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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

**THE BROKERAGE SERVICES AND
THE MARGIN FINANCING ARRANGEMENT**

The Board announces that on 23 October 2015, Celestial Securities and Celestial Commodities (being wholly-owned subsidiaries of the Company) as service providers and Confident Profits (a subsidiary of CASH, the holding company of the Company) as customer entered into the Brokerage Services Agreement relating to the proposed provision of the Brokerage Services. On the same day, Celestial Securities as lender and Confident Profits as borrower entered into the Margin Financing Agreement in relation to the Margin Financing Arrangement.

The Confident Profits Group is a subsidiary of CASH held under CIGL (a wholly-owned subsidiary of CASH), being the substantial shareholder of the Company, and is a connected person of the Company (as defined under the Listing Rules) by virtue of Rule 14A.07(4) of the Listing Rules. The provision of the Brokerage Services and the Margin Financing Arrangement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the respective applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Brokerage Fees on an annual basis under the Brokerage Services Agreement exceed 5% and the aggregate amount exceeds HK\$10,000,000, the Brokerage Services Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval requirements and annual review requirements under the Listing Rules. On the other hand, as all of the respective applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the margin financing facility on an annual basis under the Margin Financing Agreement are less than 5%, the Margin Financing Agreement and the transactions contemplated thereunder are only subject to the reporting and announcement requirements under the Listing Rules and no Independent Shareholders' approval is required.

The Board would like to seek approval from the Independent Shareholders on the provision of the Brokerage Services under the terms and conditions of the Brokerage Services Agreement and the respective annual caps for the three years from 1 January 2016 to 31 December 2018 in compliance with the Listing Rules.

The Independent Board Committee will be formed by the Company to advise the Independent Shareholders of the terms of the Brokerage Services Agreement and the annual caps. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms and conditions of the Brokerage Services Agreement and the annual caps.

A circular of the Company containing, inter-alia, details of the Brokerage Services Agreement and the annual caps, a letter from the Independent Board Committee to the Independent Shareholders in respect of the Brokerage Services Agreement and the annual caps, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Brokerage Services Agreement and the annual caps and a notice to convene the SGM will be despatched to the Shareholders on or before 13 November 2015.

THE AGREEMENTS AND THE CONTINUING CONNECTED TRANSACTIONS

On 23 October 2015, Celestial Securities and Celestial Commodities, and Confident Profits entered into the Brokerage Services Agreement relating to the proposed provision of the Brokerage Services and Celestial Securities and Confident Profits entered into the Margin Financing Agreement in relation to the Margin Financing Arrangement. The terms and conditions of the Agreements are listed below.

(A) The Brokerage Services Agreement

Date : 23 October 2015

Parties : Celestial Securities and Celestial Commodities as services providers and Confident Profits as client.

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 Confident Profits Group from time to time.

The Brokerage Fees: The Brokerage Fees will be calculated at:-

- (i) flat brokerage commission rate and fees as agreed from time to time, which is currently not more than HK\$5,000,000 per month for securities trading under the Stock Exchange for an account of the Confident Profits Group opened at 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.

The Brokerage Fees are determined based on arm's length negotiation between the Group and the Confident Profits Group based on the trading volume of the Brokerage Services, 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 on independent clients for similar brokerage services.

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

The Brokerage Fees is to be payable when the transaction is concluded.

The annual cap: The annual cap of the Brokerage Fees will be:-

- (i) a sum of up to HK\$100 million for the year ending 31 December 2016;
- (ii) a sum of up to HK\$200 million for the year ending 31 December 2017;
- and
- (iii) a sum of up to HK\$300 million for the year ending 31 December 2018.

Basis for determining the annual cap: The annual cap of the Brokerage Fees was determined after arm's length negotiation between Confident Profits with Celestial Securities and Celestial Commodities based on (i) the Brokerage Fees paid and/or estimated to be paid by the Confident Profits Group for the period from 30 June 2015 to 31 December 2015; (ii) an expected annual growth rate of approximately 20% to 90% in the three years period with anticipated increase in the Brokerage Services due to increase in investment and trading activities of the Algo Group; (iii) the potential increase in the number of the algorithmic trading teams due to expansion of the business the Algo Group in the coming three years; (iv) the buffer of transaction value that the Confident Profits Group would like to obtain in order to provide more flexibility for its investment and trading activities; (v) the benefits taken into consideration by the Group to capture the securities trading activities of the Confident Profits Group so as to earn more commission and fees.

Duration: Fixed term of three financial years ending 31 December 2018.

(B) The Margin Financing Agreement

Date: 23 October 2015

Parties: Celestial Securities as lender and Confident Profits as borrower.

Services provided: Celestial Securities will extend margin financing facility to the Confident Profits Group under the Margin Financing Arrangement.

The interest rates: The interest rates will be charged at a range from around prime rate to 7% above the prime rate per annum for advances made under the Margin Financing Arrangement, which is subject to change in order to align with the prevailing market practice.

The interest rates charged are determined by reference to the rates offered in the market by other security brokers for services of similar nature.

The annual cap: The annual cap of the margin financing facility will be a sum of up to HK\$30 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the three years ending 31 December 2018.

Basis for determining the annual cap: The annual cap of the margin financing facility was determined after arm's length negotiation between Confident Profits and Celestial Securities based on (i) the demand of the Confident Profits Group in view of its anticipated increase in investment and trading activities and the expansion of the business of the Algo Group, and the buffer of margin financial facility to obtain in order to provide more flexibility for its investment and trading activities; (ii) 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 Confident Profits Group; (iii) the benefits taken into consideration by the Group to capture the securities trading activities of the Confident Profits Group so as to earn more commission and fees.

Duration: Fixed term of three financial years ending 31 December 2018.

The condition precedent of the Brokerage Services Agreement

The Brokerage Services Agreement is conditional upon (among other things) the approval by the Independent Shareholders at the SGM. There is no condition precedent for the Margin Financing Agreement.

If the above condition is not satisfied on or before 31 March 2016 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).

Reasons for and benefits of the Agreements

The provision of the Brokerage Services and the Margin Financing Arrangement are conducted in the ordinary and usual course of business of the Group and on normal commercial terms. The Confident Profits Group intends to utilize the Brokerage Services and the Margin Financing Arrangement 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 Board (including the independent non-executive Directors) considers that the provision of the Brokerage Services and the margin financing facility will enable the Group to capture the investment and trading activities of the Confident Profits Group and to earn commission, brokerage fees and interest in the usual and ordinary course of business of the Group. The Board (including the independent non-executive Directors) considers that (i) the Brokerage Services and the Margin Financing Arrangement are being provided on normal commercial terms and in the ordinary course of business which will not be more favorable than those available to other independent third party clients; (ii) the terms of the Brokerage Services and the Margin Financing Arrangement are fair and reasonable; and (iii) the provision of the Brokerage Services and the Margin Financing Arrangement are in the interest of the Company and the Shareholders as a whole.

RELATIONSHIP AMONG THE PARTIES AND BACKGROUND INFORMATION

Celestial Securities and Celestial Commodities are wholly-owned subsidiaries of the Company, and subsidiaries of CASH held through the Company.

The Confident Profits Group was a subsidiary of the Company prior to its transfer to CASH Group on 30 June 2015. The Confident Profits Group has become a subsidiary of CASH held under CIGL (a wholly-owned subsidiary of CASH), being the substantial shareholder of the Company directly since 30 June 2015, and is a connected person of the Company (as defined under the Listing Rules) by virtue of Rule 14A.07(4) of the Listing Rules.

The Confident Profits Group has been using the brokerage services of Celestial Securities and/or Celestial Commodities for investment and trading of securities and futures and options contracts in its ordinary and usual course of business. The continuous provision of the brokerage services by the Group to the Confident Profits Group since 30 June 2015 constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As disclosed in the announcement of the Company dated 15 September 2015 issued in compliance with Rule 14A.76(2) of the Listing Rules in relation to continuing connected transactions, the brokerage fees received by the Group from the Confident Profits Group has exceeded HK\$3 million but less than HK\$10 million. The Board would like to seek approval from the Independent Shareholders on the provision of the Brokerage Services under the terms and conditions of the Brokerage Services Agreement and the respective annual caps for the three years from 1 January 2016 to 31 December 2018 in compliance with the Listing Rules.

As one or more of the respective applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Brokerage Fees on an annual basis under the Brokerage Services Agreement exceed 5% and the aggregate amount exceeds HK\$10,000,000, the Brokerage Services Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval requirements and annual review requirements under the Listing Rules.

On the other hand, as all of the respective applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the margin financing facility on an annual basis under the Margin Financing Agreement are less than 5%, the Margin Financing Agreement and the transactions contemplated thereunder are only subject to the reporting and announcement requirements under the Listing Rules and no Independent Shareholders' approval is required.

INFORMATION ON THE GROUP, THE CONFIDENT PROFITS GROUP AND THE CASH GROUP

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

Confident Profits (the holding company of the Confident Profits Group) is an investment holding company, which is holding the Algo Group and the CFSG (China) Group. The principal activities of the Algo Group are algorithmic trading business including algorithmic trading and alternative trading, and the principal activity of the CFSG (China) Group is holding the China's operation of the Group, which subsidiaries are mainly engaged in provision of consulting services in the PRC and investment holding.

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

GENERAL

The Independent Board Committee will be formed by the Company to advise the Independent Shareholders of the terms of the Brokerage Services Agreement. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms and conditions of the Brokerage Services Agreement.

A circular of the Company containing, inter-alia, details of the Brokerage Services Agreement and the annual caps, a letter from the Independent Board Committee to the Independent Shareholders in respect of the Brokerage Services Agreement and the annual caps, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Brokerage Services Agreement and the annual caps and a notice to convene the SGM will be despatched to the Shareholders on or before 13 November 2015.

DEFINITIONS

“Agreements”	the Brokerage Services Agreement and the Margin Financing Agreement
“Algo Group”	CASH Algo Finance Group Limited and its subsidiaries from time to time, which are principally engaged in algorithmic trading and alternative trading business
“associate”	has the same meaning ascribed in the Listing Rules
“Board”	the board of directors of the Company
“Brokerage Fees”	the commission, brokerage and fees received by Celestial Securities and Celestial Commodities in respect of the provision of the Brokerage Services to the Confident Profits Group, as more particularly set out in the sub-heading of “The Brokerage Fees” under the heading of “(A) The Brokerage Service Agreement” in the section “The Agreements and the continuing connected transactions”
“Brokerage Services”	the brokerage services for trading of securities, futures and options contracts in Hong Kong and/or any other overseas exchanges
“Brokerage Services Agreement”	the written brokerage services agreement dated 23 October 2015 on same terms and conditions as disclosed in this announcement relating to the proposed provision of the Brokerage Services by Celestial Securities and/or Celestial Commodities to the Confident Profits Group from time to time
“CASH”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and whose securities are listed on the main board of the Stock Exchange, and is the holding company and the substantial shareholder of the Company
“CASH Group”	CASH and its subsidiaries, including the Group
“Celestial Commodities”	Celestial Commodities Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company, and a subsidiary of CASH held through the Company. It is a licensed corporation under the SFO to carry out type 2 (dealing in futures contracts) regulated activity
“Celestial Securities”	Celestial Securities Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company, and a subsidiary of CASH held through the Company. It is a licensed corporation under the SFO to carry out type 1 (dealing in securities) regulated activity

“CFSG (China) Group”	CFSG (China) Limited and its subsidiaries, which is mainly holding the China’s operation of the Group
“CIGL”	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of CASH. It is the Substantial Shareholder of the Company
“Company”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and whose securities are listed on the main board of the Stock Exchange, and is a subsidiary of CASH
“Confident Profits”	Confident Profits Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of CASH. It is the holding company of the Confident Profits Group
“Confident Profits Group”	Confident Profits Limited and its subsidiaries (comprising the Algo Group and the CFSG (China) Group), which are subsidiaries of CASH held under CIGL directly
“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, to be established to advise the Independent Shareholders on the Brokerage Services Agreement and the transactions contemplated
“Independent Shareholders”	the independent shareholders of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Margin Financing Agreement”	the written margin financing agreement dated 23 October 2015 on same terms and conditions as disclosed in this announcement relating to the proposed granting of the Margin Financing Arrangement to the Confident Profits Group
“Margin Financing Arrangement”	the granting of margin financing facility by Celestial Securities to the Confident Profits Group pursuant to the Margin Financing Agreement
“Parties”	the parties to the Agreements, being Confident Profits, Celestial Securities and/or Celestial Commodities
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“SGM”	a special general meeting of the Company to be convened and held to approve, among other things, the Brokerage Services Agreement and the transactions contemplated thereunder
“Shareholders”	holders of the shares of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meanings ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollar(s), the currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“US”	United States of America
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

On behalf of the Board
Bankee P Kwan
Executive Director and Chairman

Hong Kong, 23 October 2015

As at the date hereof, the Board comprises:-

Executive directors:

Mr Kwan Pak Hoo Bankee, JP
Mr Law Ping Wah Bernard
Ms Cheng Pui Lai Majone
Mr Ng Kung Chit Raymond

Independent non-executive directors:

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

** For identification purpose only*