

## chairman's statement



The year 2000 heralded the start of a new millennium and signaled the start of a new era for CASH. The year was one in which our rapidly evolving Group demonstrated its ability to succeed in an era of unprecedented changes.

We achieved solid results despite volatile market conditions and an economic slowdown, strengthening our position relative to our peers.

We also made the first step towards our long term goal of leveraging our existing strength to transform into a new conglomerate, operating a range of cross-sector service businesses in the Greater China region. This will enable us to achieve substantial growth in shareholder value that lies at the heart of our mission as a company.

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### Results

The Group's turnover for the year rose 93% to HK\$473 million. Although a satisfactory result, this was below our expectations and reflects a difficult second half, as the sudden bursting of the internet bubble in global stock markets led to a lackluster trading environment in Hong Kong.

Profits grew 9% to HK\$102 million. The modest profits performance resulted from our continued investment in technology and branding mainly for building the foundation of COL. These cost components will decline substantially in 2001 as we have successfully established our technology infrastructure and brand name in Hong Kong.

We are not recommending dividend, in order to reserve the surplus so as to strengthen our financial resources.







### Operations

Our goal during 2000 was to strengthen the foundation for our continued success in financial services in Hong Kong, in-depth migration into different business levels and our future expansion beyond Hong Kong and into other services sectors. We achieved this through:

- Deepening our management talent
- Investing in our technology platform
- Listing our electronic financial services arm COL

### Human capital

We understand that the most valuable resource a company possesses in an era of

rapid change is people who are dynamic, experienced and professional.

Much of our effort in the year has been devoted to recruiting and developing talented individuals who will be able not just to manage successfully our current core businesses, but to expand into new areas. We now have a depth of experience at all levels, which is being augmented by increasing training. New team-based management structures and regular interaction with senior management have created a common understanding of the goals and values of the Group, contributing greatly to control and efficiency.

During 2000, Mr Eugene Law and Ms Joan Kwok have been appointed to the Broad as Executive Directors in recognition of their excellent contribution to the Group. Eugene is the Group's Chief Operations Officer and has won praise for revamping our operating system and building up our AMS/3 platform. Joan is our Company Secretary and Head of Corporate Planning & Development. She contributed exceptionally to the Group's merger and acquisition exercises. They, as well as other key management, are the true assets of the Group.

The Group also puts a strong emphasis on attracting, retaining and developing employees of the highest quality, in order to maintain our lead in technology and customer service. Training is a particular feature of the Group and its subsidiaries. This year, our employees recorded a total of over 6,500 hours of training, both in-house and external, in subjects ranging from customer services, regulatory compliance to self advancement.

This effort is now beginning to show rewards, as we move into our next phase of development.

#### **Information technology**

CASH was one of the first companies in Hong Kong to understand the transforming role technology would play in the financial services industry. We envisaged there would

be a fundamental change to the market-place and an increasing need for tighter regulation resulting from the rapid change in technology in the financial services industry. We were decisive in investing heavily to build up our IT infrastructure, which has allowed us to claim "firsts" in many areas of financial services in Hong Kong in the past two years.

We believe our trading platform is now second-to-none and offers our customers the highest level of execution and ease of use. In November 2000, we received recognition for our achievements through the award of a Certificate of Merit in Technological Achievement from the Hong Kong Industrial Technology Center Corporation (HKITCC). Designed to recognize winners' innovative approach to technology and their contribution to Hong Kong industry as a whole, the HKITCC writes, "the Awards represent concrete evidence of Hong Kong's ability to succeed in high-tech business."

Reliable and secure systems are at the core of our competitive advantages since they bring our customers a wider range of value-added services, as well as meet their requirements for speed and security. This assists them to make the rapid yet informed investment and trading decisions required to grow wealth in today's complex market environment.





As **technology** transforms  
**economies** and business practices,  
there will be great **opportunities**

#### **COL**

The successful listing of our electronic financial services arm COL in December 2000 was an important milestone for our Group and demonstrates how our combination of technology and professionalism can create substantial value in a short time span.

COL was established in 1998 at a difficult time for Hong Kong's market, as Asia was in the throes of the financial crisis. Nevertheless, the efficient information architecture and our strong branding led to a rapid increase in trading at COL, which quickly attracted strategic investors. It has raised sufficient capital to fund its business plan for the coming three years. With a separate listing, COL now has a greater degree of focus on its particular market niche. (For details of COL's performance and prospects, please refer to the separate COL annual report 2000.)







### Outlook

We believe the challenges that lie ahead as technology transforms economies and business practices will provide great opportunities for expansion to dynamic and flexible companies such as CASH. We recognized the limitations on growth potential in our domestic markets and the consequent need to develop a regional and global business model to ensure continued growth potential. Multiple products and quality services are the keys to success. The Board resolved to transform CASH into a new business entity that can cross-sell multiple products and services to cater to various personal needs. We will pursue our vision of becoming a cross-sector services conglomerate, not just in Hong Kong but in the Greater China region and in other promising markets in Asia.

### Greater China

We are encouraged by developments outside Hong Kong. CASH already works closely with a number of important mainland Chinese institutions in Hong Kong in area of stock broking. With the mainland now the second largest equity market by capitalization in Asia and a rising middle class there increasingly involved in stock trading, the potential to extend our service-oriented business model into mainland China is clear and compelling. With the country poised to enter WTO, China represents one of the most important market opportunities of the coming decade in financial services.

We are also excited by the market China represents for general retail services. China's increasingly affluent urban consumers represent one of the largest potential pools of consumer demand not just in Asia but the world. With our unique vision, backed by our expertise developed in Hong Kong, we believe that the mainland retail market represents a market of tremendous opportunities in all areas for the Group.

### Acquisitions

Recent structural changes in the market are creating pressures within the financial services arena towards consolidation and a greater need for capital. At the same time, they are breaking down the boundaries between business sectors. CASH is taking

advantage of this to protect our position in existing operations and enter with great speed into new areas of business that offer synergies with them.

The downturn of the financial market presents many opportunities to acquire businesses that are undervalued. As a company with a strong financial position and solid relationships with companies in different sectors, CASH is well placed to capitalize on this situation.

In 2001, we aim to build a portfolio of businesses through acquisition and leveraging their customer bases through cross-marketing, thereby increasing our economies of scale through the common technology platforms and human capital to enhance profitability. We will target businesses with substantial customer traffic and solid productivity levels, subjecting each to rigorous evaluation and due diligence process.

### **Investing in the future**

Although the global economic downturn is substantially delaying or jeopardizing the development of various industries, CASH will cautiously identify opportunities that may arise. To ensure we maximize our ability to take advantage of these opportunities, we will continue to invest in people and training, improve our

technology platform, business networking and product offerings, building on our brand and reputation for customer service.

With the bulk of our investment in the technology platform and in the first phase of our brand building now behind us, we expect to reduce costs substantially in 2001. Unless market conditions turn adverse beyond expectations, this should lead to a better overall financial performance. Further ahead, we are moving towards being a cross-sector services conglomerate, using a common platform to create synergies across business sectors and generating robust cash flows that will equate to consistent long-term growth in shareholder value.

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

Hong Kong, 12 April 2001