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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in CASH Financial Services Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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****AND****NOTICE OF SPECIAL GENERAL MEETING****The Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders****VINCO** **Grand Vinco Capital Limited***(A wholly-owned subsidiary of Vinco Financial Group Limited)*

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Independent Board Committee containing its advice to the Independent Shareholders in relation to the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for Mr Kwan and Family Members and CASH Companies is set out on page 15 of this circular. A letter from Vinco Capital containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder is set out on pages 16 to 25 of this circular.

A notice convening the SGM of CASH Financial Services Group Limited to be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 31 December 2015 (Thursday) at 9:30 am is set out on pages 33 to 34 of this circular. Whether or not you are able to attend the SGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by no later than 48 hours before the time appointed for the holding of the SGM or any adjourned meeting. Completion and return of a form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

15 December 2015

\* For identification purpose only

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Announcement”	the joint announcement made by the Company and CASH on 24 November 2015 in respect of the entering into of the New Margin Financing Agreements
“associate(s)”	has the same meaning ascribed to it 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 whose securities are listed on the main board of the Stock Exchange, and is the holding company of the Company
“CASH Companies”	Libra Capital Management (HK) Limited and Cashflow Credit Limited and their principal activities are investment holding. The companies are wholly-owned subsidiaries of CASH, and are regarded as connected persons of the Company (as defined under the Listing Rules)
“CASH Group”	CASH and its subsidiaries, including the Group
“Cash Guardian”	Cash Guardian Limited and its principal activity of investment holding. It is a controlled corporation and an associate of Mr Kwan Pak Hoo Bankee (an executive Director of the Company and CASH). It is a substantial shareholder of CASH
“CASH SGM”	the special general meeting of CASH to be held on 31 December 2015 (Thursday) at 10:00 am to approve the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies)
“Celestial Securities”	Celestial Securities Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company, and a subsidiary of CASH held through the Company. It is a licensed corporation under the SFO to carry out type 1 (dealing in securities) regulated activity
“CIGL”	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of CASH. It is the substantial shareholder of the Company

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## DEFINITIONS

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“Company”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and whose securities are listed on the main board of the Stock Exchange, and is a subsidiary of CASH
“Confident Profits Margin Financing Agreement”	the written margin financing agreement dated 23 October 2015 entered into between Celestial Securities and Confident Profits Limited (a wholly-owned subsidiary of CASH) relating to the grant of margin financing facility at an annual cap of up to HK\$30 million for each of the three years ending 31 December 2018, details of which were disclosed in the announcement of the Company dated 23 October 2015
“Connected Client(s)”	Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Ms Cheng Pui Lai Majone, Mr Ng Kung Chit Raymond, Mr Lam Man Michael, Mr Law Ka Kin Eugene, Mr Ng Hin Sing Derek, Mr Kwan Pak Leung Horace, Ms Chan Siu Fei Susanna, Cash Guardian, Libra Capital Management (HK) Limited and Cashflow Credit Limited, particulars of which are set out in the section of “The New Margin Financing Agreements” in the letter from the Board
“Directors”	the directors of the Company
“Existing Margin Financing Agreement(s)”	the existing margin financing agreement(s) dated 14 December 2012 and/or 27 March 2014 entered into by Celestial Securities with certain Connected Clients, particulars of which are set out in the section of “The Existing Margin Financing Arrangements” in the letter from the Board
“Existing Margin Financing Arrangement(s)”	the existing margin financing facility(ies) extended by Celestial Securities to certain connected client(s) under the Existing Margin Financing Agreements, particulars of which are set out in the section of “The Existing Margin Financing Arrangements” in the letter from the Board
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr Cheng Shu Shing Raymond, Mr Lo Kwok Hung John and Mr Lo Ming Chi Charles, which has been established to advise the Independent Shareholders on the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for Mr Kwan and Family Members and CASH Companies

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## DEFINITIONS

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“Independent Financial Adviser” or “Vinco Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a corporation licensed to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for Mr Kwan and Family Members and CASH Companies
“Independent Shareholder(s)”	the Shareholders, other than any Connected Client(s) who are the Shareholder(s) and are interested in the respective New Margin Financing Agreement(s) and the annual caps and the transactions contemplated thereunder, as set out under the heading “The SGM” in section of the “Letter from the Board”
“Latest Practicable Date”	11 December 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the required standards of dealings regarding securities transactions by Directors or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
“Mr Kwan and Family Members”	Mr Kwan Pak Hoo Bankee, and Cash Guardian, Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna (being associate or family members of Mr Kwan Pak Hoo Bankee)
“New Margin Financing Agreement(s)”	the written margin financing agreement(s) all dated 24 November 2015 on same terms and conditions as disclosed in the section of “The New Margin Financing Agreements” in the letter from the Board between Celestial Securities with each of the Connected Clients relating to granting of the margin financing facility to each of the Connected Clients
“New Margin Financing Arrangement(s)”	the granting of margin financing facility(ies) by Celestial Securities to the Connected Client(s) pursuant to the New Margin Financing Agreements
“Parties”	the parties to the New Margin Financing Agreements, being Celestial Securities and each of the Connected Clients

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## DEFINITIONS

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“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held on 31 December 2015 (Thursday) at 9:30 am to approve the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for Mr Kwan and Family Members and CASH Companies, notice of which is set out on pages 33 to 34 of this circular
“Share(s)”	share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollar(s), the currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“%”	per cent

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## LETTER FROM THE BOARD

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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)

*Board of Directors:*

*Executive:*

KWAN Pak Hoo Bankee  
LAW Ping Wah Bernard  
CHENG Pui Lai Majone  
NG Kung Chit Raymond  
LAM Man Michael

*Independent non-executive:*

CHENG Shu Shing Raymond  
LO Kwok Hung John  
LO Ming Chi Charles

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place  
of business:*

21/F Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

15 December 2015

*To the Shareholders*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS – FINANCIAL ASSISTANCE

#### INTRODUCTION

Reference is made to the Announcement dated 24 November 2015 in relation to the entering into of the New Margin Financing Agreements on 24 November 2015 by Celestial Securities with each of the Connected Clients.

The Connected Clients are either existing Directors or substantial shareholders of the Group or their respective associates or family members and are connected persons (as defined under the Listing Rules) of the Company. The granting of the New Margin Financing Arrangement to each of the Connected Clients constitutes continuing connected transaction relating to financial assistance for the Company under Chapter 14A of the Listing Rules.

\* For identification purpose only

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## LETTER FROM THE BOARD

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As all of the respective applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for margin financing facility on an annual basis under the New Margin Financing Agreement for each of the Connected Clients (save as Mr Kwan and Family Members, and CASH Companies) are less than 5%, the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as Mr Kwan and Family Members, and CASH Companies) are only subject to the reporting and announcement requirements under the Listing Rules and no independent shareholders' approval for the Company is required.

On the other hand, as one or more of the respective applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the margin financing facilities on an annual basis under the New Margin Financing Agreements for each of Mr Kwan and Family Members (on an aggregate basis), and CASH Companies (on an aggregate basis) exceed 5% and the aggregate amount exceeds HK\$10,000,000, the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for each of Mr Kwan and Family Members, and CASH Companies are subject to, among other things, the Independent Shareholders' approval at the SGM and annual review requirements under the Listing Rules.

The New Margin Financing Agreement for each of Mr Kwan and Family Members and CASH Companies is subject to approval by the Independent Shareholders, each by separate resolution, as set out in the notice of the SGM in this circular, and all the resolutions will be taken by poll at the SGM.

The purpose of this circular is to (i) provide the Shareholders with information on the New Margin Financing Agreements and the annual caps for Mr Kwan and Family Members and CASH Companies; (ii) set out the letter from the Independent Board Committee to the Independent Shareholders in respect of the aforesaid New Margin Financing Agreements and the annual caps; (iii) set out the letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in respect of the aforesaid New Margin Financing Agreements and the annual caps; (iv) give a notice to the Shareholders on convening the SGM for approving the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder.

### THE NEW MARGIN FINANCING AGREEMENTS

Date: All dated 24 November 2015

Parties: Celestial Securities (a wholly-owned subsidiary of the Company, and a subsidiary of CASH held through the Company) (as lender) and each of the Connected Clients (as borrowers).



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## LETTER FROM THE BOARD

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The Connected Clients are Mr Kwan Pak Hoo Bankee <sup>(Notes 1 and 3)</sup>, Mr Law Ping Wah Bernard <sup>(Note 1)</sup> (executive directors of the Company and CASH), Ms Cheng Pui Lai Majone <sup>(Note 1)</sup>, Mr Ng Kung Chit Raymond <sup>(Note 1)</sup>, Mr Lam Man Michael <sup>(Note 2)</sup> (executive directors of the Company), Mr Law Ka Kin Eugene <sup>(Note 2)</sup>, Mr Ng Hin Sing Derek <sup>(Note 1)</sup> (executive directors of CASH), Mr Kwan Pak Leung Horace <sup>(Notes 1 and 3)</sup>, Ms Chan Siu Fei Susanna <sup>(Notes 1 and 3)</sup>, Cash Guardian <sup>(Note 1)</sup> (a controlled corporation and an associate of Mr Kwan Pak Hoo Bankee), Libra Capital Management (HK) Limited <sup>(Note 1)</sup> and Cashflow Credit Limited <sup>(Note 1)</sup> (wholly-owned subsidiaries of CASH, being the substantial shareholder of the Company).

*Notes:*

- (1) Such Connected Clients have been granted margin financing facility at an annual cap of up to HK\$30 million up to the financial years ending 31 December 2015 under the Existing Margin Financing Arrangements.
- (2) Mr Lam Man Michael and Mr Law Ka Kin Eugene are new executive director of the Company and CASH respectively as appointed in November 2015. They are new Connected Clients who have not been granted any margin financing facility under the Existing Margin Financing Arrangements.
- (3) Mr Kwan Pak Leung Horace is a director of certain subsidiaries of the Group and is the brother of Mr Kwan Pak Hoo Bankee, and Ms Chan Siu Fei Susanna is the spouse of Mr Kwan Pak Leung Horace and a senior management of the Group.
- (4) The margin financing facility to be granted to each of the Connected Clients is a stand alone facility. Each of their margin financing facility under the New Margin Financing Arrangement will not be aggregated or aggregated with any margin financing facility of other Connected Clients.

The Connected Clients are either existing Directors or substantial shareholders of the Group or their respective associates or family members and are connected persons (as defined under the Listing Rules) of the Company. The granting of the New Margin Financing Arrangement to each of the Connected Clients constitutes continuing connected transaction relating to financial assistance for the Company under Chapter 14A of the Listing Rules.

Services provided:

Celestial Securities will extend margin financing facility to each of the Connected Clients under the respective New Margin Financing Arrangement.

The interest rates:

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 New Margin Financing Arrangements, which is subject to change in order to align with the prevailing market practice.

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.

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## LETTER FROM THE BOARD

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The annual caps: The annual caps of the margin financing facility to each of the Connected Clients will be 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 three financial years ending 31 December 2018.

Basis for determining the annual caps: The annual caps of margin financing facility under the New Margin Financing Agreements are the same as under the Existing Margin Financing Agreements.

After discussion with the Connected Clients, they would like to obtain the same annual caps under the Existing Margin Financing Agreements to allow them more flexibility for investment and trading activities.

The annual caps were 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 caps 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 global financial market was unstable and the investment sentiment of the Hong Kong stock market was low for the past two years with average daily turnover of the Hang Seng Index (HSI) of HK\$69.5 billion and HK\$62.65 billion for the year 2014 and 2013 respectively. Following the announcement of Shanghai – Hong Kong Stock Connect for the establishment of mutual stock market access between Mainland China and Hong Kong in late 2014, the average daily turnover of HSI soared to HK\$125.3 billion in the first half of 2015. As disclosed in the 2015 interim report of the Group, the Group's revenue for the first half of 2015 also increased significantly by 71.3% to HK\$148.2 million when compared to HK\$86.5 million in 2014.

The Board anticipates that with the gradual stabilization in the external market and the forthcoming Shenzhen-Hong Kong Stock Connect scheme, the securities turnover of Hong Kong market will keep going upward with the continuous inflow of capital from Mainland China into Hong Kong. The Board is optimistic about the stock market situation and sentiment in Hong Kong, as well as the fund raising activities including those through initial public offering (IPO) in the near future.

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## LETTER FROM THE BOARD

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Although the proposed annual caps are substantially higher than the historical transactions amounts of some Connected Clients, particularly for Mr Kwan and Family Members and CASH Companies, the Board has taken into consideration (i) the expected growths in the securities market based on the above factors; (ii) the anticipated increase in investment opportunities of the Connected Clients due to the launch of the forthcoming Shenzhen-Hong Kong Stock Connect scheme as mentioned aforesaid; (iii) the New Margin Financing Agreements are renewal of the Existing Margin Financing Agreements with the same annual caps and similar terms; (iv) the benefits of the New Margin Financing Agreements to contribute income to the Group, and proposed to grant the same amount of annual caps 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: Fixed term of three financial years ending 31 December 2018.

Conditions precedent: The New Margin Financing Agreements for each of the Connected Clients are conditional upon satisfaction of the following respective conditions precedent:

- (a) the New Margin Financing Agreement and the annual caps and the transactions contemplated thereunder for each of Mr Kwan and Family Members is subject to the following conditions:
  - (i) the approval by the Independent Shareholders at the SGM; and
  - (ii) the approval by the independent shareholders of CASH at the CASH SGM.
- (b) the New Margin Financing Agreement and the annual caps and the transactions contemplated thereunder for each of Mr Law Ping Wah Bernard, Ms Cheng Pui Lai Majone, Mr Ng Kung Chit Raymond, Mr Lam Man Michael, Mr Law Ka Kin Eugene and Mr Ng Hin Sing Derek is subject to the approval by the independent shareholders of CASH at the CASH SGM.
- (c) the New Margin Financing Agreement and the annual caps and the transactions contemplated thereunder for each of CASH Companies is subject to the approval by the Independent Shareholders at the SGM.

The New Margin Financing Agreements are not inter-conditional upon each other.

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## LETTER FROM THE BOARD

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### **Reasons for and benefits of the New Margin Financing Agreements**

The Board (including the independent non-executive Directors) considers that the New Margin Financing Arrangements 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) considers that (i) the New Margin Financing Arrangements are 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 New Margin Financing Agreements are fair and reasonable; and (iii) the provision of the New Margin Financing Arrangements are in the interest of the Company and the Shareholders as a whole.

### **The Existing Margin Financing Arrangements**

The Connected Clients (save as Mr Lam Man Michael and Mr Law Ka Kin Eugene who are newly appointed director of the Company and CASH respectively) have entered into the Existing Margin Financing Arrangements with Celestial Securities and are currently utilizing the margin financing facilities extended by Celestial Securities at an annual cap of up to HK\$30 million up to the financial year ending 31 December 2015. Details of the Existing Margin Financing Agreements are listed below.

On 14 December 2012, Celestial Securities entered into the margin financing agreements all dated 14 December 2012 with, inter alias, Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Ms Cheng Pui Lai Majone, Mr Ng Kung Chit Raymond, Cash Guardian and CASH Companies. The transactions were disclosed in the announcement and circular of the Company dated 14 December 2012 and 2 January 2013 respectively, and were approved by the independent shareholders of the Company at the special general meeting held on 22 January 2013. The transactions were also disclosed in the announcement of CASH dated 21 March 2013.

On 27 March 2014, Celestial Securities entered into the margin financing agreements all dated 27 March 2014 with, inter alias, Mr Ng Hin Sing Derek, Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna. The transactions were disclosed in the joint announcement of the Company and CASH dated 27 March 2014 and respective circular of the Company and CASH dated 17 April 2014, and were approved by the independent shareholders of the Company and CASH at their respective annual general meeting held on 26 May 2014.

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## LETTER FROM THE BOARD

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The historical figures of the margin financing facilities utilized by certain Connected Clients under the Existing Margin Financing Arrangements are listed below:

Name	Year/period	Outstanding amount as at year/period end (HK\$'000)	Maximum outstanding amount during the year/period (HK\$'000)
Mr Kwan Pak Hoo Bankee and associates	Year ended 31 December 2013	–	1,484
	Year ended 31 December 2014	–	259
	Six months ended 30 June 2015	–	2,345
Mr Law Ping Wah Bernard and associates	Year ended 31 December 2013	–	15,955
	Year ended 31 December 2014	–	10,109
	Six months ended 30 June 2015	–	18,036
Ms Cheng Pui Lai Majone and associates	Year ended 31 December 2013	–	16,284
	Year ended 31 December 2014	–	22,545
	Six months ended 30 June 2015	–	26,197
Mr Ng Kung Chit Raymond and associates	Year ended 31 December 2013	–	7,978
	Year ended 31 December 2014	–	6,110
	Six months ended 30 June 2015	–	18,200
Mr Ng Hin Sing Derek and associates	Year ended 31 December 2013	–	–
	Year ended 31 December 2014	–	10,109
	Six months ended 30 June 2015	–	16,546
Mr Kwan Pak Leung Horace and associates	Year ended 31 December 2013	–	3,782
	Year ended 31 December 2014	–	7,779
	Six months ended 30 June 2015	–	24,818
Ms Chan Siu Fei Susanna and associates	Year ended 31 December 2013	–	–
	Year ended 31 December 2014	–	7,582
	Six months ended 30 June 2015	–	16,599
Cash Guardian	Year ended 31 December 2013	–	3,227
	Year ended 31 December 2014	–	840
	Six months ended 30 June 2015	–	4,058
Libra Capital Management (HK) Limited	Year ended 31 December 2013	214	8,623
	Year ended 31 December 2014	–	218
	Six months ended 30 June 2015	941	2,041
Cashflow Credit Limited	Year ended 31 December 2013	–	–
	Year ended 31 December 2014	–	–
	Six months ended 30 June 2015	–	–

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## LETTER FROM THE BOARD

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The Existing Margin Financing Arrangements will expire after 31 December 2015. The Parties entered into the New Margin Financing Agreements with similar terms and conditions of the Existing Margin Financing Agreements for a further term of three years from 1 January 2016 to 31 December 2018.

### INFORMATION ON THE GROUP AND THE CASH GROUP

The current principal activities of the Group consist of brokerage and financial services business including (a) online and traditional brokerage of securities, margin financing and mutual funds investment products mainly conducted through Celestial Securities as well as futures and options trading conducted through Celestial Commodities, and (b) provision of corporate finance, financial advisory, insurance-linked investment products and asset management services mainly conducted through other members of the Group. For additional information, please visit [www.cashon-line.com](http://www.cashon-line.com).

The current principal activities of the CASH Group consist of (a) the financial services business carried out via the Group as aforementioned; (b) algorithmic trading business including algorithmic trading and alternative trading; (c) retail management business including sales of furniture and household items and electrical appliances through the chain stores under the brand names of “Pricerite” in Hong Kong and “生活經艷” (translated as Sheng Huo Jing Yan) in the PRC; (d) mobile internet services business including provision of mobile internet (to include content, operations and distribution activities) services and online game (sales of online game auxiliary products and licensing) services; and (e) investment holding. For additional information, please visit [www.cash.com.hk](http://www.cash.com.hk).

### IMPLICATIONS UNDER THE LISTING RULES

The Connected Clients are either existing Directors or substantial shareholders of the Group or their respective associates or family members and are connected persons (as defined under the Listing Rules) of the Company. The granting of the New Margin Financing Arrangement to each of the Connected Clients constitutes continuing connected transaction 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 for margin financing facility on an annual basis under the New Margin Financing Agreement for each of the Connected Clients (save as Mr Kwan and Family Members, and CASH Companies) are less than 5%, the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as Mr Kwan and Family Members, and CASH Companies) are only subject to the reporting and announcement requirements under the Listing Rules and no independent shareholders’ approval for the Company is required.

On the other hand, as one or more of the respective applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the margin financing facilities on an annual basis under the New Margin Financing Agreements for Mr Kwan and Family Members (on an aggregate basis) exceed 5% and the aggregate amount exceeds HK\$10,000,000, the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for Mr Kwan and Family Members are subject to, among other things, the Independent Shareholders’ approval at the SGM and annual review requirements under the Listing Rules.

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## LETTER FROM THE BOARD

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Reference is made to the announcement of the Company dated 23 October 2015 in respect of, among others, the Confident Profits Margin Financing Agreement. As one or more of the respective applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the margin financing facilities on an annual basis under the Confident Profits Margin Financing Agreement and the New Margin Financing Agreements for CASH Companies (on an aggregate basis) exceed 5% and the aggregate amount exceeds HK\$10,000,000, the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for CASH Companies are subject to, among other things, the Independent Shareholders' approval at the SGM and annual review requirements under the Listing Rules.

### **THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee has been established to consider and advise the Independent Shareholders of the terms of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for Mr Kwan and Family Members and CASH Companies. Vinco Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms and conditions of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for Mr Kwan and Family Members and CASH Companies.

### **THE SGM**

Set out on pages 33 to 34 of this circular is a notice convening the SGM to be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong at 9:30 am on 31 December 2015 (Thursday) at which ordinary resolutions will be proposed to be considered and, if thought fit, be passed by the Independent Shareholders for the approval of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for Mr Kwan and Family Members and CASH Companies by poll.

Each of the New Margin Financing Agreements for Mr Kwan and Family Members and CASH Companies is subject to separate resolution for approval by the Independent Shareholders as set out in the notice of the SGM in this circular, and all the resolutions will be taken by poll at the SGM.

The Connected Client(s) and their respective associates, who are the Shareholder(s) and are interested in their respective New Margin Financing Agreement(s), will abstain from voting on the relevant resolution(s) in approving their respective New Margin Financing Agreement(s) at the SGM. Specifically, (i) Mr Kwan Pak Hoo Bankee and his associates and family members (including CASH, CIGL, Mr Kwan Pak Hoo Bankee, Cash Guardian, Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna) will abstain from voting on the resolutions numbered (i) to (iv) relating to the New Margin Financing Agreements for Mr Kwan and Family Members; (ii) CASH and its associates (including CIGL) will abstain from voting on the resolutions numbered (v) and (vi) relating to the New Margin Financing Agreements for CASH Companies.



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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, CIGL held as to 1,657,801,069 Shares (representing approximately 40.09% of the total issued share capital of the Company as at the Latest Practicable Date), and that it controls or is entitled to exercise control over the voting right in respect of its Shares, will abstain from voting on the resolutions (i) to (vi) at the SGM. Save as disclosed, Mr Kwan and Family Members or their respective associates did not hold any Shares as at the Latest Practicable Date.

In addition, as Mr Kwan Pak Hoo Bankee is a Connected Client and has interest in the New Margin Financing Agreements for Mr Kwan and Family Members and CASH Companies, he had abstained from voting on the relevant board resolutions at the relevant board meeting of the Company in approving the aforesaid New Margin Financing Agreements.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the SGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting should you so wish.

### RECOMMENDATION

The Directors (including the members of the Independent Board Committee after receiving and considering the advice from the Independent Financial Adviser) are of the opinion that the terms of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for Mr Kwan and Family Members and CASH Companies are fair and reasonable so far as the Independent Shareholders are concerned and the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee after receiving and considering the advice from the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the ordinary resolutions (each by separate resolution) relating to the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder to be proposed at the SGM.

Your attention is also drawn to the letters from the Independent Board Committee and Vinco Capital and their respective recommendations set out on page 15 and pages 16 to 25 of this circular, respectively.

### ADDITIONAL INFORMATION

Your attention is also drawn to the appendix to this circular.

Yours faithfully,  
On behalf of the Board  
**Bankee P. Kwan**  
*Chairman*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)

15 December 2015

*To the Independent Shareholders*

Dear Sir or Madam,

#### **CONTINUING CONNECTED TRANSACTIONS – FINANCIAL ASSISTANCE**

We refer to the circular dated 15 December 2015 of the Company (“Circular”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed to form an Independent Board Committee to consider the terms of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for Mr Kwan and Family Members and CASH Companies and to advise the Independent Shareholders whether, in our opinion, the terms of the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Vinco Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board set out on pages 5 to 14 of the Circular which contains, inter alia, information on the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and the letter from Vinco Capital set out on pages 16 to 25 of the Circular which contains its advice in respect of the terms of the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder.

Having considered the terms and conditions of the aforesaid New Margin Financing Agreements and the annual caps and taken into account the advice of Vinco Capital, we consider that the terms of the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder.

Yours faithfully  
Independent Board Committee  
**Cheng Shu Shing Raymond**  
**Lo Kwok Hung John**  
**Lo Ming Chi Charles**  
*Independent non-executive Directors*

\* For identification purpose only

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## LETTER FORM VINCO CAPITAL

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*The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the New Margin Financing Arrangements and the annual caps and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in this circular:*



**Grand Vinco Capital Limited**

Units 4909-4910, 49/F., The Center  
99 Queen's Road Central, Hong Kong

15 December 2015

*To the Independent Board Committee and the Independent Shareholders of  
CASH Financial Services Group Limited*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS – FINANCIAL ASSISTANCE**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for each of Mr Kwan and Family Members and CASH Companies, details of which are set out in the letter from the board ("Letter from the Board") contained in the circular of the Company dated 15 December 2015 ("Circular") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

As the margin financing facilities granted under the Existing Margin Financing Arrangements will expire after 31 December 2015 and the Group intended to continue to provide margin financing arrangement to certain existing Connected Clients and other new Connected Clients, Celestial Securities, a wholly-owned subsidiary of the Company, thus entered into the New Margin Financing Agreements with the Connected Clients on 24 November 2015 pursuant to which Celestial Securities has conditionally agreed to extend the margin financing facility to each of the Connected Clients for a sum of up to HK\$30 million (which represents maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the three financial years ending 31 December 2018.

Given that each of the Connected Clients are either existing directors or substantial shareholders of the Group or their respective associates or family members and are connected persons (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 New Margin Financing Arrangements thus constitute continuing connected transactions under Chapter 14A of the Listing Rules. In addition, as the annual margin financing facility on an annual basis under the New Margin Financing Agreements for each of Mr Kwan

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## LETTER FORM VINCO CAPITAL

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and Family Members (on an aggregate basis), and CASH Companies (on an aggregate basis) would exceed 5% of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules and the aggregate amount exceeds HK\$10,000,000, the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for each of Mr Kwan and Family Members and CASH Companies thus are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements for the Company under the Listing Rules.

The Independent Board Committee, comprising Mr Cheng Shu Shing Raymond, Mr Lo Kwok Hung John, and Mr Lo Ming Chi Charles, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for each of Mr Kwan and Family Members and CASH Companies. We have been appointed and approved by the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for each of Mr Kwan and Family Members and CASH Companies.

In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the New Margin Financing Arrangements are on normal commercial terms, in the ordinary course of business, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

As at the Latest Practicable Date, we are not connected with the directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We were not aware of any relationships or interest between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Margin Financing Agreements, including the respective annual caps. We are eligible to give independent advice and recommendations on the New Margin Financing Agreements, including the respective annual caps. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. During the past two years, we have been appointed as (i) the independent financial adviser to the Company regarding to continuing connected transaction for financial assistance of which the circular dated 17 April 2014, (ii) the independent financial adviser to the Company regarding the special deal of which the circular dated 22 April 2015 and (iii) the independent financial adviser to the Company regarding to continuing connected transaction for the provision of the brokerage services of which the circular dated 13 November 2015. The professional fees in connections with the appointments have been fully settled and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder.

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## LETTER FORM VINCO CAPITAL

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### **BASIS OF OUR OPINION AND RECOMMENDATION**

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and, except for its inclusion in the Circular and for the purpose of the SGM, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation in relation to the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

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## LETTER FORM VINCO CAPITAL

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### **Background to and reasons for entering into the New Margin Financing Agreements**

#### *Information of the Company*

The current principal activities of the Group consist of brokerage and financial services business including (a) online and traditional brokerage of securities, margin financing and mutual funds investment products mainly conducted through Celestial Securities as well as futures and options trading conducted through Celestial Commodities, and (b) provision of corporate finance, financial advisory, insurance-linked investment products and asset management services mainly conducted through other members of the Group. For additional information, please visit [www.cashon-line.com](http://www.cashon-line.com).

#### *Reasons for entering into the New Margin Financing Agreements*

The Company has long been providing margin financing services to certain Connected Clients since 2004. As stated in the Letter from the Board and with reference to the circulars dated 2 January 2013 and 17 April 2014, the Company and certain Connected Clients entered into the margin financing agreements in respect of the Existing Margin Financing Arrangements respectively, pursuant to which the Company agreed to provide margin financing facilities to each of these certain Connected Clients for a sum of up to HK\$30 million for each of the three financial years ending 31 December 2015. The Existing Margin Financing Arrangements granted to certain Connected Clients under the Existing Margin Financing Agreements was approved by the Independent Shareholders at the special general meeting of the Company held on 22 January 2013 and 26 May 2014 respectively. Given that the Existing Margin Financing Arrangements will expire after 31 December 2015, the Company thus entered into the New Margin Financing Agreements with the Connected Clients so as to continue and/or provide margin financing facilities to the Connected Clients following 31 December 2015.

The Directors confirmed that the terms and conditions of the margin financing facilities to be granted to the Connected Clients will be on normal commercial terms and at commercial rates which are in line with those offers to other independent margin clients of the Company. As stated in the Letter from the Board, the Directors considered that the New Margin Financing Arrangements would enable Celestial Securities to continue (i) granting margin financing facilities to the Connected Clients, (ii) capturing the securities trading activities of the Connected Clients, and (iii) earning income from the Connected Clients in its ordinary course of business and on normal commercial terms.

Regarding the financial services provided by the Group, we noted that margin financing has been a stable source of revenue to consolidated accounts of the Group. According to the interim report 2015 of the Group, financial services (including provision of margin financing and money lending services) are the only one reportable and operating segment of the Group. Thus, we consider that the margin financing activity has developed as more important source of revenue to the Group, and the New Margin Financing Arrangement is conducted in the ordinary and usual course of business of the Company.

## LETTER FORM VINCO CAPITAL

### *Prospect of the financial market in Hong Kong*

Regarding the market condition of margin financing, set out below (i) the historical closing points of the benchmark Hang Seng Index (“HSI”) from 1 November 2014 and up to 24 November 2015 (being the date of signing the New Margin Financing Agreements) (“HSI Review Period”) and (ii) historical turnovers of the listed securities on the Main Board and Growth Enterprise Market (“GEM”) of the Stock Exchange from November 2014 to October 2015 (“Turnover Review Period”):



*Source: Bloomberg*

	<b>Monthly Turnover</b> <i>(HK\$' million)</i>	<b>Average Daily Turnover</b> <i>(HK\$' million)</i>
<b>2014</b>		
November	1,564,001	78,200
December	2,037,569	97,027
<b>2015</b>		
January	2,046,296	97,443
February	1,241,234	68,957
March	1,984,477	90,203
April	3,801,844	200,097
May	2,948,827	155,201
June	3,143,397	142,882
July	2,773,195	126,054
August	1,979,765	94,275
September	1,642,300	82,115
October	1,592,211	79,611

*Source: The Stock Exchange*

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## LETTER FORM VINCO CAPITAL

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As illustrated from the graph above, hampered by the investors' concern over the timing of the interest rate hike from the US Federal Reserve, the Hang Seng Index turned around and performed weakly since the last quarter of 2014. However, the market sentiment has been improving and the index started an increasing trend since April 2015 due to the implementation of the Shanghai-Hong Kong Stock Connect scheme. Hang Seng Index reached a local maximum on 28 April 2015 with a closing point of 28,442.75, which was the highest level during the HSI Review Period. The total monthly turnover and the average daily turnover of the Main Board and GEM rose to their highest level of approximately HK\$3,801,844 million and approximately HK\$200,097 million respectively in April 2015. However, the HSI suddenly turned bearish in June after a massive selloff in China stocks market which led to many stock benchmarks in the region plunged significantly as investors' concerns about (i) China's slowing economy and its leader ability to shore up markets, (ii) China's central bank devalued the yuan in mid-August, (iii) China may suspend IPOs amid stock-market turmoil. We noted that the HSI made the largest drop during the HSI Review Period, hitting its lowest of approximately 20,556.60 points on 29 September 2015 as many investors fear of much bigger economic problems in China. The market gradually stabilized as Chinese panic selling fades in October, HSI rebounded and rose to a closing point of approximately 22,587.63 on 24 November 2015. According to the monthly market highlights of the Stock Exchange for October 2015, we noted that the average daily turnover of securities for the first ten months of 2015 was approximately HK\$113.5 billion, an increase of approximately 72% when compared with approximately HK\$65.8 billion for the same period in 2014. Reflecting the stabilization in the external markets, along with steady operation of the Shanghai-Hong Kong Stock Connect scheme, digested uncertainties about the timing of the US interest rate hike and panic selloff in the China stock market. With the expectation of launching the Shenzhen-Hong Kong Stock Connect Scheme, we expect the trend of the HSI to get out from the tough in 2015. As discussed with the Directors, given the aforementioned favourable market situation, they are generally optimistic about the stock market in Hong Kong and anticipate that more potential investment opportunities may arise in the near future.

Based on the aforesaid analysis, having considered that (i) the entering into of the New Margin Financing Arrangements would allow flexibility for Celestial Securities to grant the margin facilities to the Connected Clients; (ii) the provision of margin financing service is one of the principal business activities of the Group; (iii) the nature of the New Margin Financing Arrangements are of the identical nature as facilities granted by the Group to other independent margin clients of the Group; and (iv) the favourable economy and sentiment in the Hong Kong securities market, we consider that the New Margin Financing Arrangements to the Connected Clients would provide the Group with additional opportunity to maximise its interest income, and to broaden its income source when the Connected Clients utilise those margin financing facilities which they are granted, and are therefore of the opinion that the New Margin Financing Arrangements are conducted in the ordinary and usual course of business of the Company, and is in the interest of the Company and the Shareholders as a whole.

### **Principal terms of the New Margin Financing Agreements**

#### *Existing Margin Financing Arrangement for the three financial years ending 31 December 2015*

Under the Existing Margin Financing Arrangements, the annual caps of margin financing facilities for certain Connected Clients below are up to HK\$30 million for each of the three financial years ending 31 December 2015.



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## LETTER FORM VINCO CAPITAL

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The following table illustrates the amounts of margin financing facilities granted to certain Connected Clients under the Existing Margin Financing Arrangements during each of the two financial years ended 31 December 2014 and for the six months ended 30 June 2015:

Name	Year ended/ period ended	Outstanding amount as at year/period end (HK\$'000)	Maximum outstanding amount during the year/period (HK\$'000)
Mr Kwan Pak Hoo Bankee and associates	31 December 2013	–	1,484
	31 December 2014	–	259
	30 June 2015	–	2,345
Mr Law Ping Wah Bernard and associates	31 December 2013	–	15,955
	31 December 2014	–	10,109
	30 June 2015	–	18,036
Ms Cheng Pui Lai Majone and associates	31 December 2013	–	16,284
	31 December 2014	–	22,545
	30 June 2015	–	26,197
Mr Ng Kung Chit Raymond and associates	31 December 2013	–	7,978
	31 December 2014	–	6,110
	30 June 2015	–	18,200
Mr Ng Hin Sing Derek and associates	31 December 2013	–	–
	31 December 2014	–	10,109
	30 June 2015	–	16,546
Mr Kwan Pak Leung Horace and associates	31 December 2013	–	3,782
	31 December 2014	–	7,779
	30 June 2015	–	24,818
Mr Chan Siu Fei Susanna and associates	31 December 2013	–	–
	31 December 2014	–	7,582
	30 June 2015	–	16,599
Cash Guardian	31 December 2013	–	3,227
	31 December 2014	–	840
	30 June 2015	–	4,058
Libra Capital Management (HK) Limited	31 December 2013	214	8,623
	31 December 2014	–	218
	30 June 2015	941	2,041
Cashflow Credit Limited	31 December 2013	–	–
	31 December 2014	–	–
	30 June 2015	–	–

*Note:* The caps of margin financing facilities for the above Connected Clients under the Existing Margin Financing Arrangements are up to HK\$30 million for each of the three financial years ending 31 December 2015.



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## LETTER FORM VINCO CAPITAL

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### *New Margin Financing Arrangement for the three years ending 31 December 2018*

Under the New Margin Financing Arrangement, certain Connected Clients who have been granted the Existing Margin Financing Arrangement would be granted to extend each of their margin financing facilities up to 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 three financing years ending 31 December 2018. Save for such Connected Clients, Mr Lam Man Michael (executive director of the Company) and Mr Law Ka Kin Eugene (executive director of CASH) would each be granted a sum of up to HK\$30 million for each of the three financing years ending 31 December 2018 under the New Margin Financing Agreements.

As stated in the Letter from the Board, the margin financing facilities to be granted by the Company to the Connected Clients will be based on 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. The New Margin Financing Arrangements will also be closely monitored by the Group's Risk Management and Credit Control Department, together with other independent margin clients of the Group, to ensure that the interest rate and terms of the margin financing facilities provided to the Connected Clients are on normal commercial terms, and at commercial rates which are in line with the rates offered to other independent margin clients with similar credit assessment results. In accessing the fairness and reasonableness of the New Margin Financing Arrangements, for our due diligence purposes, we have enquired the Directors to provide us with and reviewed, on a sampling basis, the agreements offered by the Group in relation to the provision of margin financing facilities to its other independent margin clients. We noted that each of the margin financing facilities is repayable on demand and will be secured by all listed securities held by the Connected Clients in their respective securities accounts maintained in Celestial Securities, which is in line with the terms and conditions of the margin financing agreements offered to the independent margin clients.

In addition, we are advised by the Directors that the interest rates of the New Margin Financing Arrangements will be on terms no more favourable than terms available to independent third parties, which is ranging from around prime rate to 6% over the prime rate per annum for margin loan facilities. In this regard, we have reviewed the interest rates of certain sample statements in relation to the provision of margin financing facilities offered by the Company to the other independent margin clients and the quotation from three independent securities brokers in Hong Kong for the provision of margin financing facilities. Based on our review and discussion with the Directors, we are of the opinion that the major terms and the interest rates of the said agreements in relation to the provision of margin financing facility offered by the Company to each of Mr Kwan and Family Members and CASH Companies are comparable to those offered to its other independent margin clients and to those offered by the independent securities brokers in Hong Kong.

Further, we have reviewed the Existing Margin Financing Agreements and the New Margin Financing Agreements and we noted that, other principal terms of the New Margin Financing Agreements are essentially identical to those of the Existing Margin Financing Agreements.

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## LETTER FORM VINCO CAPITAL

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Taking into account that (i) the New Margin Financing Arrangement is in the ordinary and usual course of business of the Group; (ii) the New Margin Financing Arrangement will enable the Company to capture the potential business opportunities from each of Mr Kwan and Family Members and CASH Companies and such arrangement is of revenue nature to the Company; and (iii) the terms and conditions of the New Margin Financing Arrangement to be granted to each of Mr Kwan and Family Members and CASH Companies are in line with those available to the existing clients of the Company and those offered by independent securities brokers, we thus consider that the New Margin Financing Arrangement is fair and reasonable, and is in the interests to the Independent Shareholders and the Company as a whole.

### **The proposed annual caps**

The margin financing facility being extended to each of Mr Kwan and Family Members and CASH Companies will be 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 three financial years ending 31 December 2018. In assessing the amount of the proposed annual caps, we have discussed with the management of the Company regarding the basis in determining such annual caps. Referring to the Letter from the Board, Mr Kwan and Family Members and CASH Companies would like to obtain the same annual cap under the Existing Margin Financing Agreements to allow them higher flexibility in trading and/or investments of securities in the coming years. Such amount of margin financing facility is determined after arm's length negotiation between the Celestial Securities and each of Mr Kwan and Family Members and CASH Companies based on the amount of annual cap under the Existing Margin Financing Agreements after taking into account their respective credit assessment, financial strength, past payment record and collateral securities for the facilities, the anticipated securities trading and initial public offering activities of Mr Kwan and Family Members and CASH Companies and the benefit for capturing the securities trading activities of Mr Kwan and Family Members and CASH Companies in the usual and ordinary course of the business of Celestial Securities.

We have also reviewed the recent situation of the stock market in Hong Kong. As set out in the section headed "Reasons for entering into the New Margin Financing Agreements", there were increasing market trading activities. Further with reference to the HKEx Fact Book 2014, there were a record high of 122 newly listed companies on the Main Board and GEM and the funds raised through initial public offering (IPO) increased year-on-year by approximately 38% to HK\$232.5 billion, which indicated the increase in fund raising activities. As discussed with the management of the Company, we understand that IPO margin financing usually involves a relatively substantial subscription amount to be financed by the margin facility, e.g. in case of popular IPO issues. Under the aforementioned gradual stabilisation of the financial market, the Directors expect that the Hong Kong stock market will improve and more potential margin financing business, including those from IPO margin financing, will arise from each of Mr Kwan and Family Members and CASH Companies in the coming years and hence, 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 each of Mr Kwan and Family Members and CASH Companies in its ordinary and usual course of business with a view to contributing to the revenue and results of the Group.

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## LETTER FORM VINCO CAPITAL

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In view of the said basis of determination of the proposed annual caps, in particular, (i) the recent favourable investment atmosphere in Hong Kong as detailed under the section headed “Reasons for entering into the New Margin Financing Agreements”; (ii) the expected increase in ordinary margin financing and IPO margin financing business from each of Mr Kwan and Family Members and CASH Companies; (iii) the proposed annual caps of HK\$30 million granted to each of Mr Kwan and Family Members and CASH Companies are consistent with those granted to the existing connected clients and are determined after the same internal credit assessment of the Group; and (iv) the New Margin Financing Arrangement is of a revenue nature to the Group and allow the Group to capture the potential business opportunities from each of Mr Kwan and Family Members and CASH Companies, we therefore consider the proposed annual caps of margin financing facilities for each of Mr Kwan and Family Members and CASH Companies of up to HK\$30 million under the New Margin Financing Arrangement with each of Mr Kwan and Family Members and CASH Companies to be reasonable and justifiable.

Shareholders should note that as the proposed annual caps are relating to future events and are estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2018, thus they do not represent forecasts of revenue to be generated from the transactions contemplated under the New Margin Financing Agreements. As such, we express no opinion as to how closely the actual revenue to be generated and/or actual cost to be spent under the New Margin Financing Agreements will correspond with the proposed annual caps.

### CONCLUSION

Having taken the above principal factors and reasons, we are of the view that the New Margin Financing Agreements and the annual caps are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and Independent Shareholders as a whole. Therefore, we advise the Independent Board Committee to recommend the Independent Shareholders, and the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the SGM approving the New Margin Financing Arrangements.

Yours faithfully,  
For and on behalf of  
**Grand Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

*Note:* Mr Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Grand Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### A. The Company

#### (a) Long positions in the Shares

Name	Capacity	Personal (Number of Shares)	Corporate interest (Number of Shares)	Shareholding (%)
Kwan Pak Hoo Bankee	Interest in a controlled corporation	–	1,657,801,069*	40.09
Lo Kwok Hung John	Beneficial owner	1,255,500	–	0.03
		<u>1,255,500</u>	<u>1,657,801,069</u>	<u>40.12</u>

\* The Shares were held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH (the holding company of the Company)). Pursuant to the SFO, Mr Kwan Pak Hoo Bankee (“Mr Kwan”) was deemed to be interested in a total of 34.41% shareholding interest in CASH, details of which are disclosed in the heading of “substantial shareholders” below. Mr Kwan was deemed to be interested in all these Shares held by CIGL as a result of his interests in CASH.

*(b) Long positions in the underlying shares – options under share option schemes*

Name	Date of grant	Option period	Exercise price per Share (HK\$)	Number of options outstanding	Percentage to issued Shares (%)
Kwan Pak Hoo Bankee	03/12/2015	03/12/2015 – 31/12/2019	0.315	40,000,000	0.96
Law Ping Wah Bernard	03/12/2015	03/12/2015 – 31/12/2019	0.315	40,000,000	0.96
Cheng Pui Lai Majone	03/12/2015	03/12/2015 – 31/12/2019	0.315	40,000,000	0.96
Ng Kung Chit Raymond	03/12/2015	03/12/2015 – 31/12/2019	0.315	28,000,000	0.67
Lam Man Michael	03/12/2015	03/12/2015 – 31/12/2019	0.315	28,000,000	0.67
				<u>176,000,000</u>	<u>4.22</u>

**B. Associated corporation (within the meaning of SFO)**

## CASH

*(a) Long positions in the ordinary shares of HK\$0.10 each*

Name	Capacity	Personal (Number of shares)	Corporate interest (Number of shares)	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	4,260,000	281,767,807*	34.41
Law Ping Wah Bernard	Beneficial owner	<u>27,345,312</u>	<u>–</u>	<u>3.29</u>
		<u>31,605,312</u>	<u>281,767,807</u>	<u>37.70</u>

\* The shares were held by Cash Guardian which was 100% beneficially owned by Mr Kwan. Mr Kwan was deemed to be interested in all these shares as a result of his interests in Cash Guardian.

*(b) Long positions in the underlying shares – options under share option schemes*

Name	Date of grant	Option period	Exercise price per share (HK\$)	Number of options outstanding	Percentage to issued Shares (%)
Kwan Pak Hoo Bankee	02/09/2014	02/09/2014 – 31/08/2018	0.478	6,480,000	0.77
Law Ping Wah Bernard	02/09/2014	02/09/2014 – 31/08/2018	0.478	6,480,000	0.77
Cheng Pui Lai Majone	02/09/2014	02/09/2014 – 31/08/2018	0.478	2,982,000	0.35
Ng Kung Chit Raymond	02/09/2014	02/09/2014 – 31/08/2018	0.478	2,982,000	0.35
				18,924,000	2.24

*Notes:*

- (1) Mr Kwan Pak Hoo Bankee is also the substantial shareholder of CASH.
- (2) The options are held by the Directors in the capacity of beneficial owners.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company or their associates had any interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Name	Capacity	Number of Shares	Shareholding (%)
Hobart Assets Limited ( <i>Note</i> )	Interest in a controlled corporation	1,657,801,069	40.09
Cash Guardian ( <i>Note</i> )	Interest in a controlled corporation	1,657,801,069	40.09
CASH ( <i>Note</i> )	Interest in a controlled corporation	1,657,801,069	40.09
Praise Joy Limited ( <i>Note</i> )	Interest in a controlled corporation	1,657,801,069	40.09
CIGL ( <i>Note</i> )	Beneficial owner	1,657,801,069	40.09

*Note:* This refers to the same number of 1,657,801,069 Shares held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH (the holding company of the Company)). CASH was owned as to a total of approximately 34.41% by Mr Kwan, being approximately 33.90% by Cash Guardian (a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Mr Kwan) and approximately 0.51% by Mr Kwan in his personal name. Pursuant to the SFO, Mr Kwan, Hobart Assets Limited and Cash Guardian were deemed to be interested in all the shares held by CIGL through CASH. The above interest has already been disclosed as corporate interest of Mr Kwan in the section headed "Directors' interests in securities" above.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, no other parties (other than a Director or chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

#### 4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business which competes or may compete with the business of the Group.

#### 5. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)).

**6. INTEREST OF DIRECTORS IN THE GROUP'S ASSETS**

Since 31 December 2014, the date to which the latest published audited accounts of the Group have been made up, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to, any member of the Group.

**7. INTERESTS OF DIRECTORS IN CONTRACTS**

The following set out the contract(s) or arrangement(s) subsisting as at the Latest Practicable Date entered into between the Directors and the Group:

- (1) the Existing Margin Financing Agreements dated 14 December 2012 entered into between Celestial Securities with certain connected clients, namely Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Ms Cheng Pui Lai Majone, Mr Ng Kung Chit Raymond and Cash Guardian Limited (a controlled corporation of Mr Kwan) in relation to the grant of margin financing facility with a sum of up to HK\$30 million for each of the three financial years ending 31 December 2015 at an interest rate ranging from around prime rate to 6% above the prime rate per annum (details as set out in the circular of the Company dated 2 January 2013); and
- (2) the New Margin Financing Agreements dated 24 November 2015 entered into between Celestial Securities with certain connected clients, namely Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Ms Cheng Pui Lai Majone, Mr Ng Kung Chit Raymond, Mr Lam Man Michael, Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna (both are family members of Mr Kwan Pak Hoo Bankee) and Cash Guardian (a controlled corporation of Mr Kwan) in relation to the grant of margin financing facility with a sum of up to HK\$30 million for each of the three financial years ending 31 December 2018 at an interest rate ranging from around prime rate to 6% above the prime rate per annum under the New Margin Financing Arrangement (details as set out in this circular).

Save as disclosed above, the Directors confirm that there is no contract or arrangement subsisting as at the Latest Practicable Date in which a Director was materially interested which was significant in relation to the business of the Group.

**8. MATERIAL ADVERSE CHANGE**

The Directors have confirmed that, at the Latest Practicable Date, there is no material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited financial statements of the Group were made up.



**9. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any other company in the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against either the Company or any other company in the Group.

**10. EXPERT, QUALIFICATION AND CONSENT**

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Vinco Capital	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, Vinco Capital was not interested beneficially in the shares in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, Vinco Capital did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to the Group or are proposed to be acquired or disposed of by or leased to the Group since 31 December 2014, being the date up to which the latest published audited consolidated accounts of the Company were made up.

As at the Latest Practicable Date, Vinco Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and reference to its name and statements in the form and context in which it appears.

**11. MISCELLANEOUS**

The English text of this circular shall prevail over the Chinese text.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong during normal business hours on any day up to the holding of the SGM:

- (a) the New Margin Financing Agreements for Mr Kwan and Family Members and CASH Companies;
- (b) the letter from the Independent Board Committee, the text of which is set out on page 15 of this circular;
- (c) the letter from Vinco Capital, the text of which is set out on pages 16 to 25 of this circular; and
- (d) the letter of consent from Vinco Capital as referred to in paragraph headed “Expert, qualification and consent” in this appendix.

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## NOTICE OF THE SGM

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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)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (“SGM”) of CASH Financial Services Group Limited (“Company”) will be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 31 December 2015 (Thursday) at 9:30 am for the purpose of considering and, if thought fit, passing the following resolutions (each as a separate resolution) of the Company:

#### ORDINARY RESOLUTIONS

“**THAT**, the margin financing agreement dated 24 November 2015 (“New Margin Financing Agreement”) entered into between Celestial Securities Limited (a wholly-owned subsidiary of the Company) with each of the following connected client(s) numbered (i) to (vi) (“Connected Client(s)”) in relation to the grant of margin financing facility for a sum of up to HK\$30 million for each of the three financial years ending 31 December 2018 to each of the Connected Clients (“New Margin Financing Arrangement(s)”) and the terms thereof and the transactions contemplated thereunder be and is hereby approved and confirmed and that any one director of the Company or the Company Secretary be and is hereby authorised to sign any agreements or documents and to do such things or make such arrangement(s) as they may think fit to give effect to the New Margin Financing Arrangement(s):

- (i) Mr Kwan Pak Hoo Bankee
- (ii) Mr Kwan Pak Leung Horace
- (iii) Ms Chan Siu Fei Susanna
- (iv) Cash Guardian Limited
- (v) Libra Capital Management (HK) Limited
- (vi) Cashflow Credit Limited”

By order of the Board  
**Suzanne W S Luke**  
*Company Secretary*

Hong Kong, 15 December 2015

\* For identification purpose only

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## NOTICE OF THE SGM

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*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of*

*business in Hong Kong:*  
21/F Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and, in the event of a poll, vote on his behalf. A proxy need not be a member of the Company. A form of proxy is also enclosed for the SGM.
2. In order to be valid, the form of proxy must be deposited at the correspondence address of the Company at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power of attorney or other authority, not less than 48 hours before the time for holding the SGM or any adjournment thereof.