

Investing in

20



the Future



## Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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# Corporate Information

## Board of Directors

*Executive:*

KWAN Pak Hoo Bankee (*Chairman*)

KHOO Ken Wee

MIAO Wen Hao Felix

LAW Ping Wah Bernard

WONG Kin Yick Kenneth

LAW Ka Kin Eugene

*Independent Non-executive:*

CHIANG Chiu Ping Raymond

WONG Kwong Chi Simon

## Principal Bankers

Wing Hang Bank, Limited

The Hongkong and Shanghai

Banking Corporation Limited

## Solicitors

Richards Butler

## Auditors

Deloitte Touche Tohmatsu

*Certified Public Accountants*

## Company Secretary

KWOK Oi Kuen Joan Elmond, *ACIS*

## Qualified Accountant

CHAN Shuk Ling Connie, *AICPA*

## Compliance Officer

LAW Ka Kin Eugene, *BA*

## Audit Committee

CHIANG Chiu Ping Raymond

WONG Kwong Chi Simon

## Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## Head Office and Principal Place of Business

22/F The Center

99 Queen's Road Central

Hong Kong

## Registrars and Transfer Office in Hong Kong

Standard Registrars Limited

5/F Wing On Centre

111 Connaught Road Central

Hong Kong

## Contacts

Tel: (852) 2287 8822

Fax: (852) 2287 8828

url: [www.cashon-line.com](http://www.cashon-line.com)

## Cyber Cafés

Shop 1B

G/F Haiphong Mansion

99-101 Nathan Road

Tsim Sha Tsui

Kowloon

Shop 9-12

G/F Excelsior Plaza

24-26 East Point Road

Causeway Bay

Hong Kong

## Corporate Profile

CASH on-line Limited (“CASH on-line” or “Company”, together with its subsidiaries “Group”) is Hong Kong’s leading electronic brokerage and financial service provider and is listed on GEM of the Stock Exchange.

Utilizing B2B and B2C models, CASH on-line provides a comprehensive range of electronic financial service products to fulfill the requirements of its users’ diverse personal financial and lifestyle needs. Capitalizing on its early mover advantages and the depth of its management across different industries and professions, the Group aims to extend its geographical coverage to create an international trading hub for users.

## Directors and Senior Management Profile



*Front (left to right)*

Bankee Kwan, Ken Khoo

*Back (left to right)*

Bernard Law, Eugene Law

Felix Miao, Kenneth Wong

## Board of Directors

### *Executive Directors*

**Mr KWAN Pak Hoo Bankee**, aged 41, has been the Chairman of the Group since its establishment. He is also the chairman and chief executive officer of Celestial Asia Securities Holdings Limited (“CASH”) the ultimate holding company of the Company, and the chairman of Pricerite Group Limited (“Pricerite”), a subsidiary of CASH, both of which are listed on the Stock Exchange. Mr Kwan has over sixteen years’ experience in corporate management, strategic planning, marketing management and financial advisory. Prior to his appointment to CASH and the Company, he held senior executive positions in other listed companies and several leading international banks in Hong Kong. He is a John Harvard fellow of Harvard University, USA, a member of the Harvard Asia Center Advisory Committee and an honorary member of the Board of Trustees of Nanjing University, PRC. He is also a fellow of Institute of Financial Accountants, an associate of Hong Kong Young Industrialists Council, a member of Hong Kong Securities Institute and a full member of Hong Kong Institute of Marketing. Mr Kwan graduated with a Master degree in Business Administration from Murdoch University of Perth, Australia, and a Bachelor degree in Business Administration from The Chinese University of Hong Kong. He is the advisory professor of Nanjing University and an honorary advisor of Academy of Oriental Studies of Beijing University of PRC and Li Ka Shing Institute of Professional and Continuing Education. Mr Kwan is a substantial shareholder of CASH.

**Mr KHOO Ken Wee**, aged 36, has been the Chief Executive Officer of the Group since its establishment. He is also the managing director of CASH. Mr Khoo has extensive experience in corporate finance and investment banking. Prior to joining CASH and the Company, Mr Khoo was the regional head of the investment banking division of a prominent financial house in Hong Kong. Mr Khoo graduated from The California State University at San Jose with a Master degree in Economics and from University of Oregon with a Bachelor degree in Economics. He is also a member of Hong Kong Securities Institute. Mr Khoo is a substantial shareholder of CASH.

**Mr MIAO Wen Hao Felix**, aged 38, has been the Deputy Chief Executive Officer of the Group since 10 January 2000. Mr Miao has extensive experience in financial market and had held several senior executive positions in various multinational companies. Prior to joining the Group, he was the managing director of Burson Marsteller, one of the world's largest and reputable public relations companies, with major responsibility in managing its Hong Kong operation. Prior to his appointment with Burson Marsteller, he was the managing director of Citigate Dewe Rogerson, a financial relations and privatization marketing consultancy firm. Mr Miao also has experience with the Hong Kong media and had acted as the editor of the first three Chinese editions of the Media Magazine. Mr Miao received his Bachelor of Science (Hons) degree in Psychology from University of Hull in UK.

**Mr LAW Ping Wah Bernard**, aged 42, has been the Finance Director of the Group since its establishment. He is also the finance director of CASH. Mr Law has over twenty years' extensive working experience in accounting and finance field. Previously, he had served several Hong Kong listed companies as finance director and group financial controller. Mr Law possesses a Master degree in Business Administration from the University of Warwick in UK. He is a fellow member of both the Hong Kong Society of Accountants and the Association of Chartered Certified Accountants and a member of Hong Kong Securities Institute.

**Mr WONG Kin Yick Kenneth**, aged 43, has been an Executive Director of the Group since 2 May 2000. Mr Wong has more than eighteen years' experience in the banking and the financial fields with vast professional exposures to top-tier global institutions. Prior to joining the Group, he had held senior management positions in the HSBC Group and the American Express Bank and oversaw institutional businesses within the Greater China region. Mr Wong possesses a Master degree in Business Administration from Queen's University at Kingston and a Bachelor degree in Applied Science from the University of Toronto in Canada.



**Mr LAW Ka Kin Eugene**, aged 40, is an Executive Director and the Chief Operations Officer of the Group. He joined the Group on 15 March 2000. He is also an executive director and chief operations officer of CASH. Mr Law has more than fifteen years' experience in the financial industry. Prior to joining CASH and the Group, he held senior management positions in a number of regional stockbroking firms in the area of research, investment advisory, strategic planning and business management. Mr Law holds a Bachelor of Arts (Hons) degree in Economics from City of London Polytechnic in UK and is a full member of Hong Kong Securities Institute.

*Independent Non-executive Directors*

**Professor CHIANG Chiu Ping Raymond**, aged 50, was appointed as an Independent Non-executive Director of the Company on 30 October 2000. Professor Chiang has over twenty years' academic experience in the finance field. Currently, he is the chair professor of Financial Management and the dean of the Faculty of Business and Information Systems of The Hong Kong Polytechnic University. He is also an active publisher of various leading economic and finance journals. His research and consulting interests encompass securities investment, and finance and capital markets. Professor Chiang holds a PhD in Finance from Wharton School, University of Pennsylvania in 1979. He is a director of the Hong Kong Securities Institute and a member of the Academic Advisory Committee of the Securities and Futures Commission ("SFC"), and is a non-executive director of Concord Land Development Company Limited, a listed company on the Stock Exchange.

**Mr WONG Kwong Chi Simon**, aged 49, was appointed as an Independent Non-executive Director of the Company on 30 October 2000. Mr Wong has over twenty years' experience in banking, manufacturing and direct investment industry. Mr Wong is an executive vice-president and a director of Transpac Capital Limited, a company which is principally engaged in private equity investment in Mainland China and South East Asia. He holds a Bachelor degree in Science and a Master degree in Business Administration from The Chinese University of Hong Kong. He is a former chairman of the Hong Kong Venture Capital Association, the vice chairman of the Hong Kong Electronic Industries Association and a member of the Young Industrialists Council Limited. He holds directorship in a number of private and public companies.

## Senior Management

**Ms CHENG Pui Lai Majone**, aged 28, is the General Manager of Product Development and joined the Group in March 1998. Ms Cheng has years of experience in investment banking and securities industry. She holds a Bachelor degree in Economics from The University of Hong Kong.

**Ms TSING Nan See Nancy**, aged 39, is a Director of Business Development and joined the Group in August 2000. Ms Tsing has over fifteen years of experience in insurance industry and was a management consultant in McKinsey & Company, Inc. She holds a Master degree in Business Administration from University of Hull in UK and fellowship of the Chartered Insurance Institute.

**Mr KWAN Yiu Ming Frankie**, aged 38, is a Director of Content Development and joined the Group in June 2000. Mr Kwan has over ten years of experience in editorial section in several renowned media companies. He holds a Bachelor of Arts degree from Taiwan National Chung Hsing University.

**Mr NG Hin Sing Derek**, aged 32, is an Associate Director of Business Development and joined the Group in August 1999. Mr Ng has years of experience in the corporate development department of a listed telecom conglomerate in Hong Kong and a management position in one of the largest retailers in USA. He holds a Master degree and Bachelor degree in Business Administration from Southern Illinois University at Carbondale and Ottawa University in USA respectively.

**Ms CHO Lok Sze Rozina**, aged 25, is the Head of Customer Services and joined the Group in August 1997. Ms Cho has years of experience in electronic trading development and operations. She holds a Bachelor degree in Commerce from McGill University in Canada with major in marketing.

**Ms CHAN Sze Wing Kylie**, aged 30, is the Head of Sales and Financial Services and joined the Group in April 2000. Ms Chan has years of experience in advertising and marketing in securities industry. She holds a Bachelor degree in English from The University of Hong Kong.

**Ms CHAN Shuk Ling Connie**, aged 29, is the Financial Controller and joined the Group in October 1999. Ms Chan has several years of experience in the auditing, finance and accounting fields. She holds a Bachelor (Hons) degree in Accountancy from The Hong Kong Polytechnic University and is a member of American Institute of Certified Public Accountants and is a member of the Hong Kong Society of Accountants.

**Ms KWOK Oi Kuen Joan Elmond**, aged 32, is the Company Secretary of the Company and joined the Group in April 1998. She is also the company secretary and executive director of CASH and Pricerite. Ms Kwok has several years' experience in the company secretarial field, corporate finance and corporate development. She holds a Master degree in Business Administration, Bachelor of Arts (Hons) degree in Accountancy and a Professional Diploma in company secretaryship and administration from The City University of Hong Kong, and is an associate of both The Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Companies Secretaries.

**Ms KWOK Lai Ling Elaine**, aged 32, is the Head of Compliance and Risk Management and joined the Group in April 1998. Ms Kwok has years of experience in the financial and operational audit field. She holds a Bachelor (Hons) degree in Accountancy from The Hong Kong Polytechnic University and is a fellow of The Association of Chartered Certified Accountants and an associate member of Hong Kong Society of Accountants, Certified General Accountants of Canada and Hong Kong Securities Institute.

**Mr KWAN Pak Leung Horace**, aged 37, is the Dealing Director of Securities Trading and joined the Group in May 2000. Mr Kwan has over sixteen years' experience in equity dealing and settlement. He is a full member of Hong Kong Securities Institute. Mr Kwan is also the dealing director of Celestial Securities Limited, a wholly-owned subsidiary of CASH, and is the brother of Mr Kwan Pak Hoo Bankee, the Chairman of the Group.

## Advisory Panel

A panel which consists of academics from various local universities was formed in September 1999 with an aim of advising the Group on strategic development and to promote application of academic findings in the commercial world. Members of this advisory panel are as follows:

**Professor CHAN Ka Keung**, the acting dean of the School of Business and Management and the professor of the Department of Finance of Hong Kong University of Science & Technology.

**Professor CHIANG Chiu Ping Raymond**, the chair professor in Financial Management and the dean of the Faculty of Business and Information Systems of The Hong Kong Polytechnic University.

**Professor CHIN Tai Hong Roland**, the professor and the head of the Department of Computer Science of Hong Kong University of Science & Technology.

**Professor LUI Yu Hon**, the Director of Li Ka Shing Institute of Professional and Continuing Education of The Open University of Hong Kong.

**Professor IP Yiu Keung**, the dean of the School of Business and Administration of The Open University of Hong Kong.

## Chairman's Statement

The year 2000 saw CASH on-line fulfil the core promise made to our strategic shareholders by listing on GEM of the Stock Exchange. This is a testament to our successful investment in a strong brand presence and state-of-the-art infrastructure and is a particular strong achievement given the very difficult financial market environment that prevailed in 2000.

With robust, efficient systems, professional management and a strong balance sheet, CASH on-line is now poised to begin generating returns from these investments, as we pursue our vision of using technology and deregulation to create a new kind of electronic financial services group offering a broad range of financial products via the widest choice of delivery systems.



### Results

Revenues for the period rose 107% over 1999 to HK\$44 million. This reflects good response from existing ultimate customer base, which increased by 350%, to the introduction of new products and services during the year.

Losses nevertheless widened to HK\$157 million. This was expected and was a consequence of our commitment to invest in technology and brand building. These expenses should fall sharply in 2001, as our well established brand name will enable us to reduce substantially our spending on above-the-line advertising and promotion.

## Financial Position

As at 31 December 2000, the Group had minimum bank borrowings and had net cash on hand of some HK\$225 million. Our financial position is sufficient to allow us to complete all of the initiatives outlined in the listing prospectus of the Company dated 13 December 2000 ("Prospectus") and we do not presently anticipate recourse to further capital raising for such initiatives in 2001.

## Operations

During the year, the Group made substantial progress in all areas, meeting our commitments we made in 1999 to our strategic shareholders, culminating in our listing.

**. . . Substantial progress in all areas,  
meeting our commitments to shareholders . . .**

### *GEM listing*

On 15 December 2000, CASH on-line made its debut on GEM. Our purpose in listing was not to raise capital from new sources, but to establish ourselves as a fully independent listed entity, in line with our business plan. That we were able to do so reflects well on our track record and potential. The listing gives us a new focus to pursue the overall development of the CASH Group.

### *Technology infrastructure*

Since inception, we have invested heavily in technology and now have an infrastructure that gives us a competitive advantage over our rivals.

A particular achievement during the year was the major upgrade of our In-Trade platform. In March 2000, we became the first in Hong Kong to launch a trading service using Windows 2000 trading platform which upgrade was completed in May.

Owing to the high specification of our technology, our systems are robust, fast, reliable and scalable. They will form the backbone of our trading platform for the foreseeable future. We believe we are one of the few in Hong Kong to offer straight-through processing of securities, futures and commodities, and that our turnaround time for securities transaction is second-to-none.

## Successful listing on Growth Enterprise Market



Innovations such as e-finder, an online reverse auction engine, allows providers of mortgages to match seekers of mortgage finance, are further demonstrations of our technical ability. Our systems have enabled us to provide comprehensive information and give our customers analytical and financial modeling tools, via our e-finance portal, further differentiating us in the market. They have also allowed us to work with other leading financial services companies, to improve our service delivery.

In recognition of the many technology achievements of CASH and CASH on-line, in November 2000, CASH received numerous awards including one from the Hong Kong Industrial Technology Center Corporation for technological achievement, making us the first brokerage group in Hong Kong to win such award.



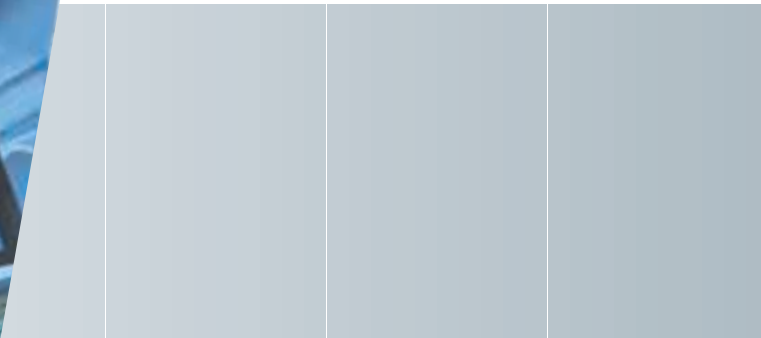
### *Management*

During the year, as our operations grew, we have expanded our management team at the senior executive and other levels, bringing to the Group knowledge from across the financial services industry. We have taken care to create a depth of expertise in all areas, ranging from marketing to risk management. The management team now comprises a dynamic mixture of youth and experience. As a result, we have the leadership and execution capability to take full advantage of coming opportunities, to capitalize on our first mover advantages and face the challenges presented by increasing competition.



### *Branding*

Throughout 2000, we have continued to invest in advertising and promotion. Conventional advertising campaigns have been supported by innovative promotions such as our virtual real-time investment game, iGame. The result has been a rapid increase in our profile and the establishment of a strong brand identity. With our brand now well recognized, we will shift our focus in 2001 to below-the-line promotional activities.



## Outlook

In two years, we have brought the Company from being a mere concept to a strong, listed company that is a leader in its field. We now intend to use the brand, technology and managerial infrastructure we have created to diversify rapidly both our customer base and product offerings. With our main investment phase now behind us, this should result in higher revenues and a steadily improving financial performance.

### *A growing market*

Thus, despite the clearly perceived challenges presented by competition from other financial-sector companies, CASH on-line should continue to increase ultimate market share. We also believe that the market itself is greatly

## Using brand, technology and management to diversify products and services

underdeveloped. According to a survey conducted by SFC in the six months between September 1999 and April 2000, the number of client accounts and online trading transaction volumes in Hong Kong increased two to three folds. With internet penetration still rising and online trading still relatively underdeveloped, we expect the market to continue to grow.

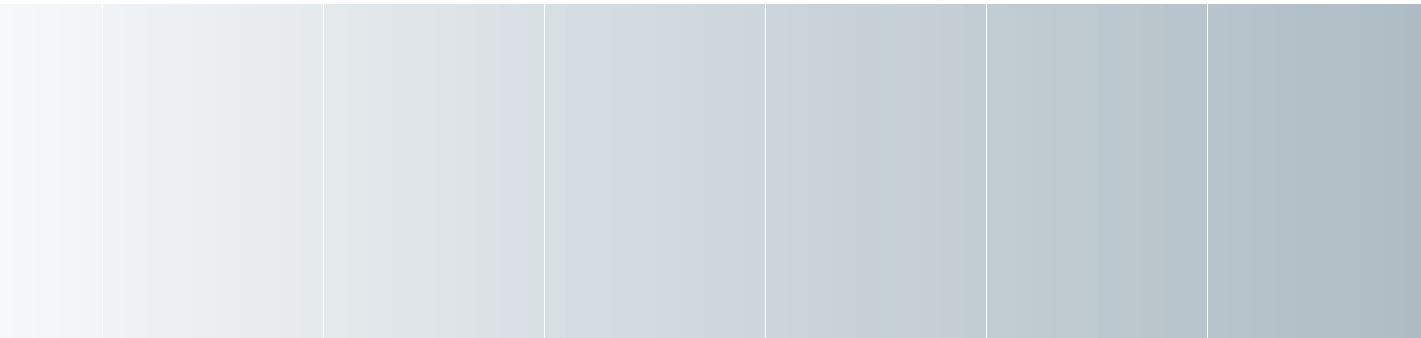
### *An expanding client base*

Our marketing exercises during 2000 gave us a much expanded client database that placed us in a strong marketing position. In addition, the emergence of our parent company, CASH, as a services conglomerate presents clear opportunities for cross-selling. The acquisition of the Pricerite group, one of Hong Kong's leading retail brand and network that enjoys nearly HK\$1 billion in annual sales, opens CASH on-line to a whole new world of cross-selling opportunities.

### *More value-added products and services*

We will also continue to expand our product range, using our robust systems, strong risk controls and in-depth knowledge of the financial markets to broaden the financial horizon for our customers via the two major websites of the Group, [www.cashon-line.com](http://www.cashon-line.com) and [www.e-finance.com.hk](http://www.e-finance.com.hk).

In addition, we will further offer various online products and services, that will help our users hedge their positions in the cash equity markets. To enhance our quality services provided through In-Trade, SmarTrade and Mi-Trade, we will look for more alliances with other firms to develop new products.



The scope of services and functions of [www.e-finance.com.hk](http://www.e-finance.com.hk) will be enhanced. Our e-mortgage business has already been established and we expect to provide our clients insurance and other products not directly linked to the securities markets.

We also improve the ease of use by the introduction of our Easy Transfer payment service, which allows online users to enjoy real-time transfer, and have fund ready for use in their trading account in not more than 30 minutes. We launched this service with HSBC in September 2000. We are working with other major banking group to expand coverage.

### *A complete financial services company*

We aim to become a "one-stop" financial services firm able to serve people's entire range of needs for trading, investment, risk management, credit and insurance.

Our belief in our customer-centered strategy that is supported by highly automated systems and efficient service delivery keeps the incremental cost of serving each new user or executing each new transaction minimal. Hence, we face the challenges arising from the deregulation of brokerage income with confidence.

Given the increasing popularity of online financial services, CASH on-line will enjoy increasing opportunities to develop both B2B and B2C businesses through alliances with various financial institutions.

### Market Preview

With the forthcoming removal of the regulated minimum commission rate, we are confident that our highly automated and efficient systems will place us in a position of increasing strength. Despite uncertainties brought by the

## A complete financial services company; a customer-centered strategy

increasing bearish market sentiment and the marked slowdown in the US economy this year, we will endeavour to prudently expand our range of products and services to smooth out the cyclical nature of our brokerage business.

**Bankee P H Kwan**

*Chairman*

Hong Kong, 30 March 2001

## Milestones

2000/2/15

### Launch of iGame

A simulation internet securities trading game with total prizes valued at HK\$10 million.



### Launch of Hong Kong's First Windows 2000 Trading Platform

In-Trade became Hong Kong's First Windows 2000 based securities trading platform through iGame. The In-Trade platform migrated successfully to Windows 2000 in May 2000.

2000/3/5

2000/10/4

### Launch of Internet Margin Trading Service

Hong Kong's first fully automated internet margin trading service for In-Trade clients via CASH on-line's website, providing customers with convenient online access to margin ratios and trading limits.



### Soft-launch of PDA Trading Platform

A brand new trading platform, Mi-Trade, to enable users to conduct wireless transactions for stocks and warrants listed on the Stock Exchange with direct access to AMS/3 system. CASH on-line is one of the first firms in Hong Kong to develop and launch such a trading platform.

2000/10/23

2000/10/27

### New Powerful Features to e-finance Website

Introduction of additional powerful features to the e-finance website to provide users with more personalized financial services, including e-finder, mini-quote, e-school and a product search.



2001/2/25

### Launch of WAP Trading Platform

Introduction of WAP securities trading platform for 1010, One2Free and Orange customers.



### Introduction of T+2 Settlement

This value-added service enables users to place orders with only partial deposit payment in securities trading accounts, while settling remaining balance in two trading days.

2001/2/25



### Listing on GEM

CASH on-line is quoted on GEM of the Stock Exchange by way of introduction under the stock code of 8122.

2000/12/15

# Operations Review

## Products and Services

The stability of our system, high levels of automation and our in-depth knowledge of the financial markets have enabled CASH on-line to develop a range of products and associated facilities that continuously set the standards in the Hong Kong retail brokerage market.

During the year, we focused on developing and broadening our product offerings from online securities to futures and commodities trading services. They will allow our ultimate customers to hedge their positions in the market.

An important part of our value-added service provision was delivered via our personal financial services portal, *www.e-finance.com.hk*. It contains a wealth of statistical, analytical and informational tools to assist clients in their trading and investment activities. Comprehensive features ranging from real time quotes, technical charts, financial modeling, stock commentary, securities screening tool to reverse auction engine for mortgages, set us apart and enhance customer loyalty.

In addition, we worked hard to cement alliances with leading providers of financial services to expand our range of product offerings beyond the securities markets, and to improve the ease and speed with which our users can trade. In September 2000, Easy Transfer, an electronic payment gateway service provided with HSBC, was introduced to the our online users . It makes funds transfer between their HSBC accounts and their online securities accounts much more straightforward and efficient. Funds are typically available for use within 30 minutes.

Another important development came in February 2001, when our T+2 settlement service was introduced for In-Trade. It provides users with portfolio, trading limit and settlement balance, that is updated on a real-time basis. We believe we are currently the sole provider of such service in Hong Kong.

We worked with other institutions to introduce enhanced features and products to fulfil our aim of being a single, comprehensive personal financial resource for Hong Kong people, accessible through multiple channels. This included developing platform for trading via mobile phones and over the internet using new wireless internet access devices.

### [www.cashon-line.com](http://www.cashon-line.com)

In September 2000, we officially launched *www.cashon-line.com* (*www.cash.com.hk* has now become the corporate website of CASH Group), an online financial services site providing trading service, real-time stock quotes, up-to-date market commentary and recommendations on selected global markets and companies listed on the Stock Exchange, as well as linkage to related financial websites providing world financial news. We have also assembled our own team of experienced financial editors to provide timely and insightful commentary.

### In-Trade

Our internet securities and commodities trading platform, In-Trade, saw considerable progress during the year. The number of ultimate customers rose strongly by 330% from end of 1999 to end of 2000. This resulted in a substantial increase in revenues.

In March 2000, we upgraded In-Trade to a Windows 2000 version. This provides the superior security of 128 bit encryption as well as higher scalability and improved load-balancing capabilities, to meet increasing trading volume.

Marketing efforts for In-Trade were helped by the success of iGame. This virtual real-time investment game was introduced with the aim of educating people about electronic trading and to allow them to become familiar with In-Trade. Four rounds of iGame were held, with participation from a number of technology and channel partners, including Compaq, Microsoft, stockhouse.com and MSN.com.

Two cyber cafes were also opened in the prime locations in Causeway Bay and Tsim Sha Tsui in May 2000, to promote the Group's electronic financial services. This was followed in October 2000 by the launching of CASH Points, a loyalty program for In-Trade customers.

Looking forward, in 2001, an expanded range of products should increase revenues from users, while we expect to develop a larger user base from our much-expanded database and cross-selling within the CASH Group.

### **SmarTrade**

Our SmarTrade mobile trading platform also saw strong growth. The number of ultimate customers rose 280% over the previous year.

In early 2000, SmarTrade was extended to provide trading services in Hong Kong commodities, thus enabling users of SmarTrade to trade both securities and commodities products through their GSM mobile phones. In May 2000, SmarTrade was further extended to PCS mobile phones.

We are currently working to ensure that our platform and its functionality keep pace with developments in cellular communications. We maintain active dialogues with leading technology and telecommunication companies in this field, and actively seek cooperation with them, to share development costs and reduce development lead times.

### **Mi-Trade**

In October 2000, the Group introduced Mi-Trade, its mobile trading technology, through PDAs. PDA trading services enable ultimate customers to trade securities and commodities on a PDA with a wireless connection. In February 2001, the Group also introduced another advanced mobile trading technology via WAP-enabled devices with the coverage of the two largest telecommunication networks, PCCW and Oraneworld.



Mi-Trade provides a more convenient mobile trading instrument for securities and commodities trading since it removes the limitations on choosing a particular telecommunications services provider. Similar to In-Trade, users of Mi-Trade can use their preferred ISP for mobile internet trading activities. The news, market data and analysis Mi-Trade offered through our financial website *www.cashon-line.com* help provide our users with the information necessary to make informed investment decisions. This reinforced our position as a provider of value-added services and helped further differentiate us in the market.

The Company constantly reviews the range of wireless internet technologies and devices to ensure CASH on-line fulfils our commitment to provide a comprehensive multiple platform through which our users can access financial services. We are currently studying and working closely with a number of technology partners to develop other suitable wireless devices, which we intend to introduce to our users in the near future.

### [www.e-finance.com.hk](http://www.e-finance.com.hk)

The creation of the personal financial website *www.e-finance.com.hk* realizes the Company's vision of becoming a one-stop-shop services group. *www.e-finance.com.hk* offers a full range of interactive financial and investment services that facilitate the understanding, planning and achievement of personal financial goals.

In January 2000, we launched e-finder, an online reverse auction engine, on *www.e-finance.com.hk*. Potential buyers post their desired terms for required financing such as tax loan, mortgage, etc through e-finder. The terms are viewed and evaluated by participating financial institutions who in turn will submit their best offer based on our user's profiles and requirements. In October 2000, we upgraded the site with a new design and added a brand new lifestyle section. The portal now covers areas such as real-time market information, financial modeling, market commentary, stock portfolio screening, sports and leisure.

## Progress Against Business Objectives

In compliance with the rules of GEM, the following sets out a summary of the actual business progress as measured against the statement of business objectives set out in the Prospectus for the period from 11 December 2000 until 31 December 2000 ("Review Period").

### **Business objectives for the Review Period as disclosed in the Prospectus**

### **Actual business progress for the Review Period**

#### *Business development*

- Launch Mi-Trade to extend the applications of electronic trading

Mi-Trade was formally launched on 30 December 2000.

#### *Sales and marketing*

- To continue to promote loyalty program "CASH points" to users of In-Trade

"CASH points" has been maintained as the loyalty program for users of In-Trade throughout the Review Period.

#### *Technology enhancement*

- To continue to develop key initiatives to deliver trading solutions on wireless HTML and/or WAP
- To continue its review on key system components and functionality of the content server

The development was on schedule and the platform enabling WAP securities trading services was successfully launched in February 2001.

eCRM solution has been selected and is expected to be implemented according to schedule. Upgrading of e-finder auction platform has also commenced.

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CASH on-line Limited (“Company”) will be held at Salon 4, Level III, JW Marriot Hotel, 88 Queensway, Hong Kong on 7 May 2001, Monday, at 9:30 a.m. for the following purposes:

1. To receive and consider the Financial Statements and the Reports of the Directors and the Auditors for the year ended 31 December 2000.
2. To re-elect the retiring Directors of the Company for the ensuing year and to authorize the Directors to fix the Directors’ remuneration.
3. To appoint Messrs Deloitte Touche Tohmatsu as auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.
4. To consider and, if thought fit, to pass the following resolutions, with or without amendments, as ordinary resolutions:

A. THAT

- (a) subject to paragraph A(c), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph A(a) shall authorize the directors of the Company during the Relevant Period (as defined hereinafter) to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the approval in paragraph A(a), otherwise than pursuant to a Rights Issue (as hereinafter defined) or any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or right to acquire shares in the Company shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

1. the conclusion of the next annual general meeting of the Company;
2. the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
3. the revocation or variation of the authority under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory outside Hong Kong).

B. THAT

- (a) subject to paragraph B(b), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares in the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on GEM or on any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares in the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph B(a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval be limited accordingly; and

(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

1. the conclusion of the next annual general meeting of the Company;
2. the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
3. the revocation or variation of the authority under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

C. THAT conditional upon resolutions nos.4A and 4B above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution no.4B above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no.4A above.

By order of the Board  
**Joan Elmond O K Kwok**  
*Company Secretary*

Hong Kong, 30 March 2001

## Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be deposited at the principal place of business of the Company in Hong Kong at 22/F The Center, 99 Queen's Road Central, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. A form of proxy for use at the meeting is enclosed.

## Report of the Directors

The Directors are pleased to present their first report and the audited financial statements of the Company for the period from 9 August 2000 (date of incorporation) to 31 December 2000 and of the Group for the year ended 31 December 2000.

### Reorganization and listing on GEM of the Stock Exchange

The Company was incorporated on 9 August 2000 as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda.

Pursuant to a group reorganization to rationalize the structure of the Group in preparation for the listing of the Company's shares on GEM of the Stock Exchange, the Company became the holding company of the Group on 24 August 2000.

Details of the group reorganization are set out in the section headed "Corporate reorganization" in appendix V of the prospectus issued by the Company dated 13 December 2000 and note 1 to the financial statements.

The shares in the Company have been listed on GEM of the Stock Exchange since 15 December 2000.

### Principal activities

The Company is an investment holding company. The principal activities of the Group include development and provision of electronic trading platform for trading financial products, provision of electronic financial services and operation of a financial information portal. Details of the activities of each of the subsidiaries of the Group are set out in note 12 to the financial statements.

### Results and dividends

The results of the Group for the year ended 31 December 2000 are set out in the consolidated income statement on page 46.

The Directors do not recommend the payment of any dividend for the year.

## Segmental information

The Group's turnover and contribution to operating loss for the year ended 31 December 2000, analyzed by principal activity, were as follows:

	<b>Turnover</b> <i>HK\$'000</i>	<b>Contribution to operating loss</b> <i>HK\$'000</i>
Service income from the provision of electronic trading platform	42,466	(82,530)
Advertising income	<u>1,393</u>	<u>(30,050)</u>
	<u><u>43,859</u></u>	(112,580)
Other revenue		19,373
Unallocated corporate expenses		(46,131)
Impairment loss arising on investment securities		(15,600)
Write-off of deposit for the development of foreign exchange internet platform		<u>(1,950)</u>
Loss before taxation		<u><u>(156,888)</u></u>

All of the activities of the Group are based in Hong Kong and all of the Group's turnover and loss before taxation were derived from Hong Kong.

## Financial summary

A summary of the audited results of the Group for the period from 11 November 1998 (the date of incorporation of CASH on-line, Inc ("COL BVI"), the then holding company of the Group prior to the group reorganization) to 31 December 1998, the year ended 31 December 1999 and the year ended 31 December 2000 is set out on page 72 of this annual report.

## Property and equipment

Details of movements during the year in the property and equipment of the Company and the Group are set out in note 11 to the financial statements.



### Subsidiaries

Particulars of the Company's principal subsidiaries are set out in note 12 to the financial statements.

### Share capital

Details of movements in the share capital of the Company during the period are set out in note 17 to the financial statements.

Details of the share option scheme of the Company are set out in note 18 to the financial statements.

### Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 20 to the financial statements.

### Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's bye-laws or the Laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### Distributable reserves

As at 31 December 2000, the Company's reserves available for distribution to shareholders were HK\$18,221,000. Details of the distributable reserves are set out in note 20 to the financial statements.

### Connected transactions with holding company and its subsidiaries

The following connected transactions of the Company were entered into with CASH and/or its subsidiaries (altogether "CASH Group") during the year, and following listing of the Company on GEM of the Stock Exchange on 15 December 2000, constituted connected transactions of the Company and were required to be disclosed in this Annual Report as follows:

### Non-exempt continuing connected transactions

- A. Trading services agreements between certain members of the Group and certain members of CASH Group whereby the Group provides electronic platform facilities to the CASH Group and certain members of the CASH Group will execute securities or commodities orders, as the case may be, from the ultimate users of the electronic trading platform:
- (a) agreement made on 1 January 2000, as amended, between COL BVI, a wholly-owned subsidiary of the Company, and Celestial Securities Limited (“CSL”), a wholly-owned subsidiary of CASH, pursuant to which COL BVI agrees to provide or procure its subsidiary(ies) to provide the platform facilities which allow electronic securities dealing instructions to be given to CSL via the internet or mobile phones. On 10 December 2000, this agreement was amended to include an additional service by COL BVI which will enable instructions to be given to CSL via any electronic means including PDAs. CSL agrees to provide to the Group trading services, including dealing in and settlement of the securities in Hong Kong, recording and accounting for the transactions to the Group to complement the platform facilities. Such services as a whole will be provided to CSL’s online brokerage clients who have access to their trading accounts through internet or mobile phones or PDAs. In this connection, CSL agrees to pay to COL BVI or its subsidiary service fees which are equal to 100% of the total brokerage commission received by CSL from its online brokerage clients for the services rendered by COL BVI and COL BVI agrees to pay or procures its subsidiary to pay to CSL service fees which are equal to 20% of such service fees received for the trading services provided by CSL which complement the entire online brokerage facility. This agreement came into force on 1 January 2000 and shall continue until terminated at any time by a written notice to the other party to this agreement.
  - (b) agreement made on 1 January 2000, as amended, between COL BVI and Celestial Commodities Limited (“CCL”), a wholly-owned subsidiary of CASH, pursuant to which COL BVI agrees to provide or procure its subsidiaries to provide the platform facilities which allow electronic commodities dealing instructions to be given to CCL via the internet or mobile phones. On 10 December 2000, this agreement was amended to include an additional service by COL BVI which will enable instructions to be given to CCL via any electronic means including PDAs. CCL agrees to provide to the Group trading services, including dealing in and settlement of the commodities in Hong Kong, recording and accounting for the transactions to the Group to complement the platform facilities. Such services as a whole will be provided to CCL’s online brokerage clients who have access to their the trading accounts through internet or mobile phones or PDAs. In this connection, CCL agrees to pay to COL BVI or its subsidiary service fees which are equal to 100% of the total brokerage commission received by CCL from its online brokerage clients for the services rendered by COL BVI and COL BVI agrees to pay or procures its subsidiary to pay to CCL service fees which are equal to 20% of such service fees received for the trading services provided by CCL which complement the entire online brokerage facility. This agreement came into force on 1 January 2000 and shall continue until terminated at any time by a written notice to the other party to this agreement.

- (c) agreement made on 1 January 2000 between COL BVI and CSL pursuant to which COL BVI agrees to provide or procure its subsidiaries to provide the platform facilities which allow electronic securities dealing instructions to be given to CSL for its house clients who register to trade only via the telephone lines. CSL agrees to provide to the Group trading services, including dealing in and settlement of the securities in Hong Kong, recording and accounting for the transactions to the Group to complement the platform facilities. In this connection, CSL agrees to pay to COL BVI or its subsidiary service fees which are equal to 100% of the total brokerage commission received by CSL for the services rendered by COL BVI and COL BVI agrees to pay or procures its subsidiary to pay to CSL services fees which are equal to 50% of such service fees received for the trading services provided by CSL which complement the entire online brokerage facility. This agreement came into force on 1 January 2000 and shall continue until terminated at any time by a written notice to the other party to this agreement.
  
- (d) agreement dated 10 December 2000 between CASH E-Trade Securities Limited (“ETS”), a wholly-owned subsidiary of the Company, and CSL whereby CSL would, when ETS has its own clients and when those clients require, execute securities orders placed by ETS’s clients in accordance with the terms and conditions therein including but not limited to an undertaking by CSL that such orders placed by ETS’s clients will be executed in order of time by reference to which it receives all its orders. The main purpose of this agreement is to ensure that ETS will, in addition to the relevant member of the Group which, upon approval, will be a Stock Exchange participant, have access to a broker who can guarantee that orders from its clients will be executed in a timely order. In consideration of the above, ETS will pay CSL a fee equivalent to 20% of the relevant commissions received by it from its clients.
  
- (e) agreement dated 10 December 2000 between CASH E-Trade Commodities Limited (“ETC”), a wholly-owned subsidiary of the Company, and CCL whereby CCL would, when ETC has its own clients and when those clients require, execute commodities orders placed by ETC’s clients in accordance with the terms and conditions therein including but not limited to an undertaking by CCL that such orders placed by ETC’s clients will be executed in order of time by reference to which it receives all its orders. The main purpose of this agreement is to ensure that ETC will, in addition to the relevant member of the Group which, upon approval, will be a participant of the Hong Kong Futures Exchange Limited, have access to a broker who can guarantee that orders from ETC’s clients will be executed in a timely order. In consideration of the above, ETC will pay CCL a fee equivalent to 20% of the relevant commissions received by it from its clients.

The service income received by the Group and the service charge paid by the Group under the above agreements (a) to (c) amounted to approximately HK\$42,466,000 and HK\$14,568,000 respectively for the year ended 31 December 2000. No service fees were paid under the above agreements (d) and (e) as ETS and ETC do not have their own clients during the year.

B. Payment gateway services

On 10 December 2000, the Company entered into an agreement with CASH whereby all members of the Group will have access to payment gateway services (being electronic settlement services) which are now or, from time to time, put in place between members of the CASH Group and independent banks or other financial institutions. Transaction costs charged by the independent third party in respect of transactions by the Group's ultimate clients will be reimbursed, at cost, by the Company to CASH.

The transaction costs reimbursed by the Company to CASH under the agreement for the year ended 31 December 2000 was approximately HK\$5,000.

C. Sub-underwriting arrangement with Celestial Capital Limited

The business of Celestial Capital Limited ("CCP"), a subsidiary of CASH, includes underwriting the placement or new issue of securities and from time to time, the Group may sub-underwrite all or part of a portion of those securities placed to it by CCP. CCP and the Company entered into an agreement on 10 December 2000 whereby, in the event that any member of the Group sub-underwrites securities placed to it by CCP, CCP will pay the relevant member of the Group a sub-underwriting commission to be agreed at that time provided that, at all times, such a sub-underwriting commission shall not be less than:–

- (a) the sub-underwriting commission paid by CCP to other sub-underwriters in respect of the same sub-underwriting; or
- (b) if the relevant member of the Group is the sole sub-underwriter, the sub-underwriting commission paid by the CCP shall be no less than the market rate at that time.

There is no obligation on CCP to sub-underwrite securities to the relevant member of the Group but should it do so, the principal terms set out above should be adhered to. This agreement is for a term of three years from the date of the agreement.

There was no sub-underwriting commission received by the Group for the year ended 31 December 2000 as the Group did not sub-underwrite any securities placed by CCP during the year.

**Connected transaction entered into prior to listing**

## D. Sub-lease of office premises

On 10 December 2000, the Company entered into a sub-lease agreement with CASH as lessor whereby a sub-lease was granted to the Company for the use by the Group as office premises at 2601-2610 The Center, 99 Queen's Road Central, Hong Kong with an aggregate floor area of approximately 1,766 square meters for office use. The sub-lease covers various units within the Group's premises and different units expiring on different dates ranging from 31 December 2000 to 25 February 2003 with an option to renew for another term of three years subject to the renewal of the lease of the relevant unit between CASH and the head landlord and the head landlord's approval to the renewal under the sub-lease. The different expiry dates are co-terminous with the leases signed by CASH and the head landlord of those premises, who is an independent third party, save for units 2608-09, where the term of the sub-lease is up to 31 December 2000. The rate charged by CASH to the Company is at the same effective rental charges charged to CASH by the head landlord with reference to the floor area occupied by the Group exclusive of rates, government rent, management fee and utilities charges. In connection with the sub-lease, the Company has provided a guarantee and indemnity to the head landlord in respect of rental payments due from CASH to the head landlord in respect of payments relating to those units sub-leased by CASH to the Company.

The aggregate rental payable by the Company to CASH under the sub-lease is approximately HK\$2,466,000 for the year ended 31 December 2000.

Save as above disclosed, there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The Independent Non-executive Directors have reviewed the connected transactions (A) to (C) above and in their opinion, these transactions entered into by the Group are:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

### Five largest ultimate users

The five largest ultimate users of the Group's electronic trading platform accounted for approximately 10.9% of its turnover for the year ended 31 December 2000. The Group's largest ultimate user, Suffolk Resources Limited, a company wholly-owned by Mr Kwan Pak Hoo Bankee, accounted for approximately 3.2% of the Group's turnover for the year ended 31 December 2000.

Save as disclosed above, none of the Directors, their respective associates and shareholders who own more than 5% of the issued share capital of the Company had any interest in any of the five largest ultimate users of the Group.

### Directors

The Directors of the Company from 9 August 2000 (date of incorporation) and up to the date of this Annual Report were as follows:

#### *Executive Directors:*

Kwan Pak Hoo Bankee (Chairman)	(appointed on 11 August 2000)
Khoo Ken Wee	(appointed on 11 August 2000)
Miao Wen Hao Felix	(appointed on 11 August 2000)
Law Ping Wah Bernard	(appointed on 11 August 2000)
Wong Kin Yick Kenneth	(appointed on 11 August 2000)
Law Ka Kin Eugene	(appointed on 11 August 2000)
Li Yuen Cheuk Thomas	(appointed on 11 August 2000 and resigned on 20 September 2000)

#### *Independent Non-executive Directors:*

Chiang Chiu Ping Raymond	(appointed on 30 October 2000)
Wong Kwong Chi Simon	(appointed on 30 October 2000)

In accordance with Bye-law 87(1) of the Company's Bye-laws and as agreed among the Directors, Mr Khoo Ken Wee shall retire and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

In accordance with Bye-law 86(2) of the Company's bye-laws, Messrs Chiang Chiu Ping Raymond and Wong Kwong Chi Simon shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Independent Non-executive Directors have no set term of office but are subject to retirement by rotation, and being eligible offer themselves for re-election, in accordance with the Company's bye-laws.

### Directors' service contracts

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory obligation.

### Directors' interests in contracts

Save as disclosed on note 23 to the financial statements, no contracts of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### Directors' remuneration

Details of the aggregate remuneration paid to the directors are set out in note 6 to the financial statements.

### Five highest paid employees

Details of the aggregate remuneration paid to the five highest paid employees of the Group are set out in note 7 to the financial statements.

### Retirement benefits scheme

The Group did not operate any retirement benefits scheme for its employees for the period from 1 January 2000 to 9 July 2000. However, the Group's employees are entitled and eligible to join the defined contribution pension scheme ("Pension Scheme") set up and operated by CASH. The assets of the Pension Scheme are held separately in an independently administrated fund. Contributions to the Pension Scheme are made from both the employer and the eligible employees based on 5% of eligible employees' basic salaries and will be charged to the income statement as incurred. In respect of those employees who leave the Pension Scheme before the employer's contributions become fully vested, the relevant portion of the contributions forfeited will be reverted to the Group to offset future employer's contributions.

On 10 July 2000, CASH separated the assets of the Pension Scheme for the employees of the Group under the Company's own name, the assets of which are held separately from those of the Group in an independently administrated fund. All the terms and conditions of the Pension Scheme are the same as the Pension Scheme operated by CASH.

The Group operated a new pension scheme under rules and regulations of Mandatory Provident Fund Scheme Ordinance (“MPF Scheme”) and terminated the Pension Scheme on 1 December 2000, after the implementation of the MPF Scheme. All the assets of the Pension Scheme will be transferred to the MPF Scheme in early 2001. The assets of the MPF Scheme are held separately in an independently administrated fund. The Group has chosen to follow the minimum statutory contribution requirement of 5% of eligible employees’ relevant aggregate income. The relevant aggregate income will be further subject to the relevant monthly income cap imposed by the Group according to the internal grades of the employees with the maximum monthly income cap set up by the Group. The contributions are charged to the income statement as incurred. In respect of those employees who leave the Pension Scheme before the employer’s voluntary contributions (represents contributions in excess of the mandatory MPF requirements plus all the assets transferred from the Pension Scheme) become fully vested, the relevant portion of the voluntary contributions forfeited will be reverted to the Group to offset future employer’s contributions.

Contribution to the Pension Scheme charged to income statement, net of forfeited contributions of HK\$13,000, amounted to HK\$435,000 for the year ended 31 December 2000.

## Directors’ interests in securities

As at 31 December 2000, the directors’ interests in and rights to subscribe for the ordinary shares of HK\$0.10 each in the Company and shares in its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) were as follows:

### 1. Interests in shares or debentures

#### A. The Company

Interests in ordinary shares

Name	Personal	Number of shares beneficially held		Shareholding (%)
		Corporate	Other Interest	
Kwan Pak Hoo Bankee*	–	–	1,107,619,945	54.96
Khoo Ken Wee**	3,000,000	1,078,152,090	–	53.65
Law Ping Wah Bernard	5,424,982	–	–	0.27
Law Ka Kin Eugene	250,000	–	–	0.01

\* The shares are held as to 1,030,264,783 shares by Celestial Investment Group Limited (“CIGL”) (a wholly-owned subsidiary of CASH), as to 47,887,307 shares by Cash Guardian Limited (“Cash Guardian”) and as to 29,467,855 shares by Suffolk Resources Limited (“Suffold”). Mr Kwan is deemed to be interested in all these shares as a result of his interests in CASH, Cash Guardian and Suffold as disclosed in the “Substantial shareholders” below.

\*\* The shares are held as to 3,000,000 shares personally, as to 1,030,264,783 shares by CIGL and as to 47,887,307 shares by Cash Guardian. Mr Khoo is deemed to be interested in all these shares as a result of his interests in CASH and Cash Guardian as disclosed in the “Substantial shareholders” below.

For avoidance of doubt, the above interests held by Mr Kwan and Mr Khoo have taken into account the 1,030,264,783 shares held by CIGL and 47,887,307 shares held by Cash Guardian.



B. Associated corporation (within the meaning of SDI Ordinance)

(a) Interests in ordinary shares in CASH

Name	Number of shares beneficially held			Shareholding (%)
	Personal	Corporate	Other Interest	
Kwan Pak Hoo Bankee*	–	–	3,001,246,376	50.66
Khoo Ken Wee**	30,000,000	2,692,019,826	–	45.95
Law Ping Wah Bernard	54,249,828	–	–	0.92
Law Ka Kin Eugene	2,500,000	–	–	0.04

\* The shares are held as to 2,692,019,826 shares by Cash Guardian and as to 309,226,550 shares by Suffold. Mr Kwan is deemed to be interested in all these shares as a result of his interests in Cash Guardian and Suffold as disclosed in the “Substantial shareholders” below.

\*\* The shares are held as to 30,000,000 shares personally and as to 2,692,019,826 shares by Cash Guardian. Mr Khoo is deemed to be interested in the shares held by Cash Guardian as a result of his interests in Cash Guardian as disclosed in the “Substantial shareholders” below.

For avoidance of doubt, the above interests held by Mr Kwan and Mr Khoo have taken into account the 2,692,019,826 shares held by Cash Guardian.

(b) Interests in warrants of CASH

warrants carrying rights to subscribe for shares of HK\$0.10 each in CASH at a subscription price of HK\$0.65 each (subject to adjustment) during the period from 20 July 2000 to 31 July 2002 (both days inclusive)

Name	Amount of warrants of CASH beneficially held		
	Personal (HK\$)	Corporate (HK\$)	Other Interest (HK\$)
Kwan Pak Hoo Bankee*	–	–	159,976,285.30
Khoo Ken Wee**	1,950,000.00	144,876,749.55	–
Law Ping Wah Bernard	3,526,238.30	–	–
Law Ka Kin Eugene	162,500.00	–	–

\* The amount of warrants are held as to HK\$144,876,749.55 by Cash Guardian and as to HK\$15,099,535.75 by Suffold. Mr Kwan is deemed to be interested in all these warrants as a result of his interests in Cash Guardian and Suffold as disclosed in the “Substantial shareholders” below.

\*\* The amount of warrants are held as to HK\$1,950,000.00 personally and as to HK\$144,876,749.55 by Cash Guardian. Mr Khoo is deemed to be interested in the warrants held by Cash Guardian as a result of his interests in Cash Guardian as disclosed in the “Substantial shareholders” below.

For avoidance of doubt, the above interests held by Mr Kwan and Mr Khoo have taken into account the HK\$144,876,749.55 amount of warrants held by Cash Guardian.

Save as disclosed above, as at 31 December 2000, none of the Directors, chief executive or their associates had any personal, family, corporate or other beneficial interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

## **2. Rights to acquire shares or debentures**

### *A. Rights to acquire shares in the Company*

The Company has a share option scheme approved by its shareholders under which the Directors may, at their discretion, invite any employee or executive director of the Group to take up options at a total consideration of HK\$1 to subscribe for ordinary shares in the Company. Further details of the share option scheme are set out in note 18 to the financial statements.

At the balance sheet date, no option was granted by the Company under the scheme.

### *B. Rights to acquire shares in CASH*

Pursuant to a share option scheme of CASH approved by its shareholders and established on 29 March 1994, the board of directors of CASH may grant options to eligible executive directors and employees of CASH and its subsidiaries to subscribe for shares in CASH for a consideration of HK\$1 for each lot of share options granted. The subscription price is required to be the higher of the nominal value of the shares or 80% of the average of the closing share prices for the five trading days immediately preceding the date of grant of the option. The maximum nominal amount of shares in respect of which options may be granted under the share option scheme is limited to 10% of the share capital of CASH in issue from time to time, and the maximum number of shares in respect of which options may be granted to any one executive director or employee is limited to 25% of the maximum number of shares in respect of which options may be granted under the share option scheme.

Details of movements in the share options granted to certain Directors and which remained outstanding as at 31 December 2000 were as follows:

Name	Date of option granted	Number of options outstanding as at 1 January 2000	Number of options granted during the year	Number of options outstanding as at 31 December 2000	Exercise period	Exercise price per share (HK\$)
Kwan Pak Hoo Bankee	4/10/1999	40,000,000	–	40,000,000	8/4/2000 – 7/4/2002	0.59
Khoo Ken Wee	4/10/1999	20,000,000	–	20,000,000	8/4/2000 – 7/4/2002	0.59
Miao Wen Hao Felix	10/1/2000	–	10,000,000	10,000,000	10/1/2001 – 9/1/2003	0.80
Law Ping Wah Bernard	4/10/1999	40,000,000	–	40,000,000	8/4/2000 – 7/4/2002	0.59
Wong Kin Yick Kenneth	1/6/2000	–	5,000,000	5,000,000	1/12/2000 – 30/11/2002	0.35
Law Ka Kin Eugene	13/5/1999	2,500,000	–	2,500,000	13/5/2000 – 12/11/2001	0.23
	4/10/1999	3,000,000	–	3,000,000	8/4/2000 – 7/4/2002	0.59
	1/6/2000	–	10,000,000	10,000,000	1/12/2000 – 30/11/2002	0.35
	6/11/2000	–	10,000,000	10,000,000	16/5/2001 – 15/5/2003	0.27

Save as disclosed above, at no time during the year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or the spouse or children under 18 years of age of any such Director or chief executive, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, or had exercised any such right.

### Substantial shareholders

As at 31 December 2000, the following parties were interested in 10% or more of the issued share capital of the Company as recorded in the register kept by the Company under Section 16(1) of the SDI Ordinance:

Name of shareholder	Number of Shares	Shareholding %
Kwan Pak Hoo Bankee (Notes 1 & 3)	1,107,619,945	54.96
Jeffnet Inc (Notes 1 & 3)	1,107,619,945	54.96
Khoo Ken Wee (Notes 2 & 3)	1,081,152,090	53.65
Cash Guardian (Notes 1 to 3)	1,078,152,090	53.50
CASH (Notes 1 to 3)	1,030,264,783	51.12
CIGL (Notes 1 to 3)	1,030,264,783	51.12
Yasumitsu Shigeta (Note 4)	374,000,000	18.56
Hikari Power Limited (Note 4)	374,000,000	18.56
Hikari Tsushin, Inc (Note 4)	374,000,000	18.56

*Notes:*

- (1) The shares are held as to 1,030,264,783 shares by CIGL, as to 47,887,307 shares by Cash Guardian and as to 29,467,855 shares by Suffolk. CIGL is a wholly-owned subsidiary of CASH which is owned as to approximately 45.44% by Cash Guardian (which is 60% beneficially owned by Jeffnet Inc) and 5.22% by Suffolk (which is 100% beneficially owned by Jeffnet Inc). Jeffnet Inc held these shares as trustee of The Jeffnet Unit Trust, units of which are held by a discretionary trust established for the benefit of the family members of Mr Kwan. Pursuant to SDI Ordinance, Mr Kwan and Jeffnet Inc are deemed to be interested in all the shares held by Cash Guardian and Suffolk and through CIGL and CASH while Cash Guardian is deemed to be interested in the aggregate shares held by Cash Guardian and CIGL.
- (2) The shares are held as to 3,000,000 shares personally by Khoo Ken Wee, as to 1,030,264,783 shares by CIGL and as to 47,887,307 shares by Cash Guardian. CIGL is a wholly-owned subsidiary of CASH which is owned as to approximately 45.44% by Cash Guardian (which is 40% beneficially owned by Khoo Ken Wee) and 0.51% by Khoo Ken Wee personally. Mr Khoo is deemed to be interested in all the shares held by Cash Guardian and through CIGL and CASH pursuant to the SDI Ordinance.
- (3) For avoidance of doubt, the shares in notes (1) and (2) have taken into account the 1,030,264,783 shares held by CIGL and 47,887,307 shares by Cash Guardian.
- (4) This refers to the same number of 374,000,000 shares held by Hikari Tsushin, Inc. Mr Yasumitsu Shigeta, through his personal name, family members and Hikari Power Limited, a company wholly-owned by Mr Yasumitsu Shigeta, controls more than one third of the voting power at a general meeting of members of Hikari Tsushin Inc. Mr Yasumitsu Shigeta and Hikari Power Limited are deemed to be interested in all the Shares held by Hikari Tsushin, Inc pursuant to the SDI Ordinance.

Save as disclosed above, as at 31 December 2000, no other parties were recorded in the register required by the SDI Ordinance to be kept as having an interest of 10% or more of the issued share capital of the Company.

### Sponsor's interests

As updated and notified by the Company's sponsor, BNP Paribas Peregrine Capital Limited ("BNP"), neither BNP nor its directors or employees or associates (as referred to in note 3 to rule 6.35 of the GEM Listing Rules), had any interest in the share capital of the Company as at 31 December 2000.

Pursuant to the agreement dated 10 December 2000 entered into with the Company, BNP received, and will receive, fees for acting as the Company's sponsor for the remaining periods for the financial year ended 31 December 2000 and for the period of 24 months commencing from 1 January 2001 or until the sponsor agreement is terminated upon the terms and conditions set out therein.

### Purchase, redemption or sale of listed securities

During the year ended 31 December 2000, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

### Compliance with the code of best practice

The Company has complied with rules 5.28 to 5.39 of the GEM Listing Rules since the listing of its shares on GEM of the Stock Exchange on 15 December 2000.

### Audit Committee

An audit committee, comprising Professor Chiang Chiu Ping Raymond and Mr Wong Kwong Chi Simon, both being Independent Non-executive Directors, was established on 30 October 2000.

The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

Since its establishment, the audit committee has met once for reviewing the Group's final results.

### Auditors

Messrs Deloitte Touche Tohmatsu have been appointed as auditors of the subsidiaries of the Group in place of Messrs Ernst & Young on 9 August 2000 and have acted as auditors of the Company since its incorporation. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

**Bankee P H Kwan**

*Chairman*

Hong Kong, 16 March 2001

# Report of the Auditors

## **TO THE SHAREHOLDERS OF CASH ON-LINE LIMITED**

*(incorporated in the Bermuda with limited liability)*

We have audited the financial statements on pages 46 to 71 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### **Respective responsibilities of directors and auditors**

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

We are engaged to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2000 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong, 16 March 2001

## Consolidated Income Statement

For the year ended 31 December 2000

	NOTES	2000 HK\$'000	1999 HK\$'000 (Note 1)
Turnover	3	43,859	21,217
Cost of services provided		<u>(14,573)</u>	<u>(15,182)</u>
		29,286	6,035
Other revenue		19,373	1,886
Impairment loss arising on investment securities		(15,600)	–
Write off of deposit for the development of foreign exchange internet platform		(1,950)	–
Administrative expenses		<u>(187,971)</u>	<u>(24,592)</u>
Loss from operations		(156,862)	(16,671)
Finance costs	4	<u>(26)</u>	<u>–</u>
Loss before taxation	5	(156,888)	(16,671)
Taxation	8	<u>–</u>	<u>–</u>
Net loss for the year	9	<u><u>(156,888)</u></u>	<u><u>(16,671)</u></u>
Basic loss per share	10	<u><u>(7.9) cents</u></u>	<u><u>(2.6) cents</u></u>

There were no recognized gains or losses other than the net loss for the year.

# Consolidated Balance Sheet

At 31 December 2000

	NOTES	2000 HK\$'000	1999 HK\$'000 (Note 1)
<b>Non-current assets</b>			
Property and equipment	11	36,815	7,072
Investment securities	13	–	–
Other deposit	14	–	1,950
Club memberships		1,310	–
		<u>38,125</u>	<u>9,022</u>
<b>Current assets</b>			
Accounts receivable, prepayments and deposits		11,684	2,990
Amounts due from fellow subsidiaries	15	2,235	3,352
Pledged bank deposit	16	877	–
Bank balances		224,601	179,524
		<u>239,397</u>	<u>185,866</u>
<b>Current liabilities</b>			
Accounts payable and accrued charges		37,863	5,879
Amounts due to fellow subsidiaries	15	1,667	4,867
		<u>39,530</u>	<u>10,746</u>
Net current assets		<u>199,867</u>	<u>175,120</u>
Net assets		<u><u>237,992</u></u>	<u><u>184,142</u></u>
<b>Capital and reserves</b>			
Share capital	17	201,520	7,309
Reserves	20	36,472	176,833
Total capital and reserves		<u><u>237,992</u></u>	<u><u>184,142</u></u>

The financial statements on pages 46 to 71 were approved by the Board of Directors on 16 March 2001 and are signed on its behalf by:

**KWAN PAK HOO BANKEE**  
DIRECTOR

**KHOO KEN WEE**  
DIRECTOR



# Balance Sheet

At 31 December 2000

	NOTES	2000 HK\$'000
Non-current assets		
Property and equipment	11	4,121
Investments in subsidiaries	12	<u>252,324</u>
		<u>256,445</u>
Current assets		
Accounts receivable, prepayments and deposits		465
Bank balances		<u>90,030</u>
		<u>90,495</u>
Current liabilities		
Accrued charges		11,656
Amounts due to subsidiaries		<u>115,543</u>
		<u>127,199</u>
Net current liabilities		<u>(36,704)</u>
Net assets		<u><u>219,741</u></u>
Capital and reserves		
Share capital	17	201,520
Reserves	20	<u>18,221</u>
Total capital and reserves		<u><u>219,741</u></u>

**KWAN PAK HOO BANKEE**

Director

**KHOO KEN WEE**

Director

# Consolidated Cash Flow Statement

For the year ended 31 December 2000

	NOTES	2000 HK\$'000	1999 HK\$'000 (Note 1)
Net cash outflow from operating activities	21	<u>(129,233)</u>	<u>(12,882)</u>
Returns on investments and servicing of finance			
Interest received		15,752	1,272
Interest paid		<u>(26)</u>	<u>–</u>
Net cash inflow from returns on investments and servicing of finance		<u>15,726</u>	<u>1,272</u>
Investing activities			
Purchase of property and equipment		(34,367)	(7,729)
Purchase of investment securities		(15,600)	–
Purchase of club memberships		(1,310)	–
Pledged bank deposit		(877)	–
Other deposit paid		<u>–</u>	<u>(1,950)</u>
Cash outflow from investing activities		<u>(52,154)</u>	<u>(9,679)</u>
Net cash outflow before financing		<u>(165,661)</u>	<u>(21,289)</u>
Financing	22		
Proceeds from issue of shares in a subsidiary		224,000	202,241
Expenses paid in connection with listing of the Company's shares		(8,687)	–
Expenses paid in connection with issue of shares in a subsidiary		<u>(4,575)</u>	<u>(1,428)</u>
Net cash inflow from financing		<u>210,738</u>	<u>200,813</u>
Increase in cash and cash equivalents		45,077	179,524
Cash and cash equivalents at the beginning of year		<u>179,524</u>	<u>–</u>
Cash and cash equivalents at the end of year		<u><u>224,601</u></u>	<u><u>179,524</u></u>
Analysis of balances of cash and cash equivalents			
Bank balances		<u><u>224,601</u></u>	<u><u>179,524</u></u>

# Notes to the Financial Statements

For the year ended 31 December 2000

## 1. Group reorganization and basis of preparation of financial statements

The Company was registered and incorporated in Bermuda on 9 August 2000 as an exempted Company with limited liability under the Companies Act 1981 of Bermuda. Its ultimate holding company is CASH, a company incorporated as an exempted company with limited liability in Bermuda and listed on the Stock Exchange.

The Company is an investment holding company. Details of the activities of the subsidiaries are set out in note 12.

Pursuant to the group reorganization to rationalize the structure of the Company and its subsidiaries in preparation for the listing of the Company's shares on GEM of the Stock Exchange, the Company, COL BVI, the then holding company of all its subsidiaries except for CASH E-Surance Limited which was incorporated subsequent to the group reorganization, and the then existing shareholders of COL BVI entered into an agreement whereby the then existing shareholders of COL BVI agreed to sell and the Company agreed to purchase 1,007,600 shares of US\$1 each, representing the entire interest in COL BVI, in consideration of the Company (i) issuing and allotting an aggregate of 2,014,200,000 shares of HK\$0.10 each credited as fully paid up to the said existing shareholders of COL BVI and (ii) crediting as fully paid up at par the 1,000,000 shares issued nil paid to Celestial Investment Group Limited on 11 August 2000. The Company then became the holding company of the companies now comprising the Group.

On 1 September 2000, resolutions were passed by the shareholders of CASH at a special general meeting approving among others, the distribution pursuant to which 498,123,217 shares of the Company were distributed by way of dividend in specie to the shareholders of CASH in the proportion of one share for every ten shares in CASH. The distribution was effected on 1 September 2000.

The shares in the Company were listed on GEM of the Stock Exchange on 15 December 2000.

The Group resulting from the group reorganization is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared on a merger accounting basis in accordance with Statement of Standard Accounting Practice No. 27 "Accounting for Group Restructuring" issued by the Hong Kong Society of Accountants.

## 2. Significant accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the balance sheet dates.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

All significant inter-company transactions and balances between group companies are eliminated on consolidation.

### **Subsidiaries**

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any decline in value of the subsidiaries that is other than temporary.

### **Property and equipment**

Property and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalized as an additional cost of the asset.

## 2. Significant accounting policies (continued)

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

Depreciation is provided to write off the cost of property and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight line method as follows:

Leasehold improvements	the shorter of the lease terms and 5 years
Furniture and fixtures	5 years
Computer and equipment	3 to 5 years

### **Investments in securities**

Investments in securities are recognized on a trade date basis and are initially measured at cost.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

### **Club memberships**

Club memberships are stated at cost, as reduced by any impairment loss that is other than temporary.

### **Revenue recognition**

Service income from the provision of electronic trading platform for trading financial products is recognized when the services are rendered.

Advertising income is recognized over the period in which the advertisement is displayed, provided that no significant obligations remain at the end of a period. Obligations typically include the guarantee of a minimum number of impressions or times that an advertisement appears in pages viewed by the users of the Group's online properties. To the extent that minimum guaranteed impressions are not met, the Group does not recognize the corresponding revenue until the guaranteed impressions are achieved.

## 2. Significant accounting policies (continued)

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

### **Taxation**

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognized in the financial statements. The tax effect of the resulting timing differences, computed under the liability method, is recognized as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

### **Foreign currencies**

Transactions in currencies other than Hong Kong dollars are initially recorded at exchange rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

### **Operating leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight line basis over the relevant lease term.

### **Cash equivalents**

Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advances.

### 3. Turnover

Turnover represents service income from the provision of electronic trading platform for trading financial products and advertising income received and receivable during the year as follows:

	<b>2000</b> <i>HK\$'000</i>	<b>1999</b> <i>HK\$'000</i>
Service income	42,466	21,217
Advertising income	<u>1,393</u>	<u>–</u>
	<u><u>43,859</u></u>	<u><u>21,217</u></u>

### 4. Finance costs

Finance costs represent interest on borrowing from a fellow subsidiary.

### 5. Loss before taxation

	<b>2000</b> <i>HK\$'000</i>	<b>1999</b> <i>HK\$'000</i>
Loss before taxation has been arrived at after charging (crediting):		
Advertising and promotion expenses	114,031	15,866
Auditors' remuneration	350	120
Depreciation	4,589	657
Staff costs	33,381	4,171
Loss on disposal of property and equipment	35	–
Operating lease rentals in respect of land and buildings	6,661	938
Interest income	<u>(15,752)</u>	<u>(1,886)</u>

## 6. Directors' remuneration

	2000 HK\$'000	1999 HK\$'000
Other emoluments paid to Executive Directors:		
Salaries and other benefits	7,690	438
Contributions to retirement benefits schemes	93	–
	<u>7,783</u>	<u>438</u>
Total remuneration	<u><u>7,783</u></u>	<u><u>438</u></u>

During the year, seven Executive Directors received emoluments of approximately HK\$2,020,000, HK\$1,540,000, HK\$1,098,000, HK\$1,067,000, HK\$1,064,000, HK\$580,000 and HK\$414,000 respectively.

No directors' fees were paid by the Group during the year. In addition, the Independent Non-executive Directors did not receive any remuneration from the Group for holding their office as Independent non-executive Directors.

During the year, no emoluments were paid by the Group to the Directors as a discretionary bonus or an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived or agreed to waive any remuneration for the current or prior year.



## 7. Five highest paid employees

The five highest paid individuals in 2000 are all Directors, and their remuneration are included in note 6 to the financial statements. The five highest paid individuals did not include any Directors for the year ended 31 December 1999. The details of the emoluments of the five individuals in 1999 were as follows:

	<b>2000</b> <i>HK\$'000</i>	<b>1999</b> <i>HK\$'000</i>
Salaries and other benefits	–	1,471
Contributions to retirement benefits schemes	–	53
Discretionary bonuses	–	45
	<u>–</u>	<u>1,569</u>
Total emoluments	<u>–</u>	<u>1,569</u>

The aggregate emoluments of each of the highest paid individuals mentioned above were less than HK\$1,000,000 for the year ended 31 December 1999.

## 8. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred tax losses for the year.

Deferred tax asset in respect of these tax losses has not been recognized in the financial statements as it is not certain that the tax losses will be utilized to offset future profits in the foreseeable future.

The major components of unprovided deferred taxation asset (liability) at the balance sheet date are as follows:

	<b>2000</b> <i>HK\$'000</i>	<b>1999</b> <i>HK\$'000</i>
Tax effect of timing differences because of:		
Estimated tax losses	30,373	1,305
Excess of tax allowances over depreciation	(4,644)	(609)
	<u>25,729</u>	<u>696</u>

## 8. Taxation (continued)

The amount of unprovided deferred taxation (credit) charge for the year is as follows:

	<b>2000</b> <i>HK\$'000</i>	<b>1999</b> <i>HK\$'000</i>
Tax effect of timing differences because of:		
Tax losses arising	(29,068)	(1,305)
Excess of tax allowances over depreciation	4,035	609
	<u>(25,033)</u>	<u>(696)</u>

## 9. Net loss for the year

Of the Group's net loss for the year of approximately HK\$156,888,000, a loss of HK\$74,102,000 has been dealt with in the financial statements of the Company.

## 10. Basic loss per share

The calculation of basic loss per share is based on the loss for the year ended 31 December 2000 of HK\$156,888,000 (1999: HK\$16,671,000) and the weighted average number of 1,978,549,727 (1999: 641,102,597) shares in issue during the year on the assumption that the group reorganization had been completed on 1 January 1999.

## 11. Property and equipment

	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Computer and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>THE GROUP</b>				
COST				
At 1 January 2000	544	354	6,831	7,729
Additions	5,722	4,817	23,828	34,367
Disposals	–	–	(37)	(37)
At 31 December 2000	<u>6,266</u>	<u>5,171</u>	<u>30,622</u>	<u>42,059</u>
DEPRECIATION				
At 1 January 2000	58	46	553	657
Provided for the year	371	335	3,883	4,589
Eliminated on disposals	–	–	(2)	(2)
At 31 December 2000	<u>429</u>	<u>381</u>	<u>4,434</u>	<u>5,244</u>
NET BOOK VALUE				
At 31 December 2000	<u>5,837</u>	<u>4,790</u>	<u>26,188</u>	<u>36,815</u>
At 31 December 1999	<u>486</u>	<u>308</u>	<u>6,278</u>	<u>7,072</u>
<b>THE COMPANY</b>				
COST				
Additions during the year and balance at 31 December 2000		<u>140</u>	<u>4,585</u>	<u>4,725</u>
DEPRECIATION				
Provided for the year and balance at 31 December 2000		<u>10</u>	<u>594</u>	<u>604</u>
NET BOOK VALUE				
At 31 December 2000		<u>130</u>	<u>3,991</u>	<u>4,121</u>

## 12. Investments in subsidiaries

	<b>2000</b> <i>HK\$'000</i>
Unlisted shares, at cost	302,324
Less: Impairment loss recognized	<u>(50,000)</u>
	<u><u>252,324</u></u>

The cost is based on the value of the underlying net tangible assets of the subsidiaries attributable to the Group as at the date on which the Company became the holding company of the Group under the group reorganization.

Details of the Company's wholly-owned subsidiaries at 31 December 2000 are as follows:

<b>Name</b>	<b>Place of incorporation</b>	<b>Class of share held</b>	<b>Issued and fully paid share capital</b>	<b>Principal activities</b>
COL BVI	British Virgin Islands	Ordinary	US\$1,007,600	Investment holding
CASH E-Surance Limited	Hong Kong	Ordinary	HK\$2	Inactive
CASH E-Trade Limited (formerly known as CASH on-line Limited)	Hong Kong	Ordinary	HK\$4,000,000	Provision of electronic trading platform for trading financial products, provision of electronic financial services and investment holding
CASH E-Trade Commodities Limited (formerly known as CASH on-line Commodities Limited)	Hong Kong	Ordinary	HK\$8,000,000	Inactive

## 12. Investments in subsidiaries (continued)

Name	Place of incorporation	Class of share held	Proportion of nominal value of issued capital held by the Company	Principal activities
CASH E-Trade Finance Limited	Hong Kong	Ordinary	HK\$10,000,000	Inactive
CASH E-Trade Forex Limited (formerly known as CASH on-line Forex Limited)	Hong Kong	Ordinary	HK\$30,000,000	Inactive
CASH E-Trade Securities Limited (formerly known as CASH on-line Securities Limited)	Hong Kong	Ordinary	HK\$8,000,000	Inactive
e-finance Limited (formerly known as e-finance.com.hk Limited)	British Virgin Islands	Ordinary	US\$1	Investment holding
e-finance.com.hk Limited	Hong Kong	Ordinary	HK\$26,000,000	Operation of a financial information website
icoupon Limited (formerly known as Ever Boon Finance Limited)	British Virgin Islands	Ordinary	US\$1	Inactive

The principal place of operation of the subsidiaries is Hong Kong.

The Company directly holds the interest in COL BVI. All other subsidiaries shown above are indirectly held by the Company.

During the year, the Company disposed of a wholly-owned inactive subsidiary, Interactive Broker Equities Support Technologies Limited, to a fellow subsidiary at the cost of US\$1.

### 13. Investment securities

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
<b>THE GROUP</b>		
Unlisted equity shares, at cost	15,600	–
Less: Impairment loss recognized	(15,600)	–
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>
	–	–
	<u>          </u>	<u>          </u>

The cost represents the Group's 10% investment in RedChip.com, Inc., an online research information and financial service provider incorporated in USA.

### 14. Other deposit

#### THE GROUP

Other deposit in 1999 represented deposit paid in respect of the development of a browser-accessible foreign exchange internet platform. The amount was written off in the year as the Directors decided to stop developing the foreign exchange internet platform as its development was not in line with the existing strategy of the Group.

### 15. Amounts due from and to fellow subsidiaries

#### THE GROUP

The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

### 16. Pledged bank deposit

#### THE GROUP

Pledged bank deposit represents deposit placed with a bank to secure a guarantee of HK\$877,000 given to the Group's landlord by the bank.

## 17. Share capital

	Number of shares '000	Amount HK\$'000
Authorized:		
Ordinary shares of HK\$0.10 each		
– On incorporation	1,000	100
– Increase during the period	4,999,000	499,900
	<u>5,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
– Allotted and issued nil paid on incorporation	1,000	–
– Issue of shares upon the group reorganization	2,014,200	201,420
– Credited as fully paid from contributed surplus account	–	100
	<u>2,015,200</u>	<u>201,520</u>

As at the date of incorporation of the Company, its authorized share capital was HK\$100,000 divided into 1,000,000 shares, all of which were allotted and issued nil paid on 11 August 2000.

Pursuant to the written resolutions passed by the then sole shareholder of the Company on 18 August 2000, the authorized share capital of the Company was increased to HK\$500,000,000 by the creation of an additional 4,999,000,000 shares of HK\$0.10 each. On 24 August 2000, 2,014,200,000 shares of HK\$0.10 were issued and credited fully paid to the then existing shareholders of COL BVI in consideration of the then existing shareholders of COL BVI selling 1,007,600 shares of US\$1 each in COL BVI, representing the then entire issued share capital of COL BVI, to the Company. Further on 24 August 2000, the 1,000,000 shares of HK\$0.10 each allotted and issued nil paid on 11 August 2000 were credited as fully paid at par by capitalizing a sum of HK\$100,000 standing to credit of the contributed surplus account.

The share capital shown in the consolidated balance sheet as at 31 December 1999 represented the nominal value of the share capital of COL BVI, the Company's wholly-owned subsidiary and the Group's then holding company, as at that date.

## 18. Share option scheme

Pursuant to the Company's share option scheme adopted on 20 November 2000 ("Scheme"), the Company may grant options to executive directors and full time employees of the Company or its subsidiaries to subscribe for shares in the Company for a consideration of HK\$1 for each lot of share options granted.

The Scheme is subject to the administration by a committee of the board of the Directors including the Independent Non-executive Directors and, where applicable, Independent Non-executive Directors of any holding company which is listed on the main board or GEM of the Stock Exchange ("Committee").

The subscription price for shares under the Scheme will be a price determined by the Committee but may not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option, and (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets on the five business days immediately preceding the date of offer of the option on which there were dealings in the shares on GEM, and (iii) the nominal value of the share.

Options granted are exercisable at any time during the exercise period resolved by the Board but in any case such exercise period shall not be less than three years and not beyond 19 November 2010. The maximum number of shares in respect of which options may be granted shall not exceed 30% of the issued share capital of the Company in issue from time to time, and the maximum number of shares in respect of which options may be granted to any one executive director or employee is limited to 25% of the maximum number of shares in respect of which options may be granted under the Scheme.

No options were granted since the Scheme was approved.

## 19. Conversion options

The conversion options entered into by COL BVI and the Group's then shareholders prior to the group reorganization are summarised as follows:

- (a) On 6 September 1999, a conditional agreement ("Fortune Agreement") was entered into between Fortune International Limited ("Fortune"), a company incorporated in Taiwan, COL BVI and CASH in connection with Fortune's subscription of shares in COL BVI.



## 19. Conversion options (continued)

Pursuant to the Fortune Agreement, Fortune subscribed for 43,000 shares in COL BVI for a cash consideration of US\$4,500,000 (approximately equivalent to HK\$35,000,000). The shares in COL BVI were issued to Fortune on 15 October 1999. In addition, Fortune was granted an option ("Fortune Option") to subscribe for an additional 43,000 shares in COL BVI at an option price of US\$4,500,000 (approximately equivalent to HK\$35,000,000). The Fortune Option would lapse if it was not exercised within three months from completion of the subscription. If the Fortune Option was exercised, Fortune would be entitled to a conversion option (the "Fortune Conversion Option") to convert all or part of the aggregate US\$9,000,000 subscription money into not more than 7% of the then total issued share capital of CASH as at the date of the conversion notice given to CASH. The Fortune Conversion Option would lapse if it was not exercised within three months from the date of exercise of the Fortune Option.

The Fortune Option expired without being exercised on 15 January 2000. However, on 18 January 2000, CASH granted Fortune an extension of the exercise period of the Fortune Option for another six months from 15 January 2000 to 14 July 2000. The grant of and the right to the Fortune Conversion Option and the conversion period were also extended accordingly.

On 15 March 2000, Fortune confirmed in writing to waive its right to the Fortune Conversion Option.

- (b) On 14 October 1999, a conditional agreement ("CyberWorks Agreement") was entered into between CyberWorks Ventures Limited ("CyberWorks"), a company incorporated in Bermuda, COL BVI and CASH in connection with Cyberworks' subscription of shares in COL BVI.

Pursuant to the CyberWorks Agreement, CyberWorks subscribed for 44,000 shares of COL BVI for a cash consideration of HK\$39,000,000. The shares in COL BVI were issued to CyberWorks on 22 November 1999. In addition, CyberWorks was granted an option to subscribe for additional 44,000 shares in COL BVI at an option price of HK\$39,000,000 ("CyberWorks Option") at any time prior to the listing of shares in COL BVI, or COL BVI's immediate holding company, or a wholly-owned subsidiary of COL BVI, on any stock exchanges or public quotation system approved by the board of directors of the relevant issuers, or the expiry of two years from the completion of subscription, whichever is the earlier. If the listing of shares in COL BVI, or COL BVI's immediate holding company, or a wholly-owned subsidiary of COL BVI was not procured within two years from the completion of subscription, CyberWorks was entitled to a conversion option ("CyberWorks Conversion Option") to convert all or part of the subscription price of HK\$39,000,000 into shares in CASH at a price not less than HK\$0.60 per share. The CyberWorks Conversion Option would lapse if it was not exercised within one month from the second anniversary of the completion of subscription.

## 19. Conversion options (continued)

On 24 August 2000, CyberWorks, CASH, COL BVI and the Company entered into an agreement, under which the CyberWorks Option and CyberWorks Conversion Option were cancelled and CyberWorks was granted another option to subscribe for 88,000,000 shares in the Company at an option price of HK\$39,000,000. Pursuant to the agreement, the option should be exercised by seven business days prior to the date of the introduction document for the listing of the Company's shares or, on or before 22 November 2001, whichever is the earlier.

The option granted to CyberWorks was lapsed as CyberWorks did not exercise the option seven business days prior to 13 December 2000, the issue date of the Prospectus.

## 20. Reserves

	Share premium of COL BVI <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>THE GROUP</b>				
At 1 January 1999	–	–	–	–
Issue of shares	194,932	–	–	194,932
Share issue expenses	(1,428)	–	–	(1,428)
Net loss for the year	–	–	(16,671)	(16,671)
At 31 December 1999	193,504	–	(16,671)	176,833
Issue of shares	223,450	–	–	223,450
Share issue expenses	(4,575)	–	–	(4,575)
Transfer to contributed surplus	(412,379)	412,379	–	–
Capitalization of reserve arising on group reorganization	–	(193,561)	–	(193,561)
Capitalization	–	(100)	–	(100)
Expenses in connection with the listing of the Company's shares	–	(8,687)	–	(8,687)
Net loss for the year	–	–	(156,888)	(156,888)
At 31 December 2000	–	210,031	(173,559)	36,472

## 20. Reserves (continued)

	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>THE COMPANY</b>			
Surplus arising on group reorganization	100,904	–	100,904
Capitalization	(100)	–	(100)
Expenses in connection with the listing of the Company's shares	(8,481)	–	(8,481)
Net loss for the year	–	(74,102)	(74,102)
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2000	<u>92,323</u>	<u>(74,102)</u>	<u>18,221</u>

The reserves as at 31 December 1999 represented the aggregate amount of the combined reserves of the companies now comprising the Group prior to the group reorganization.

The contributed surplus of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate of the nominal amount of the issued share capital and the reserves of COL BVI pursuant to the group reorganization.

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of COL BVI at the date on which the group reorganization become effective and the nominal amount of the share capital of the Company issued pursuant to the group reorganization.

Under the Companies Act 1981 of Bermuda, contributed surplus is also available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

## 20. Reserves (continued)

In the opinion of the Directors, the Company's reserves available for distribution to shareholders were as follows:

	<i>HK\$'000</i>
Contributed surplus	92,323
Accumulated losses	<u>(74,102)</u>
	<u><u>18,221</u></u>

## 21. Reconciliation of loss before taxation to net cash outflow from operating activities

	<b>2000</b> <i>HK\$'000</i>	<b>1999</b> <i>HK\$'000</i>
Loss before taxation	(156,888)	(16,671)
Interest income	(15,752)	(1,886)
Interest expenses	26	–
Depreciation	4,589	657
Loss on disposal of property and equipment	35	–
Impairment loss arising on investment securities	15,600	–
Write off of deposit for the development of foreign exchange internet platform	1,950	–
Increase in accounts receivable, prepayments and deposits	(8,694)	(2,376)
Decrease (increase) in amounts due from fellow subsidiaries	1,117	(3,352)
Increase in accounts payable and accrued charges	31,984	5,879
(Decrease) increase in amounts due to fellow subsidiaries	<u>(3,200)</u>	<u>4,867</u>
Net cash outflow from operating activities	<u><u>(129,233)</u></u>	<u><u>(12,882)</u></u>

## 22. Analysis of changes in financing during the year

	Share premium of COL BVI and contributed surplus <i>HK\$'000</i>	Share capital <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 1999	–	–	–
Issue of shares in a subsidiary	194,932	7,309	202,241
Share issue expenses	(1,428)	–	(1,428)
	<u>193,504</u>	<u>7,309</u>	<u>200,813</u>
Balance at 31 December 1999	193,504	7,309	200,813
Issue of shares in a subsidiary	223,450	550	224,000
Shares issue expenses	(4,575)	–	(4,575)
Issue of shares upon group reorganization	(193,561)	193,561	–
Capitalization	(100)	100	–
Expenses in connection with the listing of the Company's shares	(8,687)	–	(8,687)
	<u>(8,687)</u>	<u>–</u>	<u>(8,687)</u>
At 31 December 2000	<u><u>210,031</u></u>	<u><u>201,520</u></u>	<u><u>411,551</u></u>

## 23. Related party transactions

Apart from the amounts due from and to fellow subsidiaries as disclosed in note 15 to the financial statements, during the year, the Group had the following significant transactions with fellow subsidiaries:

- (a) The Group received service income of approximately HK\$40,820,000 (1999: HK\$21,217,000) from a fellow subsidiary for the provision of electronic trading platform for securities dealing. The service income was equal to 100% of total brokerage commission received by the fellow subsidiary from its clients for the execution of their securities transactions executed through the Group's electronic trading platform.
- (b) The Group received service income of approximately HK\$1,646,000 (1999: Nil) from a fellow subsidiary for the provision of electronic trading platform for trading futures contracts. The service income was equal to 100% of total brokerage commission received by the fellow subsidiary from its clients for the execution of their futures transactions executed through the Group's electronic trading platform.

### 23. Related party transactions (continued)

- (c) The Group paid services charges of approximately HK\$14,239,000 (1999: HK\$15,182,000) to a fellow subsidiary. The charges for the year were calculated at 20% of the service income received by the Group from the fellow subsidiary if the related fellow subsidiary's online brokerage clients gave electronic securities dealing instructions via the internet or mobile phones, and at 50% of the service income received by the Group from the fellow subsidiary if the fellow subsidiary's non-online brokerage clients gave dealing instructions via the telephone lines and such orders were executed through the Group's electronic trading platform. In 1999, service charges were calculated at 0.2% of the value of transactions per securities dealing executed through the Group's electronic trading platform.
- (d) The Group paid services charge of approximately HK\$329,000 (1999: Nil) to a fellow subsidiary. The charge was calculated at 20% of the service income received by the Group for the provision of electronic trading platform for trading futures contracts.
- (e) The Group paid payment gateway service fee of approximately HK\$5,000 (1999: Nil) to a fellow subsidiary. The charge was calculated at the costs charged by the independent third party to the fellow subsidiary.
- (f) The Group paid rental of approximately HK\$2,466,000 (1999: HK\$938,000) to a fellow subsidiary. The charge was calculated at the effective rate charged to the fellow subsidiary by the head landlord with reference to the floor area occupied by the Group.
- (g) The Group received online real time quote service fee of approximately HK\$3,099,000 (1999: Nil) from a fellow subsidiary. The fee was equal to 100% of total service fee received by the fellow subsidiary from its clients for subscribing the online real time quote service.
- (h) The Group received initial public offering handling fee income of approximately HK\$236,000 (1999: Nil) from a fellow subsidiary. The fee was equal to 100% of total service fee received by the fellow subsidiary from its clients.
- (i) The Group paid management fee of approximately HK\$7,071,000 (1999: Nil) to a fellow subsidiary. Management fee was calculated at the rates based on the general time consumed by each of the departments of the fellow subsidiary for the Group.

### 23. Related party transactions (continued)

- (j) The Group paid interest expense of approximately HK\$26,000 (1999: Nil) to a fellow subsidiary. Interest expense was calculated at Hong Kong inter-bank borrowing rates plus 1%.
- (k) During the year, the Group acquired certain equipment at cost of approximately HK\$9,468,000 (1999: net book value of HK\$470,000) from fellow subsidiaries.
- (l) Pursuant to a memorandum entered into between the Company and a fellow subsidiary dated 10 December 2000, the fellow subsidiary transferred the electronic trading platform to the Group at nil consideration with effect from 2 January 1999.

### 24. Capital commitments

At the balance sheet date, the Group had the following capital commitments contracted for but not provided for in the financial statements:

	<b>2000</b> <i>HK\$'000</i>	<b>1999</b> <i>HK\$'000</i>
Acquisition of a trading right in the Hong Kong Futures Exchange Limited from a fellow subsidiary	1,800	–
Acquisition of investment securities	–	15,600
Purchase of licence rights and development of a browser-accessible foreign exchange internet platform	–	16,734
	<u>1,800</u>	<u>32,334</u>

## 25. Operating lease commitments

At the balance sheet date, the Group had commitments payable in the next twelve months under non-cancellable operating leases in respect of land and buildings as follows:

	<b>2000</b> <i>HK\$'000</i>	<b>1999</b> <i>HK\$'000</i>
Operating leases which expire:		
Within one year	941	2,220
In the second to fifth year inclusive	<u>8,370</u>	<u>–</u>
	<u><u>9,311</u></u>	<u><u>2,220</u></u>



## Financial Summary

<b>RESULTS</b>	<b>11 November 1998 to 31 December 1998 HK\$'000 (Note 2)</b>	<b>1 January 1999 to 31 December 1999 HK\$'000 (Note 2)</b>	<b>1 January 2000 to 31 December 2000 HK\$'000 (Note 3)</b>
Turnover	—	21,217	43,859
Loss from operations	—	(16,671)	(156,862)
Finance costs	—	—	(26)
Loss before taxation	—	(16,671)	(156,888)
Taxation	—	—	—
Net loss for the period/year	—	(16,671)	(156,888)

### Notes:

1. The Company was incorporated in Bermuda on 9 August 2000 and became the holding company of the Group with effect from 24 August 2000 as a result of the group reorganization as set out in note 1 to the financial statements. Accordingly, the only consolidated balance sheet prepared by the Group is set out on page 47 of the annual report.
2. The results of the Group for the period from 11 November 1998 (date of incorporation of COL BVI, the then holding company of the Group prior to the group reorganization) to 31 December 1998 and the year ended 31 December 1999 have been prepared on a combined basis as if the current group structure had been in existence throughout the period/year concerned and have been extracted from the Prospectus.
3. The results of the Group for the year ended 31 December 2000 have been extracted from the consolidated income statement which are set out on page 46 of the annual report.