



**CASH**  
*on-line*

CASH on-line Limited

## 2001 **1Q Results**

1 January to 31 March

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*This document, for which the directors of CASH on-line Limited ("Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief,:* (i) *the information contained in this document is accurate and complete in all material respects and not misleading;* (ii) *there are no other matters the omission of which would make any statement in this document misleading;* and (iii) *all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## SUMMARY

- Strong revenue growth continues with a 34% increase over corresponding period to approximately HK\$8 million despite significantly increased competition and unfavourable investment environment.
- Broadened services offering through new partnerships with market leaders places the Group on course for multiple channel strategy.
- Net loss reached approximately HK\$18 million due to the growth of the Company's size and business activities and enlarged and enhanced infrastructure to develop and deliver multiple products offerings.
- Strong liquidity position of the Group with net available cash balance of approximately HK\$170 million at the end of this quarter.

## QUARTERLY RESULTS

The unaudited consolidated results of the Company and its subsidiaries ("Group") for the three months ended 31 March 2001 together with the comparative figures for the last corresponding period are as follows:

	Notes	Unaudited Three months ended 31 March	
		2001 HK\$'000	2000 HK\$'000
Turnover	2	8,260	5,897
Cost of sales		(2,938)	(2,412)
Gross profit		5,322	3,485
Other revenue		3,214	648
Administrative expenses	3	(26,314)	(8,158)
Loss from operations		(17,778)	(4,025)
Finance costs		–	–
Loss before taxation		(17,778)	(4,025)
Taxation	4	–	–
Net loss attributable to shareholders		(17,778)	(4,025)
Loss per share	5	0.9 cent	0.2 cent

Notes:

#### 1. Group reorganization and the basis of preparation

The Company was incorporated in Bermuda on 9 August 2000. Its ultimate holding company is Celestial Asia Securities Holdings Limited ("CASH", which together with its subsidiaries other than members of the Group are hereinafter referred to as "CASH Group"). Pursuant to a group reorganization ("Group Reorganization") to rationalize the structure of the Group in the preparation for the listing of the Company's shares on the GEM of the Stock Exchange, the Company became the holding company of the Group in 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 ("Prospectus"). The shares in the Company have been listed on GEM since 15 December 2000.

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

The unaudited consolidated results have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong.

#### 2. Turnover

Turnover represents service income from the provision of electronic trading platforms for trading financial products and advertising income during the periods.

#### 3. Administrative expenses

Despite a strong growth in turnover recorded in the first quarter, the operating expenses heightened to HK\$26 million from HK\$8 million in the last corresponding period mainly due to expenses related to the additional personnel hired and office space rented as a result of the tremendous growth both in the size and business activities of the Group since the second half of last year.

#### 4. Taxation

No provision for Hong Kong profits tax has been made as the Group incurred tax loss for each of the above periods.

No deferred tax asset has been recognized in the financial statements in respect of the tax losses available to offset future profit as it is uncertain that the tax losses will be utilized to offset future profit in the foreseeable future.

#### 5. Loss per share

The calculation of the basic loss per share for the period ended 31 March 2001 is based on the loss for the period of HK\$17,778,000 (2000: HK\$4,025,000) and on the weighted average number of 2,015,200,000 (2000: 1,874,000,000) shares that would have been in issue throughout the year on the assumption that the Group Reorganization had been completed as at 1 January 2000.

No diluted loss per share is presented as there was no diluting event in existence for the three months ended 31 March 2000 and the diluting effect for the three months ended 31 March 2001 would be anti-diluted.

## DIVIDEND

The board of directors ("Board") does not recommend payment of any interim dividend for the three months ended 31 March 2001 (2000: Nil).

## OPERATIONS REVIEW

The year began with less than favourable market sentiment with concerns over the US economy dulling investor appetites. Furthermore, the level of competition increased several folds with the introduction of significant new players in the online stock broking sector as well as price cut initiatives from these new competition to solicit clientele. However, the directors are confident on the future of the Group as the Group saw encouraging revenue growth of over 34% during the period under review. The Directors believe that the strong building of the Group and strong technological platform will continue to be reliable and provide value added services to our customers giving us a strong edge over our competitors. This is mainly attributable to the increase in the number of clients, launch of new products such as commodity and margin financing and a stable organic growth in our core businesses.

The robustness of our system, high level of automation and investment in building brand awareness during the past year placed the Group in a highly competitive position. The number of ultimate customers grew by 17% during the period under review.

### Products and services

In order to fulfill a mission to deliver the most diverse and the best possible financial services via multiple platform and devices as well as supporting multiple service providers, the Group has continued to build more value added products and services on top of its existing technology platform, which is secure and reliable.

### *Electronic trading*

Although our internet-based securities did not see substantial changes in its interface, during the period, the Group built upon its solid technology platform and launched the real time, fully automated T + 2 settlement services for its cash clients. This service, which is a logical evolution of our real time credit management

modules developed for the margin trading services launched last year, serves a prime example of how the management of the Group capitalizes on solid technology research and development and extend these development into other new value added services to maintain our competitive leadership.

Capitalising on our experience and existing infrastructure, the Group also successfully launched its straight through WAP trading platform with two of the largest mobile telecommunications operators, PCCW Mobility Services and OrangeWorld in Hong Kong. Together with SmarTone, which is the Group's partner for GSM SMS and PCS based trading services, the Group is now in a position to service the securities trading needs of 1010, One2Free and Orange clients.

To fulfill our mission to provide multiple financial products via multiple channels and devices, our mobile trading platforms and internet trading platforms became fully synchronized during the period. This enables the Group's clients to conduct trading via the widest possible selection of electronic devices.

Leveraging on the development of these fully synchronized transaction platforms, on 7 May 2001, the Group launched a new straight-through PDA commodities trading service. Trading orders are routed on a straight through basis to the Hong Kong Futures Automated Trading System ("HKATS") of the Hong Kong Futures Exchange Limited.

The Group has been one of the first industry players in providing PDA securities trading technologies and this time, also pioneers the market with the development of PDA commodities trading technologies.

In March, ICBC (Asia) announced the partnership with the Group to provide securities trading services to all ICBC (Asia) clients at the opening of the bank's first investor center. This marks the first step in the realization in our mission to develop a B2B revenue stream through our innovative and robust transaction platforms. The Company is in active dialogue with various other parties in the area of "white labeled" transaction support by the Company and its subsidiaries.

### ***New product category***

April saw the fruition of our first stage of partnership with US based insurance brokerage giant Aon Insurance Group ("Aon"). With the successful launch of our e-Surance platform through the Group's personal financial services web site [www.e-finance.com.hk](http://www.e-finance.com.hk), e-Surance is actively supported by Aon which is Asia's largest insurance group, whose experts will pre-screen plans to ensure the best

deals from the strongest institutions before they are offered to consumers. Aon also provides advice to assist with the selection of the most appropriate scheme. e-Surance is the first online insurance service in Hong Kong that is backed by an established, world-class industry player whose experts pre-screen plans and offers advice to customers. It delivers professionally selected value-for-money insurance plans, a "clicks-and-mortar" payment system, online insurance management system, an easy-to-use insurance dictionary; and above all, the reassurance of a widely recognized international insurance group. e-Surance offers seven categories of insurance products, namely: life, accident, home, domestic helper, motor, travel and golf. More categories, like medical, will be introduced in the next phase of development.

e-Fund, the new fund trading service is part of the Group's ongoing programme to deliver a broader range of convenient services, financial products and tools to retail investors. It also takes the Group a step closer to its goal of becoming a leading online one-stop financial service provider offering high quality but low cost financial services. There are a total of over 150 funds issued by nine fund houses for our customer's selection. The number of offerings is expected to expand to 500 funds in the near future.

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2001, the interests of the directors and chief executive of the Company in the equity or debt securities of the Company and 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:

### A. The Company

#### Interest in ordinary shares

Name	Number of shares beneficially held			Shareholding (%)
	Personal	Corporate	Other Interest	
Kwan Pak Hoo Bankee*	–	–	1,086,619,945	53.92
Khoo Ken Wee**	3,000,000	1,057,152,090	–	52.61
Law Ping Wah Bernard	5,424,982	–	–	0.27
Law Ka Kin Eugene	250,000	–	–	0.01

\* The shares are held as to 1,009,264,783 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 Suffold 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 1,009,264,783 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 1,009,264,783 shares held by CIGL and 47,887,307 shares held by Cash Guardian.

*B. Associated corporations (within the meaning of SDI Ordinance)*

(a) Interests in CASH

**Ordinary shares**

Name	Number of shares beneficially held			Shareholding (%)
	Personal	Corporate	Other Interest	
Kwan Pak Hoo Bankee*	–	–	3,374,579,709	52.54
Khoo Ken Wee**	30,000,000	2,692,019,826	–	42.38
Law Ping Wah Bernard	54,249,828	–	–	0.84
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 682,559,883 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.

**Warrants carrying rights to subscribe for shares 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 interest held by Mr Kwan and Mr Khoo have taken into account the HK\$144,876,749.55 amount of warrants held by Cash Guardian.

(b) Interests in Pricerite Group Limited ("Pricerite")

**Ordinary shares**

Name	Number of shares beneficially held			Shareholding (%)
	Personal	Corporate	Other Interest	
Kwan Pak Hoo Bankee*	-	-	435,132,000	69.21
Khoo Ken Wee*	-	435,132,000	-	69.21

\* This refers to the same number of 435,132,000 shares held by CIGL (a wholly-owned subsidiary of CASH). Both Mr Kwan and Mr Khoo are deemed to be interested in these shares as a result of their interests in CASH as disclosed in the "Substantial shareholders" below.

Save as disclosed above, as at 31 March 2001, none of the directors and chief executive of the Company had any personal, family, corporate or other beneficial interests in the equity or debt securities of the Company or any of its associated corporations.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES**

*A. The Company*

Pursuant to the share option scheme of the Company adopted on 20 November 2000, certain directors of the Company were granted share options to subscribe for shares in the Company at a consideration of HK\$1.00 each, details as follows:-

Name	Date of share options accepted	Number of share options granted and balance as at		Exercise period	Exercise price per share HK\$
		31 March 2001			
Miao Wen Hao Felix	29/3/2001	15,000,000		1/10/2001-30/9/2004	0.11
Law Ping Wah Bernard	29/3/2001	20,000,000		1/10/2001-30/9/2004	0.11
Wong Kin Yick Kenneth	29/3/2001	20,000,000		1/10/2001-30/9/2004	0.11
Law Ka Kin Eugene	29/3/2001	25,000,000		1/10/2001-30/9/2004	0.11

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

(a) CASH

Details of share options granted to directors of the Company to subscribe for shares in CASH at a consideration of HK\$1.00 each pursuant to the share option scheme of CASH adopted on 29 March 1994 and remained outstanding as at 31 March 2001 are as follows: -

Name	Date of share options accepted	Number of share options granted and balance as at 31 March 2001	Exercise period	Exercise price per share HK\$
Kwan Pak Hoo Bankee	8/10/1999	40,000,000	8/4/2000-7/4/2002	0.59
Khoo Ken Wee	8/10/1999	20,000,000	8/4/2000-7/4/2002	0.59
Miao Wen Hao Felix	17/1/2000	10,000,000	10/1/2001-9/1/2003	0.80
Law Ping Wah Bernard	8/10/1999	40,000,000	8/4/2000-7/4/2002	0.59
Wong Kin Yick Kenneth	1/6/2000	5,000,000	1/12/2000-30/11/2002	0.35
Law Ka Kin Eugene	13/5/1999	2,500,000	13/5/2000-12/11/2001	0.23
	8/10/1999	3,000,000	8/4/2000-7/4/2002	0.59
	1/6/2000	10,000,000	1/12/2000-30/11/2002	0.35
	10/11/2000	10,000,000	16/5/2001-15/5/2003	0.27

(b) Pricerite

Details of share options granted to the directors of the Company to subscribe for shares in Pricerite at a consideration of HK\$1.00 each pursuant to the share option scheme of Pricerite adopted on 21 January 1994 and remained outstanding as at 31 March 2001 are as follows: -

Name	Date of share options accepted	Number of share options granted and balance as at 31 March 2001	Exercise period	Exercise price per share HK\$
Kwan Pak Hoo Bankee	12/6/2000	10,000,000	13/6/2000-12/6/2002	0.58

Save as disclosed above, during the three months ended 31 March 2001, none of the directors and chief executive of the Company nor any of their spouse or children under 18 was granted or holding options to subscribe for shares in the Company or any of its associated corporations (within the meaning of the SDI Ordinance), nor had exercised such rights.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2001, 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 %
CASH (Notes 1 & 4)	1,009,264,783	50.08
Kwan Pak Hoo Bankee (Notes 2 & 4)	1,086,619,945	53.92
Khoo Ken Wee (Notes 3 & 4)	1,060,152,090	52.61
Yasumitsu Shigeta (Note 5)	374,000,000	18.56

Notes:

- (1) The 1,009,264,783 shares are held by CIGL which is a wholly owned subsidiary of CASH. CASH is deemed to be interested in the shares held by CIGL.
- (2) The shares are held as to 1,009,264,783 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 41.91% by Cash Guardian (which is 60% beneficially owned by Jeffnet Inc) and 10.63% 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 is deemed to be interested in the aggregate shares held by CIGL, Cash Guardian and Suffolk.
- (3) The shares are held as to 3,000,000 shares personally by Khoo Ken Wee, as to 1,009,264,783 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 41.91% by Cash Guardian (which is 40% beneficially owned by Khoo Ken Wee) and 0.47% by Khoo Ken Wee personally. Mr Khoo is deemed to be interested in the aggregate shares held by CIGL and Cash Guardian pursuant to the SDI Ordinance.
- (4) For avoidance of doubt, the above interests held by CASH, Mr Kwan and Mr Khoo have taken into account the 1,009,264,783 shares held by CIGL and the above interests held by Mr Kwan and Mr Khoo have also taken into account of the 47,887,307 shares held by Cash Guardian.

- (5) This refers to the 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 is deemed to be interested in all the shares held by Hikari Tsushin Inc pursuant to the SDI Ordinance.

Save as disclosed above, the Directors are not aware of any other person having an interest in the shares representing 10% or more of the issued share capital of the Company.

### COMPETING INTERESTS

None of the Directors or the management shareholders of the Company (as defined under The Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules")) had any interest in a business which competes or may compete with the business of the Group.

### 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 interests in the share capital of the Company as at 31 March 2001.

Pursuant to the agreement dated 10 December 2000 entered into between the Company and BNP, BNP will receive a fee for acting as the Company's sponsor for the period from 10 December 2000 to 31 December 2002.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the three months ended 31 March 2001, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board  
**Bankee P Kwan**  
*Chairman*

Hong Kong, 10 May 2001