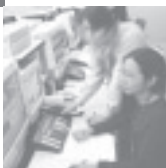




CASH

FINANCIAL SERVICES GROUP

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2002 3Q Results
1 January to 30 September

CASH Financial Services Group Limited

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.

This document, for which the directors of CASH Financial Services Group Limited (“Company” or “CFSG”) 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 (“GEM Listing Rules”) 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.

RESULTS

The unaudited consolidated results of the Company and its subsidiaries ("Group") for the three months and the nine months ended 30 September 2002 together with the comparative figures for the last corresponding periods are as follows:

	Notes	Unaudited three months ended 30 September		Unaudited nine months ended 30 September	
		2002	2001	2002	2001
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	2	43,531	9,508	155,408	34,766
Other revenue		1,127	583	2,935	1,961
Cost of provision of trading platform services		–	(3,236)	–	(10,054)
Salaries, allowance and commission		(30,681)	(7,594)	(98,664)	(25,277)
Other operational and administrative expenses		(17,901)	(9,744)	(59,940)	(36,274)
Depreciation and amortisation		(7,127)	(2,702)	(21,953)	(7,976)
Finance costs		(2,435)	–	(7,845)	–
Provision for doubtful receivables		(8,263)	–	(14,263)	–
Impairment loss on property and equipment		–	–	(4,200)	–
Loss before taxation		(21,749)	(13,185)	(48,522)	(42,854)
Taxation	3	–	–	–	–
Net loss attributable to shareholders		(21,749)	(13,185)	(48,522)	(42,854)
Loss per share	4				
– Basic		(21.6) cents	(13.1) cents	(48.2) cents	(42.5) cents
– Diluted		N/A	N/A	N/A	N/A

Notes:

(1) **Principal accounting policies and basis of preparation**

The principal accounting policies adopted in preparing the unaudited consolidated results conform with accounting principles generally accepted in Hong Kong and accounting standards issued by the Hong Kong Society of Accountants.

The accounting policies and methods of computation used in preparing the unaudited consolidated results are consistent with those used in the audited financial statements for the year ended 31 December 2001.

(2) **Turnover**

	Unaudited three months ended 30 September 2002		Unaudited nine months ended 30 September 2001	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fees and commission income	38,675	–	135,372	–
Interest income	5,208	672	21,508	4,503
(Loss) Profit on trading of securities, option and futures	(352)	–	(1,472)	1,966
Services income	–	8,836	–	28,057
Advertising income	–	–	–	240
	<u>43,531</u>	<u>9,508</u>	<u>155,408</u>	<u>34,766</u>

Interest income of HK\$672,000 and HK\$4,503,000 earned respectively in the three months and the nine months ended 30 September 2001 as well as profit on trading of securities, option and futures of HK\$1,966,000 earned in the nine months ended 30 September 2001 have been reclassified to turnover from other revenue.

(3) **Taxation**

No provision for Hong Kong Profits Tax has been made as the Group incurred tax losses for each of the above periods.

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

(4) Loss per share

The calculation of basic loss per share for the three months and the nine months ended 30 September 2002 together with the comparative figures for 2001 is based on the following data:

	Unaudited three months ended 30 September		Unaudited nine months ended 30 September	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Net loss attributable to shareholders	<u>21,749</u>	<u>13,185</u>	<u>48,522</u>	<u>42,854</u>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>100,759,408</u>	<u>100,760,000</u>	<u>100,759,657</u>	<u>100,760,000</u>

The weighted average number of ordinary shares for the three months and the nine months ended 30 September 2001 for the purposes of basic earnings per share has been adjusted for the share consolidation on 26 April 2002.

No diluted loss per share for both periods has been presented because the exercise prices of the Company's options and convertible note were higher than the average market price for shares for the respective periods.

(5) Reserves

	Unaudited three months ended 30 September			
	2002		2001	
	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Total HK\$'000
Beginning of the three months period	289,765	(147,554)	142,211	6,803
Net loss for the period	<u>–</u>	<u>(21,749)</u>	<u>(21,749)</u>	<u>(13,185)</u>
End of the three months period	<u>289,765</u>	<u>(169,303)</u>	<u>120,462</u>	<u>(6,382)</u>

	Unaudited nine months ended 30 September			
	2002		2001	
	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Total HK\$'000
Beginning of the nine months period	209,661	(232,121)	(22,460)	36,472
Increased due to capital reduction	191,444	–	191,444	–
Transfer from contributed surplus to set off accumulated losses	(111,340)	111,340	–	–
Net loss for the period	<u>–</u>	<u>(48,522)</u>	<u>(48,522)</u>	<u>(42,854)</u>
End of the nine months period	<u>289,765</u>	<u>(169,303)</u>	<u>120,462</u>	<u>(6,382)</u>

DIVIDEND

The Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2002 (2001: Nil).

REVIEW AND OUTLOOK

The austere global and regional economic environment and local market uncertainties continued unabated through the third quarter of 2002.

For the nine months ended 30 September 2002, our Group recorded a 347.0% increase in turnover to HK\$155.4 million when compared with the corresponding period last year. The major business attributes are broking, financing and corporate finance, which contributed to 77.3%, 8.9% and 13.8% of the consolidated turnover respectively in the period.

As the weak investment sentiments prolonged under the concerns about job security and income uncertainty, the Group faced difficult market conditions in the first nine months of the year. The subsequent weak consumer sentiment was further aggravated by the persistent sluggish property market and stock market. As a result, out of prudence, we made a provision for doubtful receivables from our accounts receivables amounting to HK\$8.2 million. As a result, we recorded a net loss attributable to shareholders of HK\$48.5 million, which represented a 13.2% decline in performance against that of last year.

Products and services

Enhancing our leadership in electronic trading platform

The launch of our international commodities electronic trading platform represented a further step towards our Group's development to become an international trading hub through link-ups with regional and international brokerage partners.

We are the first to provide an electronic channel for international commodities trading in Hong Kong. The development of the platform is consistent with our aim to become the financial services house of choice for our clients. We extend our capabilities of technological advancement on financial services by providing our investors with a more convenient and flexible way of trading, and a comprehensive range of financial products and services, to fit their investment and wealth management needs.

Our new trading platform enables investors to trade existing futures and options products provided by the Hong Kong Exchanges and Clearing Limited, as well as facilitates commodities trading services covering futures and options products of 12 overseas markets, including US, Germany, UK, France, Singapore, Korea and Australia, etc.

APICTA: the fruit of our endeavours

In September, we were awarded the prestigious Asia Pacific ICT Awards (“APICTA”) under the e-commerce category for our electronic trading platform. The award was bestowed upon us after thorough review on entries from all over the Asia Pacific region. As our electronic trading platform is one of the vital elements supporting our business success and service offering, the receipt of the award further acknowledged the standards of our electronic trading platform and hence our quality of service.

Cost control measures

We have maintained over the past two years the importance of preserving our financial strength in light of the challenging global and local economic environment. Our focus has been consistently on maintaining cost leadership and our capital strength. Due to the poor market environment, we had to conduct a further round of rationalisation in our staffing amounting to 11.2% of our total headcount at the time. The rationalisation that took place was unfortunate but necessary for the Group to weather the prevalent market conditions and forthcoming challenges.

It is against the very same principle of capital strength preservation that we opted to refrain from renewing the lease for some of our branches. Under such difficult market conditions, we see little possibility for such branches to achieve profitability.

We will continue to review closely the market developments and continue our policy and dedication to be a secure and credible financial institution for our clients to entrust with their investment needs and our partners to work with.

Looking forward

We are currently weathering a global recession. Hong Kong, as an international financial centre, is suffering from a similar crisis of confidence as in markets elsewhere. In particular, with our close link to the US market, we are certain that the financial services industry here will be hard hit. We do not anticipate any significant improvement in our business environment in the foreseeable future. As such, we hold little expectation, if any, for improvements in our revenue picture for the rest of the year.

Our focus will remain towards cost control and maintaining cost leadership. We are, however, confident that after our rationalisation, we are operating from a cost and resource base that will enable us to weather this challenging environment.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2002, 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") or as otherwise notified to the Company and the Stock Exchange pursuant to rule 5.40 of the GEM Listing Rules were as follows:

1. Interest in shares or debentures

A. Ordinary shares in the Company

Name	Number of shares beneficially held		Shareholding (%)
	Personal	Other interest	
Kwan Pak Hoo Bankee	-	54,330,997*	53.92
Law Ka Kin Eugene	12,500	-	0.01
Law Ping Wah Bernard	271,249	-	0.27
Kwok Oi Kuen Joan Elmond	20,000	-	0.02

* The shares were held as to 50,463,239 shares by Celestial Investment Group Limited ("CIGL"), a wholly-owned subsidiary of Celestial Asia Securities Holdings Limited ("CASH"), and as to 3,867,758 shares by Cash Guardian Limited ("Cash Guardian"). Mr Kwan was 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.

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

(a) Ordinary shares in CASH

Name	Number of shares beneficially held		Shareholding (%)
	Personal	Other interest	
Kwan Pak Hoo Bankee	-	156,952,376*	51.38
Law Ka Kin Eugene	125,000	-	0.04
Law Ping Wah Bernard	5,096,200	-	1.67
Kwok Oi Kuen Joan Elmond	2,700,000	-	0.88

* The shares were held by Cash Guardian. Mr Kwan was deemed to be interested in all these shares as a result of his interests in Cash Guardian as disclosed in the "Substantial Shareholders" below.

(b) Ordinary shares in Pricerite Group Limited

Name	Number of shares beneficially held		Shareholding (%)
		Other interest	
Kwan Pak Hoo Bankee		1,419,432,297*	68.35

* The shares were held by CIGL and its wholly-owned subsidiaries. Mr Kwan was deemed to be interested in all these shares as a result of his interests in CASH through Cash Guardian as disclosed in the "Substantial Shareholders" below.

Save as disclosed above, as at 30 September 2002, 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 in the Company

Pursuant to the share option schemes of the Company, certain Directors of the Company were granted share options to subscribe for shares in the Company, details of which as at 30 September 2002 were as follows:

Name	Date of grant	Number of options outstanding	Exercise period	Exercise price per share (HK\$)
Law Ka Kin Eugene	26/3/2001	1,250,000	1/10/2001 – 30/9/2004	2.20
Wong Kin Yick Kenneth	26/3/2001	1,000,000	1/10/2001 – 30/9/2004	2.20
Miao Wen Hao Felix	26/3/2001	750,000	1/10/2001 – 30/9/2004	2.20
Law Ping Wah Bernard	26/3/2001	1,000,000	1/10/2001 – 30/9/2004	2.20
		<u>4,000,000</u>		

Save as disclosed above, during the nine months ended 30 September 2002, none of the Directors or chief executive of the Company or any of their spouse or children under 18 years of age had exercised or was granted or holding options to acquire shares in or debentures of the Company.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2002, 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	Number of shares	Shareholding (%)
Kwan Pak Hoo Bankee (<i>Note 1</i>)	54,330,997	53.92
Jeffnet Inc (<i>Note 1</i>)	54,330,997	53.92
Cash Guardian (<i>Note 1</i>)	54,330,997	53.92
CASH (<i>Note 1</i>)	50,463,239	50.08
CIGL (<i>Note 1</i>)	50,463,239	50.08
Yasumitsu Shigeta (<i>Note 2</i>)	18,700,000	18.56
Hikari Power Limited (<i>Note 2</i>)	18,700,000	18.56
Hikari Tsushin Inc (<i>Note 2</i>)	18,700,000	18.56

Notes:

- (1) The shares were held as to 50,463,239 shares by CIGL and as to 3,867,758 shares by Cash Guardian. CIGL is a wholly owned subsidiary of CASH which was owned as to approximately 51.38% by Cash Guardian (which was 100% beneficially owned by Jeffnet Inc). Jeffnet Inc held these shares as trustee of The Jeffnet Unit Trust, units of which were held by a discretionary trust established for the benefit of the family members of Mr Kwan. Pursuant to SDI Ordinance, Mr Kwan, Jeffnet Inc and Cash Guardian were deemed to be interested in all the shares held by CIGL through CASH and Cash Guardian.
- (2) This refers to the same number of 18,700,000 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, controlled more than one third of the voting power at a general meeting of members of Hikari Tsushin Inc. Mr Yasumitsu Shegita and Hikari Power Limited were deemed to be interested in all the shares held by Hikari Tsushin Inc pursuant to the SDI Ordinance.

Save as disclosed above, as at 30 September 2002, 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.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company (as defined under GEM Listing Rules) had any interest in a business which competed or might 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 30 September 2002.

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 nine months ended 30 September 2002, neither our 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, 23 October 2002