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**CASH FINANCIAL SERVICES
GROUP LIMITED (“CFSG”)**
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 (“CASH”)**
時富投資集團有限公司*
(incorporated in Bermuda
with limited liability)
(Stock code: 1049)

JOINT ANNOUNCEMENT

**INSIDE INFORMATION AND
PURSUANT TO RULE 3.7 OF THE
TAKEOVERS CODE**

IN RELATION TO

THE POSSIBLE GENERAL OFFER

AND

RESUMPTION OF TRADING

**INSIDE INFORMATION AND
POSSIBLE VERY SUBSTANTIAL
DISPOSAL**

IN RELATION TO

**THE POSSIBLE DISPOSAL OF 36.28%
SHAREHOLDING INTEREST IN CFSG**

AND

RESUMPTION OF TRADING

This joint announcement is made by CFSG and CASH jointly pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

CASH – POSSIBLE VERY SUBSTANTIAL DISPOSAL

On 19 July 2016 (after the trading hours), the Seller (a wholly-owned subsidiary of CASH) and the Purchaser (an independent third party) entered into the Framework Agreement by which, subject to the execution of the S&P Agreement, the Seller would sell and the Purchaser would purchase the Sale Shares, representing approximately 36.28% of the entire issued share capital of CFSG at the Sale Price. Upon Completion, the shareholding interest in CFSG held by CASH will reduce from approximately 40.34% to 4.06%. CFSG will cease to be a subsidiary of CASH if the Possible Disposal materialises.

The Possible Disposal, if materialises, may constitute a very substantial disposal for CASH under Chapter 14 of the Listing Rules and would be subject to the announcement, circular and CASH Shareholders' approval requirements under the Listing Rules. Further announcement will be made in accordance with the Listing Rules following execution of the S&P Agreement.

CFSG – THE POSSIBLE GENERAL OFFER

If the Possible Disposal materialises, the Purchaser will acquire more than 30% of the voting rights of CFSG, giving rise to an obligation on the part of the Purchaser and parties acting in concert with it to make a mandatory offer for all the CFSG Shares other than those already owned or agreed to be acquired by them under Rule 26 of the Takeovers Code, and the Purchaser will be obliged to make a general offer to acquire all the issued CFSG Shares (other than those shares to be held by the Purchaser and parties acting in concert with it) in cash.

CASH and CFSG will comply with relevant requirements under the Listing Rules and the Takeovers Code and make any further announcements (if necessary).

The Possible Disposal is subject to execution of the S&P Agreement. The Framework Agreement does not constitute a binding obligation on the Seller to sell or on the Purchaser to purchase the Sale Shares. There is no assurance that any transaction referred to in this joint announcement will materialize or eventually be consummated. The negotiations in relation to the Possible Disposal and/or the Possible General Offer arising from the transactions referred to in this joint announcement may or may not proceed.

Shareholders and potential investors of CFSG and CASH are advised to exercise extreme caution when dealing in their respective shares.

RESUMPTION OF TRADING OF SHARES

At the request of CFSG and CASH, trading in the shares of CFSG and CASH was halted on the Stock Exchange with effect from 9:00 am on 20 July 2016 pending the release of this joint announcement. CFSG and CASH have applied to the Stock Exchange for resumption of trading in their respective shares with effect from 9:00 am on 22 July 2016.

This joint announcement is made by CFSG and CASH jointly pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

INTRODUCTION

The Seller and the Purchaser entered into the Framework Agreement under which, subject to the execution of the S&P Agreement, the Seller would sell to the Purchaser the Sale Shares.

THE FRAMEWORK AGREEMENT

- Date : 19 July 2016 (after trading hours)
- The Seller : CIGL, a wholly-owned subsidiary of CASH, is holding 1,667,821,069 CFSG Shares (being approximately 40.34% of equity interest in CFSG) as at the date of this joint announcement. Its principal business is investment holding.
- The Purchaser : Ever Billion Group Limited, whose principal business is investment holding. The Purchaser is wholly owned by Sunbase International (Holdings) Limited (新恆基國際(集團)有限公司), whose principal business includes investment management and capital operations, property management, infrastructures investment, new energy and energy-based resources, bulk commodity operations and international trade, life biotechnology etc.
- To the best of the directors of CFSG and CASH's knowledge, information and belief having made all reasonable enquiry, the Purchaser and the ultimate beneficial owner of the Purchaser are third party(ies) independent of each of CFSG and CASH (as the case maybe) and connected persons (as defined under the Listing Rules) of each of CFSG and CASH (as the case maybe).
- Shares to be disposed : The Sale Shares, being 1,500,000,000 existing CFSG Shares, representing approximately 36.28% of the entire issued share capital of CFSG.
- Sale price : The sale price will be settled in cash. The sale price is subject to final confirmation upon negotiation between the Parties based on the due diligence results and the financial statements of CFSG.
- The sale price is being determined between CIGL and the Purchaser on an arm's length basis with reference to the current market price of the CFSG Shares and the net asset value of the CFSG Group.
- Deposit : Pursuant to the Framework Agreement, the Purchaser shall pay to the Seller a sum of HK\$50,000,000 as Deposit within 3 days after the signing of the Framework Agreement.
- Subject to the termination cost as set out below, under any of the following circumstances, the Seller shall refund the Deposit to the Purchaser within 3 business days of the request of the Purchaser:-
- (a) the S&P Agreement is not signed on or before 30 September 2016 (or such later date to be agreed by the Parties) and the Framework Agreement is terminated; and
 - (b) the Purchaser is not satisfied with the due diligence review on or before 15 September 2016 and the Purchaser notifies the Seller in writing to terminate the Framework Agreement.

Under the circumstance that the Completion Conditions have been fulfilled, (i) if the Purchaser fails to proceed with the Completion, the Deposit can be forfeited by the Seller as liquidated damages; or (ii) if the Seller fails to proceed with the Completion, the Seller shall refund the Deposit and pay an amount equal to HK\$50,000,000 as liquidated damages to the Purchaser.

Upon Completion, the Deposit will be applied towards the consideration for the Sale Shares.

Termination cost: If any of the Completion Conditions is not fulfilled due to the default of any party for any reason, the defaulting party shall pay to the other Party an amount equal to HK\$5,000,000 as termination cost.

If the Purchaser fails to pay the Deposit in accordance with the payment term above, the Seller is entitled to terminate the Framework Agreement and the Purchaser shall pay to the Seller an amount equal to HK\$5,000,000 as termination cost.

Due Diligence: If the Purchaser is not satisfied with the due diligence review during the Due Diligence Period, the Purchaser shall notify the Seller in writing and state the details of the matters which are not satisfactory. If the Seller could remedy the non-satisfactory matters within reasonable time after receipt of the notice, or the Seller does not receive any notice from the Purchaser within the Due Diligence Period, it will be deemed that the Purchaser is satisfied with the due diligence review.

If the Purchaser is not satisfied with the due diligence review even after the remedy by the Seller and the Purchaser decides not to proceed with the Possible Disposal, either Party shall have the right to terminate the Framework Agreement. Upon termination,

- (i) the Purchaser shall pay to the Seller an amount equal to HK\$5,000,000 as termination cost, if such non-satisfactory matters are not in relation to those matters in paragraphs (c), (d) and (e) of the Signing Conditions as set out below; or
- (ii) the Seller shall pay to the Purchaser an amount equal to HK\$5,000,000 as termination cost, if such non-satisfactory matters are in relation to those matters in paragraphs (c), (d) and (e) of the Signing Conditions as set out below.

Signing Conditions: The signing of the S&P Agreement is conditional upon, among others, satisfaction of the following Signing Conditions:-

- (a) save for any normal change of personnel and any actions of the Purchaser or any actions or no action under the instruction of the Purchaser which may lead to a revocation, termination or temporary suspension in the licenses granted to the CFSG Group, the licenses held by the CFSG Group for the regulated

activities under the SFO not having been revoked, terminated or suspended at the Completion;

- (b) the Purchaser is satisfied with the results of the due diligence review in accordance with agreed due diligence scope agreed by Parties on or before 15 September 2016;
- (c) there is no material discrepancies of the net asset value and the financial valuation of CFSG as compared with its audited financial statements in accordance with the result of the due diligence review;
- (d) there is no material unsettled litigation or dispute, material non-compliance, material administrative penalty or material contingent liabilities of CFSG in accordance with the result of the due diligence review;
- (e) there being no material adverse change to the business, financial, operations or assets of CFSG after the signing of the Framework Agreement;
- (f) the financial adviser appointed by the Purchaser confirming that the Purchaser has sufficient fund to make the Possible General Offer; and
- (g) the Seller having obtained an irrevocable undertaking from the controlling shareholder of CASH to vote in favour of the resolution approving the Possible Disposal at the CASH SGM (subject to approval of the regulatory authority).

Completion Conditions: Completion of the S&P Agreement will be subject to the Completion Conditions which include the following:

- (a) obtaining the approval from the SFC (which shall be unconditional, or shall attach to it only customary conditions) allowing the Purchaser and/or its shareholder(s) and/or its related parties to be substantial shareholders of CFSG and its licensed subsidiaries in accordance with the requirements under the SFO;
- (b) save for any normal change of personnel and any actions of the Purchaser or any actions or no action under the instruction of the Purchaser which may lead to a revocation, termination or temporary suspension in the licenses granted to the CFSG Group, the licenses held by the CFSG Group for the regulated activities under the SFO not having been revoked, terminated or suspended at the Completion;

- (c) CASH having obtained all requisite approvals under its memorandum of association and bye-laws, the Listing Rules and/or other laws and regulations from its board of directors, shareholders/independent shareholders, the Stock Exchange, the SFC and/or other regulatory authorities;
- (d) the Seller, CASH and/or CFSG having obtained all requisite consents, approvals, confirmations or waivers from third parties in respect of their entry into the Framework Agreement and the transactions contemplated thereunder;
- (e) there being no material adverse change to the business, financial, operations or assets of CFSG after the signing of the Framework Agreement;
- (f) CASH will not be regarded as a cash company following the Possible Disposal, and it will have sufficient operation and business to maintain its listing status on the Stock Exchange;
- (g) no transactions contemplated under the Framework Agreement would be regarded as special deal (as defined in the Takeovers Code) or the frustrating action (as defined in the Takeovers Code); and
- (h) CFSG will continue to maintain the public float and its listing status.

The final terms of the Completion Conditions will be based on the terms to be set out in the S&P Agreement.

Termination: If the S&P Agreement is not signed on or before the Long Stop Date, either Party can terminate the Framework Agreement. The Parties can also terminate the Framework Agreement by mutual agreement before the Long Stop Date.

Other terms: The Seller has undertaken, unless obtaining the written consent of the Purchaser, that it will not dispose the remaining 167,821,069 CFSG Shares (representing approximately 4.06% of the entire issued share capital of CFSG as at the date of the Framework Agreement) within 18 months after the Completion.

INFORMATION ON CFSG GROUP

The current principal business of the CFSG Group consist of provision of (a) online and traditional brokerage of securities, futures and options contracts as well as mutual funds and insurance-linked investment products, (b) principal investments of securities, futures and options, (c) margin financing and money lending services and (d) corporate finance services. For additional information, please visit www.cashon-line.com.

Based on the audited accounts of CFSG, the net profits (before and after taxation and extraordinary items) for the financial year ended 31 December 2014 were approximately HK\$71.0 million and approximately HK\$54.3 million respectively, and the audited net asset value as at 31 December 2014 was approximately HK\$596.3 million.

Based on the audited accounts of CFSG, the net profits (before and after taxation and extraordinary items) for the financial year ended 31 December 2015 were approximately HK\$11.8 million and approximately HK\$13.4 million respectively, and the audited net asset value as at 31 December 2015 was approximately HK\$595.6 million.

INFORMATION ON CASH GROUP

The current principal activities of the CASH Group consist of (a) the financial services business carried out via CFSG as aforementioned; (b) sales of furniture and household items and electrical appliances through the chain stores under the brand names of “Pricerite” in Hong Kong; (c) provision of mobile internet (to include content, operations and distribution activities) services and online game (sales of online game auxiliary products and licensing) services; and (d) investment holding. For additional information, please visit www.cash.com.hk.

SHAREHOLDING STRUCTURE OF CFSG

The shareholding structures of CFSG as at the date of this joint announcement and before and immediately after the Completion (assuming no change in the number of CFSG Shares) are as follows:

Shareholder	<u>As at the date of this joint announcement and immediately before the Completion</u>		<u>Immediately after the Completion</u>	
	Number of CFSG Shares	%	Number of CFSG Shares	%
CIGL	1,667,821,069	40.34	167,821,069	4.06
Director of CFSG	1,255,500	0.03	1,255,500	0.03
The Purchaser	-	-	1,500,000,000	36.28
Other public holding	2,465,283,019	59.63	2,465,283,019	59.63
Total	<u>4,134,359,588</u>	<u>100.00</u>	<u>4,134,359,588</u>	<u>100.00</u>

Upon the Completion, the shareholding interest in CFSG held by CASH will reduce from approximately 40.34% to 4.06%. CFSG will cease to be a subsidiary of CASH after the Possible Disposal.

SECURITIES IN CFSG

As at the date of this joint announcement, CFSG has the following securities in issue:-

- (i) a total of 4,134,359,588 CFSG Shares; and
- (ii) a total of 338,000,000 share options with rights to subscribe for a total of 338,000,000 CFSG Shares.

Shareholders of CFSG and CASH will be informed of any further development with regard to the Possible General Offer as and when necessary in accordance with the Listing Rules and the Takeovers Code, and on a monthly basis pursuant to Rule 3.7 of the Takeovers Code until an announcement (i) of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or (ii) of a decision not to proceed with an offer.

DEALING DISCLOSURE

As required under Rule 3.8 of the Takeovers Code, associates (as defined in the Takeovers Code and including a person who owns or controls 5% or more of the relevant securities as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code of CFSG and the Purchaser) of CFSG and the Purchaser are hereby reminded to disclose their dealings in any securities of CFSG pursuant to the requirements of the Takeovers Code.

Reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code in accordance with Rule 3.8 of the Takeovers Code.

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities 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 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. However, this does not apply when the total value of dealings excluding stamp duty and commission) in any relevant security 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 dealings enquiries. Therefore, those who deal in relevant securities 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.”

THE POSSIBLE GENERAL OFFER

If the Possible Disposal materialises, the Purchaser will acquire more than 30% of the voting rights of CFSG, giving rise to an obligation on the part of the Purchaser and parties acting in concert with it to make a mandatory offer for all the CFSG Shares other than those already owned or agreed to be acquired by them under Rule 26 of the Takeovers Code, and the Purchaser will be obliged to make a general offer to acquire all the issued CFSG Shares (other than those shares to be held by the Purchaser and parties acting in concert with it) in cash.

CASH and CFSG will comply with relevant requirements under the Listing Rules and the Takeovers Code and make any further announcements (if necessary).

The Possible Disposal is subject to execution of the S&P Agreement. The Framework Agreement does not constitute a binding obligation on the Seller to sell or on the Purchaser to purchase the Sale Shares. There is no assurance that any transaction referred to in this joint announcement will materialize or eventually be consummated. The negotiations in relation to the Possible Disposal and/or the Possible General Offer arising from the transactions referred to in this joint announcement may or may not proceed.

Shareholders and potential investors of CFSG and CASH are advised to exercise extreme caution when dealing in their respective shares.

RESUMPTION OF TRADING OF SHARES

At the request of CFSG and CASH, trading in the shares of CFSG and CASH was halted on the Stock Exchange with effect from 9:00 am on 20 July 2016 pending the release of this joint announcement. CFSG and CASH have applied to the Stock Exchange for resumption of trading in their respective shares with effect from 9:00 am on 22 July 2016.

GENERAL

The Possible Disposal, if materialises, may constitute a very substantial disposal for CASH under Chapter 14 of the Listing Rules and will be subject to the announcement, circular and CASH Shareholders' approval requirements under the Listing Rules. Further announcement will be made in accordance with the Listing Rules following execution of the S&P Agreement.

DEFINITIONS

“CASH”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and which securities are listed on the main board of the Stock Exchange, and is the holding company of CFSG
“CASH Board”	the board of directors of CASH
“CASH Group”	CASH and its subsidiaries, including the CFSG Group
“CASH SGM”	a special general meeting of CASH to be convened and held for the purpose of approving the S&P Agreement and the transaction contemplated thereunder
“CASH Shareholder(s)”	holder(s) of ordinary shares of HK\$0.10 each in the capital of CASH
“CFSG”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and which securities are listed on the main board of the Stock Exchange, is an indirect non-wholly-owned subsidiary of CASH
“CFSG Board”	the board of directors of CFSG

“CFSG Group”	CFSG and its subsidiaries
“CFSG Shares”	ordinary shares of HK\$0.02 each in the capital of CFSG
“CIGL” or “Seller”	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is the legal and beneficial owner of the Sale Shares. It is the substantial shareholder of CFSG and a wholly-owned subsidiary of CASH
“Completion”	completion of the Possible Disposal
“Completion Conditions”	the conditions precedent to Completion
“Deposit”	HK\$50,000,000
“Due Diligence Period”	a period from the date of the Framework Agreement till 15 September 2016 or such later date as agreed by the Parties
“Framework Agreement”	a conditional sale and purchase agreement in relation to the Possible Disposal entered into between the Seller and the Purchaser on 19 July 2016 (after trading hours) (as supplemented by a supplemental agreement entered into between the Parties on 21 July 2016)
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2016 (or such other later date as may be agreed by the Parties)
“Parties”	the Seller and the Purchaser, being the parties to the Framework Agreement
“Possible Disposal”	the transaction contemplated under the Framework Agreement, being the possible disposal of the Sale Shares by CIGL to the Purchaser
“Possible General Offer”	the possible mandatory general offer in CFSG to be made by the Purchaser under the Takeovers Code if the Possible Disposal materialises
“Purchaser”	Ever Billion Group Limited, being an independent third party
“S&P Agreement”	a formal sale and purchase agreement or other definitive agreement to be entered into between the Parties with respect to the Possible Disposal on or before 30 September 2016 (or such other later date as may be agreed by the Parties)

“Sale Shares”	a total of 1,500,000,000 ordinary shares of HK\$0.02 each in the capital of CFSG, being approximately 36.28% of equity interest in CFSG
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Signing Conditions”	the conditions precedent to signing of the S&P Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“%”	per cent

Hong Kong, 21 July 2016

On behalf of the CFSG Board

Bernard Law

Executive Director & CFO

On behalf of the CASH Board

Bankee P. Kwan

Chairman & CEO

As at the date hereof, the CFSG Board comprises:-

Executive directors:

Mr Kwan Pak Hoo Bankee, JP
Mr Law Ping Wah Bernard
Ms Cheng Pui Lai Majone
Mr Lam Man Michael

Independent non-executive directors:

Mr Cheng Shu Shing Raymond
Mr Lo Kwok Hung John
Mr Lo Ming Chi Charles

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

As at the date hereof, the CASH Board comprises:-

Executive directors:

Mr Kwan Pak Hoo Bankee, JP
Mr Law Ping Wah Bernard
Mr Law Ka Kin Eugene
Mr Ng Hin Sing Derek

Independent non-executive directors:

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

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

* *for identification purpose only*