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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.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of CASH Financial Services Group Limited.

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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)****CONDITIONAL PLACING OF CONVERTIBLE BONDS****AND****NOTICE OF SPECIAL GENERAL MEETING**

A notice convening a special general meeting of CASH Financial Services Group Limited to be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 10 July 2017 (Monday) at 9:30 am is set out on pages 23 to 24 of this circular. Whether or not you are able to attend the meeting, 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 not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and return of a form of proxy will not preclude you from attending and voting at the meeting should you so wish and in such event, the proxy shall be deemed to be revoked.

21 June 2017

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	5
The Placing Agreement	6
Principal terms of the Convertible Bonds	7
Reasons for and benefits of the Placing	17
Fund raising activities for the past 12 months	18
Effect on shareholding structure of the Company	19
Information on the Group	21
The SGM	21
Responsibility statement	21
Recommendation	22
Notice of the SGM	23

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and any public holiday in Hong Kong or any day on which a typhoon signal no. 8 or above or a black rainstorm signal is issued in Hong Kong at any time between 9:00 am and 5:00 pm) on which banks in Hong Kong are open for general banking business
“CASH”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and which securities are listed on the main board of the Stock Exchange, and is the holding company of the Company as at the Latest Practicable Date
“CASH Group”	CASH and its subsidiaries, including the Group as at the Latest Practicable Date
“CIGL”	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, and is a wholly-owned subsidiary of CASH, holding 1,667,821,069 Shares (representing approximately 40.34% of the issued share capital of the Company) as at the Latest Practicable Date
“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 non-wholly-owned subsidiary of CASH as at the Latest Practicable Date
“Completion”	completion of the Placing in accordance with the Placing Agreement, as particularly described in the paragraph headed “Completion” under the section headed “Principal terms of the Convertible Bonds” in this circular
“Condition(s)”	the conditions precedent to Completion, details of which are set out in the paragraph headed “Conditions precedent to Completion” under the section headed “Principal terms of the Convertible Bonds” in this circular

DEFINITIONS

“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Conversion Price”	the conversion price of HK\$0.31 per Share but subject to adjustment and the terms and conditions of the Convertible Bonds
“Conversion Shares”	the new Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds, being a maximum of 2,000,000,000 Shares
“Convertible Bondholders”	holders of the Convertible Bonds
“Convertible Bonds”	the Convertible Bonds with an aggregate principal amount of up to HK\$620,000,000 at the initial Conversion Price of HK\$0.31 per Share to be placed by the Placing Agent pursuant to the Placing Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Date”	the date of issue of each of the Convertible Bonds
“Joint Announcement”	the joint announcement made by the Company and CASH on 26 May 2017 in respect of, among other things, the Placing
“Latest Practicable Date”	16 June 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 July 2017 or such later date as may be agreed in writing by the Placing Agent and the Company
“Maturity Date”	the day falling on the third anniversary of the Issue Date

DEFINITIONS

“Party(ies)”	the parties to the Placing Agreement, being the Company and the Placing Agent, and each a party
“Placee(s)”	being independent individual, professional or institutional investors and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Placing”	the placing of the Convertible Bonds by the Placing Agent on a best efforts basis pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	China Everbright Securities (HK) Limited, a licensed corporation to carry on business in type 1, type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a placing agreement entered into between the Company and the Placing Agent dated 26 May 2017 in relation to the placing of the Convertible Bonds
“Principal Subsidiary(ies)”	means a subsidiary(ies) of the Group whose total asset or net profit before tax is not less than 10% of the consolidated total asset or consolidated net profit before tax of the Group respectively
“SGM”	the special general meeting of the Company to be held on 10 July 2017 (Monday) at 9:30 am to consider and approve, among other things, the Placing and the granting of the Specific Mandate, notice of which is set out on pages 23 to 24 of this circular
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Share Subscription”	the subscription of the Subscription Shares pursuant to the conditional subscription agreement dated 29 March 2017 entered into between the Company and the subscriber as jointly announced by the Company and CASH on 6 April 2017
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Specific Mandate”	a specific mandate to allot and issue the Conversion Shares pursuant to the Placing Agreement to be sought from the Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	the subscriber to the conditional subscription agreement dated 29 March 2017 in relation to the Share Subscription
“Subscription Shares”	826,000,000 new Shares at the subscription price of HK\$0.28 per subscription share (subject to conditions to be fulfilled and completed), to be issued and allotted to the subscriber pursuant to the Share Subscription as jointly announced by the Company and CASH on 6 April 2017
“%”	per cent

LETTER FROM THE BOARD



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

KWAN Teng Hin Jeffrey

HO Tsz Cheung Jack

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

21 June 2017

To the Shareholders

Dear Sir/Madam,

CONDITIONAL PLACING OF CONVERTIBLE BONDS

AND

NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

On 26 May 2017, the Company and CASH made the Joint Announcement in respect of, among other things, the Placing.

* For identification purpose only

LETTER FROM THE BOARD

The placing of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandate are subject to the approval from the Shareholders at the SGM. As at the Latest Practicable Date, as no Shareholder has a material interest in the Placing (other than being a Shareholder) and therefore no Shareholder is required to abstain from voting at the SGM.

The Company has made an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

The purpose of this circular is to give you further information on the Placing and the notice of the SGM at which an ordinary resolution will be proposed to approve the Placing and the granting of the Specific Mandate.

THE PLACING AGREEMENT

Date: 26 May 2017

Parties: The Company (as the issuer)
The Placing Agent (as the placing agent)

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent and their ultimate beneficial owners are third parties independent of the Company and its connected persons as at the Latest Practicable Date.

The Directors shall use their best endeavours to ensure, in so far as they are aware, that the Placees and their ultimate beneficial owners will be third parties independent of the Company and its connected persons as the time of subscription of the Convertible Bonds.

Placing of the Convertible Bonds

Pursuant to the Placing Agreement, the Company has conditionally agreed to place, through the Placing Agent, on a best efforts basis, the Convertible Bonds with an aggregate principal amount of up to HK\$620,000,000 to not less than six Placees at the initial Conversion Price of HK\$0.31 per Share.

The Placees

The Placing Agent shall use its reasonable endeavours to ensure that, in so far as the Placing Agent is aware, the Placees (being independent individual, professional or institutional investors) and their ultimate beneficial owners will be third parties independent of the Company and connected persons of the Company. The Company shall in any event notify the Placing Agent if it becomes aware that any person connected with it or any of its connected persons intends to acquire the Shares in the Placing. The Placing Agent shall obtain written confirmation from each Placee to confirm that none of such Placee and its ultimate beneficial owner will become a substantial Shareholder (as defined in the Listing Rules) as a result of the Placing (taking into account other securities held by such Placee as the time of his subscription of the Convertible Bonds and assuming full conversion of the Convertible Bonds).

LETTER FROM THE BOARD

As at the Latest Practicable Date, none of the Placees has been identified. The Company is not aware that the Subscriber will participate in the Placing or any Placee and their associates will have any relationship with the Subscriber and/or its associates. Upon completion of the Share Subscription, the Subscriber will become a substantial Shareholder and a connected person of the Company. In this connection, pursuant to the terms of the Placing Agreement, the Subscriber or its ultimate beneficial owners and their respective associates are not qualified to be the Placees. As at the Latest Practicable Date, no understanding, undertaking or agreement has been entered into between the Company and any existing Shareholders regarding the placing of the Convertible Bonds.

Placing Commission

The Placing Agent will receive a placing commission of 0.5% of the aggregate principal amount of the Convertible Bonds successfully placed by the Placing Agent to the Placees. The placing commission rate was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing commission rate charged by other placing agents. The placing commission is relatively low as compared with the market rate, which is varied from 1% to 4% in the market. In view of this, the Board considers that placing commission is on normal commercial terms and is fair and reasonable.

Long Stop Date

31 July 2017 or such later date as may be agreed in writing by the Placing Agent and the Company.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Details of the principal terms of the Convertible Bonds are set out as follows:

Issuer:	The Company
Aggregate principal amount:	Up to HK\$620,000,000
Issue price:	100% of the principal amount of the Convertible Bonds
Interest:	4% per annum on the principal amount of the Convertible Bonds outstanding from time to time, payable semi-annually in arrears on 30 June and 31 December in each year.

LETTER FROM THE BOARD

The interest rate of the Convertible Bonds was determined on arm's length negotiations between the Company and the Placing Agent, taking into account of, among others, the prevailing Hong Kong Prime Rate of 5% and the anticipated rising interest rate cycle of the United States. Since HK dollars are pegged to US dollars, the interest rate of HK dollars is expected to go up in the coming future. In view of this, the Board considers that interest rate of 4% per annum is fair and reasonable.

Maturity Date: The date falling on the third (3rd) anniversary of the Issue Date of the Convertible Bonds.

Conversion Shares: Assuming the Convertible Bonds are fully placed, based on the initial Conversion Price of HK\$0.31 per Share, 2,000,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent (a) approximately 48.38% of the existing issued share capital of the Company as at the Latest Practicable Date; (b) approximately 32.60% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (assuming there is no other change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the Convertible Bonds).

Conversion restrictions: The Company shall not be obliged to issue any Conversion Shares but may treat the conversion notice as invalid, if it comes to the notice of the Company that immediately following such conversion:

- (a) the Company will be unable to meet the public float requirement under the Listing Rules; or
- (b) the Convertible Bondholders or the Company will as a result of the issue of the relevant Conversion Shares be in breach of any Listing Rules, the Code on Takeovers and Mergers issued by the Securities and Futures Commission or applicable laws or regulations.

Conversion Price: Initially at HK\$0.31 per Share (subject to adjustments in share consolidation, share subdivision, or re-classification of the Company).

Ranking of the Conversion Shares: The Conversion Shares shall rank pari passu in all aspects with the Shares in issue as at the date of issue of the Conversion Shares.

Conversion period: The period commencing on the expiry of 6 months from the Issue Date and ending on, and including, 5:00 p.m. on the day which is five (5) Business Days before the Maturity Date.

LETTER FROM THE BOARD

- Redemption:** Unless previously converted, redeemed, purchased or cancelled in the circumstances set out in the terms of the Convertible Bonds, each of the Convertible Bonds will be redeemed by the Company at its discretion only at any time after expiry of 3 months from the Issue Date up to the Maturity Date, at its principal amount outstanding together with unpaid accrued interest thereon by giving the Convertible Bondholder(s) redemption request not less than three (3) Business Days' notice.
- Conversion:** The Convertible Bondholders shall have the right to convert on any Business Day during the Conversion Period, the whole or any part of the outstanding principal amount of the Convertible Bonds in integral multiples of HK\$1,000,000 (save that if the outstanding principal amount of the Convertible Bond is less than HK\$1,000,000, the whole (but not part only) of such outstanding principal amount of the Convertible Bonds may be converted) into the Shares at the Conversion Price.
- Transferability:** The Convertible Bonds may be transferred in respect of the whole or any part of the outstanding principal amount by execution of a form of transfer and may only be transferred to persons who are not connected person (as defined under the Listing Rules) of the Company except in accordance with the Listing Rules.
- Events of default:** If any of the following events ("Events of Default") occurs and no rectification (to the extent that such event can be rectified) has been made within twenty (20) Business Days thereafter, the Convertible Bondholder may give notice to the Company that the Convertible Bond, on the giving of such notice, is immediately due and payable at its principal amount then outstanding:
- (a) the Shares (as a class) cease to be listed or admitted to trading on the Stock Exchange;
 - (b) the Company defaults in the payment of the principal in respect of the Convertible Bond when and as the same ought to be paid and such default is not remedied by the Company within five (5) Business Days of the due date thereof;
 - (c) the Company defaults in performance or compliance with any of its other obligations contained in the conditions of the Convertible Bonds which breach or default is incapable of remedy or, if capable of remedy, is not remedied within twenty (20) Business Days after notice of such breach or default is sent from the Convertible Bondholder to the Company;

LETTER FROM THE BOARD

- (d) an encumbrancer or a creditor takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company or any Principal Subsidiary;
- (e) the Company or any Principal Subsidiary becomes insolvent or is unable or stops, suspends or threatens to stop or suspend to pay its debts as they mature or applies for or consents to the appointment of any administrator, liquidator or receiver of the whole or any material part of its undertaking, property, assets or revenues or enters into or proposes to enter into any agreement or arrangement for a general assignment or compromise or deferral or re-scheduling or re-adjustment or other composition arrangement of all or substantially all of its debts with or for the benefit of its creditors or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of the Company or any of the Principal Subsidiaries;
- (f) an order is made or an effective resolution is passed for winding-up, dissolution, judicial management or administration of the Company or any Principal Subsidiary (other than in the case of a voluntary winding up);
- (g) the Company or any of the Principal Subsidiaries ceases or threatens to cease to carry on its business or operations or any substantial part thereof or changes or threatens to change the nature or scope of its business or operations or the Company or any of the Principal Subsidiaries transfers or otherwise disposes of or threatens to transfer or otherwise dispose of or any governmental or other authority expropriates, seizes, nationalises or otherwise compulsorily acquire or threatens to expropriate, seizes, nationalises or otherwise compulsorily acquire all or any substantial part of its business or assets or operations;
- (h) any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on the business, assets and liabilities, financial condition, results of operations of the Group as a whole;

LETTER FROM THE BOARD

- (i) the Company or any Principal Subsidiary consolidates or amalgamates with or merge into any other corporation (other than a consolidation, amalgamation or merger in which the Company or any Principal Subsidiary is the continuing corporation), or the Company or any Principal Subsidiary sells or transfers all or substantially all of its assets;
- (j) it is or will become unlawful for the Company to perform or comply with any of its obligations under the Convertible Bonds, or would result in any terms contained in the conditions of the Convertible Bonds be or becoming unenforceable, or would otherwise render the Convertible Bonds cease to be legal, valid, binding, enforceable, effective or inadmissible as evidence in court;
- (k) failure by the Company to deliver the required number of the Shares as and when such the Shares are required to be delivered following conversion of the Convertible Bond provided that such failure shall not constitute an Event of Default if the Company cures such breach within five (5) Business Days of the original due day for delivery;
- (l) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Company or any of the Principal Subsidiaries, and is not discharged or stayed within thirty (30) Business Days;
- (m) other than as a result of, or in circumstances where, an offer made to the Shareholders to acquire all or any proportion of the Shares becoming unconditional, the listing of the Shares (as a class) on the Stock Exchange is suspended for a continuous period of thirty (30) Business Days on each of which the Stock Exchange is generally open for trading due to the default of the Company or any of its directors, officers, employees or agents;
- (n) (i) any present or future indebtedness of the Company or any of the Principal Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any default or event of default, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company or any of the Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised;

LETTER FROM THE BOARD

- (o) any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to the Convertible Bond or the transactions contemplated under the Convertible Bond; or
- (p) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs (a) to (o).

Voting rights:

The Convertible Bondholder(s) shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the Convertible Bondholder(s).

Listing:

The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange.

Application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds.

The initial Conversion Price represents:

- (i) a discount of approximately 3.13% to the last closing price of HK\$0.320 per Share quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a discount of approximately 2.82% to the average closing price of HK\$0.319 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement;
- (iii) a premium of approximately 0.32% over the average closing price of HK\$0.309 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the date of the Placing Agreement;
- (iv) a premium of approximately 3.33% over the closing price of HK\$0.300 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a premium of approximately 136.6% over the consolidated net asset value of the Company of approximately HK\$0.131 per Share as at 31 December 2016 (based on the audited consolidated net asset value of the Company as at 31 December 2016 as set out in the latest published annual results announcement and the number of issued Shares as at 31 December 2016).

LETTER FROM THE BOARD

The initial Conversion Price was determined based on arm's length negotiations between the Company and the Placing Agent, taking into account of, among others, the recent trading performance of the Shares and the net asset value of the Company.

The Conversion Price was preliminary agreed by the Parties on 17 May 2017 at HK\$0.31 with a slight premium of approximately 2.65% over the average share price of HK\$0.302 per Share for the preceding five trading days. However, during the course of further negotiation by the Parties to finalise the terms and conditions of the Placing, the share price of the Company increased from HK\$0.295 on 17 May 2017 to HK\$0.320 on 26 May 2017 (the date of execution of the Placing Agreement). The Conversion Price then became a slight discount to the closing market price of HK\$0.320 per Share on the date of the Placing Agreement instead of slight premium as preliminarily agreed. In view of the slight discount and the Conversion Price have been agreed between the Parties on 17 May 2017 after arm's length negotiation, the Company considered that the Conversion Price was fair and reasonable.

The net price of the Conversion Shares to be issued upon exercise of the conversion rights attached to the Convertible Bonds, after deducting expenses relating to the Placing of approximately HK\$5.4 million, is approximately HK\$0.3073 per Conversion Share.

The Convertible Bonds to be issued are not available for sale in the market and are issued with an anticipation of the improvement in share price and earning ability of the Company in the future. In this connection, liquidity flow of the Convertible Bonds was not taken into consideration by the Parties in determining the Conversion Price.

Conditions precedent to Completion

Completion of the Placing of any Convertible Bonds under the Placing Agreement shall be conditional upon:

- (a) the passing of the resolution(s) at the SGM by the Shareholders to approve the Placing Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate and issue of the Convertible Bonds pursuant to the requirements of the Listing Rules;
- (b) the passing of the resolution(s) at the special general meeting of CASH by the shareholders of CASH to approve the Deemed Disposal and the transactions contemplated thereunder pursuant to the requirements of the Listing Rules;
- (c) the Listing Committee of the Stock Exchange having granted approval to the listing of, and the permission to deal in, the Conversion Shares upon exercise of all the conversion rights attaching to the Convertible Bonds;
- (d) the warranties under the Placing Agreement remaining true, complete, accurate in all material respects and not misleading; and
- (e) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement.

LETTER FROM THE BOARD

If any of the Conditions is not fulfilled (or waived by the Placing Agent in respect of Conditions (d) and (e) above) by the Long Stop Date, the Placing Agreement and the respective obligations of the Company and the Placing Agent under the Placing Agreement shall cease and terminate, and no Party shall be under any liability to any other for costs, damages, charges, compensation or otherwise under the Placing Agreement, save for any rights or obligations which may accrue prior to the date of such termination.

Completion

The Placing Agent shall notify the Company in writing not less than one (1) Business Day before the Completion, the principal amount of the Convertible Bonds for which the Placees have committed to subscribe as at Completion.

Completion of the Placing will take place on or about the fifth (5th) Business Day after, and excluding, the date upon which the Conditions have been satisfied, or such other date as the Parties may agree in writing.

At Completion, the Placing Agent shall pay to the Company such principal amount of Convertible Bonds successfully placed (less the amounts of arrangement fee or any other sum payable by the Company to the Placing Agent from the settlement monies which the Placing Agent is entitled to deduct under the Placing Agreement), and the Company shall deliver the originals of certificate of the Convertible Bonds issued in the name of the Convertible Bondholders to the Placing Agent.

Completion of the Placing is subject to fulfillment of the Conditions under the Placing Agreement and the Parties' rights to terminate under the terms and conditions of the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Termination

The Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to 8:00 am on the fifth (5th) Business Day following the satisfaction of the Conditions (or such later date as the Company and the Placing Agent shall agree) upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing:

- (1) there develops, occurs or comes into force:
 - (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or

LETTER FROM THE BOARD

- (b) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (c) any change in conditions of local, national or international securities markets; or
 - (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
 - (e) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or Bermuda or any jurisdictions in which any member of the Group is incorporated or operates; or
 - (f) any material litigation or claim being instigated against any member of the Group; or
 - (g) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of five (5) Business Days; or
- (2) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any respect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (3) there is any material adverse change in the financial position of the Company.

In the event the Placing Agent terminates the Placing Agreement, all obligations of each of the Parties shall cease and determine and none of the Parties shall have any claim against any other Party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement and liabilities which may accrue prior to the termination.

Specific Mandate

The Conversion Shares will be issued under the Specific Mandate which is subject to the Shareholders' approval at the SGM.

LETTER FROM THE BOARD

Intended use of proceeds from the Placing

The gross proceeds to be raised from the Placing are estimated to be up to HK\$620,000,000. The net proceeds (after deducting estimated expenses incurred) to be raised from the Placing are estimated to be up to HK\$614.6 million. The net proceeds from the Placing will be utilized as to around HK\$300 million to further strengthen the Group's financial services business by providing more funding for its margin financing and underwriting businesses in anticipation of the recent market development and opportunities and for its business expansion and as to the remaining HK\$314.6 million as general working capital of the Group for daily operation and business development.

Some of the Company's Principal Subsidiaries are the licensing companies under the Securities and Futures Ordinance, which need to keep adequate liquid capitals to meet the requirement under Financial Resources Rules ("FRR"). The amounts of these required liquid capitals will fluctuate daily according to the amounts of borrowings drawn down by the aforesaid licensing companies and margin financing provided by these companies to their clients for their trading activities, which in turn, will depend on the market sentiment. Furthermore, as we plan to increase the amount of margin financing by HK\$300 million to cope with the business development, the required liquid capital under FRR will therefore increase correspondingly. As such, the Company has to keep a reasonably comfortable level of cash and bank balances to comply with the FRR and the net proceeds of HK\$314.6 million will be used as general working capital to maintain the required liquid capitals for these licensing companies and for their daily dealing settlement purpose.

The Company's expected funding needs for the next 12 months based on the Board's latest estimates, the key assumptions or factors used to prepare such forecast are as follows:

1. The Company's expected funding needs for the next 12 months will be to maintain the working capital at a level that will ensure sufficient cash for running the operating activities smoothly. After the Share Subscription and the Placing expected to be completed in July 2017, about HK\$230 million relating to the Share Subscription and about HK\$614.6 million relating to the Placing shall be available to the Company, which shall be principally used as to around HK\$430 million for margin financing business; and as to the remaining HK\$414.6 million for general working capital, in particular, to expand and further strengthen the Group's financial services business by providing more funding for its underwriting businesses.
2. The margin book level shall gradually increase from currently HK\$250 million level to HK\$785 million level at July 2018 with an increase of HK\$535 million.
3. Assume the market sentiment shall remain unchanged without abnormal fluctuation, the average HK securities daily trading volume shall be around HK\$70 billion in recent months.
4. The securities market share of the Company will be increased from about 0.10% (refer to the market share level of March 2017) before the Placing to 0.15% at July 2018.
5. The gross commission rate is at about 15 basis points and rebate ratio at about 50% shall be maintained.

LETTER FROM THE BOARD

6. The commodities broking business shall have moderate growth comes along with the growth in securities business after the Placing Completion. Monthly brokerage income shall grow gradually from existing HK\$2 million – HK\$3 million level to HK\$5 million – HK\$6 million level at July 2018 accordingly. The average rebate ratio is kept at 60% throughout the period.
7. The other businesses of the Company shall run as at historical level.
8. Monthly expenditures are based on the average actual amounts incurred during the first 3 months of 2017. Due to the continuing conservative cost control policy, the overall costs structure of the Company shall be kept in existing level.

The net proceeds from the Placing are expected to satisfy the Company's anticipated funding needs for the next 12 months barring any unforeseen circumstances.

REASONS FOR AND BENEFITS OF THE PLACING

The Board considers that the Placing will provide the Company with: (i) immediate and long-term funding at low interest rate which is fair and reasonable; (ii) immediate working capital to support the Company's existing businesses expansion; (iii) sufficient capital reserve for future development of the Group. Moreover, if the conversion rights attached to the Convertible Bonds are exercised, the issuance of the Conversion Shares will enlarge and strengthen the capital base of the Company. The issuance of Convertible Bonds would not result in an immediate dilution effect of the shareholding of the Company. In view of the aforesaid benefits and reasons, the Company has not considered alternative fund raising methods.

Terms of the Placing Agreement were determined after arm's length negotiations between the Company and the Placing Agent. The Board considers that the Placing Agreement and the terms of the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES FOR THE PAST 12 MONTHS

Except for the fund raising activities as mentioned below, the Board confirms that the Company has not conducted any equity fund raising activity in the past 12 months immediately preceding the Latest Practicable Date.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds up to the Latest Practicable Date
6 April 2017	Subscription of 826,000,000 Shares at subscription price of HK\$0.28 each	HK\$229,980,000	To be applied as general working capital to support business development of the Group in anticipation of recent market development and opportunities	Not yet applied as the Share Subscription has not yet been completed

Subsequent to the joint announcement relating to the Share Subscription issued on 6 April 2017, the Board was approached by the Placing Agent and the negotiation regarding the Placing only commenced thereafter, which resulted in the execution of the Placing Agreement. Due to the nature of the margin financing businesses and the regulatory requirements to comply with the Financial Resources Rules, a larger capital base and more funding may generate more revenue and profits for the Group. Therefore, it is beneficial to the development and expansion of the financial businesses if additional funding can be obtained. As at the Latest Practicable Date, no other fund raising activities of the Company are being contemplated.

LETTER FROM THE BOARD

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

(A) The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon issue of the Conversion Shares upon full conversion of the Convertible Bonds (assuming that there is no other change to the issued share capital of the Company from the Latest Practicable Date up to the allotment and issue of the Conversion Shares):

	As at the Latest Practicable Date		Immediately upon issue of the Conversion Shares upon full conversion of the Convertible Bonds	
	<i>No. of Shares</i>	<i>Approximate shareholding %</i>	<i>No. of Shares</i>	<i>Approximate shareholding %</i>
CIGL	1,667,821,069	40.34	1,667,821,069	27.19
Director:				
Lo Kwok Hung John	1,255,500	0.03	1,255,500	0.02
The Convertible Bondholders	N/A	N/A	2,000,000,000	32.60
Public Shareholders	<u>2,465,283,019</u>	<u>59.63</u>	<u>2,465,283,019</u>	<u>40.19</u>
Total	<u><u>4,134,359,588</u></u>	<u><u>100.00</u></u>	<u><u>6,134,359,588</u></u>	<u><u>100.00</u></u>

LETTER FROM THE BOARD

- (B) The following table demonstrates the shareholding structure of the Company (a) as at the Latest Practicable Date; (b) assuming after issue of the Subscription Shares; and (c) assuming after issue of the Subscription Shares and the Conversion Shares upon full conversion of the Convertible Bonds (assuming that there is no other change to the issued share capital of the Company from the Latest Practicable Date up to the issue of the Conversion Shares):

	As at the Latest Practicable Date		Assuming after issue of the Subscription Shares		Assuming after issue of the Subscription Shares and the Conversion Shares upon full conversion of the Convertible Bonds	
	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate
		shareholding %		shareholding %		shareholding %
CIGL	<u>1,667,821,069</u>	<u>40.34</u>	<u>1,667,821,069</u>	<u>33.62</u>	<u>1,667,821,069</u>	<u>23.96</u>
Director:						
Lo Kwok Hung John	<u>1,255,500</u>	<u>0.03</u>	<u>1,255,500</u>	<u>0.03</u>	<u>1,255,500</u>	<u>0.02</u>
The Subscriber for the Subscription Shares	<u>-</u>	<u>-</u>	<u>826,000,000</u>	<u>16.65</u>	<u>826,000,000</u>	<u>11.87</u>
Public Shareholders						
The Convertible Bondholders	N/A	N/A	N/A	N/A	2,000,000,000	28.73
Other public Shareholders	<u>2,465,283,019</u>	<u>59.63</u>	<u>2,465,283,019</u>	<u>49.70</u>	<u>2,465,283,019</u>	<u>35.42</u>
Sub-total	<u>2,465,283,019</u>	<u>59.63</u>	<u>2,465,283,019</u>	<u>49.70</u>	<u>4,465,283,019</u>	<u>64.15</u>
Total	<u><u>4,134,359,588</u></u>	<u><u>100.00</u></u>	<u><u>4,960,359,588</u></u>	<u><u>100.00</u></u>	<u><u>6,960,359,588</u></u>	<u><u>100.00</u></u>

Remark: To the best knowledge of the Directors, none of the Placees and their ultimate beneficial owners will become a substantial Shareholder (as defined under the Listing Rules) immediately after taking up of the Convertible Bonds on fully converted basis (based on the securities held by such Placees as at the date of subscription of the Convertible Bonds). The Convertible Bondholders are regarded as public Shareholders under the Listing Rules and the Shares held by the Convertible Bondholders will be counted as part of the Shares held by the public.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The financial service businesses of the Group consist of financial service businesses which comprise (a) online and traditional brokerage of securities, futures and options contracts as well as mutual funds and insurance-linked investment products, (b) principal investments of securities, futures and options, (c) provision of margin financing and money lending services, and (d) provision of corporate finance services. For additional information, please visit www.cashon-line.com.

Based on the audited accounts of the Company, the net profits (before and after taxation and extraordinary items) for the financial year ended 31 December 2015 were approximately HK\$11.8 million and HK\$13.4 million respectively, and the audited net asset value as at 31 December 2015 was approximately HK\$595.6 million.

Based on the audited accounts of the Company, the net loss (before and after taxation and extraordinary items) for the financial year ended 31 December 2016 was approximately HK\$53.4 million and HK\$51.2 million respectively, and the audited net asset value as at 31 December 2016 was approximately HK\$543.2 million.

THE SGM

Set out on pages 23 to 24 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 10 July 2017 (Monday).

At the SGM, an ordinary resolution will be proposed to be considered and, if thought fit, be passed by the Shareholders for the approval of the Placing and the granting of the Specific Mandate.

The resolution will be voted by way of poll at the SGM. As at the Latest Practicable Date, no Shareholder has a material interest in the Placing (other than being a Shareholder) and therefore no Shareholder is required to abstain from voting on the relevant resolution at the SGM.

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 adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

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.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors are of the view that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant ordinary resolution as set out in the notice of the SGM.

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

NOTICE OF THE SGM



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 10 July 2017 (Monday) at 9:30 am for the purpose of considering and, if thought fit, passing the following resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the placing agreement dated 26 May 2017 (“Placing Agreement”, a copy of which have been produced to the SGM marked “A” and signed by the chairman of the meeting for the purpose of identification) entered into between the Company as issuer and China Everbright Securities (HK) Limited as placing agent (“Placing Agent”), pursuant to which the Company conditionally agreed to place, through the Placing Agent, on a best efforts basis, the convertible bonds with an aggregate principal amount of up to HK\$620,000,000 (“Convertible Bonds”) to not less than six places at the initial conversion price of HK\$0.31 per share, details of which are set out in this circular, and all the transactions contemplated thereby be and are hereby approved, confirmed and ratified and that the directors of the Company be and are hereby authorised to allot and issue the new shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds, being a maximum of 2,000,000,000 shares; and that any one director of the Company be and is hereby authorised to do all such acts and things and execute and deliver the Convertible Bonds and all such other agreements and documents as may be necessary, desirable or expedient to carry out or to give effect to the transactions contemplated under the Placing Agreement.”

By order of the Board
Suzanne W S Luke
Company Secretary

Hong Kong, 21 June 2017

* *For identification purpose only*

NOTICE OF THE SGM

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 Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is signed, or a 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.
3. In order to qualify for attending and voting at the above meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the branch share registrar of the Company, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 pm on 4 July 2017.