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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)*

## **JOINT ANNOUNCEMENT**

### **Continuing Connected Transactions – Financial Assistance**

The CFSG Board and the CASH Board wish to seek approvals from the Independent Shareholders on the provision by CFSG of Margin Financing Arrangement to the Connected Clients.

Certain Connected Clients have been granted Previous Margin Financing Arrangement under the Previous Margin Financing Agreements as approved by independent shareholders of each of CFSG and CASH at the special general meeting held on 19 March 2007. Such Previous Margin Financing Arrangement will expire after 31 December 2009. CFSG and CASH wish to seek approvals from the Independent Shareholders on the provision of Margin Financing Arrangement for such certain Connected Clients and other new Connected Clients.

As the Connected Clients are connected persons of CFSG and CASH, the granting of the margin financing facilities by CFSG to them under the Margin Financing Arrangement would constitute continuing connected transactions relating to financial assistance for each of CFSG and CASH under Chapter 14A of the Listing Rules. As the margin financing facility on an annual basis to be provided to each of the Connected Clients under the Margin Financing Arrangement would exceed 2.5% of the applicable percentage ratios under the Listing Rules and HK\$10,000,000, the financial assistance contemplated will be subject to the reporting, announcement and Independent Shareholders' approval requirements for each of CFSG and CASH under the Listing Rules.

An independent board committee will be formed by each of CFSG and CASH to advise the Independent Shareholders of the terms of the Margin Financing Arrangement. Each of CFSG and CASH will appoint an independent financial adviser to advise their respective Independent Board Committees and the Independent Shareholders on the terms and conditions of the Margin Financing Arrangement.

Circulars of CFSG and CASH containing, inter-alia, details of the Margin Financing Arrangement, letters from each of the independent financial adviser appointed by CFSG and CASH to advise their respective Independent Board Committees and Independent Shareholders and notices to convene the Special General Meeting for each of CFSG and CASH will be despatched to their respective shareholders as soon as practicable.

## MARGIN FINANCING ARRANGEMENT

### Parties to the Margin Financing Arrangement

- (a) CFSG
- (b) Connected Clients, which are Mr Kwan Pak Hoo Bankee<sup>(Notes 1 and 2)</sup>, Mr Law Ping Wah Bernard<sup>(Note 1)</sup> (the executive directors of each of CFSG and CASH), Mr Chan Chi Ming Benson<sup>(Note 3)</sup>, Mr Cheng Man Pan Ben<sup>(Note 1)</sup> (the executive directors of CFSG), and Cash Guardian<sup>(Notes 1 and 2)</sup> (a substantial shareholder of CASH), and Libra Capital Management (HK) Limited<sup>(Note 1)</sup> and Cashflow Credit Limited (wholly-owned subsidiaries of CASH and are substantial shareholders of CFSG).

#### Notes:

- (1) *Such Connected Clients have been granted margin financing facility of up to HK\$30 million for each of the three financial years ending 31 December 2009 under the Previous Margin Financing Arrangement.*
- (2) *The margin financing facility to be granted to each of the above Connected Clients is a stand alone facility. Each of their margin financing facility under the Margin Financing Arrangement will not be aggregated.*
- (3) *Mr Chan Chi Ming Benson is a new director of CFSG as appointed after 19 March 2007. He has not been granted the margin financing facility under the Previous Margin Financing Arrangement.*

As the Connected Clients are either directors of CFSG and/or CASH, or substantial shareholders of CFSG, or each respective associates, each of the Connected Clients, save as CASH Companies, is a connected person of each of CFSG and CASH under the Listing Rules. CASH Companies are connected persons of CFSG only.

### Margin financing facility to be granted

Under the proposed margin financing arrangement, the margin financing facility being extended to each of the Connected Clients will be a sum of up to HK\$30 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the three financial years ending 31 December 2012.

Having considered the improvement in securities market, the amount of utilization of Previous Margin Financing Arrangement by certain Connected Clients and the anticipated trading volume of securities by the Connected Clients after discussion with each of the Connected Clients, the CFSG Board and the CASH Board propose the annual caps in respect of the Margin Financing Arrangement. The amount of the margin financing facility to be extended to each of the Connected Clients is determined after arm's length negotiation between the parties by reference to the anticipated trading volume of securities by the Connected Clients amid the improvement in the Hong Kong stock market and the prevailing investment sentiment.

The CFSG Board and the CASH Board consider that the granting of margin financing facilities to the Connected Clients are of the same nature as facilities granted by CFSG in its usual and ordinary course of business, and on normal and commercial terms and at commercial rates which are in line with the rates offered to other independent margin clients. Certain Connected Clients, who are directors or substantial shareholders of CASH and/or CFSG, are now utilizing the Previous Margin Financing Arrangement which will be expired after 31 December 2009. The other new Connected Clients would also like to utilize the margin financing facilities of CFSG. The CFSG Board and CASH Board would seek approvals from Independent Shareholders for renewal and/or grant of margin financing arrangements to the Connected Clients.

### **Duration and terms and Conditions**

The Margin Financing Arrangement will have a fixed term of three financial years ending on 31 December 2012 and is conditional upon:

- (1) CFSG having obtained approval from its Independent Shareholders on the Margin Financing Arrangement and the margin financing facility to be extended to each of the Connected Clients at the Special General Meeting convened in compliance with the Listing Rules; and
- (2) CASH having obtained approval from its Independent Shareholders on the Margin Financing Arrangement and the margin financing facility to be extended to each of the Connected Clients at the Special General Meeting convened in compliance with the Listing Rules.

If the conditions above are not satisfied on or before 30 June 2010 or such later date as may be agreed between CFSG and the Connected Clients, the Margin Financing Arrangement will not proceed.

### **Margin Financing Agreements and other terms**

In compliance with the Listing Rules in relation to continuing connected transactions, CFSG has entered into Margin Financing Agreements on same terms and conditions as disclosed in this announcement with each of the Connected Clients relating to, subject to Conditions, the proposed grant of the margin financing facility under the Margin Financing Arrangement to the Connected Clients.

The margin financing facilities will be provided to the Connected Clients on normal commercial terms and at commercial rates which are in line with the rates offered to other independent margin clients.

Each of the margin financing facilities is repayable on demand and will be secured by listed securities held by the respective Connected Clients.

### **Reasons for the transaction**

The CFSG Board and the CASH Board consider that the Margin Financing Arrangements would (a) provide flexibility of the CFSG Board to grant such margin financing facilities, (b) enable CFSG to capture the securities trading activities of the Connected Clients, and (c) allows the CFSG Group to earn income from the Connected Clients in the ordinary course of business and on normal commercial terms. Given that the margin financing facilities are being provided on normal commercial terms and in the ordinary course of business, the CFSG Board and the CASH Board consider that the terms of the Margin Financing Arrangement are fair and reasonable, and the provision of Margin Financing Arrangement is in the interest of CFSG and CASH and their respective shareholders as a whole.

## Previous Margin Financing Arrangement

The amounts of margin financing facilities granted to certain Connected Clients under the Previous Margin Financing Arrangement in the preceding two years ending 31 December 2008 and the six months ended 30 June 2009 are as follows:

| Name  | Year end /<br>period end | Outstanding<br>amount as at<br>year/period end<br>(HK\$'000) | Maximum<br>outstanding<br>amount during<br>the year/period<br>(HK\$'000) |
|---|--------------------------|--|--|
| Mr Kwan Pak Hoo Bankee<br>and associates  | 31 December 2007         | -  | 29,021   |
|   | 31 December 2008         | -  | 1,792  |
|   | 30 June 2009             | -  | 8,523  |
| Mr Law Ping Wah Bernard<br>and associates   | 31 December 2007         | -  | 29,489   |
|   | 31 December 2008         | -  | 15,401   |
|   | 30 June 2009             | -  | 11,149   |
| Mr Cheng Man Pan Ben and<br>associates  | 31 December 2007         | -  | 23,349   |
|   | 31 December 2008         | 29   | 16,412   |
|   | 30 June 2009             | 150  | 5,173  |
| Cash Guardian   | 31 December 2007         | -  | -  |
|   | 31 December 2008         | -  | -  |
|   | 30 June 2009             | -  | -  |
| Libra Capital Management<br>(HK) Limited (formerly<br>known as E-Tailer<br>Holding Limited) | 31 December 2007         | -  | -  |
|   | 31 December 2008         | -  | 29,182   |
|   | 30 June 2009             | -  | 27,348   |

*Note: The caps of margin financing facilities for the above Connected Clients under the Previous Margin Financing Arrangement are up to HK\$30 million for each of the three financial years ending 31 December 2009.*

## GENERAL

CFSG is principally engaged in the 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; (d) other financial services; and (e) retailing of furniture and household items.

CASH is principally engaged in the (a) financial services provided via CFSG 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 and retailing of furniture and household items; and (b) property investment and other investment holding.

As each of the Connected Clients is a connected person, the granting of the margin financing facilities to the Connected Clients would constitute financial assistance under Chapter 14A of the Listing Rules. As each of the margin financing facilities on an annual basis to be granted would exceed 2.5% of the applicable percentage ratios under the Listing Rules and HK\$10,000,000, the financial assistance to be provided by CFSG to the Connected Clients is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules for each of CFSG and CASH.

An independent board committee will be formed by each of CFSG and CASH to advise the Independent Shareholders of the terms of the Margin Financing Arrangement. Each of CFSG and CASH will appoint an independent financial adviser to advise their respective Independent Board Committees and the Independent Shareholders on the terms and conditions of the Margin Financing Arrangement. The resolutions to be proposed at the respective Special General Meeting of CFSG and CASH for approving the Margin Financing Arrangement will be taken by poll where each of the Connected Clients (including Cash Guardian) and their respective associates will abstain from voting.

Circulars of CFSG and CASH containing, inter-alia, the details of the Margin Financing Arrangement, letters from each of the independent financial adviser appointed by CFSG and CASH to advise their respective Independent Board Committees and Independent Shareholders and notices to convene the Special General Meeting for each of CFSG and CASH will be despatched to their respective shareholders as soon as practicable.

## **DEFINITIONS**

|                  |   |
|------------------|---|
| “associate”      | has the same meaning ascribed in the Listing Rules  |
| “CASH”           | Celestial Asia Securities Holdings Limited (stock code: 1049), the ultimate controlling shareholder of CFSG, a company incorporated in Bermuda with limited liability and which securities are listed on the main board of the Stock Exchange                                   |
| “CASH Board”     | the board of directors of CASH  |
| “CASH Companies” | Libra Capital Management (HK) Limited (formerly E-Tailer Holding Limited) and Cashflow Credit Limited, being wholly-owned subsidiaries of CASH, which are connected persons of CFSG   |
| “CASH Directors” | the directors of CASH   |
| “CASH Group”     | CASH and its subsidiaries, including CFSG Group   |
| “Cash Guardian”  | Cash Guardian Limited, a company incorporated in the British Virgin Islands, with principal activity of investment holding. It is a controlled corporation of Mr Kwan Pak Hoo Bankee (executive directors of both CFSG and CASH), and is also a substantial shareholder of CASH |
| “CFSG”           | CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and which securities are listed on the main board of the Stock Exchange. It is also a non-wholly-owned subsidiary of CASH                                     |

|   |  |
|---|--|
| “CFSG Board”                            | the board of directors of CFSG   |
| “CFSG Directors”                        | the directors of CFSG  |
| “CFSG Group                             | CFSG and its subsidiaries  |
| “Conditions”                            | the conditions of the Margin Financing Agreements as set out in the sub-heading of “Duration and terms and Conditions” under the heading of “Margin Financing Arrangement”   |
| “Connected Clients”                     | Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard (the executive directors of each of CFSG and CASH), Mr Chan Chi Ming Benson, Mr Cheng Man Pan Ben (the executive directors of CFSG), and Cash Guardian (a substantial shareholder of CASH), and CASH Companies (wholly-owned subsidiaries of CASH and are substantial shareholders of CFSG)  |
| “connected person(s)”                   | has the meanings ascribed to it under the Listing Rules  |
| “Independent Board Committee”           | in respect of CASH, an independent board committee of the CASH Board; and in respect of CFSG, an independent board committee of the CFSG Board to be established to advise the Independent Shareholders on the Margin Financing Arrangement  |
| “Independent Shareholders”              | in respect of CASH, the shareholders of CASH other than the Connected Clients and their respective associates; and in respect of CFSG, the shareholders of CFSG other than CASH and the Connected Clients and their respective associates  |
| “Listing Rules”                         | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Margin Financing Agreements”           | the written margin financing agreements all dated 25 November 2009 on same terms and conditions as disclosed in this announcement between CFSG with each of the Connected Clients relating to, subject to Conditions, the proposed granting of the margin financing facility to the Connected Clients  |
| “Margin Financing Arrangement”          | the granting of margin financing facility by CFSG to the Connected Clients, subject to Conditions, pursuant to the Margin Financing Agreements   |
| “PRC”                                   | the People’s Republic of China, excluding Hong Kong, Macau and Taiwan  |
| “Previous Margin Financing Arrangement” | the margin financing facility previously extended by CFSG to certain Connected Clients for the three financial years ending 31 December 2009 under the margin financing agreements dated 19 March 2007 (particulars of which are set out in the circulars of CFSG and CASH both dated 1 March 2007), as approved by each of the independent shareholders of each of CFSG and CASH on 19 March 2007 |
| “Special General Meeting”               | the special general meeting of CASH or CFSG (as the case may be) to be held to approve the Margin Financing Arrangement  |

|                           |   |
|---------------------------|---|
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited                 |
| “substantial shareholder” | has the meanings ascribed to it under the Listing Rules |
| “HK\$”                    | Hong Kong dollar(s), the currency of Hong Kong          |
| “%”                       | per cent  |

On behalf of the CFSG Board  
**Benson Chan**  
*CEO*

On behalf of the CASH Board  
**Bankee P Kwan**  
*Chairman & CEO*

Hong Kong, 25 November 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 Law Ping Wah Bernard

*Independent non-executive directors:*

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