and individuals. Due to the geographical convenience and other structural advantages, more sizeable and quality Chinese enterprises intend to get listings in Hong Kong. It helps to attract more international investors and investment funds. The gradual implementation of various projects including the coming Grand Opening of Disney Park and the construction of Hongkong-Zhuhai-Macau Bridge further enhances the economic development of Hong Kong as well as the earning power of listed companies. We are cautiously optimistic on the economy and would still see a buoyant market in 2005.

Brokerage Business

During the period, turnover for the Group's securities, futures and options broking business as well as underwriting commission reached HK\$12,299,000 (1.4.2003 to 31.3.2004: HK\$23,787,000). The Group's performance and profit margin in its stockbroking, futures and options broking and dealing businesses were still inevitably facing the pressure from the fiercer industrial competition and ambitious acts of the bank operators though the stringent cost minimization exercise over the past few years already helped to set off part of the adverse impact. The Group is still endeavoring hard to achieve further possible savings to produce greater cost advantages against the tougher market condition. The Group intends to diversify investment in other business and to form a more balanced business profile in order to level off the industrial fluctuations of the brokerage business.

廢除最低佣金收費制度，令業內競爭加劇，削減經紀之邊際利潤。間接地，此舉亦對一些經紀造成壓力，部份證券商須向投資者提供信貸優惠，作為另類競爭手段，以維持業務數額，導致業務風險增加。銀行經紀業務積極進行推廣，在銀行優厚競爭優勢支持下，主要以本地客戶為服務對象的C組經紀繼續面對相當壓力。

香港經濟於二零零五年繼續鞏固，而向上勢頭未有重大改變，儘管間中受外在經濟不明朗因素及地緣政治風險所困擾。各主要環節包括失業率、到港旅客、外貿、物業、本地消費及通脹等仍持續有改善。港府政策越趨明朗，加上中國持續給予優惠政策之良性影響，鞏固了香港作為亞洲及國際金融、旅遊、貿易及物流中心之地位。中國與國際市場更緊密地融合，令中國企業及個人對金融服務之需求倍見增加。香港所處地理位置適中，加上其他結構性優勢，吸引更多大型及優質中國企業計劃來香港上市，有助引進更多國際投資者及投資資金。多項宏觀基建計劃逐步施行，包括迪士尼樂園快將開幕吸引大量旅客到港消費及港珠澳大橋落實興建等等，進一步促進香港經濟發展，增強上市公司之盈利。吾等預計二零零五年股市交投仍然活躍，香港經濟繼續審慎樂觀。

經紀業務

於期間內，本集團之證券經紀業務，期貨及期權經紀業務以及包銷佣金之營業額為12,299,000港元(二零零三年四月一日至二零零四年三月三十一日：23,787,000港元)。本集團之證券、期貨及期權經紀業務及交易業務之表現及邊際利潤，因為業內競爭越來越激烈，以及銀行經紀業務於市場爭奪客戶，難免要面對壓力，儘管過去幾年施行之緊縮成本措施，已有助抵銷部份此等不利影響。本集團仍正致力進一步實現節省成本，在嚴峻之市況下發揮更大成本優勢。本集團將增加投資於其他業務，及形成一個更均衡業務組合，藉以逐步分散經紀業務因市場波動而造成之影響。



Securities Margin Financing Business

Interest income generated from securities margin loan portfolio was HK\$1,702,000 (1.4.2003 to 31.3.2004: HK\$2,713,000). Operating loss was reduced to HK\$175,000. Credit demand was adversely hit by cautious sentiment in the volatile market environment during the period and by the fiercer industrial competition as a result of the abolition of minimum commission charge system. The Group remained consistently prudent and flexible in executing the margin financing policy to minimize its risk exposure in the unstable market and maintained reasonable returns for our shareholders as its ultimate goal.

Financial Management and Advisory Services

The Group sustained its impressive progress in financial management and advisory business since the establishment of our subsidiary, Karl Thomson Investment Consultants Limited in 2002. Turnover for the division was HK\$13,946,000 (1.4.2003 to 31.3.2004: HK\$17,502,000). The growth momentum of this division remains strong mainly attributing to the successful result of our aggressive recruitment of high caliber and competent advisers and continual expansion of our product range to provide personalized and tailor-made service to meet the investment needs of clients. The sustainable economic recovery, improving employment situation, higher education and mild inflation expectation stimulate great demand for financial planning for higher but safer return for the investment funds. The internationalization and liberalization of China financial market provide additional market opportunities for professional investment advisory services. The Group fastens steps to upstream the product range to asset management in order to enrich the product mix. Persistent intensive product trainings have also been carried out to upgrade the salesman quality to carter the dynamic needs of the investors.

證券保證金融資業務

來自證券保證金融資組合之利息收入為1,702,000港元(二零零三年四月一日至二零零四年三月三十一日：2,713,000港元)，溢利虧損減少至175,000港元。於期間內，投資者在不穩之市場環境下均抱審慎態度，加上行業受到廢除徵收最低佣金制度所影響而出現激烈競爭，對信貸需求構成了不利衝擊。本集團為盡量減少在不穩定市場上所面對之風險，仍貫徹執行既審慎又靈活之保證金融資政策，持續為股東帶來合理回報，此乃本集團之最終目標。

理財管理及顧問業務

自從於二零零二年成立附屬公司高信投資顧問有限公司以來，本集團之理財管理及顧問業務一直保持穩定發展，其營業額為13,946,000港元(二零零三年四月一日至二零零四年三月三十一日：17,502,000港元)。理財顧問業務仍保持強勁增長之主因，乃本集團積極增聘能幹及資深之理財顧問，並不斷擴闊產品種類，為客戶提供度身訂造之個人理財服務，迎合每位尊貴客戶之投資需求。經濟持續復甦、就業狀況不斷改善、教育水平越來越高，再加上預期溫和通脹情況重現，均刺激起投資者對尋求較高回報及更保本之投資財務策劃之殷切需求。中國開放其金融市場，使之國際化，為專業投資顧問服務提供更多市場機會。本集團加快發展步伐，將產品種類擴闊至資產管理，使當中產品組合更為完備。本集團亦不斷為營業員加強產品知識培訓，務求提高彼等之水平，以應付投資者各式各樣之需要。



Investment Banking Business

The Group operates its investment banking business through our subsidiary, Karl Thomson Financial Advisory Limited, which contributed an operating revenue of HK\$1,371,000 to the Group during the period (1.4.2003 to 31.3.2004: HK\$1,222,000). The investment banking division of the Company continues to report steady growth during the period. Through the Group's subsidiary, Karl Thomson Financial Advisory Limited, the division engages in providing corporate finance advisory services for private and public companies in Hong Kong and the PRC. During the period, the division has completed several disclosable transactions, acting as a financial adviser or independent financial adviser, for a number of listed companies in Hong Kong. In addition to engaging in separate transactions, the division has also been retained by several private as well as public companies as the financial adviser for general financial advisory mandates. The division will continue its strategy, as a boutique investment bank, by providing value-added ideas, personalized services and cost effective execution to our clients. With the stable recovery of the financial market in Hong Kong, the Group is confident that the division will continue to report steady growth in years ahead.

Material Acquisitions and Disposals of Associate Companies

Subsequent to the subscription of HK\$30,000,000 convertible note issued by ATNT, the Group has exercised the option to convert the said note into 150,000,000 ATNT ordinary shares at HK\$0.20 per share during the period. ATNT thereafter became an associate of the Group. On 25 November 2004, the Group conditionally agreed to acquire 48,520,667 shares and 3,475,167 shares of ATNT at HK\$0.45 per share respectively from Optimist International Limited ("Optimist") and Mr. Lam Kwok Yan for a total consideration of HK\$23,398,125. The said acquisition has been passed by the independent shareholders in the resolution of Special General Meeting of the Company on 30 March 2005 and has been completed on 20 April 2005. The Group is now effectively holding 47.37% of ATNT. The business of ATNT includes electroplating equipment manufacturing, timber trading and entertainment production services business. The Group is accounted to share an investment income of HK\$5,321,000 from the profit of ATNT during the period. This investment effectively brought an encouraging return for the first fiscal year and is considered to be extremely attractive in the prevailing low interest rate environment. The contribution of ATNT helps to diversify the earning bases of the Group and offers an opportunity to share the positive business outlook of the semi-conductor industry.

投資銀行業務

本集團透過附屬公司高信融資服務有限公司經營投資銀行業務。於期間內，這業務為本集團帶來經營收益1,371,000港元(二零零三年四月一日至二零零四年三月三十一日：1,222,000港元)。期間內，本公司之投資銀行部持續錄得穩定增長。這部門透過本集團之附屬公司高信融資服務有限公司，從事向香港及中國之私人及公眾公司提供企業財務顧問服務。期間內，這部門為多間香港上市公司完成數宗須予披露交易、擔任財務顧問或獨立財務顧問。除了參與獨立交易外，此部門亦獲多間私人及公眾公司聘請作財務顧問，受託提供一般財務顧問服務。此部門將繼續向客戶提供增值意念、個人化服務及具成本效益之執行方法。鑑於香港金融市場穩定復甦，本集團滿有信心，相信來年這部門會繼續錄得穩定增長。

收購及售出聯營公司之重大事項

繼認購亞洲聯網發行之30,000,000港元可換股票據後，本集團於期間內，已行使選擇權，將有關票據轉換為150,000,000股亞洲聯網普通股份，每股作價0.20港元，亞洲聯網因而成為本集團之聯營公司。本集團於二零零四年十一月二十五日有條件同意按每股亞洲聯網股份0.45港元之價格，分別向Optimist International Limited (「Optimist」)及藍國恩先生收購48,520,667股及3,475,167股亞洲聯網股份，總代價為23,398,125港元，當中協議已於二零零五年三月三十日之特別受股東大會上獲獨立股東通過，並於二零零五年四月二十日完成，現時本集團實際持有亞洲聯網47.37%股權。亞洲聯網之業務包括電鍍設備製造、木材貿易及娛樂製作業務。於期間內，本集團在亞洲聯網之溢利中，應佔投資收入為5,321,000港元。這項投資為首個財政年度業績實際帶來可觀回報，在現行低息環境中，被視為一項極為吸引之投資，更有助擴闊本集團之盈利基礎，讓本集團有機會分享從事半導體業務發展之樂觀前景。



Apart from this, there is no material acquisition and disposal of associate companies during the period.

Liquidity, Financial Resources and Funding

Despite the cash commitment of subscribing HK\$30,000,000 convertible note of ATNT during the period, the financial position of the Group remained sound and healthy as positive inflow replenished from operation, the loan repayment from clients and the reduction of margin loan exposure helped to set off part of this cash payment. As at 31 December 2004, the Group has cash and cash equivalent of HK\$47,718,000 (31.3.2004: HK\$66,526,000).

The Group generally finances its operation with internally generated cash flows. The Group has no bank borrowings apart from occasional utilization of overdraft facilities.

Human Resources

At 31 December 2004, the Group employed a total of 123 staff (31.3.2004: 134) of which 79 were commissioned based (31.3.2004: 86). The total staff costs is amounted to HK\$7,422,000 for the period of nine months (1.4.2003 to 31.3.2004: HK\$10,197,000). The Group maintained a minimum overhead expense to support the basic operation and dynamic expansion of its business. The future expense of staff cost will be more directly linked to the performance of business turnover and profit, enabling the Group to respond flexibly with the changes of business environment.

The Board does not recommend the payment of any final dividend for the nine months ended 31 December 2004 (31.3.2004: Nil).

NAM KWOK LUN

Deputy Chairman and Managing Director

Hong Kong, 26 April 2005

除此之外，於期間內，本集團並無其他重大收購及售出聯營公司之事項。

流動資金、財政資源及資金

儘管期間內有涉及認購亞洲聯網為數30,000,000港元之可換股票據之現金承擔，但由於業務經營、客戶之償還貸款及減少保證金融資風險抵銷此項部份現金支出，故本集團之財務狀況仍保持穩健。於二零零四年十二月三十一日本集團之現金及等同現金項目為47,718,000港元(二零零四年三月三十一日：66,526,000港元)。

本集團一般透過內部現金流量支付其業務。除了偶然動用透支融通外，本集團並無任何銀行借貸。

人力資源

於二零零四年十二月三十一日，本集團共聘用了123名員工(二零零四年三月三十一日：134名)，當中79名為佣金制員工(二零零四年三月三十一日：86名)，而於九個月期間內，相關員工成本合共7,422,000港元(二零零三年四月一日至二零零四年三月三十一日：10,197,000港元)。本集團維持最低開支以應付業務之基本營運及不斷擴展用途。日後有關員工成本之開支，將更加與業務之營業額及溢利表現有直接連繫，令本集團能夠靈活回應營商環境之轉變。

董事會不建議支付截至二零零四年十二月三十一日止九個月之任何末期股息(二零零四年三月三十一日：無)。

藍國倫

副主席兼董事總經理

香港，二零零五年四月二十六日