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**CASH FINANCIAL SERVICES GROUP  
LIMITED**

*(Incorporated in Bermuda  
with limited liability)  
(Stock Code: 8122)*



**CELESTIAL ASIA SECURITIES  
HOLDINGS LIMITED**

*(Incorporated in Bermuda  
with limited liability)  
(Stock Code: 1049)*

**Connected and Discloseable  
Transaction**

- **Proposed disposal of the entire issued share capital of Netfield Technology Limited**

**Connected and Major Transaction**

- **Proposed acquisition of entire issued share capital of Netfield Technology Limited**

**Connected and possible  
Discloseable Transaction**

- **Grant of Call Option**

## **JOINT ANNOUNCEMENT**

Pursuant to the Agreement, the Purchaser has agreed to acquire from the Vendor the Sale Shares and the Sale Debt at the Consideration in cash.

Pursuant to the Option Deed, the Purchaser has agreed to grant to Mr Lin an option to require the Purchaser to transfer such number of shares in Netfield as representing 10% of the entire issued share capital of Netfield for 10% of the Consideration with respect of the Sale Shares in cash.

Under the GEM Listing Rules, the transaction in the Agreement constitutes a connected and discloseable transaction for CFSG and requires the approval of the Independent CFSG Shareholders. A circular containing, among other things, the details of the Agreement, a letter from the independent financial adviser and the notice of the CFSG SGM will be despatched to the CFSG Shareholders as soon as practicable.

Under the Listing Rules, the Acquisition constitutes a connected and major transaction for CASH and the grant of the Option constitutes a connected and possible discloseable transaction for CASH. Each of them requires the approval of the Independent CASH Shareholders. A circular containing, among other things, the details of the Acquisition, the grant of the Option, a letter from the independent financial adviser and the notice of the CASH SGM will be despatched to the CASH Shareholders as soon as practicable.

## THE AGREEMENT

Date:	9 January 2007
Vendor:	Vantage Giant Limited, a wholly-owned subsidiary of CFSG
Purchaser:	Celestial Investment Group Limited, a wholly-owned subsidiary of CASH
Sale Shares and Sale Debt:	Being 100% interest in Netfield, and the outstanding loan due from Netfield to the Vendor as at Completion of the Agreement
Consideration:	The consideration for the Sale Debt shall be its face value as at the date of Completion. The consideration for the Sale Shares shall be:

the higher of (1) HK\$120 million, which represents a premium of HK\$10 million over the acquisition cost for the Game Group or (2) the valuation of the online game business operated by the Game Group as at 31 December 2006. The premium of HK\$10 million represents the reasonable return for the investment and the anticipated popularity in online game, "King of Pirate", which was launched on trial run in 2005 and another new online game, "CABEL" which was first launched in Taiwan in November 2006. Further information about the Game Group's online games is set out under the section "The Game Group" below. The valuation referred to in (2) above will be conducted by an independent professional valuer to be agreed by the Vendor and the Purchaser and the valuation will be disclosed in the circular to be issued.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor. The CFSG Directors and the CASH Directors are of the view that the Consideration is fair and reasonable.

A refundable deposit of HK\$20 million has been paid upon signing of the Agreement. HK\$30 million of the Consideration will be paid upon Completion and the balance of the Consideration will be paid on or before the second anniversary of the date of Completion with interest at the Prime Rate.

The payment of the Consideration has been and will be satisfied by the internal resources of CASH or bank borrowings. The Consideration is intended to be funded as to HK\$70 million by way of internal resources and the balance by bank borrowings.

- Conditions precedent: The Agreement is conditional upon, among other things,:
- (a) the approval of the Agreement by the Independent CFSG Shareholders in the CFSG SGM; and
  - (b) the approval of the Agreement by the Independent CASH Shareholders in the CASH SGM.

The conditions are required to be fulfilled on or before 30 June 2007, or such later date as may be agreed between the Vendor and the Purchaser. If the conditions are not fulfilled, the Agreement will terminate.

Completion: Completion of the Agreement shall be on the third business day after all the conditions being fulfilled or such other date as the Vendor and the Purchaser agree in writing.

## **The Game Group**

The Game Group commenced online game business in January 2005 and was acquired by CFSG from Mr Lin (who was then an independent third person and was not a connected person of CFSG or CASH prior to such acquisition by CFSG) in September 2005 at a consideration of HK\$110 million. It is an online game developer and operator in PRC and Taiwan. Based in Shanghai, the Game Group offers three-dimensional massively multiplayer online role-playing games (“MMORPGs”) and causal games which are either developed by its own in-house research and development team or obtained exclusive licenses from both overseas and domestic developers. Customers and players are either required to pay monthly subscription for play time or to purchase virtual items, tools, weapons and other enhancements that a game character might need in order to achieve various game objectives. The acquisition was part of CFSG’s strategy to enhance its services and widen its product range on the basis of CFSG Board’s view that popularity of online game could in the long term generate a scaleable income for CFSG.

As the MMORPG market becomes more competitive, innovation in new releases becomes a necessity. MMORPG developers are therefore continuously introducing new features and characteristics in order to enhance player satisfaction and retention.

Currently, the Game Group is offering two MMORPGs, namely the “King of Pirate” and “CABEL” which are accessible nationwide in PRC, Taiwan and Hong Kong. The “King of Pirate” is the Game Group’s first in-house developed MMORPG while a South Korean developer has licensed “CABEL” to the Game Group for a fee. The first generation of the “King of Pirate” was commercially launched in January 2006 and the numbers of registered subscribers for the online game in PRC and Taiwan were approximately 9 million and 380,000 respectively as at 31 December 2006. The Game Group has successfully licensed the online game to the operators in Hong Kong, Singapore, Malaysia and Thailand for fees. Following the successful launch of the “King of Pirate”, the Game Group has been continually introducing new features and enhanced characteristics to make the online game more appealing to its players. “CABEL” was first launched in Taiwan in November 2006 and the number of registered subscribers for the online game was approximately 1.1 million as at 31 December 2006. In PRC, “CABEL” is currently on its trial run and has been scheduled to be commercially launched in January 2007. With its well-established game portal, the Game Group will continue to explore new online games and expand its already extensive national and international distribution channels to increase the number of online game players, which, in turn, helps to generate sizable incomes in the coming years.

## **REASON FOR THE DISPOSAL BY CFSG**

Besides operating its online game business via the Game Group, the CFSG Group is also engaged in the provision of financial services which consist 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 Hong Kong stock market has been filled with optimism throughout the whole year of 2006. Signs of accelerating economic pick-up in PRC and continued speculation over RMB appreciation attracted significant inflow of hot money into Hong Kong, particularly into China-related shares. Both China H-shares, Red-Chips and Hang Seng Indices had hit their respective record highs in December 2006. The average daily turnover for 2006 was approximately HK\$33.7 billion, approximately 85.2% up from HK\$18.2 billion in 2005. Notably, the IPO market was hot and most IPO issues had been overwhelmingly received by the market because of investors' confidence and the abundance of liquidity. CFSG had experienced the fastest growth in its financial services business in the past two years on the back of the economy recovery and good performance of the Hong Kong stock market. The CFSG Board, after a thorough review of the business plan, would like to allocate more financial resources to expand its financial services business and believes CFSG will sustain the continued growth in the coming years against the data on the anticipated fast pace of growth in GDP in PRC and Hong Kong. The CFSG Board also believes that the current capital market offers a favorable environment to grow the principal business of financial services which, in turn, will enhance the shareholders' value.

Even though the CFSG Board is confident that the online game business will generate a stable income for CFSG in the long run, substantial funding is still needed to develop and renovate/innovate the online games and to expand and strengthen its network of distribution channels to stay competitive in the industry.

The CFSG Board is of the view that it is now the best chance to dispose of its online game business in order that the proceeds arising from the disposal will be used to further accelerate the already spectacular growth in its financial services business among the greatest optimism in the PRC and Hong Kong's economies and stock markets. With the proceeds from the disposal, CFSG will stand a better chance to reap greater profits from its margin-financing driven securities brokerage business in the bullish stock market, which, in turn, will further help strengthen its marketing positioning in the financial services industry.

Upon Completion, CFSG is expected to result in a gain before taxation of about HK\$24.5 million which will be reported in the financial year during which the Completion takes place.

## **REASON FOR THE ACQUISITION BY CASH**

The CASH Group 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 and other financial services; (b) retailing of furniture and household items and trendy digital products; and (c) investment holding.

Even though the Game Group has yet to contribute any profits at the moment, the CASH Board is confident in the outlook of the PRC's fast growing online game market in the long run and expects the explosive growth in surging demand for the services as a result of the rising incomes of its consumers amid its tremendous economic growth. With PRC being seen as the largest online game market in the world in terms of the number of internet subscribers, the CASH Board is confident about the future prospect of the Game Group's online game business as the robust growth momentum for the online game industry is expected to accelerate in the coming years.

In view of the recent popularity of the online games operated by the Game Group in the PRC and Taiwan markets, the CASH Board considers the Consideration to be fair and reasonable. Although the CASH Board and the CFSG Board have common management personnel, the Acquisition will enable the respective principal businesses of the CASH Group and the CFSG Group to be more clearly delineated. CFSG will focus its resources in its financial services business while CASH will devote its resources to develop its retailing and consumer services businesses.

### **FINANCIAL INFORMATION OF THE CFSG GROUP**

The audited consolidated net profits before and after taxation, minority interest and extraordinary items of the CFSG Group prepared in accordance with the generally acceptable accounting principles in Hong Kong for the year ended 31 December 2004 were about HK\$21.2 million and HK\$20.4 million respectively, and the audited consolidated net profits before and after taxation, minority interest and extraordinary items of the CFSG Group prepared in accordance with the generally acceptable accounting principles in Hong Kong for the year ended 31 December 2005 were about HK\$23.8 million and HK\$26.6 million respectively. The unaudited consolidated net profits before and after taxation, minority interest and extraordinary items of the CFSG Group for the half year ended 30 June 2006 were about HK\$24.3 million and HK\$19.9 million respectively. The audited consolidated net assets of the CFSG Group as at 31 December 2004 were about HK\$239.5 million and the audited consolidated net assets of the CFSG Group as at 31 December 2005 were about HK\$356.6 million. The unaudited consolidated net assets of the CFSG Group as at 30 June 2006 were about HK\$499.9 million.

### **FINANCIAL INFORMATION OF THE CASH GROUP**

The audited consolidated net losses before and after taxation, minority interest and extraordinary items of the CASH Group prepared in accordance with the generally acceptable accounting principles in Hong Kong for the year ended 31 December 2004 were about HK\$161.6 million and HK\$144.0 million respectively, and the audited consolidated net losses before and after taxation, minority interest and extraordinary items of the CASH Group prepared in accordance with the generally acceptable accounting principles in Hong Kong for the year ended 31 December 2005 were about HK\$30.1 million and HK\$37.0 million respectively. The unaudited consolidated net profits before and after taxation, minority interest and extraordinary items of the CASH Group for the half year ended 30 June 2006 were about HK\$16.5 million and HK\$20.0 million respectively. The audited consolidated net assets of the CASH Group as at 31 December 2004 were about HK\$220.6 million, and the audited consolidated net assets of the CASH Group as at 31 December 2005 were about HK\$183.3 million. The unaudited consolidated net assets of the CASH Group as at 30 June 2006 were about HK\$185.3 million.

### **FINANCIAL INFORMATION OF THE GAME GROUP**

The Game Group commenced online game business in January 2005 and commercially launched its online game products and services in late December 2005. No audited accounts for the Game Group for the year ended 31 December 2005 had been prepared, and its accounting figures provided were based on the management accounts prepared in accordance with the Hong Kong generally acceptable accounting principles. In accordance with the management accounts of the Game Group, the unaudited consolidated net losses before and after taxation of the Game Group for the year ended 31 December 2005 were both about RMB26.4 million (equivalent to approximately HK\$26.2 million). The unaudited consolidated net assets value of the Game Group as at 31 December 2005 was about RMB26.4 million in deficit (equivalent to approximately HK\$26.2 million).

## **OPTION DEED**

### **Date**

9 January 2007

### **Parties**

Grantor: the Purchaser

Grantee: Mr Lin, a director of CASH and a connected person of CASH and the CEO of the Game Group and a connected person of CFSG

### **Option**

The Purchaser has agreed to grant to Mr Lin the right to require the Purchaser to transfer such number of shares in Netfield as representing 10% of the issued share capital of Netfield for a cash consideration at 10% of the Consideration with respect of the Sale Shares, which is equivalent to the higher of (1) HK\$12 million or (2) 10% of the valuation of the online game business operated by the Game Group as at 31 December 2006.

### **Conditions**

The grant of the Option is conditional upon:

- (a) the passing by such shareholders of CASH, the holding company of the Purchaser, as may be permitted to vote thereon of an ordinary resolution approving the Option Deed in accordance with the Listing Rules; and
- (b) Completion of the Agreement.

If the conditions above are not satisfied on or before 30 June 2007 or such later date as may be agreed between the parties or Mr Lin ceases to be employed by the CASH Group, the Option Deed will lapse.

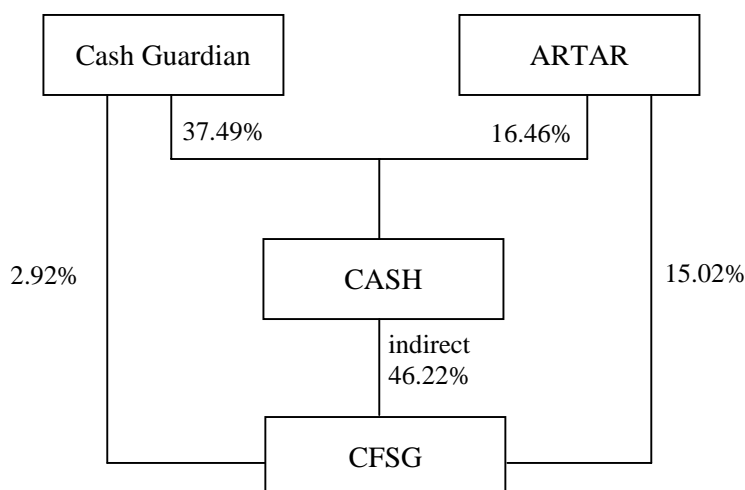
The Option is only exercisable within 12 months immediately before the securities of Netfield or its holding company become listed on any Recognised Stock Exchange. At this point, there is no concrete plan/timetable for the listing of the securities of Netfield or its holding company on any Recognised Stock Exchange.

### **Reason for the Option**

The CASH Board considers that the grant of the Option is part of the incentive scheme for Mr Lin as CEO of the Game Group and would motivate his commitment and participation to grow the business of the Game Group. This additional commitment will facilitate the continuous development of the Game Group. Accordingly, the CASH Directors (including the independent non-executive CASH Directors) consider that the grant of the Option and the terms of the Option are fair and reasonable and beneficial to CASH and its shareholders as a whole.

## RELATIONSHIP BETWEEN CASH, CFSG AND ARTAR

The following shareholding chart shows the relationship amongst CASH, CFSG and ARTAR:-



As at the date of this announcement, CASH (through its wholly-owned subsidiary, the Purchaser) indirectly holds 638,827,434 shares (representing approximately 46.22% of the total issued share capital) of CFSG. CASH is a controlling shareholder of CFSG within the meaning of the GEM Listing Rules and a connected person of CFSG within the meaning of the GEM Listing Rules.

As at the date of this announcement, although CASH only indirectly holds approximately 46.22% of the total issued share capital of CFSG, as the Purchaser controls the CFSG Board and all the major decisions of CFSG, CFSG is a non-wholly-owned subsidiary of CASH. ARTAR holds 108,000,000 shares (representing approximately 16.46% of the total issued share capital) of CASH. ARTAR is a substantial shareholder of CASH within the meaning of the Listing Rules and a connected person of CASH. ARTAR also holds 207,636,000 shares (representing approximately 15.02% of the total issued share capital) of CFSG and a connected person of CFSG. As CFSG is a non-wholly-owned subsidiary of CASH where ARTAR is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of CFSG, CFSG is a connected person of CASH by virtue of R14A.11(5) of the Listing Rules.

## GENERAL

Under the GEM Listing Rules, the disposal of the Sale Shares and the Sale Debt constitutes a connected and discloseable transaction for CFSG and requires the approval of the Independent CFSG Shareholders. Mr Lin is the CEO of the Game Group and hence a connected person of CFSG. He holds 280,000 shares (approximately 0.02% of the total issued share capital) of CFSG and he is required to abstain from voting in CFSG SGM. ARTAR, Cash Guardian, Mr Lin, the Purchaser and their respective Associates are required to abstain from voting in respect of the resolution to approve the disposal of the Sale Shares and the Sale Debt. A circular containing, among other things, the details of the Agreement, the letter from the independent financial adviser and the notice of the CFSG SGM will be despatched to the CFSG Shareholders as soon as practicable.

Under the Listing Rules, the Acquisition constitutes a connected and major transaction for CASH and the grant of the Option constitutes a connected and possible discloseable transaction for CASH. The Acquisition and the grant of the Option require the approval of the Independent CASH Shareholders. Mr Lin is a director of CASH and hence a connected person of CASH. However, Mr Lin is not a shareholder of CASH and is not in a position to vote in CASH SGM. ARTAR, Cash Guardian and their

respective Associates are required to abstain from voting in respect of the resolution to approve the Acquisition and the grant of the Option. A circular containing, among other things, the details of the Acquisition, the grant of the Option, the letter from the independent financial adviser and the notice of the CASH SGM will be despatched to the CASH Shareholders as soon as practicable.

## **DEFINITIONS**

“Acquisition”	the acquisition of the Sale Shares and the Sale Debt pursuant to the Agreement
“Agreement”	the agreement entered into between the Purchaser and the Vendor on 9 January 2007 in relation to the Acquisition
“ARTAR”	Abdulrahman Saad Al-Rashid & Sons Company Limited, a substantial shareholder and a connected person of each of CASH and CFSG
“Associate”	has the same meaning ascribed in the GEM Listing Rules and the Listing Rules
“CASH”	Celestial Asia Securities Holdings Limited, 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 Guardian”	Cash Guardian Limited, a substantial shareholder of CASH
“CASH Board”	the board of CASH Directors
“CASH Directors”	the directors of CASH
“CASH Group”	CASH and its subsidiaries, including CFSG Group
“CASH SGM”	the special general meeting of CASH to be held to approve the Acquisition and the grant of the Option
“CASH Shareholder(s)”	holder(s) of the CASH Shares
“CASH Shares”	shares of HK\$0.10 each in the share capital of CASH
“CFSG”	CASH Financial Services Group Limited, a company incorporated in Bermuda with limited liability and which securities are listed on GEM
“CFSG Board”	the board of CFSG Directors
“CFSG Directors”	the directors of CFSG
“CFSG Group”	CFSG and its subsidiaries, including the Game Group
“CFSG SGM”	the special general meeting of CFSG to be held to approve the Agreement



“CFSG Share(s)”	share(s) of HK\$0.10 each in the share capital of CFSG
“CFSG Shareholder(s)”	holder(s) of the CFSG Shares
“Completion”	completion of the transaction pursuant to the Agreement
“Consideration”	the consideration for the sale and purchase of the Sale Shares and the Sale Debt as set out in the paragraph headed “The Agreement”
“Game Group”	Netfield and its subsidiaries, the business of which is set out in the section headed “The Game Group”
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Independent CASH Shareholder(s)”	CASH Shareholders other than ARTAR, Cash Guardian and their respective Associates
“Independent CFSG Shareholder(s)”	CFSG Shareholders other than ARTAR, Cash Guardian, Mr Lin, the Purchaser and their respective Associates
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr Lin”	Mr Lin Che Chu George, a director of CASH and a connected person of CASH and the CEO of the Game Group and a connected person of CFSG
“Netfield”	Netfield Technology Limited, a company incorporated with limited liability in the British Virgin Islands and an indirectly wholly-owned subsidiary of CFSG
“Option”	the one-time option to require the Purchaser to sell such number of shares in Netfield representing 10% of the issued share capital of Netfield as at the date of the Option Deed subject to the terms and conditions contained in the Option Deed
“Option Deed”	the deed entered into between the Purchaser and Mr Lin on 9 January 2007 in relation to the grant of the right to acquire shares in Netfield
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan
“Prime Rate”	the prime lending rate being offered by The Hongkong and Shanghai Banking Corporation Limited from time to time
“Purchaser”	Celestial Investment Group Limited, a wholly-owned subsidiary of CASH

“Recognised Stock Exchange”	The Stock Exchange of Hong Kong Limited, the NASDAQ or such other stock exchange as determined by the CASH Board to be an acceptable alternative stock exchange on which the shares of Netfield or the shares of the holding company of Netfield can be sought
“Sale Debt”	the outstanding loan due from Netfield to the Vendor at completion of the Agreement irrespective of whether or not the same is due and payable on the date of Completion, which amounted to approximately HK\$26 million as at 30 September 2006
“Sale Shares”	the 100% interest in the issued share capital of Netfield
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Vantage Giant Limited, a company incorporated with limited liability in the British Virgin Islands and a wholly-owned subsidiary of CFSG
“HK\$”	Hong Kong dollar(s), the currency of Hong Kong

On behalf of the CFSG Board  
**Bernard P Law**  
*Director*

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

Hong Kong, 9 January 2007

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

As at the date hereof, the executive directors of CASH are Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Mr Wong Kin Yick Kenneth and Mr Lin Che Chu George, and the independent non-executive directors of CASH are Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin.

*This announcement, for which the CFSG Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to CFSG. The CFSG Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of 7 days from the date of its publication and on the website of CFSG at [www.cfsg.com.hk](http://www.cfsg.com.hk).*