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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)

DISCLOSEABLE TRANSACTION

IN RELATION TO

THE LEASE AGREEMENT

THE LEASE AGREEMENT

The Board announces that on 23 May 2019, Celestial Asia Investment Limited (a wholly-owned subsidiary of the Company) as the Tenant entered into the Lease Agreement with the Landlord (Independent Third Party) in respect of the lease of the Premises for a term of 3 years and 5 months commencing from 15 July 2019 to 14 December 2022 (both days inclusive) for use as office premises of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Upon implementation of HKFRS 16 effective from 1 January 2019, the Group if entering into lease transaction as a lessee should recognise the right-of-use asset in the consolidated financial statements of the Company according to HKFRS 16. Under the Listing Rules, the entering into lease transaction by the Group as lessee effective from 1 January 2019 will be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the lease transaction contemplated under the Lease Agreement exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 23 May 2019, Celestial Asia Investment Limited (a wholly-owned subsidiary of the Company) as the Tenant entered into the Lease Agreement with the Landlord (Independent Third Party) in respect of the lease of the Premises for a term of 3 years and 5 months commencing from 15 July 2019 to 14 December 2022 (both days inclusive) for use as office premises of the Group.

THE LEASE AGREEMENT

Date: 23 May 2019

The Landlord: Pioneer Crest Limited as the Landlord.

The principal or ancillary activities carried on by the Landlord are investment and leasing of property.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are the Independent Third Parties.

The Tenant: Celestial Asia Investment Limited (a wholly-owned subsidiary of the Company).

The Premises: The whole of the 22nd floor of Manhattan Place, No. 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong.

Terms: Three (3) years and five (5) months commencing from 15 July 2019 and expiring on 14 December 2022 (both days inclusive).

The Tenant has an option to renew for a further term of two (2) years at a revised rent to be determined under a new lease agreement in accordance with the terms of the Lease Agreement.

The aggregate value of consideration payable: The aggregate value of consideration payable under the Lease Agreement including rent, stamp duty and estimated reinstatement cost by the Tenant is approximately HK\$24,939,000, which will be satisfied by internal resources of the Group.

The rent under the Lease Agreement is determined after arm's length negotiations between the Landlord and the Tenant, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises.

Payable term: The monthly rent shall be payable monthly in advance on the first day of each calendar month.

Corporate guarantee: The Company has provided corporate guarantee to guarantee the performance and observance of the Tenant's agreements, obligations and liabilities under the Lease Agreement.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Company under the Lease Agreement amounted to approximately HK\$23,180,000, which is the present value of aggregated lease payments less incentives (if any), plus initial direct costs and estimated reinstatement cost with the lease in accordance with HKFRS 16. Discount rate of 4.125% is applied to compute the present value of aggregate lease payments less incentives (if any) under the Lease Agreement.

INFORMATION OF THE GROUP

The principal activity of the Company is investment holding. The principal activities of the Group are fully-licensed by the Securities and Futures Commission to provide a comprehensive range of financial products and quality services, comprising mobile and premium trading, investment banking and corporate finance advisory, wealth and asset management, FinTech platform, etc. for its broad-based clients. For additional information, please visit www.cfsg.com.hk.

Based on the audited accounts of the Company, the net losses (before taxation and extraordinary items) for the financial year ended 31 December 2017 were approximately HK\$46.0 million and the net losses (after taxation and extraordinary items) was approximately HK\$46.1 million respectively, and the audited net asset value as at 31 December 2017 was approximately HK\$729.0 million.

Based on the audited accounts of the Company, the net losses (before and after taxation and extraordinary items) for the financial year ended 31 December 2018 were both approximately HK\$144.5 million, and the audited net asset value as at 31 December 2018 was approximately HK\$623.9 million.

REASONS FOR THE LEASE AGREEMENT

The Group is currently leasing an office premise in Central as its headquarters and principal place of business, which will be expired in the end of this year. In evaluating the options of renewal of tenancy or leasing a new office, the Directors consider that the Premises are located in the heart of the commercial zone in Kowloon Bay which is a fast developing next generation central business district. The Directors consider it is beneficial to enter into the Lease Agreement and relocate the headquarters of the Company to the Premises, which will facilitate the future expansion and growth of the financial services businesses of the Group and the location of the Premises is easily accessible by transportation by both our corporate and individual clients.

The terms of the Lease Agreement, including the rental charge, were determined after arm's length negotiations between the parties and with reference to the open market rent of comparable office properties. The entering into of the Lease Agreement is necessary for continuing the operation of business of the Group for use as office premises and is in the ordinary and usual course of business of the Group. Therefore, the Board considers that the terms of the Lease Agreement are on normal commercial terms and fair and reasonable and entering into of the Lease Agreement is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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DEFINITION

“Board”	board of Directors
“Company”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and the shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	to the best of the directors’ knowledge, information and belief having made all reasonable enquiry, the Landlord and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Landlord”	the landlord as more particular set out under the sub-heading “The Landlord” in the section headed “The Lease Agreement” in this announcement
“Lease Agreement”	the lease agreement dated 23 May 2019 entered into between the Tenant and the Landlord in relation to the lease of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
“Premises”	the premises as more particular set out under the sub-heading “The Premises” in the section headed “The Lease Agreement” in this announcement
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Celestial Asia Investment Limited, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Suzanne W S Luke
Company Secretary

Hong Kong, 23 May 2019

As at the date hereof, the directors of the Company are: -

Executive directors:

Dr Kwan Pak Hoo Bankee, JP
Mr Chan Chi Ming Benson
Mr Law Ping Wah Bernard
Mr Cheung Wai Ching Anthony
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 purposes only*