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Connecting investors to brokers is firm's focus Cyber securities trading takes on global perspective

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Cyber securities trading takes on global perspective Alan Daniels, Sun Business Reporter Vancouver Sun Toby Chu has created a one-stop shop on the Internet for global securities trading he believes is unique in the world.

The president and CEO of Vancouver-based Capital Alliance Group said in an interview that leading brokerage firms in eight countries have signed on as partners with StockExchangeGlobal.com.

Within within five years, the network portal site is projected to cover exchanges in 48 countries.

Between them, these exchanges handle a billion transactions a year. "Basically, this whole project started about 41U2 months ago, although it derives from a business relationship in Asia, which originated a few years ago" Chu said. "Testing of the market began two months ago. The results were overwhelming.

"The original name was going to be StockExchangeAsia.com but now we are StockExchangeGlobal.com to reflect the fact we are going to be worldwide.

"In 60 days of progress, we are ahead of brokers with five years of [conventional] e-trade experience," he said.

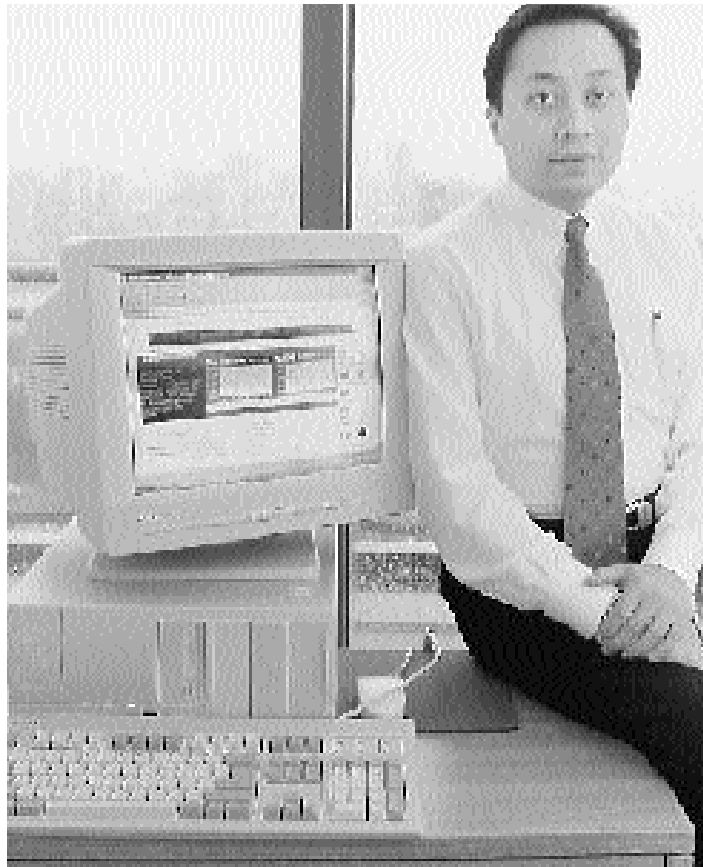
He said SEG's target customer are overseas immigrants who want to trade in stocks in the countries in which they originated.

"Many people already know what they are looking for and what they want to buy."

He said agreements are in place covering exchanges in Hong Kong, Malaysia, Shanghai, Shenzhen, Indonesia, India, Philippines and Thailand.

Exchanges to be targeted in the next 12 months include Japan, Korea, Brazil, Australia, New Zealand, Singapore, Taiwan and Argentina.

"Some of these markets are typically very enclosed. They are tied up by brokers who don't want competition, but welcome foreign investment," Chu said. "We fit within all their guidelines. It's not what we sell, it's how we sell it."



GLENN BAGLO/Vancouver Sun

PORTAL TO PROFIT: Toby Chu hopes to have exchanges in 48 countries covered in five years.

Chu said his company is not a brokerage firm and is therefore no threat to brokers. It derives revenue from a \$6-8 transaction fee on business it forwards to partner brokers around the world. It will sell marketing space for news and receive membership fees for value-added services.

"We are not engaged in the brokerage business," he said. "We will focus on advertising, marketing, promotion, development and brand recognition.

"We are a financial portal like America Online or Yahoo. We direct these opportunities to our partners, but that gives us a huge, fast entry into the market."

Chu said traditional online Internet brokers are losing money because of the high costs of securities exchange compliance, accounting

and other overheads, which are duplicated in every market.

"In our case, our partners have the infrastructure," he says. "This is our market niche.

"Our philosophy is if you can't fight them, join them. Most Internet traders fight with everybody and that's a waste of time."

According to U.S. based International Data Corp., worldwide e-commerce is estimated to grow from \$5 billion US in 1998 to more than \$200 billion in 2001. Revenue from e-commerce for a typical company is projected to increase from 12 per cent to 45 per cent over the same period.

In April, online brokers processed a record 630,000 trades per day in the U.S., up from 450,000 three months earlier. Chu said in Asia, Europe and South America,

online trading is in its infancy.

"We expect this largely untapped market to be flooded by a wave of investors and institutions that are waiting to enter the market.

"The Asian stock exchanges SEG is initially targeting are expecting to generate 600 million transactions in 1999.

Chu said in establishing SEG, he ripped apart competitors' business plans and re-engineered the whole concept of Internet securities trading.

He said in 2000, SEG projects 383,000 transactions, increasing to 2.3 million next year, and projected to reach 14.6 million in the fifth year.

He said future products will include currency exchange, stock options, futures and commodities trading, even insurance and bond issues.

SEG's capitalization is about \$15 million. Start costs, including software and hardware, total about \$3 million, with the balance invested in marketing, promotion and advertising.

"The idea is to bring international financial management to our web," he said. "There is no-one else in the world doing this that we know of. It truly brings the world together."

Chu, 38, was born in Hong Kong, and came to Canada with his family when he was 10.

While studying at Vancouver Community College, he started working for a food distribution company, warehousing for Salad King. Before he was 19 he was plant manager, responsible for 103 employees.

In 1986, he started his own business in information technology, which he sold a year ago.

The core business of Capital Alliance Group is the Canadian Institute of Business and Technology Corp., which Chu founded five years ago through a joint venture of City University of Renton, Wash., and Beijing Polytechnic University.

With three campuses in Beijing and about 1,000 students, it is now the largest foreign MBA school in China.