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CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(“CASH”)

(incorporated in Bermuda with limited liability)

(Stock code: 1049)



CASH FINANCIAL SERVICES GROUP LIMITED

(“CFSG”)

(Incorporated in Bermuda with limited liability)

(Stock code: 8122)

JOINT ANNOUNCEMENT

Unconditional mandatory cash offers

by Celestial Capital Limited on behalf of

Celestial Investment Group Limited (“CIGL”, wholly-owned subsidiary of CASH)

for all the issued shares in, and all outstanding share options of, CFSG

other than those already owned by or agreed to be acquired by

CIGL or parties acting in concert with it

and

Possible major acquisition for CASH

and

Resumption of trading in shares of CASH and CFSG

Financial Adviser to CIGL



CELESTIAL CAPITAL LIMITED

SALE AND PURCHASE AGREEMENTS

The CASH Board announces that on 11 May 2007, the S&P Agreements were entered into, among others, between CIGL (a wholly-owned subsidiary of CASH) and the Vendors pursuant to which CIGL has acquired an aggregate of 27,000,000 CFSG Shares, representing approximately 1.95% shareholding in CFSG, from the Vendors for a consideration of HK\$0.38 per CFSG Share.

The Acquisition was completed on 11 May 2007.

THE OFFERS

The Offeror, together with parties acting in concert with it, were beneficially interested in an aggregate of 713,293,982 CFSG Shares, representing approximately 51.58% of the issued share capital of CFSG before the Acquisition. In the 12-month-period immediately prior to the Acquisition, the lowest collective percentage holding of the Offeror and the parties acting in concert with it was 49.87% on 12 May 2006. Immediately following the completion of the Acquisition, the Offeror and parties acting in concert with it are interested in 740,293,982 CFSG Shares, representing approximately 53.53% of the total issued CFSG Shares. As the Offeror, together with parties acting in concert with it, have acquired more than 2% of the voting rights of CFSG immediately after the Acquisition compared with their lowest collective percentage holding in CFSG in the preceding 12-month-period, the Offeror and parties acting in concert with it are required to make an unconditional mandatory cash offer for all the issued CFSG Shares other than those already owned or agreed to be acquired by the Offeror or parties acting in concert with it in accordance with Rule 26.1(d) of the Takeovers Code. Under Rule 13 of the Takeovers Code, the Offeror is also required to make a comparable offer for the outstanding CFSG Options not already owned by the Offeror or parties acting in concert with it. The principal terms of the Offers are set out under the section headed "Unconditional Mandatory Cash Offers" of this announcement.

COMPOSITE OFFER DOCUMENT

Under Rule 8.2 of the Takeovers Code, within 21 days of the date of this announcement or such later date as the Executive may approve, the Offeror is required to despatch the offer document containing the terms of the Offers and the form of acceptance and transfer of the CFSG Shares to the CFSG Shareholders and the CFSG Option Holders respectively (no form of acceptance in relation to the Option Offer will be despatched as all of the CFSG Option Holders have undertaken not to, inter alia, accept the Option Offer).

In accordance with the Takeovers Code, CFSG is required to send the offeree document in relation to the Offers to the CFSG Shareholders and the CFSG Option Holders within 14 days of the posting of the offer document or such later date as the Executive may approve. It is the intention of the Offeror and CFSG that the offeree document will be combined with the offer document and a composite offer document will be despatched to the CFSG Shareholders and the CFSG Option Holders.

An independent board committee of CFSG will be formed to advise the Independent CFSG Shareholders and the CFSG Option Holders on the Offers.

An independent financial adviser will be appointed to advise the independent board committee of CFSG in respect of the Offers. A further announcement will be made by CFSG as soon as the independent financial adviser is appointed.

POSSIBLE MAJOR TRANSACTION

Under the Listing Rules, the Offers constitute a possible major acquisition for CASH and requires the approval of the CASH Shareholders. Cash Guardian Limited and ARTAR, being a closely allied group of substantial shareholders of CASH who collectively own approximately 53.19% in nominal value of the CASH Shares giving the right to attend and vote at the general meeting of CASH, have issued a written certificate to CASH to approve the Offers in lieu of a resolution to be passed at a general meeting of CASH to consider the Offers.

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

Trading in the CASH Shares and CFSG Shares on the Stock Exchange was suspended from 9:30 am on 11 May 2007 at the request of CASH and CFSG respectively.

CASH and CFSG have applied to the Stock Exchange for resumption of trading in the CASH Shares and CFSG Shares from 9:30 am on 21 May 2007.

I. THE SALE AND PURCHASE AGREEMENTS

Date: 11 May 2007

Vendors: To the best of the CASH Board's knowledge, information and belief having made all reasonable enquiry, the Vendors and their ultimate controlling beneficial owners are third parties independent of CASH and connected persons (as defined under the Listing Rules) of CASH. The principal activities of the Vendors are investment holding.

Purchaser: CIGL (a wholly-owned subsidiary of CASH) which was, together with parties acting in concert with it, interested in 713,293,982 CFSG Shares, representing approximately 51.58% of the issued share capital of CFSG, before the Acquisition.

Purchaser Guarantor: Celestial Asia Securities Holdings Limited (i.e. CASH).

Sale Shares: 27,000,000 CFSG Shares, representing approximately 1.95% of the issued share capital of CFSG.

Sale Price: HK\$0.38 per Sale Share in cash. The total consideration for the Sale Shares was HK\$10,260,000, being satisfied by the internal resources of CASH and bank borrowing.

The Sale Price represented a discount of 1.30% to and premium of 1.06% over the closing price of the CFSG Shares immediately preceding the Sale Date of HK\$0.385 and the 5-day average closing price of the CFSG Shares immediately preceding the Sale Date of HK\$0.376 respectively.

The Sale Price was determined between CIGL and the Vendors on an arm's length basis with reference to the then prevailing market price of the CFSG Shares. The CASH Board considered that the Sale Price were fair and reasonable.

Completion: The Acquisition is not subject to any condition and the Acquisition was completed on the Sale Date.

II. FINANCIAL INFORMATION ON CFSG

The current principal activities of CFSG Group are 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) online game services, sales of online game auxiliary products and licensing services.

The audited consolidated net profits before and after taxation, minority interest and extraordinary items of the CFSG Group for the year ended 31 December 2005 were about HK\$23.8 million and HK\$26.6 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 2006 were about HK\$46.1 million and HK\$39.9 million respectively.

The audited consolidated net assets of the CFSG Group as at 31 December 2005 were about HK\$356.6 million and the audited consolidated net assets of the CFSG Group as at 31 December 2006 were about HK\$479.8 million.

III. REASONS FOR THE ACQUISITION AND THE OFFERS

The current principal activities of the CASH Group consist of (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 online game services, sales of online game auxiliary products and licensing services; (b) retailing of furniture and household items and trendy digital products; and (c) investment holding. CFSG is currently a subsidiary of CASH.

The Hong Kong stock market has been active and buoyant 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 shares traded on the Stock Exchange in 2006 was approximately HK\$33.7 billion, approximately 85.2% up from HK\$18.2 billion in 2005. Notably, the initial public offering (“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 rapid 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. CFSG achieved favourable results with turnover and net profit attributable to shareholders rose 79.5% and 50% respectively for the year ended 31 December 2006 as compared with year 2005. Also, the turnover and net profit attributable to CFSG Shareholders in the first quarter of 2007 rose 89.8% and 86.5% respectively as compared with the same period last year.

Riding on China’s booming economy, the CASH Directors consider that there are tremendous growth opportunities for CFSG both in Hong Kong and on the mainland. The CASH Board believes that, through the Acquisition and the Offers by increasing the controlling interests in CFSG, stable income will be provided for the CASH Group and the shareholders’ value of CASH will be enhanced which are in the interests of CASH and its shareholders as a whole.

The Sale Price was determined after arm’s length negotiation between the parties to the S&P Agreements. Although the Sale Price represents a slight discount of approximately 1.30% to the closing price of HK\$0.385 per CFSG Share on 10 May 2007 (the last trading day prior to the date of this announcement), on the basis that (a) the Sale Price of HK\$0.38 per CFSG Share also represents a premium of about 8.57% over the audited net asset value of approximately HK\$0.35 per CFSG Share as at 31 December 2006; (b) the relatively thin trading volume of the CFSG Shares (the average daily volume was approximately 1,658,000 CFSG Shares based on the 3 months’ trading volume up to 30 April 2007, representing approximately only 6.14% of the Sale Shares); and (c) the reasons for the Acquisition and the Offers as set out above, the CASH Board is of the opinion that the terms of the S&P Agreements and of the transactions contemplated thereunder including the Sale Price and the Offers are fair and reasonable and in the interests of CASH and its shareholders as a whole.

IV. FINANCIAL INFORMATION ON 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 2005 were about HK\$30.1 million and HK\$37.0 million respectively.

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.

The audited consolidated net assets of the CASH Group as at 31 December 2005 were about HK\$183.3 million, and the audited consolidated net assets of the CASH Group as at 31 December 2006 were about HK\$305.0 million.

V. SHAREHOLDING STRUCTURE OF CFSG

The following table sets out the shareholding structure of CFSG (based on information received by CFSG and notified pursuant to Part XV of the SFO as at the date of this announcement) immediately before and after the Acquisition:

| | Before the Acquisition | | After the Acquisition, assuming no CFSG Shareholder accepts the Share Offer | | After the Acquisition, assuming all the CFSG Shareholders (save as CIGL and parties acting in concert with it, and those CFSG Shareholders who have undertaken not to accept the Share Offer (Note 4)) accept the Share Offer | |
|---|-------------------------------|----------------------|--|----------------------|---|----------------------|
| | <i>No. of CFSG Shares</i> | <i>Approximate %</i> | <i>No. of CFSG Shares</i> | <i>Approximate %</i> | <i>No. of CFSG Shares</i> | <i>Approximate %</i> |
| Offeror | 644,295,434 | 46.59 | 671,295,434 | 48.54 | 1,053,140,900 | 76.15 |
| Cash Guardian Limited (Note 1) | 40,392,000 | 2.92 | 40,392,000 | 2.92 | 40,392,000 | 2.92 |
| CASH Directors | | | | | | |
| Mr Law Ping Wah Bernard | 17,264,000 | 1.25 | 17,264,000 | 1.25 | 17,264,000 | 1.25 |
| Mr Wong Kin Yick Kenneth | 10,860,000 | 0.79 | 10,860,000 | 0.79 | 10,860,000 | 0.79 |
| Mr Lin Che Chu George | 280,000 | 0.02 | 280,000 | 0.02 | 280,000 | 0.02 |
| Other parties acting in concert with the Offeror (Note 2) | 202,548 | 0.01 | 202,548 | 0.01 | 202,548 | 0.01 |
| Offeror and parties acting in concert with it | 713,293,982 | 51.58 | 740,293,982 | 53.53 | 1,122,139,448 | 81.14 |
| ARTAR (Note 3) | 207,636,000 | 15.01 | 207,636,000 | 15.01 | 207,636,000 | 15.01 |

| | | | | | | |
|---|-----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|----------------------|
| CFSG Directors (other than those who are also CASH Directors) | | | | | | |
| Mr Cheng Man Pan Ben (Note 4) | 1,288,000 | 0.09 | 1,288,000 | 0.09 | 1,288,000 | 0.09 |
| Mr Cheng Shu Shing Raymond (Note 4) | 1,100,000 | 0.08 | 1,100,000 | 0.08 | 1,100,000 | 0.08 |
| Sub-total: | <u>2,388,000</u> | <u>0.17</u> | <u>2,388,000</u> | <u>0.17</u> | <u>2,388,000</u> | <u>0.17</u> |
| CFSG's subsidiaries' directors and their associates | <u>2,344,375</u> | <u>0.17</u> | <u>2,344,375</u> | <u>0.17</u> | <u>-</u> | <u>-</u> |
| Public (Note 4) | <u>457,389,091</u> | <u>33.07</u> | <u>430,389,091</u> | <u>31.12</u> | <u>50,888,000</u> | <u>3.68</u> |
| Total | <u>1,383,051,448</u> | <u>100.00</u> | <u>1,383,051,448</u> | <u>100.00</u> | <u>1,383,051,448</u> | <u>100.00</u> |

Notes:

- (1) Cash Guardian Limited is a company controlled by Mr Kwan Pak Hoo Bankee, the chairman of both CASH and CFSG, and is a party acting in concert with CIGL.
- (2) The parties acting in concert with the Offeror are close relatives of Mr Kwan Pak Hoo Bankee, the chairman of both CASH and CFSG.
- (3) ARTAR is a substantial shareholder of both CASH and CFSG.
- (4) ARTAR, the above-named CFSG Directors and certain CFSG Shareholders (which in aggregate hold 50,888,000 CFSG Shares) have irrevocably undertaken not to accept the Share Offer in respect of a total of 260,912,000 CFSG Shares). In addition, all CFSG Option Holders have undertaken not to accept the Option Offer and not to exercise the CFSG Options before the close of the Offers.

Upon close of the Offers, if less than 20% of the CFSG Shares are held by the public, the Offeror and CFSG Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps which may include, placing of new and/or existing issued CFSG Shares by CFSG and/or the Offeror respectively, to ensure that the minimum public float requirement under the GEM Listing Rules is complied with by CFSG.

VI. UNCONDITIONAL MANDATORY CASH OFFERS

CIGL, together with parties acting in concert with it, were beneficially interested in 713,293,982 CFSG Shares, representing approximately 51.58% of the issued share capital of CFSG, before the Acquisition.

Immediately following the Acquisition, the Offeror, together with parties acting in concert with it, are interested in 740,293,982 CFSG Shares, representing approximately 53.53% of the total issued CFSG Shares. In the 12-month-period immediately prior to the Acquisition, the lowest collective percentage holding of the Offeror and the parties acting in concert with it was 49.87% on 12 May 2006. As the Offeror, together with parties acting in concert with it, have acquired more than 2% of the voting rights of CFSG immediately after the Acquisition compared with their lowest collective percentage holding in CFSG in the preceding 12-month-period, the Offeror

and parties acting in concert with it are required to make an unconditional mandatory cash offer for all the issued CFSG Shares other than those already owned by or agreed to be acquired by the Offeror or parties acting in concert with it in accordance with Rule 26.1(d) of the Takeovers Code.

Under Rule 13 of the Takeovers Code, the Offeror is also required to make a comparable offer for the outstanding CFSG Options not already owned by the Offeror or parties acting in concert with it. Save for the CFSG Options, CFSG has no other convertible securities, options, derivatives or warrant outstanding and has not entered into any agreement for the issue of any convertible securities, options, warrants or derivatives of CFSG at the date of this announcement.

Principal terms of the Offers

Consideration for the Offers:

The Offers will be made in compliance with the Takeovers Code by Celestial Capital on behalf of the Offeror on the following basis:

The Share Offer:

For each CFSG Share HK\$0.38 in cash

The Option Offer:

For each outstanding CFSG Option HK\$0.084 in cash

Comparison of Value

The Share Offer:

The Share Offer Price is the same as the Sale Price for each Sale Share under the S&P Agreements and represents:

- (a) a discount of approximately 1.30% to the closing price of HK\$0.385 per CFSG Share as quoted on the Stock Exchange on 10 May 2007, being the last trading day prior to the suspension of the trading in the CFSG Shares at 9:30 am on 11 May 2007;
- (b) a premium of approximately 1.06% over the average of the closing prices as quoted on the Stock Exchange for the last 5 consecutive trading days prior to the suspension of the trading in the CFSG Shares at 9:30 am on 11 May 2007, being approximately HK\$0.376 per CFSG Shares;
- (c) a premium of approximately 2.56% to the average of the closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days prior to the suspension of the trading in the CFSG Shares at 9:30 am on 11 May 2007, being approximately HK\$0.3705 per CFSG Share;
- (d) a premium of approximately 6.15% over the average of the closing prices as quoted on the Stock Exchange for the last 30 consecutive trading days prior to the suspension of the trading in the CFSG Shares at 9:30 am on 11 May 2007, being HK\$0.358 per CFSG Share; and

- (e) a premium of approximately 8.57% over the audited net asset value of approximately HK\$0.35 per CFSG Share based on the audited net asset value of CFSG Group as at 31 December 2006.

The Option Offer:

The Option Offer Price is determined by reference to the exercise price of the CFSG Options at HK\$0.296 per CFSG Shares. The closing price per CFSG Share as quoted on the Stock Exchange on 10 May 2007, was HK\$0.385. Accordingly, the CFSG Options are all in-of-the money. The Option Offer Price is equivalent to the difference between the Share Offer Price and the exercise price of the CFSG Options.

Highest and lowest CFSG Share prices

The highest and lowest closing prices of the CFSG Shares as quoted on the Stock Exchange during the six-month-period immediately preceding the date of this announcement were HK\$0.465 on 20 December 2006 and HK\$0.275 on 9 March 2007 respectively.

Confirmation of Sufficient Financial Resources

As at the date of this announcement, there are a total of 1,383,051,448 CFSG Shares in issue (of which 740,293,982 CFSG Shares are already owned or agreed to be acquired by the Offeror and parties acting in concert with it). Assuming that there is no change in the issued share capital of CFSG prior to the making of the Share Offer, at a price of HK\$0.38 per CFSG Share, the entire issued share capital of CFSG is valued at approximately HK\$525.6 million under the Share Offer and all the CFSG Shares subject to the Share Offer are valued at approximately HK\$145.1 million (after taking into account the undertakings from each of the parties acting in concert with the Offeror (including the CASH Directors) (beneficially holding an aggregate of 68,998,548 CFSG Shares), CFSG Directors (other than those who are also CASH Directors) (beneficially holding an aggregate of 2,388,000 CFSG Shares), ARTAR (beneficially holding 207,636,000 CFSG Shares) and certain CFSG Shareholders (beneficially holding an aggregate of 50,888,000 CFSG Shares) that they will not accept the Share Offer).

As at the date of this announcement, CFSG has an aggregate of 105,300,000 outstanding CFSG Options with an exercise price of HK\$0.296 per CFSG Share. Of such 105,300,000 outstanding CFSG Options, (i) 6,000,000 each were held by Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard and Mr Cheng Man Pan Ben and 5,000,000 were held by Mr Wong Kin Yick Kenneth, being executive directors of CFSG; (ii) 1,000,000 each were held by Mr Cheng Shu Shing Raymond, Dr Hui Ka Wah Ronnie and Mr Lo Kwok Hung John, being independent non-executive directors of CFSG; and (iii) the balance of 79,300,000 were held by the other CFSG Option Holders. Each of the CFSG Option Holders has given an irrevocable undertaking to the Offeror that he or she will not accept the Option Offer and he or she will not exercise the CFSG Options before the close of the Offers.

The Offeror and parties acting in concert with it have not entered into any agreements in relation to the issue of any convertible securities, options, warrants or derivatives of CFSG.

The Offeror confirms that there are no other arrangements (whether by way of option, indemnity or otherwise) in relation to the CFSG Shares, the shares of the Offeror or CASH and which might be material to the Offers.

The Offeror further confirms that there are no other agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers.

The Offers will be entirely financed by a loan facility granted by a bank to and the internal resources of the Offeror. Celestial Capital, as the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to meet its obligations in case of a full acceptance of the Offers (after taking into account the undertakings from each of the CASH Directors, CFSG Directors, ARTAR and certain CFSG Shareholders as disclosed above that they will not accept the Share Offer and the irrevocable undertakings from each of the CFSG Option Holders as disclosed above that they will not accept the Option Offer and he or she will not exercise the CFSG Options before the close of the Offers).

Effect of accepting the Offers

By accepting the Share Offer, CFSG Shareholders will sell their CFSG Shares to the Offeror free from all encumbrances and together with all rights attaching to the CFSG Shares as at the date of completion of the Share Offer or thereafter, including the rights to receive all dividends and distribution declared, made or paid at or after such date.

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to HK\$1 for every HK\$1,000 or part thereof of the amount payable in respect of the relevant acceptance will be deducted from the amount payable to the CFSG Shareholders who accept the Share Offer.

The Offeror will bear its own portion of buyer's ad valorem stamp duty amounting to HK\$1 for every HK\$1,000 or part thereof of the amount payable in respect of relevant acceptances and will be responsible to account to the Stamp Office of Hong Kong all the stamp duty payable for the sale and purchase of the CFSG Shares which are validly tendered for acceptance under the Share Offer.

Payment in cash in respect of acceptances of the Share Offer will be made as soon as possible but in any event within 10 days of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid.

Information on the Offeror

The Offeror is an investment holding company, which was incorporated in the British Virgin Islands with limited liability on 19 January 1994, and its entire issued share capital is beneficially owned by CASH.

Dealings in CFSG Shares

Details of the dealings in CFSG Shares by the Offeror and parties acting in concert with it during the period commencing on the date falling six months prior to the date of the S&P Agreements (i.e. 12 November 2006) and up to the date of this announcement are as follows:

(A) *Offeror*

| Date of dealing | Number of CFSG Shares acquired | Acquisition price per CFSG Share (HK\$) |
|------------------------|---------------------------------------|--|
| 10/5/2007 | 5,468,000 | 0.380 |

(B) *Mr Wong Kin Yick Kenneth*

| Date of dealing | Number of CFSG Shares acquired | Acquisition price per CFSG Share (HK\$) |
|---------------------------|---------------------------------------|--|
| 14/11/2006 | 256,000 | 0.325 |
| | 300,000 | 0.335 |
| 23/11/2006 | 100,000 | 0.330 |
| | 20,000 | 0.325 |
| | 112,000 | 0.320 |
| 24/11/2006 | 204,000 | 0.325 |
| | 296,000 | 0.330 |
| 29/11/2006 | 88,000 | 0.320 |
| | 12,000 | 0.315 |
| 23/4/2007 (<i>Note</i>) | 1,000,000 | 0.296 |

Note: Mr Wong Kin Yick Kenneth acquired such 1,000,000 CFSG Shares upon exercise of 1,000,000 CFSG Options.

Save as disclosed above, none of the Offeror, its legal and beneficial owner, and parties acting in concert with any of them has dealt in any CFSG Shares commencing on the date falling six months prior to the date of the S&P Agreements and up to the date of this announcement, save for the execution of the S&P Agreements by the Offeror.

Intention of the Offeror regarding CFSG and the listing status of CFSG

The Offeror and the CASH Directors intend to continue the existing businesses of CFSG and its subsidiaries and has no intention to put forward any major changes to the business of CFSG Group and there is no existing plan for assets injection by the CASH Group.

It is expected that all of the existing executive directors and independent non-executive directors of CFSG will remain unchanged.

The Offeror intends that CFSG shall remain listed on the GEM of the Stock Exchange after the close of the Offers and will not exercise any rights to compulsorily acquire all the CFSG Shares immediately after the close of the Offers.

The Offeror and the CFSG Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Offers to ensure that the minimum public float requirement under the GEM Listing Rules is complied with by CFSG.

Upon close of the Offers, if less than 20% of the CFSG Shares are held by the public, the Offeror and CFSG Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps which may include, placing of new and/or existing CFSG Shares by CFSG and/or the Offeror respectively, to ensure that the minimum public float requirement under the GEM Listing Rules is complied with by CFSG. In addition, CFSG will request suspension of trading in the CFSG Shares upon close of the Offers pending the release of an announcement in relation to the restoration of the public float of CFSG.

Moreover, in the event that CFSG fails to maintain the minimum public float after the Offers for whatever reasons, CFSG will inform the CFSG Shareholders by way of an announcement.

The Stock Exchange has stated that it will closely monitor trading in the CFSG Shares on GEM and if, at the close of the Offers, less than 20% of the CFSG Shares is held by the public, or if the Stock Exchange believes that

- a false market exists or may exist in trading of the CFSG Shares, or
- there are insufficient CFSG Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend dealings in the CFSG Shares until a sufficient level of public float is attained. **CASH Shareholders and CFSG Shareholders are reminded to exercise cautions in dealing in the securities of CASH and CFSG respectively.**

The Stock Exchange will also closely monitor all acquisitions or disposals of assets by CFSG. Under the GEM Listing Rules, the Stock Exchange has the power pursuant to the GEM Listing Rules to aggregate a series of transactions.

VII. COMPOSITE OFFER DOCUMENT

Under Rule 8.2 of the Takeovers Code, within 21 days of the date of this announcement or such later date as the Executive may approve, the Offeror is required to despatch the offer document containing the terms of the Offers and the form of acceptance and transfer of the CFSG Shares to the CFSG Shareholders and the CFSG Option Holders respectively (no form of acceptance in relation to the Option Offer will be despatched as all of the CFSG Option Holders have undertaken not to, inter alia, accept the Option Offer).

In accordance with the Takeovers Code, CFSG is required to send the offeree document in relation to the Offers to the CFSG Shareholders and the CFSG Option Holders within 14 days of the posting of the offer document or such later date as the Executive may approve. It is the intention of the Offeror and CFSG that the offeree document will be combined with the offer document and a composite offer document will be despatched to the CFSG Shareholders and the CFSG Option Holders.

An independent board committee of CFSG will be formed to advise the Independent CFSG Shareholders and the CFSG Option Holders on the Offers.

An independent financial adviser will be appointed to advise the independent board committee of CFSG in respect of the Offers.

A further announcement will be made by CFSG as soon as the independent financial adviser is appointed.

VIII. POSSIBLE MAJOR TRANSACTION

Under the Listing Rules, the Offers constitute a possible major acquisition for CASH and require the approval of the CASH Shareholders. Cash Guardian Limited and ARTAR, being a closely allied group of substantial shareholders of CASH who collectively own approximately 53.19% in nominal value of the CASH Shares giving the right to attend and vote at the general meeting of CASH, have issued a written certificate to CASH to approve the Offers in lieu of a resolution to be passed at a general meeting of CASH.

As no CASH Shareholders will be required to abstain from voting on the relevant resolution(s) should a SGM be held, pursuant to Rule 14.44 of the Listing Rules, CASH does not need to hold a general meeting to consider the Offers.

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

IX. GENERAL

In accordance with Rule 3.8 of the Takeovers Code, associates (which has the meaning ascribed to it under the Takeovers Code) of the Offeror and CFSG are hereby reminded to disclose their dealings in any securities of CFSG pursuant to the requirements of the Takeovers Code.

Pursuant to Note 11 to Rule 22 of the Takeovers Code, stockbrokers, banks and others who deal in the securities of CFSG on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any security of the CFSG undertaken for a client during any 7-day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealing enquiries. Therefore, those who deal in the securities of CFSG should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

Trading in the CASH Shares and CFSG Shares on the Stock Exchange was suspended from 9:30 am on 11 May 2007 at the request of CASH and CFSG respectively.

CASH and CFSG have applied respectively to the Stock Exchange for resumption of trading in the CASH Shares and CFSG Shares from 9:30 am on 21 May 2007.

X. DEFINITIONS

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| “Acquisition” | the acquisition of the Sale Shares by CIGL from the Vendors at HK\$0.38 per CFSG Share pursuant to the S&P Agreements |
| “ARTAR” | Abdulrahman Saad Al-Rashid & Sons Company Limited, a substantial shareholder of both CASH and CFSG holding approximately 16.5% and 15.0% of the issued share capital of CASH and CFSG respectively |
| “Associate” | has the same meaning ascribed in the Listing Rules and the GEM Listing Rules |
| “CASH” | Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange |
| “CASH Board” | the board of CASH Directors |
| “CASH Directors” | the directors of CASH |
| “CASH Group” | CASH and its subsidiaries |
| “CASH Shares” | issued shares of HK\$0.10 each in the ordinary share capital of CASH |
| “CASH Shareholders” | holders of CASH Shares |
| “Celestial Capital” | Celestial Capital Limited, a licensed corporation to carry on business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and an subsidiary of both CASH and CFSG, being the financial adviser to the Offeror in respect of the Offers |
| “CFSG” | CASH Financial Services Group Limited (stock code: 8122), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the GEM and a subsidiary of CASH |
| “CFSG Board” | the board of directors of CFSG |
| “CFSG Directors” | the directors of CFSG |
| “CFSG Group” | CFSG and its subsidiaries |
| “CFSG Options” | options granted to executive directors, employees, consultant, adviser or agent of any member of the CASH Group pursuant to the share option scheme of CFSG adopted on 19 February 2002 which entitle the holder thereof to subscribe for CFSG Share(s) at a certain exercise price |
| “CFSG Option Holders” | holders of CFSG Options |
| “CFSG Share(s)” | issued share(s) of HK\$0.10 each in the ordinary share capital of CFSG |

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| “CFSG Shareholder(s)” | holder(s) of CFSG Share(s) |
| “CIGL” or “Offeror” | Celestial Investment Group Limited, a wholly-owned subsidiary of CASH |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Independent CFSG Shareholders” | CFSG Shareholders other than the Offeror together with parties acting in concert with it |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Offers” | the Share Offer and the Option Offer |
| “Option Offer” | the unconditional mandatory cash offer for all outstanding CFSG Options at the Option Offer Price to be made by Celestial Capital on behalf of the Offeror in accordance with the Takeovers Code |
| “Option Offer Price” | the cash amount of HK\$0.084 payable by the Offeror to CFSG Option Holders for each outstanding CFSG Option accepted under the Option Offer |
| “PRC” or “China” | the People’s Republic of China |
| “S&P Agreements” | agreements entered into between, among others, CIGL as the purchaser and the Vendors on 11 May 2007 in relation to the Acquisition |
| “Sale Date” | 11 May 2007, being the date of the S&P Agreements |
| “Sale Price” | the consideration for the Sale Shares in the amount of HK\$0.38 |
| “Sale Shares” | 27,000,000 existing CFSG Shares |
| “SFC” | the Securities and Futures Commission |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share Offer” | the unconditional mandatory cash offer for all the issued CFSG Shares not already owned or agreed to be acquired by the Offeror or parties acting in concert with it at the Share Offer Price to be made by Celestial Capital on behalf of the Offeror in accordance with the Takeovers Code |
| “Share Offer Price” | the cash amount of HK\$0.38 payable by the Offeror to CFSG Shareholders for each CFSG Share accepted under the Share Offer |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Vendors” | the vendors of the Sale Shares who are third parties independent of CASH and connected persons (as defined under the Listing Rules) of CASH |
| “HK\$” | Hong Kong dollar(s), the currency of Hong Kong |

On behalf of the CASH Board
Bankee P Kwan
Chairman

On behalf of the CFSG Board
Bankee P Kwan
Chairman

Hong Kong, 18 May 2007

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.

As at the date hereof, the executive directors of CFSG are Mr Kwan Pak Hoo Bankee, Mr Wong Kin Yick Kenneth, Mr Law Ping Wah Bernard 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.

The CASH Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The CFSG Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at 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.