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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)**

**CONTINUING CONNECTED TRANSACTIONS**

**- FINANCIAL ASSISTANCE**

The Board announces that on 11 December 2017, Celestial Securities (a wholly-owned subsidiary of the Company) granted Margin Financing Arrangement to the connected clients.

As the Connected Clients, namely Mr Chan Chi Ming Benson and Mr Ho Tsz Cheung Jack, are existing directors of the Company and/or their respective associates, each of the Connected Clients is a connected person (as defined under the Listing Rules) of the Company. The granting of the margin financing facilities by Celestial Securities to the Connected Clients under the Margin Financing Arrangement constitutes continuing connected transactions relating to financial assistance for the Company under Chapter 14A of the Listing Rules. As all of the respective applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in relation to the margin financing facility on an annual basis for each of the Connected Clients under the Margin Financing Arrangement are less than 5%, the Margin Financing Agreements and the annual cap and the transactions contemplated thereunder for the Connected Clients are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under the Listing Rules.

In compliance with the requirements of the Listing Rules in relation to continuing connected transactions, Celestial Securities has entered into the Margin Financing Agreements with each of the connected clients relating to the grant of the margin financing facility under the Margin Financing Arrangement to the connected clients. The terms of the Margin Financing Agreements are listed below.

**THE MARGIN FINANCING AGREEMENTS**

Date : All dated 11 December 2017

Parties : Celestial Securities (a wholly-owned subsidiary of the Company) (as lender) and each of the following connected clients (as borrowers):-

Mr Chan Chi Ming Benson <sup>(Notes 1 and 2)</sup>, Mr Ho Tsz Cheung Jack <sup>(Notes 1 and 2)</sup>  
and Ms Kwok Lai Ling Elaine <sup>(Notes 1 and 2)</sup>.

Notes:

- (1) *Mr Chan Chi Ming Benson and Mr Ho Tsz Cheung Jack, being the Connected Clients, are new executive directors of the Company as appointed in year of 2017. Ms Kwok Lai Ling Elaine is a new executive director of CASH as appointed in August 2016. They have not obtained any margin financing facility under the Existing Margin Financing Arrangement granted by the Group in year of 2015.*
- (2) *The margin financing facility granted to each of the connected clients is a stand alone facility. Each of their margin financing facility under the Margin Financing Arrangement will not be aggregated or aggregated with any margin financing facility under the Existing Margin Financing Arrangement.*

As the Connected Clients, namely Mr Chan Chi Ming Benson and Mr Ho Tsz Cheung Jack, are existing directors of the Company and/or their respective associates, each of the Connected Clients is a connected person of the Company. The granting of the Margin Financing Arrangement to each of the Connected Clients constitutes continuing connected transactions relating to financial assistance for the Company under Chapter 14A of the Listing Rules.

Ms Kwok Lai Ling Elaine is only an executive director of CASH (the substantial shareholder of the Company) and is not a connected person of the Company (as defined under the Listing Rules). The disclosure of the Margin Financing Agreement with Ms Kwok is for information purpose only.

Services provided:	Celestial Securities will extend margin financing facility to each of the connected clients under the Margin Financing Arrangement.
The interest rates:	<p>The interest rates will be charged at a range from prime rate to 6% above the prime rate per annum for advances made under the Margin Financing Arrangement, which is subject to change in order to align with the prevailing market practice.</p> <p>The interest rates charged are determined by reference to the rates offered in the market by other securities brokers for services of similar nature and in any event no more favourable than the rates charged by Celestial Securities to independent third parties for similar services.</p>
The annual cap:	The annual cap of the margin financing facility to each of the connected clients is a sum of up to HK\$30 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the two financial years ending on 31 December 2018.
Basis for determination of the annual cap :	<p>The annual cap of margin financing facility under the Margin Financing Agreements is the same as under the Existing Margin Financing Agreements.</p> <p>After discussion with the connected clients, they would like to obtain the same annual cap under the Existing Margin Financing Agreements to allow them higher flexibility in investment and trading activities.</p>

The annual cap was determined after arm's length negotiation between Celestial Securities and each of the connected clients based on (i) the demand of the connected clients; (ii) the amount of annual cap under the Existing Margin Financing Agreements; (iii) the existing financial resources and capacity of margin financing facilities of the Group for granting the margin financing facilities after taking into account the credit assessment, financial strength, past payment records and collateral securities for the facilities of the connected clients; (iv) the expected increase in the demand of the connected clients for their potential investment activities due to anticipated growth in the stock market in the near future; and (v) the benefit for capturing the securities trading activities of the connected clients so as to earn more commission and fees in the usual and ordinary course of the business of the Group.

The prevailing investment sentiment of the Hong Kong stock market is high and Hang Seng Index reaches high of over 28,000 points. Recent initial public offering (IPO) market is also very popular with numerous over-subscription IPO cases. The Board is optimistic about the stock market situation and sentiment in Hong Kong, as well as the fund raising activities including those through IPO in the near future.

The Board proposes to grant the same amount of annual cap of the Existing Margin Financing Agreements to allow a buffer and more flexibility for Celestial Securities to grant the margin financing facility to the connected clients in its ordinary and usual course of business with a view to contributing to the revenue and results of the Group.

Duration and terms: Fixed term of two financial years ending on 31 December 2018 (being the same expiry date as the Existing Margin Financing Agreements).

Other terms : The margin financing facilities will be provided to the connected clients on normal commercial terms and at commercial rates which are in line with the rates offered to other independent margin clients.

Each of the margin financing facilities is repayable on demand and will be secured by listed securities held by the respective connected clients.

### **Reasons and benefits of the transaction**

The Board (including the independent non-executive directors of the Company) considers that the Margin Financing Arrangement will enable Celestial Securities to continue (a) granting margin financing facilities to the connected clients, (b) capturing the securities trading activities of the connected clients, and (c) earning income from the connected clients in its ordinary course of business and on normal commercial terms.

The Board (including the independent non-executive directors of the Company) considers that (i) the Margin Financing Arrangement is being provided on normal commercial terms and in the ordinary course of business which will not be more favorable than those available to other independent third party clients; (ii) the terms of the Margin Financing Agreements are fair and reasonable; and (iii) the provision of the Margin Financing Arrangement is in the interest of the Company and the shareholders as a whole.

## **The Existing Margin Financing Arrangement**

As of the date of this announcement, Celestial Securities (a wholly-owned subsidiary of the Company) have entered into the Existing Margin Financing Arrangement with certain connected clients. Details of the Existing Margin Financing Agreements are as follows:-

- (i) Margin financing agreements all dated 24 November 2015 with each of the connected persons namely, Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard (executive directors of both the Company and CASH), Mr Law Ka Kin Eugene and Mr Ng Hin Sing Derek (executive directors of CASH), Mr Kwan Pak Leung Horace (director of subsidiaries of the Group), Ms Chan Siu Fei Susanna (spouse of Mr Kwan Pak Leung Horace), Cash Guardian Limited (a controlled corporation and an associate of Mr Kwan Pak Hoo Bankee), and Libra Capital Management (HK) Limited and Cashflow Credit Limited (being wholly-owned subsidiaries of CASH); and
- (ii) Margin financing agreement dated 23 October 2015 with Confident Profits (a wholly-owned subsidiary of CASH) relating to provision of margin financing facilities to the Confident Profits Group.

Pursuant to the respective margin financing agreements above, Celestial Securities granted margin financing facilities to each of the above connected clients at an annual cap of up to HK\$30 million (which represents the maximum outstanding balance, including accrued outstanding interests of the margin financing facility) for each of the three financial years starting from 1 January 2016 and ending 31 December 2018. Each of the margin financing facilities granted to the connected client was a stand alone facility and will not be aggregated. The interest rates charged are in any event no more favourable than the rates charged by Celestial Securities to independent third parties for similar services.

The margin financing agreements for each of Mr Kwan Pak Hoo Bankee, Cash Guardian Limited and family members (namely Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna), and Libra Capital Management (HK) Limited and Cashflow Credit Limited were approved by the independent Shareholders at a special general meeting held on 31 December 2015. Details of the Existing Margin Financing Arrangement were disclosed in the Company's announcement dated 23 October 2015 and 24 November 2015 and circular dated 15 December 2015.

## **GENERAL**

The current principal activities of the Group consist of financial service businesses which comprise (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) provision of margin financing and money lending services, and (d) provision of corporate finance services. For additional information, please visit [www.cashon-line.com](http://www.cashon-line.com).

As the Connected Clients, namely Mr Chan Chi Ming Benson and Mr Ho Tsz Cheung Jack, are existing directors of the Company and/or their respective associates, each of the Connected Clients is a connected person (as defined under the Listing Rules) of the Company. The granting of the margin financing facilities by Celestial Securities to the Connected Clients under the Margin Financing Arrangement constitutes continuing connected transactions relating to financial assistance for the Company under Chapter 14A of the Listing Rules. As all of the respective applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in relation to the margin financing facility on an annual basis for each of the Connected Clients under the Margin Financing Arrangement are less than 5%, the Margin Financing Agreements and the annual cap and the transactions contemplated thereunder for the Connected Clients are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under the Listing Rules.

As Mr Chan Chi Ming Benson and Mr Ho Tsz Cheung Jack are executive directors of the Company and Connected Clients, they have material interest in their respective Margin Financing Agreement and have abstained from voting on the resolution of the Board approving their respective Margin Financing Agreement. Save for the aforementioned directors, no other director of the Company has any material interest in the Margin Financing Agreements and therefore no other director of the Company is required to abstain from voting on the relevant resolution of the Board.

## DEFINITIONS

“associate(s)”	has the same meaning ascribed in the Listing Rules
“Board”	the board of directors
“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 substantial shareholder of the Company
“Celestial Securities”	Celestial Securities Limited, a company incorporated with limited liability in Hong Kong, and is a wholly-owned subsidiary of the Company. It is a licensed corporation under the Securities and Futures Ordinance, which is engaged in type 1 (dealing in securities) regulated activity
“Company”	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
“Confident Profits”	Confident Profits Limited, a company incorporated with limited liability in the British Virgin Islands, and is a wholly-owned subsidiary of CASH. It is the holding company of the Confident Profits Group
“Confident Profits Group”	Confident Profits and its subsidiaries
“Connected Clients”	Mr Chan Chi Ming Benson and Mr Ho Tsz Cheung Jack, who are existing directors of the Company and/or their respective associates, as more particularly set out in the section “The Margin Financing Agreements” in this announcement
“Existing Margin Financing Agreements”	the existing written margin financing agreements all dated 24 November 2015 and 23 October 2015 entered into between Celestial Securities with each of certain connected clients for the purpose of granting of the Existing Margin Financing Arrangement, particulars of which are set out in the section of “The Existing Margin Financing Arrangement” in this announcement
“Existing Margin Financing Arrangement”	the existing margin financing facilities extended by Celestial Securities to certain connected clients under the Existing Margin Financing Agreements, particulars of which are set out in the section of “The Existing Margin Financing Arrangement” in this announcement
“Group”	the Company and its subsidiaries

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Margin Financing Agreements”	the written margin financing agreements all dated 11 December 2017 on same terms as disclosed in this announcement between Celestial Securities with each of the connected clients relating to the granting of the margin financing facility to each of the connected clients
“Margin Financing Arrangement”	the granting of margin financing facility by Celestial Securities to the connected clients pursuant to the Margin Financing Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the currency of Hong Kong
“%”	per cent

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

Hong Kong, 11 December 2017

As at the date hereof, the Board comprises:

*Executive directors:*

Mr Kwan Pak Hoo Bankee, JP  
Mr Chan Chi Ming Benson  
Mr Law Ping Wah Bernard  
Mr Kwan Teng Hin Jeffrey  
Mr Ho Tsz Cheung Jack

*Independent non-executive directors:*

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

*\* For identification purpose only*