



CASH Financial Services Group Limited

2003 3Q Results

1 January to 30 September

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 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.

SUMMARY

- Performance turned around in third quarter with encouraging results
 - Turnover increased by 20.2% from approximately HK\$43.5 million to HK\$52.3 million
 - Net profit attributable to shareholders of approximately HK\$10.0 million
- Results of an improving economic environment and our cumulative effort on cost leadership
- Continued to pursue a strategy of multiple product offerings, develop core competences and maintain cost leadership

RESULTS

The unaudited consolidated results of the Company and its subsidiaries (“Group”) for the three months and the nine months ended 30 September 2003 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 | |
|---|-------|---|---------------------|--|---------------------|
| | | 2003 | 2002 | 2003 | 2002 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Turnover | 2 | 52,306 | 43,531 | 111,987 | 155,408 |
| Other revenue | | 2,133 | 1,127 | 5,605 | 2,935 |
| Salaries, allowance and commission | | (20,632) | (30,681) | (53,913) | (98,664) |
| Other operational and administrative expenses | | (17,088) | (17,901) | (44,564) | (59,940) |
| Finance costs | | (1,708) | (2,435) | (4,425) | (7,845) |
| Depreciation and amortisation | | (4,879) | (7,127) | (15,426) | (21,953) |
| Loss on disposal of property and equipment | | – | – | (1,580) | (4,200) |
| Provision for doubtful receivables | | – | (8,263) | – | (14,263) |
| Profit (Loss) before taxation | | 10,132 | (21,749) | (2,316) | (48,522) |
| Taxation | 3 | – | – | – | – |
| Profit (Loss) before minority interests | | 10,132 | (21,749) | (2,316) | (48,522) |
| Minority interests | | (91) | – | (91) | – |
| Net profit (loss) attributable to shareholders | | 10,041 | (21,749) | (2,407) | (48,522) |
| Earnings (Loss) per share | 4 | | | | |
| – Basic | | <u>8.0 cents</u> | <u>(21.6) cents</u> | <u>(2.0) cents</u> | <u>(48.2) cents</u> |
| – Diluted | | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

Notes:

(1) Adoption of SSAP and change in accounting policy

The accounting policies and methods of computation used in preparation of these unaudited consolidated quarterly financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2002, except as described below:

Income Taxes

In the current period, the Group has adopted, for the first time, the SSAP 12 (Revised) "Income Taxes". Under SSAP 12 (Revised), the principal effect is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method. Pursuant to the method, a liability was recognised in respect of timing difference arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit with limited exceptions.

The adoption of SSAP 12 (Revised) has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

(2) Turnover

| | Unaudited three months ended 30 September | | Unaudited nine months ended 30 September | |
|---|---|---------------|--|----------------|
| | 2003 | 2002 | 2003 | 2002 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Fees and commission income | 45,820 | 38,675 | 106,584 | 135,372 |
| Interest income | 2,638 | 5,208 | 6,562 | 21,508 |
| Profit (Loss) on trading of securities, option and futures | 3,848 | (352) | (1,159) | (1,472) |
| | <u>52,306</u> | <u>43,531</u> | <u>111,987</u> | <u>155,408</u> |

(3) Taxation

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

The net deferred tax asset has not been recognised in the financial statements due to the unpredictability of future taxable profit streams.

(4) Earnings (Loss) per share

The calculation of basic earnings (loss) per share for the three months and the nine months ended 30 September 2003 together with the comparative figures for 2002 is based on the following data:

| | Unaudited three months ended 30 September | | Unaudited nine months ended 30 September | |
|---|---|-------------|--|-------------|
| | 2003 | 2002 | 2003 | 2002 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Net profit (loss) attributable to shareholders | 10,041 | (21,749) | (2,407) | (48,522) |
| Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share | 125,759,408 | 100,759,408 | 118,524,976 | 100,759,657 |

No diluted earnings (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 | | | |
|---|---|-----------------------------------|-------------------|-------------------|
| | 2003 | | 2002 | |
| | Contributed surplus HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 | Total HK\$'000 |
| Beginning of the three months period | 151,195 | (129,364) | 21,831 | 142,211 |
| Net profit (loss) for the period | – | 10,041 | 10,041 | (21,749) |
| End of the three months period | 151,195 | (119,323) | 31,872 | 120,462 |

| | Notes | Unaudited nine months ended 30 September 2003 | | | | 2002 |
|---|---------|--|------------------------|-----------------------|----------|----------|
| | | Share premium | Contributed surplus | Accumulated losses | Total | Total |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Beginning of the nine months period | | - | 289,764 | (327,985) | (38,221) | (22,460) |
| Increased due to capital reduction | | - | - | - | - | 191,444 |
| Share premium arising from exercise of convertible note | (a) | 72,500 | - | - | 72,500 | - |
| Reduction of share premium transferred to contributed surplus | (b)(i) | (72,500) | 72,500 | - | - | - |
| Amount transferred to write off accumulated losses | (b)(ii) | - | (211,069) | 211,069 | - | - |
| Net loss for the period | | - | - | (2,407) | (2,407) | (48,522) |
| End of the nine months period | | - | 151,195 | (119,323) | 31,872 | 120,462 |

Notes:

- (a) On 21 March 2003, convertible note amounting to HK\$75,000,000 was converted into 25,000,000 shares in the Company at a conversion price of HK\$3.00 per share.
- (b) (i) Pursuant to a special resolution passed on 5 May 2003, the share premium account of the Company as of 31 March 2003 was reduced by an amount of HK\$72,500,000 and such amount was transferred to the contributed surplus account of the Company.
- (ii) Pursuant to the minutes of a directors' meeting held on 5 May 2003, an amount of HK\$211,069,010 was transferred from the contributed surplus account to set off against the accumulated losses of the Company at 31 December 2002.

(6) Proposed Rights Issue

On 29 September 2003, the Board announced that the Company intended to put forward a proposal to raise approximately HK\$62 million (after expenses) by issuing 2 rights shares for every existing share held as at the record date of 3 November 2003 at the subscription price of HK\$0.25 per right share by way of rights issue ("Rights Issue"). A total number of 251,518,816 rights shares will be issued under the Rights Issue. The Rights Issue is subject to conditions, including, inter alia, approval by shareholders of the Company at the special general meeting to be held on 3 November 2003.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2003 (2002: Nil).

REVIEW AND OUTLOOK

The local stock market has begun to stage a strong recovery since shortly before the period under review. Investors' sentiment has improved significantly over the prospect of a global recovery, substantiated by positive policy measures, e.g. CEPA, both on the part of the SAR and the Central Government to bolster the local economy, which have led to the recent strong performance of the Hang Seng on a considerably higher level of turnover. Confidence is on the rise for a sustainable economic rebound.

Average daily turnover on the Hang Seng in September registered an increase of 163% as compared with the same period in 2002. In the meantime, new listings on the Main Board hit a periodic high of 15 during the quarter, a number which exceeded the total of the two previous quarters.

For the three months ended 30 September 2003, the Group recorded a 20.2% increase in turnover to approximately HK\$52.3 million, and net profit attributable to shareholders of approximately HK\$10.0 million. The major business attributes are broking, financing and investment banking which contributed 86.7%, 5.9% and 7.4% of the consolidated turnover respectively.

Against the backdrop of increased market activities and a more benign economic environment, the Group has been able to operate back in the black during the quarter, setting stage for a solid and continuous turnaround of performance going forward. These encouraging results are by no means circumstantial but the cumulative effect of our staunch focus on cost leadership, which has enabled us to operate on a lean and effective cost base, and hence put ourselves in the most favorable position to readily capitalise on this economic turnaround.

We remain firmly on course to pursue a strategy of multiple product offerings with a view to further establish ourselves as the financial services house of choice for our clients. In July, we acquired Frederick Taylor International Financial Services Limited, an independent financial advisory consultancy firm, in a move that provided us with a springboard into the fast-growing and yet lowly-penetrated market of financial planning. Through the acquisition, our product offerings have been complemented with a wide range of mid- to long-term investment products and services, enabling us to cater to our clients' full spectrum of investment needs.

In August, as we continue to develop our core competence in investment banking, we acquired Chateron Corporate Finance Limited, a prominent investment banking house previously known as Pacific Challenge Capital Limited. Chateron, which specialised in corporate finance and financial advisory services with a team of high-caliber corporate finance professionals, an excellent track record and strong credentials in mergers and acquisitions, initial public offerings, and financial advisory, is a vital addition to our already fully-fledged investment banking operations.

In September, the Directors proposed a 2-for-1 Rights Issue to raise approximately \$62 million capital (after expenses), which if and when proceeded, will significantly enhance the Group's capital strength, facilitating growth in particular in the Group's core securities brokerage business in the light of a more buoyant market and promising outlook.

As we continue to look for opportunities to expand our business reach within the Greater China Region, Mainland China in particular, we will continue to embrace our strategy of forging partnerships with our Mainland counterparts. As the Closer Economic Partnership Arrangement (CEPA) is expected to expand in scope in due course, we are keeping a close eye on development and opportunities that it will offer.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2003, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rule 5.40 of the GEM Listing Rules were as follows:

A. The Company

1. Long positions in the shares

| Name | Capacity | Number of shares | |
|------------------------|-------------------------------------|------------------|------------------|
| | | Other interest | Shareholding (%) |
| Kwan Pak Hoo Bankee | Founder of a discretionary trust | 64,471,239* | 51.27 |

* The shares were held by Celestial Investment Group Limited ("CIGL"), a wholly-owned subsidiary of Celestial Asia Securities Holdings Limited ("CASH"). Mr Kwan was deemed to be interested in all these shares as a result of his interests in CASH through Cash Guardian Limited ("Cash Guardian") as disclosed in the "Substantial Shareholders" below.

2. Long positions in the underlying shares - options under share option schemes

| Name | Date of grant | Exercise period | Exercise price per share (HK\$) | Number of options outstanding | | Percentage to issued shares as at 30 September 2003 (%) |
|-----------------------|---------------|-----------------------|---------------------------------|-------------------------------|--|---|
| | | | | as at 30 September 2003 | as at 1 January 2003 and 30 September 2003 | |
| Law Ping Wah Bernard | 26/3/2001 | 1/10/2001 – 30/9/2004 | 2.20 | 1,000,000 | | 0.80 |
| Law Ka Kin Eugene | 26/3/2001 | 1/10/2001 – 30/9/2004 | 2.20 | 1,250,000 | | 0.99 |
| Wong Kin Yick Kenneth | 26/3/2001 | 1/10/2001 – 30/9/2004 | 2.20 | 1,000,000 | | 0.80 |
| Miao Wen Hao Felix | 26/3/2001 | 1/10/2001 – 30/9/2004 | 2.20 | 750,000 | | 0.60 |
| | | | | 4,000,000 | | 3.19 |

Notes:

- (1) The options are vested in 2 tranches as to (i) 50% exercisable from the commencement of the exercise period; and (ii) 50% exercisable from the expiry of 12 months from the commencement of the exercise period.
- (2) No option was granted, exercised or cancelled during the period.

3. Aggregate long positions in the shares and the underlying shares

| Name | Number of shares | Number of underlying shares | Aggregate in number | Percentage to issued shares |
|-----------------------|------------------|-----------------------------|---------------------|-----------------------------|
| | | | | as at 30 September 2003 (%) |
| Kwan Pak Hoo Bankee | 64,471,239 | – | 64,471,239 | 51.27 |
| Law Ping Wah Bernard | – | 1,000,000 | 1,000,000 | 0.80 |
| Law Ka Kin Eugene | – | 1,250,000 | 1,250,000 | 0.99 |
| Wong Kin Yick Kenneth | – | 1,000,000 | 1,000,000 | 0.80 |
| Miao Wen Hao Felix | – | 750,000 | 750,000 | 0.60 |
| | 64,471,239 | 4,000,000 | 68,471,239 | 54.46 |

B. Associated corporations (within the meaning of SFO)

1. CASH

(a) Long positions in the shares

| Name | Capacity | Number of shares | | Shareholding (%) |
|--------------------------|----------------------------------|------------------|----------------|------------------|
| | | Personal | Other interest | |
| Kwan Pak Hoo Bankee | Founder of a discretionary trust | – | 156,952,376* | 42.94 |
| Law Ping Wah Bernard | Beneficial owner | 5,096,200 | – | 1.39 |
| Law Ka Kin Eugene | Beneficial owner | 125,000 | – | 0.03 |
| Kwok Oi Kuen Joan Elmond | Beneficial owner | 2,700,000 | – | 0.74 |
| Cheng Shu Shing Raymond | Beneficial owner | 1,000,000 | – | 0.27 |
| | | 8,921,200 | 156,952,376 | 45.37 |

* 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) Long positions in the underlying shares – share options under share option schemes

| Name | Date of grant | Exercise period | Exercise price per share (HK\$) | Number of options | | Percentage to issued shares | |
|--------------------------|---------------|------------------------|---------------------------------|----------------------------------|--|-------------------------------------|---|
| | | | | outstanding as at 1 January 2003 | lapsed during the period 30 September 2003 | outstanding as at 30 September 2003 | issued shares as at 30 September 2003 (%) |
| Kwan Pak Hoo Bankee | 2/5/2002 | 2/5/2002 – 30/4/2003 | 1.32 | 3,000,000 | (3,000,000) | - | - |
| Law Ping Wah Bernard | 2/5/2002 | 2/5/2002 – 30/4/2003 | 1.32 | 3,000,000 | (3,000,000) | - | - |
| Law Ka Kin Eugene | 6/11/2000 | 16/5/2001 – 15/5/2003 | 5.40 | 500,000 | (500,000) | - | - |
| | 2/5/2002 | 2/5/2002 – 30/4/2003 | 1.32 | 3,000,000 | (3,000,000) | - | - |
| Miao Wen Hao Felix | 10/1/2000 | 10/1/2001 – 9/1/2003 | 16.00 | 500,000 | (500,000) | - | - |
| | 2/5/2002 | 1/11/2002 – 31/10/2003 | 1.32 | 500,000 | - | 500,000 | 0.14 |
| Kwok Oi Kuen Joan Elmond | 6/11/2000 | 16/5/2001 – 15/5/2003 | 5.40 | 750,000 | (750,000) | - | - |
| | 2/5/2002 | 2/5/2002 – 30/4/2003 | 1.32 | 3,000,000 | (3,000,000) | - | - |
| | | | | 14,250,000 | (13,750,000) | 500,000 | 0.14 |

(c) Aggregate long positions in the shares and the underlying shares

| Name | Number of shares | Number of underlying shares | Aggregate in number | Percentage to issued shares as at 30 September 2003 (%) |
|--------------------------|------------------|-----------------------------|---------------------|---|
| Kwan Pak Hoo Bankee | 156,952,376 | - | 156,952,376 | 42.94 |
| Law Ping Wah Bernard | 5,096,200 | - | 5,096,200 | 1.39 |
| Law Ka Kin Eugene | 125,000 | - | 125,000 | 0.03 |
| Miao Wen Hao Felix | - | 500,000 | 500,000 | 0.14 |
| Kwok Oi Kuen Joan Elmond | 2,700,000 | - | 2,700,000 | 0.74 |
| Cheng Shu Sing Raymond | 1,000,000 | - | 1,000,000 | 0.27 |
| | 165,873,576 | 500,000 | 166,373,576 | 45.51 |

2. Pricerite Group Limited (“Pricerite”)

(a) Long positions in the shares

| Name | Capacity | Number of shares | |
|---------------------|----------------------------------|------------------|------------------|
| | | Other interest | Shareholding (%) |
| Kwan Pak Hoo Bankee | Founder of a discretionary trust | 70,971,614* | 68.35 |

* The shares were held by CIGL and its 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.

(b) Long positions in the underlying shares – share options under share option schemes

| Name | Date of grant | Exercise period | Exercise price per share (HK\$) | Number of options | | | Percentage to | |
|--------------------------|---------------|-----------------------|---------------------------------|----------------------|------------------------|--------------------------|-------------------------|-----------------------------|
| | | | | outstanding | | lapsed during the period | issued shares | |
| | | | | as at 1 January 2003 | adjusted on 6 May 2003 | | as at 30 September 2003 | as at 30 September 2003 (%) |
| Kwan Pak Hoo Bankee | 17/1/2002 | 1/2/2002 – 31/1/2004 | 4.20 | 20,000,000 | (19,000,000) | - | 1,000,000 | 0.96 |
| Law Ping Wah Bernard | 12/6/2001 | 16/6/2001 – 15/6/2003 | 4.20 | 7,200,000 | (6,840,000) | (360,000) | - | - |
| | 17/1/2002 | 1/2/2002 – 31/1/2004 | 4.20 | 13,000,000 | (12,350,000) | - | 650,000 | 0.63 |
| Kwok Oi Kuen Joan Elmond | 17/1/2002 | 1/2/2002 – 31/1/2004 | 4.20 | 20,000,000 | (19,000,000) | (1,000,000) | - | - |
| | | | | <u>60,200,000</u> | <u>(57,190,000)</u> | <u>(1,360,000)</u> | <u>1,650,000</u> | <u>1.59</u> |

(c) *Aggregate long positions in the shares and the underlying shares*

| Name | Number of shares | Number of underlying shares | Aggregate in number | Percentage to issued shares as at 30 September 2003 (%) |
|----------------------|---------------------|-----------------------------------|------------------------|---|
| Kwan Pak Hoo Bankee | 70,971,614 | 1,000,000 | 71,971,614 | 69.31 |
| Law Ping Wah Bernard | - | 650,000 | 650,000 | 0.63 |
| | <u>70,971,614</u> | <u>1,650,000</u> | <u>72,621,614</u> | <u>69.94</u> |

Save as disclosed above, as at 30 September 2003, none of the Directors, chief executive or their associates had any personal, family, corporate or other beneficial interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEMES

Details of share options to subscribe for shares in the Company granted to participants under the share option schemes of the Company during the nine months ended 30 September 2003 were as follows:

| Date of grant | Exercise price per share (HK\$) | Exercise period | Notes | Number of options | | |
|------------------|---------------------------------|-----------------------|---------|----------------------------------|-----------------------------------|-------------------------------------|
| | | | | outstanding as at 1 January 2003 | lapsed during the period (Note 3) | outstanding as at 30 September 2003 |
| Directors | | | | | | |
| 26/3/2001 | 2.20 | 1/10/2001 – 30/9/2004 | (1)&(2) | 4,000,000 | – | 4,000,000 |
| | | | | <u>4,000,000</u> | <u>–</u> | <u>4,000,000</u> |
| Employees | | | | | | |
| 26/3/2001 | 2.20 | 1/10/2001 – 30/9/2004 | (2) | 1,000,000 | – | 1,000,000 |
| 27/3/2001 | 2.20 | 1/10/2001 – 30/9/2004 | (2) | 645,000 | (275,000) | 370,000 |
| | | | | <u>1,645,000</u> | <u>(275,000)</u> | <u>1,370,000</u> |
| | | | | <u>5,645,000</u> | <u>(275,000)</u> | <u>5,370,000</u> |

Notes:

- (1) Details of the options granted to the Directors are set out in the section headed "Directors' Interests in Securities".
- (2) The options are vested in 2 tranches as to (i) 50% exercisable from the commencement of the exercise period; and (ii) 50% exercisable from the expiry of 12 months from the commencement of the exercise period.
- (3) The lapsed options were due to cessation of employment of participants with the Group.
- (4) No option was granted, exercised or cancelled during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2003, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

| Name | Capacity | Number of shares | Shareholding (%) |
|------------------------------------|--|------------------|------------------|
| Jeffnet Inc (Note 1) | Trustee of a discretionary trust | 64,471,239 | 51.27 |
| Cash Guardian (Note 1) | Interest in a controlled corporation | 64,471,239 | 51.27 |
| CASH (Note 1) | Interest in a controlled corporation | 64,471,239 | 51.27 |
| CIGL (Note 1) | Beneficial owner | 64,471,239 | 51.27 |
| Yasumitsu Shigeta (Note 2) | Beneficial owner, family interest and interest in a controlled corporation | 14,928,000 | 11.87 |
| Hikari Power Limited (Note 2) | Interest in a controlled corporation | 14,928,000 | 11.87 |
| Hikari Tsushin Inc (Note 2) | Beneficial owner | 14,928,000 | 11.87 |
| Mrs Nina Wong (Note 3) | Interest in a controlled corporation | 7,670,470 | 6.10 |
| Hampstead Trading Limited (Note 3) | Beneficial owner | 7,060,000 | 5.61 |

Notes:

- (1) The shares were held by CIGL, a wholly-owned subsidiary of CASH. CASH was owned as to approximately 42.94% 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 Pak Hoo Bankee. Pursuant to the SFO, Mr Kwan, Jeffnet Inc and Cash Guardian were deemed to be interested in all the shares held by CIGL through CASH. The above interest has already been disclosed as other interest of Mr Kwan in the section headed "Directors' interests in securities" above.
- (2) This refers to the same number of 14,928,000 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 Shigeta and Hikari Power Limited were deemed to be interested in all the shares held by Hikari Tsushin Inc pursuant to the SFO.

- (3) The 7,670,470 shares were held by two companies, including Hampstead Trading Limited, which were 100% beneficially owned by Mrs Nina Wang. Mrs Wang was deemed to be interested in all the 7,670,470 shares held by the two companies pursuant to the SFO.

Save as disclosed above, as at 30 September 2003, no other parties were recorded in the register required by the SFO to be kept as having an interest of 5% 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the nine months ended 30 September 2003, 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, 31 October 2003