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



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

Connected Transaction
Acquisition of 30% equity shareholding interest in
a non-wholly-owned subsidiary
from connected persons

On 18 February 2009, the Purchaser (a wholly-owned subsidiary of CFSG and a non-wholly-owned subsidiary of CASH) and the Vendors (connected persons of both CFSG and CASH) entered into the Agreements, pursuant to which the Purchaser has agreed to purchase from the Vendors the Sale Shares (being an aggregate of 30% equity shareholding interest in CFT (a non-wholly-owned subsidiary of both CFSG and CASH)) at the Consideration of HK\$1,400,000, in aggregate, to be settled in cash.

The Vendors are director and/or substantial shareholders of CFT (being a subsidiary of both CASH and CFSG) and connected persons of both CFSG and CASH (as defined under the Listing Rules). As the Percentage Ratios for the Acquisition are less than 2.5%, the Acquisition constitutes a connected transaction exempt from independent shareholders' approval requirement for each of CASH and CFSG under Rule 14A.32 of the Listing Rules.

INTRODUCTION

On 18 February 2009, the Purchaser and the Vendors entered into the Agreements under which the Purchaser has agreed to purchase from the Vendors the Sale Shares at the Consideration to be settled in cash. Upon Completion, CFT will become a wholly-owned subsidiary of CFSG, and will remain as a non-wholly-owned subsidiary of CASH via the CFSG Group.

THE AGREEMENTS

Date : 18 February 2009

The Vendors : The Vendor A and the Vendor B.

The Vendor A is a current substantial shareholder and director of CFT, and the Vendor B is a current substantial shareholder of CFT. The Vendors are connected persons of both CASH and CFSG (as defined under the Listing Rules).

Purchaser : Celestial Financial Services Limited, the existing 70% shareholder of CFT, and is a wholly-owned subsidiary of CFSG and a non-wholly-owned subsidiary of CASH via the CFSG Group.

Assets to be acquired : the Sale Shares (being a total of 300,000 ordinary shares of HK\$1.00 each), representing 30% of issued share capital of CFT.

Consideration : HK\$1,400,000, which is about 30% of the unaudited net asset value of CFT of HK\$4.7 million as at 31 December 2008. The Consideration will be fully settled in cash on Completion.

The Consideration was agreed between the Vendors and the Purchaser on an arm's length basis and on normal commercial terms, with reference to the latest unaudited net asset value of the Sale Shares. Both the CFSG Board and the CASH Board consider that the Consideration is fair and reasonable.

The Consideration will be funded by the internal resources of the CFSG Group.

Completion : There is no conditions precedent to the Completion. Completion will take place on or before 31 March 2009.

INFORMATION ON CFT

The current principal activity of CFT is wealth management business for provision of financial advisory consultancy services to cater for financial planning and wealth management needs of clients.

The audited net profits (before and after taxation and extraordinary items) of CFT prepared in accordance with HKFRS for the year ended 31 December 2006 were about HK\$35,584 and HK\$129,229 respectively, and the audited net profits (before and after taxation and extraordinary items) of CFT prepared in accordance with HKFRS for the year ended 31 December 2007 were about HK\$2.4 million and 2.1 million respectively. Based on the preliminary unaudited management accounts of CFT prepared in accordance with HKFRS for the year ended 31 December 2008, CFT may record a net loss for the year. The unaudited net asset value of CFT as at 31 December 2008 was about HK\$4.7 million. The original purchase cost of the Sale Shares to the Vendors was HK\$340,500.

Upon Completion, CFT will be changed from a 70% non-wholly-owned subsidiary to a wholly-owned subsidiary of CFSG, and will remain as a non-wholly-owned subsidiary of CASH via the CFSG Group.

INFORMATION ON THE CASH GROUP

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 and other financial services; (b) retailing of furniture and household items; (c) provision of online game services, sales of online game auxiliary products and licensing services; and (d) investment holding.

INFORMATION ON THE CFSG GROUP

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 CFSG GROUP - REASON FOR THE ACQUISITION

Despite the capital market has been experiencing turmoil due to the sub-prime crises and the credit crunch, CFSG believes that more investors will seek professional financial management services especially during volatile and down markets situation and is confident about the wealth management business. Even though CFT may be in a loss position for the year 2008 which is primarily due to the unfavourable downturn of the general financial market, CFT had been recording net profits for the past years and have built a solid platform and extensive client network. CFSG is of the view that the wealth management business possesses a high growth potential in the long run and will help to diversify the income stream of the CFSG Group. The Acquisition provides the CFSG Group with an opportunity to obtain full control over the wealth management business, which will enhance the efficiency and effectiveness on both management decision making and policy implementation, and CFSG will be in a better position to run and further develop the wealth management business.

The CFSG Board, including all the independent non-executive Directors of CFSG, consider that the terms of the Agreements are fair and reasonable and on normal commercial terms, and the Acquisition is in the best interest of the CFSG Group and CFSG Shareholders as a whole.

THE CASH GROUP - REASON FOR THE ACQUISITION

CASH shared the same view with CFSG (as stated above) and is also confident about the wealth management business of CFT. CASH believes that the Acquisition will contribute positively to future development and growth of wealth management business of CFT.

The CASH Board, including all the independent non-executive Directors of CASH, consider that the terms of the Agreements are fair and reasonable and on normal commercial terms, and the Acquisition is in the best interest of the CASH Group and CASH Shareholders as a whole.

GENERAL

The Vendors are director and/or substantial shareholders of CFT (being a subsidiary of both CASH and CFSG) and connected persons of both CFSG and CASH (as defined under the Listing Rules). As the Percentage Ratios for the Acquisition are less than 2.5%, the Acquisition constitutes a connected transaction exempt from independent shareholders' approval requirement for each of CFSG and CASH under Rule 14A.32 of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of the Sale Shares at the Consideration to be fully settled in cash and the transactions contemplated under the Agreements
“Agreement A”	the letter of agreement dated 18 February 2009 entered into between the Purchaser and Vendor A in relation to, inter alia, the acquisition of 165,000 Sale Shares (representing 16.5% of issued share capital of CFT) by the Purchaser from the Vendor A at the consideration of HK\$770,000
“Agreement B”	the letter of agreement dated 18 February 2009 entered into between the Purchaser and Vendor B in relation to, inter alia, the acquisition of 135,000 Sale Shares (representing 13.5% of issued share capital of CFT) by the Purchaser from the Vendor B at the consideration of HK\$630,000
“Agreements”	the Agreement A and the Agreement B
“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 of CFSG
“CASH Board”	the board of directors of CASH
“CASH Directors”	the director(s) of CASH
“CASH Group”	CASH and its subsidiaries
“CASH Shareholders”	holder(s) of the shares of HK\$0.10 each of CASH
“CFT”	CASH Frederick Taylor Limited, a company incorporated in Hong Kong with limited liability, and is currently a 70%-owned subsidiary of CFSG. It is also a non-wholly-owned subsidiary of CASH via the CFSG Group. CFT currently engages in wealth management business

“CFSG”	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
“CFSG Board”	the board of directors of CFSG
“CFSG Directors”	the director(s) of CFSG
“CFSG Group”	CFSG and its subsidiaries
“CFSG Shareholders”	holder(s) of the shares of HK\$0.10 each of CFSG
“Completion”	Completion of the Agreements, as particularly described in the sub-section of “Completion” under the section of “Agreements” in this announcement
“Consideration”	HK\$1,400,000, being the aggregate of the consideration of HK\$770,000 and HK\$630,000 to be paid by the Purchaser to the Vendor A and the Vendor B respectively under the Agreements
“HKFRS”	the accounting standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratios”	the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules
“Purchaser”	Celestial Financial Services Limited, a company incorporated in the British Virgin Islands with limited liability, and is a wholly-owned subsidiary of CFSG and a non-wholly-owned subsidiary of CASH. It is currently the direct holding company of CFT with 70% shareholding interest in CFT
“Sale Shares”	300,000 shares (30% of issued share capital) of HK\$1.00 each in CFT, being the aggregate of 165,000 shares (16.5% of issued share capital) and 135,000 shares (13.5% of issued share capital) in CFT held by the Vendor A and the Vendor B respectively to be disposed to the Purchaser under the Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor A”	Mr Wong Tat Tung Dennis, a current director and 16.5% substantial shareholder of CFT, and is a connected person of both CFSG and CASH (as defined under the Listing Rules)
“Vendor B”	Ms Kam Chi Wan Sandy, a current 13.5% substantial shareholder of CFT, and is a connected person of both CFSG and CASH (as defined under the Listing Rules)
“Vendors”	Vendor A and Vendor B

On behalf of the CFSG Board
Benson Chan
Chief Executive Officer

On behalf of the CASH Board
Bernard P Law
Executive Director

Hong Kong, 18 February 2009

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

Executive directors:

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

Independent non-executive directors:

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

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