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Celestial Asia Securities Holdings Limited
(incorporated in Bermuda with limited liability)
(Stock code: 1049)

Very Substantial Disposal
- Proposed disposal of Hong Kong retail business

Very Substantial Acquisition
- Upon full conversion of convertible note(s) proposed to be issued by CFSG



CASH Financial Services Group Limited
(incorporated in Bermuda with limited liability)
(Stock code: 510)

Very Substantial Acquisition and Connected Transaction involving the proposed issue of convertible note(s) by CFSG

-Proposed acquisition of Hong Kong retail business

Continuing Connected Transactions
- Proposed intra-group activities

On 19 December 2008, CGL (a wholly-owned subsidiary of CASH) and CFSG entered into the S&P Agreement pursuant to which, subject to the Conditions, CFSG will acquire from CGL the Interest, being 60% of the Equity Interest in CRM(HK) and the Loan due from the Retail Group to CGL, at the Consideration of approximately HK\$184 million (subject to Adjustment) and CFSG will be granted the Purchaser Call Option (upon the First Completion) to acquire the remaining 40% of the Equity Interest in CRM(HK) at the Consideration of approximately HK\$116 million (subject to Adjustment) at any time from the date of the First Completion up to 31 December 2011. The Consideration of the Interest and the remaining 40% of the Equity Interest of approximately HK\$300 million was determined in accordance with the price-to-earnings ratio of 10 times of the Audited Net Profits of the Retail Group for the year ending 31 December 2008, and the Consideration will be settled as to HK\$60 million in cash upon signing of the S&P Agreement, and the balance of the Consideration will be settled by the issue of the Convertible Note(s) subject to the terms and conditions stated in this announcement.

The Convertible Note(s) shall be issued by CFSG for settlement of balance of the Consideration at principal value of approximately HK\$240 million (subject to maximum adjustment amount, notwithstanding up or down, of HK\$100 million) with Conversion Price of HK\$1.15 per Conversion Share. Assuming the Convertible Notes are issued at maximum principal amount and the conversion of the Convertible Note(s) is exercised in full, a maximum of approximately 295.7 million new CFSG Shares (subject to adjustment to the initial Conversion Price), will be issued. The Conversion Shares represent about 71.9% and 41.8%, respectively of CFSG's existing issued share capital and its issued share capital as enlarged by the issue of the Conversion Shares.

Should the conversion of the Conversion Note(s) be exercised in full and the maximum of 295.7 million new CFSG Shares be issued by CFSG, the shareholding interest of CASH in the enlarged issued share capital of CFSG will be increased from 48.32% to 69.93%. The possible increase in shareholding interest in CFSG constitutes a very substantial acquisition for CASH under the Listing Rules.

On 19 December 2008, CASH, CFSG and CRM(HK) entered into the Agreements relating to certain intra-group activities among the groups which are to be made in the their usual and ordinary course of businesses and on normal commercial terms, subject to conditions, upon the First Completion.

CASH is the controlling shareholder of CFSG holding 48.32% equity interest therein and CGL is a wholly-owned subsidiary of CASH, thus an Associate of CASH, as such both CASH and CGL are connected persons of CFSG (as defined under the Listing Rules). Upon the First Completion (assuming the Purchaser Call Option is not exercised), CRM(HK) will become a non wholly-owned subsidiary of CFSG, the remaining 40% of which will continue to be held by CGL, an Associate of CASH. As such, CRM(HK) will become a connected person of CFSG upon the First Completion (assuming the Purchaser Call Option is not exercised). Under the Listing Rules, the Proposed Transfer and the issue of the Convertible Note(s) by CFSG to CASH constitutes a very substantial disposal and a very substantial acquisition for CASH, and a very substantial acquisition and a connected transaction for CFSG; and the Proposed Transactions will constitute non-exempt continuing connected transactions for CFSG. Accordingly, the Transactions are conditional upon, among other things, the approval of the CASH Shareholders at the CASH SGM and the approval of the CFSG Independent Shareholders at the CFSG SGM.

A circular containing, among other things, the details of the S&P Agreement, the principal terms and conditions of the Convertible Notes, the Agreements and the notice of the CASH SGM will be despatched to the CASH Shareholders as soon as practicable. As no CASH Shareholder has material interest in the Transactions, no CASH Shareholder is required to abstain from voting at the CASH SGM.

A circular containing, among other things, the details of the S&P Agreement, the principal terms and conditions of the Convertible Notes, the Agreements, the letter from the independent financial adviser, the letter from the independent board committee and the notice of the CFSG SGM will be despatched to the CFSG Shareholders as soon as practicable. At the CFSG SGM, CASH and its Associates will abstain from voting and all votings must be taken by poll.

INTRODUCTION

On 19 December 2008, CGL (a wholly-owned subsidiary of CASH) and CFSG entered into the S&P Agreement pursuant to which, subject to the Conditions, CFSG will acquire from CGL the Interest, being 60% of the Equity Interest in CRM(HK) and the Loan due from the Retail Group to CGL, at the Consideration of approximately HK\$184 million (subject to Adjustment) and CFSG will be granted the Purchaser Call Option (upon the First Completion) to acquire the remaining 40% of the Equity Interest in CRM(HK) at the Consideration of approximately HK\$116 million (subject to Adjustment) at any time from the date of the First Completion up to 31 December 2011. The Consideration will be settled as to HK\$60 million in cash upon signing of the S&P Agreement, and the balance of the Consideration will be settled by the issue of the

Convertible Note(s) subject to the terms and conditions stated in this announcement. On 19 December 2008, CFSG, CASH and CRM(HK) entered into the Agreements in relation to the Proposed Transactions.

The details of the S&P Agreement and the Convertible Note(s) are described below.

THE S&P AGREEMENT

Vendor: CGL, a wholly-owned subsidiary of CASH, is a connected person of CFSG (as defined under the Listing Rules).

Purchaser: CFSG, a non wholly-owned subsidiary of CASH owned as to 48.32% by CASH as at the date of this announcement.

Transaction: CFSG shall, subject to the Conditions, acquire from CGL the Interest (being 60% of the Equity Interest and the Loan) at the Consideration of approximately HK\$184 million (subject to Adjustment), and CFSG will be granted the Purchaser Call Option (upon the First Completion) to acquire from CGL the remaining 40% of the Equity Interest at the Consideration of approximately HK\$116 million (subject to Adjustment).

Purchaser Call Option: CGL shall grant to CFSG upon the First Completion an option to acquire the remaining 40% of the Equity Interest at the Consideration of approximately HK\$116 million (subject to Adjustment).

The Purchaser Call Option is exercisable, in whole or in part (in a multiple of HK\$1 million), at any time from the date of the First Completion up to 31 December 2011. The exercise of the Purchaser Call Option is at the discretion of the Purchaser only.

The Purchaser Call Option is not transferable to any third party (save for the wholly-owned subsidiaries of CFSG).

Consideration: The Consideration for the Interest and the remaining 40% of the Equity Interest shall be approximately HK\$300 million (subject to Adjustment), which will be adjusted to an amount equivalent to price-to-earnings ratio of 10 times of the Audited Net Profits of the Retail Group for the year ending 31 December 2008 in accordance with the Audited Accounts 2008 of the Retail Group.

The Consideration will be settled in the following manner:

- (1) For acquisition of the Interest at the Consideration of approximately HK\$184 million (subject to Adjustment):
 - (a) HK\$60 million refundable deposit in cash upon the signing of the S&P Agreement; and
 - (b) the balance will be settled in full by issue of the Convertible Notes; and

(2) For acquisition of the remaining 40% of the Equity Interest under the Purchaser Call Option of approximately HK\$116 million (subject to Adjustment):

(a) 100% will be settled in full by the issue of the Convertible Notes on completion of transfer of the 40% Equity Interest.

The deposit payable on signing of the S&P Agreement is financed by the CFSG Group from internal resources and the balance of the Consideration will be settled by the issue of the Convertible Note(s).

The Consideration is arrived at after arm's length negotiations between the parties and being a price acceptable to the parties with reference to price-to-earnings ratio of 10 times of the Audited Net Profits of the Retail Group for the year ending 31 December 2008 which is determined after arm's length negotiations by reference to prospective price-to-earnings ratio for the year 2008 of various companies listed in Hong Kong engaging in the retail business. The Board has also taken into account the reputable brand name of "Pricerite", the corporate image, the established supply chain management platform, the efficient logistic system, the extensive retail networks in Hong Kong, the profit track record, the continuous growth in operating profits, the various revamps of retail business for recent years of the Retail Group, the CASH Board and the CFSG Board are of the opinion that the Consideration is fair and reasonable and on normal commercial terms.

Adjustment:

The Consideration for the Interest and the remaining 40% of the Equity Interest was determined at approximately HK\$300 million, which will be adjusted (up or down), on a dollar-to-dollar basis, to an amount equivalent to price-to-earnings ratio of 10 times of the Audited Net Profits of the Retail Group for the year ending 31 December 2008 as per the Audited Accounts 2008 of the Retail Group and then be round up to the nearest thousand figures. However, the adjustment amount for the Consideration for the Interest and the remaining 40% of the Equity Interest, notwithstanding up or down, shall not be more than HK\$100 million in aggregate.

The final Consideration for acquisition of the Interest will be the aggregate of (i) 60% of the above adjusted Consideration after deducting the actual amount of the Loan, and (ii) the actual amount of the Loan. The final Consideration for acquisition of the remaining 40% Equity Interest under the Purchaser Call Option will be 40% of the above adjusted Consideration after deducting the actual amount of the Loan.

Conditions: Completion for the Transactions is conditional upon, among other things:-

- (1) the approval by the CASH Shareholders at the CASH SGM for the S&P Agreement, the Agreements and the transactions contemplated thereunder;
- (2) the approval by the CFSG Independent Shareholders at the CFSG SGM for the S&P Agreement, the Agreements and the transactions contemplated thereunder including but not limited to the issue of the Convertible Notes and the allotment and issue of the Conversion Shares;
- (3) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares;
- (4) the receipt of the Audited Accounts 2008 for the Retail Group by CFSG in form and content satisfactory to CFSG; and
- (5) the obtaining of all relevant consents, which are necessary in connection with the execution and performance of the S&P Agreement, the Agreements and the transactions contemplated thereunder.

The S&P Agreement and the Agreements are inter-conditional. The Conditions are required to be fulfilled on or before 31 August 2009, or such later date as may be agreed between CGL and CFSG. If the Conditions are not fulfilled by such date, the S&P Agreement shall terminate and any part of the Consideration having been paid prior to such termination shall be refunded to CFSG and no party to the S&P Agreement should have any claim against the other party save and except the rights of any such party in respect of any antecedent breaches.

The First Completion: The S&P Agreement shall be completed within 7 business days (or any other date as agreed between CGL and CFSG) after the S&P Agreement becoming unconditional.

The Second Completion: The transfer of the remaining 40% of the Equity Interest shall be completed within 7 business days (or any extended period as agreed between CGL and CFSG) after the date of receipt of the notice of exercise by CGL from CFSG.

Upon the Second Completion, CFSG shall issue to CGL or its nominee the Convertible Notes with principal amount of the final Consideration for acquisition of the remaining 40% of the Equity Interest.

CONVERTIBLE NOTE(S)

Principal terms

The principal terms of the Convertible Note(s) proposed to be issued are set out below.

Consideration: Approximately HK\$240 million (subject to maximum adjustment amount, notwithstanding up or down, of HK\$100 million), as part payment for the Consideration upon the First Completion and full payment for the Consideration upon the Second Completion.

Principal amount: The principal amount of the Convertible Note(s) shall be the same as the Consideration for the Proposed Transfer.

Conversion Price: HK\$1.15 per Conversion Share (subject to adjustments). The Conversion Price was determined on an arm's length basis between CFSG and the Vendor, being:

- about 30.7% premium over the closing price of HK\$0.88 per CFSG Share on 18 December 2008 (the last trading day prior to the date of this announcement);
- about 23.7% premium over the average closing price of about HK\$0.93 per CFSG Share based on the closing prices as quoted on the Stock Exchange for the 5 trading days ended on 18 December 2008;
- about 23.7% premium over the average closing price of about HK\$0.93 per CFSG Share based on the closing prices as quoted on the Stock Exchange for the 10 trading days ended on 18 December 2008; and
- about 45.5% discount to the latest unaudited net asset value of HK\$2.11 per CFSG Share based on the unaudited net asset value of CFSG as at 30 June 2008.

The initial Conversion Price may be adjusted upon occurrence of events for (i) share consolidation, (ii) share subdivision, (iii) capitalisation of profits or reserves, (iv) capital distributions in cash or specie, (v) rights issues, (vi) issue of any securities which are convertible or exchangeable into CFSG Shares for cash at an effective price which is less than 90% of the market price at the date of announcement of terms of issue of such securities, (vii) the effective price of CFSG Shares receivable from the rights of conversion, exchange or subscription of such securities are modified to be less than 90% of the market price at the date of announcement of the proposed modification, (viii) issue of CFSG Shares at a price which is less than 90% of the market price at the date of the announcement of the terms of such issue, (ix) issue CFSG Shares for the acquisition of assets at an effective price which is less than 90% of the market price at the date of the announcement of the terms of such issue, and will in any event not be

adjusted below the par value of a CFSG Share. The adjustment, when it takes place, will in appropriate circumstances be reviewed by approved merchant bank or financial adviser or auditor of CFSG, and will be disclosed in the relevant announcement or annual report of CFSG (as consider appropriate by the CFSG Board).

The Conversion Price was determined by CFSG and CGL with reference to the recent market closing prices of the CFSG Shares. The CFSG Board and the CASH Board are both of the opinion that the Conversion Price is fair and reasonable and in the interests of the respective company and shareholders as a whole.

Interest rate: 2% per annum on the outstanding principal amount of the Convertible Note(s), payable on a quarterly basis.

Redemption rights: At the discretion of CFSG only, in whole or in part of integral multiple of HK\$1 million, at any time during the conversion period (as described below).

Conversion right and restrictions: At the discretion of both CFSG (ie its right to request CGL or its nominee to exercise its right of conversion) or CGL (ie its right of conversion) or its nominee by serving on the other party the request notice (in the case of CFSG) or the conversion notice (in the case of CGL or its nominee) (in each case shall be in an amount of integral multiple of HK\$1 million) for conversion of the Convertible Note(s) into Conversion Shares issued in the name of CGL or its nominee, provided that:-

- (i) CFSG shall not request CGL or its nominee to or CGL or its nominee shall not exercise its right of conversion if the then trading price of CFSG Share as quoted on the Stock Exchange is lower than the Conversion Price; and
- (ii) CFSG shall not request CGL or its nominee to or CGL or its nominee shall not exercise the right of conversion if immediately following such exercise there will be insufficient public float for the CFSG Shares (as required by the Listing Rules).

As CIGL and parties acting in concert with it are already holding more than 50% of the shareholding interest in CFSG, CFSG and CGL are not aware of any general offer implications, which will arise under the Takeovers Code as a consequence of the exercise of the Convertible Note(s) in full.

Conversion period: Any time after the expiry of 6 months from the issue date of the Convertible Note(s) and ending on the maturity date (as described below).

Maturity date: 3 years from the issue date of the Convertible Note(s), or any other date mutually agreed between CFSG and CGL, on which all outstanding principal amount of the Convertible Note(s) shall be fully repaid.

Transferability: The Convertible Note(s) should not be transferable except with the written consent of CFSG (save for the wholly-owned subsidiaries of CGL or CASH, which shall not require the consent of CFSG).

In case the Convertible Note(s) is/are transferred to any other third party which constitutes any notifiable transaction for CASH under the Listing Rules, CASH will comply with all necessary requirements of the Listing Rules at the time of the transfer.

Conversion Shares to be issued upon conversion

The Conversion Shares to be issued upon conversion of the Convertible Note(s) will rank pari passu in all respects with the CFSG Shares then in issue at the relevant dates of conversion. There are no pre-emptive rights for the Conversion Shares nor there is other restriction, which applies to the subsequent sale of such Conversion Shares under the terms of the Convertible Note(s).

Assuming that the Convertible Note(s) are issued at maximum principal amount of HK\$340 million, in aggregate, and full conversion of the Convertible Note(s) at the initial Conversion Price, a maximum number of approximately 295.7 million Conversion Shares, representing approximately 71.9% of the existing issued share capital of CFSG, and approximately 41.8% of the issued share capital of CFSG as enlarged by the issue of the Conversion Shares, will be issued by CFSG.

The Conversion Shares will be issued by CFSG under a specific mandate to be sought at the CFSG SGM.

Voting rights of the holder of the Convertible Note(s)

The holder of the Convertible Note(s) will not have any right to vote at the general meetings of CFSG by virtue of its being the holder of the Convertible Note(s).

Listing of the Convertible Note(s)

No listing of the Convertible Note(s) will be sought on the Stock Exchange or any other stock exchange. However, CFSG will apply for the listing on the Stock Exchange of the Conversion Shares issuable upon the conversion of the Convertible Note(s).

SHAREHOLDING STRUCTURE

As at the date of this announcement, CFSG does not have any existing convertible notes in issue. The shareholding structure of CFSG as at the date of this announcement and after the full conversion of the Convertible Note(s) (assuming the Convertible Note(s) are issued at maximum principal amount of HK\$340 million, in aggregate) are as follows:

	Existing		After the Proposed Transfer, assuming the Convertible Note(s) are issued at maximum principal amount, in aggregate, and full conversion of the Convertible Note(s)	
	No. of CFSG Shares	Approximate %	No. of CFSG Shares	Approximate %
CIGL (Note 1)	198,771,039	48.32	494,471,039	69.93
Cash Guardian Limited (“Cash Guardian”) and parties acting in concert with it (Note 2)	11,383,365	2.77	11,383,365	1.61
CASH Directors				
Mr Kwan Pak Hoo Bankee	1,988,000	0.48	1,988,000	0.28
Mr Law Ping Wah Bernard	6,513,920	1.58	6,513,920	0.92
Mr Lin Che Chu George	3,942,400	0.96	3,942,400	0.56
CFSG Directors (other than those who are also CASH Directors)				
Mr Cheng Man Pan Ben	222,240	0.05	222,240	0.03
Mr Lo Kwok Hung John	186,000	0.05	186,000	0.03
Sub-total	223,006,964	54.21	518,706,964	73.36
Abdulrahman Saad Al-Rashid & Sons Company Limited (“ARTAR”) (Note 3)	64,372,480	15.65	N/A (Note 3)	N/A (Note 3)
Public (Note 3)	124,025,961	30.15	188,398,441	26.64
Total	411,405,405	100.00	707,105,405	100.00

Notes:

- (1) CIGL is a wholly-owned subsidiary and Associate of CASH.
- (2) Cash Guardian is a company controlled by Mr Kwan Pak Hoo Bankee, the chairman of both CASH and CFSG. The parties acting in concert with Cash Guardian are close relatives of Mr Kwan Pak Hoo Bankee.
- (3) ARTAR is a substantial shareholder of CFSG and not a public shareholder of CFSG currently. However, when the Convertible Note(s) are converted in full, the shareholding interest of ARTAR in CFSG will be diluted to below 10%. ARTAR will be regarded as a public shareholder of CFSG and the 64,372,480 CFSG Shares held by ARTAR will be counted as part of the CFSG Shares held by the public.

THE RETAIL GROUP

The Retail Group currently mainly operates the retail business in Hong Kong including retailing of furniture and household items under the brand name of “Pricerite”. The Retail Group also owns the beneficial interest of a property at “Pricerite Group Building, No.6 Hong Ting Road, Sai Kung, New Territories, Hong Kong” with market value of HK\$65.0 million as at 30 June 2008 in accordance with the valuation of an independent valuer using market value approach. The property is currently used by the Retail Group as a godown for its business operation.

Based on the individual audited and unaudited accounts of the companies comprising the Retail Group, the combined profits (before and after taxation, minority interest and extraordinary items) of the Retail Group for the year ended 31 December 2006 were both approximately HK\$5.1 million, and the combined profits (before and after taxation, minority interest and extraordinary items) of the Retail Group for the year ended 31 December 2007 were both about HK\$30.2 million. The amount of the Combined Value as at 30 June 2008 was approximately HK\$16.6 million.

THE CASH GROUP – REASONS FOR THE PROPOSED TRANSFER

The current principal activities of the CASH Group consist of (a) financial services provided via the CFSG Group including online and traditional brokerage of securities, options, futures and leveraged foreign exchange contracts as well as mutual funds and insurance-linked investment products, margin financing, corporate finance, other financial services; (b) retailing of furniture and household items via the Retail Group; (c) provision of online game services, sales of online game auxiliary products and licensing services; and (d) investment holding. Immediately after the First Completion, the business of the CASH Group will focus on online game business in the PRC and investment holding.

The disposal is to streamline the corporate operations and rationalise costs by delineating the operation of businesses in Hong Kong relating to mainly financial services and retailing businesses via the CFSG Group, and the operation of businesses in the PRC relating to mainly online game business via the Game Group (the CASH Group's remaining subsidiaries other than the CFSG Group). The CFSG Group and the CASH Group (excluding the CFSG Group) currently have some areas of operations, infrastructure and resources in both Hong Kong and the PRC such as offices, human resources, equipment, etc which can be rationalized and streamlined. The reorganization of the financial services group and the retail business group under CFSG can enable possible elimination of duplications in the existing infrastructure and enhance the utilization and flexibility of human resources, operations and capital investments for both groups so as to enjoy the benefits of economy of scale.

The management of the CFSG Group is experienced in running the financial services business in Hong Kong, and will provide new idea or visions in operation of retail business so as to further improve the growth potential of the Retail Group in the long run.

Upon the First Completion, CASH nevertheless will still maintain its indirect controlling interest in the Retail Group and will continue to share the results of the Retail Group via the CFSG Group. CRM(HK) will cease to be a direct wholly-owned subsidiary of the CASH Group, but it will continue to be a non wholly-owned subsidiary of CASH via the CFSG Group. Upon the Completion, CRM(HK) will continue to be a non wholly-owned subsidiary of CASH via the CFSG Group.

The CASH Board considers that the terms of the Proposed Transfer are fair and reasonable and on normal commercial terms, and the entering into of the S&P Agreement is in the interest of CASH and the CASH Shareholders as whole.

The proceeds from the Proposed Transfer will be used as general investments and working capital purposes.

The original purchase cost of the Retail Group by CASH in June 2006 was HK\$130.6 million. Upon the First Completion and the Second Completion, CASH is expected to result in a gain from disposal of the 60% Equity Interest and the 40% Equity Interest, respectively in CRM(HK) before taxation of about HK\$56.5 million and HK\$37.6 million, respectively (based on the unaudited accounts of the CASH Group for the six months ended 30 June 2008) which will be reported in the financial year during which the Completion takes place. The respective gains on disposal upon the First Completion and the Second Completion are calculated based on the Consideration of HK\$300 million less the carrying costs of the investment in the Retail Group in the book of accounts of CASH of HK\$117.9 million after taking into account CASH's ultimate 48.32% interest in CRM(HK) via the CFSG Group upon Completion in accordance with the HKFRS.

THE CFSG GROUP – REASONS FOR THE PROPOSED TRANSFER

The current principal activities of the CFSG Group are provision of (a) online and traditional brokerage of securities, options, futures, and leveraged foreign exchange contracts as well as mutual funds and insurance-linked investment products, (b) margin financing, (c) corporate finance, and (d) other financial services.

The financial services business of the CFSG Group is one of the hard hit businesses amid the recent global financial crunch. The business performance of the CFSG Group is very much affected by the financial market and the local and global economy. It has been the strategy of the CFSG Group to diversify its income stream and broaden the source of revenues. Though the overall consumer spending in Hong Kong is also affected by the recent unfavourable local economy, the effect on retail business for economical and quality furniture and household products is to certain extent not so severe since consumers will look for economical but quality products in adverse economic environment and therefore the demand for such kind of products remains relatively strong. The Retail Group has shown continued improvement in operations and management efficiency with a lean cost base after the revamped works during the recent years. The Retail Group has been recording remarkable growth with 491.4% increase in Combined Net Profits for the year ended 31 December 2007, as compared with the year ended 31 December 2006. The Retail Group reported turnover of HK\$424.8 million and Combined Net Profits of HK\$17.5 million for the six months ended 30 June 2008. The CFSG Board is confident about the retail business for economical and quality furniture and household products in Hong Kong amid the unfavourable local and global economy. The CFSG Board shared the same view with the CASH Board (as stated above) that the combining new ideas and visions in running the retail business will contribute positively to future development and growth of business. Also, the grant of Purchaser Call Option provides an opportunity for CFSG to acquire the remaining 40% Equity Interest as and when the CFSG Board might consider appropriate, and it will not impose an immediate heavy financial burden on cash flow of the CFSG Group.

The CFSG Board considers that the terms of the Proposed Transfer are fair and reasonable and on normal commercial terms, and the entering into of the S&P Agreement is in the interest of CFSG and the CFSG Shareholders as whole.

REASONS FOR THE ISSUE OF THE CONVERTIBLE NOTE(S)

The purpose of the issue of the Convertible Note(s) is for settlement of the balance of the Consideration for the Proposed Transfer such that it will not impose an immediate financial burden on cash flow of the CFSG Group. On the other hand, it provides CASH with interest income at coupon rate of 2% per annum. The Convertible Note(s) also provides high flexibility for both CFSG and CASH to convert the Convertible Note(s) into Conversion Shares as and when the CFSG Board or the CASH Board considers appropriate.

THE AGREEMENTS AND NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR THE CFSG GROUP ON THE FIRST COMPLETION

Upon the First Completion, the Retail Group will be owned as to 60% and 40% by CFSG and CASH, respectively, and (assuming the Purchaser Call Option is not exercised) CRM(HK) will become a non wholly-owned subsidiary of CFSG and remain a subsidiary of CASH with CGL holding 40% interest therein. Upon the First Completion, CASH will remain a connected person and (assuming the Purchaser Call Option is not exercised) CRM(HK) will become a connected person of CFSG (as defined under the Listing Rules) by virtue of Rule 14A.11(1) of the Listing Rules, and the Proposed Transactions to be made between the Retail Group and CFSG, and CASH, respectively will constitute connected transactions on the part of CFSG upon the First Completion.

On 19 December 2008, CASH, CFSG and CRM(HK) entered into the Agreements relating to certain inter-group activities proposed to be made among the CFSG Group, the CASH Group and the Retail Group in their normal and usual course of business and on normal commercial terms, subject to conditions, on the First Completion, and such activities will constitute non-exempt continuing connected transactions of CFSG under the Listing Rules on the First Completion:-

(a) The First Agreement relating to provision of guarantee

Date of the First Agreement : 19 December 2008

Parties to the First Agreement : CASH, CFSG and CRM(HK)

Annual cap of financial guarantee and terms : CASH and/or CFSG will provide financial guarantee (as might be necessary as per request of various banks) not exceeding HK\$200 million per annum, in total, for the purpose of assisting the Retail Group to obtain banking facilities from various banks for each of the three financial years ending 31 December 2011 (in the case of CASH, assuming the Purchaser Call Option is not exercised).

Basis of determination of financial guarantee : The amount of financial guarantee to be provided by CASH and CFSG is determined with reference to the existing financial guarantee provided by CASH Group to the Retail Group of up to HK\$137 million, HK\$135 million and HK\$133 million in the two years ended 31 December 2007 and 6 months ended 30 June 2008, respectively to various banks.

Reasons for the First Agreement : As the Retail Group will continue to rely on such banking facilities in order to carry on its business operation upon the First Completion, it is expected that CASH and/or CFSG will be required to provide financial guarantee (as might be necessary as per request of various banks) not exceeding HK\$200 million per annum, in total, to various banks for such purposes for each of the three financial years ending 31 December 2011 (in the case of CASH, assuming the Purchaser Call Option is not exercised) in view of the steady growth of retail business during the relevant period.

(b) The Second Agreement relating to leasing arrangement

Date of the Second Agreement : 19 December 2008

Parties to the Second Agreement : CASH and CRM(HK)

Premises : A member of the CASH Group will sub-lease around 60% of floor area of “28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon” to the Retail Group as office premises.

Annual cap of rental and term : Rental (including rent and management fees) not exceeding HK\$5 million per annum, in total, for each of the three financial years ending 31 December 2011.

Basis for determination of rental : The annual cap of rental is determined in accordance with the monthly rental of not exceeding HK\$400,000 (including the management fees) per month, representing around 60% of the monthly rental payable by the CASH Group (excluding the CFSG Group) under the lease agreement entered into between the member of CASH Group with an independent third party.

Such rental is calculated on the basis of prevailing market rate of the above office premises.

Reasons for the Second Agreement : The sharing of the office premises by the Retail Group with the CASH Group (excluding the CFSG Group) will allow both the CASH Group (excluding the CFSG Group) and the Retail Group to enjoy economy of scale and effective utilizations of resources.

The Retail Group currently occupies part of an office premises at “21/F The Center, 99 Queen’s Road Central, Hong Kong” with a gross floor area of 14,872 square feet, which is leased by CASH from an independent third party pursuant to a lease agreement entered between CASH and such independent third party. Under the existing sub-lease arrangement, the Retail Group is obliged to pay to CASH a monthly rental (including management fees) of approximately HK\$392,000, representing around 60% (as determined in accordance with the percentage of actual floor area of such existing office premises occupied by the Retail Group) of the rental payable by CASH to such independent third party under the existing lease agreement which is due to expire on 31 March 2009. A member of the CASH Group (excluding the CFSG Group) has signed a tenancy agreement for the above new premises at “28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon” with an independent third party and will sub-lease around 60% of the floor area of such new premises, with similar percentage of the actual floor area occupied by the Retail Group at the existing premises, at a monthly rental of not exceeding the HK\$400,000 under the new sub-lease arrangement.

(c) The Third Agreement relating to provision of services

Date of the Third : 19 December 2008
Agreement

Parties to the Third : CASH, CFSG and CRM(HK)
Agreement

Provision of services : The Retail Group will provide services, including sales and marketing, advertising, promotional, etc, with annual services fees of not exceeding HK\$2 million, in total, to each of CFSG Group and CASH Group (not including CFSG Group) for each of the three financial years ending 31 December 2011.

Reasons for the Third : It is expected that the cross-selling and cross-marketing
Agreement activities among the CASH Group (excluding the CFSG Group), the CFSG Group (excluding the Retail Group) and the Retail Group will broaden the revenue base for the Retail Group. The service fees charged by the Retail Group will be on normal commercial terms and on terms, which are no less, favorable to CASH and CFSG than those available to independent third parties.

The Agreements are conditional upon (among other things) the approval by CFSG Independent Shareholders at the CFSG SGM and the approval by the CASH Shareholders at the CASH SGM.

The above annual caps are determined with reference to the existing utilization of banking facilities or various services and the anticipated level of utilization for the coming three years. Also, all of the above activities will be conducted in the ordinary and usual course of businesses and on normal commercial terms. In view of the above reasons, the CASH Board and the CFSG Board are both of the view that the terms of the Agreements are fair and the entering into of the Agreements is in the interests of the CASH Group and the CFSG Group and their respective shareholders as a whole.

FINANCIAL INFORMATION OF THE CASH GROUP

The audited consolidated net profits (before and after taxation, minority interest and extraordinary items) of the CASH Group for the year ended 31 December 2006 were about HK\$59.3 million and HK\$32.1 million, respectively, and the audited consolidated net profits (before and after taxation, minority interest and extraordinary items) of the CASH Group for the year ended 31 December 2007 were about HK\$169.7 million and HK\$51.9 million, respectively. The audited consolidated net asset value of the CASH Group as at 31 December 2007 was about HK\$648.0 million. The unaudited consolidated net asset value of the CASH Group as at 30 June 2008 was about HK\$533.7 million.

FINANCIAL INFORMATION OF THE CFSG GROUP

The audited consolidated net profits (before and after taxation, minority interest and extraordinary items) of the CFSG Group for the year ended 31 December 2006 were about HK\$46.0 million and HK\$39.9 million, respectively, and the audited consolidated net profits (before and after taxation, minority interest and extraordinary items) of the CFSG Group for the year ended 31 December 2007 were about HK\$235.5 million and HK\$207.8 million, respectively. The audited consolidated net asset value of the CFSG Group as at 31 December 2007 was about HK\$898.4 million. The unaudited consolidated net asset value of the CFSG Group as at 30 June 2008 was about HK\$872.1 million.

GENERAL

Under the Listing Rules, the Proposed Transfer and the issue of the Convertible Note(s) by CFSG to CASH constitutes a very substantial disposal and a very substantial acquisition for CASH and is subject to (among other things) the approval of the CASH Shareholders at the CASH SGM. A circular containing, among other things, details of the S&P Agreement, the principal terms and conditions of the Convertible Note(s), the Agreements and the notice of the CASH SGM will be despatched to the CASH Shareholders as soon as practicable. At the CASH SGM, resolutions will be proposed to consider approving the S&P Agreement, the Agreements and the transactions as contemplated thereunder. As no CASH Shareholder has material interest in the Transactions, no CASH Shareholder is required to abstain from voting at the CASH SGM.

CASH is the controlling shareholder of CFSG holding 48.32% equity interest therein and CGL is a wholly-owned subsidiary of CASH, thus an Associate of CASH, as such both CASH and CGL are connected persons of CFSG (as defined under the Listing Rules). Upon the First Completion (assuming the Purchaser Call Option is not exercised), CRM(HK) will become a non wholly-owned subsidiary of CFSG, the remaining 40% of which will continue to be held by CGL, an Associate of CASH. As such, CRM(HK) will become a connected person of CFSG upon the First Completion (assuming the Purchaser Call Option is not exercised). Under the Listing Rules,

the Proposed Transfer and the issue of the Convertible Note(s) by CFSG to CASH constitutes a very substantial acquisition and a connected transaction for CFSG, and the Proposed Transactions will constitute non-exempt continuing connected transactions for CFSG upon the First Completion (assuming the Purchaser Call Option is not exercised). Accordingly, the Transactions are conditional upon, among other things, the approval of CFSG Independent Shareholders at the CFSG SGM. A circular containing, among other things, the details of the S&P Agreement, the principal terms and conditions of the Convertible Note(s), the Agreements, the letter from the independent financial adviser, the letter from the independent board committee and the notice of the CFSG SGM will be despatched to the CFSG Shareholders as soon as practicable. At the CFSG SGM, resolutions will be proposed to consider approving the S&P Agreement, the issue of the Convertible Note(s), the Agreements and the transactions as contemplated thereunder. CASH and its Associates will abstain from voting at the CFSG SGM and all votings must be taken by poll.

DEFINITIONS

“Adjustment”	the adjustment to the final Consideration for sale and purchase of the Interest and the remaining 40% of the Equity Interest to an amount equivalent to 10 times the Audited Net Profits of the Retail Group for the year ending 31 December 2008 as per the Audited Accounts 2008 of the Retail Group, and the rounding up of the adjusted Consideration to the nearest thousand figures, as more particularly described in the sub-section of “Adjustment” under the section of “The S&P Agreement”
“Agreement(s)”	the First Agreement, the Second Agreement and the Third Agreement, details of which are set out in the section of “The Agreements and Non-exempt Continuing Connected Transactions for the CFSG Group on the First Completion”
“Associates”	has the same meaning ascribed in the Listing Rules
“Audited Accounts 2008”	the consolidated audited accounts of the Retail Group for the year ending 31 December 2008 to be prepared in accordance with the HKFRS and as agreed by both CGL and CFSG
“Audited Net Profits”	the audited consolidated net profits (after taxation, minority interest and extraordinary items) of the Retail Group for the financial year ending 31 December 2008 as shown on the Audited Accounts 2008 of the Retail Group
“CASH Board”	the board of directors of CASH
“CASH Group”	CASH and its subsidiaries
“CASH SGM”	the special general meeting of CASH to be held to approve the S&P Agreement, the Agreements and the transactions contemplated thereunder

“CASH Share(s)”	share(s) of HK\$0.10 each in the share capital of CASH
“CASH Shareholders”	holders of the CASH Shares
“CASH”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and listed on the main board of the Stock Exchange. CASH is the controlling shareholder and a connected person of CFSG (as defined under the Listing Rules)
“CFSG Board”	the board of directors of CFSG
“CFSG Group”	CFSG and its subsidiaries
“CFSG Independent Shareholders”	holders of CFSG Shares (other than CASH and its Associates)
“CFSG SGM”	the special general meeting of CFSG to be held to approve the S&P Agreement, the issue of the Convertible Note(s), the Agreements and the transaction as contemplated thereunder
“CFSG Share(s)”	share(s) of HK\$0.10 each in the share capital of CFSG
“CFSG Shareholders”	holders of the CFSG Shares
“CFSG” or “Purchaser”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and listed on the main board of the Stock Exchange, and is currently a non-wholly owned subsidiary of CASH
“CGL or “Vendor”	CASH Group Limited, a company incorporated in the British Virgin Islands with limited liability, and is currently a wholly-owned subsidiary of CASH
“CIGL”	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, and is currently a wholly-owned subsidiary of CASH
“Combined Net Profits”	the combined net profits (before taxation, minority interest and extraordinary items) of the Retail Group as calculated using the individual audited or unaudited accounts of companies comprising the Retail Group
“Combined Value”	the unaudited combined net asset value (after taxation) of the Retail Group plus the amount of the Loan as calculated using the individual audited or unaudited accounts of companies comprising the Retail Group as at 30 June 2008
“Completion”	the First Completion and the Second Completion

“Conditions”	the conditions of the S&P Agreement as set out in the sub-section of “Conditions” under the section of “The S&P Agreement”
“Consideration”	the consideration for the sale and purchase of the Interest and the remaining 40% of the Equity Interest pursuant to the S&P Agreement as set out in the sub-sections headed “Consideration” and “Adjustment” under the section of “The S&P Agreement”
“Conversion Price”	HK\$1.15 (subject to adjustment) per Conversion Share
“Conversion Share(s)”	the new CFSG Shares issuable upon the conversion of any part of the Convertible Note(s)
“Convertible Note(s)”	the proposed convertible note(s) of approximately HK\$240 million (subject to maximum adjustment amount, notwithstanding up or down, for HK\$100 million), in aggregate, to be issued at the First Completion and the Second Completion (assuming the Purchaser Call Option is exercised)
“CRM(HK)”	CASH Retail Management (HK) Limited, a company incorporated in the British Virgin Islands with limited liability, and is currently a wholly-owned subsidiary of CASH. It is the holding company of the Retail Group to be transferred under the S&P Agreement
“Equity Interest”	the entire equity shareholding interest in CRM(HK) which is currently owned by CGL
“First Agreement”	the agreement dated 19 December 2008 entered into among CASH, CFSG and CRM(HK) relating to the provision of guarantee by CASH and CFSG to the Retail Group upon the First Completion
“First Completion”	the completion of the S&P Agreement by which the Interest will be transferred from CGL to CFSG, the Purchaser Call Option will be issued by CGL to CFSG and the Convertible Note(s) of approximately HK\$124 million (subject to Adjustment) will be issued by CFSG to CGL or its nominee
“Game Group”	Netfield Technology Limited and its subsidiaries, which operate online game business, and are currently the wholly-owned subsidiaries of CASH
“HK\$”	Hong Kong dollar(s)
“HKFRS”	the accounting standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants
“Interest”	60% of the Equity Interest and the Loan
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Loan”	being all of the interest-free shareholder’s loan due from the Retail Group to CGL as at the date of the First Completion. The amount of the Loan as at the date of this announcement is approximately HK\$10 million
“PRC”	the People’s Republic of China
“Prime Rate”	the prime lending rate being offered by The Hongkong and Shanghai Banking Corporation Limited from time to time
“Proposed Transactions”	the transactions contemplated under the Agreements
“Proposed Transfer”	the acquisition by CFSG and the sale by CGL of the Interest, the grant of Purchaser Call Option by CGL to CFSG to acquire from CGL the remaining 40% of the Equity Interest and the issue of the Convertible Note(s) pursuant to the S&P Agreement
“Purchaser Call Option”	the option granted by the Vendor in favour of the Purchaser upon the First Completion in respect of the option to acquire 40% of the Equity Interest at the Consideration of approximately HK\$116 million (subject to Adjustment) at any time from the date of the First Completion up to 31 December 2011, as more particularly described in the sub-section of “Purchaser Call Option” under the section of “The S&P Agreement”
“Retail Group”	CRM(HK) and its subsidiaries which mainly engage in the retail business in Hong Kong
“S&P Agreement”	the sale and purchase agreement entered into between CGL and CFSG on 19 December 2008 in relation to the sale and purchase of the Interest and the remaining 40% of the Equity Interest
“Second Agreement”	the agreement dated 19 December 2008 entered into between CASH and CRM(HK) relating to the lease arrangement between the CASH Group and the Retail Group upon the First Completion
“Second Completion”	the completion of the transfer of the remaining 40% of the Equity Interest from the Vendor to CFSG upon exercise of the Purchaser Call Option pursuant to the S&P Agreement, by which 40% of the Equity Interest will be transferred from CGL to CFSG and the Convertible Notes of approximately HK\$116 million (subject to Adjustment) will be issued by CFSG to CGL or its nominee
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

“Third Agreement” the agreement dated 19 December 2008 entered into among CASH, CFSG and CRM(HK) relating to the provision of services by the Retail Group to the CASH Group (excluding the CFSG Group) and the CFSG Group (excluding the Retail Group) upon the First Completion

“Transactions” the Proposed Transfer, the issue of the Convertible Note(s) and the Proposed Transactions

On behalf of the CASH Board
Bankee P Kwan
Chairman

On behalf of the CFSG Board
Bernard P Law
Executive Director

Hong Kong, 19 December 2008

As at the date hereof, the CASH Board comprises:-

Executive directors:

Mr Kwan Pak Hoo Bankee
Mr Lin Che Chu George
Mr Law Ping Wah Bernard

Independent non-executive directors:

Mr Leung Ka Kui Johnny
Mr Wong Chuk Yan
Dr Chan Hak Sin

As at the date hereof, the CFSG Board comprises:-

Executive directors:

Mr Kwan Pak Hoo Bankee
Mr Law Ping Wah Bernard
Mr Cheng Man Pan Ben
Mr Chan Chi Ming Benson
Mr Yuen Pak Lau Raymond

Independent non-executive directors:

Mr Cheng Shu Shing Raymond
Mr Lo Kwok Hung John
Mr Lo Ming Chi Charles