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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
IN RELATION TO
PROVISION OF FINANCIAL SERVICES
AND
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

VINCO 榮高

Vinco Financial Limited

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 (1) the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder is set out on pages 19 to 20 of this circular. A letter from Vinco Financial containing its advice to the Independent Board Committee and the Independent Shareholders in relation to items (1) and (2) above is set out on pages 21 to 47 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 29 March 2023 (Wednesday) at 10:00 am is set out on pages 54 to 56 of this circular. If you are unable 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 no later 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 or any adjourned meeting should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

* For identification purpose only

CONTENTS

	<i>Page</i>
Precautionary measures for the SGM	ii
Definitions	1
Letter from the Board	
Introduction	5
The Margin Financing Agreements	7
The Brokerage Services Agreement	11
Internal control measures	15
Information on the Group and the relevant parties	16
The Independent Board Committee and the Independent Financial Adviser	16
The SGM	17
Recommendation	18
Additional information	18
Letter from the Independent Board Committee	19
Letter from Vinco Financial	21
Appendix – General information	48
Notice of the SGM	54

PRECAUTIONARY MEASURES FOR THE SGM

Taking into account the recent development of the pandemic caused by the Novel Coronavirus (COVID-19) pandemic, **the Company strongly recommends the Shareholders to appoint the chairman of the SGM as their proxy to vote on their behalf in respect of the resolutions to be proposed at the SGM to minimise the risk of infection.**

The Company also encourages the Shareholders to submit any question they have to the management of the Company by email at inquiry@cash.com.hk in advance of the SGM. For Shareholders attending the SGM in person, the Company will implement the following precautionary measures at the SGM:

- (a) every Shareholder or proxy is required to **sterilise their hands with hand sanitiser** and register at the counter at the entrance of the venue;
- (b) no distribution of corporate gifts and no refreshments will be served.

DEFINITIONS

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

“Announcement”	the announcement jointly made by the Company and CASH on 20 February 2023 in respect of the entering into of the Margin Financing Agreements and the Brokerage Services Agreement
“associate”	has the same meaning ascribed in the Listing Rules
“Board”	the board of directors of the Company
“Brokerage Fees”	the brokerage fees payable under the Brokerage Services Agreement
“Brokerage Services”	the provision of brokerage services by Celestial Securities and/or Celestial Commodities to the CASH Algo Group pursuant to the Brokerage Services Agreement
“Brokerage Services Agreement”	the brokerage services agreement dated 20 February 2023 entered into between Celestial Securities, Celestial Commodities and CASH Algo relating to the provision of the Brokerage Services
“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 the holding company of the Company
“CASH Algo”	CASH Algo Finance Group International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of CASH as at the Latest Practicable Date
“CASH Algo Group”	CASH Algo and its subsidiaries from time to time
“Cash Guardian”	Cash Guardian Limited, a company incorporated in the British Virgin Islands and indirectly wholly-owned by Dr Kwan Pak Hoo Bankee
“CASH SGM”	the special general meeting of CASH to be held on 29 March 2023 (Wednesday) at 10:30 am to approve the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder
“Cashflow Credit”	Cashflow Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of CASH
“CCASS”	The Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited

DEFINITIONS

“Celestial Commodities”	Celestial Commodities Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Celestial Securities”	Celestial Securities Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“CIGL”	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of CASH, an associate of Dr Kwan Pak Hoo Bankee; and the controlling shareholder of the Company
“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 60.49%-owned listed subsidiary of CASH
“Connected Client(s)”	Dr Kwan Pak Hoo Bankee, Mr Kwan Teng Hin Jeffrey, Mr Law Hin Ong Trevor, Ms Wong Sze Kai Angela, Cash Guardian and Cashflow Credit, the particulars of which are set out in the section headed “The Margin Financing Agreements” in this circular
“connected person(s)”	has the same meaning ascribed in the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed in the Listing Rules
“Directors”	the directors of the Company
“Futures Exchange”	The Hong Kong Futures Exchange Limited
“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 (1) the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder
“Independent Financial Adviser” or “Vinco Financial”	Vinco Financial Limited, 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 (1) the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder

DEFINITIONS

“Independent Shareholder(s)”	the Shareholders, other than any Connected Client(s) and their respective associate(s) who are the Shareholder(s) and are interested in their respective Margin Financing Agreement(s) and the Brokerage Services Agreement, as set out under the heading of “The SGM” in the letter from the Board
“Latest Practicable Date”	8 March 2023, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Margin Financing Agreements”	the margin financing agreements dated 20 February 2023 entered into between Celestial Securities with each of the Connected Clients relating to the Margin Financing Arrangements
“Margin Financing Arrangement(s)”	the granting of margin financing facility by Celestial Securities to the Connected Clients pursuant to the Margin Financing Agreements
“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
“Previous Brokerage Services Agreement”	has the meaning ascribed to it in the section headed “The Previous Brokerage Services Agreement” in this circular
“Previous Margin Financing Arrangement(s)”	has the meaning ascribed to it in the section headed “The Previous Margin Financing Arrangements” in this circular
“Proposed Transfer”	the proposed intra-group transfer of 51% interest in CASH Algo from CASH to the Company, the details of which are disclosed in the joint announcement of CASH and the Company on 19 December 2022
“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 29 March 2023 (Wednesday) at 10:00 am to approve (1) the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder, notice of which is set out on pages 54 to 56 of this circular
“Share (s)”	share(s) of HK\$0.04 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

DEFINITIONS

“substantial shareholder”	has the meanings ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollar(s), the currency of Hong Kong
“US”	United States of America
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

If there is any inconsistency in this circular between the Chinese and English versions, the English version shall prevail.

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 directors:

KWAN Pak Hoo Bankee
KWAN Teng Hin Jeffrey
CHEUNG Wai Lim William
LAW Hin Ong Trevor
WONG Sze Kai Angela

Independent non-executive directors:

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:***

22/F Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

13 March 2023

To the Shareholders

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
PROVISION OF FINANCIAL SERVICES**

INTRODUCTION

Reference is made to the Announcement dated 20 February 2023 in relation to the entering into of the Margin Financing Agreements and the Brokerage Services Agreement respectively on 20 February 2023.

* For identification purpose only

LETTER FROM THE BOARD

The Margin Financing Agreements

As (i) each of Dr Kwan Pak Hoo Bankee, Mr Kwan Teng Hin Jeffrey, Mr Law Hin Ong Trevor and Ms Wong Sze Kai Angela is a Director; (ii) Cash Guardian is indirectly wholly-owned by Dr Kwan Pak Hoo Bankee; and (iii) Cashflow Credit is an indirect wholly-owned subsidiary of CASH, the controlling shareholder of the Company, each of the aforesaid persons is a connected person of the Company. Therefore, the Margin Financing Arrangement with each of the Connected Clients constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the margin financing facility on an annual basis under the Margin Financing Agreement for each of the Connected Clients, exceeds 5%, and the principal amount of the margin financing facility granted to each of the Connected Clients exceeds HK\$10,000,000, the Margin Financing Agreements and the transactions contemplated thereunder for each of the Connected Clients are subject to the reporting, announcement, independent shareholders' approval and annual review requirements for the Company under the Listing Rules.

The Brokerage Services Agreement

As at the Latest Practicable Date, CASH Algo is a wholly-owned subsidiary of CASH (being the controlling shareholder of the Company) and a connected person of the Company. Therefore, the provision of the Brokerage Services constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the Brokerage Fees on an annual basis under the Brokerage Services Agreement exceeds 5%, and the amount of which exceeds HK\$10,000,000, the Brokerage Services Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, independent shareholders' approval and annual review requirements for the Company under the Listing Rules.

The purpose of this circular is to (i) provide the Shareholders with information on the Margin Financing Agreements and the annual caps for the Connected Clients; (ii) provide the Shareholders with information on the Brokerage Services Agreement and the annual cap; (iii) set out the letter from the Independent Board Committee to the Independent Shareholders in respect of (1) the Margin Financing Agreements and the annual caps and (2) the Brokerage Services Agreement and the annual cap; (iv) set out the letter of advice from Vinco Financial to the Independent Board Committee and the Independent Shareholders in respect of the items (1) and (2) above; and (v) give a notice to the Shareholders on convening the SGM for approving the items (1) and (2) above, and the transactions respectively contemplated thereunder.

LETTER FROM THE BOARD

THE MARGIN FINANCING AGREEMENTS

Date: 20 February 2023

Parties: (i) Celestial Securities (a wholly-owned subsidiary of the Company) as lender; and
(ii) each of the Connected Clients as borrowers.

The Connected Clients are:

- (a) Dr Kwan Pak Hoo Bankee, an executive director of the Company and CASH, and the controlling shareholder of CASH;
- (b) Mr Kwan Teng Hin Jeffrey, an executive director of the Company and CASH;
- (c) Mr Law Hin Ong Trevor, an executive director of the Company;
- (d) Ms Wong Sze Kai Angela, an executive director of the Company;
- (e) Cash Guardian; and
- (f) Cashflow Credit.

Services provided: Celestial Securities will grant margin financing facility to each of the Connected Clients.

Term: A term commencing on 20 February 2023 and ending on 31 December 2024.

Interest rates: The interest rates will be charged at a rate of up to 8% over the Hong Kong Dollar Best Lending Rate prevailing from time to time quoted by The Hongkong and Shanghai Banking Corporation Limited, which aligns 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 (which currently range from 2.75% below to 8% over the prevailing Hong Kong Dollar Best Lending Rate quoted by The Hongkong and Shanghai Banking Corporation Limited) and in any event no more favourable than the rates charged by Celestial Securities to independent third parties for similar services.

LETTER FROM THE BOARD

Annual caps: The annual cap of the margin financing facility to each of the Connected Clients will be a sum of up to HK\$40 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the two financial years ending 31 December 2024.

Basis for determining the annual caps: 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 for the margin financing facility; (ii) the sound financial standing of each of the Connected Clients; (iii) the existing financial resources and capacity of margin financing facilities of the Group, including the amount of back-to-back refinancing obtained from bank(s), for granting the margin financing facility after taking into account the credit assessment, financial strength, past payment records and collateral securities for the facility of the Connected Clients; and (iv) 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. Resolutions in respect of similar margin financing facility arrangements were proposed in December 2021 but were not passed. Nevertheless, the Directors are of the view that each proposal should be considered on its own terms and circumstances.

Due to the outbreak of the COVID-19 pandemic and the unstable environment of the Hong Kong and global stock market in the previous years, certain Connected Clients have not fully utilised the annual cap granted to them under the Previous Margin Financing Arrangements. Nevertheless, having taken into consideration (i) there is no significant delay or default in payment by the Connected Clients throughout the past years; (ii) the provision of a sufficient buffer to cater for the anticipated growth in initial public offering activities in view of post-COVID-19 economic recovery; and (iii) the benefits of the Margin Financing Agreements in terms of contribution of income to the Group, the Board proposed to grant the new annual caps to allow sufficient 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.

LETTER FROM THE BOARD

- Conditions precedent:
- (a) The Margin Financing Agreements (including the annual caps) and the transactions contemplated thereunder for each of Dr Kwan Pak Hoo Bankee, Mr Kwan Teng Hin Jeffrey and Cash Guardian are 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 Margin Financing Agreements (including the annual caps) and the transactions contemplated thereunder for Mr Law Hin Ong Trevor, Ms Wong Sze Kai Angela and Cashflow Credit is subject to the approval by the Independent Shareholders at the SGM.

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

Reasons for and benefits of the Margin Financing Arrangements

The Board considers that the Margin Financing Arrangements will enable Celestial Securities to capture the securities trading activities of the Connected Clients and generate income in ordinary course of business.

The Board (including the independent non-executive Directors) consider that (i) the Margin Financing Arrangements are being provided on normal commercial terms and in the ordinary course of business which are not more favorable than those available to other independent third party clients; (ii) the terms of the Margin Financing Agreements are fair and reasonable; and (iii) the provision of the Margin Financing Arrangements are in the interest of the Company and the Shareholders as a whole.

The Previous Margin Financing Arrangements

On 7 December 2018, Celestial Securities entered into margin financing agreements with certain Connected Clients, namely Dr Kwan Pak Hoo Bankee, Mr Kwan Teng Hin Jeffrey, Cash Guardian and Cashflow Credit, for granting margin financing subject to an annual cap of up to HK\$30 million for each of the three financial years ended 31 December 2021 (the “**Previous Margin Financing Arrangements**”). Details of such transactions were disclosed in the announcement and circular of the Company dated 7 December 2018 and 9 January 2019 respectively. The Previous Margin Financing Arrangements expired on 31 December 2021.

LETTER FROM THE BOARD

The historical figures of the margin financing facilities utilised by such Connected Clients under the Previous Margin Financing Arrangements are set out below:

	For the year ended 31 December		
	2019	2020	2021
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Dr Kwan Pak Hoo Bankee	5,999	26,310	8,760
Mr Kwan Teng Hin Jeffrey	273	26,654	14,345
Cash Guardian	–	–	–
Cashflow Credit	–	–	24,236

Listing Rules implication for the Company

As (i) each of Dr Kwan Pak Hoo Bankee, Mr Kwan Teng Hin Jeffrey, Mr Law Hin Ong Trevor and Ms Wong Sze Kai Angela is a Director; (ii) Cash Guardian is indirectly wholly-owned by Dr Kwan Pak Hoo Bankee; and (iii) Cashflow Credit is an indirect wholly-owned subsidiary of CASH, the controlling shareholder of the Company, each of the aforesaid persons is a connected person of the Company. Therefore, the Margin Financing Arrangement with each of the Connected Clients constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the margin financing facility on an annual basis under the Margin Financing Agreement for each of the Connected Clients, exceeds 5%, and the principal amount of the margin financing facility granted to each of the Connected Clients exceeds HK\$10,000,000, the Margin Financing Agreements and the transactions contemplated thereunder for each of the Connected Clients are subject to the reporting, announcement, independent shareholders' approval and annual review requirements for the Company under the Listing Rules.

The Directors who are the Connected Clients and have material interest in their respective Margin Financing Agreements have abstained from voting on the relevant board resolution(s) at the board meeting of the Company approving their respective Margin Financing Agreements.

LETTER FROM THE BOARD

THE BROKERAGE SERVICES AGREEMENT

- Date: 20 February 2023
- Parties: (i) Celestial Securities and Celestial Commodities (wholly-owned subsidiaries of the Company) as service providers; and
- (ii) CASH Algo (a wholly-owned subsidiary of CASH) as customer.
- Services provided: Celestial Securities and/or Celestial Commodities will provide the Brokerage Services, being brokerage services for trading of securities, futures and options contracts in Hong Kong and/or any other overseas exchanges, to the CASH Algo Group from time to time.
- Term: A term commencing on 20 February 2023 and ending on 31 December 2024.
- The Brokerage Fees: The Brokerage Fees will be calculated at:-
- (i) flat brokerage commission rate and fees at commission rate of not more than 0.25% (subject to change in accordance with the market rate prevailing from time to time), plus CCASS stock settlement fee charged at 0.002% on transaction value for securities trading under the Stock Exchange for any account of the CASH Algo Group opened with Celestial Securities; and
- (ii) commission and fees of not more than HK\$100 per lot per side for trading of futures/options on the Futures Exchange, and commission and fees of not more than US\$25 per lot per side for trading of Singapore Exchange (SGX), Chicago Mercantile Exchange (CME) futures/options products and other overseas exchanges products, and not more than US\$50 per lot per side for trading of London Metal Exchange (LME) products, subject to any other special circumstances such as arm's length negotiated trading volume discounts.

LETTER FROM THE BOARD

The Brokerage Fees for securities trading and futures/options trading are both determined based on arm's length negotiation between the Group and the CASH Algo Group with reference to the prevailing commission and fees charged by other independent brokers and securities companies for similar brokerage services and the commission and fees charged by the Group to independent clients for similar brokerage services.

The rates charged by the Group to independent clients are determined with reference to the then prevailing market price and practice of the securities broking firms in the relevant market and after considering the trading volume, creditworthiness and financial standing of the clients and the prevailing market condition. In order to maintain the competitiveness and fast response to the market, the rates charged by the Group shall be reviewed from time to time in accordance with the prevailing market rate by reference to the then independent securities broking firms on contemporaneous transactions as published on their websites and/or public promotions in order to ensure the percentage of commission charged by the Group is in line with the prevailing market practice. The proposed rates will be adopted in accordance to the pre-determined approval hierarchy of the Company.

The brokerage fees for securities trading and futures/options trading being charged to the CASH Algo Group are determined based on the same pricing methodology as stated above and in any event will not be more favourable than those available to independent clients of the Group.

The Brokerage Services to be provided to the CASH Algo Group are on normal commercial terms and at market rates, which will not be more favourable than those available to independent third party clients of the Group.

The Brokerage Fees (including the CCASS stock settlement fee) is payable upon completion of each transaction.

Annual cap:

The annual cap of the Brokerage Fees will be a sum of up to HK\$40 million for each of the two financial years ending 31 December 2024.

LETTER FROM THE BOARD

Basis for determining
the annual cap:

The annual cap was determined after arm's length negotiation between CASH Algo with Celestial Securities and Celestial Commodities based on (i) the demand of the CASH Algo Group for the Brokerage Services; (ii) the amount of annual cap under the Previous Brokerage Services Agreement; (iii) a reasonable buffer to cater for the anticipated growth in investment and trading activities in view of post-COVID-19 economic recovery to allow flexibility; and (iv) the benefits to the Group to capture the securities trading activities of the CASH Algo Group so as to earn more commission and fees in the usual and ordinary course of the business of the Group. In addition, in light of the favorable prevailing government policies and initiatives, the Group foresees an influx of Fintech professionals into Hong Kong in the field of Algorithm trading during post-COVID-19 era. The Group plans to recruit and incubate new teams in 2023 in order to explore higher caliber teams to further build up the Group's Algo business. The Group plans to streamline such teams in 2024 after the Group's Algo business has been stabilised. As such, the Company anticipates that the trading volume trading of securities, futures and options contracts during the 9 months ending 31 December 2023 would be comparable with the full year of 2024, and hence the same annual cap for Brokerage Fees is imposed for each of the two financial years ending 31 December 2024.

Due to the outbreak of the COVID-19 pandemic and the fluctuating economic and investment environment of the Hong Kong and global stock market in the previous years, the annual cap under the Previous Brokerage Services Agreement was not utilised. Nevertheless, taking into consideration (i) that the Brokerage Services Agreement is regarded as an extension of the Previous Brokerage Services Agreement; (ii) the potential investment and trading activities of the CASH Algo Group in anticipation of post-COVID-19 economic recovery and improvement in investment sentiment and upward direction of stock market in the near future, as well as the Group's plans to further build up its Algo business as mentioned above; and (iii) the benefits of the Brokerage Services Agreement in terms of contribution of income to the Group, the Board proposed the new annual cap to allow a sufficient buffer and more flexibility for Celestial Securities and/or Celestial Commodities to provide the Brokerage Services to the CASH Algo Group in its ordinary and usual course of business.

Conditions precedent:

The Brokerage Services Agreement (including the annual cap) and the transactions contemplated thereunder are subject to the approval by the Independent Shareholders at the SGM.

If the above condition is not satisfied on or before 30 June 2023 or such later date as may be agreed among the parties, the Brokerage Services Agreement shall lapse and become null and void immediately (other than the rights and obligations already accrued).

LETTER FROM THE BOARD

Reasons for and benefits of the Brokerage Services Agreement

The CASH Algo Group intends to utilise the Brokerage Services in order to carry on its algorithmic trading business for investment and trading of securities and futures and options contracts in its ordinary and usual course of business. The provision of the Brokerage Services is conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and will enable Celestial Securities and/or Celestial Commodities to continue to capture the investment and trading activities of the CASH Algo Group and to generate commission, brokerage fees and interest from those activities.

The Board (including the independent non-executive Directors) considers that (i) the Brokerage Services is being provided on normal commercial terms and in the ordinary course of business which are not more favorable than those available to other independent third party clients; (ii) the terms of the Brokerage Services Agreement are fair and reasonable; and (iii) the provision of the Brokerage Services are in the interest of the Company and the Shareholders as a whole.

The Previous Brokerage Services Agreement

On 7 December 2018, Celestial Securities and Celestial Commodities, and Confident Profits Limited (the holding company of CASH Algo) entered into a brokerage services agreement for the provision of brokerage services subject to an annual cap of HK\$30 million for each of the three financial years ended 31 December 2021 (the “**Previous Brokerage Services Agreement**”). Details of such transactions were disclosed in the announcement and circular of the Company dated 7 December 2018 and 9 January 2019 respectively.

No transaction had been carried out under the Previous Brokerage Services Agreement before its expiry on 31 December 2021.

Listing Rules implication for the Company

As at the Latest Practicable Date, CASH Algo is a wholly-owned subsidiary of CASH (being the controlling shareholder of the Company) and a connected person of the Company. Therefore, the provision of the Brokerage Services constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the Brokerage Fees on an annual basis under the Brokerage Services Agreement exceeds 5%, and the amount of which exceeds HK\$10,000,000, the Brokerage Services Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, independent shareholders’ approval and annual review requirements for the Company under the Listing Rules.

Since Dr Kwan Pak Hoo Bankee is the controlling shareholder of CASH (which is the controlling shareholder of the Company), and Mr Kwan Teng Hin Jeffrey is his son, they are deemed to have material interest in the Brokerage Services Agreement and have therefore abstained from voting on the relevant board resolution(s) at the board meeting of the Company approving the Brokerage Services Agreement.

LETTER FROM THE BOARD

INTERNAL CONTROL MEASURES

The Group has established adequate internal control policies to regularly monitor the utilisation rates of margin financing facilities granted to connected clients and the brokerage services provided to ensure compliance with the disclosure requirements of the Listing Rules. The credit and risk management department and operation personnel of the Group are aware of the applicable threshold for the purpose of disclosure from time to time, with an aim to ensure that the continuing connected transactions are provided in accordance with the terms of the governing agreements and within the respective annual caps. The Group have also maintained a credit and risk management policy which set out the procedures and guidelines for credit facility application. Similar internal control procedures will continue to be conducted for monitoring the Margin Financing Arrangements and the Brokerage Services and to ensure compliance with the Listing Rules. To monitor compliance of the relevant Listing Rules applicable to connected transaction, the Company has adopted the following measures:

- (i) the operations department is responsible for the day-to-day monitoring of the level of existing margin financing arrangement offered to the existing connected clients and shall report to the chief operating officer or chief financial officer of the Company when the margin financing facility under each of the existing margin financing arrangement approach the respective annual caps;
- (ii) the operation department will observe the market condition and monitor the prevailing market prices on timely basis including the pricings of contemporaneous transactions with independent third parties. The rates charged by the Group shall be updated as soon as practicable in accordance to the pre-determined approval hierarchy of the Company. Furthermore, the operation department will compare other concurrent transactions for similar transactions with independent third parties and ensure that the terms offered by the Group are no more favourable than those available to independent third parties; and
- (iii) the Company's auditors and independent non-executive directors will review the continuing connected transactions annually in accordance with Rule 14A.55 and Rule 14A.56 of the Listing Rules respectively.

Similar internal control procedures will continue to be conducted for monitoring the Margin Financing Arrangements and the Brokerage Services and to ensure compliance with applicable Listing Rules.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP AND THE RELEVANT PARTIES

The principal activity of the Company is investment holding. The principal activities of the Group are (a) the provision of online and traditional brokerage of securities, futures and options as well as general and life insurance, mutual funds and mandatory provident fund products; (b) the proprietary trading of debt and equity securities and derivatives; (c) the provision of margin financing and money lending services; and (d) the provision of asset management services. For additional information, please visit www.cfsg.com.hk.

Celestial Securities is a wholly-owned subsidiary of the Company. It is a licensed corporation under the SFO to carry out type 1 (dealing in securities) regulated activity.

Celestial Commodities is a wholly-owned subsidiary of the Company. It is a licensed corporation under the SFO to carry out type 2 (dealing in futures contracts) regulated activity.

Cashflow Credit is an indirect wholly-owned subsidiary of CASH. Its principal activity is investment holding.

Cash Guardian is indirectly wholly-owned by Dr Kwan Pak Hoo Bankee (an executive director of the Company and CASH), and is the controlling shareholder of CASH. Its principal activity is investment holding.

As at the Latest Practicable Date, CASH Algo is a wholly-owned subsidiary of CASH. It is an investment holding company and the principal activities of its subsidiaries are algorithmic trading business including algorithmic trading and alternative trading.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to consider and advise the Independent Shareholders of (1) the terms of the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the terms of the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder. Vinco Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms and conditions of (1) the terms of the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the terms of the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder.

LETTER FROM THE BOARD

THE SGM

Set out on pages 54 to 56 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 10:00 am on 29 March 2023 (Wednesday) at which ordinary resolutions will be proposed to be considered and, if thought fit, be passed by the Independent Shareholders for the approval of (1) the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder. All the resolutions will be taken by poll at the SGM.

In respect of item (1) in relation to the Margin Financing Agreements above, each of the Margin Financing Agreements for the Connected Clients is subject to separate resolution for approval by the Independent Shareholders as set out in the notice of the SGM in this circular.

As at the Latest Practicable Date, (i) CIGL (an indirect wholly-owned subsidiary of CASH and an associate of Dr Kwan Pak Hoo Bankee) holds approximately 60.49% of the issued shares of the Company; (ii) Dr Kwan Pak Hoo Bankee (the controlling shareholder of CASH) holds approximately 0.95% of the issued shares of the Company; and (iii) Mr Kwan Teng Hin Jeffrey (the son of Dr Kwan Pak Hoo Bankee) holds approximately 0.95% of the issued shares of the Company. The aforesaid persons are regarded as having material interest in the Margin Financing Agreements and Brokerage Services Agreement and will be required to abstain from voting on the relevant resolution(s) nos. 1(i), 1(ii), 1(v), 1(vi) & 2 at the SGM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder has a material interest in the Margin Financing Agreement and/or the Brokerage Services Agreement and the transactions contemplated thereunder, and accordingly, no other Shareholder would be required to abstain from voting at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. If you are unable to attend the meeting, 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 meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

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 (1) the terms of the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the terms of the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and the aforesaid items (1) and (2) 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 (1) the ordinary resolutions (each by separate resolution) relating to the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the ordinary resolution relating to the Brokerage Services Agreement and the annual cap 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 Financial and their respective recommendations set out on pages 19 to 20 and pages 21 to 47 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 and
Chief Executive Officer*



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)

13 March 2023

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
PROVISION OF FINANCIAL SERVICES**

We refer to the circular dated 13 March 2023 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 (1) the terms of the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the terms of the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder and to advise the Independent Shareholders whether, in our opinion, the terms of the items (1) and (2) above are fair and reasonable so far as the Independent Shareholders are concerned, are on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Vinco Financial has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of (1) the terms of the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the terms of the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board set out on pages 5 to 18 of the Circular which contains, inter alia, information on (1) the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder, and the letter from Vinco Financial set out on pages 21 to 47 of the Circular which contains its advice in respect of the terms of the items (1) and (2) above.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms and conditions of (1) the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder and taken into account the advice of Vinco Financial, we consider that the terms of (1) the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the Brokerage Services Agreement and the annual cap and the transaction contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, are on normal commercial terms and in the ordinary and usual course of business of the Group and 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 (1) the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (2) the Brokerage Services Agreement and the annual cap 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

LETTER FROM VINCO FINANCIAL

The following is the text of a letter of advice from Vinco Financial setting out its advice to the Independent Board Committee and the Independent Shareholders prepared in respect of the Margin Financing Agreements and the Brokerage Services Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in this circular:

VINCO  榮高
Vinco Financial Limited

13 March 2023

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

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS
– PROVISION OF FINANCIAL SERVICES**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms and conditions of (1) the Margin Financing Agreements (including the annual caps) with the Connected Clients and the transactions contemplated thereunder, and (2) the Brokerage Services Agreement (including the annual cap) and the transactions contemplated thereunder, details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the Circular issued by the Company to the Shareholders dated 13 March 2023 (the “**Circular**”), 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.

Reference is made to the announcement of the Company dated 20 February 2023, in relation to, among others, the entering into of (i) the Margin Financing Agreements and (ii) the Brokerage Services Agreement respectively on 20 February 2023.

LETTER FROM VINCO FINANCIAL

(i) Margin Financing Agreements

The Connected Clients namely Dr Kwan Pak Hoo Bankee, Mr Kwan Teng Hin Jeffrey, Cash Guardian and Cashflow Credit, have been granted the Previous Margin Financing Arrangements under the Previous Margin Financing Agreements. All Previous Margin Financing Arrangements expired on 31 December 2021. Celestial Securities (a wholly-owned subsidiary of the Company, as lender) entered into the Margin Financing Agreements with the Connected Clients (as borrowers) relating to the proposed provision of the Margin Financing Arrangements (being margin financing facility at an annual cap of up to HK\$40 million extended to each of the Connected Clients commencing from 20 February 2023 and ending 31 December 2024).

As (i) each of Dr Kwan Pak Hoo Bankee, Mr Kwan Teng Hin Jeffrey, Mr Law Hin Ong Trevor and Ms Wong Sze Kai Angela is a Director; (ii) Cash Guardian is indirectly wholly-owned by Dr Kwan Pak Hoo Bankee; and (iii) Cashflow Credit is an indirect wholly-owned subsidiary of CASH, the controlling shareholder of the Company, each of the aforesaid persons is a connected person of the Company. Therefore, the Margin Financing Arrangement with each of the Connected Clients constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the margin financing facility on an annual basis under the Margin Financing Agreement for each of the Connected Clients exceeds 5%, and the principal amount of the margin financing facility granted to each of the Connected Clients exceeds HK\$10,000,000, the Margin Financing Agreements and the transactions contemplated thereunder for each of the Connected Clients are subject to the reporting, announcement, independent shareholders' approval and annual review requirements for the Company under the Listing Rules.

(ii) Brokerage Services Agreements

Celestial Securities and Celestial Commodities have entered into the Previous Brokerage Services Agreement with Confident Profits Limited (the holding company of CASH Algo) which expired on 31 December 2021. Celestial Securities and Celestial Commodities (wholly-owned subsidiaries of the Company) as service providers and CASH Algo (a wholly-owned subsidiary of CASH) as customer entered into the Brokerage Services Agreement relating to the provision of the Brokerage Services (being the brokerage services for trading of securities, futures and options contracts in Hong Kong and/or any other overseas exchanges at an annual cap of up to HK\$40 million commencing on 20 February 2023 and ending 31 December 2024).

As at the Latest Practicable Date, CASH Algo is a wholly-owned subsidiary of CASH (being the controlling shareholder of the Company) and a connected person of the Company. Therefore, the provision of the Brokerage Services constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the Brokerage Fees on an annual basis under the Brokerage Services Agreement exceeds 5%, and the amount of which exceeds HK\$10,000,000, the Brokerage Services Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, independent shareholders' approval and annual review requirements for the Company under the Listing Rules. Reference is made to the joint announcement of CASH and the Company on 19 December 2022 in relation to the proposed intra-group transfer of 51% interest

LETTER FROM VINCO FINANCIAL

in CASH Algo from CASH to the Company (the “**Proposed Transfer**”). Upon completion of the Proposed Transfer (which is subject to the approval by the independent shareholders of the Company), CASH Algo will become a non-wholly-owned subsidiary of the Company. Since CASH (a connected person of the Company at issuer’s level) will hold 49% interest in CASH Algo (other than the 51% interest held by it through the Company), CASH Algo will become a connected subsidiary of the Company according to Rule 14A.16 of the Listing Rules, and the provision of the Brokerage Services will still constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, (i) CIGL (an indirect wholly-owned subsidiary of CASH and an associate of Dr Kwan Pak Hoo Bankee) holds approximately 60.49% of the issued shares of the Company; (ii) Dr Kwan Pak Hoo Bankee (the controlling shareholder of CASH) holds approximately 0.95% of the issued shares of the Company; and (iii) Mr Kwan Teng Hin Jeffrey (the son of Dr Kwan Pak Hoo Bankee) holds approximately 0.95% of the issued shares of the Company. The aforesaid persons are regarded as having material interest in the Margin Financing Agreements and Brokerage Services Agreement and will be required to abstain from voting on the relevant resolution(s) nos. 1(i), 1(ii), 1(v), 1(vi) & 2 at the SGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr Cheng Shu Shing Raymond, Mr Lo Kwok Hung John and Mr Lo Ming Chi Charles, has been established by the Board to consider and advise the Independent Shareholders as to whether the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interest of the Company and the Shareholders as a whole. We have been appointed and have been approved by the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As 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 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 interests 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 Rule to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fee or benefit from the Group and its associates.

LETTER FROM VINCO FINANCIAL

During the past two years, we were appointed as the independent financial adviser to the Company in respect of voluntary cash offers (“**Past Appointment**”). Details of the Past Appointment is set out in the circular of the Company dated 16 September 2022. The professional fees in connection with the Past Appointment 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 and recommendations on the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder.

B. 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 no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading.

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 SGM and the Independent Shareholders will be notified of any material changes to such statements, information, opinions and/or representations as soon as possible 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.

We have also sought and received confirmation from the directors of the Company that no material facts have been omitted from the information supplied and opinions expressed. 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.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, 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.

LETTER FROM VINCO FINANCIAL

We consider that we have reviewed all currently available information and documents, among others: (i) the annual report of the Company for the year ended 31 December 2021 (the “**Annual Report 2021**”); (ii) the interim report of the Company for the six months ended 30 June 2022 (the “**Interim Report 2022**”); (iii) the Margin Financing Agreements and the Brokerage Services Agreement; (iv) the audited financial statements of Celestial Securities and Celestial Commodities for the year ended 31 December 2021; (v) the basis and assumptions in relation to the annual caps for the two years ending 31 December 2024; (vi) the historical transaction amounts between Celestial Securities and certain Connected Clients for the three years ended 31 December 2021; (vii) sample walkthrough documents which includes but not limited to margin facility letters and the account statements showing settlement amount of past margin financing services offered by Celestial Securities to certain Connected Clients and other independent third parties; and (viii) the internal control procedures and credit and risk management policies governing continuing connected transactions which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to (i) the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and (ii) the Brokerage Services Agreement and the annual cap 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 on the continuing connected transactions contemplated and the annual caps under (i) the Margin Financing Agreements and (ii) the Brokerage Services Agreement, respectively, except for its inclusion in the Circular, 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.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the terms of the Margin Financing Agreements and the Brokerage Services Agreement, we have considered the following principal factors and reasons set out below:

1. Background of entering into the Margin Financing Agreements and Brokerage Services Agreement

Information of the Group

The principal activity of the Company is investment holding. The principal activities of the Group are (a) the provision of online and traditional brokerage of securities, futures and options as well as general and life insurance, mutual funds and mandatory provident fund products; (b) the proprietary trading of debt and equity securities and derivatives; (c) the provision of margin financing and money lending services; and (d) the provision of asset management services. For additional information, please visit www.cfsg.com.hk.

LETTER FROM VINCO FINANCIAL

Information of the CASH Group

The principal activity of CASH is investment holding. The principal activities of CASH Group are (a) the retail management business including sales of furniture and household items, electrical appliances, food and pets accessories through the chain stores under multi-brand names including “Pricerite Home”, “TMF”, “SECO”, “Pricerite Food” and “Pricerite Pet” in Hong Kong; (b) the provision of asset management services to fund investors; (c) the financial services businesses provided through the Company; and (d) general investment holding. For additional information, please visit www.cash.com.hk.

Information of Celestial Securities

Celestial Securities is an indirect wholly-owned subsidiary of the Company. It is a licensed corporation under the SFO to carry out type 1 (dealing in securities) regulated activity.

Information of Celestial Commodities

Celestial Commodities is a wholly-owned subsidiary of the Company. It is a licensed corporation under the SFO to carry out type 2 (dealing in futures contracts) regulated activity.

Information of Cashflow Credit

Cashflow Credit is a wholly-owned subsidiary of CASH. Its principal activity is an investment holding.

Information of Cash Guardian

Cash Guardian is indirectly wholly-owned by Dr Kwan Pak Hoo Bankee (an executive director of the Company and CASH), and is the controlling shareholder of CASH. Its principal activity is investment holding.

Information of CASH Algo

As at the Latest Practicable Date, CASH Algo is a wholly-owned subsidiary of CASH. It is an investment holding company and the principal activities of its subsidiaries are algorithmic trading business including algorithmic trading and alternative trading.

LETTER FROM VINCO FINANCIAL

2. Reasons for and benefits of the Margin Financing Agreements and the Brokerage Services Agreement

The Previous Margin Financing Agreements and the Previous Brokerage Services Agreement expired on 31 December 2021. The Margin Financing Agreements and the Brokerage Services Agreement have a fixed term commencing from 20 February 2023 and ending on 31 December 2024.

The Margin Financing Agreements

As stated in the Letter from the Board, on 20 February 2023, Celestial Securities entered into the Margin Financing Agreements with the Connected Clients relating to the proposed provision of the Margin Financing Arrangements. As confirmed by the Directors, the Margin Financing Arrangements will enable Celestial Securities to capture the securities trading activities of the Connected Clients and generate income in ordinary course of business.

For our due diligence purpose, we have obtained and reviewed (i) the internal control procedures and risk management policies of the Group in relation to the continuing connected transactions; (ii) the Margin Financing Agreements; and (iii) sample walkthrough documents which includes but not limited to margin facility letters and the account statements showing the settlement amount of past margin financing services offered by Celestial Securities to certain Connected Clients and other independent third parties for the three years ended 31 December 2021.

The Company has long been providing margin financing services to certain Connected Clients since March 2007. 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 2022 of the Group, interest income contributed as one of the major source of revenue and the accounts receivable arising from the business of margin financing after allowance for impairment was approximately HK\$89.9 million as at 30 June 2022. Thus, we consider that the margin financing activity is an important source of revenue to the Group.

Having taken into above and as stated in the section headed “Overview of the Hong Kong stock market” below, we are of the view that the Margin Financing Agreements are in the ordinary and usual course of business which is beneficial to the revenue of the Group and would provide the Group with additional opportunity to maximise its interest income, we concur with the Directors’ view that (i) the Margin Financing Arrangement are being provided in the ordinary course of business which are of the similar nature of those services provided to ordinary clients of the Group and (ii) the provision of the Margin Financing Arrangements are in the interest of the Company and the Shareholders as a whole.

LETTER FROM VINCO FINANCIAL

The Brokerage Services Agreement

As stated in the Letter from the Board, on 20 February 2023, Celestial Securities and Celestial Commodities, and CASH Algo entered into the Brokerage Services Agreement relating to the proposed provision of the Brokerage Services. It is noted that the CASH Algo Group intends to utilise the Brokerage Services in order to carry on its algorithmic trading business for investment and trading of securities and futures and options contracts in its ordinary and usual course of business. As per our discussion with the Directors, the Brokerage Services Agreement will enable Celestial Securities and/or Celestial Commodities to continue to capture the investment and trading activities of the CASH Algo Group and to generate commission, brokerage fees and interest from those activities.

For our due diligence purpose, we have obtained and reviewed (i) the internal control procedures and credit and risk management policies of the Group in relation to the continuing connected transactions; (ii) the Brokerage Services Agreement, (iii) the brokerage commission rate offered by the Company to independent third parties and (iv) quotation from five other independent securities broking firm on the brokerage commission rate and fees they offer.

In addition, the entering into of the Brokerage Services Agreement would allow flexibility for Celestial Securities and/or Celestial Commodities to provide the Brokerage Services to CASH Algo Group, which is in line with potential revenue distribution from the CASH Algo Group which can enhance revenue portfolio of the Group, we consider that the entering into of the Brokerage Services Agreement would provide the Group with additional opportunity to maximise its commission and brokerage fees, and to broaden its income source when CASH Algo utilise the Brokerage Services, and are therefore of the opinion that the entering into of the Brokerage Services Agreement is 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.

Having taken into above and as stated in the section headed “Overview of the Hong Kong stock market” below, we are of the view that the Brokerage Services Agreement is in the ordinary and usual course of business and the provision of the Brokerage Services is one of the principal business activities of the Group which can enhance revenue portfolio of the Group and we concur the Directors’ view that (i) the Brokerage Services is being provided in the ordinary course of business which are of the similar nature to those provided to the other independent clients of the Group and (ii) the provision of the Brokerage Services are in the interest of the Company and the Shareholders as a whole.

LETTER FROM VINCO FINANCIAL

Overview of the Hong Kong stock market

The provision of the margin financial services by the Group to the Connected Clients may depend on the performance of the Hong Kong stock market as the condition of the stock market is one of the main factors affecting the financing needs and investment behaviour of clients. We have reviewed the historical data for assessing the performance of the Hong Kong stock market.

Set out below is the historical data of the Hong Kong Stock Exchange from 2018 to 2022:

	Hong Kong Stock Exchange					CAGR
	2018	2019	2020	2021	2022	
Total turnover in value from stocks (HK\$ billion)	26,423	21,440	32,110	41,182	30,727	3.1%
Total number of IPO	218	183	154	98	90	-16.4%
Amount of total equity funds raised (HK\$ million)	544,135	454,247	743,655	773,273	251,889	-14.3%
Amount of total equity funds raised from IPO (HK\$ million)	288,006	314,241	397,529	331,338	104,570	-18.3%
Total market capitalisation (HK\$ billion)	29,909	38,165	47,523	42,381	35,667	3.6%
Total number of listed companies	2,315	2,449	2,538	2,572	2,597	2.3%
Average daily turnover (HK\$ million)	107,410	87,155	129,476	166,730	166,730	/

Source: <https://www.hkex.com.hk/>

LETTER FROM VINCO FINANCIAL

Set out below is the historical highs and lows of the Hang Seng Index from 1 January 2021 to 31 January 2023:

	High	Low
2021	31,183	22,665
2022	25,051	14,597
2023	22,701	19,304

Source: <https://finance.yahoo.com/>

According to the data provided by the Hong Kong Stock Exchange, the number of listed companies on the Hong Kong Stock Exchange as at 31 December 2022 reached 2,597 with a total market capitalisation of approximately HK\$35,667 billion. During the pandemic in 2021 and 2022, the number of IPO in 2021 was 98 with a total fund raise by IPO of approximately HK\$331,338 million and it was 90 with a total fund raise by IPO of approximately HK\$104,570 million in 2022. It is also noted that the Hang Seng Index has recorded a new low in October 2022 since April 2009, which was approximately 14,597. It dropped from approximately 31,183 at the recent peak in February 2021 and rebounded to approximately 22,701 in January 2023. Due to the pandemic and market uncertainties, the number of IPO in 2021 and 2022 has decreased by 56 and 64 respectively, both compared to 2020. The amount of total equity funds raised from IPO for the year ended 31 December 2021 and 2022 has decreased by approximately 16.7% and 73.7% respectively, both compared to 2020.

It is also noted that the number of IPO in the second half of 2022 was 63 while it was 27 in the first half of 2022. It might show a sign of recovery in the Hong Kong IPO market in 2022. According to KPMG's report "Chinese Mainland and Hong Kong IPO markets: 2022 review and 2023 outlook", although the global IPO market will continue to be influenced by economic and geopolitical uncertainties, slower pace of interest rate hikes would provide a more favourable environment for fundraising.

LETTER FROM VINCO FINANCIAL

3. Principal terms of the continuing connected transactions in relation to the Margin Financing Agreements and the Brokerage Services Agreement

The Margin Financing Agreements

Date: 20 February 2023

Parties: (i) Celestial Securities (a wholly-owned subsidiary of the Company) as lender; and
(ii) each of the Connected Clients as borrowers.

The Connected Clients are:

- (a) Dr Kwan Pak Hoo Bankee, an executive director of the Company and CASH, and the controlling shareholder of CASH;
- (b) Mr Kwan Teng Hin Jeffrey, an executive director of the Company and CASH;
- (c) Mr Law Hin Ong Trevor, an executive director of the Company;
- (d) Ms Wong Sze Kai Angela, an executive director of the Company;
- (e) Cash Guardian; and
- (f) Cashflow Credit.

Services provided: Celestial Securities will grant margin financing facility to each of the Connected Clients.

Term: A term commencing on 20 February 2023 and ending on 31 December 2024.

LETTER FROM VINCO FINANCIAL

The interest rates: The interest rates will be charged at a rate of up to 8% over the Hong Kong Dollar Best Lending Rate prevailing from time to time quoted by The Hongkong and Shanghai Banking Corporation Limited, which aligns 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 (which currently range from 2.75% below to 8% over the prevailing Hong Kong Dollar Best Lending Rate quoted by The Hongkong and Shanghai Banking Corporation Limited) and in any event no more favourable than the rates charged by Celestial Securities to independent third parties for similar services.

The annual caps: The annual cap of the margin financing facility for each of the Connected Clients will be a sum of up to HK\$40 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the two financial years ending 31 December 2024.

Basis for determining the annual caps: 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 for the margin financing facility; (ii) the sound financial standing of each of the Connected Clients; (iii) the existing financial resources and capacity of margin financing facilities of the Group, including the amount of back-to-back refinancing obtained from bank(s), for granting the margin financing facility after taking into account the credit assessment, financial strength, past payment records and collateral securities for the facility of the Connected Clients; and (iv) 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. Resolutions in respect of similar margin financing facility arrangements were proposed in December 2021 but were not passed. Nevertheless, the Directors are of the view that each proposal should be considered on its own terms and circumstances.

LETTER FROM VINCO FINANCIAL

Due to the outbreak of the COVID-19 pandemic and the unstable environment of the Hong Kong and global stock market in the previous years, certain Connected Clients have not fully utilised the annual cap granted to them under the Previous Margin Financing Arrangements. Nevertheless, having taken into consideration (i) there is no significant delay or default in payment by the Connected Clients throughout the past years; (ii) the provision of a sufficient buffer to cater for the anticipated growth in initial public offering activities in view of post-COVID-19 economic recovery; and (iii) the benefits of the Margin Financing Agreements in terms of contribution of income to the Group, the Board proposed to grant the new annual caps to allow sufficient 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.

- Conditions precedent:
- (a) The Margin Financing Agreements (including the annual caps) and the transactions contemplated thereunder for each of Dr Kwan Pak Hoo Bankee, Mr Kwan Teng Hin Jeffrey and Cash Guardian are subject to the following conditions:
 - (i) the approval by the Independent Shareholders of the Company at the SGM; and
 - (ii) the approval by the independent shareholders of CASH at the CASH SGM.
 - (b) The Margin Financing Agreements (including the annual caps) and the transactions contemplated thereunder for Mr Law Hin Ong Trevor, Ms Wong Sze Kai Angela and Cashflow Credit is subject to the approval by the Independent Shareholders at the SGM.

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

LETTER FROM VINCO FINANCIAL

The Brokerage Services Agreement

- Date: 20 February 2023
- Parties:
- (i) Celestial Securities and Celestial Commodities (wholly-owned subsidiaries of the Company) as service providers; and
 - (ii) CASH Algo (a wholly-owned subsidiary of CASH) as customer.
- Services provided: Celestial Securities and/or Celestial Commodities will provide the Brokerage Services, being brokerage services for trading of securities, futures and options contracts in Hong Kong and/or any other overseas exchanges, to the CASH Algo Group from time to time.
- Term: A term commencing on 20 February 2023 and ending on 31 December 2024.
- The Brokerage Fees: The Brokerage Fees will be calculated at:-
- (i) flat brokerage commission rate and fees at commission rate of not more than 0.25% (subject to change in accordance with the market rate prevailing from time to time), plus CCASS stock settlement fee charged at 0.002% on transaction value for securities trading under the Stock Exchange for any account of the CASH Algo Group opened with Celestial Securities; and
 - (ii) commission and fees of not more than HK\$100 per lot per side for trading of futures/options on the Futures Exchange, and commission and fees of not more than US\$25 per lot per side for trading of Singapore Exchange (SGX), Chicago Mercantile Exchange (CME) futures/options products and other overseas exchanges products, and not more than US\$50 per lot per side for trading of London Metal Exchange (LME) products, subject to any other special circumstances such as arm's length negotiated trading volume discounts.

LETTER FROM VINCO FINANCIAL

The Brokerage Fees for securities trading and futures/options trading are both determined based on arm's length negotiation between the Group and the CASH Algo Group with reference to the prevailing commission and fees charged by other independent brokers and securities companies for similar brokerage services and the commission and fees charged by the Group to independent clients for similar brokerage services.

The rates charged by the Group to independent clients are determined with reference to the then prevailing market price and practice of the securities broking firms in the relevant market and after considering the trading volume, creditworthiness and financial standing of the clients and the prevailing market condition. In order to maintain the competitiveness and fast response to the market, the rates charged by the Group shall be reviewed from time to time in accordance with the prevailing market rate by reference to the then independent securities broking firms on contemporaneous transactions as published on their websites and/or public promotions in order to ensure the percentage of commission charged by the Group is in line with the prevailing market practice. The proposed rates will be adopted in accordance to the pre-determined approval hierarchy of the Company.

The brokerage fees for securities trading and futures/options trading being charged to the CASH Algo Group are determined based on the same pricing methodology as stated above and in any event will not be more favourable than those available to independent clients of the Group.

The Brokerage Services to be provided to the CASH Algo Group are on normal commercial terms and at market rates, which will not be more favourable than those available to independent third party clients of the Group.

The Brokerage Fees (including the CCASS stock settlement fee) is payable upon completion of each transaction.

The annual cap:

The annual cap of the Brokerage Fees will be a sum of up to HK\$40 million for each of the two financial years ending 31 December 2024.

LETTER FROM VINCO FINANCIAL

Basis for determining
the annual caps:

The annual cap was determined after arm's length negotiation between CASH Algo with Celestial Securities and Celestial Commodities based on (i) the demand of the CASH Algo Group for the Brokerage Services; (ii) the amount of annual cap under the Previous Brokerage Services Agreement; (iii) a reasonable buffer to cater for the anticipated growth in investment and trading activities in view of post-COVID-19 economic recovery to allow flexibility; and (iv) the benefits to the Group to capture the securities trading activities of the CASH Algo Group so as to earn more commission and fees in the usual and ordinary course of the business of the Group. In addition, in light of the favourable prevailing government policies and initiatives, the Group foresees an influx of Fintech professionals into Hong Kong in the field of Algorithm trading during post-COVID-19 era. The Group plans to recruit and incubate new teams in 2023 in order to explore higher caliber teams to further build up the Group's Algo business. The Group plans to streamline such teams in 2024 after the Group's Algo business has been stabilised. As such, the Company anticipates that the trading volume trading of securities, futures and options contracts during the 9 months ending 31 December 2023 would be comparable with the full year of 2024, and hence the same annual cap for Brokerage Fees is imposed for each of the two financial years ending 31 December 2024.

Due to the outbreak of the COVID-19 pandemic and the fluctuating economic and investment environment of the Hong Kong and global stock market in the previous years, the annual cap under the Previous Brokerage Services Agreement was not utilised. Nevertheless, taking into consideration (i) that the Brokerage Services Agreement is regarded as an extension of the Previous Brokerage Services Agreement; (ii) the potential investment and trading activities of the CASH Algo Group in anticipation of post-COVID-19 economic recovery and improvement in investment sentiment and upward direction of stock market in the near future, as well as the Group's plans to further build up its Algo business as mentioned above; and (iii) the benefits of the Brokerage Services Agreement in terms of contribution of income to the Group, the Board proposed the new annual cap to allow a sufficient buffer and more flexibility for Celestial Securities and/or Celestial Commodities to provide the Brokerage Services to the CASH Algo Group in its ordinary and usual course of business.

LETTER FROM VINCO FINANCIAL

Conditions precedent: The Brokerage Services Agreement (including the annual cap) and the transactions contemplated thereunder are subject to the approval by the Independent Shareholders at the SGM.

If the above condition is not satisfied on or before 30 June 2023 or such later date as may be agreed among the parties, the Brokerage Services Agreement shall lapse and become null and void immediately (other than the rights and obligations already accrued).

4. Assessment of the Margin Financing Agreements and the Brokerage Services Agreement

4.1 The Margin Financing Agreements

In assessing the fairness and reasonableness of the Margin Financing Arrangements, for our due diligence purposes, we have enquired the Directors to provide us with and reviewed, on a sampling basis, the terms and interest rate offered by the Group in relation to the provision of margin financing facilities to its other independent margin clients.

As disclosed in the Letter from the Board, the interest rate of the margin financing shall be charged at a rate of up to 8% over the Hong Kong Dollar Best Lending Rate prevailing from time to time quoted by The Hongkong and Shanghai Banking Corporation Limited per annum. We have reviewed sample walkthrough documents which includes but not limited to eight Connected Clients and other independent third parties for margin facility letters and account statements showing the settlement amount of past margin financing services offered by Celestial Securities for the three years ended 31 December 2021. We note that the interest rates offered to all of the Connected Clients are the same and not more favourable than those offered to other independent third parties. We have also reviewed the standard trading policy in relation to securities margin trading of Celestial Securities and noted that the terms including the interest rates provided to the Connected Clients are the same or not more favourable than those offered to other independent third parties. Also, we understand 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.

In addition, we have discussed with the Directors and noted that the Margin Financing Arrangements will be closely monitored by the Group's risk management department, 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.

LETTER FROM VINCO FINANCIAL

In light of the above, we are of the view that providing an interest rate of up to 8% over the Hong Kong Dollar Best Lending Rate prevailing from time to time quoted by The Hongkong and Shanghai Banking Corporation Limited is beneficial to the Company in earning more commission and fees and are of the view that the interest rate, terms and conditions of the Margin Financing Agreements are on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

4.2 The Brokerage Services Agreement

With reference to the Brokerage Services Agreement, the brokerage commission rate and fees at commission rate are not more than 0.25%, plus CCASS stock settlement fee charged at 0.002% on transaction value for securities trading under the Stock Exchange for any account of the CASH Algo Group opened with Celestial Securities.

To ensure the brokerage commission rate and fees offered to CASH Algo is on normal commercial terms, we have reviewed quotation offered to individual clients of five other independent securities broking firms, which provide the same brokerage services as Celestial Securities to the public on stocks trading on the Hong Kong Stock Exchange, on the brokerage commission rate they offer. We are of the view that the five independent securities broking firms adequately represent a benchmark of the market and are fair and reasonable. We note that the brokerage commission rate offered by five of securities broking firm are 0.25%, which is the same as the brokerage commission rate provided by Celestial Securities and Celestial Commodities to CASH Algo Group. We have also reviewed the standard brokerage commission rate provided by the Company to independent clients, the commission rate is 0.25%, plus CCASS stock settlement fee charged at 0.002% on transaction value for securities trading under the Stock Exchange. We note that the brokerage fees and the commission rates provided to CASH Algo Group are the same as other independent third parties. Since the brokerage commission rate offered by Celestial Securities and Celestial Commodities to CASH Algo Group are the same as the other five independent securities broking firms of 0.25%, where the brokerage commission rate offered to CASH Algo Group is the same to other independent third parties which is a standard rate, we are of the view that the brokerage commission rate and fee at commission rate of no more than 0.25% is fair and reasonable.

We have discussed with the Directors that the Company has been searching for the quotation of which has similar principal terms of the Brokerage Services Agreement in the relevant market, the flat brokerage commission rate and fees charged by other securities broking firm on the market and the principal terms thereunder were generally comparable to those offered by Celestial Securities to the CASH Algo Group.

LETTER FROM VINCO FINANCIAL

Regarding to the commission and fees for futures and options trading, we have reviewed the quotation offered to individual clients from five independent securities broking firms in Hong Kong (the “**Comparables**”), which provide the same brokerage services as Celestial Securities to the public which cover in particular trading of futures and options under the following markets including Futures Exchange, Singapore Exchange (SGX), Chicago Mercantile Exchange (CME) and London Metal Exchange (LME). We are of the view that the Comparables adequately represent a benchmark of the market and are fair and reasonable. We note that the commission and fees charged by other securities broking firms on the market and the principal terms thereunder were generally comparable to those offered by Celestial Commodities to the CASH Algo Group as mentioned in above. The capped pricing quoted by the Comparables are HK\$100 per lot per side for Future Exchange, US\$10 – US\$40 per lot per side for SGX, US\$10 – US\$50 per lot per side for CME and US\$30 – US\$40 per lot per side for LME which are similar with those pricing stipulated in the Brokerage Services Agreement. We note that the average of the capped price quoted by the Comparables are approximately US\$22 for SGX and \$28 for CME while the median are approximately \$20 for SGX and \$20 for CME. Given that (i) the capped prices provided to CASH Algo Group for SGX and CME are within the range of that provided by the Comparables; (ii) the capped prices provided to CASH Algo Group for SGX and CME are close to the average of the Comparables, although they are slightly higher than the median of the Comparables, we are of the view that the capped prices set by the Company for SGX and CME are fair and reasonable. The settlement date of the transactions stated by the independent securities broking firm is on trading date which is the same with settlement date agreed between the Celestial Commodities and the CASH Algo Group. And we also noted that we were not aware of any material difference between the terms of the market comparables and those offered by Celestial Commodities to the CASH Algo Group.

We have reviewed the pricing and payment terms offered to independent third party clients by Celestial Securities and Celestial Commodities, which are similar with those agreed between the CASH Algo Group and Celestial Securities and Celestial Commodities. The capped prices provided to CASH Algo Group are approximately HK\$100 per lot per side for Future Exchange, US\$25 per lot per side for SGX, US\$25 per lot per side for CME and US\$50 per lot per side for LME, which are the same as offered to the independent third party clients.

Furthermore, as confirmed by the Directors, going forward the rates, fees and terms for brokerage services to be offered to the CASH Algo Group will be similar to those offered by Celestial Securities and Celestial Commodities to independent third party clients, which will be determined with reference to the then prevailing market price and practice of the major securities broking firms in the relevant market and after considering the trading volume, creditworthiness and financial standing of the clients and the prevailing market condition.

In view of the above, we confirm that the Brokerage Services Agreement is fair and reasonable, conducted in normal commercial terms and in the interest of the Company and the Shareholders as a whole.

LETTER FROM VINCO FINANCIAL

5. Basis of the annual caps

5.1 Historical annual caps on the Previous Margin Financing Agreements

Set out below are the historical amounts of the actual transactions in relation to the margin financing for the three years ended 31 December 2021.

	For the year ended 31 December		
	2019 (HK\$'000)	2020 (HK\$'000)	2021 (HK\$'000)
Dr Kwan Pak Hoo Bankee	5,999	26,310	8,760
Mr Kwan Teng Hin Jeffrey	273	26,654	14,345
Cash Guardian	–	–	–
Cashflow Credit	–	–	24,236

As depicted from the table above, we note that the actual transaction amounts did not exceed the annual caps for the three years ended 31 December 2021. Two of the Connected Clients have utilised more than 85% of the previous annual caps for the year ended 31 December 2020. After discussing with the management of the Company, we note that some of the previous annual caps were not fully utilised mainly due to the pessimistic market condition of Hong Kong thus some Connected Clients did not use up the annual caps granted. Although we note that from the market data published by the HKEX the number of newly listed companies in 2019 was 183 which is more than 154 in 2020, certain Connected Clients are of the view that IPOs were not attractive in 2019 and 2021 due to unfavourable market sentiment caused by the social movement and the pandemic. Furthermore, we note that (i) the amount of total equity funds raised has dropped from approximately HK\$544,135 million in 2018 to approximately HK\$454,247 million in 2019 and has increased to approximately HK\$743,655 million in 2020; and (ii) the average daily turnover has dropped from approximately HK\$107,410 million in 2018 to approximately HK\$87,155 million in 2019 and has increased to approximately HK\$129,476 million in 2020. Also, as mentioned in the “Overview of the Hong Kong stock market” above, the Hong Kong IPO market was relatively weak in 2021 as compared to the market in 2020. Based on the foregoing, we are of the view that the annual caps for the three years ended 31 December 2021 were not fully utilised was fair and reasonable. Although some of the annual caps for the three years ended 31 December 2021 were not fully utilised, given the fact that large fraction of the previous annual caps was prepared to make provision against sudden needs of granting loans, the financing needs depending on the investment strategies and whether there were investment opportunities in the market, the utilisation rate of the previous annual caps during the periods are intelligible.

LETTER FROM VINCO FINANCIAL

5.2 Proposed annual caps under the Margin Financing Agreements

It is proposed that the cap amounts of the continuing connected transactions for each of the two financial years ending 31 December 2024 under the Margin Financing Agreements will not exceed the following:

The annual caps of the margin financing facility to each of the Connected Clients will be a sum of up to HK\$40 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the two financial years ending 31 December 2024.

In determining the proposed annual caps for the Margin Financing Agreements, the Directors have made references to (i) the demand of the Connected Clients for the margin financing facility; (ii) the sound financial standing of each of the Connected Clients; (iii) the existing financial resources and capacity of margin financing facilities of the Group for granting the margin financing facility after taking into account the credit assessment, financial strength, past payment records and collateral securities for the facility of the Connected Clients; and (iv) 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. As confirmed by the Directors, all of the Connected Clients had a good credit rating with no significant delay in repayment during the past three years.

Two of the Connected Clients have utilised more than 85% of the previous annual caps for the year ended 31 December 2020. We have discussed with the Directors and note that the margin amount granted to each of the Connected Clients and other independent third parties depend on their credit assessment, financial strength, past payment records and collateral securities, which vary by each client.

We have also performed researches on the market capitalisation of newly listed companies in 2022. As mentioned in the section headed “Overview of the Hong Kong stock market” above, the number of IPO in 2022 is 90 with a total fund raise by IPO of approximately HK\$104,570 million, where the number of IPO and the total fund raise by IPO in 2022 has approximately 8.2% and 68.4% respectively compared to 2021.

LETTER FROM VINCO FINANCIAL

As per our discussion with the Directors, we note that the reasons that some of the Connected Clients did not fully utilise the annual caps granted to them was mainly due to (i) unstable environment of the Hong Kong and global stock market in the previous years; and (ii) restrained by the scale of the number of offer shares available for application under each IPO case. According to an article “Hong Kong’s economy contracts more than expected in 2022” published on Financial Times, economists forecast Hong Kong’s economy will recover to 4 per cent growth in 2023. With the reopen of China and Hong Kong after relaxing the zero-covid policy in China in January, the China’s cross-border travel has returned to pre-covid-19 normal as per an article “China’s cross-border travel hits 3-year high as Hong Kong and Macau checkpoints open fully” published on SCMP.com on 8 February 2023. The normalisation could stimulate the trades and businesses in Hong Kong and China, which might bring a favourable effect to the stock market as well. Although the proposed annual caps of HK\$40 million are substantially higher than the historical transactions amounts of these Connected Clients, the Directors have taken into account that (i) the Group has been granting margin financing facilities to certain Connected Clients since March 2007 with the annual cap of HK\$30 million throughout all these years; (ii) there is no significant delay or default in payment by the Connected Clients throughout the past years; (iii) the provision of higher annual cap amount and more flexibility to the Connected Clients for their potential investment and trading activities in case the investment sentiment improves and the stock market goes upward in the future; (iv) the benefits of the Margin Financing Agreements to contribute income to the Group; and (v) due to the scale of the number of offer shares, HK\$30 million margin facility would restrain the Connected Clients from fully utilising the margin facility, and thereby increasing the annual caps to HK\$40 million for the two years ending 31 December 2024, and proposed to grant the annual caps of the 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. Furthermore, large fraction of the proposed annual caps is needed to prepare to make provision against the needs of granting loans, the financing needs depending on the business strategies of the clients and whether there are investment opportunities in the market. In addition, since the transactions in relation to margin financing are based on the number and size of IPO as well as the actual timing to engage in the subscription of IPO, we are of the view that the annual caps for the 9 months ending 31 December 2023 would be comparable with the full year of 2024. In light of the above and based on our desktop researches on the Hong Kong stock market as mentioned under the section “Overview of the Hong Kong stock market”, which could drive investment opportunities in the future, we concur the Directors’ view that granting annual caps to these Connected Clients are fair and reasonable and could contribute to the revenue and results of the Group.

LETTER FROM VINCO FINANCIAL

Given the fact that large fraction of the proposed annual caps is needed to prepare to make provision for its potential investment and trading activities in case the investment sentiment improves and the stock market goes upward in the future and two of the Connected Clients have utilised more than 85% of the previous annual caps for the year ended 31 December 2020, we understand the proposed annual caps are of revenue nature which will inevitably enable the Group to capture the potential business opportunities from the Connected Clients and therefore increase the interest income of the Group. As such, we are of the view that the proposed annual caps under the Margin Financing Agreements for the two years ending 31 December 2024 is fair and reasonable.

5.3 Historical annual caps on the Previous Brokerage Services Agreement

No transaction had been carried out under the Previous Brokerage Services Agreement before its expiry on 31 December 2021.

Although no transaction had been carried out under the Previous Brokerage Services Agreement for the three years ended 31 December 2021, given the fact that large fraction of the previous annual caps was prepared to make provision against investment needs which depend on the business strategies of the clients and whether there are investment opportunities in the market, the Directors are of the view that the uncertainties and market sentiment induce the hesitation on the investment decision and therefore no transaction has been recorded.

5.4 Proposed annual cap under the Brokerage Services Agreement

It is proposed that the cap amounts of the continuing connected transactions for each of the two financial years ending 31 December 2024 under the Brokerage Services Agreement will not exceed the following:

The annual cap of the Brokerage Fees will be a sum of up to HK\$40 million for each of the two financial years ending 31 December 2024. As disclosed in the “Letter from the Board”, in light of the favourable prevailing government policies and initiatives, the Group foresees an influx of Fintech professionals into Hong Kong in the field of Algorithm trading during post-COVID-19 era. The Group plans to recruit and incubate new teams in 2023 in order to explore higher caliber teams to further build up the Group’s Algo business. The Group plans to streamline such teams in 2024 after the Group’s Algo business has been stabilised. As such, the Company anticipates that the trading volume of securities, futures and options contracts during the 9 months ending 31 December 2023 would be comparable with the full year of 2024, and hence the same annual cap for Brokerage Fees is imposed for each of the two financial years ending 31 December 2024. We have performed our desktop search and note that the Hong Kong Government support fintech and offers multiple funding schemes to help start-ups establish, grow and expand. During Hong Kong Fintech Week, which was held in November 2022, Paul Chan, the Financial Secretary gave a speech on how the government support the fintech companies. He mentioned that “talent is central to the development of fintech. The Government attaches great importance to the development of fintech professionals”. That includes developing dedicated fintech programmes at

LETTER FROM VINCO FINANCIAL

numerous post-secondary institutions in Hong Kong, as well as establishing fintech qualifications for in-service financial practitioners. Fintech qualifications for the banking sector were launched earlier this year. And practitioners gaining qualifications will get their tuition fee reimbursed. In addition, the Hong Kong Monetary Authority (HKMA) unveiled “Fintech 2025”, its new strategy for driving fintech development of Hong Kong. It includes five main directions: 1. all banks go fintech; 2. future its new strategy for driving fintech development of Hong Kong; 3. creating the next-generation data infrastructure; 4. expanding the fintech-savvy workforce; and 5. nurturing the ecosystem with funding and policies. With reference to the abovementioned support by the Hong Kong Government and the HKMA, we concur with the Directors’ view that an influx of Fintech professionals into Hong Kong in the field of Algorithm trading during post-COVID-19 era. Additionally, we reviewed the recruitment plan for setting up new teams by the CASH Algo Group. As discussed with the management of CASH Algo Group and with reference to a budget plan by the CASH Algo Group, it is expected that the daily turnover of the CASH Algo Group increase in second half of 2023 and the teams will be streamlined in 2024 after the Group’s Algo business has been stabilised. Based on (i) the prospects in the fintech and the development of its professionals; (ii) the CASH Algo Group’s plan for setting up new teams and expected trading in 2023 and 2024, we are of the view that the annual caps for the 9 months ending 31 December 2023 would be comparable with the full year of 2024 is fair and reasonable.

With reference to the “Letter from the Board”, in determining the proposed annual caps for the Brokerage Services Agreement, the Directors have made references to (i) the demand of the CASH Algo Group for the Brokerage Services; (ii) the amount of annual cap under the Previous Brokerage Services Agreement; (iii) a reasonable buffer to cater for the anticipated growth in investment and trading activities in view of post-COVID-19 economic recovery to allow flexibility; and (iv) the benefits to the Group to capture the securities trading activities of the CASH Algo Group so as to earn more commission and fees in the usual and ordinary course of the business of the Group.

Due to the outbreak of the COVID-19 pandemic and the fluctuating economic and investment environment of the Hong Kong and global stock market in the previous years, the annual cap under the Previous Brokerage Services Agreement was not utilised. Nevertheless, taking into consideration (i) that the Brokerage Services Agreement is regarded as an extension of the Previous Brokerage Services Agreement; (ii) the potential investment and trading activities of the CASH Algo Group in anticipation of post-COVID-19 economic recovery and improvement in investment sentiment and upward direction of stock market in the near future; and (iii) the benefits of the Brokerage Services Agreement in terms of contribution of income to the Group, the Board proposed the new annual cap to allow a sufficient buffer and more flexibility for Celestial Securities and/or Celestial Commodities to provide the Brokerage Services to the CASH Algo Group in its ordinary and usual course of business.

LETTER FROM VINCO FINANCIAL

Taking into consideration (i) the recent global and local unfavourable economic conditions and securities market; and (ii) recovery of stock market in 2023, they would like to obtain an annual cap of HK\$40 million for the two years period under the Brokerage Services Agreement in order to fulfil the trading needs of the CASH Algo Group in the near future. As per our discussion with the Directors and in view of the business nature of the Group, the proposed annual caps is prepared to make provision against investment needs which depend on the business strategies of the clients and whether there are investment opportunities appear in the market in the future. In light of the above, we are of the view that such caps are of revenue nature which will inevitably enable the Group to capture the potential business opportunities from CASH Algo Group and therefore increase the brokerage commission income of the Group.

We have also performed desktop searches on the market outlook of the Hong Kong stock market in 2023 under the section “Overview of the Hong Kong stock market”. According to an article “Hong Kong’s IPO Market Is Poised For A Revival” published on Forbes.com on 11 January 2023, analysts are bullish heading into 2023. In addition, KPMG reckons that the Hong Kong IPO market will remain one of the top listing destinations globally with a strong pipeline of more than 120 companies seeking IPOs targeting fundraising of HK\$180 billion from about 90 deals and Deloitte expects 110 firms to raise around HK\$230 billion. Further, John Lee, the Chief Executive of Hong Kong, gave the remarks at the Asian Financial Forum on 11 January 2023: (i) Hong Kong has been on the path of orderly and progressive reopening; (ii) Hong Kong’s strengths as an international financial centre linking the Mainland and the rest of the world are primed to proliferate; (iii) continuously modernising listing regime, intent on capturing fresh opportunities presented by the changing global financial landscape; (iv) new listing rules for overseas issuers and established a new listing mechanism for Special Purpose Acquisition Companies; and (v) Hong Kong is back on the centre stage.

Taking into account (i) better performance on the Hong Kong IPO market in the second half of 2022 as compared to the first half of 2022; (ii) slower pace of interest rate hikes providing a more favourable environment for fundraising as mentioned by the KPMG’s report; and (iii) emphasis by the analysts and the Hong Kong Government on the recovery of Hong Kong in 2023, we concur with the Directors’ view that the annual cap will provide a reasonable buffer to cater for the anticipated growth in investment and trading activities in view of post-COVID-19 economic recovery to allow flexibility, we are of the view that the consideration in taking an amount of annual cap amounted to HK\$40 million under the Brokerage Services Agreement for the two years ending 31 December 2024 is fair and reasonable.

LETTER FROM VINCO FINANCIAL

Internal Control Measures

As stated in the Letter of the Board, we understand the Group has established adequate internal control policies to regularly monitor the utilisation rates of margin financing facilities granted to connected clients and the brokerage services provided to ensure compliance with the disclosure requirements of the Listing Rules. The credit and risk management department and operation personnel are aware of the applicable threshold for the purpose of disclosure from time to time, with an aim to ensure that the continuing connected transactions are provided in accordance with the terms of the governing agreements and within the respective annual caps. The Group have also maintained a credit and risk management policy which set out the procedures and guidelines for credit facility application. Similar internal control procedures will continue to be conducted for monitoring the Margin Financing Arrangements and the Brokerage Services and to ensure compliance with applicable Listing Rules. To monitor compliance of the relevant Listing Rules applicable to connected transaction, the Company has adopted the following measures:

- (i) the operations department is responsible for the day-to-day monitoring of the level of existing margin financing arrangement offered to the existing connected clients and shall report to the chief operating officer or chief financial officer of the Company when the margin financing facility under each of the Margin Financing Arrangement approach the respective annual caps;
- (ii) the operation department will observe the market condition and monitor the prevailing market prices on timely basis including the pricings of contemporaneous transactions with independent third parties. The rates charged by the Group shall be updated as soon as practicable in accordance to the pre-determined approval hierarchy of the Company.

Furthermore, the operation department will compare other concurrent transactions for similar transactions with independent third parties and ensure that the terms offered by the Group are no more favourable than those available to independent third parties; and

- (iii) the Company's auditors and independent non-executive Directors will review the continuing connected transactions annually in accordance with Rule 14A.55 and Rule 14A.56 of the Listing Rules respectively.

LETTER FROM VINCO FINANCIAL

As confirmed with the management of the Company, similar internal control procedures will continue to be conducted for monitoring the Margin Financing Arrangements and the Brokerage Services and to ensure compliance with applicable Listing Rules. Pursuant to the daily document in relation to the balance amount of the connected clients under the Margin Financing Arrangements, we understand the Company has monitored the amount of the margin financing facility under each of the Margin Financing Arrangement to ensure the annual caps would not be exceeded. We have also reviewed the independent auditor's assurance report on the continuing connected transactions for each of three years ended 31 December 2021 respectively in relation to the Previous Margin Financing Agreements and the Previous Brokerage Services Agreement. As such we are of the view that the Company's auditor will review as the previous year for the transactions under the Previous Margin Financing Arrangements and the Previous Brokerage Services Agreement to confirm whether the transactions thereunder not to exceed the annual caps on a year basis.

Conclusion

Having taken into the above principal factors and reasons into consideration, we are of the view that the Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and the Brokerage Services Agreement and the annual cap and the transactions contemplated thereunder are in the usual and ordinary course of business of the Group, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the SGM in this regard.

Yours faithfully,
For and on behalf of
Vinco Financial 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 Vinco Financial 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

(i) Long positions in the Shares

Name	Capacity	Personal (Number of Shares)	Corporate Interest (Number of Shares)	Shareholding (%)
Dr Kwan Pak Hoo Bankee (Note)	Beneficial owner and interest in a controlled corporation	2,472,000	157,989,563*	61.44
Kwan Teng Hin Jeffrey (Note)	Beneficial owner	2,472,000	–	0.95
Lo Kwok Hung John	Beneficial owner	62,775	–	0.02

* The Shares were held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH). CASH was beneficially owned as to approximately 49.79% by Dr Kwan as at the Latest Practicable Date. Pursuant to the SFO, Dr Kwan was deemed to be interested in all the Shares held by CIGL as a result of his interest in CASH.

(ii) Long positions in the underlying shares of the Company

Name	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of options outstanding	Percentage to issued Shares (%)
Dr Kwan Pak Hoo Bankee (Note)	29/07/2021	01/08/2021-31/07/2023	0.572	2,400,000	0.92
Kwan Teng Hin Jeffrey (Note)	29/07/2021	01/08/2021-31/07/2023	0.572	2,400,000	0.92
Cheung Wai Lim William	29/07/2021	01/08/2021-31/07/2025	0.572	675,000	0.26
Law Hin Ong Trevor	29/07/2021	01/08/2021-31/07/2025	0.572	450,000	0.17

Note: They are directors of both the Company and CASH (the controlling shareholder of the Company).

(B) Associated corporation (within the meaning of Part XV of the SFO) - CASH*(i) Long positions in shares of CASH*

Name	Capacity	Personal (Number of Shares)	Corporate Interest (Number of Shares)	Shareholding (%)
Dr Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	598,501	39,599,098*	49.79

* The shares in CASH were held by Cash Guardian (a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan). Pursuant to the SFO, Dr Kwan Pak Hoo Bankee and Hobart Assets Limited were deemed to be interested in such shares in CASH held by Cash Guardian.

(ii) Long positions in the underlying shares of CASH

Name	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of options outstanding	Percentage to issued Shares (%)
Dr Kwan Pak Hoo Bankee (Note)	16/07/2021	01/08/2021-31/07/2023	1.450	800,000	0.99
Kwan Teng Hin Jeffrey (Note)	16/07/2021	01/08/2021-31/07/2023	1.450	800,000	0.99

Note: They are directors of both the Company and CASH (the controlling shareholder of the Company).

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 or 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:

Name	Capacity	Number of Shares	Shareholding (%)
Hobart Assets Limited (Note)	Interest in a controlled corporation	157,989,563	60.49
Cash Guardian (Note)	Interest in a controlled corporation	157,989,563	60.49
CASH (Note)	Interest in a controlled corporation	157,989,563	60.49
Praise Joy Limited (Note)	Interest in a controlled corporation	157,989,563	60.49
CIGL (Note)	Beneficial owner	157,989,563	60.49

Note:

This refers to the same number of 157,989,563 Shares held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH (the controlling Shareholder)). CASH was owned as to a total of approximately 49.79% by Dr Kwan Pak Hoo Bankee, being approximately 49.05% by Cash Guardian (a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan Pak Hoo Bankee) and approximately 0.74% by Dr Kwan Pak Hoo Bankee in his personal name. Pursuant to the SFO, Dr Kwan Pak Hoo Bankee, 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 Dr Kwan Pak Hoo Bankee in paragraph 2 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 or 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.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has entered into any service contracts with the Company which cannot be terminated by the Company within one year without payment of compensation (other than statutory compensation).

6. INTEREST OF DIRECTORS IN THE GROUP'S ASSETS

Since 31 December 2021, 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 in which a Director is materially interested and which is significant in relation to the business of the Group:

- (1) the margin financing agreement dated 1 November 2021 entered into between Celestial Securities with Mr Cheung Wai Lim William 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 2024 at a rate of up to 8% over HSBC's Hong Kong Dollar Best Lending Rate per annum;
- (2) the Margin Financing Agreements dated 20 February 2023 entered into between Celestial Securities with each of Dr Kwan Pak Hoo Bankee, Mr Kwan Teng Hin Jeffrey, Mr Law Hin Ong Trevor, Ms Wong Sze Kai Angela, Cash Guardian (indirectly wholly-owned by Dr Kwan Pak Hoo Bankee) in relation to the grant of margin financing facility with a sum of each up to HK\$40 million for each of the two financial years ending 31 December 2024 at a rate of up to 8% over HSBC's Hong Kong Dollar Best Lending Rate per annum; and
- (3) the Brokerage Services Agreement dated 20 February 2023 entered into between Celestial Securities, Celestial Commodities and CASH Algo in relation to the provision of the Brokerage Services at an annual cap of HK\$40 million for each of the two financial years ending 31 December 2024. Since Dr Kwan Pak Hoo Bankee is the controlling shareholder of CASH (which is the controlling shareholder of the Company), and Mr Kwan Teng Heng Jeffrey is his son, they are deemed to have material interest in the Brokerage Services Agreement.

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 2021, the date to which the latest published audited financial statements of the Group were made up.

9. EXPERT, QUALIFICATION AND CONSENT

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

Name	Qualification
Vinco Financial	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 Financial 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 Financial 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 2021, 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 Financial 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.

10. MISCELLANEOUS

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

11. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cfsg.com.hk) for a period of 14 days commencing from the date of this circular:-

- (a) the Margin Financing Agreements for each of the Connected Clients;
- (b) the Brokerage Services Agreement; and
- (c) the letter of consent from Vinco Financial as referred to in paragraph headed “Expert, qualification and consent” in this appendix.

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 29 March 2023 (Wednesday) at 10:00 am for the purpose of considering and, if thought fit, passing the following resolutions (each as a separate resolution) of the Company:

ORDINARY RESOLUTIONS

1. **“THAT**, the margin financing agreement(s) dated 20 February 2023 (“**Margin Financing Agreement(s)**”) entered into between Celestial Securities Limited (“**Celestial Securities**”, 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\$40 million for each of the two financial years ending 31 December 2024 to each of the Connected Clients (“**Margin Financing Arrangement(s)**”) and the terms thereof and the transactions contemplated thereunder be and are 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 Margin Financing Arrangement(s):
 - (i) Dr Kwan Pak Hoo Bankee
 - (ii) Mr Kwan Teng Hin Jeffrey
 - (iii) Mr Law Hin Ong Trevor
 - (iv) Ms Wong Sze Kai Angela
 - (v) Cash Guardian Limited
 - (vi) Cashflow Credit Limited”

* For identification purpose only

NOTICE OF THE SGM

2. “**THAT**, the brokerage services agreement dated 20 February 2023 (“**Brokerage Services Agreement**”) entered into between Celestial Securities and Celestial Commodities Limited (“**Celestial Commodities**”) as services providers and CASH Algo Finance Group International Limited (and together with its subsidiaries, “**CASH Algo Group**”) as customer in relation to the provision of brokerage services by Celestial Securities and Celestial Commodities to the CASH Algo Group at brokerage fees with annual cap of HK\$40 million for each of the two financial years ending 31 December 2024, 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 Brokerage Services Agreement.”

By order of the Board
Ada S P Cheung
Company Secretary

Hong Kong, 13 March 2023

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of business in
Hong Kong:*
22/F Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or, if he is a holder of two or more shares, more than one proxy to attend and vote on his behalf. A proxy needs not be a member of the Company.
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 17/F, Far East Finance Centre, 16 Harcourt Road, 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. For determining the entitlement of members to attend and vote at the above meeting, the record date is fixed on 23 March 2023. Members whose names appear on the register of members of the Company at the close of business on the record date will be entitled to attend and vote at the above meeting. 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 pm on 23 March 2023.
4. The votes to be taken at the meeting for the resolution(s) will be by way of poll.

NOTICE OF THE SGM

As at the date of this notice, the directors of the Company comprise:

Executive directors:

Dr Kwan Pak Hoo Bankee, JP
Mr Kwan Teng Hin Jeffrey
Mr Cheung Wai Lim William
Mr Law Hin Ong Trevor
Ms Wong Sze Kai Angela

Independent non-executive directors:

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