

Chairman's Statement

The year 2006 was an important year to CASH Retail Management Group Limited (the "Company") and its subsidiaries (the "Group"). After the close of the offers on 30 November 2006, there was a change in control of the Company and a change of its board composition in late October and November 2006.

For the financial year ended 31 December 2006, the Group recorded a consolidated net loss of approximately HK\$95.4 million (2005: HK\$76.6 million), representing an increase of approximately 24.5% over the corresponding period in 2005. The increase in loss was mainly attributable to the impairment loss in respect of goodwill of approximately HK\$144.9 million, which was non-recurrent in nature. The basic loss per share for the year was HK\$0.09, which is similar to that of last year.

During the year, the Group has changed its business development focus to the People's Republic of China (the "PRC") market and implemented a significant corporate restructuring so as to align with the new business direction. In June 2006, the Group disposed of its entire retail business in Hong Kong, including the retail chains of "Pricerite", "LifeZtore" and "3C Digital", to its former substantial shareholder for a total consideration of approximately HK\$130.6 million. The Group recorded a disposal gain of approximately HK\$61.7 million for such transaction.

After the disposal, the Group has ceased its retail business in Hong Kong completely and concentrated its resources on developing the business of retail-related development planning advisory services, advertising and promotion advisory services and operation of department store in the PRC. For the year ended 31 December 2006, the operations in the PRC have contributed net profit of approximately HK\$65.3 million to the Group.

The PRC has been experiencing a continuous and steady economic growth over the years and there is a rising trend in personal income and spending power of the general public. The influx of foreign retailers and improving living standard of the citizens have triggered great changes in the shopping behavior and purchase patterns of the consumers in the PRC and created many prospective business opportunities in the retail industry. The management believes that the 2008 Olympics will further boost the growth of the retail market in the PRC and thus the Group will accelerate its development of retail-related business so as to ride the wave.

With the continuous favorable economic growth in the PRC, we also expect that the market fundamentals of the property market in the PRC shall remain positive in the ensuing years. To tap into this lucrative market, the Group signed two sale and purchase agreements on 14 April 2007 to acquire the entire equity interests in Fortune International Business Limited and Sunny Sky Properties Limited, which hold two large-scaled commercial and residential complexes in Beijing, the PRC. In the absence of any unforeseen adverse factors which will significant impact the property market in the PRC, we expect that the properties to be acquired will contribute steady rental income as well as potential capital gain to the Group.

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As we move into 2007, we anticipate that the PRC market will be full of business opportunities. To further improve the performance and profitability of the Group, we will continue to explore new investment opportunities which are expected to provide significant growth in the future.

Tin Yuen Sin Carol

Chairperson

Hong Kong, 20 April 2007