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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

(1) NEW MARGIN FINANCING AGREEMENTS

Celestial Securities (a wholly-owned subsidiary of the Company) entered into the New Margin Financing Agreements with the Connected Clients relating to the proposed provision of the New Margin Financing Arrangements (being margin financing facility at an annual cap of up to HK\$30 million extended to each of the Connected Clients for the three financial years ending 31 December 2024). The Connected Clients (save as Mr Li Shing Wai Lewis, Mr Kwok Ka Lok Lionel, Mr Cheung Wai Lim William and Mr Fung Ka Chi Eddie) have been granted the Existing Margin Financing Arrangements under the Existing Margin Financing Agreements. All Existing Margin Financing Arrangements will expire after 31 December 2021. The Parties entered into the New Margin Financing Agreements with similar terms and conditions of the Existing Margin Financing Agreements for a further term of three years from 1 January 2022 to 31 December 2024.

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

As applicable percentage ratios with reference to the margin financing facilities on an annual basis under the New Margin Financing Agreements for (i) each of the Connected Clients and (ii) Connected Client and associate(s) (on an aggregate basis) exceed 5% and the aggregate amount exceeds HK\$10,000,000, the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for each of the items (i) to (ii) above are subject to the reporting, announcement, independent shareholders' approval and annual review requirements for the Company under Chapter 14A of the Listing Rules.

(2) NEW BROKERAGE SERVICES AGREEMENT

Celestial Securities and Celestial Commodities (being wholly-owned subsidiaries of the Company) as service providers and Confident Profits (a wholly-owned subsidiary of CASH, being the substantial shareholder) as customer entered into the New Brokerage Services Agreement relating to the proposed provision of the New 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\$30 million for the three financial years ending 31 December 2024).

Celestial Securities and Celestial Commodities have entered into the Existing Brokerage Services Agreement with Confident Profits which will expire after 31 December 2021. The Parties entered into the New Brokerage Services Agreement with a new annual cap of up to HK\$30 million for a further term of three years from 1 January 2022 to 31 December 2024.

Confident Profits is a wholly-owned subsidiary of CASH (being the substantial shareholder) 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 New Brokerage Services constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As applicable percentage ratios with reference to the Brokerage Fees on an annual basis under the New Brokerage Services Agreement exceed 5% and the aggregate amount exceeds HK\$10,000,000, the New 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 Chapter 14A of the Listing Rules.

GENERAL

The independent board committee of the Company will be formed to advise the independent Shareholders of (1) the terms of the New Margin Financing Agreements and the annual caps for the Connected Clients, and (2) the terms of the New Brokerage Services Agreement and the annual cap. The Company will appoint an independent financial adviser to advise the independent board committee and the independent Shareholders on the terms and conditions of (1) the New Margin Financing Agreements and the annual caps for the Connected Clients, and (2) the New Brokerage Services Agreement and the annual cap.

A circular of the Company containing, inter-alia, details of the New Margin Financing Agreements and the New Brokerage Services Agreement, a letter from the independent board committee to the independent Shareholders in respect of the New Margin Financing Agreements and the New Brokerage Services Agreement, a letter of advice from the independent financial adviser to the independent board committee and the independent Shareholders in respect of the New Margin Financing Agreements and the New Brokerage Services Agreement, and a notice to convene the SGM will be despatched to the Shareholders on or before 22 November 2021.

THE AGREEMENTS AND THE CONTINUING CONNECTED TRANSACTIONS

(1) The New Margin Financing Agreements

On 1 November 2021, Celestial Securities entered into the New Margin Financing Agreements with the Connected Clients relating to the proposed provision of the New Margin Financing Arrangements. The terms and conditions of the New Margin Financing Agreements are listed below.

Date: All dated 1 November 2021

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

The Connected Clients are Dr Kwan Pak Hoo Bankee ^(Notes 1 and 3), Mr Li Shing Wai Lewis ^(Note 2), Mr Kwan Teng Hin Jeffrey ^(Notes 1 and 3) (executive directors of the Company and CASH), Mr Kwok Ka Lok Lionel ^(Note 2), Mr Cheung Wai Lim William ^(Note 2) (executive directors of the Company), Mr Cheung Wai Ching Anthony ^(Note 1) (director of subsidiaries of the Group), Mr Fung Ka Chi Eddie ^(Note 2) (chief executive of a subsidiary of the Group), Cash Guardian ^(Note 1) (a controlled corporation and an associate of Dr Kwan Pak Hoo Bankee), Cashflow Credit Limited ^(Note 1) and Confident Profits ^(Note 1) (all are wholly-owned subsidiaries of CASH, being the substantial shareholder).

Notes:

- (1) *Such Connected Clients have been granted margin financing facility at an annual cap of up to HK\$30 million up to the financial years ending 31 December 2021 under the Existing Margin Financing Arrangements.*
- (2) *Mr Li Shing Wai Lewis, Mr Kwok Ka Lok Lionel and Mr Cheung Wai Lim William are directors of the Company and Mr Fung Ka Chi Eddie is the chief executive of a subsidiary of the Group. They are new Connected Clients who have not been granted any margin financing facility under the Existing Margin Financing Arrangements.*
- (3) *Mr Kwan Teng Hin Jeffrey is the son of Dr Kwan Pak Hoo Bankee.*
- (4) *The margin financing facility to be granted to each of the Connected Clients is a stand alone facility. Each of their margin financing facility under the New Margin Financing Arrangement will not be aggregated or aggregated with any margin financing facility of other Connected Clients.*
- (5) *All of the above Connected Clients are either existing directors or chief executive or substantial shareholders of the Group or their respective associates and are connected persons (as defined under the Listing Rules) of the Company. The granting of the New Margin Financing Arrangement to each of the Connected Clients constitutes continuing connected transaction under Chapter 14A of the Listing Rules.*

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

The interest rates: The interest rates will be charged at a rate of up to 8% over HSBC's Hong Kong Dollar Prime Lending Rate per annum for advances made under the New Margin Financing Arrangements, which is subject to change in order to align with the prevailing market practice.

The interest rates charged are determined by reference to the rates offered in the market by other securities brokers for services of similar nature and in any event no more favourable than the rates charged by Celestial Securities to independent third parties for similar services.

The annual caps: The annual caps of the margin financing facility to each of the Connected Clients will be a sum of up to HK\$30 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the three financial years ending 31 December 2024.

Basis for determining the annual caps: The annual caps of margin financing facility under the New Margin Financing Agreements are the same as under the Existing Margin Financing Agreements. After discussion with the Connected Clients, they would like to obtain the same annual caps under the Existing Margin Financing Agreements to allow them more flexibility for investment and trading activities.

The annual caps were determined after arm's length negotiation between Celestial Securities and each of the Connected Clients based on (i) the demand of the Connected Clients; (ii) the amount of annual caps under the Existing Margin Financing Agreements; (iii) the historical amounts of margin financing facilities utilised by the Connected Clients under the Existing Margin Financing Agreements; (iv) 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 (v) the benefit for capturing the securities trading activities of the Connected Clients so as to earn more commission and fees in the usual and ordinary course of the business of the Group.

As shown in the table under the sub-heading of "The Existing Margin Financing Arrangements" below regarding the historical amounts of utilisation of margin financing facilities, the annual cap of HK\$30 million of margin financing facilities granted were almost fully utilised by a numerous Connected Clients in the past three years.

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, some of the Connected Clients have not fully utilised the annual cap granted to them. Although the proposed annual cap of HK\$30 million are substantially higher than the historical transactions amounts of these Connected Clients, the Board has taken into consideration (i) the Group has been granting margin financing facilities to connected clients since March 2007 with the same annual cap of HK\$30 million throughout all these years, and the New Margin Financing Agreements are renewal of the Existing Margin Financing Agreements with the same annual caps and similar terms; (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; and (iv) the benefits of the New Margin Financing Agreements to contribute income to the Group, and proposed to grant the same amount of annual caps of the Existing Margin Financing Agreements to allow a buffer and more flexibility for Celestial Securities to grant the margin financing facility to the Connected Clients in its ordinary and usual course of business with a view to contributing to the revenue and results of the Group where the risks are considered low under the margin financing policy of the Group.

Duration: Fixed term of three financial years ending 31 December 2024.

Conditions precedent: The New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for each of the Connected Clients are subject to the approval by the independent Shareholders at the SGM.

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

Reasons for and benefits of the New Margin Financing Agreements

The Board considers that the New Margin Financing Arrangements will enable Celestial Securities to continue (a) granting margin financing facilities to the Connected Clients, (b) capturing the securities trading activities of the Connected Clients, and (c) earning income from the Connected Clients in its ordinary course of business and on normal commercial terms.

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

The independent non-executive directors of the Company will give their views in respect of the New Margin Financing Arrangements for the Connected Clients after considering the advice of the independent financial adviser to be contained in the circular to be issued by the Company.

As the executive directors of the Company are the Connected Clients and have material interest in their respective New Margin Financing Agreements, they have abstained from voting on the board resolution(s) at the relevant board meeting of the Company in approving their respective New Margin Financing Agreements.

The Existing Margin Financing Arrangements

The Connected Clients (save as Mr Li Shing Wai Lewis, Mr Kwok Ka Lok Lionel, Mr Cheung Wai Lim William and Mr Fung Ka Chi Eddie) have entered into the Existing Margin Financing Arrangements with Celestial Securities and are currently utilising the margin financing facilities extended by Celestial Securities at an annual cap of up to HK\$30 million up to the financial year ending 31 December 2021. Details of the Existing Margin Financing Agreements are listed below.

On 7 December 2018, Celestial Securities entered into the margin financing agreements all dated 7 December 2018 with, inter alia, Dr Kwan Pak Hoo Bankee (the then executive director of both the Company and CASH), Mr Kwan Teng Hin Jeffrey (the then executive director of the Company), Mr Cheung Wai Ching Anthony (the then executive director of the Company), Cash Guardian (a controlled corporation and an associate of Dr Kwan Pak Hoo Bankee), Cashflow Credit Limited and Confident Profits (being wholly-owned subsidiaries of CASH). The transactions were disclosed in the announcement and circular of the Company dated 7 December 2018 and 9 January 2019 respectively, and the Existing Margin Financing Agreements for each of the Connected Client and associate(s) were approved by the independent Shareholders at the special general meeting held on 30 January 2019.

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

Name	Year/period	Outstanding amount as at year/period end (HK\$'000)	Maximum outstanding amount during the year/period (HK\$'000)	Related commission and interest income received by Celestial Securities during the year/period (HK\$'000)	The market value of pledged securities at fair value at the year/period end (HK\$'000)
Dr Kwan Pak Hoo Bankee and associates	Year ended 31 December 2019 Year ended 31 December 2020 Six months ended 30 June 2021	- - -	5,999 26,310 6,273	27 914 23	- - -
Mr Kwan Teng Hin Jeffrey and associates	Year ended 31 December 2019 Year ended 31 December 2020 Six months ended 30 June 2021	- - -	273 26,654 14,346	7 98 31	- - -
Mr Cheung Wai Ching Anthony and associates	Year ended 31 December 2019 Year ended 31 December 2020 Six months ended 30 June 2021	- - -	7,718 22,064 8,321	8 78 13	- - -
Cash Guardian	Year ended 31 December 2019 Year ended 31 December 2020 Six months ended 30 June 2021	- - -	- - -	- - -	- - -
Cashflow Credit Limited	Year ended 31 December 2019 Year ended 31 December 2020 Six months ended 30 June 2021	- - -	- - 24,236	- - 15	- - -
Confident Profits Group	Year ended 31 December 2019 Year ended 31 December 2020 Six months ended 30 June 2021	- - -	- - -	- - -	- - -

All Existing Margin Financing Arrangements will expire after 31 December 2021. The Parties entered into the New Margin Financing Agreements with similar terms and conditions of the Existing Margin Financing Agreements for a further term of three years from 1 January 2022 to 31 December 2024.

Listing Rules implication for the Company

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

As applicable percentage ratios with reference to the margin financing facilities on an annual basis under the New Margin Financing Agreements for (i) each of the Connected Clients, and (ii) Connected Client and associate(s) (on an aggregate basis) exceed 5% and the aggregate amount exceeds HK\$10,000,000, the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for each of the items (i) to (ii) above are subject to the reporting, announcement, independent shareholders' approval and annual review requirements for the Company under Chapter 14A of the Listing Rules.

(2) The New Brokerage Services Agreement

On 1 November 2021, Celestial Securities and Celestial Commodities, and Confident Profits entered into the New Brokerage Services Agreement relating to the proposed provision of the New Brokerage Services. The terms and conditions of the New Brokerage Services Agreement are listed below.

Date : 1 November 2021

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 New 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 at commission rate of not more than 0.25% (as agreed from time to time in accordance with the prevailing market rate), plus CCASS stock settlement fee charged at 0.002% on transaction value for securities trading under the Stock Exchange for any account of the Confident Profits 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.

The Brokerage Fees are determined based on arm's length negotiation between the Group and the Confident Profits 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 New 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 (including the CCASS stock settlement fee) is to be payable when the transaction is concluded.

The annual cap: The annual cap of the Brokerage Fees will be a sum of up to HK\$30 million for each of the three financial years ending 31 December 2024.

Basis for determining the annual cap: The annual cap of the Brokerage Fees of HK\$30 million under the New Brokerage Services Agreement is the same as under the Existing Brokerage Services Agreement. After discussion with Confident Profits and after taking into consideration of the recent global and local economic conditions and securities market, they would like to obtain the same annual cap under the Existing Brokerage Services Agreement in order to allow more flexibility to fulfil the trading needs of the Algo Group in the near future.

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 amount of annual cap under the Existing Brokerage Services Agreement; (ii) for transaction flexibility, a reasonable buffer to cater for unexpected growth in investment and trading activities in case the investment sentiment improves; and (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 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 Confident Profits Group did not utilise the annual cap granted to them for the past three years. Nevertheless, the Board has taken into consideration (i) the Group has been providing the brokerage services to the Confident Profits Group since January 2016; (ii) the New Brokerage Services Agreement is renewal of the Existing Brokerage Services Agreement with the same annual cap and similar terms; (iii) the provision of more flexibility to the Confident Profits Group for its potential investment and trading activities in case the investment sentiment improves and the stock market goes upward in the future; and (iv) the benefits of the New Brokerage Services Agreement to contribute income to the Group, proposed to grant the new annual cap to allow a buffer and more flexibility for Celestial Securities and/or Celestial Commodities to provide brokerage services to the Confident Profits Group in its ordinary and usual course of business with a view to contributing to the revenue and results of the Group.

Duration: Fixed term of three financial years ending 31 December 2024.

Conditions precedent: The New Brokerage Services Agreement and 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 2022 or such later date as may be agreed among the Parties, the New 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 New Brokerage Services Agreement

The Confident Profits Group intends to utilise the New 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 New 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 Confident Profits Group and to earn commission, brokerage fees and interest from those activities.

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

The independent non-executive directors of the Company will give their views in respect of the New Brokerage Services after considering the advice of the independent financial adviser to be contained in the circular to be issued by the Company.

The Existing Brokerage Services

On 7 December 2018, Celestial Securities and Celestial Commodities, and Confident Profits entered into the Existing Brokerage Services Agreement dated 7 December 2018 relating to the provision of the Existing Brokerage Services at the annual cap of the Brokerage Fees of HK\$30 million for each of the three financial years ending 31 December 2021.

Details of the transaction were disclosed in the announcement and circular of the Company dated 7 December 2018 and 9 January 2019 respectively, and the transaction was approved by the independent Shareholders at the special general meeting held on 30 January 2019.

During the period from 1 January 2019 and up to the date of this announcement, Celestial Securities and Celestial Commodities did not receive any brokerage fees from the Confident Profits Group under the Existing Brokerage Services Agreement.

The Existing Brokerage Services Agreement will expire after 31 December 2021. The Parties entered into the New Brokerage Services Agreement with the same annual cap of HK\$30 million for a further term of three years from 1 January 2022 to 31 December 2024.

Listing Rules implication for the Company

Confident Profits is a wholly-owned subsidiary of CASH (being the substantial shareholder) 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 New Brokerage Services constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As applicable percentage ratios with reference to the Brokerage Fees on an annual basis under the New Brokerage Services Agreement exceed 5% and the aggregate amount exceeds HK\$10,000,000, the New 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 Chapter 14A of the Listing Rules.

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 the Confident Profits Group to ensure compliance with the disclosure requirements of the Listing Rules. Our credit and risk management department and operation personnel are informed 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 that the respective annual cap are not exceeded. The Group has 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 New Margin Financing Arrangements and the New Brokerage Services and to ensure compliance with applicable listing rules.

INFORMATION ON THE GROUP AND PARTIES TO THE TRANSACTIONS

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

The principal activity of CASH is investment holding. The principal activities of CASH Group consist of (a) 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”, “TMF”, “SECO”, “Pricerite Food” and “Pricerite Pet” in Hong Kong; (b) provision of asset management services to the fund investors; and (c) general investment holding including algorithmic trading business. For additional information, please visit www.cash.com.hk.

Confident Profits (the holding company of the Confident Profits Group) is a wholly-owned subsidiary of CASH. It is an investment holding company, which is holding the Algo Group. The principal activities of the Algo Group are algorithmic trading business including algorithmic trading and alternative trading.

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

Cash Guardian is a controlled corporation and an associate of Dr Kwan Pak Hoo Bankee (an executive director of the Company and CASH). Its principal activity is investment holding.

GENERAL

The independent board committee of the Company will be formed to advise the independent Shareholders of (1) the terms of the New Margin Financing Agreements and the annual caps for the Connected Clients, and (2) the terms of the New Brokerage Services Agreement and the annual cap. The Company will appoint an independent financial adviser to advise the independent board committee and the independent Shareholders on the terms and conditions of (1) the New Margin Financing Agreements and the annual caps for the Connected Clients, and (2) the New Brokerage Services Agreement and the annual cap.

A circular of the Company containing, inter-alia, details of the New Margin Financing Agreements and the New Brokerage Services Agreement, a letter from the independent board committee to the independent Shareholders in respect of the New Margin Financing Agreements and the New Brokerage Services Agreement, a letter of advice from the independent financial adviser to the independent board committee and the independent Shareholders in respect of the New Margin Financing Agreements and the New Brokerage Services Agreement, and a notice to convene the SGM will be despatched to the Shareholders on or before 22 November 2021.

DEFINITIONS

“Algo Group”	CASH Algo Finance Group International Limited and its subsidiaries from time to time, which are wholly-owned subsidiaries of CASH and are principally engaged in algorithmic trading and alternative trading business
“associate”	has the same meaning ascribed to it 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 New Brokerage Services to the Confident Profits Group, as more particularly set out in the sub-heading of “The Brokerage Fees” under the heading of “(2) The New Brokerage Services Agreement” in the section “The Agreements and the continuing connected transactions” in this announcement
“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 substantial shareholder

“CASH Group”	CASH and its subsidiaries
“Cash Guardian”	Cash Guardian Limited and its principal activity of investment holding. It is a controlled corporation and an associate of Dr Kwan Pak Hoo Bankee (an executive director of the Company and CASH). It is a substantial shareholder of CASH
“CCASS”	The Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Celestial Commodities”	Celestial Commodities Limited, a company incorporated in Hong Kong with limited liability, which 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
“Celestial Securities”	Celestial Securities Limited, a company incorporated in Hong Kong with limited liability, which 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
“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 and its subsidiaries (including the Algo Group), which are subsidiaries of CASH
“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 an associated company of CASH
“Connected Client(s)”	Dr Kwan Pak Hoo Bankee, Mr Li Shing Wai Lewis, Mr Kwan Teng Hin Jeffrey, Mr Kwok Ka Lok Lionel, Mr Cheung Wai Lim William, Mr Cheung Wai Ching Anthony, Mr Fung Ka Chi Eddie, Cash Guardian, Cashflow Credit Limited and Confident Profits, particulars of which are set out under the heading “(1) The New Margin Financing Agreements” in the section “The Agreements and the continuing connected transactions” in this announcement
“Connected Client and associate(s)”	(i) Dr Kwan Pak Hoo Bankee, Cash Guardian and Mr Kwan Teng Hin Jeffrey; or (ii) Cashflow Credit Limited and Confident Profits, and their principal activities are investment holding. The companies of the above item (ii) are wholly-owned subsidiaries of CASH, and are regarded as connected persons of the Company (as defined under the Listing Rules)
“Existing Brokerage Services”	the existing provision of brokerage services for trading of securities, futures and options contracts in Hong Kong and/or any other overseas exchanges by Celestial Securities and/or Celestial Commodities to the Confident Profits Group pursuant to the Existing Brokerage Services Agreement, particulars of which are set out in the section of “The Existing Brokerage Services” in this announcement

“Existing Brokerage Services Agreement”	the written brokerage services agreement dated 7 December 2018 entered into among Celestial Securities, Celestial Commodities and Confident Profits, particulars of which are set out in the section of “The Existing Brokerage Services” in this announcement
“Existing Margin Financing Agreement(s)”	the existing margin financing agreements dated 7 December 2018 entered into by Celestial Securities with certain Connected Clients, particulars of which are set out in the section of “The Existing Margin Financing Arrangements” in this announcement
“Existing Margin Financing Arrangement(s)”	the existing margin financing facility extended by Celestial Securities to certain Connected Clients under the Existing Margin Financing Agreements, particulars of which are set out in the section of “The Existing Margin Financing Arrangements” in this announcement
“Futures Exchange”	The Hong Kong Futures Exchange Limited
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Brokerage Services”	the provision of brokerage services for trading of securities, futures and options contracts in Hong Kong and/or any other overseas exchanges by Celestial Securities and/or Celestial Commodities to the Confident Profits Group pursuant to the New Brokerage Services Agreement
“New Brokerage Services Agreement”	the written brokerage services agreement dated 1 November 2021 on same terms and conditions as disclosed in this announcement entered into among Celestial Securities, Celestial Commodities and Confident Profits relating to the proposed provision of the New Brokerage Services
“New Margin Financing Agreements”	the written margin financing agreements all dated 1 November 2021 on same terms and conditions as disclosed in this announcement between Celestial Securities with each of the Connected Clients relating to granting of the margin financing facility to each of the Connected Clients
“New Margin Financing Arrangement(s)”	the granting of margin financing facility by Celestial Securities to the Connected Clients pursuant to the New Margin Financing Agreements
“Parties”	the parties to the New Margin Financing Agreements or New Brokerage Services Agreement (as the case maybe)
“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, (i) the New Margin Financing Agreements and the annual caps for each of the Connected Clients, and (ii) the New Brokerage Services Agreement and the annual cap, and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the share(s) of HK\$0.4 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same 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 announcement between the Chinese and English versions, the English version shall prevail.

On behalf of the Board
Lewis Li
*Executive Director &
Chief Financial Officer*

Hong Kong, 1 November 2021

As at the date hereof, the Board comprises:-

Executive directors:

Dr Kwan Pak Hoo Bankee, JP
Mr Li Shing Wai Lewis
Mr Kwan Teng Hin Jeffrey
Mr Kwok Ka Lok Lionel
Mr Cheung Wai Lim William

Independent non-executive directors:

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

** For identification purpose only*