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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)

PROPOSED CAPITAL REORGANISATION

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As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 comprising 750,000,000 Shares of HK\$0.40 each, of which 261,174,779 Shares have been issued and are fully paid or credited as fully paid.

The Board proposes to implement the Capital Reorganisation which will comprise the following:

- (i) the Capital Reduction, being the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.36 on each of the issued Shares such that the par value of each issued Share will be reduced from HK\$0.40 to HK\$0.04;
- (ii) the Diminution and Increase, being the cancellation of all the authorised but unissued share capital of the Company (which shall include the authorised but unissued share capital arising from the Capital Reduction) in its entirety and forthwith upon such cancellation, the increase in the authorised share capital of the Company to HK\$30,000,000 by the creation of such number of additional New Shares as shall be sufficient to increase the authorised share capital of the Company to HK\$30,000,000 divided into 750,000,000 New Shares;
- (iii) the Share Premium Reduction, being the reduction of HK\$600,000,000 standing to the credit of the share premium account of the Company; and
- (iv) the Crediting of Contributed Surplus, being the transfer of the credit arising from the Capital Reduction and the Share Premium Reduction to the Contributed Surplus Account for use by the Board in any manner permitted by the laws of Bermuda and the Bye-laws.

The Capital Reorganisation is conditional upon fulfillment of the conditions contained in the section headed “Conditions for the Capital Reorganisation” in this announcement.

An SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other matters, the Capital Reorganisation. A circular containing, among other things, further details of the Capital Reorganisation together with a notice convening the SGM and the related proxy form, will be despatched by the Company to the Shareholders as soon as practicable.

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Effect of the Capital Reorganisation

Assuming that there is no change in the issued share capital of the Company during the period from the date of this announcement to the day immediately prior to the effective date of the Capital Reorganisation, the following table sets out the impact on the share capital structure of the Company as a result of the Capital Reorganisation:

	As at the date of this announcement	Immediately upon the Capital Reorganisation taking effect
Nominal or par value	HK\$0.40 each Share	HK\$0.04 each New Share
Amount of the authorised share capital	HK\$300,000,000	HK\$30,000,000
Number of authorised shares	750,000,000 Shares	750,000,000 New Shares
Number of issued shares	261,174,779 Shares	261,174,779 New Shares
Amount of the issued share capital	HK\$104,469,911.60	HK\$10,446,991.16

As at the date of this announcement, 261,174,779 Shares have been issued and are fully paid or credited as fully paid. Accordingly, assuming that the nominal or par value of each of the Shares will be reduced from HK\$0.40 to HK\$0.04, upon the Capital Reorganisation taking effect, the authorised share capital of the Company will be HK\$30,000,000 divided into 750,000,000 New Shares of a nominal or par value of HK\$0.04 each, of which 261,174,779 New Shares are issued and are fully paid or credited as fully paid and the remainder are unissued. The Company's issued and paid up share capital of HK\$104,469,911.60 will be reduced by HK\$94,022,920.44 to HK\$10,446,991.16.

Conditions for the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of the special resolution approving the Capital Reorganisation by the Shareholders at the SGM;
- (ii) compliance with section 46(2) of the Companies Act, including (i) the publication of a notice of the Capital Reduction and the Share Premium Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the date on which the Capital Reduction and the Share Premium Reduction are to take effect, and (ii) the Directors being satisfied that on the date on which the Capital Reduction and the Share Premium Reduction are to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction and the Share Premium Reduction would be, unable to pay its liabilities as they become due;
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be allotted and issued by the Company after the Capital Reorganisation becomes effective;
- (iv) the compliance with the relevant procedures and requirements under the Bye-laws, the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (v) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Subject to the above conditions being fulfilled, the Capital Reorganisation is expected to become effective on the next Business Day immediately following the date of passing the special resolution approving the Capital Reorganisation by the Shareholders at the SGM.

Status of the New Shares

The New Shares shall rank *pari passu* in all respects with each other within the same class and have the same rights and be subject to the restrictions in respect of ordinary shares contained in the Memorandum of Association and Bye-laws of the Company. The Capital Reorganisation will not result in any change in the rights of the Shareholders.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares to be allotted and issued by the Company after the Capital Reorganisation becomes effective.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the securities (whether equity or debt securities) of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

Board lot size

The existing board lot of 6,000 Shares will remain unchanged after the Capital Reorganisation becomes effective.

Free exchange of share certificates

Subject to the Capital Reorganisation having taken effect, Shareholders may, during business hours from Thursday, 14 July 2022 to Friday, 12 August 2022 (both days inclusive), submit their Existing Share Certificates for the Shares (in purple colour) to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange for the New Share Certificates for the New Shares (in orange colour) at the expense of the Company.

Thereafter, the Existing Share Certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such amount as may from time to time prescribed in the Listing Rules) payable by the Shareholders for each Existing Share Certificate or New Share Certificate, whichever number of certificates is higher.

It is expected that the New Share Certificates will be available for collection within a period of ten (10) Business Days after the submission of the Existing Share Certificates.

Nevertheless, Existing Share Certificates will continue to be good evidence of legal title and will be valid for delivery, trading and settlement purposes after the Capital Reorganisation has taken effect.

Reasons for the Capital Reorganisation

After completion of the Capital Reorganisation, the credit arising from the Capital Reduction in the amount of HK\$94,022,920 and the credit arising from the Share Premium Reduction in the amount of HK\$600,000,000 will be credited to the Contributed Surplus Account and applied towards setting off the accumulated losses of the Company and in such other manner as the Board may determine.

As at 31 December 2021, the accumulated losses of the Company as shown in the audited financial statements of the Company amounted to HK\$440,629,000. The Directors expect to reduce such losses amount by applying the funds from the Contributed Surplus Account after completion of the Capital Reorganisation. The Board may also consider applying the funds from the Contributed Surplus Account in other manners such as declaration of dividends and/or undertaking any corporate exercise which would require the use of distributable reserves in future as and when the Board considers appropriate.

The Board considers that the Capital Reorganisation will have no material impact on the underlying assets, business operations, management or financial position of the Group or the proportionate interests of the Shareholders in the Company and their respective voting rights. Further, the Capital Reorganisation does not involve the diminution of any liability in respect of any unpaid capital of the Company nor does it involve the repayment to the Shareholders of any paid up capital of the Company.

As at the date of this announcement, there are a total of 23,550,000 outstanding Share Options. After the Capital Reorganisation becomes effective, save for the change of par value from 23,550,000 Shares of par value of HK\$0.4 each to 23,550,000 New Shares of par value of HK\$0.04 each which may be issued upon exercise in full of such outstanding Share Options, no other adjustment is required to be made to the Share Options under the Share Option Scheme.

As at the date of this announcement, the Company has no current intention to conduct any fund raising activities in the next 12 months from the date of this announcement.

In view of the above, the Board considers that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE OF THE CAPITAL REORGANISATION

Set out below is the expected timetable of the Capital Reorganisation:

Event	(Hong Kong dates and time)
Expected despatch date of circular with notice and form of proxy for the SGM	Friday, 17 June 2022
Latest time for lodging transfer of shares to qualify for attendance and voting at the SGM	4:30 pm on Thursday, 7 July 2022
Closure of register of members of the Company for attending the SGM (both dates inclusive)	Friday, 8 July 2022 – Wednesday, 13 July 2022
Latest time for lodging forms of proxy for the purpose of the SGM	9:30 am on Monday, 11 July 2022
Expected date and time of the SGM	9:30 am on Wednesday, 13 July 2022
Announcement of the poll results of the SGM	Wednesday, 13 July 2022

The following events are conditional on the fulfilment of the conditions of the Capital Reorganisation:

Expected effective date of the Capital Reorganisation	Thursday, 14 July 2022
First day of the free exchange of the Existing Share Certificates for the New Share Certificates for the New Shares	Thursday, 14 July 2022
Dealings in the New Shares commence	9:00 am on Thursday, 14 July 2022
Last day for free exchange of the Existing Share Certificates for the New Share Certificates for the New Shares	4:30 pm on Friday, 12 August 2022

All times and dates stated above refer to Hong Kong local times and dates unless otherwise specific. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

GENERAL

An SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other matters, the Capital Reorganisation. A circular containing, among other things, further details of the Capital Reorganisation together with a notice convening the SGM and the related proxy form, will be despatched by the Company to the Shareholders as soon as practicable.

As no Shareholder has a material interest in the proposed Capital Reorganisation, none of the Shareholders will be required to abstain from voting on the resolution to approve the Capital Reorganisation.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day(s)”	a day on which banks are open for business in Hong Kong other than a Saturday, Sunday, public holiday and a day on which a tropical typhoon signal no. 8 or above or a “black rainstorm” warning signal is hoisted in Hong Kong at any time between 9:00 am and 5:00 pm
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Capital Reduction”	the proposed reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.36 on each of the issued Shares such that the par value of each issued Share will be reduced from HK\$0.40 to HK\$0.04
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Capital Reduction, the Diminution and Increase, the Share Premium Reduction and the Crediting of Contributed Surplus
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies Act”	the Companies Act 1981 of Bermuda, as amended, supplemented or otherwise modified from time to time
“Company”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and which Shares are listed on the main board of the Stock Exchange
“Contributed Surplus Account”	the contributed surplus account of the Company within the meaning of the Companies Act
“Crediting of Contributed Surplus”	the credit arising from the Capital Reduction and the Share Premium Reduction being credited to the Contributed Surplus Account for use by the Board in any manner permitted by the laws of Bermuda and the Bye-laws
“Diminution and Increase”	subject to and conditional upon the Capital Reduction taking effect, the proposed cancellation of all the authorised but unissued share capital of the Company (which shall include the authorised but unissued share capital arising from the Capital Reduction) in its entirety and forthwith upon such cancellation, and the proposed increase in the authorised share capital of the Company to HK\$30,000,000 divided into 750,000,000 New Shares
“Director(s)”	the director(s) of the Company
“Existing Share Certificate(s)”	the certificates for the Share(s)

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	the ordinary share(s) of HK\$0.04 each in the share capital of the Company upon the Capital Reorganisation taking effect
“New Share Certificate(s)”	the certificate(s) for the New Share(s)
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Capital Reorganisation
“Share(s)”	ordinary share(s) of HK\$0.40 each in the share capital of the Company before the Capital Reorganisation becoming effective
“Share Options”	the share options granted by the Company under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 8 June 2018
“Share Premium Reduction”	the proposed reduction of the amount of HK\$600,000,000 standing to the credit of the share premium account of the Company as at 31 December 2021
“Shareholder(s)”	the holder(s) of the Share(s) or the New Share(s) (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

On behalf of the Board
Bankee P. Kwan
*Executive Director and
Chief Executive Officer*

Hong Kong, 14 June 2022

As at the date of this announcement, the Board comprises:

Executive directors:

Dr Kwan Pak Hoo Bankee, JP
Mr Kwan Teng Hin Jeffrey
Mr Cheung Wai Lim William
Mr Law Hin Ong Trevor

Independent non-executive directors:

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

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

** For identification purposes only*