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**CASH FINANCIAL SERVICES
GROUP LIMITED**

時富金融服務集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 510)



**CELESTIAL ASIA SECURITIES
HOLDINGS LIMITED**

時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

JOINT ANNOUNCEMENT STRATEGIC BUSINESS DEVELOPMENT

This announcement is jointly made by Celestial Asia Securities Holdings Limited (“**CASH**”, together with its subsidiaries, including the CFSG Group, the “**CASH Group**”) and CASH Financial Services Group Limited (“**CFSG**”, together with its subsidiaries, the “**CFSG Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

The board of directors of CASH (“**CASH Directors**”) and the board of directors of CFSG (“**CFSG Directors**”) would like to update the shareholders and potential investors of the CASH Group on their intention to strategically invest and develop artificial intelligence (“**AI**”) solution (the “**AI Solution**”) for FinTech business and the CASH Group’s latest business development.

AI Solution for FinTech Business

AI is making significant strides across various sectors, and the financial industry is no exception. The financial markets, traditionally characterised by their complexity and volatility, are now made more comprehensible and predictable with the deployment of AI. Advanced algorithms and machine learning techniques such as deep learning and reinforcement learning are being employed to analyse vast quantities of financial data, forecast market behaviour, make investment decisions and enhance risk-adjusted returns. As a company that has always been at the forefront of innovation and a pioneer in the algo-trading business since 2009, the CASH Group resolves to further transition from our traditional financial services and expand our business scope to the development of the AI Solution for FinTech business.

The complexity of the financial market, coupled with the coding and financial knowledge needed for algorithmic trading, can pose challenges for both novice and professional traders. Retail traders specifically face a steep learning curve due to the sophistication of mastering algorithms and trading strategies. Recognising the increasing complexity of trading environments and the growing potential of AI and natural language processing, the CASH Group aims to develop an AI-powered trading platform that enables a user-friendly conversational interface and comprehensive assistance necessary for both novice and professional traders seeking to develop their own algo-trading strategies and streamline their algo-trading processes in a timely, comprehensive and convenient manner. This integrated platform solution not only accelerates trade decision making, but also ensures precision, data-backed insights and efficiency, providing a significant competitive advantage to its users.

The CASH Directors and the CFSG Directors believe that the application of AI technologies is in line with the CASH Group's vision to stay at the forefront of technology development. This strategic initiative is one of the important steps to repositioning the CASH Group. It seizes potential business opportunities amidst changes in the financial market landscape, thereby enhancing the CASH Group's revenue stream with the ultimate goal to maximise returns to the shareholders. Further announcement(s) will be made to update its shareholders and potential investors on the latest development of the AI Solution as appropriate and in accordance with the Listing Rules.

Strategic Shift to Focus on the Development of Wealth Management Business

The global economy has experienced a significant slowdown due to ongoing geopolitical tensions and conflicts. Concurrently, the U.S. Federal Reserve has accelerated its pace of raising interest rates, subduing investor confidence. The ongoing U.S. interest rate hikes have rendered the global capital markets more volatile and the U.S. dollar persistently strong. In tandem, the weak Renminbi (“**RMB**”) has also deterred mainland investors from buying Hong Kong stocks, exacerbating the already-subdued market sentiment and freezing the Hong Kong IPO market. Considering the aforementioned factors, international investors are conservative in increasing their exposure to Hong Kong and the Mainland China (the “**Mainland**”) markets. A significant number of these investors have shifted from stocks to deposit-linked products, resulting in a bearish market sentiment and low valuations for the equity market across the board.

On the other hand, a cut-throat price war in the brokerage industry, the growing dominance of big banks, and a gloomy economic outlook are all contributing to the struggles of the brokerage industry in Hong Kong. Over the past five years, more than 120 Hong Kong brokers have ceased their businesses. In light of these circumstances, the CASH Group is actively reviewing plans to consolidate our brokerage business as a value-added service to our wealth management clients, a trend we believe will gain more traction in the future.

Contrarily, the Mainland has been undergoing a steady economic recovery in the post-COVID era. In particular, the Greater Bay Area (the “**GBA**”) is expected to be a major driver for the future economic growth of the Mainland. The total population of the GBA rose from approximately 70 million to over 86 million while gross domestic production increased from approximately RMB10 trillion to approximately RMB13.5 trillion from 2017 to 2022, demonstrating the GBA's strong growth potential.

In 2019, the Central government introduced the Outline Development Plan for the GBA, supporting Hong Kong in consolidating and enhancing its status as an international financial and a global offshore RMB business hub. Hong Kong's robust and prudent financial regulatory regime plays a pivotal role in ensuring the stability and growth of the GBA. To further integrate with Mainland China's financial markets, Hong Kong has launched various connect schemes accordingly like Stock Connect and Bond Connect, which serve to its ties with the Mainland's financial markets. The initiatives have been reaffirmed by the Central government as part of the National 14th Five-Year Plan to support Hong Kong to enhance its status as an international financial centre, strengthen its status as a global offshore RMB business hub and supports the deepening and widening of mutual access between the financial markets of the Mainland and Hong Kong.

One of the key initiatives under the mutual market access schemes between the capital markets of Hong Kong, Macao and the Mainland is the Cross-boundary Wealth Management Connect Scheme in the GBA (the "**Cross-boundary WMC**"). Launched in September 2021, the Cross-boundary WMC allows eligible residents in the GBA to invest in wealth management products distributed by banks. This arrangement will also apply to eligible securities firms, allowing these securities firms to distribute investment products and provide relevant services to southbound and northbound individual investors as announced by the Hong Kong Monetary Authority recently.

The Cross-boundary WMC offers a significant degree of flexibility to individual retail investors. It allows them to open and operate cross-boundary investment accounts directly through a formal and convenient channel, enabling them to choose their preferred investment products. This not only strengthens Hong Kong's role in the global financial landscape but also significantly contributes to the growth and development potential of Hong Kong's wealth management industry by creating new opportunities, expanding markets and offering more product choices to investors for global asset allocation.

With the re-opening of the Mainland borders, we are committed to continuing our investment in establishing our presence in the GBA in support of the National 14th Five-Year Plan which has already laid a solid foundation for the future growth of Hong Kong's financial services market. The business opportunities in the GBA are tremendous and we believe that the CASH Group has much more to offer to our existing and prospective clients.

The CASH Directors and the CFSG Directors are of the view that the continuous development of the wealth management business is in the best interests of the CASH Group and the CFSG Group and their shareholders as a whole.

Further announcement(s) will be made to update the shareholders as and when appropriate in accordance with the Listing Rules. Shareholders and potential investors are advised to exercise caution when dealing in the shares of CASH and CFSG.

On behalf of the CFSG Board
Jeffrey Kwan
Executive Director
and Deputy Chief Executive Officer

On behalf of the CASH Board
Morton Cheung
Executive Director
and Chief Financial Officer

Hong Kong, 25 October 2023

As at the date of this joint announcement, the CFSG Board comprises:

Executive directors:

Dr Kwan Pak Hoo Bankee, *BBS, JP*
Mr Kwan Teng Hin Jeffrey
Mr Law Hin Ong Trevor
Ms Wong Sze Kai Angela
Mr Chan Ching Wan Alpha

Independent non-executive directors:

Mr Cheng Shu Shing Raymond
Mr Lo Ming Chi Charles
Dr Chan Ho Wah Terence

As at the date of this joint announcement, the CASH Board comprises:

Executive directors:

Dr Kwan Pak Hoo Bankee, *BBS, JP*
Mr Leung Siu Pong James
Mr Kwan Teng Hin Jeffrey
Mr Cheung Tsz Yui Morton

Independent non-executive directors:

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

If there is any inconsistency in this joint announcement between the Chinese and English versions, the English version shall prevail.

** For identification purposes only*