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CASH Financial Services Group Limited

(incorporated in Bermuda with limited liability)

(Stock code: 8122)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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 announcement, 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 the 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 announcement 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 announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from its date of publication and on the website of the Company at www.cfsg.com.hk.

Highlights

- Net profit attributable to shareholders increased by 50.0% to HK$39.9 million
- Net Asset Value grew to HK$483.6 million, a 35.0% increase from the previous year reflecting the Group's strong earnings growth
- Continue to grow our core business by enhancing online trading platform capability, strengthening cross-selling synergies within the Group, and expanding product offerings
- Enhance profitability and increase market share through organic growth completed with acquisitions
- Leverage on our strong foothold in Hong Kong, we hinges our future success on entering the fast-growing Mainland market

CONSOLIDATED INCOME STATEMENT

The audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31 December 2006 together with the comparative figures for the last corresponding year are as follows:

	Notes	**2006 HK$'000**	2005 HK$'000
Revenue	(2)	**383,228**	213,557
Other operating income		**2,397**	2,721
Salaries, commission and related benefits		**(163,465)**	(108,303)
Depreciation and amortisation		**(12,304)**	(10,606)
Finance costs		**(49,027)**	(14,568)
Other operating and administrative expenses		**(124,966)**	(56,316)
(Allowance for) reversal of allowance for bad and doubtful debts		**(180)**	702
(Loss) gain on disposal of property and equipment		**(98)**	43
Net increase (decrease) in fair value of listed investments held for trading		**10,261**	(3,298)
Convertible loan note settlement income (expense)		**291**	(85)
Profit before taxation		**46,137**	23,847
Taxation (charge) credit	(4)	**(5,939)**	3,440
Profit for the year		**40,198**	27,287
Attributable to:			
Equity holders of the Company		**39,944**	26,626
Minority interests		**254**	661
		40,198	27,287
Dividends:			
Dividends recognised as distribution during the year:			
2006 interim – HK$0.03 per share (2005: Nil)		**41,462**	-
2005 final – Nil (2004: HK$0.01 per share)		**-**	7,546
		41,462	7,546
Proposed final dividend of HK$0.02 per share based on 1,382,051,448 shares (2005: Nil)		**27,641**	-
Earnings per share	(5)		
- Basic		**2.9 HK cents**	3.2 HK cents
- Diluted		**2.9 HK cents**	3.0 HK cents

CONSOLIDATED BALANCE SHEET

	Notes	At 31 December 2006 HK$'000	2005 HK$'000
Non-current assets			
Property and equipment		**45,720**	12,218
Investment property		**5,000**	-
Goodwill		**114,878**	4,933
Intangible assets		**32,042**	11,062
Other assets		**16,241**	7,564
Loan receivables		**103**	122
Deposits for acquisition of subsidiaries		**-**	56,095
Interest in associates		**-**	-
Deferred tax assets		**2,346**	3,940
		216,330	95,934
Current assets			
Inventories		**674**	-
Account receivables	(6)	**781,721**	469,528
Loan receivables		**19,227**	38,426
Prepayments, deposits and other receivables		**23,764**	16,074
Amounts due from associates		**373**	-
Amounts due from fellow subsidiaries		**3,463**	972
Listed investments held for trading		**54,317**	42,472
Derivative financial instrument		**-**	16
Bank deposits under conditions		**27,813**	17,125
Bank balances - trust and segregated accounts		**574,577**	352,902
Bank balances (general accounts) and cash		**73,226**	117,516
		1,559,155	1,055,031
Current liabilities			
Account payables	(7)	**931,865**	555,565
Deferred revenue		**8,027**	-
Accrued liabilities and other payables		**64,860**	33,939
Taxation payable		**4,428**	1,084
Obligations under finance leases - amount due within one year		**215**	150
Bank borrowings - amount due within one year		**278,521**	171,737
Convertible loan note - amount due within one year		**-**	30,242
		1,287,916	792,717
Net current assets		**271,239**	262,314
		487,569	358,248

	Notes	At 31 December 2006 HK$'000	2005 HK$'000
Capital and reserves			
Share capital		**138,205**	104,488
Reserves	0	**341,626**	252,130
Equity attributable to equity holders of the Company		**479,831**	356,618
Minority interests		**3,761**	1,471
Total equity		**483,592**	358,089
Non-current liabilities			
Deferred tax liabilities		**2,615**	-
Bank borrowings - amount due after one year		**1,247**	-
Obligations under finance leases - amount due after one year		**115**	159
		3,977	159
		487,569	358,248

Notes:

(1) Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosures requirement of GEM Listing Rules.

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("New HKFRSs") issued by HKICPA, which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the New HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
HKFRS 8	Operating segments[2]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[3]
HK(IFRIC) – INT 8	Scope of HKFRS 2[4]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives[5]
HK(IFRIC) – INT 10	Interim financial reporting and impairment[6]
HK(IFRIC) – INT 11	HKFRS 2 - Group and Treasury Share Transactions[7]
HK(IFRIC) – INT 12	Service concession arrangements[8]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 March 2006.
4 Effective for annual periods beginning on or after 1 May 2006.
5 Effective for annual periods beginning on or after 1 June 2006.
6 Effective for annual periods beginning on or after 1 November 2006.
7 Effective for annual periods beginning on or after 1 March 2007.
8 Effective for annual periods beginning on or after 1 January 2008.

(2) Revenue

	2006 **HK$'000**	2005 HK$'000
Fees and commission income	**263,032**	178,719
Interest income	**82,945**	34,838
Online game income	**25,316**	-
Sales of online game auxiliary products	**9,459**	-
Licensing income	**2,476**	-
	383,228	213,557

(3) Business and geographical segments

Business segments

For management purposes, the Group is currently organised into four main operating divisions, namely, broking, financing, corporate finance and online game services. The online game services division arose from acquisition of online game business on 10 January 2006. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Broking	-	Broking of securities, options, futures and leveraged foreign exchange contracts as well as mutual funds and insurance-linked investment products and their trading
Financing	-	Provision of margin financing and money lending services
Corporate finance	-	Provision of corporate finance services
Online game services	-	Provision of online game services, sales of online game auxiliary products and licensing services

The Group's operation by business segment is as follows:

Income statement for the year ended 31 December 2006

	Broking HK$'000	Financing HK$'000	Corporate finance HK$'000	Online game services HK$'000	Consolidated HK$'000
Revenue	**247,547**	**85,054**	**13,376**	**37,251**	**383,228**
RESULT					
Segment profit (loss)	**64,917**	**15,277**	**2,219**	**(27,527)**	**54,886**
Other operating income					**2,397**
Unallocated corporate expenses					**(11,146)**
Profit before taxation					**46,137**
Taxation charge					**(5,939)**
Profit for the year					**40,198**

Balance sheet as at 31 December 2006

	Broking HK$'000	Financing HK$'000	Corporate finance HK$'000	Online game services HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	**984,705**	**540,658**	**12,542**	**182,249**	**1,720,154**
Unallocated corporate assets					**55,331**
Consolidated total assets					**1,775,485**
LIABILITIES					
Segment liabilities	**846,541**	**383,479**	**358**	**38,932**	**1,269,310**
Unallocated corporate liabilities					**22,583**
Consolidated total liabilities					**1,291,893**

Other information for the year ended 31 December 2006

	Broking HK$'000	Financing HK$'000	Corporate finance HK$'000	Online game services HK$'000	Unallocated HK$'000	Consolidated HK$'000
Additions of property and equipment	**-**	**-**	**-**	**10,890**	**9,416**	**20,306**
Allowance for bad and doubtful debts	**53**	**27**	**100**	**-**	**-**	**180**
Depreciation of property and equipment	**125**	**-**	**1**	**1,117**	**6,930**	**8,173**
Loss on disposal of property and equipment	**-**	**-**	**-**	**98**	**-**	**98**

Income statement for the year ended 31 December 2005

	Broking HK$'000	Financing HK$'000	Corporate finance HK$'000	Consolidated HK$'000
Revenue	171,628	34,838	7,091	213,557
RESULT				
Segment profit (loss)	29,847	7,281	(5,337)	31,791
Other operating income				2,721
Unallocated corporate expenses				(10,665)
Profit before taxation				23,847
Taxation credit				3,440
Profit for the year				27,287

Balance sheet as at 31 December 2005

	Broking HK$'000	Financing HK$'000	Corporate finance HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	624,276	404,049	16,601	1,044,926
Unallocated corporate assets				106,039
Consolidated total assets				1,150,965
LIABILITIES				
Segment liabilities	478,417	248,885	3,337	730,639
Unallocated corporate liabilities				62,237
Consolidated total liabilities				792,876

Other information for the year ended 31 December 2005

	Broking HK$'000	Financing HK$'000	Corporate finance HK$'000	Unallocated HK$'000	Consolidated HK$'000
Additions of property and equipment	-	-	-	2,116	2,116
(Reversal of allowance) allowance for bad and doubtful debts	(104)	(898)	300	-	(702)
Depreciation of property and equipment	769	-	19	9,818	10,606
Gain on disposal of property and equipment	-	-	-	(43)	(43)

Geographical segments

The Group's operations are located in Hong Kong, the People's Republic of China ("PRC") and Taiwan. For the activities of broking, financing and corporate finance, they are based in Hong Kong and the revenue of these activities for the year ended 31 December 2006 are derived from Hong Kong. The online game services are mainly based in the PRC and Taiwan and the relevant revenue for the year ended 31 December 2006 are derived mainly from PRC and Taiwan.

The following table provides an analysis of the Group's revenue by geographical market:

	2006 **HK$'000**	2005 HK$'000
Hong Kong	**345,977**	213,557
PRC	**25,525**	-
Taiwan	**11,726**	-
	383,228	213,557

The following is an analysis of the carrying amount of segment assets, and additions to property and equipment, analysed by the geographical area in which the assets are located:

Carrying amount of segment assets

	2006 **HK$'000**	2005 HK$'000
Hong Kong	**1,537,905**	1,044,926
PRC	**143,023**	-
Taiwan	**39,226**	-
	1,720,154	1,044,926

Additions to property and equipment

	2006 **HK$'000**	2005 HK$'000
Hong Kong	**-**	-
PRC	**10,290**	-
Taiwan	**600**	-
	10,890	-

(4) Taxation charge (credit)

	2006 **HK$'000**	2005 HK$'000
Current tax:		
- Hong Kong	**4,140**	500
- PRC	**143**	-
Overprovision in prior years	**(94)**	-
Deferred taxation	**1,750**	(3,940)
	5,939	(3,440)

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for both years.

Certain subsidiaries of the Group are operating in PRC. They are subject to tax with rate of 15% because they were registered in 張江高科技園區 (translated as Shanghai Zhang Jiang High Technological Zone).

No provision for taxation has been made for subsidiary located in Taiwan as no assessable profit is arisen during the year.

(5) Earnings per share

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the Company for the year ended 31 December 2006 together with the comparative figures for 2005 are based on the following data:

	2006 **HK$'000**	2005 HK$'000
Profit		
Profit for the purpose of basic earnings per share	**39,944**	26,626
Effect of dilutive potential ordinary shares: Interest on convertible loan note	**274**	1,351
Profit for the purpose of diluted earnings per share	**40,218**	27,977

	2006	2005
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,371,527,475**	832,131,859
Effect of dilutive potential ordinary shares assumed exercise of share options	**4,107,008**	N/A
Effect of dilutive potential ordinary shares assumed conversion of convertible loan note	**21,765,601**	112,962,963
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,397,400,084**	945,094,822

The computation of diluted earnings per share does not assume the exercise of certain Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares for the relevant period.

(6) Account receivables

	2006 **HK$'000**	2005 HK$'000
Account receivables arising from the business of dealing in securities and equity options:		
Clearing houses, brokers and dealers	**125,450**	29,894
Cash clients	**112,334**	94,958
Margin clients	**443,524**	270,707
Account receivables arising from the business of dealing in futures and options:		
Clearing houses, brokers and dealers	**83,847**	70,662
Commission receivables from brokerage of mutual funds and insurance-linked investment plans and products	**3,479**	2,275
Account receivables arising from the business of provision of corporate finance services	**372**	1,032
Account receivables arising from the online game services	**12,715**	-
	781,721	469,528

Account receivables are netted off by allowance for bad and doubtful debts of HK$20,086,000 (2005: HK$27,872,000).

The settlement terms of account receivables arising from the business of dealing in securities and equity options are two days after trade date, and account receivables arising from the business of dealing in futures and options are one day after trade date.

Except for the loans to margin clients as mentioned below, all the account receivables arising from the business of dealing in securities and equity options aged within 30 days.

Loans to margin clients are secured by clients' pledged securities, repayable on demand and bear interest at commercial rates. No aged analysis is disclosed as in the opinion of Directors, the aged analysis does not give additional value in view of the nature of business of share margin financing.

In respect of the commission receivables from brokerage of mutual funds and insurance-linked investment plans and products as well as account receivables arising from the business of provision of corporate finance services and online game services, the Group allows a credit period of 30 days.

(7) Account payables

	2006 **HK$'000**	2005 HK$'000
Account payables arising from the business of dealing in securities and equity options:		
Cash clients	**679,498**	347,961
Margin clients	**106,132**	77,148
Account payables to clients arising from the business of dealing in futures and options	**142,500**	127,446
Account payables to clients arising from the business of dealing in leveraged foreign exchange contracts	**2,798**	3,010
Account payables arising from the business of provision of online game services	**937**	-
	931,865	555,565

The settlement terms of account payables arising from the business of dealing in securities are two days after trade date. Except for the amount payables to margin clients, the age of these balances is within 30 days.

Amounts due to margin clients are repayable on demand. No aged analysis is disclosed as in the opinion of Directors, the aged analysis does not give additional value in view of the nature of business of share margin financing.

Account payables to clients arising from the business of dealing in futures and options and leveraged foreign exchange contracts are margin deposits received from clients for their trading of these contracts. The excesses of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand. No aged analysis is disclosed as in the opinion of Directors, the aged analysis does not give additional value in view of the nature of these businesses.

The account payables amounting to approximately HK$574,577,000 (2005: HK$352,902,000) was payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

Account payables arising from the online game services are payables for production of online game auxiliary products. The whole account payables are aged within 30 days.

(8) Reserves

	Attributable to equity holders of the Company						
	Share premium	Contributed surplus	Convertible loan note equity reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2005	61,956	186,377	771	680	-	(85,736)	164,048
Profit for the year, representing total recognised income for the year	-	-	-	-	-	26,626	26,626
Recognition of employee share option benefits	-	-	-	203	-	-	203
Arising from partial repayment of convertible loan note	-	-	(190)	-	-	151	(39)
2004 final dividend paid	-	-	-	-	-	(7,546)	(7,546)
Issue of new shares	69,138	-	-	-	-	-	69,138
Transaction costs attributable to issue of new shares	(300)	-	-	-	-	-	(300)
Amount transferred to set off accumulated losses	-	(12,827)	-	-	-	12,827	-
At 31 December 2005 and 1 January 2006	130,794	173,550	581	883	-	(53,678)	252,130
Exchange difference arising from translation of foreign operations representing net expense recognised directly in equity	-	-	-	-	(288)	-	(288)
Profit for the year	-	-	-	-	-	39,944	39,944
Total recognised income and expense for the year	-	-	-	-	(288)	39,944	39,656
Recognition of employee share option benefits	-	-	-	1,613	-	-	1,613
Arising from conversion of convertible loan note	10,200	-	(308)	-	-	173	10,065
Arising from early repayment of convertible loan note	-	-	(273)	-	-	(79)	(352)
Issue of new shares	82,976	-	-	-	-	-	82,976
2006 interim dividend paid	-	-	-	-	-	(41,462)	(41,462)
Transaction costs attributable to issue of new shares	(3,000)	-	-	-	-	-	(3,000)
Amount transferred to set off accumulated losses	-	(45,000)	-	-	-	45,000	-
At 31 December 2006	220,970	128,550	-	2,496	(288)	(10,102)	341,626

(9) Financial instruments

Financial risk management objectives and policies

The Group's major financial instruments include equity investments, statutory and other deposits, bank balances and cash, bank borrowings, account receivables and account payables. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Equity price risk

The Group is exposed to equity price risk through its investments in equity securities. The Board of Directors manages the exposure by closely monitoring the portfolio of equity investments.

Cash flow interest rate risk

Most of the bank borrowings, that are matured within 3 months and are collateralised by margin clients' securities, carry interest at variable rate which exposes the Group to cash flow interest rate risk. The Group currently does not have a cash flow interest rate hedging policy. However, management closely monitors its exposure to future cash flow risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arises.

Credit risk

The Group's maximum exposure to credit risk in event of the counterparties and clients failure to perform their obligations as at 31 December 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

In order to minimise the credit risk on brokerage and financing operations, the Credit and Risk Management Committee is set up to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. With regard to provision of online game services, the Group has delegated a team responsible for determination of credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Bank balances are placed in various authorised institutions and the Directors of the Company consider the credit risk of such authorised institutions is low.

Liquidity risk

As part of ordinary broking activities, the Group is exposed to liquidity risk arising from timing difference between settlement with Clearing House or brokers and clients. To address the risk, treasury team works closely with the settlement division on monitoring the liquidity gap. In addition, for contingency purposes, clean loan facilities are put in place.

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;
- the fair value of other financial assets and liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions; and
- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, the fair value of a non-option derivative is estimated using discounted cash flow analysis and the applicable yield curve. For an option-based derivative, the fair value is estimated using option pricing model (for example, the Black-Scholes pricing model).

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(10) Contingent liabilities

In 2002, Pang Po King Cannie ("Pang") filed a statement of claim against Celestial Securities Limited ("CSL"), a wholly-owned subsidiary of the Company, alleging that CSL, without knowledge or authority of or instructions from Pang, had misused the account opened by Pang with CSL to buy 1,046,000 shares of Takson Holdings Limited. The Directors confirmed that the subject transactions were made with knowledge and authority of Pang. The Directors do not envisage the claim by Pang will be held to be valid. The case was in progress and it was in the discovery stage as at 31 December 2006 and 2005. Accordingly, no provision was made in the financial statements.

(11) Commitments

Capital commitment

	2006	2005
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of subsidiaries contracted for but not provided in the financial statements	**-**	55,000

The acquisition of subsidiaries was duly passed at the special general meeting by shareholders and independent shareholders of the Company on 20 December 2005. The acquisition was completed on 10 January 2006 upon the completion of all conditions as stated in the share purchase agreement dated 15 September 2005.

DIVIDEND

The Board recommends the payment of 2006 final dividend of HK$0.02 per share (2005: Nil) which, together with the interim dividends of HK$0.03 per share paid on 1 December 2006, make a total dividend of HK$0.05 per share for the full year of 2006 (2005: Nil). Subject to the approval of the 2006 final dividend by the shareholders at the forthcoming annual general meeting, it is expected that the final dividend will be paid on 8 June 2007 to the shareholders whose names appear on the register of members on 30 May 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 30 May 2007 (Wednesday) to 1 June 2007 (Friday) (both days inclusive). In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Standard Registrars Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 pm on 29 May 2007 (Tuesday).

REVIEW AND OUTLOOK

Financial Review

For the year ended 31 December 2006, the Group 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 the Group'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, the Group's consolidated profit had been reduced from HK$67.7 million to HK$40.2 million.

The Group recorded revenues of HK$383.2 million for the year ended 31 December 2006 as compared to HK$213.6 million for 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.

The Group's total equity amounted to HK$483.6 million on 31 December 2006 as compared to HK$358.1 million at the end of the previous year. The net increase was due to the growth in retained earnings and new funds raised to strengthen capital bases during the first half of the year.

On 31 December 2006, our cash and bank balances including trust and segregated accounts totalled HK$675.6 million as compared to HK$487.5 million at the end of the previous year. The increase in cash and bank balances of the trust and segregated accounts was a result of an increase in clients' deposits as they became more active in trading near year end. On the other hand, the decrease in cash and bank balances of our house accounts was a result of intense demand for margin financing from our clients during the year. The liquidity ratio on 31 December 2006 remained healthy at 1.2 times, as compared to 1.3 times on 31 December 2005.

Our total bank borrowings on 31 December 2006 were HK$279.8 million, comprising bank loans of HK$190.4 million and overdrafts of HK$89.4 million. The bank borrowings of HK$277.4 million were drawn to fund securities margin financing to our clients. HK$262.3 million of these bank borrowings were collateralised by our margin clients' securities pledged to us for seeking financing. A cash deposit of HK$10.2 million was pledged as collateral for a general overdraft facility of HK$30 million. However, no overdraft was drawndown under this facility at the balance sheet date. Another deposit of HK$0.9 million was pledged to secure a general banking facility granted to a subsidiary. 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. The remaining bank borrowing of HK$2.4 million was drawn for financing the working capital of the Game Group. It was secured by personal guarantee from a director of a subsidiary, Fugleman Entertainment Company.

Apart from these, largely back-to-back advances, we had no other bank borrowings at the end of the year as we exercised prudence to ensure that our financial resources would not be in any way strained.

The Company 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 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 the Company. In June 2006, the Company 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 the year. The ratio for our interest bearing borrowings to total equity was 57.9% on 31 December 2006 as compared to 56.4% on 31 December 2005. As most of the bank borrowings being of a back-to-back nature, our gearing was kept at a conservatively low level.

As at the end of the year, our Group did not have any material un-hedged foreign exchange exposure or interest rate mismatch. Save as aforesaid, we had no other material contingent liabilities.

In January 2007, subsequent to the balance sheet date, the Group announced a connected and discloseable transaction for the proposed disposal of the entire issued capital of the Game Group to the Group's controlling shareholder at a consideration of the higher of HK$120 million or the valuation of the online game business operated by the Game Group as at 31 December 2006. The Game Group is an online game developer and operator in PRC and Taiwan. The transaction will be subject to the approval of the independent shareholders of the Company at a special general meeting to be convened. The Game Group was originally acquired by the Group at a consideration of HK$110 million in September 2005 and the acquisition was completed in January 2006. Also, the fund raising exercises as announced in September 2005 were completed in January 2006. 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 to the Group's controlling shareholder and to various independent third parties respectively on 10 January 2006.

As at 31 December 2006, the Group was holding a portfolio of listed investments with market value of approximately HK$54.3 million and a profit on such listed investments of HK$10.3 million was recorded for the year.

Save as disclosed above, the Group did not make any material acquisitions or disposals nor did we hold any significant investment during the year ended 31 December 2006. The Group did not have any material capital commitment as at 31 December 2006. We do not have any future plans for material investments or capital assets.

Industry Review

Year 2006 was a year of extended global economic growth and equity market cycle. While energy and commodity prices rose significantly during the first half of the year, inflation continued to be contained and global economic growth remained strong. Granted, there were some soft spots such as weakening of the US housing market. However, the US economy proved resilient. Despite consecutive hikes in interest rates in 2006, corporate earnings continued to grow, supporting broad-based rallies in most stock markets, particularly in Europe, Asia, and Latin America.

In Hong Kong, the year under review began with a strong note: rising investors' confidence and robust economic growth. GDP growth reached 6.8% for the year. Employment conditions were favourable, with unemployment rate reaching a six-year low of 4.4%. The local property market, however, seemed pedestrian – both primary and secondary market transactions dropped by double digits, despite record land sale prices. The bright spot lied in the luxury segment, with transactions prices surpassing the records made in 1997. Signs of sustained double-digit economic growth in China and continued speculation over RMB appreciation attracted significant capital inflows into Hong Kong, particularly into the China-related shares. The macro tightening policies by the Chinese official drove some of the liquidity from the real estate market into the equity market locally and fuelled the stock market with abundant liquidity. With demand well in excess of supply, equity prices skyrocketed. International funds that were not qualified to invest directly in the domestic A-share market flowed into the H-shares and Red Chips markets, driving them up 94% and 72%, respectively.

The Hong Kong stock market made a number of new records during 2006. In terms of market capitalisation, it reached HK$13,252 billion on December 28. Total capital raised on new issues amounted to HK$332 billion. The Industrial and Commercial Bank of China raised HK$125 billion from the largest IPO ever in the world. The Hong Kong new issue market surpassed those of Toronto and New York and became the 2nd largest fund raising centre in 2006.

On the back of these market records, continued influx of liquidity, and strong investors' sentiment, average daily market turnover reached HK$34 billion, an 85% increase compared to the same period last year. The Hang Seng index reached 19,964, a 34% increase from 2005.

Business Review

The Group had considerable success in year 2006, reflecting both a robust market environment and strong performance across our major businesses, in particular the securities broking business. The Group achieved a net profit attributable to shareholders of HK$39.9 million for the year, an increase of 50.0% from HK$26.6 million for 2005.

The Group is committed to enhancing shareholder value and returns. In light of this, the Directors have recommended the payment of a final dividend of HK$0.02 per share for the year ended 31 December 2006. Together with the interim dividend of HK$0.03 per share, the dividend for the full year will be HK$0.05 per share (2005: Nil).

Although we cannot control the business environment in which we operate, we are responsible for how well we capitalise on opportunities and respond to challenges. The ability to do this depends on our strengths and execution capability. Throughout 2006, we continued to emphasise, as a key component of our development strategy, the diversification of product offerings and revenue sources both with a view to better service our clients as well as to minimise the impact on business performance across market cycles. We remained on course on the strategy as we continue our pursuit of establishing ourselves as the financial services house of the choice for our clients.

Securities Broking

Our market share by turnover improved handsomely during the year due partly to the general market strength and partly to our previous efforts to improve our delivery channels and execution platforms. The enhanced sales platforms that were put in place to deliver better execution have allowed us to successfully expand our clientele to include institutional clients. Over the year, the division grew its number of sales agents by an encouraging double-digit.

Despite the strong pick-up in the market activity, intense competition in the local brokerage industry continued to drive down brokerage commission rates, squeezing our operating profit margins. This trend will likely to sustain as an increasing number of banks are entering the securities broking business. Part of our new strategic direction is to focus on the high turnover business as a way to compensate for the impact of reduced commission on the industry.

Asset Management

The asset management business, launched two years ago to capture opportunities inherent in the high-net-worth market and to complement our strategy of providing a full suite of services to our clients, has proven to be an effective strategy. A portion of the assets under management provides us with a growing opportunity to increase our base income with considerable incentive revenues earned when we achieve higher returns for our clients. The business experienced healthy and steady growth in assets over the year.

Wealth Management

Despite a fast growing financial planning industry, our wealth management division, while encountering fierce competition, experienced a slow down in growth rate during 2006. To solidify and expand its market share in the increasingly competitive environment, the division will review its remuneration packages to attract industry professions and to strengthen cross-selling synergy with the house-served brokerage clients.

Investment Banking Group

We offer investment banking clients sponsoring, underwriting and distribution services for equities in addition to financial advisory services on strategic matters, such as mergers and acquisitions, restructurings, project finance, etc. At the beginning of the year, we successfully sponsored the listing of Lingbao Gold, a high profile H-share, on the Hong Kong stock exchange. The listing drew good publicity and attention from the financial services industry. It also enhanced our credentials among potential listing candidates.

During the year, the investment banking division continued to focus its efforts on emerging Chinese private and state-owned enterprises which were listing candidates. The division was very active in broadening and deepening client relationships with these medium-sized companies and has received positive feedback. They are working on finalising a number of transactions initiated earlier and continuing to lay ground for the growing deal pipeline in the coming year.

Information Technology

As a technology leader and a client-focused service provider, we constantly review and upgrade our system to ensure compatibility and its ease of use. After the implementation of a series of system enhancements for the online trading system in 2005, we launched an advanced clients trading platform with multiple trading functionalities and features to enhance their trading experience past year. The new platform can be custom-made to fit the needs of institutional clients. In addition, it has enabled us to stretch our reach geographically. This new platform will not only enable us to better serve our existing self-served, technology-savvy clients, but also place us in an advantageous position to compete in the premium mass-market segment.

Online game

Our online game business, Moli Group, performed in line with the financial targets as set out in the business plan . The business will continue to focus on granting out licensing rights in the region and rolling out branch offices in the coming year.

People

People remain the most valuable asset of a people-focused business in which trust, integrity, and professionalism are the core essence. Our experience shows that if we serve our clients well, our own success will follow. During the year, we carried out a series of training and development programs to upgrade the operational and managerial skills of our employees. As an ongoing strategy, we will continue to dedicate resources toward personal development through which we hope to help them not only do a better job, but also to build a strong sense of belonging with the organisation. Our goal is to create an environment to attract, develop, motivate, and retain talents and encourages them to work together as a team.

Major Shareholders

Our second largest shareholder is one of Saudi Arabian’s top ten investment groups, the ARTAR Group. We also have an Austrian company, AvW Invest AG, listed in Vienna, as a strategic investor. The alliance with these two partners has broadened our shareholding base from Asia to Middle East and Europe, raising our international recognition. More importantly, the alliance will assist us in making inroads into the Middle East and European market to explore cross-selling and development opportunities.

Outlook

In light of our financial achievement in the last three years, the Group had initially submitted an application for a listing on the main board in July 2006. The application was later withdrawn as additional time was required to prepare the listing documents and to update the audited information. With the objectives to raise our corporate profile and to broaden our investor base through a listing on the main board, we will consider resubmitting the application in due course.

On our core business, in addition to the securities brokerage business, the fast-growing wealth management business will remain as an integral part of our focused strategy to diversify our income streams. With a high savings rate and a relatively low penetration of wealth management services in Hong Kong and Mainland China, growth opportunity in wealth management is enormous. While competition continues to be intensifying, we will respond accordingly to attract new sales talents and to establish ourselves as a niche player in the industry through strong brand recognition, professional sales team, excellent service, and the ability to provide a wide array of financial products and services.

The fast growing asset management service will complement the wealth management needs of the high-net-worth clients, broaden client base, and attract new prospects. More importantly, it will serve as a new source to the more stable fee-based income pool. The business will continue to focus on growing client base and assets under management while preparing to launch the discretionary portfolio management service.

On the investment banking front, we expect to see fund-raising and financial advisory activities continue to grow in the PRC even though the amount of capital-raised might be only close to half of what it was in 2006 as there will have lesser mega deals lined up in 2007. Having said that, an increasing number of state-owned and private-sector enterprises in Mainland China have expressed their interest to raise funds abroad, Hong Kong becomes the preferred destination for international capital-raising. With a focus on medium-sized enterprises in Mainland China, our investment banking group has gained good presence in recent years and is well-positioned to seize opportunities as they arise.

Our strategies in China

Our experience in Hong Kong and the comprehensive business model and systems that we built over the years have prepared us well for an entry into the Mainland financial markets where regulations, products, platforms or services have a long way to become mature in relation to the size of its economy. As China continues to open up and develop its financial markets, an increasing number of multinational and national financial institutions are eager to share a slice of the fast-growing pie. With this perspective, we started to position ourselves in the Mainland's financial market as early as the late nineties. We have been active in both the major and secondary cities in networking the local authorities and financial institutions in order to explore mutually beneficial opportunities. This strategy has proven successful for the investment banking division in the past several years. The development of China’s asset and wealth management industry is still in its infancy. Opportunities abound for companies that have the knowledge and platform to deliver the products and services as the market opens up. We have been actively searching for collaboration in this segment of the market. We will continue with these initiatives and seek out acquisition or joint venture opportunities as they arise.

Looking ahead into 2007, our strategy is to stay focused and our objective is to enhance profitability and increase market share through organic growth completed with acquisitions. We will, nevertheless, continue to grow our core business by enhancing online trading platform capability, strengthening cross-selling synergies within the Group, and expanding product offerings. With our commitment to excellence, dedication to servicing clients, and determination to create customer and shareholder value, we are confident that we will become the financial services house of choice for our clients through value-added services and enhanced client experience.

EMPLOYEE INFORMATION

At 31 December 2006, the Group had 390 employees. Our employees were remunerated according to their performance, working experience and market conditions. In addition to basic salaries and Mandatory Provident Fund scheme, we also offered staff benefits including medical schemes, discretionary share options, performance bonus and sales commission. The total amount of remuneration cost of employees of the Group for the year under review was approximately HK$79.5 million. We continue to organise training to employees in areas such as product knowledge, customer service, selling techniques, team building, interview techniques, communication, presentation, coaching, counselling, influencing, mentoring, project management, database and system management, computer applications, efficient writing and continuous professional training programmes required by regulatory bodies.

CORPORATE GOVERNANCE

The Board has adopted a set of corporate governance principles ("Principles") which aligns with or is more restrictive than all requirements set out in the Code on Corporate Governance Practices ("CG Code") and the Model Code for Securities Transactions by Directors of Listed Issuers ("Securities Code") contained in the GEM Listing Rules. The Board had also in writing made specific enquiry to each executive Director and independent non-executive Director in respect of the due compliance of the rules and principles relevant to the Securities Code. The Company had duly complied with the Principles throughout the period covering the financial period ended 31 December 2006 and up to the date of this announcement. The Board is not aware of any deviations from the Principles during the period.

REVIEW OF RESULTS

The Group's audited consolidated results for the year ended 31 December 2006 have been reviewed by the Audit Committee of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year ended 31 December 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITORS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2006 as set out in the preliminary announcement have been agreed by the Group's auditors, Messrs Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs Deloitte Touche Tohmatsu on the preliminary announcement.

On behalf of the Board
Bankee P Kwan
Chairman

Hong Kong, 23 March 2007

As at the date hereof, the executive Directors are Mr Kwan Pak Hoo Bankee, Mr Wong Kin Yick Kenneth, Mr Law Ping Wah Bernard and Mr Cheng Man Pan Ben, and the independent non-executive Directors are Mr Cheng Shu Shing Raymond, Dr Hui Ka Wah Ronnie and Mr Lo Kwok Hung John.