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CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)
(Stock code #1049)

MAJOR TRANSACTION – ACQUISITION OF HONG KONG RETAIL BUSINESS AND RESUMPTION OF TRADING



CASH RETAIL MANAGEMENT GROUP LIMITED

(incorporated in Bermuda with limited liability)
(Stock code #996)

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION – DISPOSAL OF HONG KONG RETAIL BUSINESS TO SUBSTANTIAL SHAREHOLDER AND RESUMPTION OF TRADING

On 20 February 2006, CIGL (a wholly-owned subsidiary of CASH) and CRMG entered into the Agreement pursuant to which, subject to the Conditions, CIGL will acquire from CRMG the Entire Interest, being the 100% equity interest in CRM(HK) and the entire loan due from the Retail Group to CRMG as at 31 December 2005. The Consideration shall be the aggregate of the Adjusted Combined Value of the Entire Interest as at 31 December 2005 and a premium of HK\$20,000,000, but the total amount of the Consideration shall be capped at HK\$140,000,000.

CIGL together with its subsidiaries are holding 40.6% equity interest in CRMG. Under the Listing Rules, the Transaction constitutes a major transaction for CASH and a very substantial disposal and a connected transaction for CRMG. Accordingly, the Transaction is conditional upon, among other things, the approval of CASH Shareholders in CASH SGM and the approval of CRMG Shareholders (other than CIGL and its Associates) in CRMG SGM. CIGL and its Associates will abstain from voting in CRMG SGM.

A circular containing, among other things, the details of the Agreement and the notice of the CASH SGM will be despatched to the CASH Shareholders as soon as practicable.

A circular containing, among other things, the details of the Agreement, the letter from the independent financial adviser, the letter from the independent board committee and the notice of the CRMG SGM will be despatched to the CRMG Shareholders as soon as practicable.

Trading in the CASH Shares and the CRMG Shares on the Stock Exchange was suspended from 9:30 am on 21 February 2006. CASH and CRMG have applied to the Stock Exchange for resumption of trading in the CASH Shares and the CRMG Shares respectively from 9:30 am on 22 February 2006.

INTRODUCTION

On 20 February 2006, CIGL and CRMG entered into the Agreement in relation to the Transaction. CIGL and its subsidiaries are holding 40.6% equity interest in CRMG and is a connected person of CRMG as defined under the Listing Rules.

TRANSACTION

Pursuant to the Agreement, CIGL shall, subject to the Conditions, acquire from CRMG the Entire Interest at the Consideration.

CONSIDERATION AND TERMS OF PAYMENT

The Consideration shall be the lower of:

- (1) HK\$140,000,000; or
- (2) the aggregate of:
 - (a) the amount equivalent to the Adjusted Combined Value of the Entire Interest as at 31 December 2005 as extracted from the audited financial statements of the members of the Retail Group; and
 - (b) a premium of HK\$20,000,000.

As the Consideration is based on the aggregate of the Adjusted Combined Value of the Entire Interest as at 31 December 2005, and the premium of HK\$20,000,000 takes into account the reputable brand names of "Pricerite", "LifeZtore" and "3C Digital" and the various revamps of the business brand names of the Retail Group during the recent years, the CASH Board and the CRMG Board consider the Consideration to be fair and reasonable. The terms were arrived at after arm's length negotiation on commercial terms between the parties. The CASH Board considered that the long payment term would not impose immediate debt burden for the CASH Group while the CRMG Board considered that the payment term was acceptable. The Consideration was/shall be satisfied in cash as to:

- (1) HK\$30,000,000 refundable deposit upon the signing of the Agreement; and
- (2) the balance on or before the latter of:
 - (a) 30 June 2007; and
 - (b) 12 months from the date of Completion,
 and the balance amount shall be subject to interest payable thereby at the annual rate of 2% above the prime lending rate (which is similar to the prevailing bank's lending rate and is fair and reasonable) over the unpaid balance calculated from the date of Completion up to the actual date of payment.

The Consideration will be financed by the CASH Group from internal resources or bank borrowings.

CONDITIONS

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

- (1) the approval by the CRMG Shareholders (other than CIGL and its Associates) in CRMG SGM meeting for the Agreement;
- (2) the approval by the CASH Shareholders in CASH SGM for the Agreement; and

- (3) the release of the audited financial statements of the members of the Retail Group for the year ended 31 December 2005.

The Conditions are required to be fulfilled on or before 31 August 2006, or such later date as may be agreed between CIGL and CRMG. If the Conditions are not fulfilled by such date, the Agreement will terminate without any clause of damages against each other and any part of the Consideration having been paid shall be refunded.

COMPLETION

The Agreement shall be completed within 5 business days (or any extended period as agreed between CIGL and CRMG) after the Agreement becoming unconditional.

THE RETAIL GROUP

The Retail Group is a local retailer which commenced business in 1986. Currently, the Retail Group is a group of companies which mainly carry on retail businesses in Hong Kong under various retail names including "Pricerite", "LifeZtore" and "3C Digital".

Currently, each of "Pricerite" and "LifeZtore" operates as a furniture and household items retailer with 30 and 3 retail outlets respectively in Hong Kong, while "3C Digital" operates as a retailer of trendy digital products with 6 retail outlets in Hong Kong.

Based on the audited accounts of the companies comprising the Retail Group, the Adjusted Combined Losses before and after taxation, minority interest and extraordinary items of the Retail Group for the year ended 31 December 2003 were both about HK\$29.9 million, and the Adjusted Combined Losses before and after taxation, minority interest and extraordinary items of the Retail Group for the year ended 31 December 2004 were both about HK\$82.6 million, and the adjusted combined net assets of the Retail Group as at 31 December 2003 and 31 December 2004 were about HK\$182.3 million and HK\$150.3 million respectively. The adjusted combined balance sheet of the Retail Group as at 31 December 2005 based on the unaudited management accounts of the companies comprising the Retail Group shows that the amount due from the Retail Group to CRMG was about HK\$150.6 million. The unaudited Adjusted Combined Value of the Entire Interest as at 31 December 2005 based on the unaudited management accounts of the companies comprising the Retail Group was about HK\$115.0 million.

CRMG GROUP – REASONS FOR THE DISPOSAL

The principal activities of the CRMG Group consist of (i) operation of a department store named "Oriental Kenzo (Beijing) Department Store" in the PRC, and (ii) retailing of furniture and household items, and trendy digital products via the Retail Group in Hong Kong. The remaining business of the CRMG Group immediately after the disposal will be mainly the operation of the department store in the PRC, store management services and the retail business in the PRC.

CRMG Group is operating a department store in Beijing. The department store was acquired by the CRMG Group under the sale and purchase agreement dated 24 August 2005 with profit guarantee of net profit after taxation of not less than RMB80 million (equivalent to approximately HK\$76 million) for the year ended 31 December 2005. The department store reported turnover of about RMB301.0 million and about RMB169.5 million for the year ended 31 December 2004 and for the six months ended 30 June 2005 respectively. The operation of the department store has satisfactory performance based on the latest unaudited management accounts for the year ended 31 December 2005 and it is expected that the guarantee profit can be attained. The CRMG Board

is optimistic in further expanding its development in the department store as well as the retail operations in the PRC's market which appear to be imbedded with higher growth potential. In order to accelerate the business development in the PRC market, the CRMG Board resolved to focus the CRMG Group's capital and resources on the higher growth potential PRC market. The CRMG Board considered the Transaction to be a good and timely solution to match the corporate strategy of the CRMG Group to divest and to raise a considerable fund without debt burden to set forward towards the implementation of its PRC development plan including the expansion of the department store and/or the continuous identification of potential business opportunities in the retail sector in the PRC. The CRMG Board has not yet identified any investment target in the PRC.

The proceeds from the Transaction will be applied to the development of the retail operations in the PRC market.

Upon Completion, CRMG is expected to result in a gain before taxation of about HK\$20,000,000 which will be reported in the financial year during which the Completion takes place.

CASH GROUP – REASONS FOR THE ACQUISITION

The principal activities of the CASH Group before May 2005 (when CRMG remained as a subsidiary of the CASH Group) consisted of (i) financial services provided via its non-wholly owned listed subsidiary, CASH Financial Services Group Limited, and its subsidiaries 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, (ii) retailing of furniture and household items and operation of a department store via the CRMG Group, and (iii) investment holding. However, in order to raise fund for the development of its retail business in the PRC, CRMG issued new CRMG Shares to various third parties in May 2005, and CRMG ceased to be a subsidiary of CASH Group due to the dilution effect, and the accounts of the CRMG Group had then not been consolidated into that of the CASH Group.

The year of 2005 continued to see a solid growth in the general economy and the overall retail industry with total retail sales in 2005 grew by 6.8%. The CASH Board is optimistic about the retail industry in Hong Kong in particular in view of the improving local economy and consumer market as well as the inbound tourist boom. The Retail Group had shown significant improvement in operations and management after fine tuning the retail network of "Pricerite" by closing the non-performing stores, thus reducing the number of stores from 43 to 30 during the second half of 2004 and first half of 2005 with only a slight drop in sales of approximately 4.5% having been recorded for six months ended 30 June 2005 compared with the last corresponding period as shown in the 2005 interim report of CRMG. With the lean cost base brought about the network rationalization, the operating costs for the period decreased by 4.1% and thus, a turnaround profit of HK\$1.1 million had been recorded for the six months ended 30 June 2005. As the CASH Board is confident about the future prospects of the retail industry in Hong Kong and well acquainted with the operations of the Retail Group, the CASH Board sees the Transaction strategically fit to the CASH Group to enhance its investment in the retail business in Hong Kong via the Retail Group which operating results after completion of the Transaction will be able to be consolidated into the accounts of the CASH Group while the CRMG Group will focus on the operations of the department store and retail business in the PRC and the respective principal businesses of the CASH Group and the CRMG Group will be clearly delineated. In view of the reputable brand names of "Pricerite", "LifeZstore" and "3C Digital", and the various revamps of the business brand names of the Retail Group during the recent years, the CASH Board sees the premium of the Consideration to be fair and reasonable. Though the CASH Board and the CRMG Board are partly under some same management personnel, the Transaction will enable the respective principal businesses of the CASH Group and the CRMG Group to be more clearly delineated.

FINANCIAL INFORMATION OF CASH

The audited consolidated net losses before and after taxation, minority interest and extraordinary items of the CASH Group for the year ended 31 December 2003 were about HK\$51.0 million and HK\$51.6 million respectively, and the audited consolidated net losses before and after taxation, minority interest and extraordinary items of the CASH Group for the year ended 31 December 2004 were about HK\$161.4 million and HK\$144.2 million respectively. The audited consolidated net assets of the CASH Group as at 31 December 2004 were about HK\$219.8 million. The unaudited consolidated net assets of the CASH Group as at 30 June 2005 were about HK\$198.5 million.

FINANCIAL INFORMATION OF CRMG

The audited consolidated net losses before and after taxation, minority interest and extraordinary items of the CRMG Group for the year ended 31 December 2003 were both about HK\$29.9 million, and the audited consolidated net losses before and after taxation, minority interest and extraordinary items of the CRMG Group for the year ended 31 December 2004 were both about HK\$82.6 million. The audited consolidated net assets of the CRMG Group as at 31 December 2004 were about HK\$150.3 million. The unaudited consolidated net assets of the CRMG Group as at 30 June 2005 were about HK\$247.3 million.

GENERAL

Under the Listing Rules, the Transaction constitutes a major transaction for CASH and is subject to the approval of CASH Shareholders in general meeting. A circular containing, among other things, details of the Agreement and the notice of the CASH SGM will be despatched to CASH Shareholders as soon as practicable. In the CASH SGM, a resolution will be proposed to consider to approve the Agreement.

Under the Listing Rules, in view of CIGL being a connected person of CRMG, the Transaction constitutes a very substantial disposal as well as a connected transaction for CRMG. Accordingly, the Transaction is subject to the approval of the CRMG Shareholders other than CIGL and its Associates in general meeting. CIGL and its Associates will abstain from voting in the CRMG SGM. A circular containing, among other things, the details of the Agreement, the letter from the independent financial adviser, the letter from the independent board committee and the notice of the CRMG SGM will be despatched to the CRMG Shareholders as soon as practicable. In the CRMG SGM, a resolution will be proposed to consider to approve the Agreement.

Trading in the CASH Shares and the CRMG Shares on the Stock Exchange was suspended from 9:30 am on 21 February 2006. CASH and CRMG have applied to the Stock Exchange for resumption of trading in the CASH Shares and the CRMG Shares respectively from 9:30 am on 22 February 2006.

DEFINITIONS

"Adjusted Combined Value"	the adjusted combined net asset value of the Retail Group plus the amount due from the Retail Group to CRMG as calculated using the individual audited or unaudited accounts of companies comprising the Retail Group
"Adjusted Combined Losses"	the adjusted combined net losses of the Retail Group as calculated using the individual audited accounts of companies comprising the Retail Group
"Agreement"	the agreement entered into between CIGL and CRMG on 20 February 2006 in relation to the Transaction
"Associates"	has the same meaning ascribed in the Listing Rules
"CASH"	Celestial Asia Securities Holdings Limited, a company incorporated in Bermuda with limited liability and listed on the main board of the Stock Exchange
"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 Agreement
"CASH Share(s)"	share(s) of HK\$0.10 each in the share capital of CASH
"CASH Shareholders"	holders of CASH Shares
"CIGL"	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CASH
"Completion"	the completion of the Agreement
"Conditions"	the conditions of the Agreement as set out in the section headed "Conditions" in this announcement
"Consideration"	the consideration for the sale and purchase of the Entire Interest pursuant to the Agreement
"CRMG"	CASH Retail Management Group Limited, a company incorporated in Bermuda with limited liability and listed on the main board of the Stock Exchange
"CRMG Board"	the board of directors of CRMG
"CRMG Group"	CRMG and its subsidiaries
"CRMG SGM"	the special general meeting of CRMG to be held to approve the Agreement
"CRMG Share(s)"	share(s) of HK\$0.02 each in the share capital of CRMG
"CRMG Shareholders"	holders of CRMG Shares
"CRM(HK)"	CASH Retail Management (HK) Limited, a wholly-owned subsidiary of CRMG, and whose subsidiaries carry on mainly all retail businesses of the CRMG Group in Hong Kong
"Entire Interest"	the 100% equity interest in CRM(HK) and the entire loan due from the Retail Group to CRMG
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"Retail Group"	CRM(HK) and its subsidiaries
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transaction"	the acquisition by CIGL and the sale by CRMG of the Entire Interest pursuant to the Agreement
"HK\$"	Hong Kong dollar(s)

On behalf of the CASH Board
Bankee P Kwan
Chairman

On behalf of the CRMG Board
Bankee P Kwan
Chairman

As at the date hereof, CASH's executive directors of CASH are Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Mr Wong Kin Yick Kenneth, Ms Kwok Oi Kuen Joan Elmond, Mr Li Yuen Cheuk Thomas, and its independent non-executive directors are Mr Wong Chuk Yan, Mr Leung Ka Kui Johnny and Dr Chan Hak Sin.

As at the date hereof, CRMG's executive directors of CRMG are Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Ms Kwok Lai Ling Elaine, Mr Leung Siu Pong James, Mr Li Yuen Cheuk Thomas, Ms Tin Yuen Sin Carol, and its independent non-executive directors are Mr Lo Ming Chi Charles, Dr Hui Ka Wah Ronnie and Mr Leung Ka Kui Johnny.

Hong Kong, 21 February 2006