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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 OF INTERESTS IN A TARGET COMPANY**

THE SUBSCRIPTION

The Board announces that, on 2 July 2019 (after trading hours), CFSG China (a wholly-owned subsidiary of the Company), the General Partner and the Target Company entered into the Subscription Agreement, pursuant to which, among other things, CFSG China has agreed to subscribe for interests in the Target Company with subscription amount of US\$2,000,000 (equivalent to approximately HK\$15,600,000).

In connection with the Subscription Agreement, on 2 July 2019, the Parties also entered into the Shareholders' Agreement in relation to, among other things, the governance of the Target Company and the rights and obligations among the shareholders of the Target Company.

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.

THE SUBSCRIPTION

The Board announces that, on 2 July 2019 (after trading hours), CFSG China, the General Partner and the Target Company entered into the Subscription Agreement, pursuant to which, among other things, CFSG China has agreed to subscribe for interests in the Target Company with subscription amount of US\$2,000,000 (equivalent to approximately HK\$15,600,000).

THE SUBSCRIPTION AGREEMENT

- Date : 2 July 2019
- Parties : (1) CFSG China, a wholly-owned subsidiary of the Company, with principal business of investment holding.
- (2) ZWC CFSG Investments Limited, being the Target Company, with principal business of investment holding.
- (3) General Partner, with principal business of provision of investment management services.
- Subject matter : Pursuant to the Subscription Agreement, CFSG China has conditionally agreed to subscribe for and the Target Company has conditionally agreed to allot and issue 2,000 Class A shares (representing 99.95% of the total issued share capital of the Target Company immediately after the Subscription). The consideration for the shares in the Target Company to be subscribed for by CFSG China would be US\$2,000,000 (equivalent to approximately HK\$15,600,000), which will be funded by the Group's internal resources.

Immediately following the completion of the Subscription, the issued share capital of the Target Company will consist of:-

- (1) A total of 2,000 Class A shares; and
- (2) A total of 1 Class B share.

The Target Company intends to use the aggregate proceeds from the Subscription to subscribe for 10% non-voting shares in ZWC Latte, which in turn, together with other investors in ZWC Latte, propose to invest in the FinTech company in the PRC.

The consideration for the Subscription under the Subscription Agreement is based on the total estimated investment in the FinTech company in the PRC in proportion to the shareholding interests to be subscribed for.

Closing : No later than 4 July 2019 (or such other date agreed by the Parties) (“Funding Date”), CFSG China shall wire the consideration for the Subscription in immediately available funds in US\$ to the designated bank account of the Target Company.

Within fifteen (15) business days of the Funding Date and subject to the satisfaction or waiver of the conditions, including the execution of investment agreement in the FinTech company in the PRC as more particularly set out in the Subscription Agreement, the Closing shall take place at which the Target Company shall deliver to CFSG China an updated register of members reflecting CFSG China as the record owner of the shares under Subscription. However, if the Closing has not occurred within fifteen (15) business days of the Funding Date, the Target Company shall return the consideration to CFSG China.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Target Company, 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.

THE SHAREHOLDERS’ AGREEMENT

In connection with the Subscription Agreement, on 2 July 2019, the Parties also entered into the Shareholders’ Agreement in relation to, among other things, the governance of the Target Company and the rights and obligations among the shareholders of the Target Company.

Date : 2 July 2019

Parties : The same parties as the Subscription Agreement as mentioned above.

Voting rights : (a) The Class A shareholder is not entitled to any voting rights save as the consent rights in relation to liquidation or winding-up of the Target Company.
(b) The Class B shareholder is entitled to one vote per Class B share on all matters that require approval of the shareholders of the Target Company.

Distributions : The Target Company may distribute dividends in cash or in kinds (if any) to all shareholders (other than Class B shareholder) in proportion to their respective shareholder portions.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and a special purpose vehicle established for the sole purpose of participating in the investment in ZWC Latte managed by the General Partner which is an experienced investment manager. The principal business of the Target Company is investment holding.

Both the Target Company and ZWC Latte are special purpose vehicles newly incorporated without any activities prior to the investments to be made, neither financial information nor past performance of these two companies are available.

The FinTech company in the PRC proposed to be invested by ZWC Latte is the variable interest entity (i.e. commonly known as the VIE) established for the purpose of listing of the group principally engaged in credit card balance transfer and cash advance services by financial technology in the PRC.

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 SUBSCRIPTION

The Subscription is a good opportunity for investment in the FinTech company in the PRC. Moreover, the Subscription opens up strategic partnership opportunity with potential investment partners. Technology-driven services and platform can also differentiate ourselves from competitors as a leading financial services company.

The consideration corresponds with the total estimated investment amount in proportion to the shareholding interest to be subscribed for in the FinTech company in the PRC, which is arrived at arm's length negotiation between the Parties. The Board considers that the Subscription is on normal commercial terms and the terms of the Subscription Agreement as well as the Shareholders' Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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
“CFSG China”	CFSG China Investment Limited, a company incorporated in the British Virgin Islands with limited liability, and is a wholly-owned subsidiary of the Company
“Closing”	the closing of the Subscription and issuance of the shares to be subscribed for by CFSG China
“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
“General Partner”	Zhong Wei General Partner Limited, an exempted company incorporated under the laws of the Cayman Islands, being the general partner company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	CFSG China, the General Partner and the Target Company, being parties to the Subscription Agreement and the Shareholders’ Agreement
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan

“Shareholders’ Agreement”	the shareholders’ agreement dated 2 July 2019 entered into among CFSG China, the General Partner and the Target Company in relation to, among other things, the governance of the Target Company and the rights and obligations among the shareholders of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for share investment in the Target Company by CFSG China and the General Partner in accordance with the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 2 July 2019 entered into among CFSG China, the General Partner and the Target Company relating to the Subscription
“Target Company”	ZWC CFSG Investments Limited, a company newly incorporated in the British Virgin Islands with limited liability, and its principal business is investment holding
“US\$”	United States dollar, the lawful currency of the United States of America
“ZWC Latte”	ZWC Latte Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which principal activity is proposed to be investment in the FinTech business company in the PRC

Translation of US\$ into HK\$ is based on the exchange rate of US\$1 = HK\$7.8.

On behalf of the Board
Benson Chan
Executive Director and CEO

Hong Kong, 2 July 2019

As at the date hereof, the Board comprises:-

Executive directors:

Dr Kwan Pak Hoo Bankee, JP
Mr Chan Chi Ming Benson
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*