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For the year ended 31 December 2006, CASH and its subsidiaries ("Group") recorded revenue of HK$816.6 million as compared to HK$213.6 million in the previous year. The increase in revenue was partly due to the significant growth in financial services income recorded by the Group's financial services division (CFSG) for the current year and partly due to consolidating the revenue of its retailing division (CRM(HK)) subsequent to its acquisition in June 2006.

CFSG recorded revenue of HK$383.2 million for the year ended 31 December 2006 as compared to HK$213.6 million in the previous year. The increase was attributable to the significant growth in securities brokerage income due to the continued speculation over appreciation of RMB as well as the continuous boom of initial public offerings (IPO) during the year under review, especially for mega China-related enterprises.

For the year ended 31 December 2006, CFSG achieved a net profit attributable to shareholders of HK$39.9 million as compared to HK$26.6 million in the previous year. The increase in net profit attributable to shareholders was mainly attributable to an improved performance of CFSG's broking business. As a result of having consolidated the loss of Netfield Technology Limited and its subsidiaries ("Game Group") of HK$27.5 million for the year ended 31 December 2006, CFSG's consolidated profit had been reduced from HK$67.7 million to HK$40.2 million.

CRM(HK) still recorded a net loss for the year ended 31 December 2006 even though Pricerite had already recorded a turnaround profit of HK$14.0 million for the year under review. On the one hand, CRM(HK) had seen a continuing improvement in the local economy throughout the year. On the other hand, its retail business was being hit hard by the increase in rental and staff costs. Thus, Pricerite had managed to revamp its retail network and product ranges since 2005 in order to reduce the pressure of the rising costs on its retail business. It had also improved its profit margins by sourcing its household products at better prices but without compromising the product qualities expected from its customers upon setting up a new sourcing centre in the Yangtze River Delta in addition to its long established sourcing one in the Pearl River Delta during the year. The Group's other retail businesses, namely 3C Digital and LZ LifeZtore, still recorded operating losses for the year. Expansion of its retail business into the PRC market has been the Group's long term growth strategy. LZ LifeZtore had opened its first new store in Shanghai in September 2006 and another two new stores were to be opened in the city immediately subsequent to the end of the year. CRM(HK)'s operating loss was mainly due to the write-off of all pre-operating expenses for the new shops in the current year under review.

The Group sold a total of 32% shareholding investment in CASH Retail Management Group Limited ("CRMG") during the year and realised an aggregate gain on disposal of HK$71.1 million. Taking into account the profit on disposal of the CRMG's shares, the operating profit of CFSG and the operating loss of CRM(HK), the Group recorded a turnaround result with a net profit attributable to shareholders of HK$32.1 million for the year ended 31 December 2006.

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LIQUIDITY AND FINANCIAL RESOURCES

The Group's total equity amounted to HK$567.3 million on 31 December 2006 as compared to HK$364.1 million at the end of the previous year. The net increase in equity was mainly attributed to the completion of a 2-for-1 rights issue in November 2006 raising approximately HK$61.2 million (before expenses) and the net profit reported for the year. This capital raising exercise has strengthened the capital base of the Group.

On 31 December 2006, our cash and bank balances were HK$821.2 million as compared to HK$488.2 million at the end of the pervious year. The increase in cash and bank balances was partly due to consolidating the cash and bank balances of CRM(HK) which became the wholly-owned subsidiaries of the Group in June 2006 and partly due to an increase in clients' deposits as CFSG's clients became more active in trading near the year end. The liquidity ratio on 31 December 2006 remained healthy at 1.1 times as compared with 1.3 times on 31 December 2005.

Our total borrowings on 31 December 2006 were HK$437.5 million as compared with the total borrowings of HK$251.3 million on 31 December 2005. The increase in borrowings was partly due to consolidating the borrowings of CRM(HK) and partly due to a rise in demand of margin financing from CFSG's clients near the year-end. Most of these borrowings were collateralised by our margin clients' securities pledged to us for seeking financing. A cash deposit of HK$78.1 million was pledged as collateral for a general banking facility granted to the Group. In addition, pursuant to a letter of undertaking provided by the Group to a bank, the Group covenants to maintain deposits of not less than HK$15.0 million with the bank as a pre-condition for an overdraft facility granted by the bank. At this year-end, a bank deposit of approximately HK$16.7 million was held for the purpose. A bank borrowing of HK$2.4 million was drawn down for financing the working capital of the Group. It was secured by personal guarantee from a director of 富格曼科技股份有限公司 (translated as Fugleman Entertainment Company), a subsidiary of the Group.

CFSG had a convertible loan note in the outstanding nominal value of HK$30.5 million on 31 December 2005. In January 2006, the noteholder of the convertible loan note had partially exercised the right attaching to the convertible loan note in the amount of HK$16.2 million at the conversion price of HK$0.27 each to convert into a total number of 60 million new shares of CFSG. In June 2006, CFSG had made early partial repayments of the convertible loan note in the total amount of HK$14.3 million. The convertible loan note was fully repaid as at the end of the year.

As at 31 December 2006, the Group's building at its market value of approximately HK$48.0 million was pledged to secure a bank term loan and general banking facilities granted to us.

Save as aforesaid, the Group had no other material contingent liabilities at the year-end.

FOREIGN EXCHANGE RISKS

As of the end of the year, the Group did not have any material un-hedged foreign exchange exposure or interest rate mismatch.

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MATERIAL ACQUISITIONS AND DISPOSALS

CFSG

In September 2005, CFSG announced a major transaction for proposed acquisition of the Game Group at a consideration of HK$110 million and several funds raising activities. These transactions were approved and completed in January 2006. Accordingly, 155 million placing shares at a placing price of HK$0.40 per share and 120 million subscription shares at a subscription price of HK$0.40 per share were issued by CFSG to the Group and to various independent third parties respectively on 10 January 2006.

The Group

On 30 June 2006, the Group acquired 100% equity interest in CRM(HK) from CRMG at a final consideration of HK$130.6 million.

On 27 February 2006, the Group disposed of about 5% shareholding interest in CRMG at a total consideration of about HK$30 million. On 19 October 2006, the Group disposed of about 27% shareholding interest in CRMG at a final consideration of HK$106.2 million. CRMG was no longer an associated company of the Group since then. Subsequent to the balance sheet date in March 2007, the Group disposed of all the remaining 7.89% shareholding interest in CRMG at a total consideration of about HK$19.8 million. The Group did not hold any shareholding interest in CRMG after the disposals.

Subsequent to the balance sheet date in January 2007, the Group announced for (i) the proposed acquisition of the Game Group from CFSG ("Acquisition"). The consideration was finally fixed at HK$120 million; and (ii) the proposed grant of the option to Mr Lin Che Chu George to require the Group to transfer 10% of the issued share capital in Netfield Technology Limited for a cash consideration at 10% of the consideration with respect of the Acquisition. The transactions are subject to, inter alia, approval by independent shareholders at a special general meeting of the Company to be held on 23 April 2007.

Save as aforesaid, the Group did not make any material acquisitions or disposals during the year ended 31 December 2006.

CAPITAL COMMITMENTS

The Group did not have any material capital commitment as at 31 December 2006.

MATERIAL INVESTMENTS

On 31 December 2006, the Group was holding a portfolio of listed and unlisted investment with a total value of approximately HK$49.3 million. During the year, a gain of HK$18.6 million on investments held for trading was recorded. Save as aforesaid, the Group did not hold any significant investment during the year nor did we have any future plans for material investments or capital assets.