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CASH FINANCIAL SERVICES GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 510)

PLACING AND TOP UP OF SHARES

AND

RESUMPTION OF TRADING

The Placing and the Top Up

The Board announces that the Agreement was entered into on 14 October 2010 among the Company, CIGL (the Controlling Shareholder) and the Placing Agent (a wholly owned subsidiary of the Company).

Pursuant to the Agreement,:

- (i) the Placing Agent agreed, on a best-efforts basis, to procure the placing of the Placing Shares, being 70,000,000 existing Shares held by CIGL, to Placees at the Placing Price of HK\$1.07 per Placing Share; and
- (ii) CIGL agreed, subject to the Top Up Conditions, to subscribe for the Top Up Shares, being 70,000,000 new Shares at the Top Up Price of HK\$1.07 per Top Up Share.

The 70,000,000 Top Up Shares represents approximately 11.34% of the existing issued share capital of the Company as at the date of this announcement, and approximately 10.19% of the issued share capital of the Company as enlarged by the Top Up Shares.

The Placing is unconditional and will be completed within 2 Business Days immediately after the resumption of trading in Shares, or any other date as CIGL and the Placing Agent may mutually agree. The Top Up is conditional and will be completed within 2 Business Days from the fulfilment of the Top Up Conditions, or any other date as the Company and CIGL may mutually agree and in any event within 14 days after the date of the Agreement. The Top Up Shares will be issued under the General Mandate.

Application will be made by CIGL to the Executive for a waiver from the general offer obligation that may otherwise arise under Rule 26.1 of the Takeovers Code as a result of the Placing and the Top Up.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Top Up Shares to be issued.

Resumption of trading

Trading in the Shares on the Stock Exchange was suspended from 9:30 am on 14 October 2010 at the request of the Company. The Company has applied to the Stock Exchange for resumption of trading in the Shares from 9:30 am on 15 October 2010.

INTRODUCTION

The Board announces that the Agreement was entered into on 14 October 2010. The principal terms of the Agreement are set out below.

THE AGREEMENT

Pursuant to the Agreement:

- (a) the Placing Agent agreed, on a best effort basis, to procure the Placing, being the placing of the Placing Shares to Placees at the Placing Price; and
- (b) CIGL agreed for the Top Up, being the subscription for the Top Up Shares at the Top Up Price.

The Placing

Seller: CIGL, the Controlling Shareholder of the Company.

Placing Agent: Celestial Securities Limited, being a corporation licensed under SFO to conduct types 1 and 3 regulated activities under SFO, and a wholly-owned subsidiary of the Company.

The Placees and their respective ultimate beneficial owners are independent of and not acting in concert with the Placing Agent and CIGL and parties acting in concert with them.

Placees: Not less than six placees who are Independent Third Parties, all of whom are independent professional, institutional and/or individual investors.

Placing Shares: 70,000,000 existing Shares held by CIGL.

Placing Price: HK\$1.07 per Placing Share, being the same price for the Top Up Price.

The Placing Price for the Placing Shares represents:

- a discount of approximately 9.32% to the closing price of HK\$1.18 per Share as quoted on the Stock Exchange on the Last Trading Day;

- a discount of approximately 14.26% to the average of the closing prices as quoted on the Stock Exchange for the last 5 consecutive trading days ended on the Last Trading Day, being approximately HK\$1.248 per Share;
- a discount of approximately 11.50% to the average of the closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days ended on the Last Trading Day, being approximately HK\$1.209 per Share; and
- a discount of 12.30% to the audited net asset value of HK\$1.22 per Share based on the audited net asset value of the Group as at 31 December 2009.

The Placing Price for the Placing Shares is determined after arm's length negotiation among the Company, CIGL and the Placing Agent with reference to the recent market Share prices under the prevailing market conditions. The Board is of the view that the Placing Price is fair and reasonable to the Company and the Shareholders as a whole.

- Conditions: The Placing is unconditional.
- Completion: Within 2 Business Days immediately after the resumption of trading in Shares, or any other date as CIGL and the Placing Agent may mutually agree and in any event within 14 days after the date of the Agreement.
- Placing commission: 1.25% on the aggregate placing amount received for the Placing Shares and shall be borne by the Company.

The Top Up

- Issuer: The Company.
- Subscriber: CIGL.
- Top Up Shares: The same number of shares of the Placing Shares, being 70,000,000 new Shares.
- Top Up Price: HK\$1.07 per Top Up Share, which is same as the Placing Price. The Top Up Price represents:
- a discount of approximately 9.32% to the closing price of HK\$1.18 per Share as quoted on the Stock Exchange on the Last Trading Day;
 - a discount of approximately 14.26% to the average of the closing prices as quoted on the Stock Exchange for the last 5 consecutive trading days ended on the Last Trading Day, being approximately HK\$1.248 per Share;

- a discount of approximately 11.50% to the average of the closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days ended on the Last Trading Day, being approximately HK\$1.209 per Share; and
- a discount of 12.30% to the audited net asset value of HK\$1.22 per Share based on the audited net asset value of the Group as at 31 December 2009.

The Top Up Price is the same as the Placing Price which was determined after arm's length negotiation among the Company, CIGL and the Placing Agent with reference to the recent market Share prices under the prevailing market conditions. The Board is of the view that the Top Up Price is fair and reasonable to the Company and the Shareholders as a whole.

Proceeds: The gross and net proceeds of the Top Up will be HK\$74.9 million and around HK\$73.9 million respectively, representing a net Top Up Price of approximately HK\$1.06 per Top Up Share.

Ranking of the Top Up Shares: The Top Up Shares, when issued and fully paid, will rank pari passu in all respects with the then existing Shares at the date of allotment.

Mandate to issue Top Up Shares: The Top Up Shares will be issued under the General Mandate allowing the Board to issue a maximum of 20% of its issued Shares, being 123,421,621 Shares. After the issue of the Top Up Shares, there will remain 53,421,621 additional Shares allowed to be issued under the General Mandate.

Top Up Conditions: The Top Up is conditional upon:

- (a) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in the Top Up Shares;
- (b) the completion of the Placing;
- (c) the Executive having granted a waiver from the obligation to make a general offer under Rule 26 of the Takeovers Code to make a general offer by CIGL as a result of the Top Up; and
- (d) any other requirement under the Listing Rules and the Takeovers Code.

None of the above Top Up Conditions are waivable (in particular, the granting of the waiver by the Executive under Note 6 on dispensations from Rule 26 (the above (c)) cannot be waived by CIGL).

Completion: Within 2 Business Days from the fulfilment of the Top Up Conditions, or any other date as the Company and CIGL may mutually agree and in any event within 14 days after the date of the Agreement.

SHAREHOLDING STRUCTURE

The shareholding structures of the Company (based on information received by the Company and to the best knowledge of the Directors, and notified pursuant to Part XV of the SFO as at the date of this announcement) before, and after the Placing and the issues of the Top Up Shares are as follows:

	As at the date of this announcement		After the Placing		After the Placing and issue of the Top Up Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
CIGL	298,156,558	48.32	228,156,558	36.97	298,156,558	43.39
Cash Guardian Limited (Note 1)	8,964,640	1.45	8,964,640	1.45	8,964,640	1.30
CASH Directors						
Mr Law Ping Wah Bernard	1,120	0.00	1,120	0.00	1,120	0.00
Mr Ng Kung Chit Raymond	1,032,000	0.17	1,032,000	0.17	1,032,000	0.15
CIGL and parties acting in concert with it	308,154,318	49.94	238,154,318	38.59	308,154,318	44.84
Directors (other than those who are also CASH Directors)						
Mr Chan Chi Ming Benson	10,000,000	1.62	10,000,000	1.62	10,000,000	1.46
Mr Cheng Man Pan Ben	5,334,000	0.86	5,334,000	0.86	5,334,000	0.78
Mr Yuen Pak Lau Raymond	5,010,000	0.81	5,010,000	0.81	5,010,000	0.73
Mr Lo Kwok Hung John	169,000	0.03	169,000	0.03	169,000	0.02
Sub-total:	20,513,000	3.32	20,513,000	3.32	20,513,000	2.99
Public (including the Placees) (Note 2)	288,440,789	46.74	358,440,789	58.09	358,440,789	52.17
Total	617,108,107	100.00	617,108,107	100.00	687,108,107	100.00

Notes:

- (1) Cash Guardian Limited is a company controlled by Mr Kwan Pak Hoo Bankee, the chairman of both CASH and the Company, and is a party acting in concert with CIGL.
- (2) The Company is not aware that any Placees will become a substantial Shareholder of the Company under the Listing Rules after the issue of the Placing Shares or Top Up Shares.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WAIVER

The aggregate percentage shareholdings of CIGL and parties acting in concert with it will reduce from 49.94% of the Company's existing share capital to 38.59% after the Placing, and will increase from 38.59% to 44.84% of the Company's enlarged share capital after the Top Up. Under the Top Up, CIGL and parties acting in concert with it will acquire more than 2% of Shares and as such, CIGL and parties acting in concert with it would be obliged to make a mandatory general offer for all the other issued Shares under Rule 26.1 of the Takeovers Code.

Application for waiver under Note 6 on dispensations from Rule 26 to make a general offer will be made by CIGL to the Executive.

REASONS FOR AND BENEFITS OF THE PLACING AND THE TOP UP AND USE OF PROCEEDS

The current principal activities of the Group consist of 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, money lending and corporate finance; and (c) sales of furniture and household items and electrical appliances.

The Board believes that it would be in the interest of the Company to raise equity funding via the Placing and the Top Up to strengthen the Company's capital base and to enhance its financial position and net assets base for long-term growth. The net proceeds from the Placing and the Top Up of around HK\$73.9 million shall be used for general working capital of the Group.

FUND RAISING IN THE PAST 12 MONTHS

The Company had no fund raising activity in the past 12 months.

GENERAL

The 70,000,000 Top Up Shares represents approximately 11.34% of the existing issued share capital of the Company as at the date of this announcement, and approximately 10.19% of the issued share capital of the Company as enlarged by the Top Up Shares.

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Application will be made by CIGL to the Executive for a waiver from the general offer obligation that may otherwise arise under Rule 26.1 of the Takeovers Code as a result of the Placing and the Top Up.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Top Up Shares to be issued.

Trading in the Shares on the Stock Exchange was suspended from 9:30 am on 14 October 2010 at the request of the Company. The Company has applied to the Stock Exchange for resumption of trading in the Shares from 9:30 am on 15 October 2010.

DEFINITIONS

“acting in concert”	has the same meaning ascribed in the Takeovers Code
“Agreement”	the placing and top up agreement entered into among the Company, CIGL and the Placing Agent on 14 October 2010 in relation to the Placing and the Top Up
“Associates”	has the same meaning ascribed in the Listing Rules
“Board”	the board of Directors
“Business Day”	a business day is a day on which the Stock Exchange is open for the transaction of business
“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. It is the controlling shareholder of the Company via the shareholding interest of CIGL (its wholly-owned subsidiary) in the Company.
“CASH Directors”	the directors of CASH
“CIGL” or “Controlling Shareholder”	Celestial Investment Group Limited, is currently holding 298,156,558 Shares, representing about 48.32% of the existing issued share capital of the Company. CIGL is a controlling shareholder of the Company, and a wholly-owned subsidiary of CASH
“Company”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda, whose shares are listed on the main board of the Stock Exchange. It is currently an associated company of CASH
“Directors”	the directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by the Shareholders by a resolution passed at the annual general meeting of the Company held on 7 June 2010
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	to the best of the knowledge, information and belief of the Board having made all reasonable enquiry, such company(ies) or person(s) and their respective ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company and not being party acting in concert (as defined under the Takeovers Code) with the Placing Agent and CIGL and parties acting in concert with them
“Last Trading Day”	13 October 2010, being the last trading day for the Shares prior to the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares at the Placing Price pursuant to the Agreement
“Placing Shares”	70,000,000 existing Shares held by CIGL and to be placed under the Agreement
“Placees”	the placees of the Placing Shares to be placed by the Placing Agent under the Placing pursuant to the Agreement, which are all Independent Third Parties
“Placing Agent”	Celestial Securities Limited, being a corporation licensed under SFO to conduct types 1 and 3 regulated activities under SFO, and a wholly-owned subsidiary of the Company
“Placing Price”	HK\$1.07 per Placing Share
“SFC”	the Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Top Up”	the subscription of the Top Up Shares at the Top Up Price pursuant to the Agreement
“Top Up Conditions”	the conditions of the Top Up as set out in the item of “Top Up Conditions” under the sub-section of “The Top Up” under the section of “The Agreement” in this announcement
“Top Up Price”	HK\$1.07 per Top Up Share
“Top Up Share(s)”	70,000,000 new Shares (being the same number of Placing Shares) with aggregate nominal value of HK\$7,000,000 to be subscribed by CIGL under the Top Up
“HK\$”	Hong Kong dollar(s), the currency of Hong Kong

On behalf of the Board
Bankee P Kwan
Chairman

Hong Kong, 14 October 2010

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, 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.

As at the date hereof, the Board comprises:-

Executive directors:

Mr Kwan Pak Hoo Bankee
Mr Chan Chi Ming Benson
Mr Law Ping Wah Bernard
Mr Cheng Man Pan Ben
Mr Yuen Pak Lau Raymond

Independent non-executive directors:

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