

CASH Financial Services Group Limited
2004 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 report, 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 report 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 report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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RESULTS

The unaudited consolidated results of the Company and its subsidiaries ("Group") for the three months and the nine months ended 30 September 2004 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	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Turnover	(2)	34,095	52,306	154,807	111,987
Other revenue		118	2,133	4,533	5,605
Salaries, allowance and commission		(24,649)	(20,632)	(81,832)	(53,913)
Other operational and administrative expenses		(14,820)	(17,088)	(45,871)	(44,564)
Finance costs		(2,763)	(1,708)	(5,664)	(4,425)
Depreciation and amortisation		(4,959)	(4,879)	(14,861)	(15,426)
Write back of bad and doubtful debts		3,900	–	6,913	–
Loss on disposal of property and equipment		–	–	–	(1,580)
Profit (Loss) before taxation		(9,078)	10,132	18,025	(2,316)
Taxation	(3)	(217)	–	(467)	–
Profit (Loss) after taxation and before minority interests		(9,295)	10,132	17,558	(2,316)
Minority interests		(431)	(91)	(1,158)	(91)
Net profit (loss) attributable to shareholders		(9,726)	10,041	16,400	(2,407)
Earnings (Loss) per share	(4)				
– Basic		(1.3) cents	3.6 cents	2.6 cents	(0.9) cent
– Diluted		N/A	N/A	N/A	N/A

Notes:

(1) Basis of preparation and principal accounting policies

The unaudited consolidated results of the Group have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with the accounting standards issued by the Hong Kong Institute of Certified Public 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 2003.

The unaudited consolidated results have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

(2) Turnover

	Unaudited three months ended 30 September		Unaudited nine months ended 30 September	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Fees and commission income	45,927	45,820	154,782	106,584
Interest income	4,768	2,638	21,686	6,562
Profit (Loss) on trading of securities, option, futures and leveraged foreign exchange contracts	(16,600)	3,848	(21,661)	(1,159)
	34,095	52,306	154,807	111,987

(3) Taxation

Hong Kong profits tax for the period in 2004 has been provided at the rate of 17.5% on the estimated assessable profits for the Group companies after offsetting the respective tax losses brought forward.

No provision for Hong Kong profits tax for the period in 2003 has been made as the Group companies incurred tax losses for the period.

No deferred tax asset in respect of tax losses has been recognised in the financial statements due to the unpredictability of future taxable profit streams.

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(4) Earnings (Loss) per share

The calculation of basic and diluted earnings (loss) per share for the three months and the nine months ended 30 September 2004 together with the comparative figures for 2003 is based on the following data:

	Unaudited three months ended 30 September		Unaudited nine months ended 30 September	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Profit (Loss) for the purpose of basic and diluted earnings (loss) per share	<u>(9,726)</u>	<u>10,041</u>	<u>16,400</u>	<u>(2,407)</u>
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	754,556,448	282,380,515	622,264,084	266,136,302
Effect of dilutive potential ordinary shares assumed exercise of share options and conversion of convertible notes	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	754,556,448	<u>282,380,515</u>	622,264,084	<u>266,136,302</u>

The weighted average number of ordinary shares for the three months and nine months ended 30 September 2003 for the purpose of basic earnings (loss) per share has been adjusted for the two rights issue which took effect on 25 November 2003 and 17 May 2004.

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

(5) Reserves

	Unaudited three months ended 30 September 2004				2003
	Share premium	Contributed surplus	Accumulated losses	Total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Beginning of the three months period	61,648	186,377	(80,103)	167,922	21,831
Share issue expenses	(441)	-	-	(441)	-
Net profit (loss) for the period	-	-	(9,726)	(9,726)	10,041
End of the three months period	61,207	186,377	(89,829)	157,755	31,872
	Unaudited nine months ended 30 September 2004				2003
	Share premium	Contributed surplus	Accumulated losses	Total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Beginning of the nine months period	-	186,377	(106,229)	80,148	(38,221)
Share premium arising from conversion of convertible note	-	-	-	-	72,500
Issue of rights shares (a)	64,137	-	-	64,137	-
Share issue expenses (a)	(2,930)	-	-	(2,930)	-
Net profit (loss) for the period	-	-	16,400	16,400	(2,407)
End of the nine months period	61,207	186,377	(89,829)	157,755	31,872

Note:

- (a) On 17 May 2004, 377,278,224 shares of HK\$0.10 each were issued by way of a rights issue at a subscription price of HK\$0.27 per share. The proceeds before expenses, was approximately HK\$101.9 million.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2004 (2003: Nil).

REVIEW AND OUTLOOK

The investment market in the third quarter of this year was volatile. Despite growth in consumer confidence, investor sentiment weakened on concerns over imminent US interest rate hikes, rising oil prices and slow-down in Mainland China's economic growth.

Notwithstanding the market volatility, our business momentum remained unabated, with a turnover at HK\$154.8 million during the first nine months compared to HK\$112.0 million for the same period of last year. A net profit attributable to shareholders of HK\$16.4 million was recorded for the nine months ended 30 September 2004. The initiatives to diversify our revenue mix have seen satisfactory results. Our wealth management business has been experiencing strong growth since its launch in July 2003 and its share of contribution to the group continued to rise.

As we proceed with our revenue diversification strategy with a continued focus on our core competence, we have, since the beginning of the second half of the year, begun to reposition our investment strategy by reducing the size of our listed investment portfolio. While this will have a positive longer-term impact on future performance, a short-term effect of an investment loss of HK\$16.6 million has resulted in a net loss attributable to shareholders of HK\$9.7 million for the third quarter and affected the otherwise satisfactory operating results. Nonetheless, the management continues to take a positive view on the overall operating performance for the year.

In August, the Group entered into a convertible note agreement with ARTAR, a prominent investment conglomerate in Saudi Arabia, for a consideration of HK\$40.5 million. The investment by ARTAR in our Group has cemented our business ties and solidified our strategic alliance going forward. The new funds have further strengthened the Group's capital base to capture forthcoming business opportunities.

Looking forward, rising oil prices might dampen the embryonic global economic recovery. Corporate profits could be squeezed as cost-push inflationary threats are on the rise. Hence, cost leadership is as important as ever. While we remain vigilant to keep our cost structure lean and effective, we persist in developing our core businesses in brokerage, wealth management and investment banking. We will continue to develop ourselves as clients' financial services house of choice with comprehensive product offerings that meet their diverse financial needs.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2004, 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 5.46 of the GEM Listing Rules were as follows:

A. The Company

(a) Long positions in the shares

Name	Capacity	Number of shares		Shareholding (%)
		Personal	Other interest	
Kwan Pak Hoo Bankee	Founder of a discretionary trust	-	386,827,434*	51.27
Wong Kin Yick Kenneth	Beneficial owner	1,620,000	-	0.21
Cheng Shu Shing Raymond	Beneficial owner	2,500,000	-	0.33
		<u>4,120,000</u>	<u>386,827,434</u>	<u>51.81</u>

* 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.

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

Name	Date of grant	Exercise period	Exercise price per share	Notes	Number of options			Percentage to issued shares as at 30 September 2004	
					outstanding as at 1 January 2004	adjusted on 24 April 2004	lapsed during the period		
			(Note (1)) (HK\$)		(Note (1))	(Note (3))		(%)	
Kwan Pak Hoo Bankee	3/11/2003	3/11/2003 – 31/10/2004	0.46	(7)	1,250,000	375,000	-	1,625,000	0.22
	2/12/2003	2/12/2003 – 30/11/2005	0.34	(7)	2,450,000	735,000	-	3,185,000	0.42
Law Ping Wah Bernard	26/3/2001	1/10/2001 – 30/9/2004	0.83	(2)	2,040,000	612,000	(2,652,000)	-	-
	3/11/2003	3/11/2003 – 31/10/2004	0.46		1,250,000	375,000	-	1,625,000	0.22
	2/12/2003	2/12/2003 – 30/11/2005	0.34		2,450,000	735,000	-	3,185,000	0.42
Wong Kin Yick Kenneth	26/3/2001	1/10/2001 – 30/9/2004	0.83	(2)	2,040,000	612,000	(2,652,000)	-	-
	3/11/2003	3/11/2003 – 31/10/2004	0.46		1,250,000	375,000	-	1,625,000	0.22
	2/12/2003	2/12/2003 – 30/11/2005	0.34		2,450,000	735,000	-	3,185,000	0.42
Cheng Man Pan Ben	3/11/2003	3/11/2003 – 31/10/2004	0.46	(5)	N/A	N/A	-	1,625,000	0.22
	2/12/2003	1/6/2004 – 31/5/2006	0.34	(2)&(5)	N/A	N/A	-	650,000	0.09
Kwok Oi Kuen Joan Elmond	3/11/2003	3/11/2003 – 31/10/2004	0.46		1,250,000	375,000	-	1,625,000	0.22
	2/12/2003	2/12/2003 – 30/11/2005	0.34		2,450,000	735,000	-	3,185,000	0.42
Law Ka Kin Eugene	26/3/2001	1/10/2001 – 30/9/2004	0.83	(2)&(6)	2,550,000	765,000	-	N/A	N/A
	3/11/2003	3/11/2003 – 31/10/2004	0.46	(6)	1,250,000	375,000	-	N/A	N/A
	2/12/2003	2/12/2003 – 30/11/2005	0.34	(6)	2,450,000	735,000	-	N/A	N/A
Miao Wen Hao Felix	26/3/2001	1/10/2001 – 30/9/2004	0.83	(2)&(6)	1,530,000	459,000	-	N/A	N/A
	3/11/2003	3/11/2003 – 31/10/2004	0.46	(6)	1,250,000	375,000	-	N/A	N/A
	2/12/2003	2/12/2003 – 30/11/2005	0.34	(6)	2,450,000	735,000	-	N/A	N/A
					30,360,000	9,108,000	(5,304,000)	21,515,000	2.87

Notes:

- (1) The number and the exercise price of options which remained outstanding have been adjusted due to rights issue of shares in the Company with effect from 24 April 2004.
- (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 expiry.
- (4) No option was granted, exercised or cancelled during the period.
- (5) Mr Cheng Man Pan Ben was appointed as a Director of the Company during the period.

- (6) Mr Law Ka Kin Eugene and Mr Miao Wen Hao Felix resigned as Directors of the Company during the period.
- (7) Mr Kwan Pak Hoo Bankee is also the substantial shareholder of the Company.
- (8) The options are held by the Directors in the capacity of beneficial owner.

(c) *Long positions in the underlying shares – convertible note*

Name	Date of convertible note	Exercise period	Conversion price per share (HK\$)	Number of underlying shares as at 30 September 2004	Percentage to issued shares as at 30 September 2004 (%)
Kwan Pak Hoo Bankee	28/9/2001	28/9/2001 – 31/12/2006	1.13	57,610,619	7.64

Note: The convertible note in the outstanding amount of HK\$65,100,000 was held by a subsidiary of CIGL, which was in turn a wholly-owned subsidiary of CASH. 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.

(d) *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 2004 (%)
Kwan Pak Hoo Bankee	386,827,434	62,420,619	449,248,053	59.55
Law Ping Wah Bernard	–	4,810,000	4,810,000	0.64
Wong Kin Yick Kenneth	1,620,000	4,810,000	6,430,000	0.85
Cheng Man Pan Ben	–	2,275,000	2,275,000	0.31
Kwok Oi Kuen Joan Elmond	–	4,810,000	4,810,000	0.64
Cheng Shu Shing Raymond	2,500,000	–	2,500,000	0.33
	<u>390,947,434</u>	<u>79,125,619</u>	<u>470,073,053</u>	<u>62.32</u>

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	-	164,028,376*	37.49
Law Ping Wah Bernard	Beneficial owner	5,096,200	-	1.16
Cheng Man Pan Ben	Beneficial owner	63,500	-	0.01
Kwok Oi Kuen Joan Elmond	Beneficial owner	2,700,000	-	0.62
Cheng Shu Shing Raymond	Beneficial owner	1,000,000	-	0.23
		<u>8,859,700</u>	<u>164,028,376</u>	<u>39.51</u>

* 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 – options under share option schemes

Name	Date of grant	Exercise period	Exercise price per share (HK\$)	Notes	Number of options outstanding		Percentage to issued shares as at 30 September 2004 (%)
					1 January 2004	30 September 2004	
Kwan Pak Hoo Bankee	2/12/2003	2/12/2003 – 30/11/2005	0.502		3,000,000	3,000,000	0.69
Law Ping Wah Bernard	2/12/2003	2/12/2003 – 30/11/2005	0.502		3,000,000	3,000,000	0.69
Wong Kin Yick Kenneth	2/12/2003	2/12/2003 – 30/11/2005	0.502		1,000,000	1,000,000	0.23
Kwok Oi Kuen Joan Elmond	2/12/2003	2/12/2003 – 30/11/2005	0.502		3,000,000	3,000,000	0.69
Law Ka Kin Eugene	2/12/2003	2/12/2003 – 30/11/2005	0.502	(1)	1,000,000	N/A	N/A
Miao Wen Hao Felix	2/12/2003	2/12/2003 – 30/11/2005	0.502	(1)	1,000,000	N/A	N/A
					<u>12,000,000</u>	<u>10,000,000</u>	<u>2.30</u>

Notes:

- (1) Mr Law Ka Kin Eugene and Mr Miao Wen Hao Felix resigned as Directors of the Company during the period.
- (2) The options are held by the Directors in the capacity of beneficial owner.

(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 2004 (%)
Kwan Pak Hoo Bankee	164,028,376	3,000,000	167,028,376	38.18
Law Ping Wah Bernard	5,096,200	3,000,000	8,096,200	1.85
Wong Kin Yick Kenneth	–	1,000,000	1,000,000	0.23
Cheng Man Pan Ben	63,500	–	63,500	0.01
Kwok Oi Kuen Joan Elmond	2,700,000	3,000,000	5,700,000	1.31
Cheng Shu Sing Raymond	1,000,000	–	1,000,000	0.23
	<u>172,888,076</u>	<u>10,000,000</u>	<u>182,888,076</u>	<u>41.81</u>

2. Pricerite Group Limited (“Pricerite”)

(a) Long positions in the shares

Name	Capacity	Number of shares		Shareholding (%)
		Other interest		
Kwan Pak Hoo Bankee	Founder of a discretionary trust	446,572,587*		67.00

* The shares were held as to 443,572,587 shares by CIGL and its subsidiaries and as to 3,000,000 shares by Cash Guardian. 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 – options under share option schemes

Name	Date of grant	Exercise period	Exercise price per share	Notes	Number of options					Percentage to issued shares as at 30 September 2004 (%)
					outstanding as at 1 January 2004	lapsed during the period	adjusted on 2 March 2004	adjusted on 11 September 2004	outstanding as at 30 September 2004	
					(HK\$)	(HK\$)	(Note (1))	(Note (2))	(HK\$)	
Kwan Pak Hoo Bankee	17/1/2002	1/2/2002 – 31/1/2004	4.200		1,000,000	(1,000,000)	-	-	-	-
	2/12/2003	2/12/2003 – 30/11/2004	0.316	(1/8/2)	1,000,000	-	4,000,000	666,667	5,666,667	0.85
Law Ping Wah Bernard	17/1/2002	1/2/2002 – 31/1/2004	4.200		650,000	(650,000)	-	-	-	-
	2/12/2003	2/12/2003 – 30/11/2004	0.316	(1/8/2)	1,000,000	-	4,000,000	666,667	5,666,667	0.85
Miao Wen Hao Felix	2/12/2003	1/12/2004 – 30/11/2005	0.316	(1/8/2)	500,000	-	2,000,000	N/A	N/A	N/A
					4,150,000	(1,650,000)	10,000,000	1,333,334	11,333,334	1.70

Notes:

- (1) The number and the exercise price of options which remained outstanding have been adjusted due to share subdivision of Pricerite for 1 share to 5 shares with effect from 2 March 2004. The exercise price was adjusted from HK\$1.79 to HK\$0.358.
- (2) The number and the exercise price of options which remained outstanding have been adjusted due to rights issue of shares in Pricerite with effect from 11 September 2004. The exercise price was adjusted from HK\$0.358 to HK\$0.316.
- (3) The options are held by the Directors in the capacity of beneficial owner.

(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 2004 (%)
Kwan Pak Hoo Bankee	446,572,587	5,666,667	452,239,254	67.85
Law Ping Wah Bernard	-	5,666,667	5,666,667	0.85
	<u>446,572,587</u>	<u>11,333,334</u>	<u>457,905,921</u>	<u>68.70</u>

Save as disclosed above, as at 30 September 2004, 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 2004 were as follows:

Date of grant	Exercise period	Exercise price per share (Note (2)) (HK\$)	Notes	Number of options				
				outstanding as at 1 January 2004	adjusted on 24 April 2004 (Note (2))	reallocated upon change of directorates (Note (1))	lapsed during the period (Note (4))	outstanding as at 30 September 2004
Directors								
26/3/2001	1/10/2001 – 30/9/2004	0.83	(1)	8,160,000	2,448,000	(5,304,000)	(5,304,000)	–
3/11/2003	3/11/2003 – 31/10/2004	0.46	(1)	7,500,000	2,250,000	(1,625,000)	–	8,125,000
2/12/2003	2/12/2003 – 30/11/2005	0.34	(1)	14,700,000	4,410,000	(6,370,000)	–	12,740,000
2/12/2003	1/6/2004 – 31/5/2006	0.34	(1)	–	–	650,000	–	650,000
				<u>30,360,000</u>	<u>9,108,000</u>	<u>(12,649,000)</u>	<u>(5,304,000)</u>	<u>21,515,000</u>
Employees								
26/3/2001	1/10/2001 – 30/9/2004	0.83	(3)	2,040,000	612,000	5,304,000	(7,956,000)	–
27/3/2001	1/10/2001 – 30/9/2004	0.83	(3)	754,800	220,320	–	(975,120)	–
3/11/2003	3/11/2003 – 31/10/2004	0.46		5,000,000	1,500,000	1,625,000	–	8,125,000
2/12/2003	2/12/2003 – 30/11/2005	0.34		4,900,000	1,470,000	6,370,000	–	12,740,000
2/12/2003	1/6/2004 – 31/5/2006	0.34	(3)	17,750,000	5,115,000	(650,000)	(1,545,000)	20,670,000
				<u>30,444,800</u>	<u>8,917,320</u>	<u>12,649,000</u>	<u>(10,476,120)</u>	<u>41,535,000</u>
				<u>60,804,800</u>	<u>18,025,320</u>	<u>–</u>	<u>(15,780,120)</u>	<u>63,050,000</u>

Notes:

- (1) Details of the options granted to the Directors are set out in the section headed "Directors' Interests in Securities".
- (2) The number and the exercise price of options which remained outstanding have been adjusted due to rights issue of shares in the Company with effect from 24 April 2004.
- (3) 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.
- (4) The lapsed options were due to expiry or cessation of directorship or cessation of employment of participants with the Group.
- (5) No option was granted, exercised or cancelled during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2004, 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	386,827,434	51.27
Cash Guardian (Note (1))	Interest in a controlled corporation	386,827,434	51.27
CASH (Note (1))	Interest in a controlled corporation	386,827,434	51.27
CIGL (Note (1))	Beneficial owner	386,827,434	51.27
Mrs Nina Wang (Note (2))	Interest in a controlled corporation	49,732,640	6.59
Hampstead Trading Limited (Note (2))	Beneficial owner	43,136,000	5.72

Notes:

- (1) The shares were held by CIGL, a wholly-owned subsidiary of CASH. CASH was owned as to approximately 37.49% 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) The 49,732,640 shares were held as to 43,136,000 shares by Hampstead Trading Limited and 6,596,640 shares by another company, both of which were 100% beneficially owned by Mrs Nina Wang. Mrs Wang was deemed to be interested in all these shares held by the two companies pursuant to the SFO.

Save as disclosed above, as at 30 September 2004, 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.

BOARD PRACTICES AND PROCEDURES

During the nine months ended 30 September 2004, our Company was in compliance with Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

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 2004, 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

As at the date hereof, the executive Directors are Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Mr Wong Kin Yick Kenneth, Mr Cheng Man Pan Ben, Ms Kwok Oi Kuen Joan Elmond, the independent non-executive Directors are Mr Cheng Shu Shing Raymond, Dr Hui Ka Wah Ronnie and Mr Wong Kwong Chi Simon.

Hong Kong, 5 November 2004