



04015022

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2004
Estimated average burden hours per response.....	12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-39247

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Cathay Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

202 Canal Street, Suite 403

(No. and Street)

New York

(City)

New York

(State)

10013

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Mr. Ruserim S. Hasan

212-285-2261

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Wong & Co., Certified Public Accountants

(Name - if individual, state last, first, middle name)

57 West 38th Street, 12th Floor, New York, NY 10018-5500

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 31 2004

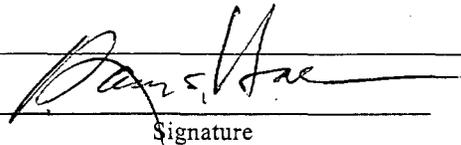
FOR OFFICIAL USE ONLY
THOMSON FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

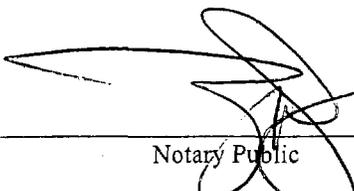
I, Ruserim S. Hasan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Cathay Securities, Inc., as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

N/A


Signature

President

Title


Notary Public

TONY C. WONG
Notary Public, State of New York
No. 41-4800224
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires July 31, 19 2005

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

Certified Public Accountants: Supplementary Report of Internal Control
**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

CATHAY SECURITIES, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2003
WITH**

**REPORT AND SUPPLEMENTARY REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS**



57 West 38th Street, 12F/L, New York, NY 10018
Tel: (212) 840-6123 Fax: (212) 840-6993

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors of
Cathay Securities, Inc.

We have audited the accompanying statement of financial condition of Cathay Securities, Inc. (the Company) as of December 31, 2003, and the related statements of operations, changes in stockholders' equity and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cathay Securities, Inc. as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Focus Report is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Wong & Co.
New York, New York
February 23, 2004

CATHAY SECURITIES, INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2003

ASSETS

Cash and Cash Equivalents (Note 2)	\$	10,277
Receivable From Broker		118,044
Office Furnishings, Net of Accumulated Depreciation and Amortization of \$91,069 (Note 2)		20,168
Other Assets		<u>32,120</u>
Total Assets	\$	<u><u>180,609</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Accounts Payable and Accrued Expenses	\$	4,126
Stockholders' Equity: (Note 3)		
Capital Stock		76,200
Additional Paid-in-Capital		126,800
Accumulated Deficit		<u>(26,517)</u>
Total Stockholders' Equity		<u>176,483</u>
Total Liabilities and Stockholders' Equity	\$	<u><u>180,609</u></u>

See Accountants' Report and Accompanying Notes

CATHAY SECURITIES, INC.

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2003

REVENUES:

Commission Income, Net (Note2)	\$	271,664
Other Income		14,862
Interest Income		7,447
		<hr/>
Total Revenues		293,973

EXPENSES:

Salaries		61,440
Payroll Related Expenses		5,878
Occupancy Costs		76,949
Communication Costs		56,454
Equipment Rental		12,075
Advertising & Promotion		15,000
Office Expense		34,204
Professional Fees		16,209
Computer & Clearing Charges		13,222
Travel Expense		5,156
Insurance		3,602
Miscellaneous		2,632
Depreciation (Note 2)		5,802
		<hr/>
Total Expenses		308,623

Loss Before Income Taxes (14,650)

Net Loss \$ (14,650)

CATHAY SECURITIES, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Loss	\$	(14,650)
Adjustments to Reconcile Net Loss to Net Cash Generated by Operating Activities:		
Depreciation Expense		5,802
Decrease in Receivable From Broker		7,384
Increase in Other Assets		(107)
Decrease in Accrued Expenses		<u>(1,004)</u>
Net Cash Used by Operating Activities		<u>(2,575)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Equipment		<u>(8,146)</u>
Net Cash Used by Investing Activities		<u>(8,146)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Paid-in-Capital		<u>2,000</u>
Net Cash Provided by Financing Activities		<u>2,000</u>

Net Decrease in Cash	\$	<u>(8,721)</u>
Cash, Beginning of Year		<u>18,998</u>
Cash, End of Year	\$	<u><u>10,277</u></u>

Supplemental Disclosure of Cash Flows Information:

Cash Paid During The Year For:		
Corporate Income and Franchise Taxes	\$	<u><u>0</u></u>

CATHAY SECURITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

YEAR ENDED DECEMBER 31, 2003

	<u>Capital</u>	<u>Paid-in</u>	<u>Retained</u>	<u>Total</u>
	<u>Stock</u>	<u>Capital</u>	<u>Earnings</u>	
Balance, 01-01-2003	\$ 76,200	\$ 124,800	\$ (11,867)	\$ 189,133
Additions	0	2,000	0	2,000
Net Loss	0	0	(14,650)	(14,650)
Balance, 12-31-2003	<u>\$ 76,200</u>	<u>\$ 126,800</u>	<u>\$ (26,517)</u>	<u>\$ 176,483</u>

See Accountants' Report And Accompanying Notes

CATHAY SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

Note 1 - Organization

Cathay Securities, Inc. (the Company) was incorporated on November 2, 1987 under the laws of the State of New York.

The Company became a registered broker/dealer pursuant to Section 15(b) of the Securities Exchange Act of 1934 on January 27, 1988, and a member of the National Association of Securities Dealers, Inc. on March 28, 1988. The Company conducts all its businesses on a fully disclosed basis. All customer security accounts are carried by U.S. Clearing Corporation.

Note 2 - Accounting Policies

The accounting policies and practices of the Company conform with generally accepted accounting principles. The significant policies are summarized below:

Revenue Recognition

Commissions on all securities transactions are recognized when services are performed.

Fixed Assets

Office furnishings are stated at costs and depreciated over their estimated useful lives on a straight-line basis for both financial and federal income tax reporting purposes. Leasehold Improvements are amortized over the term of the office lease.

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes", which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consisted of federal, state and city taxes currently due. At December 31, 2003, deferred tax assets and liabilities were immaterial.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CATHAY SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

Note 2 - Accounting Policies (continued)

Fair Value of Financial Instruments

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments", requires the Company to report the fair value of financial instruments, as defined. The Company's assets and liabilities are largely carried at fair value or contracted amounts, which approximate fair value. Assets consist of cash and receivables. Liabilities consist of accounts payable and accrued expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

Note 3 - Capital Stock

As of December 31, 2003, the Company had 200 shares of no par value common stock authorized, issued and outstanding.

Note 4 - Commitments

The Company had entered into a five-year office lease agreement expiring on June 30, 2005. The following is a schedule of future minimum rental payments required under the above lease as of December 31, 2003:

Year Ending December 31	Amount
2004	70,908
2005	36,149

	<u><u>\$107,057</u></u>

Note 5 - Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires that aggregate indebtedness shall not exceed fifteen times net capital. In addition, the Company is required to maintain a minimum net capital of \$50,000. At December 31, 2003, the Company's net capital was \$122,178, which was \$72,178 in excess of the required net capital, and the Company's aggregate indebtedness to net capital ratio was 0.03 to 1.

CATHAY SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

Note 6 - Financial Instruments With Off-Balance Sheet Risk

The Company introduces all customer transactions in securities traded in U.S. securities markets to another New York Stock Exchange member firm on a fully disclosed basis. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to non-performance by customer or counterparties.

The Company's exposure to credit risk associated with the non-performance of customers and counterparties in fulfilling their contractual obligations pursuant to these securities transactions can be directly impacted by volatile trading markets, which may impair the customer's or counterparty's ability to satisfy their obligations to the Company.

In the event of non-performance the Company may be required to purchase or sell financial instruments at unfavorable market prices resulting in a loss to the Company. The Company does not anticipate non-performance by customers and counterparties in the above situations.

The Company seeks to control the aforementioned risks by requiring customers or counterparties to maintain collateral in compliance with regulatory requirements, the clearing broker's guidelines and industry standards. The Company monitors required margin levels daily and, pursuant to such guidelines, requires the customer to deposit additional collateral, or to reduce positions, when necessary. The Company also has a policy of reviewing the credit standing of each customer and counterparty with which it conducts business.

FORM X-17A-5	<h1 style="margin: 0;">FOCUS REPORT</h1> <p style="margin: 0;">(Financial and Operational Combined Uniform Single Report)</p> <p style="margin: 0;">Part IIA Quarterly 17a-5(a)</p> <p style="margin: 0; font-size: small;">INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17</p>
-------------------------	--

COVER

Select a filing method: Basic Alternate [0011]

Name of Broker Dealer: CATHAY SECURITIES, INC. [0013] SEC File Number: 8- 39247 [0014]

Address of Principal Place of Business: 202 CANAL ST [0020]

NEW YORK NY 10013 [0021] [0022] [0023] Firm ID: 21821 [0015]

For Period Beginning 10/01/2003 [0024] And Ending 12/31/2003 [0025]

Name and telephone number of person to contact in regard to this report:

Name: RUSERIM S. HASAN [0030] Phone: 212-285-2261 [0031]

Name(s) of subsidiaries or affiliates consolidated in this report:

Name: _____ [0032] Phone: _____ [0033]

Name: _____ [0034] Phone: _____ [0035]

Name: _____ [0036] Phone: _____ [0037]

Name: _____ [0038] Phone: _____ [0039]

Does respondent carry its own customer accounts? Yes [0040] No [0041]

Check here if respondent is filing an audited report [0042]

ASSETS

Consolidated [0198] Unconsolidated [0199]

Allowable

Non-Allowable

Total

1. Cash	10,277 [0200]		10,277 [0750]
2. Receivables from brokers or dealers:			
A. Clearance account	[0295]		
B. Other	118,044 [0300]	[0550]	118,044 [0810]
3. Receivables from non-customers	[0355]	[0600]	0 [0830]
4. Securities and spot commodities owned, at market value:			
A. Exempted securities	[0418]		
B. Debt securities	[0419]		
C. Options	[0420]		
D. Other securities	[0424]		
E. Spot commodities	[0430]		0 [0850]
5. Securities and/or other investments not readily marketable:			
A. At cost	[0130]		
B. At estimated fair value	[0440]	[0610]	0 [0860]
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:	[0460]	[0630]	0 [0880]
A. Exempted securities	[0150]		
B. Other securities	[0160]		
7. Secured demand notes market value of collateral:	[0470]	[0640]	0 [0890]

	<p>A. Exempted securities</p> <hr/> <p style="text-align: right;">[0170]</p>			
	<p>B. Other securities</p> <hr/> <p style="text-align: right;">[0180]</p>			
8.	Memberships in exchanges:			
	<p>A. Owned, at market</p> <hr/> <p style="text-align: right;">[0190]</p>			
	<p>B. Owned, at cost</p> <hr/> <p style="text-align: right;">[0650]</p>			
	<p>C. Contributed for use of the company, at market value</p> <hr/> <p style="text-align: right;">[0660]</p>		0	[0900]
9.	Investment in and receivables from affiliates, subsidiaries and associated partnerships	[0480]	[0670]	0 [0910]
10.	Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	[0490]	20,168 [0680]	20,168 [0920]
11.	Other assets	[0535]	32,120 [0735]	32,120 [0930]
12.	TOTAL ASSETS	128,321 [0540]	52,288 [0740]	180,609 [0940]

LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13. Bank loans payable	[1045]	[1255]	[1470]
14. Payable to brokers or dealers:			0
A. Clearance account	[1114]	[1315]	[1560]
B. Other	[1115]	[1305]	[1540]
15. Payable to non-customers	[1155]	[1355]	[1610]
16. Securities sold not yet purchased, at market value		[1360]	[1620]
17. Accounts payable, accrued liabilities, expenses and other	4,126 [1205]	[1385]	4,126 [1685]
18. Notes and mortgages payable:			0
A. Unsecured	[1210]		[1690]
B. Secured	[1211]	[1390]	[1700]
19. Liabilities subordinated to claims of general creditors:			0
A. Cash borrowings:		[1400]	[1710]
1. from outsiders	[0970]		
2. Includes equity subordination (15c3-1(d)) of	[0980]		
B. Securities borrowings, at market value:		[1410]	[1720]
from outsiders	[0990]		
C. Pursuant to secured demand note collateral agreements:		[1420]	[1730]
1. from outsiders			

[1000]

2. Includes equity subordination (15c3-1(d)) of

[1010]

	D. Exchange memberships contributed for use of company, at market value	[1430]	0	[1740]
	E. Accounts and other borrowings not qualified for net capital purposes	[1220]	[1440]	0
		4,126	0	4,126
20.	TOTAL LIABILITIES	[1230]	[1450]	[1760]

Ownership Equity

		Total
21. Sole proprietorship		[1770]
22. Partnership (limited partners [1020])		[1780]
23. Corporations:		
A. Preferred stock		[1791]
B. Common stock		76,200
C. Additional paid-in capital		[1792]
D. Retained earnings		126,800
E. Total		[1793]
F. Less capital stock in treasury		-26,517
24. TOTAL OWNERSHIP EQUITY		[1794]
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY		176,483
		[1800]
		180,609
		[1810]

STATEMENT OF INCOME (LOSS)Period Beginning 10/01/2003
[3932]Period Ending 12/31/2003
[3933]Number of months 3
[3931]**REVENUE**

1. Commissions:		
a. Commissions on transactions in exchange listed equity securities executed on an exchange		[3935]
b. Commissions on listed option transactions	998	[3938]
c. All other securities commissions	45,872	[3939]
d. Total securities commissions	46,870	[3940]
2. Gains or losses on firm securities trading accounts		
a. From market making in options on a national securities exchange		[3945]
b. From all other trading		[3949]
c. Total gain (loss)	0	[3950]
3. Gains or losses on firm securities investment accounts		[3952]
4. Profit (loss) from underwriting and selling groups		[3955]
5. Revenue from sale of investment company shares		[3970]
6. Commodities revenue		[3990]
7. Fees for account supervision, investment advisory and administrative services		[3975]
8. Other revenue	5,538	[3995]
9. Total revenue	52,408	[4030]

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers	10,000	[4120]
11. Other employee compensation and benefits	10,725	[4115]
12. Commissions paid to other broker-dealers		[4140]
13. Interest expense		[4075]
a. Includes interest on accounts subject to subordination agreements		[4070]
14. Regulatory fees and expenses		[4195]
15. Other expenses	62,212	[4100]
16. Total expenses	82,937	

EXEMPTIVE PROVISIONS

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based

A. (k) [4550]
 (1)--Limited business (mutual funds and/or variable annuities only)

B. (k) [4560]
 (2)(i)--"Special Account for the Exclusive Benefit of customers" maintained

C. (k) [4570]
 (2)(ii)--All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm(s)

Clearing Firm SEC#s	Name	Product Code
8- <u>23522</u> [4335A]	<u>FLEET SECURITIES, INC.</u> [4335A2]	<u>A11</u> [4335B]
8- _____ [4335C]	_____ [4335C2]	_____ [4335D]
8- _____ [4335E]	_____ [4335E2]	_____ [4335F]
8- _____ [4335G]	_____ [4335G2]	_____ [4335H]
8- _____ [4335I]	_____ [4335I2]	_____ [4335J]

D. (k) [4580]
 (3)--Exempted by order of the Commission

COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition			176,483
			[3480]	<u>0</u>
2.	Deduct ownership equity not allowable for Net Capital		[3490]	176,483
3.	Total ownership equity qualified for Net Capital		[3500]	<u>0</u>
4.	Add:			0
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			[3520]
	B. Other (deductions) or allowable credits (List)			
		<u> </u>	[3525A]	<u> </u>
		<u> </u>	[3525C]	<u> </u>
		<u> </u>	[3525E]	<u> </u>
			[3525B]	<u> </u>
			[3525D]	<u> </u>
			[3525F]	<u> </u>
5.	Total capital and allowable subordinated liabilities			176,483
				<u> </u>
6.	Deductions and/or charges:			
	A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	<u>52,288</u>	[3540]	
	B. Secured demand note deficiency		<u> </u>	[3590]
	C. Commodity futures contracts and spot commodities - proprietary capital charges		<u> </u>	[3600]
	D. Other deductions and/or charges		<u> </u>	[3610]
				<u>-52,288</u>
				[3620]
7.	Other additions and/or credits (List)			
		<u> </u>	[3630A]	<u> </u>
		<u> </u>	[3630C]	<u> </u>
		<u> </u>	[3630E]	<u> </u>
			[3630B]	<u> </u>
			[3630D]	<u> </u>
			[3630F]	<u> </u>
				0
				[3630]
8.	Net capital before haircuts on securities positions			124,195
				<u> </u>
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			
	A. Contractual securities commitments		<u> </u>	[3660]
	B. Subordinated securities borrowings		<u> </u>	[3670]
	C. Trading and investment securities:			
	1. Exempted securities		<u> </u>	[3735]
	2. Debt securities		<u> </u>	[3733]

3. Options		[3730]	
4. Other securities		[3734]	
D. Undue Concentration		[3650]	
E. Other (List)			
Good Faith Deposit		2,017	
[3736A]		[3736B]	
			[3736D]
[3736C]			[3736D]
			[3736F]
[3736E]		2,017	
		[3736]	-2,017
			[3740]
10. Net Capital			122,178
			[3750]

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)		275	
		[3756]	
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note(A)		50,000	
		[3758]	
13. Net capital requirement (greater of line 11 or 12)		50,000	
		[3760]	
14. Excess net capital (line 10 less 13)		72,178	
		[3770]	
15. Excess net capital at 1000% (line 10 less 10% of line 19)		121,765	
		[3780]	

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition		4,126	
		[3790]	
17. Add:			
A. Drafts for immediate credit		[3800]	
B. Market value of securities borrowed for which no equivalent value is paid or credited		[3810]	
C. Other unrecorded amounts(List)			
		[3820A]	[3820B]
		[3820C]	[3820D]
		[3820E]	[3820F]
		0	0

	[3820]		[3830]
19. Total aggregate indebtedness			<u>4,126</u>
			[3840]
20. Percentage of aggregate indebtedness to net capital (line 19 / line 10)		%	<u>3</u>
			[3850]

OTHER RATIOS

21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)		%	<u>0</u>
			[3860]

SCHEDULED WITHDRAWALS

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual	Name of Lender or Contributor	Insider or Outsider	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	Withdrawal or Maturity Date (MMDDYYYY)	Expect to Renew
[4600]		[4602]			
	[4601]		[4603]	[4604]	[4605]
[4610]		[4612]			
	[4611]		[4613]	[4614]	[4615]
[4620]		[4622]			
	[4621]		[4623]	[4624]	[4625]
[4630]		[4632]			
	[4631]		[4633]	[4634]	[4635]
[4640]		[4642]			
	[4641]		[4643]	[4644]	[4645]
[4650]		[4652]			
	[4651]		[4653]	[4654]	[4655]
[4660]		[4662]			
	[4661]		[4663]	[4664]	[4665]
[4670]		[4672]			
	[4671]		[4673]	[4674]	[4675]
[4680]		[4682]			
	[4681]		[4683]	[4684]	[4685]
[4690]		[4692]			
	[4691]		[4693]	[4694]	[4695]
		TOTAL \$	0		
			[4699]		

Omit Pennies

Instructions Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

Withdrawal Code	Description
1	Equity Capital
2	Subordinated Liabilities
3	Accruals
4	15c3-1(c)(2)(iv) Liabilities

STATEMENT OF CHANGES

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1.	Balance, beginning of period					207,012	<u> </u>
						[4240]	<u> </u>
	A. Net income (loss)					-30,529	<u> </u>
						[4250]	<u> </u>
	B. Additions (includes non-conforming capital of			<u> </u>			<u> </u>
				[4262]			[4260]
	C. Deductions (includes non-conforming capital of			<u> </u>			<u> </u>
				[4272]			[4270]
2.	Balance, end of period (From item 1800)					176,483	<u> </u>
							[4290]

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS**

3.	Balance, beginning of period					<u> </u>	[4300]
	A. Increases					<u> </u>	[4310]
	B. Decreases					<u> </u>	[4320]
4.	Balance, end of period (From item 3520)					<u> </u>	0
							[4330]

FORM X-17A-5	<h1 style="margin: 0;">FOCUS REPORT</h1> <p style="margin: 0;">(Financial and Operational Combined Uniform Single Report)</p> <h2 style="margin: 0;">Schedule I</h2> <p style="margin: 0; font-size: small;">INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17</p>
-------------------------	--

Report for period beginning 01/01/2003 and ending 12/31/2003
[8005] [8006]

SEC File Number: 39247
[8011]

Firm ID: 21821

1. Name of Broker Dealer: CATHAY SECURITIES, INC.
[8020]

2. Name(s) of broker-dealer(s) merging with respondent during reporting period:

Name: _____	Phone: _____	
[8053]	[8057]	
Name: _____	Phone: _____	
[8054]	[8058]	
Name: _____	Phone: _____	
[8055]	[8059]	
Name: _____	Phone: _____	
[8056]	[8060]	

3. Respondent conducts a securities business exclusively with registered broker-dealers: Yes No [8073]

4. Respondent is registered as a specialist on a national securities exchange: Yes No [8074]

5. Respondent makes markets in the following securities:

(a) equity securities	Yes <input type="radio"/>	No <input checked="" type="radio"/> [8075]
(b) municipals	Yes <input type="radio"/>	No <input checked="" type="radio"/> [8076]
(c) other debt instruments	Yes <input type="radio"/>	No <input checked="" type="radio"/> [8077]

6. Respondent is registered solely as a municipal bond dealer: Yes No [8078]

7. Respondent is an insurance company or an affiliate of an insurance company: Yes No [8079]

8. Respondent carries its own public accounts: Yes No [8084]

9. Respondent's total number of public customer accounts:

(carrying firms filing X-17A-5 Part II only)

(a) Public customer accounts _____ [8080]

(b) Omnibus accounts _____ [8081]

10. Respondent clears its public customer and/or proprietary accounts: Yes No [8085]

11. Respondent clears its public customer accounts in the following manner:

(a) Direct Mail (New York Stock Exchange Members Only) [8086]

(b) Self Clearing [8087]

(c) Omnibus [8088]

(d) Introducing [8089]

(e) Other [8090]

(f) Not Applicable [8091]

12. Yes No [8100]

(a) Respondent maintains membership(s) on national securities exchange(s):

(b) Names of national securities exchange(s) in which respondent maintains memberships:

(1) American [8120]

(2) Boston [8121]

(3) CBOE [8122]

(4) Midwest [8123]

(5) New York [8124]

(6) Philadelphia [8125]

(7) Pacific Coast [8126]

(8) Other [8129]

13. Employees:

(a) Number of full-time employees _____ 5 [8101]

(b) Number of full-time employees registered representatives employed by respondent included in 13(a) _____ 1 [8102]

14. Number of NASDAQ stocks respondent makes market _____ 0 [8103]

15. Total number of underwriting syndicates respondent was a member _____ 0 [8104]

16. Number of respondent's public customer transactions:

Actual Estimate

- (a) equity securities transactions effected on a national securities exchange _____ [8107]
- (b) equity securities transactions effected other than on a national securities exchange _____ [8108]
- (c) commodity, bond, option, and other transactions effected on or off a national securities exchange _____ [8109]

17. Respondent is a member of the Securities Investor Protection Corporation Yes No [8111]

18. Number of branch offices operated by respondent _____ 0 [8112]

19. Yes No [8130]

(a) Respondent directly or indirectly controls, is controlled by, or is under common control with a U.S. bank

(b) Name of parent or affiliate _____ [8131]

(c) Type of institution _____ [8132]

20. Respondent is an affiliate or subsidiary of a foreign broker-dealer or bank Yes No [8113]

21. Yes No [8114]

(a) Respondent is a subsidiary of a registered broker-dealer

(b) Name of parent _____ [8116]

22. Respondent is a subsidiary of a parent which is not a registered broker or dealer Yes No [8115]

23. Respondent sends quarterly statements to customers pursuant to Rule 10b-10(b) in lieu of daily or immediate confirmations: Yes No [8117]

* Required in any Schedule I filed for the calendar year 1978 and succeeding years.

24. Aggregate Dollar Amount of Non-Exempted OTC Sales of Exchange-Listed Securities Done by Respondent During the Reporting Period _____ 0 [8118]

N.A.S.D. Miscellaneous Information

Annual Municipal Income _____ 0 [8151]



57 West 38th Street, 12F/L, New York, NY 10018
Tel: (212) 840-6123 Fax: (212) 840-6993

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
REQUIRED BY SEC RULE 17a-5

Board of Directors
Cathay Securities, Inc.

In planning and performing our audit of the financial statements of Cathay Securities, Inc. (the Company), for the year ended December 31, 2003, on which we issued our report dated February 23, 2004, we considered its internal control, including procedures for safeguarding securities, in order to determine our audit procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemption provisions of Rule 15c3-3.
2. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

Making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-3.

3. Complying with the requirements for prompt payment for securities of Section 8 of Federal Reserves Regulation T of the Board of Governors of the Federal Reserve System.
4. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives.

Two of the objectives of an internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risks that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2003, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers and should not be used by for any other purposes.



Wong & Co.
New York, New York
February 23, 2004