
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form(s) of Acceptance.

If you are in any doubt as to any aspect of the Offers, this Composite Document, the accompanying Form(s) of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a 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 Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers.



CELESTIAL INVESTMENT GROUP LIMITED
(incorporated in the British Virgin Islands with limited liability)

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)

**COMPOSITE OFFER AND RESPONSE DOCUMENT
IN RELATION TO
THE CONDITIONAL MANDATORY CASH OFFERS BY
EDDID CAPITAL ON BEHALF OF
CIGL (A WHOLLY-OWNED SUBSIDIARY OF CASH)
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY CIGL AND PARTIES ACTING IN CONCERT WITH IT
AT THE TIME THE SHARE OFFER IS MADE)
AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS**
Financial adviser to the Offeror



Eddid Capital Limited

Independent financial adviser to the Independent Board Committee



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Eddid Capital containing, among other things, details of the terms of the Offers is set out on pages 8 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 26 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Offer Shareholders and the Optionholders in relation to the Offers is set out on pages 27 to 28 of this Composite Document. A letter from the Independent Financial Adviser containing its opinion on the Offers and its recommendation and advice to the Independent Board Committee, the Offer Shareholders and the Optionholders is set out on pages 29 to 50 of this Composite Document.

The procedures for acceptance and settlement of the Offers and other related information are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptance of the Offers should be received by the Registrar (in respect of the Share Offer) or the company secretary of the Company (in respect of the Option Offer), as the case may be, by no later than 4:00 p.m. on Wednesday, 23 June 2021 or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the requirements under the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders and Optionholders" in the "Letter from Eddid Capital" of this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder and Optionholders wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders and Optionholders are advised to seek professional advice on deciding whether or not to accept the Offers.

The Composite Document will be accessible on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.cfsg.com.hk.

* For identification purpose only

2 June 2021

CONTENTS

| | <i>Page</i> |
|--|-------------|
| EXPECTED TIMETABLE | ii |
| DEFINITIONS | 1 |
| LETTER FROM EDDID CAPITAL | 8 |
| LETTER FROM THE BOARD | 18 |
| LETTER FROM THE INDEPENDENT BOARD COMMITTEE | 27 |
| LETTER FROM VINCO CAPITAL | 29 |
| APPENDIX I FURTHER TERMS AND PROCEDURES OF ACCEPTANCE OF THE OFFERS | I-1 |
| APPENDIX II FINANCIAL INFORMATION OF THE GROUP | II-1 |
| APPENDIX III GENERAL INFORMATION | III-1 |
| ACCOMPANYING DOCUMENT – FORMS OF ACCEPTANCE | |

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. All time and date references contained in this Composite Document and the Form(s) of Acceptance refer to Hong Kong local time and dates.

Despatch date of this Composite Document and the Form(s) of Acceptance
and the commencement date of the Offers (*Note 1*) Wednesday, 2 June 2021

Latest time and date for acceptance of the Offers
on the First Closing Date (*Notes 2 and 5*) 4:00 p.m. on
Wednesday, 23 June 2021

First Closing Date of the Offers (*Note 1*) Wednesday, 23 June 2021

Announcement of the results of the Offers as at the First Closing Date,
or as to whether the Offers have been extended
or become unconditional as at the First Closing Date,
on the website of the Stock Exchange (*Note 2*) no later than 7:00 p.m.
Wednesday, 23 June 2021

Latest date for posting of remittance in respect of
valid acceptances received under the Offers
by the First Closing Date (assuming the Offers become
or are declared unconditional on such date) (*Notes 4 and 5*) Monday, 5 July 2021

Latest time and date for the Offers to remain open
for acceptance (assuming the Offers become or are declared
unconditional on the First Closing Date) (*Note 3*) 4:00 p.m. on
Wednesday, 7 July 2021

Final closing date of the Offers if the Offers become
or are declared unconditional on the First Closing Date Wednesday, 7 July 2021

Latest date for posting of remittance in respect of
valid acceptances received under the Offers
on or before 4:00 p.m. on 7 July 2021, being the latest
date on which the Offers remain open for acceptances
assuming the Offers become or are declared unconditional
in all respects on the First Closing Date Friday, 16 July 2021

Latest time and date which the Offers can become
or be declared unconditional as to acceptances (*Note 6*) 7:00 p.m. on
Monday, 2 August 2021

EXPECTED TIMETABLE

Notes:

1. The Offers are made on Wednesday, 2 June 2021, namely the date of posting of this Composite Document and the Form(s) of Acceptance, and is capable of acceptance on and from that date until the First Closing Date. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed "Right of Withdrawal" in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offers must initially be opened for acceptance for at least twenty-one (21) days following the date on which this Composite Document was posted. The Offers will be closed on the First Closing Date unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. on the First Closing Date stating the results of the Offers and whether the Offers have been extended, revised or expired. In the event that the Offeror decides that the Offers will remain open, the announcement will state the next Closing Date of the Offers or, if the Offers have become or been declared unconditional, that the Offers will remain open until further notice. At least fourteen (14) days' notice by way of an announcement will be given before the Offers are closed to those Offer Shareholders and Optionholders who have not accepted the Offers.
3. In accordance with the Takeovers Code, where the Offers become or is declared unconditional in all respects, the Offers should remain open for acceptance for not less than fourteen (14) days thereafter. In such case, at least fourteen (14) days' notice in writing must be given before the Offers are closed to the Offer Shareholders and Optionholders who have not accepted the Offers. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as it may determine or as permitted by the Executive.
4. Remittances in respect of the cash consideration payable for the Shares tendered under the Share Offer and for the Options tendered under the Option Offer respectively will be despatched to the respective accepting holders of the Offer Shares and the Options by ordinary post at their own risks as soon as possible but in any event within seven (7) Business Days from the later of the date on which the Offers become or is declared unconditional and the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

Pursuant to Rule 17 of the Takeovers Code, an acceptor shall be entitled to withdraw it/his/her acceptance after twenty-one (21) days from the First Closing Date if the Offers have not by then become unconditional as to acceptances. However, this entitlement to withdraw shall only be exercisable until such time as the Offers become or is declared unconditional as to acceptances. For further details, please refer to Appendix I to this Composite Document.

5. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning, or post-super typhoon extreme conditions:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day.
6. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day on which this Composite Document was posted. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offers have previously become or is declared unconditional as to acceptance, the Offers will lapse after 7:00 p.m. on Monday, 2 August 2021, unless extended with the consent of the Executive.

Save as mentioned above, if the latest time for the acceptance of the Offers does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

DEFINITIONS

In this Composite Document, the following terms and expressions shall have the following meanings, unless the context otherwise requires:

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| “Acquisition” | the acquisition by CIGL of the Sale Shares issued to the Vendors upon exercise of the SPA Options pursuant to the Undertakings and Agreements |
| “Acquisition under the Offers” | the on-market acquisition of the Shares and the acquisition of Shares from all the Offer Shareholders under the Share Offer |
| “Acquisitions” | the Acquisition and the Acquisition under the Offers |
| “acting in concert” | has the meaning given to it in the Takeovers Code, and “persons acting in concert” and “concert parties” should be construed accordingly |
| “Announcements” | the Initial Announcement, the subsequent announcements dated 12 January 2021 and 30 April 2021 made by the Company, and the joint announcements dated 21 January 2021, 19 February 2021, 19 March 2021, 19 April 2021 and 14 May 2021 and the Completion Announcement made by the Company, the Offeror and CASH in relation to, inter alia, the Acquisitions and the Offers |
| “April 2020 Options” | the outstanding 12,360,000 Options with exercise price of HK\$0.48 granted by the Company in April 2020 |
| “associate” | has the same meaning as ascribed to it under the Takeovers Code or the Listing Rules as the context may require |
| “Board” | the board of Directors |
| “Business Day” | a day on which the Stock Exchange is open for the transaction of business |
| “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 substantial Shareholder of the Company held through CIGL |
| “Cash Guardian” | Cash Guardian Limited, a company incorporated in the British Virgin Islands with limited liability, which is a 100%-controlled corporation and an associate of Dr Kwan |

DEFINITIONS

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| “CCASS” | the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited |
| “Closing Date” | the First Closing Date, or if the Offers are extended, any subsequent closing date of the Offers as extended and announced by the Offeror in accordance with the Takeovers Code |
| “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 |
| “Completion Announcement” | the announcement dated 26 May 2021 jointly issued by the Company, CASH and the Offeror in relation to, among other things, the S&P Completion |
| “Composite Document” | this composite offer and response document dated 2 June 2021 issued jointly by the Offeror and the Company to all the Offer Shareholders and the Optionholders in connection with the Offers in accordance with the Takeovers Code containing, inter alia, the detailed terms of the Offers, together with the Form(s) of Acceptance |
| “connected person(s)” | has the meaning as ascribed thereto under the Listing Rules |
| “Directors” | the directors of the Company |
| “Dr Kwan” | Dr Kwan Pak Hoo Bankee, who is (i) the chairman and an executive director of each of the Company and CASH; (ii) a substantial Shareholder of CASH, holding directly and indirectly (through Cash Guardian) in aggregate 40,197,599 CASH Shares (representing approximately 49.79% of issued CASH Shares) as at the Latest Practicable Date; and (iii) a party acting in concert with the Offeror |
| “Eddid Capital” | Eddid Capital Limited, a corporation licensed by SFC to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the agent making the Offers on behalf of the Offeror and the financial adviser to the Offeror in respect of the Offers |

DEFINITIONS

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| “Encumbrance(s)” | a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any of his delegates |
| “Facility” | the facility in the total amount of HK\$135,000,000 under the loan facility agreement entered into between, among others, Bank of Communications (Hong Kong) Ltd. as lender and CASH (the holding company of the Offeror) as borrower and Dr Kwan as guarantor to the extent of HK\$80,000,000 in relation to a loan facility for financing the consideration payable by the Offeror for the Acquisition under the Offers, and the relevant security documents, including, inter alia, a share charge in respect of the 97,136,000 Shares held by CIGL and the Offer Shares to be acquired by the Offeror pursuant to the Share Offer and pledge of a deposit of HK\$60,000,000 given by the Offeror to Bank of Communications (Hong Kong) Ltd. relating to the said loan facility |
| “First Closing Date” | 23 June 2021, being the first closing date of the Share Offer which is twenty-one (21) days after the date on which this Composite Document is posted or any subsequent closing date(s) as may be determined and announced by the Offeror with the consent of the Executive |
| “Form(s) of Acceptance” | the Form of Share Offer Acceptance and the Form of Option Offer Acceptance, and “Form of Acceptance” shall mean each and any one of them |
| “Form of Option Offer Acceptance” | the pink form of acceptance in respect of the Option Offer accompanying this Composite Document |
| “Form of Share Offer Acceptance” | the white form of acceptance in respect of the Share Offer accompanying this Composite Document |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic China |

DEFINITIONS

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| “Independent Board Committee” | the independent committee of the Board (comprising the three independent non-executive Directors, namely Mr Cheng Shu Shing Raymond, Mr Lo Kwok Hung John and Mr Lo Ming Chi Charles) formed for the purpose of making a recommendation to the Offer Shareholders and to the Optionholders as to whether the Offers are respectively fair and reasonable and as to acceptance |
| “Initial Announcement” | the joint announcement dated 31 December 2020 made by the Company, the Offeror and CASH in relation to, inter alia, the Acquisitions and making of the Offers |
| “June 2019 Options” | the outstanding 2,790,000 Options with exercise price of HK\$1.04 granted by the Company in June 2019 |
| “Last Trading Day” | 31 December 2020, being the last trading day for the Shares on the date of the Initial Announcement |
| “Latest Practicable Date” | 28 May 2021, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Main Board” | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange |
| “March 2019 Options” | the outstanding 9,580,500 Options with exercise price of HK\$1.42 granted by the Company in March 2019 |
| “Offer Period” | has the meaning ascribed thereto in the Takeovers Code, being the period from 31 December 2020, i.e. the date of the Initial Announcement, to the Closing Date, or such other time or date to which the Offeror may decide to extend or revise the Offers in accordance with the Takeovers Code |
| “Offer Share(s)” | Share(s) subject to the Share Offer |
| “Offer Shareholder(s)” | holder(s) of the Offer Share(s) |

DEFINITIONS

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| “Offeror” or “CIGL” | Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CASH, holding 97,276,854 Shares as at the Latest Practicable Date |
| “Offers” | the Share Offer and the Option Offer |
| “Option Offer” | the conditional mandatory cash offer made by Eddid Capital on behalf of the Offeror to the relevant Optionholders for cancellation of the Options at the Option Offer Price in accordance with Rule 13 of the Takeovers Code |
| “Option Offer Price” | the relevant cash amount per Option, payable by the Offeror to the relevant Optionholders for each Option accepted under the Option Offer as set out under the paragraph headed “The Option Offer” in the “Letter from Eddid Capital” in this Composite Document, which is HK\$0.0001 for the March 2019 Options and the June 2019 Options and HK\$0.27 for the April 2020 Options, as the case may be |
| “Optionholder(s)” | grantees/holders for the time being of the Option(s) |
| “Options” | the outstanding options of the Company, being March 2019 Options, June 2019 Options and April 2020 Options, granted by the Company pursuant to the Share Option Scheme to subscribe for up to an aggregate of 24,730,500 Shares as at the Latest Practicable Date |
| “Overseas Shareholders” | Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong |
| “Registrar” | Tricor Standard Limited, being the Hong Kong branch share registrar and transfer office of the Company, located at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong |
| “Relevant Period” | the period commencing from 30 June 2020, being the date falling six months preceding 31 December 2020, and ending on and including the Latest Practicable Date |
| “S&P Completion” | completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Undertakings and Agreements, which took place on 26 May 2021 |

DEFINITIONS

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| “Sale Shares” | an aggregate of 11,136,000 Shares issued upon exercise of the SPA Options by the Vendors and sold to CIGL by the Vendors under the Undertakings and Agreements on 26 May 2021 |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) with par value of HK\$0.40 each in the share capital of the Company |
| “Share Offer” | the conditional mandatory cash offer made by Eddid Capital on behalf of the Offeror to acquire all of the Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it at the time the Share Offer is made) at the Share Offer Price in accordance with the Takeovers Code |
| “Share Offer Price” | the cash amount of HK\$0.75 per Share payable by the Offeror to the relevant Offer Shareholders for each Share accepted under the Share Offer |
| “Share Option Scheme” | the share option scheme adopted by the Company with effect from 8 June 2018, which is the existing share option scheme of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “SPA Options” | an aggregate of 11,136,000 April 2020 Options held and exercised by the Vendors and the Sale Shares were then sold by the Vendors to the Offeror under the Undertakings and Agreements on 26 May 2021 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning as ascribed to it under the Listing Rules |
| “substantial shareholder(s)” | has the meaning as ascribed to it under the Listing Rules |
| “Takeovers Code” | the Code on Takeovers and Mergers published by the SFC as amended from time to time |
| “trading day” | a day on which the Stock Exchange is open for the business of dealings in securities |

DEFINITIONS

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| “Undertakings and Agreements” | the irrevocable undertakings and agreements all dated 31 December 2020 made between the Offeror with each of the Vendors pursuant to which the Vendors have conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, the Sale Shares |
| “Vendors” | the Optionholders holding an aggregate of 11,136,000 SPA Options as at the date of the Initial Announcement, namely Mr Ng Hin Sing Derek (executive Director and former executive director of CASH), Mr Cheung Wai Ching Anthony and Mr Ho Tsz Cheung Jack (directors of subsidiaries of the Group), Mr Law Ping Wah Bernard and Mr Lau Chi Wo |
| “Vinco Capital” or “Independent Financial Adviser” | Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (Stock code: 8340), a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Offers and, in particular, as to whether the Offers are respectively fair and reasonable and as to acceptance |
| “%” | per cent |

LETTER FROM EDDID CAPITAL



2 June 2021

To the Offer Shareholders and the Optionholders

Dear Sir/Madam,

**COMPOSITE OFFER AND RESPONSE DOCUMENT
IN RELATION TO
THE CONDITIONAL MANDATORY CASH OFFERS BY
EDDID CAPITAL ON BEHALF OF
CIGL (A WHOLLY-OWNED SUBSIDIARY OF CASH)
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY CIGL AND PARTIES ACTING IN CONCERT WITH IT
AT THE TIME THE SHARE OFFER IS MADE)
AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS**

INTRODUCTION

References are made to the Announcements.

As stated in the Initial Announcement, on 31 December 2020 after trading hours, the Vendors and the Offeror entered into the Undertakings and Agreements pursuant to which the Vendors had conditionally undertaken to exercise the SPA Options in full and had conditionally agreed to sell and the Offeror had conditionally agreed to purchase the Sale Shares, representing approximately 4.59% of the existing issued share capital of the Company as at the date of the Undertakings and Agreements and approximately 4.39% of the enlarged issued share capital of the Company as at the S&P Completion, for a total cash consideration of HK\$8,352,000 (being HK\$0.75 per Share).

The S&P Completion took place on 26 May 2021 where the 11,136,000 SPA Options were exercised in full and sale and purchase of the Sale Shares was completed pursuant to the Undertakings and Agreements.

LETTER FROM EDDID CAPITAL

As at the date of the Initial Announcement and immediately before the S&P Completion, the Offeror and parties acting in concert with it owned a total of 86,140,854 Shares, representing approximately 35.50% of the issued share capital of the Company. Immediately following the S&P Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned a total of 97,276,854 Shares, representing approximately 38.33% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Share Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it at the time the Share Offer is made). The Offeror is also required to make the Option Offer for the cancellation of all outstanding Options pursuant to Rule 13 of the Takeovers Code. The principal terms of the Offers are set out under the section headed “The Offers” below. Eddid Capital is making the Offers on behalf of the Offeror.

This letter sets out, among other things, details of the Offers, information on the Offeror and its intention regarding the Group. Further terms of the Offers and the procedures of acceptances are set out in this letter and Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

The Offer Shareholders and the Optionholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from Vinco Capital” as set out in this Composite Document before reaching a decision as to whether or not to accept the Offers.

THE OFFERS

Principal terms of the Offers

Eddid Capital, on behalf of the Offeror, is now making the Offers on the following basis:

The Share Offer

The Share Offer is made on the following basis:

HK\$0.75 in cash **For each Share accepted under the Share Offer**

The Share Offer Price equals to the price per Sale Share paid by the Offeror under the Undertakings and Agreements. The Share Offer Price also represents the highest price paid by the Offeror and parties acting in concert with it for the Shares in the preceding 6 months from the date of the Initial Announcement and up to the Latest Practicable Date.

The Option Offer

For the outstanding 12,370,500 Options (except April 2020 Options)
HK\$0.0001 in cash **For cancellation of each such Option**

For the outstanding 12,360,000 April 2020 Options
HK\$0.27 in cash **For cancellation of each such April 2020 Option**

LETTER FROM EDDID CAPITAL

As at the Latest Practicable Date, there were 24,730,500 outstanding Options granted under the Share Option Scheme, including (a) 12,370,500 Options, out of which:- (i) 9,580,500 March 2019 Options were exercisable at the exercise price of HK\$1.42 each; (ii) 2,790,000 June 2019 Options were exercisable at the exercise price of HK\$1.04 each; and (b) 12,360,000 April 2020 Options were exercisable at HK\$0.48 each, each relating to one Share. Pursuant to Rule 13 of the Takeovers Code, the Offeror is making an appropriate cash offer to the Optionholders to cancel the Options by way of the Option Offer.

As the March 2019 Options and the June 2019 Options have an exercise price of HK\$1.42 and HK\$1.04 per Share respectively, which are above the Share Offer Price so that all such Options are out-of-the-money, the Option Offer Price for the cancellation of each such Option is a nominal cash amount of HK\$0.0001 (whether such Options are exercisable or not).

As the April 2020 Options have an exercise price of HK\$0.48 per Share, which is less than the Share Offer Price, the Option Offer Price for the cancellation of each such April 2020 Option is a cash amount equal to the “see-through” price of HK\$0.27 (being the Share Offer Price of HK\$0.75 minus the exercise price of such April 2020 Options of HK\$0.48) (whether such April 2020 Options are exercisable or not).

Save for the Options, as at the Latest Practicable Date, there were no outstanding convertible securities, warrants, options or derivatives issued by the Company which might confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

Under the terms of the Share Option Scheme, if the Option Offer is not accepted in respect of any Options, any unexercised Options shall remain valid in accordance with the terms of the Options and subject to such restrictions as applied to it before the Offers.

Comparisons of value

The Share Offer

The Share Offer Price represents:

- (a) a premium of approximately 8.7% over the closing price of HK\$0.690 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 8.7% over the closing price of HK\$0.690 per Share as quoted on the Stock Exchange on the last Business Day immediately preceding the Last Trading Day;
- (c) a premium of approximately 7.1% over the closing price of HK\$0.7 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a premium of approximately 10.6% over the average closing price of HK\$0.678 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Day;

LETTER FROM EDDID CAPITAL

- (e) a premium of approximately 30.7% over the average closing price of HK\$0.574 per Share as quoted on the Stock Exchange over the last 30 consecutive trading days up to and including the Last Trading Day;
- (f) a premium of approximately 45.9% over the average closing price of HK\$0.514 per Share as quoted on the Stock Exchange over the last 60 consecutive trading days up to and including the Last Trading Day;
- (g) a premium of approximately 48.8% over the average closing price of HK\$0.504 per Share as quoted on the Stock Exchange over the last 90 consecutive trading days up to and including the Last Trading Day;
- (h) a discount of approximately 62.3% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$1.99 per Share (based on the audited consolidated net asset value of the Company of HK\$503,798,000 as at 31 December 2019 and 253,758,779 issued Shares as at the Latest Practicable Date);
- (i) a discount of approximately 59.9% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$1.87 per Share (based on the unaudited consolidated net asset value of the Company of HK\$475,674,000 as at 30 June 2020 and 253,758,779 issued Shares as at the Latest Practicable Date); and
- (j) a discount of approximately 58.1% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$1.79 per Share (based on the audited consolidated net asset value of the Company of HK\$453,880,000 as at 31 December 2020 (the date on which the latest audited financial results of the Group were made up) and 253,758,779 issued Shares as at the Latest Practicable Date).

Highest and lowest trading prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.980* on 6 July 2020 and HK\$0.395 on 6 October 2020 respectively.

* The prices of the Shares were adjusted as a result of the 20-to-1 share consolidation of the Company effective on 7 September 2020.

LETTER FROM EDDID CAPITAL

Total consideration for the Offers

Upon the S&P Completion and as at the Latest Practicable Date, there were (i) 253,758,779 Shares in issue, (ii) 12,360,000 April 2020 Options outstanding, all of which were in-the-money, and (iii) 9,580,500 March 2019 Options and 2,790,000 June 2019 Options outstanding, all of which were out-of-the-money.

On the basis that (i) 156,481,925 Shares are subject to the Share Offer (representing the Shares not already held or to be acquired by the Offeror and parties acting in concert with it before the Offers) at the Share Offer Price of HK\$0.75, (ii) 12,360,000 April 2020 Options are subject to the Option Offer at the Option Offer Price of HK\$0.27, and (iii) 12,370,500 Options (representing the aggregate of all the outstanding March 2019 Options and June 2019 Options) are subject to the Option Offer at the Option Offer Price of HK\$0.0001, and assuming acceptance of the Offers in full and assuming that no Options are exercised before the close of the Offers, the total amount of cash required for the Offers will be HK\$120,699,881, including as to HK\$117,361,444 for the Share Offer and HK\$3,338,437 for the Option Offer.

The Offeror is of the view that the outstanding Options (except the April 2020 Options) are out-of-the-money options and rational investors are assumed not to exercise such options given they will incur a loss by doing so. On that basis assuming no Options (except the April 2020 Options) will be exercised, (i) 168,841,925 Shares (including the 12,360,000 Shares upon exercise of the outstanding 12,360,000 April 2020 Options) are subject to the Share Offer (representing the Shares not already held or to be acquired by the Offeror and parties acting in concert with it before the Offers) at the Share Offer Price of HK\$0.75, (ii) 12,370,500 Options (representing all of the outstanding March 2019 Options and June 2019 Options) are subject to the Option Offer at the Option Offer Price of HK\$0.0001, and assuming acceptance of the Offers in full, the total amount of cash required for the Offers will be HK\$126,632,681, including as to HK\$126,631,444 for the Share Offer and HK\$1,237 for the Option Offer. Based on the calculation set out above, the maximum funding required for the Offers is HK\$126,632,681.

Conditions of the Offers

The Share Offer is conditional upon the Offeror having received (and, where permitted, such acceptances not having been withdrawn), at or before 4:00 pm on the First Closing Date of 23 June 2021 (or such other time as the Offeror may, subject to the Takeovers Code, decide), valid acceptances in respect of the Shares which, together with the Shares acquired or agreed to be acquired before or during the Share Offer, will result in the Offeror and any person acting in concert with it holding more than 50% of the voting rights of the Company. If such condition is not satisfied on or before the First Closing Date, the Share Offer will lapse unless the offer period is extended by the Offeror in accordance with the Takeovers Code. Under Rule 15.5 of the Takeovers Code, the latest time on which the Offers may become or may be declared unconditional as to acceptance is 7:00 p.m. on 2 August 2021 (i.e. the 60th day after the posting of the Composite Document), or such later date to which the Executive may consent. The Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

LETTER FROM EDDID CAPITAL

Confirmation of financial resources

The Offeror intends to finance and satisfy the total maximum consideration payable (including the stamp duty payable) under the Offers from the Facility. The Facility is provided by Bank of Communications (Hong Kong) Ltd. for financing the consideration payable by the Offeror for the Offers, and which is to be secured by, among others, (i) the 97,136,000 Shares held by CIGL, (ii) the Offer Shares to be acquired by the Offeror pursuant to the Share Offer and (iii) pledge of a deposit of HK\$60,000,000 from CASH. The Offeror confirms that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the aforementioned financing arrangements will not depend to any significant extent on the business of the Group. Eddid Capital, as the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offers as described above.

Effect of accepting the Offers

By validly accepting the Share Offer, the accepting Offer Shareholders will sell their tendered Offer Shares to the Offeror which are fully paid-up and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Share Offer is made, being 2 June 2021 (i.e. the date of this Composite Document), including the right to receive in full all dividends and other distributions, if any, declared, made or paid, the record date of which falls on or after the date of this Composite Document.

As at the Latest Practicable Date, (i) the Company had no dividend or other distributions declared but not paid; and (ii) the Company had no intention to declare and pay any dividend or other distributions before the close of the Offers.

By validly accepting the Option Offer, the accepting Optionholders will tender their Options for cancellation and all rights attached thereto will be extinguished with effect from the date on which the Option Offer is made, being 2 June 2021 (i.e. the date of this Composite Document).

Acceptance of the Offers shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

The seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by each Offer Shareholder at the rate of 0.1% of (i) the consideration payable by the Offeror for such person's Offer Shares or, (ii) if higher, the market value of the Offer Shares subject to such acceptance, and will be deducted from the cash amount due to such accepting Offer Shareholder. The Offeror will arrange for payment of sellers' ad valorem stamp duty on behalf of such accepting Offer Shareholders and pay the buyer's ad valorem stamp duty and will account to the Stamp Office of Hong Kong for all stamp duty payable on the sale and purchase of Offer Shares in respect of which valid acceptances are received under the Share Offer. No stamp duty is payable in connection with the acceptances of the Option Offer.

LETTER FROM EDDID CAPITAL

Payment

Payment in cash in respect of acceptances of the Offers (after deducting the accepting Offer Shareholders' share of stamp duty) will be made as soon as possible but in any event within seven (7) Business Days of the date of receipt of a duly completed acceptance, or the date on which the Offers become or are declared unconditional in all aspects, whichever is later. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offers complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

Overseas Shareholders and Optionholders

The making of the Offers to persons not resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable legal, tax and regulatory requirements in their own jurisdictions. It is the responsibility of any overseas Shareholders or Optionholders wishing to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection with the Offers, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any acceptance by any Shareholder or Optionholder will be deemed to constitute a representation and warranty from such Shareholder or Optionholder to the Offeror that the local laws and requirements have been complied with. The Shareholders and Optionholders should consult their professional advisers if in doubt.

Tax advice

Shareholders and Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, the parties acting in concert with it, Eddid Capital, their respective directors, officers, agents or associates or any other person involved in the Offers accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

INFORMATION ON THE GROUP

Details of the information on the Group are set out in the "Letter from the Board" of this Composite Document.

LETTER FROM EDDID CAPITAL

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of CASH. Its activity is investment holding. As at the Latest Practicable Date, it held 97,276,854 Shares (representing approximately 38.33% of issued Shares). The Company is currently an associated company of CASH.

The current principal activities of the 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; and (b) general investment holding. For additional information, please visit www.cash.com.hk.

Based on the audited accounts of CASH, the net losses (before taxation and extraordinary items) for the financial year ended 31 December 2019 were approximately HK\$72.2 million and the net losses (after taxation and extraordinary items) were approximately HK\$100.3 million, and the audited net asset value as at 31 December 2019 was approximately HK\$170.5 million.

Based on the audited accounts of CASH, the net profit (before taxation and extraordinary items) for the financial year ended 31 December 2020 was approximately HK\$38.7 million and the net profit (after taxation and extraordinary items) was approximately HK\$41.0 million, and the audited net asset value as at 31 December 2020 was approximately HK\$259.1 million.

As at the Latest Practicable Date, the directors of the Offeror were Dr Kwan Pak Hoo Bankee, Mr Li Shing Wai Lewis, Mr Leung Siu Pong James and Mr Kwan Teng Hin Jeffrey, and the board of directors of CASH comprised Dr Kwan Pak Hoo Bankee, Mr Li Shing Wai Lewis, Mr Leung Siu Pong James and Mr Kwan Teng Hin Jeffrey as executive directors and Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin as independent non-executive directors.

INTENTION OF THE OFFEROR REGARDING THE GROUP AND LISTING STATUS OF THE COMPANY

The directors of the Offeror and CASH are of the view that leveraging on the Company’s solid business foundation in the financial services industry, its financial services and information technology capabilities, advanced and digitalised trading platform and professional talents and a cost effective structure after its business transformation, it is expected that there is tremendous growth potential for brokerage and wealth management businesses of the Company on the back of economic recovery. The economic activities and stock market are expected to rebound when the pandemic becomes under control upon successful mass production of the COVID-19 vaccines. The directors of the Offeror and CASH consider that the Acquisitions and the Offers represent an opportunity for CASH to increase its shareholding interest in the Company at a reasonable price.

If and upon the Offers becoming unconditional, the Company will be held as to over 50% by the Offeror and will become a subsidiary of CASH. The financial results of the Group will then be consolidated in the financial results of the CASH group.

LETTER FROM EDDID CAPITAL

Based on the above, after the close of the Offers, the Offeror intends to continue the existing businesses of the Group and has no intention to put forward any major changes to the businesses of the Group.

It is expected that all of the existing executive Directors and independent non-executive Directors will remain unchanged. The Offeror does not intend to make any changes to the existing management and employment of the employees of the Group or redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close of the Share Offer.

The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:-

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market;

the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. In that connection, it should be noted that, upon completion of the Share Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a prescribed level of public float is attained.

The directors of the Offeror and the Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. Such steps may include, without limitation, a placing down of sufficient number of the Shares by the Offeror where appropriate.

The Offeror does not intend to avail itself of any powers of compulsory acquisition of the Shares after the close of the Offers.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

LETTER FROM EDDID CAPITAL

GENERAL

To ensure equality of treatment of all Offer Shareholders, those registered Offer Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

Attention of the Overseas Shareholders and Optionholders is drawn to paragraph headed “Overseas Shareholders and Optionholders” above in this letter.

All documents and remittances to be sent to the Offer Shareholders and the Optionholders will be sent to them by ordinary post at their own risks. Such documents and remittances will be sent to the Offer Shareholders and the Optionholders at their respective addresses as they appear in the register of members or (for the Optionholders) the records of the Company or in the case of joint Offer Shareholders, to such Offer Shareholders whose name appears first in the register of members of the Company. The Offeror, its beneficial owner and parties acting in concert with any of them, the Company, Eddid Capital, Vinco Capital, the Registrar or professional advisers or any of their respective directors or any other parties involved in the Offers will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance which form part of this Composite Document.

You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from Vinco Capital” and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Offers. In considering what action to take in connection with the Offers, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,

For and on behalf of

Eddid Capital Limited

Andy Chow

Sam Chan

CEO & Head of

Executive Director

Investment Banking

Division

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

LI Shing Wai Lewis

KWAN Teng Hin Jeffrey

KWOK Ka Lok Lionel

NG Hin Sing Derek

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

2 June 2021

To the Offer Shareholders and the Optionholders

Dear Sir or Madam,

**COMPOSITE OFFER AND RESPONSE DOCUMENT
IN RELATION TO
THE CONDITIONAL MANDATORY CASH OFFERS BY
EDDID CAPITAL ON BEHALF OF
CIGL (A WHOLLY-OWNED SUBSIDIARY OF CASH)
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY CIGL AND PARTIES ACTING IN CONCERT WITH IT
AT THE TIME THE SHARE OFFER IS MADE)
AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS**

INTRODUCTION

References are made to the Announcements.

* For identification purpose only

LETTER FROM THE BOARD

As stated in the Initial Announcement, on 31 December 2020 after trading hours, the Vendors and the Offeror entered into the Undertakings and Agreements pursuant to which the Vendors had conditionally undertaken to exercise the SPA Options in full and had conditionally agreed to sell and the Offeror had conditionally agreed to purchase the Sale Shares, representing approximately 4.59% of the existing issued share capital of the Company as at the date of the Undertakings and Agreements and approximately 4.39% of the enlarged issued share capital of the Company as at the S&P Completion for a total cash consideration of HK\$8,352,000 (being HK\$0.75 per Share).

The S&P Completion was conditional upon CASH having obtained approvals from its shareholders/independent shareholders at a special general meeting of CASH for approving the Acquisitions and the making of the Offers, which had been obtained on 14 May 2021. The S&P Completion took place on 26 May 2021, where the 11,136,000 SPA Options were exercised in full and sale and purchase of the Sale Shares was completed pursuant to the Undertakings and Agreements.

As at the date of the Initial Announcement and immediately before the S&P Completion, the Offeror and parties acting in concert with it owned a total of 86,140,854 Shares, representing approximately 35.50% of the issued share capital of the Company. Immediately following the S&P Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned a total of 97,276,854 Shares, representing approximately 38.33% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Share Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it at the time the Share Offer is made). The Offeror is also required to make the Option Offer for the cancellation of all outstanding Options pursuant to Rule 13 of the Takeovers Code.

Eddid Capital is making the Offers for and on behalf of the Offeror to the Offer Shareholders and the Optionholders to acquire all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it at the time the Share Offer is made) and for the cancellation of all outstanding Options in compliance with Rules 26.1 and 13 of the Takeovers Code. Details of the Offers are set out in the section headed “The Offers” in the “Letter from Eddid Capital” of this Composite Document.

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, on 12 January 2021, the Board established the Independent Board Committee comprising all three independent non-executive Directors, namely Mr Cheng Shu Shing Raymond, Mr Lo Kwok Hung John and Mr Lo Ming Chi Charles, to advise the Offer Shareholders and the Optionholders in relation to the terms and conditions of the Offers, in particular as to whether the Offers are fair and reasonable and as to acceptance of the Offers.

Vinco Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee, the Offer Shareholders and the Optionholders in relation to the Offers. The appointment of Vinco Capital as the Independent Financial Adviser has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

LETTER FROM THE BOARD

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offers as well as setting out the letter from the Independent Board Committee containing its recommendation to the Offer Shareholders and the Optionholders in respect of the terms of the Offers and as to acceptance, and the letter from the Vinco Capital containing its advice to the Independent Board Committee, the Offer Shareholders and the Optionholders in respect of the terms of the Offers and as to acceptance.

THE OFFERS

Principal terms of the Offers

Eddid Capital, on behalf of the Offeror, is now making the Offers on the following basis:

The Share Offer

The Share Offer is made on the following basis:

HK\$0.75 in cash **For each Share accepted under the Share Offer**

The Share Offer Price equals to the price per Sale Share paid by the Offeror under the Undertakings and Agreements. The Share Offer Price also represents the highest price paid by the Offeror and parties acting in concert with it for the Shares in the preceding 6 months from the date of the Initial Announcement and up to the Latest Practicable Date.

The Option Offer

For the outstanding 12,370,500 Options (except the April 2020 Options)
HK\$0.0001 in cash **For cancellation of each such Option**

For the outstanding 12,360,000 April 2020 Options
HK\$0.27 in cash **For cancellation of each such April 2020 Option**

As at the Latest Practicable Date, there were 24,730,500 outstanding Options granted under the Share Option Scheme, including (a) 12,370,500 Options, out of which:- (i) 9,580,500 March 2019 Options were exercisable at the exercise price of HK\$1.42 each; (ii) 2,790,000 June 2019 Options were exercisable at the exercise price of HK\$1.04 each; and (b) 12,360,000 April 2020 Options were exercisable at HK\$0.48 each, each relating to one Share. Pursuant to Rule 13 of the Takeovers Code, the Offeror is making an appropriate cash offer to the Optionholders to cancel the Options by way of the Option Offer.

As the March 2019 Options and the June 2019 Options have an exercise price of HK\$1.42 and HK\$1.04 per Share respectively, which are above the Share Offer Price so that all such Options are out-of-the-money, the Option Offer Price for the cancellation of each such Option is a nominal cash amount of HK\$0.0001 (whether such Options are exercisable or not).

LETTER FROM THE BOARD

As the April 2020 Options have an exercise price of HK\$0.48 per Share, which is less than the Share Offer Price, the Option Offer Price for the cancellation of each such April 2020 Option is a cash amount equal to the “see-through” price of HK\$0.27 (being the Share Offer Price of HK\$0.75 minus the exercise price of such April 2020 Options of HK\$0.48) (whether such April 2020 Options are exercisable or not).

Save for the Options, as at the Latest Practicable Date, there were no outstanding convertible securities, warrants, options or derivatives issued by the Company which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

Under the terms of the Share Option Scheme, if the Option Offer is not accepted in respect of any Options, any unexercised Options shall remain valid in accordance with the terms of the Options and subject to such restrictions as applied to it before the Offers.

Comparisons of value

The Share Offer

The Share Offer Price represents:

- (a) a premium of approximately 8.7% over the closing price of HK\$0.690 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 8.7% over the closing price of HK\$0.690 per Share as quoted on the Stock Exchange on the last Business Day immediately preceding the Last Trading Day;
- (c) a premium of approximately 7.1% over the closing price of HK\$0.7 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a premium of approximately 10.6% over the average closing price of HK\$0.678 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Day;
- (e) a premium of approximately 30.7% over the average closing price of HK\$0.574 per Share as quoted on the Stock Exchange over the last 30 consecutive trading days up to and including the Last Trading Day;
- (f) a premium of approximately 45.9% over the average closing price of HK\$0.514 per Share as quoted on the Stock Exchange over the last 60 consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (g) a premium of approximately 48.8% over the average closing price of HK\$0.504 per Share as quoted on the Stock Exchange over the last 90 consecutive trading days up to and including the Last Trading Day;
- (h) a discount of approximately 62.3% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$1.99 per Share (based on the audited consolidated net asset value of the Company of HK\$503,798,000 as at 31 December 2019 and 253,758,779 issued Shares as at the Latest Practicable Date);
- (i) a discount of approximately 59.9% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$1.87 per Share (based on the unaudited consolidated net asset value of the Company of HK\$475,674,000 as at 30 June 2020 and 253,758,779 issued Shares as at the Latest Practicable Date); and
- (j) a discount of approximately 58.1% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$1.79 per Share (based on the audited consolidated net asset value of the Company of HK\$453,880,000 as at 31 December 2020 (the date on which the latest audited financial results of the Group were made up) and 253,758,779 issued Shares as at the Latest Practicable Date).

Highest and lowest trading prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.980* on 6 July 2020 and HK\$0.395 on 6 October 2020 respectively.

- * The prices of the Shares were adjusted as a result of the 20-to-1 share consolidation of the Company effective on 7 September 2020.

Further details of the Offers, including terms and procedures for acceptance of the Offers are contained in the “Letter from Eddid Capital” set out on pages 8 to 17 and in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company had 253,758,779 Shares in issue and 24,730,500 outstanding Options granted under the Share Option Scheme. Save for the 253,758,779 Shares in issue and the 24,730,500 outstanding Options, there were no relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company in issue.

LETTER FROM THE BOARD

The following table sets out the shareholding structure of the Company immediately before and after the S&P Completion and as at the Latest Practicable Date:

| | (i) Immediately before exercise of the SPA Options | | (ii) Immediately before the S&P Completion after exercise of the SPA Options | | (iii) Immediately after the S&P Completion and as at the Latest Practicable Date | |
|---|--|--------------|--|--------------|--|--------------|
| | No. of Shares | Approximate% | No. of Shares | Approximate% | No. of Shares | Approximate% |
| CIGL | 86,140,854 | 35.50 | 86,140,854 | 33.95 | 97,276,854 | 38.33 |
| Directors of CASH and the Offeror: | | | | | | |
| Dr Kwan Pak Hoo Bankee (Notes 1 and 3) | - | - | - | - | - | - |
| Mr Leung Siu Pong James (Note 3) | - | - | - | - | - | - |
| Mr Li Shing Wai Lewis (Notes 1 and 3) | - | - | - | - | - | - |
| Mr Kwan Teng Hin Jeffrey (Notes 1 and 3) | - | - | - | - | - | - |
| (1) CIGL and parties acting in concert with it (Note 5) | 86,140,854 | 35.50 | 86,140,854 | 33.95 | 97,276,854 | 38.33 |
| Directors of the Company: | | | | | | |
| Mr Ng Hin Sing Derek (Note 2) | - | - | 2,472,000 | 0.98 | - | - |
| Mr Lo Kwok Hung John | 62,775 | 0.03 | 62,775 | 0.02 | 62,775 | 0.02 |
| (2) Directors of the Company | 62,775 | 0.03 | 2,534,775 | 1.00 | 62,775 | 0.02 |
| Directors of subsidiaries of the Company: | | | | | | |
| Mr Cheung Wai Ching Anthony (Notes 2 and 4) | - | - | 2,472,000 | 0.97 | - | - |
| Mr Ho Tsz Cheung Jack (Notes 2 and 4) | - | - | 2,472,000 | 0.97 | - | - |
| (3) Directors of the Company's subsidiaries | - | - | 4,944,000 | 1.94 | - | - |
| Sub-total ((1) to (3)) | 86,203,629 | 35.53 | 93,619,629 | 36.89 | 97,339,629 | 38.35 |
| Substantial Shareholder: | | | | | | |
| Ever Billion Group Limited (Note 6) | 41,300,000 | 17.02 | 41,300,000 | 16.28 | 41,300,000 | 16.28 |
| Other Vendors: | | | | | | |
| Mr Law Ping Wah Bernard (Notes 2 and 4) | 8,800 | - | 2,480,800 | 0.98 | 8,800 | - |
| Mr Lau Chi Wo (Note 2) | 95,820 | 0.04 | 1,343,820 | 0.53 | 95,820 | 0.04 |
| Other Public | 115,014,530 | 47.41 | 115,014,530 | 45.32 | 115,014,530 | 45.33 |
| Public Shareholders | 115,119,150 | 47.45 | 118,839,150 | 46.83 | 115,119,150 | 45.37 |
| TOTAL ISSUED SHARES (Note 7) | 242,622,779 | 100.00 | 253,758,779 | 100.00 | 253,758,779 | 100.00 |

LETTER FROM THE BOARD

Notes:

1. Dr Kwan, Mr Li Shing Wai Lewis and Mr Kwan Teng Hin Jeffrey are also directors of the Company.
2. One of the Vendors and holders of the SPA Options. Each of the Vendors is neither presumed nor de facto concert party of the Offeror.
3. Save for Dr Kwan, Mr Leung Siu Pong James, Mr Li Shing Wai Lewis and Mr Kwan Teng Hin Jeffrey who are Optionholders (details of which are set out in paragraph 4(c) under the section headed “Interests of the directors of the Offeror and CASH in the Shares or securities of the Company” in “Appendix III - General Information” in of this Composite Document), no other directors of CASH hold any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.
4. Mr Cheung Wai Ching Anthony and Mr Ho Tsz Cheung Jack are former Directors and are not directors of CASH. Mr Law Ping Wah Bernard is a consultant of the Company and former executive directors of the Company and CASH. He has ceased as executive directors of the Company and CASH for more than 12 months preceding the date of the Initial Announcement. They are independent parties independent of CASH and its connected persons (as defined under the Listing Rules).
5. The S&P Completion took place on the same date as the date of allotment and issue of the 11,136,000 Sale Shares on 26 May 2021 upon exercise of the 11,136,000 SPA Options by the Vendors. The number of Shares held by CIGL and parties acting in concert it increased to 97,276,854 Shares after acquiring 11,136,000 Sale Shares upon the S&P Completion.
6. The shareholding interest of Ever Billion Group Limited was based on the notice dated 20 June 2017 filed by it pursuant to Divisions 2 and 3 of Part XV of the SFO after adjusting the number of Shares held by it due to the 20-to-1 share consolidation of the Company which took effect on 7 September 2020. Based on the said notice filed by Ever Billion Group Limited, Ever Billion Group Limited is a wholly-owned subsidiary of Sunbase International (Holdings) Limited, which is in turn owned as to 66.67% by Mr Gao Gunter and 33.33% by Ms Yang Linda.
7. The enlarged issued share capital of the Company is 253,758,779 Shares after the allotment and issue of the 11,136,000 Sale Shares upon exercise of the SPA Options in full by the Vendors on 26 May 2021.

INFORMATION ON THE GROUP

General information

The Company is a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange. The Company was accounted for as an associated company of CASH as at the Latest Practicable Date.

Principal activities

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.

LETTER FROM THE BOARD

Financial information

A summary of the audited consolidated results of the Group for each of the three financial years ended 31 December 2020, and the audited financial statements of the Group for the year ended 31 December 2020 are set out in Appendix II to this Composite Document with reference to the published documents of the Company.

Further information

Further information in relation to the Group is set out in Appendix III to this Composite document. An expected timetable in relation to the Offers is set out under the section headed “Expected Timetable” of this Composite Document.

INFORMATION ON THE OFFEROR AND THE OFFEROR’S INTENTION REGARDING THE GROUP

Your attention is drawn to the section headed “Information on the Offeror” and “Intention of the Offeror regarding the Group and listing status of the Company” in the “Letter from Eddid Capital” as set out on pages 8 to 17 of this Composite Document.

The Board is pleased to learn from the “Letter from Eddid Capital” of this Composite Document that the Offeror intends to continue the existing businesses of the Group and has no intention to put forward any major changes to the businesses of the Group after the close of the Offers.

It is expected that all of the existing executive Directors and independent non-executive Directors will remain unchanged upon the close of the Offers. The Offeror does not intend to make any changes to the existing management and employment of the employees of the Group or redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close of the Share Offer.

The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:-

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market;

the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. In that connection, it should be noted that, upon completion of the Share Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a prescribed level of public float is attained.

LETTER FROM THE BOARD

The directors of the Offeror and the Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. Such steps may include, without limitation, a placing down of sufficient number of the Shares by the Offeror where appropriate.

RECOMMENDATION

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 to give recommendation to the Offer Shareholders and the Optionholders in relation to the Offers. Vinco Capital has been appointed by the Company after approval by the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee, the Offer Shareholders and the Optionholders in respect of the Offers and in particular as to whether the Offers are, or is not, fair and reasonable and as to its acceptance.

Your attention is drawn to (i) the “Letter from the Independent Board Committee” on pages 27 to 28 of this Composite Document; and (ii) the “Letter from Vinco Capital” on pages 29 to 50 of this Composite Document, which sets out Vinco Capital’s advice and recommendation to the Independent Board Committee and the Offer Shareholders and the Optionholders, and the principal factors considered by it in arriving at its advice and recommendation.

ADDITIONAL INFORMATION

You are also advised to read this Composite Document together with the accompanying Form(s) of Acceptance in respect of the acceptance and settlement procedures of the Offers. Your attention is drawn to the additional information contained in the appendices to this Composite Document.

In considering what action to take in connection with the Offers, you should consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,
By Order of the Board
CASH Financial Services Group Limited
Bankee P. Kwan
Chairman & CEO

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

2 June 2021

To the Offer Shareholders and the Optionholders

Dear Sir or Madam,

**COMPOSITE OFFER AND RESPONSE DOCUMENT
IN RELATION TO
THE CONDITIONAL MANDATORY CASH OFFERS BY
EDDID CAPITAL ON BEHALF OF
CIGL (A WHOLLY-OWNED SUBSIDIARY OF CASH)
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY CIGL AND PARTIES ACTING IN CONCERT WITH IT
AT THE TIME THE SHARE OFFER IS MADE)
AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS**

INTRODUCTION

We refer to the composite offer and response document dated 2 June 2021 issued jointly by the Offeror and the Company (“Composite Document”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offers and to make a recommendation to you as to whether, in our opinion, the terms of the Offers are, or are not, fair and reasonable so far as the Offer Shareholders and the Optionholders are concerned, and as to acceptance of the Offers.

Vinco Capital has been appointed as the independent financial adviser to advise us in respect of the terms of the Offers and as to acceptance thereof. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in the “Letter from Vinco Capital” on pages 29 to 50 of the Composite Document.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Eddid Capital” and the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

The Share Offer

Having considered the terms of the Share Offer, taking into account the information contained in the Composite Document, and the letter of advice and recommendation from Vinco Capital, we are of the opinion that the Share Offer is fair and reasonable as far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders to accept the Share Offer.

The Option Offer

For the April 2020 Options, the Option Offer Price of HK\$0.27 each is equivalent to the difference between the Share Offer Price and the exercise price of the April 2020 Options at HK\$0.48 per Share. The closing price per the Share as quoted on the Stock Exchange on the Last Trading Day and the Latest Practicable Date were HK\$0.70 and HK\$0.690 respectively, indicating that the April 2020 Options are in-the-money.

For the March 2019 Options and the June 2019 Options, they have an exercise price of HK\$1.42 and HK\$1.04 per Share respectively, which are above the Share Offer Price so that all such Options are out-of-the-money. The Option Offer Price for the cancellation of each such Option is a nominal cash amount of HK\$0.0001.

Having considered the terms of the Option Offer, taking into account the information contained in the Composite Document, and the letter of advice and recommendation from Vinco Capital, we are of the opinion that the Option Offer for (i) the April 2020 Options is fair and reasonable; and (ii) the March 2019 Options and the June 2019 Options is not fair and reasonable, as far as the Optionholders are concerned. Accordingly, we recommend the Optionholders for (i) the April 2020 Options to accept the Option Offer; and (ii) the March 2019 Options and the June 2019 Options not to accept the Option Offer.

Yours faithfully,
For and on behalf of the
Independent Board Committee
CASH Financial Services Group Limited

Cheng Shu Shing Raymond
*Independent non-executive
Director*

Lo Kwok Hung John
*Independent non-executive
Director*

Lo Ming Chi Charles
*Independent non-executive
Director*

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee in respect of the terms and conditions of the Offers which has been prepared for the purpose of incorporation in this Composite Document:



Vinco Capital Limited
Unit 2610, 26/F., The Center
99 Queen's Road Central, Hong Kong

2 June 2021

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

Dear Sirs,

THE CONDITIONAL MANDATORY CASH OFFERS BY EDDID CAPITAL ON BEHALF OF CIGL (A WHOLLY-OWNED SUBSIDIARY OF CASH) TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY CIGL AND PARTIES ACTING IN CONCERT WITH IT AT THE TIME THE SHARE OFFER IS MADE); AND FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS

A. INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee in respect of the terms and conditions of the Offers and as to acceptance, details of which are set out in the Composite Document jointly issued by the Offeror and the Company to the Shareholders dated 2 June 2021 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Composite Document unless the context otherwise requires.

Reference is made to the Initial Announcement, on 31 December 2020 after trading hours, the Vendors and the Offeror entered into the Undertakings and Agreements pursuant to which the Vendors had conditionally undertaken to exercise the SPA Options in full and had conditionally agreed to sell and the Offeror had conditionally agreed to purchase an aggregate of the Sale Shares, representing approximately 4.59% of the existing issued share capital of the Company as at the date of the Undertakings and Agreements and approximately 4.39% of the enlarged issued share capital of the Company as at the S&P Completion for a total cash consideration of HK\$8,352,000 (being HK\$0.75 per Share). As at the date of the Initial Announcement and immediately before the S&P Completion, the Offeror and parties acting in concert with it owned a total of 86,140,854 Shares, representing approximately 35.50% of the issued share capital of the Company. Immediately following the S&P Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned a total of 97,276,854 Shares, representing approximately 38.33% of the issued share capital of the

LETTER FROM VINCO CAPITAL

Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Share Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it at the time the Share Offer is made). The Offeror is also required to make the Option Offer for the cancellation of all outstanding Options pursuant to Rule 13 of the Takeovers Code.

The Independent Board Committee, comprising Mr Cheng Shu Shing Raymond, Mr Lo Kwok Hung John and Mr Lo Ming Chi Charles, being all the independent non-executive Directors who have no direct or indirect interest in the Offers, has been formed to advise the Offer Shareholders and the Optionholders in relation to the terms and conditions of the Offers, in particular as to whether the Offers are fair and reasonable and as to acceptance of the Offers. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers. In our capacity as the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee as to whether the terms of the Offer are fair and reasonable and as to acceptance so far as the independent Shareholders are concerned and such appointment has been approved by the Independent Board Committee.

As at the Latest Practicable Date, we are not connected with the directors, chief executive and substantial shareholders of the Company and the Offeror or any of their respective subsidiaries or their respective associates or any party acting, or presumed to be acting, in concert with any of them and as at the Latest Practicable Date, we did not have shareholding, directly or indirectly, in any of them (if applicable) and any of their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any entities within the Group or the Offeror or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any entities within the Group and the Offeror. We are not aware of any relationships or interest 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 Rules and Rule 2.6 of the Takeovers Code to act as the Independent Financial Adviser to the Independent Board Committee in respect of the terms of the Offers. We are eligible to give independent advice and recommendations on the terms of the Offers and as to acceptance thereof. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee, no arrangement exists whereby we will receive any fees from the Offeror and the Company, their subsidiaries, their associates or their respective substantial shareholders or associates.

During the past two years, we were appointed as the independent financial adviser to the Company in respect of the adjustments to the outstanding share options (“**Past Appointment**”). Details of the Past Appointment is set out in the announcement of the Company dated 3 September 2020. 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 terms of the Offers and as to acceptance.

LETTER FROM VINCO CAPITAL

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 Composite Document and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Composite Document were true, accurate and complete at the time they were made and continued to be true, accurate, and complete up to date throughout the Offer Period and the independent Shareholders will be notified of any material changes to such statements, information, opinions and/or representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Offeror in the Composite Document were reasonably made after due enquiries and considerations. We have no reason to doubt that any relevant information have been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our opinions and recommendations. All Directors have declared in a responsibility statement set out in the Appendix III to the Composite Document that they jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group. We confirm that we have taken all reasonable steps, which are applicable to Offers, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

In formulating our opinions, we have not considered the taxation implications on the Offer Shareholders and Optionholders arising from the holding of or dealing in the Offer Shares or otherwise, since these are particular to their own circumstances. It is emphasised that we will not accept responsibility for any tax effects on, or liabilities of any person resulting from the holding of or dealing in of the Offer Shares. In particular, Offer Shareholders and Optionholders subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

This letter is issued for the information for the Independent Board Committee solely in connection with their consideration of the Offers and, except for its inclusion in the Composite Document, 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.

LETTER FROM VINCO CAPITAL

Notes

1. Financial services segment of the Group includes (i) provision of online and traditional brokerage of securities, futures and options as well as life insurance, mutual funds and mandatory provident fund products, (ii) provision of margin financing and money lending services, (iii) provision of investment banking services, and (iv) provision of asset management services.
2. Proprietary trading segment of the Group includes proprietary trading of debt and equity securities and derivatives.

With reference to the Annual Report 2019, the revenue of the Group decreased by approximately 12.9% from approximately HK\$123.4 million for the year ended 31 December 2018 to approximately HK\$107.5 million for the year ended 31 December 2019. The Directors believe the decrease in revenue of approximately HK\$16.0 million was mainly attributable to the China-US trade tensions, Brexit, and the prolonged social unrest in Hong Kong which had caused investors to take a more defensive investing stance, resulting in the Group's decrease in securities trading volume and proprietary trading.

The Group recorded a decrease in loss attributable to the owners of the Company from approximately HK\$144.1 million for the year ended 31 December 2018 to approximately HK\$114.0 million for the year ended 31 December 2019. The decrease in loss was attributable to recording a net gain on financial assets relating to equity and debt securities at fair value through profit or loss ("FVTPL") at HK\$3.6 million for the year ended 31 December 2019 as opposed to a net loss on FVTPL at HK\$54.1 million for the year ended 31 December 2018.

With reference to the Annual Report 2020, the revenue of the Group decreased by approximately 3.5% from approximately HK\$107.5 million for the year ended 31 December 2019 to approximately HK\$103.7 million for the year ended 31 December 2020. The Directors believe the decrease was mainly attributable to the unprecedented health and economic crisis as a result of the COVID-19 pandemic and, among paralysing economic activities worldwide, had triggered severe economic recession to Hong Kong's securities market during the first half of 2020. Although the Hang Seng Index had undergone a strong bounce-back in the second half of 2020, the Directors believe that the Group's main clients being retail investors preferred to avoid trading during the volatile market, resulting the decrease in brokerage commission income by approximately 16.4% compared to the previous year.

The Group recorded a net loss attributable to the owners of the Company from approximately HK\$114.0 million for the year ended 31 December 2019 to approximately HK\$39.2 million for the year ended 31 December 2020. The Group's decrease in loss for the year ended 31 December 2020 was mainly attributable to (i) the decrease in other operating cost for the year ended 31 December 2020 namely telecommunications, advertising and promotion expenses following the Board's implementation plan against the COVID-19 pandemic including the work from home arrangements; and (ii) no impairment loss was recognised for the Group's property and equipment for the year ended 31 December 2020. The overall net loss for the year ended 31 December 2020 was mainly attributable to the severe economic recession to Hong Kong's securities market as a result of the COVID-19 pandemic as mentioned above. We noted that the Company had not declared any dividend in the past three years.

LETTER FROM VINCO CAPITAL

Prospects and outlook of the Group

As stated in the paragraph headed “Principal activities” above, the Group is principally engaged in the provision of securities and other investments in Hong Kong. With reference to the Annual Report 2020, the Company was faced with the unprecedented COVID-19 pandemic which unleashed an economic crisis to Hong Kong’s securities market during the first half of 2020, and triggering the most severe economic recession in recent years. The volatility of the market had affected the Company’s clients who are mainly retail investors and preferred to avoid the risk of investment and trading losses during the ups and downs of the market. As part of the Company’s response to the pandemic, the Company had successfully contained its operating cost with cost rationalisation programme and followed business continuity processes from the Board-endorsed COVID-19 Business Continuity Plan. These preserved the Company’s financial strength and placed staff’s health and wellbeing at the highest priority by implementing work from home arrangements for non-essential and vulnerable employees. Due to these effective mitigation efforts, COVID-19 had limited impact on the Company’s operation. Furthermore, the trading volume on the Hong Kong stock market maintained strong in 2020, resulting in an average daily trading volume of approximately HK\$129,476 million and representing an increase of approximately 48.6% from approximately HK\$87,155 million in 2019.

In the first quarter of 2021, speculations of recovery to Hong Kong’s economy may have resulted in the Hang Seng Index (HSI) to exceed over 31,000 points. However, as possible concerns over the relationship between China and the US continue to become tense, market sentiment was seen to have weakened resulting Hong Kong stocks and A-shares losing most of its gains in early 2021. Although the market generally expects effective vaccination be fully available, and social distancing measures would gradually ease alongside the expansion of vaccine coverage, the respective pace of recovery for each industry sector may be uneven and full of uncertainties. Based on our discussion with the Directors on the latest business prospects of the Group following the publication of the Annual Report 2020, we understood that subject to the continuing COVID-19 pandemic, the volatility in securities trading may continue to exert concerns over retail investors throughout 2021. The Directors believe that the Company could potentially benefit from the expected post COVID-19 economic recovery of Hong Kong’s securities market in 2021. However, with reference to the possible spread of mutated COVID-19 variant and the second delay to the air-travel bubble between Hong Kong and Singapore, it may be too early to conclude whether the Group can capture this benefit amidst uncertainties in the recovery of each industry sector.

Based on the factors mentioned above, having considered stock markets activities are still subject to heightened volatility and uncertain market conditions, we are of the view that the Group might continue to operate in a challenging environment in the coming years and the recovery momentum will be hindered by on-going COVID-19 development and remains uncertain.

The Share Offer represents an opportunity for independent Shareholders to realise their investments. Further analysis on the Share Offer Price is set out in the paragraph headed “Principal terms of the Offers – The Share Offer” below.

LETTER FROM VINCO CAPITAL

2. Information on the Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of CASH. Its activity is investment holding. As at the Latest Practicable Date, it held 97,276,854 Shares (representing approximately 38.33% of issued Shares). The Company is currently an associated company of CASH.

The current principal activities of the 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; and (b) general investment holding.

3. Intention of the Offeror regarding the Group and listing status of the Company

It is the intention of the Offeror to continue the existing business of the Group and has no intention to put forward any major changes to the businesses of the Group after the close of the Offers.

It is expected that all of the existing executive Directors and independent non-executive Directors will remain unchanged. The Offeror does not intend to make any changes to the existing management and employment of the employees of the Group or redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

4. Reasons for the Acquisitions for the Company

As discussed with the Directors and with reference to the circular dated 23 April 2021 published by CASH regarding the possible very substantial acquisition in relation to the acquisition of shares in the Company, the Company has been transformed into a full-fledged financial services company with fully-digitalised trading platform for its brokerage specialising in wealth management and investment products in Hong Kong and Mainland China. The Company has also established strong presence in the Greater Bay Area for its wealth management business in recent years. Currently, the Company has offices established in Hong Kong, Shenzhen, Guangzhou and Dongguan. In view of the severe competition in Hong Kong’s brokerage market, the Company has implemented business transformation to adopt various technological enhancements and to implement a digitalisation programme to build its competitive advantages and to increase operational efficiency along with the cost effective strategy during this difficult period. The technological enhancements include a self-developed modern investment app “alpha-i”, the use of robotic process automation, social media channels and an online sales management system. The digitalisation programme includes digitalisation of internal workflow processes, the use of electronic payment channel “Electronic Direct Debit Authorisation” by clients for fund deposit and the introduction of web-based wealth management system, etc.

LETTER FROM VINCO CAPITAL

Since the second half of 2020, governments across the world have been rolling out monetary and fiscal stimulus measures to fight the pandemic and minimise the impact of a catastrophic economic downturn. Vaccination campaigns and concerted health policies are also implemented. The global and local economies showed some improvement in first quarter of 2021. It is expected that global and local economies growth will pick up soon and in particular, China's economic growth is foreseen to rebound to a high single digit, leading the pandemic recovery. The pandemic fallout and low interest rate environment have favourably amplified interest in the Company's wealth management products and services due to potentially higher investment yields in relation to the low interest rate environment and stronger preservation of assets. As a result, the Company recorded a considerable increase of 141.9% in its wealth management revenue for the year ended 31 December 2020 as compared with the previous year. During the year ended 31 December 2020, the Company also successfully contained its operating costs which decreased by 27.6% year-on-year and there was an improvement in its financial performance with a 66.5% reduction in net loss as compared with that of the previous year.

The directors of the Offeror and CASH are of the view that leveraging on the Company's solid business foundation in the financial services industry, its financial services and information technology capabilities, advanced and digitalised trading platform and professional talents and a cost effective structure after its business transformation, it is expected that there is tremendous growth potential for brokerage and wealth management businesses of the Company on the back of economic recovery. The economic activities and stock market are expected to rebound when the pandemic becomes under control upon successful mass production of the COVID-19 vaccines.

5. Principal terms of the Offers

With reference to the Letter from the Board, Eddid Capital, on behalf of the Offeror, is now making the Offers on the following basis:

The Share Offer

The Share Offer is made on the following basis:

HK\$0.75 in cash

For each Share accepted under the Share Offer

The Share Offer Price equals to the price per Sale Share paid by the Offeror under the Undertakings and Agreements. The Share Offer Price also represents the highest price paid by the Offeror and parties acting in concert with it for the Shares in the preceding 6 months from the date of the Initial Announcement and up to the Latest Practicable Date.

LETTER FROM VINCO CAPITAL

The Option Offer

For the outstanding 12,370,500 Options (except April 2020 Options)

HK\$0.0001 in cash

For cancellation of each such Option

For the outstanding 12,360,000 April 2020 Options

HK\$0.27 in cash

For cancellation of each such April 2020 Option

As at the Latest Practicable Date, there were 24,730,500 outstanding Options granted under the Share Option Scheme, including (a) 12,370,500 Options, out of which:- (i) 9,580,500 March 2019 Options were exercisable at the exercise price of HK\$1.42 each; (ii) 2,790,000 June 2019 Options were exercisable at the exercise price of HK\$1.04 each; and (b) 12,360,000 April 2020 Options were exercisable at HK\$0.48 each, each relating to one Share. Pursuant to Rule 13 of the Takeovers Code, the Offeror is making an appropriate cash offer to the Optionholders to cancel the Options by way of the Option Offer.

As the March 2019 Options and the June 2019 Options have an exercise price of HK\$1.42 and HK\$1.04 per Share respectively, which are above the Share Offer Price so that all such Options are out-of-the-money, the Option Offer Price for the cancellation of each such Option is a nominal cash amount of HK\$0.0001 (whether such Options are exercisable or not).

As the April 2020 Options have an exercise price of HK\$0.48 per Share, which is less than the Share Offer Price, the Option Offer Price for the cancellation of each such April 2020 Option is a cash amount equal to the “see-through” price of HK\$0.27 (being the Share Offer Price of HK\$0.75 minus the exercise price of such April 2020 Options of HK\$0.48) (whether such April 2020 Options are exercisable or not).

Save for the Options, as at the Latest Practicable Date, there were no outstanding convertible securities, warrants, options or derivatives issued by the Company which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

Under the terms of the Share Option Scheme, if the Option Offer is not accepted in respect of any Options, any unexercised Options shall remain valid in accordance with the terms of the Options and subject to such restrictions as applied to it before the Offers.

LETTER FROM VINCO CAPITAL

The Share Offer Price

The Share Offer Price represents:

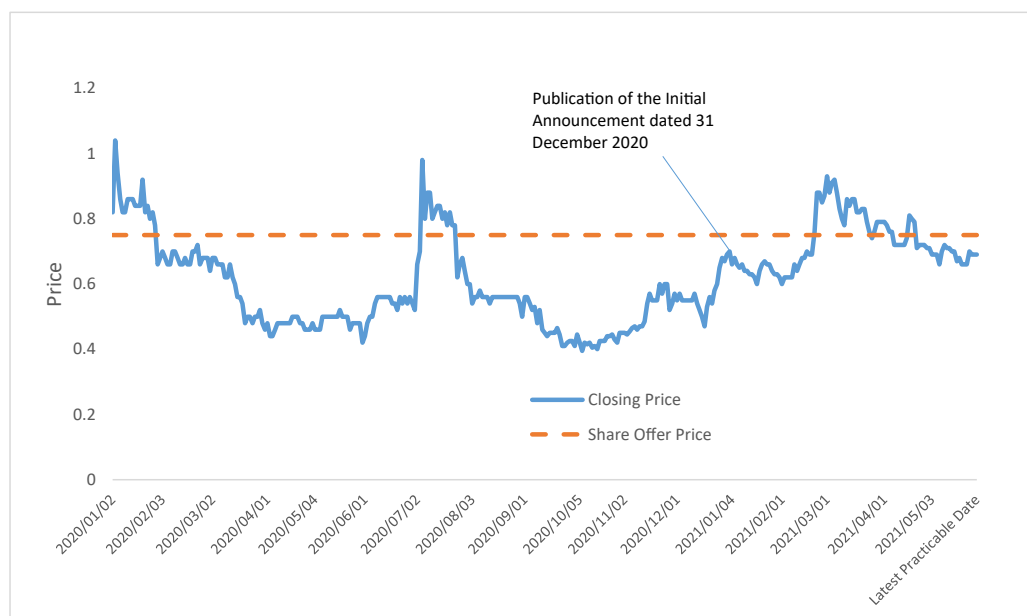
- (a) a premium of approximately 8.7% over the closing price of HK\$0.690 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 8.7% over the closing price of HK\$0.690 per Share as quoted on the Stock Exchange on the last Business Day immediately preceding the Last Trading Day;
- (c) a premium of approximately 7.1% over the closing price of HK\$0.7 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a premium of approximately 10.6% over the average closing price of HK\$0.678 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Day;
- (e) a premium of approximately 30.7% over the average closing price of HK\$0.574 per Share as quoted on the Stock Exchange over the last 30 consecutive trading days up to and including the Last Trading Day;
- (f) a premium of approximately 45.9% over the average closing price of HK\$0.514 per Share as quoted on the Stock Exchange over the last 60 consecutive trading days up to and including the Last Trading Day;
- (g) a premium of approximately 48.8% over the average closing price of HK\$0.504 per Share as quoted on the Stock Exchange over the last 90 consecutive trading days up to and including the Last Trading Day;
- (h) a discount of approximately 62.3% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$1.99 per Share (based on the audited consolidated net asset value of the Company of HK\$503,798,000 as at 31 December 2019 and 253,758,779 issued Shares as at the Latest Practicable Date);
- (i) a discount of approximately 59.9% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$1.87 per Share (based on the unaudited consolidated net asset value of the Company of HK\$475,674,000 as at 30 June 2020 and 253,758,779 issued Shares as at the Latest Practicable Date); and
- (j) a discount of approximately 58.1% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$1.79 per Share (based on the audited consolidated net asset value of the Company of HK\$453,880,000 as at 31 December 2020 (the date on which the latest audited financial results of the Group were made up) and 253,758,779 issued Shares as at the Latest Practicable Date).

LETTER FROM VINCO CAPITAL

Historical price performance of the Shares

In order to assess the fairness and reasonableness of the Share Offer Price, we have reviewed the closing prices and the trading liquidity of the Shares for the period from 2 January 2020, being the first trading day in 2020, up to the Latest Practicable Date (“**Review Period**”). We consider that the Review Period, being more than one year prior to the Latest Practicable Date, to be adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices and such comparison is relevant for the assessment of the fairness and reasonableness of the Share Offer Price. The chart below illustrates the daily closing price of the Shares (“**Closing Price**”) versus the Share Offer Price of HK\$0.75 per Share during the Review Period:

Daily closing price of the Shares during the Review Period



Source: the website of the Stock Exchange

LETTER FROM VINCO CAPITAL

As shown in the above chart, we noted a fluctuation in Closing Prices throughout the Review Period between HK\$0.395, being the lowest Closing Price recorded on 6 October 2020, and HK\$1.04, being the highest Closing Price recorded on 3 January 2020. The Share Offer Price of HK\$0.75 represents a discount of approximately 27.9% to the highest Closing Price during the Review Period and a premium of approximately 89.9% to the lowest Closing Price during the Review Period. The average Closing Price of the Review Period was approximately HK\$0.62, which means the Share Offer Price has a premium of approximately 21.0% over the average Closing Price during the Review Period. We also noted that within the 347 trading days during the Review Period, there were 281 trading days to which the Closing Price was less than HK\$0.75, representing around 80% of the Closing Price during the Review Period to be lower than the Share Offer Price.

During the Review Period, the Share price first demonstrated a decreasing trend from early January until early April 2020 and maintained stable at a Share price not higher than HK\$0.50. The decrease in Share price shown in the first quarter of 2020 have been in line with the decreasing trend of the Hang Seng Index during the respective period, recording 28,543.52 on 2 January 2020 to 23,603.48 on 31 March 2020. There was an unusual price and trading volume movement following early July 2020 to which the Share price reached HK\$0.98, but gradually dropped back to below HK\$0.50 throughout the months leading to November 2020. Having made enquiry with the Company with respect to reason for the unusual movement, the Directors confirmed that they are not aware of any reason for the unusual movements in price and trading volume of the Shares. During the two months prior to 31 December 2020, being the Last Trading Day and the date to which the Initial Announcement was published, the Share price maintained below HK\$0.70. Since the publication of the Initial Announcement and up to the Latest Practicable Date, we noted that the closing price of the Shares have ranged from HK\$0.60 to HK\$0.93, representing a discount of 19.3% and a premium of 25.0% over the Share Offer Price respectively. With regards to the fluctuation after the Initial Announcement, we consider that in the absence of any significant positive event, there is no assurance that the closing price of the Shares will continue to rise or maintain at a level equal to or above the Share Offer Price after the Latest Practicable Date or after closing of the Offers. Accordingly, we also consider the price trend prior to the publication of the Initial Announcement more appropriately reflects the general price trend of the Company.

Independent Shareholders who wish to realise their investment in the Group are reminded that they should carefully and closely monitor the market price of the Company during the Offer Period and consider selling their Shares in the open market during the Offer Period, rather than accepting the Share Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Share Offer.

LETTER FROM VINCO CAPITAL

Trading liquidity of the Shares during the Review Period

| | Total volume of the Shares traded | Number of trading days | Average daily volume (Shares) | Number of issued Shares as at end of the month (Shares) | Approximate% of average daily trading volume to the then total number of issued Shares as at end of the month | Approximate% of average daily trading volume to total number of Shares held by public Shareholders (Note 1) |
|--------------|---|------------------------------|--|---|---|--|
| 2020 | | | | | | |
| January | 8,986,569 | 20 | 449,328 | 4,995,763,588 | 0.009% | 0.014% |
| February | 2,597,467 | 20 | 129,873 | 4,995,763,588 | 0.003% | 0.004% |
| March | 4,904,828 | 22 | 222,947 | 4,995,763,588 | 0.004% | 0.007% |
| April | 2,481,845 | 19 | 130,623 | 4,995,763,588 | 0.003% | 0.004% |
| May | 1,066,712 | 20 | 53,336 | 4,995,763,588 | 0.001% | 0.002% |
| June | 1,721,829 | 21 | 81,992 | 4,995,763,588 | 0.002% | 0.002% |
| July | 16,310,088 | 22 | 741,368 | 4,995,763,588 | 0.015% | 0.023% |
| August | 2,720,596 | 21 | 129,552 | 4,995,763,588 | 0.003% | 0.004% |
| September | 3,669,488 | 22 | 166,795 | 247,788,179 | 0.067% | 0.103% |
| October | 1,016,316 | 18 | 56,462 | 244,962,779 | 0.023% | 0.036% |
| November | 4,270,246 | 21 | 203,345 | 242,622,779 | 0.084% | 0.130% |
| December | 3,115,902 | 22 | 141,632 | 242,622,779 | 0.058% | 0.091% |
| 2021 | | | | | | |
| January | 4,227,232 | 20 | 211,362 | 242,622,779 | 0.087% | 0.135% |
| February | 8,733,064 | 18 | 485,170 | 242,622,779 | 0.200% | 0.310% |
| March | 2,986,572 | 23 | 129,851 | 242,622,779 | 0.054% | 0.083% |
| April | 977,542 | 20 | 48,877 | 242,622,779 | 0.020% | 0.031% |
| May (Note 2) | 1,354,962 | 19 | 71,314 | 242,622,779 | 0.029% | 0.046% |

Notes

1. The total number of Shares held by public Shareholders is considered as the total issued share capital of the Company less the Shares held by the controlling shareholder.
2. The Review Period ended on 28 May 2021.

LETTER FROM VINCO CAPITAL

In order to determine whether the Share Offer Price would be attractive to the Offer Shareholders to participate in the Share Offer, we noted as shown in the table above (i) the highest average daily volume was approximately 741,000 Shares in July 2020, representing approximately 0.015% of the total number of Shares during the respective month and 0.023% of the number of Shares held by public Shareholders; and (ii) the highest percentage of average daily trading volume to the total number of Shares and Shares held by public Shareholders was approximately 0.200% and 0.310% respectively in February 2021. We noted that the trading liquidity of the Shares were very thin during the Review Period, with all months less than 0.5% to the then total number of issued Shares as at the end of their respective month or the number of shares held by public Shareholders. With reference to the thin trading liquidity of the Shares during the Review Period, Offer Shareholders who select to sell their share investments under the Share Offer would realise a premium of approximately 21.0% over the average Closing Price during the Review Period. We are therefore of the view that the Share Offer would provide greater opportunity for the Offer Shareholders to realise their share investment at a premium over the average Closing Price during the Review Period in due course. Therefore, the Share Offer Price at a premium would be attractive to the Offer Shareholders to participate in the Share Offer.

Comparison to comparable companies

In order to assess the fairness and reasonableness of the Share Offer Price, we took into consideration the reference to price-to-earnings ratio (“**PE Ratio**”) and price-to-book multiple (“**PB Ratio**”), which are two of the most commonly used benchmarks in assessing the financial valuation of a company as the data for calculating the ratios can be obtained fairly and directly from publicly available information and reflect the value of the company determined by the open market. However, given that (i) the Group recorded loss consecutively in the past three financial years; and (ii) the business model of the Company and its industry peers, being principally engaged in the provision of financial services including brokerage of securities, futures and options in Hong Kong, are asset-light, an analysis of the PE Ratio and PB Ratio may not be practicable and meaningful for comparison purpose in assessing the fairness and reasonableness of the Offer.

Alternatively, we attempt to carry out the comparable analysis using other price multiples, namely price-to-sales ratio (“**PS Ratio**”), the enterprise value to earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) ratio (“**EV/EBITDA Ratio**”), also being commonly used as a valuation method. However, the Group recorded a net loss attributable to its owners and negative EBITDA of approximately HK\$19.3 million for its latest financial year and its EV/EBITDA Ratio would be deemed not meaningful for comparison or analysis. Thus, given the loss-making situation of the Group, we are of the view that PS Ratio is an alternative for comparable analysis.

LETTER FROM VINCO CAPITAL

By taking into account of the business model and principal activities of the Group, we have set out to identify comparable companies with the selection criteria of (i) being listed on the Stock Exchange; (ii) generating at least 50% of its revenue from the provision of financial services which consist of online and traditional brokerage of securities, futures and options in Hong Kong; (iii) having a market capitalisation of not more than HK\$250 million; and (iv) their shares are not suspended on the Stock Exchange as at the Latest Practicable Date. We have identified an exhaustive list of 8 comparable companies listed on the Stock Exchange (“**Comparable Companies**”) based on our selection criteria which are considered to be fair and representative sample for comparison purpose as below:

| Company | Stock Code | Market Capitalisation as at the Latest Practicable Date (HK\$) | Total revenue in financial statements for their respective latest financial year (HK\$) | PS Ratio |
|---|------------|---|--|------------------|
| Astrum Financial Holdings Limited | 8333 | 140,160,000 | 47,848,000 | 2.93 |
| CL Group (Holdings) Limited | 8098 | 184,800,000 | 44,412,532 | 4.16 |
| Fu Shek Financial Holdings Limited | 2263 | 205,000,000 | 61,503,000 | 3.33 |
| KOALA Financial Group Limited | 8226 | 51,492,159 | 23,372,000 | 2.20 |
| LFG Investment Holdings Limited | 3938 | 152,236,112 | 105,679,000 | 1.44 |
| Pinestone Capital Limited | 804 | 166,939,930 | 31,808,000 | 5.25 |
| South China Financial Holdings Limited | 619 | 129,549,140 | 89,489,000 | 1.45 |
| Excalibur Global Financial Holdings Limited | 8350 | 187,200,000 | 10,621,000 | 17.63 |
| | | | Maximum | 17.63 |
| | | | Minimum | 4.80 |
| | | | Average | 4.84 |
| The Group | 510 | 181,967,084 (Note 1) | 103,688,000 | 1.75 (Note 2) |

Notes:

- The Company’s market capitalisation is calculated by multiplying the Share Offer Price of HK\$0.75 per Offer Share to the Company’s total issued shares.
- The Company’s implied PS Ratio is calculated by dividing the Company’s market capitalisation based on the Share Offer Price of HK\$0.75 per Offer Share by the revenue recorded by the Company for the year ended 31 December 2020.

LETTER FROM VINCO CAPITAL

As illustrated in the table set out above, the PS Ratio of the Comparable Companies ranged from approximately 17.63 times to approximately 1.44 times, with an average of approximately 4.80 times. Although the Group's implied PS Ratio of approximately 1.75 times is substantially below the average of the Comparable Companies, the Group's implied PS Ratio is still within the range of the Comparable Companies. In fact, as it is merely one of the factors taken into consideration in assessing the fairness and reasonableness of the Share Offer Price, we have also considered below various principal factors as overall basis to justify its fairness and reasonableness:

- (i) the implied PS Ratio of the Company is within the range of the PS Ratio of the Comparable Companies and there are two Comparable Companies with PS Ratio lower than the Company;
- (ii) the Share Offer Price represents a premium over the closing price of the Share on the Last Trading Day and premiums over the average closing prices of the Shares for the last 5, 30, 60 and 90 consecutive trading days prior the Last Trading Day;
- (iii) the Group incurred net losses and had not declared any dividend in the past three years; and
- (iv) despite the Share Offer Price represents a discount to the audited consolidated net asset value attributable to the Shareholders of the Company, the Shares had consistently been traded at a closing price substantially below the net asset value per Share during the past three years as shown in the section headed "Analysis of the average closing price to audited/unaudited net asset value", which implies investors do not heavily rely on net assets attributable to the Shareholders per Share in making their investment decision in the Shares.

Analysis of the average closing price to audited/unaudited net asset value

We understood that the Share Offer Price represented a discount of approximately 58.1% to the audited net asset value attributable to the Company as at 31 December 2020. Considering that the Shares have been traded at a substantial discount to the respective audited/unaudited consolidated net asset value per Share, ranging from a minimum discount of approximately 41.9% to a maximum discount of approximately 77.9% during the Review Period, we are of the view that the prevailing market price may be a more relevant factor in determining the fairness and reasonableness of the Share Offer Price, while the discount to net asset value may be taken as a reference only. For illustrative purpose, the table below shows the historical average closing price per Share against the Group's published net asset value per share attributable to Shareholders over the period from 1 January 2018 to 31 December 2020, which we consider to be a reasonable representation to illustrate the historical trend of closing prices of Shares against the net asset value per Share calculated based on the audited/unaudited consolidated net assets attributable to the Shareholders divided by the number of Shares in issue as at the relevant year/period:

LETTER FROM VINCO CAPITAL

| The annual report/interim report for the year/period ended | Net asset value per Share attributable to Shareholders <i>(Note 1)</i> <i>(HK\$)</i> | Average closing Share price <i>(Note 2)</i> <i>(HK\$)</i> | Discount to net asset value per Share attributable to Shareholders <i>(Note 3)</i> |
|---|---|--|--|
| 31 December 2020 | 1.87 | 0.76 | (59.3)% |
| 30 June 2020 | 0.10 | 0.03 <i>(Note 4)</i> | (70.4)% |
| 31 December 2019 | 0.10 | 0.03 | (72.3)% |
| 30 June 2019 | 0.12 | 0.04 | (70.1)% |
| 31 December 2018 | 0.13 | 0.05 | (56.4)% |
| 30 June 2018 | 0.14 | 0.07 | (49.3)% |

Notes:

1. The audited and unaudited consolidated net asset value attributable to Shareholders as at the respective year/period end date are extracted from the respective annual/interim reports published by the Company.
2. The average closing Share price represents the average closing price during the period from the trading day following the publication of its audited annual results or unaudited interim results (as the case may be) to the trading day on which the subsequent unaudited interim results or audited annual results (as the case may be) were published.
3. The discount represents the discount of the average closing Share price to the net asset value per Share attributable to the Shareholders as at the respective year/period end date.
4. As a result of share consolidation becoming effective on 7 September 2020, every twenty existing shares of HK\$0.02 were consolidated into one consolidated share of HK\$0.40 each. For illustrative purpose, the average closing Share price for the relevant period is calculated based on the closing price and adjusted by dividing the ratio of such share consolidation, i.e. 20/1.

LETTER FROM VINCO CAPITAL

With reference to the table above, we noted that the Shares had been traded at substantial discounts to net asset value attributable to Shareholders since the publication of its annual result announcements or interim results announcements for the past three years. It can be seen that the trading price of the Shares does not correlate with the changes of the net asset value attributable to Shareholders of the Group. This may indicate that investors might not have valued the Shares based solely on the underlying value of the Group's assets.

Despite the Share Offer Price representing (i) a discount of approximately 62.3% to the audited consolidated net asset value attributable to the Shareholders as at 31 December 2019; (ii) a discount of approximately 59.9% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2020; and (iii) a discount of approximately 58.1% to the audited consolidated net asset value attributable to Shareholders as at 31 December 2020, we have taken into account that the Shares had traded at substantial discounts to net asset value attributable to Shareholders for the past three years, we therefore consider that its historical trading price may reflect a more accurate valuation of the Company in view of the Group's loss making track record and the Share Offer Price to be fair and reasonable from this perspective.

Taking into consideration that, (i) the Share Offer Price of the Share Offer has a premium of 21.0% over the average closing price during the Review Period; (ii) the trading liquidity of the Shares were very thin during the Review Period and the Share Offer Price at a premium will allow the Offer Shareholders to realise their share investments in the Group at a premium over the market share price during the Review Period; (iii) the Group's implied PS Ratio calculated based on the Share Offer Price is within range of the PS Ratios of the Comparable Companies, and although it is lower than the average of the Comparable Companies, various principal factors should be considered as overall basis in assessing the fairness and reasonableness of the Share Offer Price as discussed in above; and (iv) the historical low trading prices may reflect a more accurate valuation of the Company than its net asset value in view of the Group's loss making track record, we are of the view that the Share Offer Price is fair and reasonable so far as the Offer Shareholders are concerned.

The Option Offer Price

As mentioned in the Letter from the Board, the March 2019 Options and the June 2019 Options have an exercise price of HK\$1.42 and HK\$1.04 per Share respectively, which are above the Share Offer Price so that aforementioned Options are out-of-the-money, the Option Offer Price for the cancellation of each such Option is a nominal cash amount of HK\$0.0001 ("**Nominal Amount Options**"). As the April 2020 Options have an exercise price of HK\$0.48 per Share, which is lower than the Share Offer Price, the Option Offer Price for the cancellation of each such April 2020 Option is the see-through price which represents the excess of the Share Offer Price over the exercise price of each April 2020 Option ("**See-through Price Options**").

LETTER FROM VINCO CAPITAL

We understand that the Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects. We understand that the “see-through” price (representing the difference between the offer price for ordinary shares and any given exercise price of the convertible instrument) is adopted for the Option Offer and we also understand the “see-through” price is commonly adopted for convertible instrument in conjunction with a general offer for ordinary shares. On this basis, since the Share Offer Price of HK\$0.75 is less than the exercise price of the Nominal Amount Options, the Option Offer Price of HK\$0.0001 for each outstanding Share Option is a nominal figure. We consider such basis of determining the Option Offer Price acceptable and in line with market practice and is in accordance with Rule 13 of the Takeovers Code.

In addition, the Optionholders should note that, pursuant to the terms of the Share Option Scheme, if the Option Offer is not accepted in respect of any Options, any unexercised Options shall remain valid in accordance with the terms of the Options and subject to such restrictions as applied to it before the Offers.

For the See-through Price Options as at the Latest Practicable Date, as we consider the Share Offer Price is fair and reasonable for reasons discussed above and the basis of determining the Option Offer Price is acceptable and in line with market practice, the see-through price (which is based on the Share Offer Price) is also considered is fair and reasonable so far as the Optionholder is concerned. Optionholders of the See-through Price Options are recommended to accept the Option Offer.

For the Nominal Amount Options, the holders can only receive an aggregate amount of approximately HK\$1,237 for accepting the Option Offer (“**Acceptance Consideration**”). In comparison, although all of the Nominal Amount Options were currently out-of-money (having exercise prices higher than the Share Offer Price and the Share price of HK\$0.69 as at the Latest Practicable Date), given that any unexercised Options shall remain valid in accordance with the terms of the Options, the Optionholders could hold on to the Nominal Amount Options for the possibility of gain if the Share price rises beyond the exercise prices in the future. Since the Acceptance Consideration is nominal while the Nominal Amount Options carry time value of potential gain in future, we consider the Option Offer for the Nominal Amount Options is not attractive to the Optionholders holding the Nominal Amount Options, we recommend such Optionholders not to accept the Option Offer.

LETTER FROM VINCO CAPITAL

Optionholders who take the view that the Share price may exceed the exercise price of the Options of HK\$1.42, HK\$1.04 and HK\$0.48 per Share before the expiry date of the Options, which will provide them an opportunity to extract a certain value during the days remaining until expiration by exercising the outstanding Options and selling the underlying Shares on the market (i.e., the expected net proceeds from selling the underlying Shares on the market from exercising of the outstanding Options (net of relevant costs and the relevant exercise price) is higher than the net proceeds from accepting the Option Offer), they may consider not to accept the Option Offer. In connection with this, Optionholders are advised to exercise caution in doing so and closely monitor the stock market and trading price and liquidity of the Shares during the Offer Period and continue to do so during the period prior to expiration of the Options. In addition, the Optionholders are reminded that there will be a time lag between the exercise of the Options and the receipt of the Shares due to the time required for the administrative procedures for exercising the Options. Accordingly, the Optionholders who wish to exercise their Options should be mindful of possible price fluctuations of the Shares during the aforesaid time lag.

Recommendation

Having taken into consideration of the principal factors and reasons regarding the major terms of the Share Offer and the Option Offer, in particular:

- (i) the Share Offer Price of HK\$0.75 per Offer Share represents a premium of approximately 21.0% over the average closing price during the Review Period;
- (ii) the Share Offer Price represents a premium over the closing price of the Share on the Last Trading Day and premiums over the average closing prices of the Shares for the last 5, 30, 60 and 90 consecutive trading days prior the Last Trading Day;
- (iii) the Group's implied PS Ratio based on the Share Offer Price per Offer Share is within the range of the Comparable Companies, and despite lower than the average of the Comparable Companies, various principal factors should be considered as overall basis in assessing the fairness and reasonableness of the Share Offer Price as discussed in above;
- (iv) despite the Share Offer Price represents a discount to the audited consolidated net asset value attributable to the Shareholders of the Company, the Shares had consistently been traded at a closing price substantially below the net asset value per Share during the past three years, which implies investors do not heavily rely on net assets attributable to the Shareholders per Share in making their investment decision in the Shares;

LETTER FROM VINCO CAPITAL

- (v) the Group recorded loss attributable to the owners of the Company of approximately HK\$114.0 million and HK\$39.2 million for the two years ended 31 December 2020 respectively and the Group had not declared any dividend in the past three years;
- (vi) the Group might continue to operate in a challenging environment in the coming years and the recovery momentum will be hindered by on-going COVID-19 development and remains uncertain despite the Directors believe that the Company could potentially benefit from the expected post COVID-19 economic recovery of Hong Kong's securities market in 2021;
- (vii) the Share Offer represents an opportunity for Shareholders to realise their investment since Shareholders may not be able to dispose large quantities of Shares without exerting downward pressure on the price of Shares in the open market given the low liquidity of the Shares; and
- (viii) the Option Offer will allow the Optionholders (save for the Nominal Amount Options) to receive the see-through price representing the excess of the Share Offer Price over the exercise price for each of such Option,

we are of the view that the terms of the Offers are fair and reasonable so far as the Offer Shareholders and Optionholders of the See-through Price Options are concerned and are in the interests of the Company, Shareholders and Optionholders of the See-through Price Options as a whole. For the Optionholders of the Nominal Amount Options, instead of accepting the nominal Acceptance Consideration of approximately HK\$1,237, it makes sense for the Optionholders of the Nominal Amount Options to preserve their opportunities to capture the potential gain in the event of an increase in Share price in the future. Accordingly, we are of the view that the Option Offer for the Nominal Amount Options is not fair and not reasonable for the Optionholders of the Nominal Amount Options. Accordingly, we recommend the Independent Board Committee to advise the Shareholders and Optionholders of the See-through Price Options to accept the Share Offer and the Option Offer. We also recommend the Independent Board Committee to advise the Optionholders of the Nominal Amount Options not to accept the Option Offer.

The Shareholders and Optionholders should be aware that the Share Offer is subject to the satisfaction of the condition as set out in the section headed "Conditions to the Offers" in the Letter from Eddid Capital. The Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects. Accordingly, the Offers may or may not become unconditional.

LETTER FROM VINCO CAPITAL

The Shareholders and the Optionholders should therefore exercise caution when dealing in the Shares or exercising the Options or other rights in respect of any of them.

The Shareholders and the Optionholders should read carefully the procedures for acceptance of the Share Offer and the Option Offer (as the case may be) as set out in “Appendix I – Further Terms and Procedures for Acceptance of the Offers” to the Composite Document.

Yours faithfully,
For and on behalf of
Vinco Capital 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 Capital 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.

To accept the Offers, you should complete and sign the accompanying Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offers. The instructions set out in this Composite Document should be read together with the instructions printed on the Form(s) of Acceptance which form part of the terms of the Offers.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFERS

1.1 The Share Offer

- (a) To accept the Share Offer, you should complete and sign the Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, being Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in an envelope marked "**CASH Financial Services Group Limited – Share Offer**", as soon as possible, and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver in an envelope marked "**CASH Financial Services Group Limited – Share Offer**" the duly completed and signed Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “**CASH Financial Services Group Limited – Share Offer**” the duly completed and signed Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant’s account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Shares, the Form of Share Offer Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked “**CASH Financial Services Group Limited – Share Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the Form of Share Offer Acceptance and deliver it in an envelope marked “**CASH Financial Services Group Limited – Share Offer**” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of Eddid Capital and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the Form of Share Offer Acceptance.
- (f) Acceptance of the share Offer will be treated as valid only if the duly completed and signed Form of Share Offer Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Share Offer Acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange. If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

- (g) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by relevant Offer Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the relevant Offer Shareholder accepting the Share Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Offer Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Shares.
- (h) No acknowledgement of receipt of any Form of Share Offer Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (i) If the Share Offer does not become, or is not declared, unconditional as to acceptances on the Closing Date, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the Offer Shareholders who have accepted the Share Offer by ordinary post at the Offer Shareholders' own risk as soon as possible but in any event within ten (10) days after the Share Offer has lapsed.

1.2 The Option Offer

- (a) To accept the Option Offer, you should complete and sign the Form of Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer.
- (b) If you are an Optionholder and you wish to accept the Option Offer in respect of your Options (whether in full or in part), you must send duly completed and signed Form of Option Offer Acceptance, together with the relevant certificate(s) of the Options (if applicable) and/or other document(s) of title or entitlement (and/or satisfactory indemnity or indemnities required in respect thereof) for the aggregate principal amount of Options which you hold that you wish to tender to the Option Offer, by post or by hand, to the company secretary of the Company, at 28/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code.

- (c) No stamp duty is payable in connection with the acceptances of the Option Offer.
- (d) No acknowledgement of receipt of any Form of Option Offer Acceptance, certificate(s) of the Options (if applicable) and/or any other documents of title (and/or any satisfactory indemnity/indemnities required in respect thereof) will be given.

1.3 Return of documents

If the Offers do not become, or is not declared, unconditional within the time permitted by the Takeovers Code, the share certificate(s) and/or certificate(s) of Options and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar (in the case of the Share Offer) and the company secretary of the Company (in the case of the Option Offer) will be returned to the Offer Shareholders and Optionholders who have accepted the Offers by ordinary post at the Offer Shareholders' and Optionholders' own risk as soon as possible but in any event within ten (10) days after the Offers have lapsed.

2. SETTLEMENT UNDER THE OFFERS

2.1 The Share Offer

Provided that a valid Form of Share Offer Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar by 4:00 p.m. on the Closing Date, a cheque or a banker's cashier order for the amount due to each of the Offer Shareholders who accept the Share Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Share Offer will be despatched to such Offer Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the later of the date on which the duly completed acceptances of the Share Offer and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid and the date the Offers become, or are declared, unconditional.

2.2 The Option Offer

Provided that a valid Form of Option Offer Acceptance and the relevant certificate(s) of Option or other documents (if any) evidencing the grant of the Options and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Options are complete and in good order in all respects and have been received by the company secretary of the Company by 4:00 p.m. on the Closing Date, a cheque or a banker's cashier order for the amount due to each of the Optionholders who accept the Option Offer in respect of the Options tendered by him/her under the Option Offer will be despatched to such Optionholder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) Business Days following the later of the date on which the duly completed acceptances of the Option Offer and the relevant documents of title in respect of such acceptances are received by the company secretary of the Company to render each such acceptance complete and valid and the date the Offers become, or are declared, unconditional in all respects.

Settlement of the consideration to which any Offer Shareholder or Optionholder is entitled under the Share Offer or the Option Offer, as the case may be, will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty in respect of the Share Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder or Optionholder.

No fraction of a cent will be payable and the amount of cash consideration payable to an Offer Shareholder or Optionholder who accepts the Share Offer or the Option Offer will be rounded up to the nearest cent.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) In order for the acceptances to be valid, the Form of Share Offer Acceptance and Form of Option Offer Acceptance must be received by the Registrar or the company secretary (as applicable) by 4:00 p.m. on the Closing Date in accordance with the instructions printed thereon or such other time and date as extended or revised with the consent of the Executive and in accordance with the Takeovers Code. The Share Offer is conditional upon the Offeror having received acceptances in respect of the Offer Shares which, together with the Shares acquired or agreed to be acquired before or during the Share Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company by 4:00 p.m. on the Closing Date. The Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.
- (b) The Offeror reserves the right to revise the terms of the Offers after the despatch of this Composite Document until such day as it may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offers, all the Offer Shareholders and the Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.

- (c) If the Offers are extended or revised, announcement of such extension or revision will state the next closing date or, if the Offers have become unconditional, the announcement may contain a statement that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to the Offer Shareholders and the Optionholders who have not accepted the Offers, and an announcement will be released. The revised Offers will be kept open for at least 14 days thereafter.
- (d) Any acceptance of the relevant revised Offers shall be irrevocable unless and until the Offer Shareholders and the Optionholders who accept the Offers become entitled to withdraw their acceptance under the paragraphs headed "8. Right of Withdrawal" of this Appendix below and duly do so.

4. EXERCISE OF OPTIONS

Optionholders who wish to accept the Share Offer may (i) exercise his/her/its Options (to the extent exercisable) by completing, signing and delivering a notice for exercising the Options together with a cheque for payment of the subscription monies and the related certificates (if applicable) for the Options to the company secretary of the Company before the Offers close; and (ii) at the same time, or in any event no later than 4:00 p.m. on the Closing Date, complete and sign the Form of Share Offer Acceptance and deliver it to the Registrar together with a copy of the set of documents delivered to the company secretary of the Company for exercising the Options. Exercise of the Options is subject to the respective terms and conditions of the Share Option Scheme and the terms attaching to the grant of the relevant Options. Delivery of the completed and signed Form of Share Offer Acceptance to the Registrar will not serve to complete the exercise of the Options but will only be deemed to be an irrevocable authority to the Offeror and/or Eddid Capital and/or any of their respective agent(s) or such other person(s) as they may direct to collect from the Company or the Registrar on his/her/its behalf the relevant share certificate(s) when issued on exercise of the Options as if it/they were delivered to the Registrar with the Form of Share Offer Acceptance. If the Optionholder fails to exercise his/her/its Options as aforesaid and in accordance with the respective terms and conditions of the Share Option Scheme, there is no guarantee that the Company may issue the relevant share certificate in respect of the Shares allotted pursuant to his/her/its exercise of the Option(s) to such Optionholder in time for it to accept the Share Offer as a Shareholder of such Shares under the terms of the Share Offer.

5. LAPSE OF OPTIONS

Pursuant to the terms of the Share Option Scheme, if a general offer by way of takeover is made to all the Shareholders and such offer becomes or is declared unconditional prior to the expiry of the Options, the Optionholders shall be entitled to exercise the Options in full (to the extent not already exercised even though the exercise period of the relevant Option has not come into effect during the occurrence of the general offer) at any time within twenty-one (21) days of the notice given by any such offeror that the general offer becomes unconditional. For the avoidance of doubt, the Option not so exercised shall remain valid in accordance with its terms and subject to such restrictions as applied to it before the general offer. Accordingly, the outstanding Options which are not exercised in accordance with the Share Option Scheme shall remain valid and shall not lapse after the expiry of the Offer Period.

Save as the above, nothing in this Composite Document or the Option Offer will serve to extend the life of any Options which lapses under the Share Option Scheme. No exercise of Options or acceptance of the Option Offer may be made in relation to any Option that has lapsed.

6. NOMINEE REGISTRATION

To ensure equality of treatment of all Offer Shareholders, those registered Offer Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owner of the Shares whose investments are registered in the names of a nominee to provide instructions to their nominee of their intentions with regards to the Share Offer.

7. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offers. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers and whether, amongst other information required under Rule 19.1 of the Takeovers Code, the Offers have been revised, extended, or have expired or have become or been declared unconditional.

The announcement must state the following:

- (i) the total number of Offer Shares for which acceptances for the Share Offer have been received;
- (ii) the total number of Options for which acceptances of the Option Offer have been received;
- (iii) the number of Shares and rights over Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and
- (iv) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and persons acting in concert with it.

The announcement must also include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number or principal amount of Shares and Options represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in section 1 of this Appendix, and which have been received by the Registrar (in respect of the Share Offer) or the company secretary of the Company (in respect of the Option Offer) respectively no later than 4:00 p.m. on the Closing Date shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offers which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

8. RIGHT OF WITHDRAWAL

- (a) The Offers are conditional upon fulfillment of the conditions set out in the letter from Eddid Capital. Acceptance of the Offers tendered by any Offer Shareholders and the Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below in sub-paragraph (b) below or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offers shall be entitled to withdraw its/his/her acceptance after 21 days from the first Closing Date if the Share Offer have not by then become unconditional as to acceptances. An acceptor of the Offers may withdraw its/his/her acceptance by lodging a notice in writing signed by the acceptor (or its/his/her agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar or the company secretary of the Company, as the case may be.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraphs headed “7. Announcements” of this Appendix above, as set out in Rule 19.2 of the Takeovers Code, the Executive may require the Offer Shareholders and Optionholders who have tendered acceptances to the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.
- (c) In such case, when any Offer Shareholder(s) and Optionholder(s) withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s), and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares and the Options lodged with the Form(s) of Acceptance to the relevant Offer Shareholder(s) and to the company secretary of the Company for collection of such Optionholder(s).

9. STAMP DUTY

The seller's Hong Kong ad valorem stamp duty arising in connection with the acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to the Offer Shareholders who accept the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Share Offer and will pay its respective portion of the buyer's ad valorem stamp duty (being 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares) in connection with the acceptance of the Share Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptance of the Option Offer.

10. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

As the Offers to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdictions in which they are resident, Overseas Shareholders and Optionholders should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offers. It is the responsibility of the Overseas Shareholders and Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance by any Overseas Shareholders and Optionholders will be deemed to constitute a representation and warranty from such Overseas Shareholders and Optionholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders and Optionholders should consult their professional advisers if in doubt.

11. TAXATION ADVICE

Offer Shareholders and Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. None of the Offeror and/or parties acting in concert with it, the Company, Eddid Capital, nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

12. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, share certificate(s), transfer receipts(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Offer Shareholders and/or Optionholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror, its beneficial owners, the Company, Eddid Capital, the Independent Financial Adviser, the Registrar or any of their respective directors and professional advisers or the company secretary of the Company, and any other parties involved in the Offers and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Share Offer Acceptance and Form of Option Offer Acceptance form part of the terms and conditions of the Share Offer and Option Offer, respectively.
- (c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate either the Share Offer or the Option Offer in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form(s) of Acceptance will constitute an irrevocable authority to the Offeror, Eddid Capital or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares or the Options in respect of which such person or persons has/have accepted the Offers.
- (f) Acceptance of the Offers by any Offer Shareholders or Optionholders will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that their Shares or Options under the Offers (as the case may be) are free from all third party rights and Encumbrances whatsoever and together with all rights accruing or attaching thereto including in the case of the Shares, the right to receive in full all dividends and distributions recommended, declared, made or paid on or after the date of this Composite Document.
- (g) References to the Offers in this Composite Document and the Form(s) of Acceptance shall include any revision and/or extension thereof.

- (h) The making of the Offers to the Overseas Shareholders and Optionholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders and Optionholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholders and Optionholders who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders and Optionholders shall be fully responsible for the payment of any transfer or cancellation or other taxes and duties due by such Overseas Shareholders and Optionholders in respect of the relevant jurisdictions. The Overseas Shareholders and Optionholders are recommended to seek professional advice on deciding whether or not to accept the Offers.
- (i) Acceptances of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Company that the number of the Shares or Options in respect of which as indicated in the Form(s) of Acceptance is the aggregate number of Shares or Options held by such nominee for such beneficial owner who is accepting the Offers.
- (j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offers) to all or any Offer Shareholders and Optionholders and with registered address(es) outside Hong Kong or whom the Offeror or Eddid Capital knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Offer Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.
- (k) In making their decision, the Offer Shareholders and Optionholders must rely on their own examination of the Offeror, the Group and the terms of the Share Offer and the Option Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form(s) of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, its beneficial owners, the Company, Eddid Capital or the Independent Financial Adviser or their respective professional advisers. The Offer Shareholders and Optionholders should consult their own professional advisers for professional advice.
- (l) All acceptances, instructions, authorities and undertakings given by the Offer Shareholders and Optionholders in the Form(s) of Acceptance shall be irrevocable except as permitted under the Takeovers Code.

FINANCIAL INFORMATION

Details of the published financial information of the Group (including the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows, any other primary statement and significant accounting policies) for each of the years ended 31 December 2018, 2019 and 2020 and together with any points from the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information were disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cfsg.com.hk).

- Annual report of the Company for the year ended 31 December 2018 (pages 65 to 151) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltm201904291996.pdf>);
- Annual report of the Company for the year ended 31 December 2019 (pages 52 to 135) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042700581.pdf>); and
- Annual report of the Company for the year ended 31 December 2020 (pages 55 to 147) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0329/2021032900947.pdf>).

The Company did not declare any dividend for each of the years ended 31 December 2018, 2019 and 2020.

The following is a summary of the audited consolidated financial information of the Group for each of the three years ended 31 December 2018, 2019 and 2020, as extracted from the relevant annual reports of the Company respectively:

| | Year ended 31 December | | |
|--|-------------------------------|------------------|-----------------|
| | 2018 | 2019 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | | | |
| Fee and commission income | 102,332 | 82,916 | 78,286 |
| Interest income | 21,113 | 24,576 | 25,402 |
| Total revenue | 123,445 | 107,492 | 103,688 |
| Other income | 83 | 818 | 6,814 |
| Other (losses) gains | (55,989) | 3,649 | 4,877 |
| Salaries and related benefits | (75,594) | (82,155) | (64,636) |
| Commission expenses | (34,298) | (23,798) | (22,204) |
| Depreciation | (3,968) | (23,654) | (8,769) |
| Finance costs | (6,536) | (6,644) | (11,083) |
| Impairment losses under expected credit loss model, net of reversal | (6,245) | 3,211 | (1,447) |
| Impairment losses on property and equipment | – | (20,000) | – |
| Other operation expenses | (85,250) | (76,253) | (47,205) |
| Change in fair value of investment property | (118) | 444 | 824 |
| Loss before taxation | (144,470) | (116,890) | (39,141) |
| Income tax expense | – | – | – |
| Loss for the year | (144,470) | (116,890) | (39,141) |
| Other comprehensive income (expense) for the year, net of income tax | | | |
| Item that will not be reclassified to profit or loss: | | | |
| Fair value loss on financial assets at fair value through other comprehensive income | 1,056 | (2,328) | (13,863) |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange difference on translation of foreign operation | (776) | (184) | 864 |
| | 280 | (2,512) | (12,999) |
| Total comprehensive expense for the year | (144,190) | (119,402) | (52,140) |

| | Year ended 31 December | | |
|---|------------------------|------------------|-----------------|
| | 2018 | 2019 | 2020 |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| (Loss) profit attributable to: | | | |
| Owners of the Company | (144,132) | (114,048) | (39,178) |
| Non-controlling interests | <u>(338)</u> | <u>(2,842)</u> | <u>37</u> |
| | <u>(144,470)</u> | <u>(116,890)</u> | <u>(39,141)</u> |
| Total comprehensive (expense) income for the year attributable to: | | | |
| Owners of the Company | (143,852) | (116,560) | (52,177) |
| Non-controlling interests | <u>(338)</u> | <u>(2,842)</u> | <u>37</u> |
| | <u>(144,190)</u> | <u>(119,402)</u> | <u>(52,140)</u> |
| | (Restated) | (Restated) | |
| Loss per share | | | |
| Basic (HK cents) | <u>(58.2)</u> | <u>(46.03)</u> | <u>(15.89)</u> |
| Diluted (HK cents) | <u>(58.2)</u> | <u>(46.03)</u> | <u>(15.89)</u> |
| Dividend per Share | <u>-</u> | <u>-</u> | <u>-</u> |

No qualified or modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the auditor's reports of the Company for the financial years ended 31 December 2018, 2019 and 2020.

Save as disclosed above, there are no other items of income or expense which are material in the financial statements of the Company for the financial years ended 31 December 2018, 2019 and 2020.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had the following indebtedness:

Bank borrowings

The Group had total outstanding bank borrowings of approximately HK\$303.8 million, comprising of (i) secured and guaranteed bank borrowings of approximately HK\$93.0 million; and (ii) secured and unguaranteed bank borrowings of HK\$210.8 million. The aforesaid guarantees were granted by the Company.

Pledge of assets

Bank borrowings of HK\$303.8 million in aggregate were secured by marketable securities provided by clients of the Group.

Lease obligations

As at 31 March 2021, the Group had outstanding lease payments in respect of office premises of approximately HK\$17.9 million, which were unguaranteed and secured by rental deposits paid by the Group.

Contingent liabilities

As at 31 March 2021, the Group had no litigations/claims of material importance as stated in the paragraph headed “Litigation” in Appendix III to this Composite Document. Accordingly, the Group had no material contingent liabilities as at 31 March 2021.

Disclaimers

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, the Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts and loans, other loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchase commitments, lease obligations, guarantees or other material contingent liabilities, at the close of business on 31 March 2021.

The Board has confirmed that there has not been any material change in the indebtedness or contingent liabilities of the Group since 31 March 2021.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources, including banking facilities available to the Group and its internally generated funds, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of publication of this Composite Document.

4. MATERIAL CHANGES

The Directors have confirmed that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Offer Shareholders and the Optionholders with regards to the Group and the Offers.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document to the extent it relates to the Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the directors of the Offeror and CASH) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The directors of the Offeror and CASH jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

| | |
|------------------------------------|----------------|
| <i>Authorised:</i> | <i>HK\$</i> |
| 750,000,000 Shares of HK\$0.4 each | 300,000,000 |
| <i>Issued and fully paid:</i> | |
| 253,758,779 Shares of HK\$0.4 each | 101,503,511.60 |

All of the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting.

As at the Latest Practicable Date, there were 24,730,500 outstanding Options granted under the Share Option Scheme, including (a) 12,370,500 Options, out of which:- (i) 9,580,500 March 2019 Options were exercisable at the exercise price of HK\$1.42 each from 1 May 2019 to 30 April 2022; (ii) 2,790,000 June 2019 Options were exercisable at the exercise price of HK\$1.04 each from 4 June 2019 to 3 June 2022; and (b) 12,360,000 April 2020 Options were exercisable at the exercise price of HK\$0.48 each from 1 May 2020 to 30 April 2022, each relating to one Share. Assuming that the 12,360,000 outstanding April 2020 Options (which are in-the-money) are exercised in full prior to the close of the Offers, there would be 266,118,779 Shares in issue.

Save as disclosed above, there were no outstanding options, convertible securities, warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carried a right to subscribe for or which were convertible or exchangeable into any Shares as at the Latest Practicable Date.

Save for 11,136,000 new Shares allotted and issued by the Company to the Vendors upon exercise of the SPA Options by the Vendors on 26 May 2021 under the Undertakings and Agreements, the Company has not issued any Shares since 31 December 2020, being the date to which the latest audited financial statements of the Company were made up.

3. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

| Date | Closing price of Shares (HK\$) |
|---|--------------------------------------|
| 30 June 2020 | 0.520* |
| 31 July 2020 | 0.600* |
| 31 August 2020 | 0.500* |
| 30 September 2020 | 0.445 |
| 30 October 2020 | 0.450 |
| 30 November 2020 | 0.570 |
| 30 December 2020 (last Business Day immediately preceding the date of the Initial Announcement) | 0.690 |
| 31 December 2020 (Last Trading Day) | 0.700 |
| 29 January 2021 | 0.620 |
| 26 February 2021 | 0.870 |
| 31 March 2021 | 0.790 |
| 30 April 2021 | 0.710 |
| 28 May 2021 (Latest Practicable Date) | 0.690 |

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.980* on 6 July 2020 and HK\$0.395 on 6 October 2020 respectively.

* The prices of the Shares were adjusted as a result of the 20-to-1 share consolidation of the Company effective on 7 September 2020.

4. DISCLOSURE OF INTERESTS

(a) Interests of the Directors and chief executive in the Shares or securities of the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interest or short position 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 were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange; or (iv) required to be disclosed under the Takeovers Code:

(i) Long positions in the Shares

| Name of Director | Capacity/nature of interest | Personal (Number of Shares) | Corporate Interest (Number of Shares) | Approximate percentage of the existing issued share capital of the Company (%) |
|------------------------|--------------------------------------|-----------------------------|---------------------------------------|--|
| Dr Kwan Pak Hoo Bankee | Interest in a controlled corporation | – | 97,276,854* | 38.33 |
| Mr 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). Pursuant to the SFO, Dr Kwan Pak Hoo Bankee (“Dr Kwan”) was interested in a total of 49.79% shareholding interest in CASH. Dr Kwan was deemed to be interested in all these Shares held by CIGL as a result of his interests in CASH.

(ii) Long positions in the underlying shares – options under share option scheme

| Name | | Date of grant | Exercise period | Exercise price per share (HK\$) | Number of Options held as at the Latest Practicable Date | Percentage to issued Shares as at the Latest Practicable Date (%) |
|--------------------------|--------------------|---------------|-------------------------|---------------------------------|--|---|
| Dr Kwan Pak Hoo Bankee | March 2019 Options | 29/03/2019 | 01/05/2019 – 30/04/2022 | 1.42 | 1,350,000 | 0.53 |
| | April 2020 Options | 29/04/2020 | 01/05/2020 – 30/04/2022 | 0.48 | 2,472,000 | 0.97 |
| Mr Li Shing Wai Lewis | March 2019 Options | 29/03/2019 | 01/05/2019 – 30/04/2022 | 1.42 | 337,500 | 0.13 |
| | April 2020 Options | 29/04/2020 | 01/05/2020 – 30/04/2022 | 0.48 | 2,472,000 | 0.97 |
| Mr Kwan Teng Hin Jeffrey | March 2019 Options | 29/03/2019 | 01/05/2019 – 30/04/2022 | 1.42 | 1,350,000 | 0.53 |
| | April 2020 Options | 29/04/2020 | 01/05/2020 – 30/04/2022 | 0.48 | 2,472,000 | 0.97 |
| Mr Kwok Ka Lok Lionel | March 2019 Options | 29/03/2019 | 01/05/2019 – 30/04/2022 | 1.42 | 675,000 | 0.26 |

As at the Latest Practicable Date,

- (i) Mr Lo Kwok Hung John, being an independent non-executive Director, intended to maintain his shareholding interest in the Company and not to accept the Share Offer;
- (ii) Dr Kwan Pak Hoo Bankee, Mr Li Shing Wai Lewis and Mr Kwan Teng Hin Jeffrey, each being an executive Director and Optionholder:
 - (a) for the April 2020 Options, each of them intended to exercise such Options and accept the Share Offer subject to the market price of the Shares before the close of Offers; and
 - (b) for the March 2019 Options, which are out-of-the money and have an exercise price above the current market price of the Shares, each of them intended not to accept the Option Offer;
- (iii) Mr Kwok Ka Lok Lionel, being an executive Director and Optionholder of the March 2019 Options, which are out-of-the money and have an exercise price above the current market price of the Shares, intended not to accept the Option Offer.

(b) Interests of the substantial Shareholders in the Shares or securities of the Company

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no persons (other than the Directors or chief executive of the Company) who had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital:

| Name | Capacity/nature of interest | Number of Shares interested | Approximate percentage of the existing issued share capital of the Company (%) |
|--|--------------------------------------|------------------------------------|---|
| Hobart Assets Limited (<i>Note (1)</i>) | Interest in a controlled corporation | 97,276,854 | 38.33 |
| Cash Guardian (<i>Note (1)</i>) | Interest in a controlled corporation | 97,276,854 | 38.33 |
| CASH (<i>Note (1)</i>) | Interest in a controlled corporation | 97,276,854 | 38.33 |
| Praise Joy Limited (<i>Note (1)</i>) | Interest in a controlled corporation | 97,276,854 | 38.33 |
| CIGL (<i>Note (1)</i>) | Beneficial owner | 97,276,854 | 38.33 |
| Ever Billion Group Limited ("Ever Billion") (<i>Note (2)</i>) | Beneficial owner | 41,300,000 | 16.28 |

Notes:

- (1) This refers to the same number of 97,276,854 Shares held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH). CASH was owned as to approximately 49.79% by Dr Kwan, including approximately 49.05% by Cash Guardian (a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan) and approximately 0.74% by Dr Kwan in his personal name. Pursuant to the SFO, Dr Kwan, 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 in paragraph 4(a)(i) above.

- (2) The shareholding interest of Ever Billion was based on the notice dated 20 June 2017 filed by it pursuant to Divisions 2 and 3 of Part XV of the SFO after adjusting the number of Shares held by it due to the 20-to-1 share consolidation of the Company which took effect on 7 September 2020. Based on the said notice, Ever Billion is a wholly-owned subsidiary of Sunbase International (Holdings) Limited, which is in turn owned as to 66.67% by Mr Gao Gunter and 33.33% by Ms Yang Linda. Pursuant to the SFO, Mr Gao Gunter, Ms Yang Linda and Sunbase International (Holdings) Limited were deemed to be interested in all these Shares held by Ever Billion.

(c) Interests of the directors of the Offeror and CASH in the Shares or securities of the Company

As at the Latest Practicable Date,

- (i) the Offeror and the directors of the Offeror and CASH held the Shares as set out in the section headed “Shareholding structure of the Company” in the “Letter from the Board” in this Composite Document; and
- (ii) the directors of the Offeror and CASH held the following outstanding Options:

| Name | | Date of grant | Exercise period | Exercise price per Option (HK\$) | Number of Options held as at the Latest Practicable Date | Percentage to issued Shares as at the Latest Practicable Date (%) |
|-----------------------------|--------------------|---------------|-------------------------|----------------------------------|--|---|
| Dr Kwan Pak Hoo Bankee | March 2019 Options | 29/03/2019 | 01/05/2019 – 30/04/2022 | 1.42 | 1,350,000 | 0.53 |
| | April 2020 Options | 29/04/2020 | 01/05/2020 – 30/04/2022 | 0.48 | 2,472,000 | 0.97 |
| Mr Li Shing Wai Lewis | March 2019 Options | 29/03/2019 | 01/05/2019 – 30/04/2022 | 1.42 | 337,500 | 0.13 |
| | April 2020 Options | 29/04/2020 | 01/05/2020 – 30/04/2022 | 0.48 | 2,472,000 | 0.97 |
| Mr Leung Siu Pong James | April 2020 Options | 29/04/2020 | 01/05/2020 – 30/04/2022 | 0.48 | 2,472,000 | 0.97 |
| Mr Kwan Teng Hin Jeffrey | March 2019 Options | 29/03/2019 | 01/05/2019 – 30/04/2022 | 1.42 | 1,350,000 | 0.53 |
| | April 2020 Options | 29/04/2020 | 01/05/2020 – 30/04/2022 | 0.48 | 2,472,000 | 0.97 |

Notes: All of the above directors of CASH (except Mr Leung Siu Pong James) were also Directors as at the Latest Practicable Date.

Save as disclosed, none of the Offeror, the directors of the Offeror and CASH or any other parties acting in concert with the Offeror owned or controlled any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

(d) Other interests in the Company

As at the Latest Practicable Date,

- (i) save for the shareholding interest of the Offeror and the directors of the Offeror and CASH in the Company as disclosed in paragraph 4(c) in this Appendix III, none of the Offeror, the directors of the Offeror and CASH or any other parties acting in concert with the Offeror owned or controlled any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (ii) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code had owned or controlled any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (iii) save for (a) the directors of the Offeror and CASH who held the Options as disclosed in paragraph 4(c) in this Appendix III and (b) the Undertakings and Agreements, none of the Offeror and parties acting in concert with it had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other person;
- (iv) save for the Options as disclosed in paragraph 4(c) in this Appendix III and the shareholding interests of the Vendors (if any) as disclosed in paragraph 4(d)(v) in this Appendix III, no such person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror and parties acting in concert with it owned or controlled any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (v) save for Mr Cheung Wai Ching Anthony and Mr Ho Tsz Cheung Jack each of whom was holding 675,000 March 2019 Options (with an exercise price of HK\$1.42 and an exercise period from 1 May 2019 to 30 April 2022), Mr Law Ping Wah Bernard who was holding 8,800 Shares and 1,350,000 March 2019 Options (with an exercise price of HK\$1.42 and an exercise period from 1 May 2019 to 30 April 2022) and Mr Lau Chi Wo who was holding 95,820 Shares and 166,500 March 2019 Options (with an exercise price of HK\$1.42 and an exercise period from 1 May 2019 to 30 April 2022), none of the persons who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who was an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” owned or controlled any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (vi) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (vii) none of the Company nor any Directors had borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company, save for any borrowed shares which have been either on-lent or sold; and
- (viii) none of the Offeror and parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

(e) Interests in the Offeror

As at the Latest Practicable Date, the Directors hold the following shares in CASH (the holding company of the Offeror):

| Name of Director | Capacity/nature of interest | Personal Interest (Number of shares) | Corporate Interest (Number of shares) | Approximate percentage of the existing issued share capital of CASH (%) |
|---------------------|---|--------------------------------------|---------------------------------------|---|
| Kwan Pak Hoo Bankee | Beneficial owner and interest in a controlled corporation | 598,501 | 39,599,098* | 49.79 |

* The shares were held by Cash Guardian (a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan). Dr Kwan was deemed to be interested in all these shares in the Offeror as a result of his interests in Cash Guardian.

Save as disclosed above, as at the Latest Practicable Date, none of the Company or any of the Directors was interested in any shares, convertible securities, warrants, options or derivatives in respect of the shares of the Offeror and CASH.

5. DEALINGS IN SECURITIES

During the Relevant Period,

- (i) the Offeror had purchased (a) a total of 54,996,000 Shares at prices between HK\$0.028 and HK\$0.033 per Share in July 2020 before the 20-to-1 share consolidation of the Company took effect on 7 September 2020; and (b) 11,136,000 Sale Shares from the Vendors at the price of HK\$0.75 per Share upon the S&P Completion on 26 May 2021 pursuant to the Undertakings and Agreements. Save as disclosed above, none of the Offeror nor parties acting concert with it had dealt for value in any securities of the Company during the Relevant Period. Details of the dealings in (a) above are as follows:

| Date | Purchase/Sale | Number of Shares involved | Highest price per Share (HK\$) | Lowest price per Share (HK\$) |
|--------------|---------------|---------------------------|--------------------------------|-------------------------------|
| 24 July 2020 | Purchase | 25,440,000 | 0.030 | 0.028 |
| 27 July 2020 | Purchase | 27,492,000 | 0.033 | 0.029 |
| 28 July 2020 | Purchase | 2,064,000 | 0.033 | 0.030 |

- (ii) as mentioned in paragraph 4(a)(i) above, Dr Kwan, being a Director, was deemed to be interested in all the Shares held by the Offeror. Therefore, the dealings by Offeror in the Shares in paragraph 5(i) above were regarded as the dealings of Dr Kwan in the Shares. Save as disclosed above, none of the directors of the Offeror had dealt for value in any securities of the Company during the Relevant Period;
- (iii) Mr Ng Hin Sing Derek, being one of the Vendors and a Director, exercised 2,472,000 SPA Options (which were granted to him on 29 April 2020 with an exercise period from 1 May 2020 to 30 April 2022) at the exercise price of HK\$0.48 per share on 17 May 2021 and option money of HK\$1,186,560 was paid by Mr Ng to the Company on the date of exercise. Mr Ng then sold such 2,472,000 Shares allotted and issued him upon exercise of the SPA Options to the Offeror at the price of HK\$0.75 per Share upon the S&P Completion on 26 May 2021 pursuant to the Undertakings and Agreements. Save as disclosed above, none of the Directors had dealt for value in any securities of the Company during the Relevant Period;
- (iv) Mr Cheung Wai Ching Anthony, Mr Ho Tsz Cheung Jack, and Mr Law Ping Wah Bernard (each of them being one of the Vendors) respectively exercised 2,472,000 SPA Options (which were granted to each of them on 29 April 2020 with an exercise period from 1 May 2020 to 30 April 2022) at the exercise price of HK\$0.48 per share on 17 May 2021 and option money of HK\$1,186,560 was paid by Mr Cheung, Mr Ho and Mr Law respectively to the Company on the date of exercise. Each of Mr Cheung, Mr Ho and Mr Law then sold such 2,472,000 Shares allotted and issued to him upon exercise of the SPA Options to the Offeror at the price of HK\$0.75 per Share upon the S&P Completion on 26 May 2021 pursuant to the Undertakings and Agreements;
- (v) Mr Lau Chi Wo (being one of the Vendors) exercised 1,248,000 SPA Options (which were granted to him on 29 April 2020 with an exercise period from 1 May 2020 to 30 April 2022) at the exercise price of HK\$0.48 per share on 17 May 2021 and option money of HK\$599,040 was paid by Mr Lau to the Company on the date of exercise. Mr Lau then sold such 1,248,000 Shares allotted and issued to him upon exercise of the SPA Options to the Offeror at the price of HK\$0.75 per Share upon the S&P Completion on 26 May 2021 pursuant to the Undertakings and Agreements;
- (vi) the Company had repurchased a total of 5,165,400 Shares at prices between HK\$0.39 and HK\$0.58 per Share during September 2020 to November 2020. Save as disclosed, neither the Company nor any of its subsidiaries has made any repurchase of the Shares since 31 December 2020;

- (vii) before the 20-to-1 share consolidation of CASH which took effect on 7 September 2020, Dr Kwan, being a Director, had subscribed for and was allotted a total of 7,710,032 shares in CASH at the price of HK\$0.060 per share on 7 July 2020 in the 1-for-2 open offer of CASH, and Cash Guardian (a 100%-controlled corporation of Dr Kwan) (a) had subscribed for and was allotted a total of 509,962,161 shares in CASH at the price of HK\$0.060 per share on 7 July 2020 in the 1-for-2 open offer of CASH and (b) acquired a total of 252,000 shares in CASH on the market at prices between HK\$0.054 and HK\$0.053 per share on 24 July 2020. Save as disclosed above, none of the Company and the Directors had dealt for value in any shares or any convertible securities, warrants, options or derivatives in respect of the shares in the Offeror and CASH;
- (viii) save for the dealings in the Shares for the account of non-discretionary clients by Celestial Securities Limited, none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or a person who was presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who was an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (ix) save as disclosed in paragraphs 5(iii) to 5(v) of this Appendix III, none of the person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who was an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (x) save as disclosed in paragraphs 5(iii) to 5(v) of this Appendix III, none of the person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any person acting in concert with it had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company; and
- (xi) no fund managers connected with the Company who managed funds on a discretionary basis had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

6. ARRANGEMENTS RELATING TO THE OFFERS

As at the Latest Practicable Date,

- (i) save for the Undertakings and Agreements, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Company or any person who was presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who was an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate”, and any other person;
- (ii) save for the Undertakings and Agreements, and the loan facility agreement between Bank of Communications (Hong Kong) Ltd., CASH (the holding company of the Offeror) and Dr Kwan Pak Hoo Bankee in respect of the Facility and share charge in relation thereto, there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offers;
- (iii) save for the share charge (“Share Charge”) in respect of 97,136,000 Shares held by the Offeror and the Offer Shares to be acquired by the Offeror pursuant to the Share Offer entered between Bank of Communications (Hong Kong) Ltd. and the Offeror in relation to the Facility, there was no agreement, arrangement or understanding that any securities of the Company, acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons;
- (iv) save that the Offers are conditional upon the Offeror having received on the First Closing Date valid acceptances in respect of the Shares which, together with the Shares acquired or agreed to be acquired before or during the Share Offer, will result in the Offeror and any person acting in concert with it holding more than 50% of the voting rights of the Company, and the Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects, there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offers;
- (v) neither the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept or reject the Offers;
- (vi) save for the total consideration of HK\$8,352,000 in cash under the Undertakings and Agreements, there was no other consideration, compensation or benefits in whatever form provided or to be provided by the Offeror or any parties acting in concert with it on one hand to the Vendors or any party acting in concert with any of them on the other hand in connection with the sale and purchase of the Sale Shares under the Undertakings and Agreements;

- (vii) save for the Undertakings and Agreements, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any parties acting in concert with it on the one hand, and the Vendors and any parties acting in concert with any of them on the other hand; and
- (viii) save for the Undertakings and Agreements, there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (a) any Shareholder (on one hand); and (b)(i) the Offeror and any parties acting in concert with it, or (b)(ii) the Company, its subsidiaries or associated companies (on the other hand).

7. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (b) save as disclosed in paragraph 6(ii) above, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers; and
- (c) save for the Undertakings and Agreements between the Offeror and Mr Ng Hin Sing Derek, being a Director, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

8. SERVICE CONTRACTS OF DIRECTORS

Mr Li Shing Wai Lewis, an executive Director, has entered into a service agreement with the Company for an initial term of three years commencing from 2 September 2019 and expiring on 1 September 2022 and may be terminated by three months' prior notice in writing served by either party on the other. The term of the service agreement would be renewable automatically for successive terms of three years each upon expiry of the then current term of the appointment. Mr Li is subject to the retirement by rotation and re-election pursuant to the bye-laws of the Company. He is currently entitled to receive a monthly salary of HK\$80,000 and is subject to payment of variable pay as may be determined by, and at the discretion of, the Board from time to time.

Mr Kwan Teng Hin Jeffrey, an executive Director, has entered into a service agreement with the Company for an initial term of two years commencing from 12 June 2017 and may be terminated by three months' prior notice in writing served by either party on the other. The service agreement has since been renewed once and the current term will expire on 11 June 2021. The term of the service agreement would be renewable automatically for successive terms of two years each upon expiry of the then current term of the appointment. Mr Kwan is subject to the retirement by rotation and re-election pursuant to the bye-laws of the Company. He is currently entitled to receive a monthly salary of HK\$70,000 and is subject to payment of variable pay as may be determined by, and at the discretion of, the Board from time to time.

Mr Kwok Ka Lok Lionel, prior to his appointment as an executive Director on 8 December 2020, had entered into a continuous service agreement with the Company on 29 August 2018 as deputy chief executive officer of the Group which might be terminated by 3 months' prior notice in writing served by either party on the other. Under such service agreement, he was entitled to receive a monthly salary of HK\$250,000. Subsequent to his appointment as an executive Director, he entered into a new service agreement with Company with a monthly salary of HK\$60,000 and was subject to payment of variable pay as may be determined by, and at the discretion of, the Board from time to time. The new service agreement has an initial term of three years commencing from 8 December 2020 and may be terminated by three months' prior notice in writing served by either party on the other. The current term of the existing service agreement will expire on 7 December 2023 and would be renewable automatically for successive terms of three years each upon expiry of the then current term of the appointment. Mr Kwok is subject to the retirement by rotation and re-election pursuant to the bye-laws of the Company. Under Mr Kwok's existing service agreement with the Company, his monthly salary was initially HK\$60,000 which has been increased to HK\$80,000 since January 2021. He is currently entitled to receive a monthly salary of HK\$80,000 and is subject to payment of variable pay as may be determined by, and at the discretion of, the Board from time to time.

Mr Ng Hin Sing Derek, an executive Director, has entered into a service agreement with the Company for an initial term of three years with effect from 27 March 2020 and may be terminated by three months' prior notice in writing served by either party on the other. The current term of the service agreement will expire on 26 March 2023 and would be renewable automatically for successive terms of three years each upon expiry of the then current term of the appointment. Mr Ng is subject to the retirement by rotation and re-election pursuant to the bye-laws of the Company. He is currently entitled to receive a monthly salary of HK\$75,000 and is subject to payment of variable pay as may be determined by, and at the discretion of, the Board from time to time.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any of its subsidiaries or associated companies in force which:

- (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the commencement of the Offer Period;
- (b) were continuous contracts with a notice period of 12 months or more;
- (c) were fixed term contracts with more than 12 months to run irrespective of the notice period;
or
- (d) was not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

9. MATERIAL CONTRACTS

The following contracts are contracts that are or may be material, not being contracts entered into during the ordinary course of business, and have been entered into by the Group since 31 December 2018 (being the date falling on two years before the commencement of the Offer Period) up to the Latest Practicable Date:

- (a) the new lease dated 23 May 2019 entered into between Pioneer Crest Limited as the landlord and Celestial Asia Investment Limited (a wholly-owned subsidiary of the Company) as the tenant in relation to renewal of lease for the premises at Manhattan Place, Kowloon Bay for 3 years commencing from 15 July 2019 and expiring on 14 December 2022 (both days inclusive) at an aggregate value of consideration of approximately HK\$24,939,000 for use as office premises of the Company;
- (b) the subscription agreement dated 2 July 2019 entered into between CFSG China Investment Limited (a wholly-owned subsidiary of the Company) as subscriber, ZWC CFSG Investments Limited as the target company and Zhong Wei General Partner Limited in relation to the subscription of 2,000 class A shares in the target company (representing 99.95% of the total issued shares of the target company immediately after the subscription) by CFSG China Investment Limited at the consideration of US\$2,000,000 (equivalent to approximately HK\$15,600,000) and the shareholders' agreement dated 2 July 2019 entered into between the same parties as the subscription agreement in relation to the governance of the target company;
- (c) the letter of commitment and the partnership agreement both dated 20 December 2019 entered into between上海懿睿股權投資基金管理有限公司 (translated as Shanghai Yirui Equity Investment Fund Management Company Limited) (a wholly-owned subsidiary of the Company) as subscriber and北京老鷹投資基金管理有限公司 (translated as Beijing Eagles Investment Fund Management Company Limited) in relation to the subscription of limited partner interests in the fund of武漢老鷹創新投資中心(有限合夥) (translated as Wuhan Eagles Innovation Investment Centre, L.P.) by the subscriber with a capital commitment of RMB10,000,000 (equivalent to approximately HK\$11,100,000) and the supplemental agreement to the partnership agreement and the revised letter of commitment both dated 12 May 2020 entered into between the same parties in relation to reduction of the capital commitment of the subscription in the fund from RMB10,000,000 (equivalent to approximately HK\$11,100,000) to RMB5,000,000 (equivalent to approximately HK\$5,550,000);
- (d) the placing agreement dated 27 March 2020 entered into between CASH (the substantial Shareholder) and Celestial Securities Limited (a wholly-owned subsidiary of the Company) as the placing agent in respect of the arrangement to place the unsubscribed shares of CASH by the placing agent on a best effort basis to the placees at a placing commission of HK\$84,000 (being 1% of the gross proceeds of the successfully placed unsubscribed shares of CASH) under the open offer of CASH; and

- (e) the provisional agreement dated 21 April 2021 entered into between Think Right Investments Limited (a wholly-owned subsidiary of the Company) as vendor (signing by Dr Kwan Pak Hoo Bankee, a Director, in capacity as trustee) and Ms Jin Su (an independent third party and not being a Shareholder) as purchaser in relation to the sale and purchase of the property situated at Room 1607 (also known as 19A), Residence 8, No.8 Jinan Road, Luwan District (now known as Huangpu District), Shanghai, the People's Republic of China at the consideration of RMB17,600,000 (equivalent to approximately HK\$20,768,000).

10. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other company in the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against either the Company or any other company in the Group.

11. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the names and qualifications of the experts who have given its letter/opinion which is contained in this Composite Document:

| Name | Qualifications |
|---------------|---|
| Eddid Capital | a corporation licensed by SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |
| Vinco Capital | a corporation licensed by SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |

As at the Latest Practicable Date, each of Eddid Capital and Vinco Capital had given and had not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter and the references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, each of Eddid Capital and Vinco Capital did not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of Eddid Capital and Vinco Capital did not have any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the date up to which the latest published audited consolidated accounts of the Company was made up.

12. MISCELLANEOUS

- (a) The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and the correspondence address of the Offeror is at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong.
- (b) The principal members of the Offeror's concert group are CASH and the directors of the Offeror. The directors of the Offeror are Dr Kwan Pak Hoo Bankee, Mr Li Shing Wai Lewis, Mr Leung Siu Pong James and Mr Kwan Teng Hin Jeffrey (all of them are also directors of CASH), and their correspondence address is 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong.
- (c) The head office and principal place of business of CASH in Hong Kong are at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong. The registered office of CASH is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (d) The head office and principal place of business of the Company in Hong Kong are at 22/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (e) The secretary of the Company is Ms Luke Wing Sheung Suzanne, FCG FCS, a fellow member of The Chartered Governance Institute, UK.
- (f) The registered office of Eddid Capital is situated at 22/F., YF Life Tower, 33 Lockhart Road, Wan Chai, Hong Kong.
- (g) The registered office of Vinco Capital is at Unit 2601, 26/F, The Center, 99 Queen's Road Central, Hong Kong.
- (h) The English texts of this Composite Document and the Form(s) of Acceptance shall prevail over the Chinese translations in the case of inconsistency.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the following documents will be available for inspection (i) during normal business hours from 9:00 am to 5:00 pm (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at 22/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.cfsg.com.hk) during the period from the date of this Composite Document onwards for as long as the Offers remain open for acceptance:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the memorandum and articles of association of the Offeror;
- (c) the annual report of the Company for the financial year ended 31 December 2019;
- (d) the annual report of the Company for the financial year ended 31 December 2020;
- (e) the letter from Eddid Capital as set out on pages 8 to 17 of this Composite Document;
- (f) the letter from the Board, the text of which is set out on pages 18 to 26 of this Composite Document;
- (g) the letter from the Independent Board Committee, the text of which is set out on pages 27 to 28 of this Composite Document;
- (h) the letter from Vinco Capital, the text of which is set out on pages 29 to 50 of this Composite Document;
- (i) the letters of consent from each of Eddid Capital and Vinco Capital referred to in the paragraph headed “11. Qualifications and consents of experts” in this Appendix III;
- (j) a full list of dealings of Shares by the Offeror and parties acting in concert with it referred to in the paragraph 5(i) in this Appendix III;
- (k) the directors’ service contracts referred to in the paragraph headed “8. Service contracts of Directors” in this Appendix III;
- (l) the material contracts referred to in the paragraph headed “9. Material contracts” in this Appendix III; and
- (m) the loan facility agreement pursuant to which the Facility is made.