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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  
SUBSCRIPTION IN A FUND**

**THE SUBSCRIPTION**

On 20 December 2019, the Subscriber (a wholly-owned subsidiary of the Company) entered into the Letter of Commitment and the Partnership Agreement with the General Partner in relation to the subscription of limited partner interests in the Fund with a capital commitment of RMB10,000,000 (equivalent to approximately HK\$11,100,000).

**IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio in respect of the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules but is exempt from the circular and shareholders' approval requirements under the Listing Rules.

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## **(1) The Letter of Commitment**

### *The Commitment*

The Subscriber has undertaken and confirmed to subscribe limited partner interests in the Fund with a capital commitment of RMB10,000,000 (equivalent to approximately HK\$11,100,000). The subscription money will be payable on or before the end of March 2020 and the actual payment date will be fixed upon receipt of notice(s) of payment from the General Partner pursuant to the terms of the Letter of Commitment and the Partnership Agreement. The Subscription will be funded by the internal resources of the Group.

### *The Fund*

The name of the Fund is 武漢老鷹創新投資中心（有限合夥） (translated as Wuhan Eagles Innovation Investment Centre, L.P.). The Fund is a private equity fund formed in the PRC in February 2018 with paid-up capital of RMB52 million (equivalent to approximately HK\$57,720,000) as at 30 June 2019.

The target fund raising size of the Fund shall not be more than RMB200,000,000 (equivalent to approximately HK\$222,000,000). The Subscription constitutes approximately 5% of the target fund raising size of the Fund.

According to the consolidated financial statement of the Fund prepared in accordance with Generally Accepted Accounting Principles in the PRC, (i) the audited net losses, before and after taxation, for the year ended 31 December 2018 were both approximately RMB382,000 (equivalent to approximately HK\$424,000), (ii) the unaudited net losses, before and after taxation, for the six months ended 30 June 2019 were both approximately RMB845,000 (equivalent to approximately HK\$938,000); and (iii) the audited consolidated net asset value of the Fund as at 31 December 2018 was approximately RMB38,218,000 (equivalent to approximately HK\$42,422,000) and the unaudited consolidated net asset value of the Fund as at 30 June 2019 was RMB49,773,000 (equivalent to approximately HK\$55,248,000).

Up to 30 September 2019, the Fund has made investments in fourteen companies/projects in the PRC covering industries in artificial intelligence, 5G technology, internet of things, intelligent manufacturing and hardware, new retailing, media and entertainment in the PRC. The latest unaudited valuation of these investment projects provided by the Fund is approximately RMB105,494,000 (equivalent to approximately HK\$117,098,000) as at 30 September 2019.

## **(2) The Partnership Agreement**

### *Term of the Fund*

The Fund has an initial term of six years (subject to extension) (“Fund Term”) commencing on the date upon receipt of the first tranche of subscription money (“Commencement Date”).

The Fund Term may further be extended for an additional two years (“Extended Term”) by passing a resolution of the Partners. The Fund may also be dissolved upon, inter alia, the expiry of the Fund Term or the unanimous consent of the General Partner and the Limited Partners prior to the expiry of the Fund Term.

### *Scope of investments*

The main investment scope of the Fund shall be in the areas of technology, consumer market and internet.

### *Distribution of investment returns*

The General Partner will distribute, to each Limited Partner, the Limited Partner's pro rata share of the net cash investment income and proceeds from the investments held by the Fund in accordance with the terms of the Partnership Agreement.

### *Management of the Fund*

#### *(i) The General Partner*

The General Partner has overall authority over, and responsibility for, the proper operations and management of the Fund, its investment targets and related activities. The General Partner may be substituted or removed by a resolution of the Partners.

#### *(ii) The Consultant Committee*

The members of the consultant committee shall comprise five Limited Partners, out of which two members shall be Limited Partners who have invested the top two amount of capital contributions, and the other three members are designated by the General Partner at his sole discretion.

#### *(iii) The Limited Partners*

The Limited Partners shall not participate in the management of the investment operation of the Fund.

### *Management fee*

The management fee of the Fund shall be payable to the General Partner quarterly in advance at a rate of 2% per annum calculated based on the total capital contribution of the Fund received during the Fund Term. Upon expiry of the Fund Term, the management fee shall be calculated at a rate of 1% per annum during the Extended Term.

### *Transferability or Withdrawal*

Except with the consent of the General Partner, a Limited Partner shall not transfer whole or part of his interest in the Fund nor withdraw the capital contribution from the Fund.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The Company considers that the Subscription offers a good opportunity for investment in the China market focusing on emerging high-technology industries and opens a door for us for getting access to the private equity investment businesses. It is expected that the Fund, through investing in enterprises or projects with growth prospects, provides attractive investment return for the Group in the long term. Investing in the Fund also opens up strategic partnership opportunities with potential technology-driven enterprises in the future, which echoes with the business development direction of the Group as a leading financial services company.

Having taken into account the experience of the General Partner in investment and fund operations, the Company is confident that the Subscription will provide capital appreciation in the long run and enhance the earning ability of the Group.

The subscription amount in the Fund corresponds with the interests that the Subscriber acquired in the Fund, which was determined after arm's length negotiations between the General Partner and the Subscriber with reference to the projected capital requirement of the Fund.

The Board considers that the Subscription is on normal commercial terms and the terms of the Subscription are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE GENERAL PARTNER**

The General Partner of the Fund is 北京老鷹投資基金管理有限公司 (translated as Beijing Eagles Investment Fund Management Company Limited), which was established in year 2015 and is a renowned private equity fund management company in the PRC. It mainly engages in investment in diversified angel venture capital funds focusing on technology, artificial intelligence, media and telecom and high-technology areas. The founder of the General Partner is Mr Steve Lau, a sophisticated entrepreneur and a famous angel investor, having more than 20 years of experience in entrepreneurship, investment and telecommunications in the Greater China.

As at the date of this announcement, to the best of the knowledge, information and belief of the directors of the Company, having made all reasonable enquiries, the General Partner and their respective ultimate beneficial owner(s) are independent of and not connected with the Company or any connected person of the Company.

## **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](http://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. The unaudited net asset value of the Company as at 30 June 2019 was approximately HK\$596.2 million.

## **GENERAL**

As the highest applicable percentage ratio in respect of the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules but is exempt from the circular and shareholders' approval requirements under the Listing Rules.

## DEFINITIONS

“Board”	board of directors of the Company
“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 under the Listing Rules
“Fund”	武漢老鷹創新投資中心（有限合夥）(translated as Wuhan Eagles Innovation Investment Centre, L.P.), a private equity fund formed in the PRC
“General Partner”	北京老鷹投資基金管理有限公司(translated as Beijing Eagles Investment Fund Management Company Limited), a company established in the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Letter of Commitment”	the letter of commitment dated 20 December 2019 executed by the Subscriber in relation to the Subscription
“Limited Partner(s)”	the limited partner(s) of the Fund, including the Subscriber
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partner(s)”	the General Partner and the Limited Partner(s)
“Partnership Agreement”	the partnership agreement with the General Partner executed by the Subscriber on 20 December 2019 in respect of the Fund
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	上海懿睿股權投資基金管理有限公司(translated as Shanghai Yirui Equity Investment Fund Management Company Limited), a company established in the PRC, a wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Fund by the Subscriber
“%”	per cent

*Translation of RMB into HK\$ is based on the exchange rate of RMB1 = HK\$1.11.*

On behalf of the Board  
**Benson Chan**  
*Executive Director*

Hong Kong, 20 December 2019

As at the date hereof, the Board comprises:-

*Executive directors:*

Dr Kwan Pak Hoo Bankee, JP  
Mr Ng Tze Wai Anthony  
Mr Chan Chi Ming Benson  
Mr Cheung Wai Ching Anthony  
Mr Kwan Teng Hin Jeffrey  
Mr Li Shing Wai Lewis

*Independent non-executive directors:*

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

*\* For identification purposes only*