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**CASH FINANCIAL SERVICES  
GROUP LIMITED**

時富金融服務集團有限公司\*

*(incorporated in Bermuda with limited liability)*

**(Stock code: 510)**



**CELESTIAL ASIA SECURITIES  
HOLDINGS LIMITED**

時富投資集團有限公司\*

*(incorporated in Bermuda with limited liability)*

**(Stock code: 1049)**

## **JOINT ANNOUNCEMENT**

### **IN RELATION TO**

### **CONTINUING CONNECTED TRANSACTIONS - PROVISION OF FINANCIAL SERVICES**

#### **(1) THE MARGIN FINANCING AGREEMENTS**

On 20 February 2023, Celestial Securities (a wholly-owned subsidiary of CFSG, and a subsidiary of CASH held through CFSG) entered into the Margin Financing Agreements with the Connected Clients relating to the Margin Financing Arrangements (being the grant of margin financing facility by Celestial Securities to each of the Connected Clients) for a term commencing on 20 February 2023 and ending on 31 December 2024 subject to an annual cap of up to HK\$40 million for each Connected Client.

#### **Listing Rules Implications**

##### ***CFSG***

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

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

## **CASH**

From the perspective of CASH, as (i) each of Dr Kwan Pak Hoo Bankee, Mr Leung Siu Pong James and Mr Kwan Teng Hin Jeffrey is a CASH Director; (ii) Cash Guardian is indirectly wholly-owned by Dr Kwan Pak Hoo Bankee; and (iii) each of Mr Law Hin Ong Trevor and Ms Wong Sze Kai Angela is a CFSG Director, each of the aforesaid persons is a connected person of CASH. Therefore, the Margin Financing Arrangement with each of the Connected Clients (other than Cashflow Credit) constitutes a continuing connected transaction for CASH under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the margin financing facility on an annual basis under the Margin Financing Agreement for each of Dr Kwan Pak Hoo Bankee, Mr Leung Siu Pong James, Mr Kwan Teng Hin Jeffrey and Cash Guardian exceeds 5% and the principal amount of the margin financing facility granted to each of the aforesaid persons exceeds HK\$10,000,000, the Margin Financing Agreements and the transactions contemplated thereunder for each of Dr Kwan Pak Hoo Bankee, Mr Leung Siu Pong James, Mr Kwan Teng Hin Jeffrey and Cash Guardian are subject to the reporting, announcement, independent shareholders' approval and annual review requirements for CASH under the Listing Rules.

As (i) each of Mr Law Hin Ong Trevor and Ms Wong Sze Kai Angela is only a connected person of CASH at the subsidiary level; (ii) the CASH Board has approved the Margin Financing Arrangement with each of Mr Law Hin Ong Trevor and Ms Wong Sze Kai Angela; and (iii) the independent non-executive directors of CASH have confirmed that the terms of each of such transactions are fair and reasonable, each of such transactions are on normal commercial terms or better and in the interest of CASH and the CASH Shareholders as a whole, the Margin Financing Arrangement with each of Mr Law Hin Ong Trevor and Ms Wong Sze Kai Angela is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

## **(2) THE BROKERAGE SERVICES AGREEMENT**

On 20 February 2023, Celestial Securities and Celestial Commodities (both being wholly-owned subsidiaries of CFSG, and subsidiaries of CASH held through CFSG) as service providers and CASH Algo (a wholly-owned subsidiary of CASH) as customer entered into the Brokerage Services Agreement relating to the provision of the Brokerage Services (being brokerage services for trading of securities, futures and options contracts in Hong Kong and/or any other overseas exchanges) for a term commencing on 20 February 2023 and ending on 31 December 2024 subject to an annual cap of up to HK\$40 million.

### **Listing Rules Implications**

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

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

## **GENERAL**

### ***CFSG***

An independent board committee of CFSG, comprising all the independent non-executive directors of CFSG, namely Mr Cheng Shu Shing Raymond, Mr Lo Kwok Hung John and Mr Lo Ming Chi Charles, has been formed to advise the independent shareholders of CFSG on the terms of (1) the Margin Financing Agreements (including the annual caps) with the Connected Clients (other than Mr Leung Siu Pong James); and (2) the Brokerage Services Agreement (including the annual cap). Vinco Financial Limited has also been appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of CFSG in these regards.

A circular of CFSG containing, inter-alia, details of the Margin Financing Agreements with the Connected Clients (other than Mr Leung Siu Pong James) and the Brokerage Services Agreement, a letter from the independent board committee to the independent shareholders of CFSG in respect of such Margin Financing Agreements and the Brokerage Services Agreement, a letter of advice from the independent financial adviser to the independent board committee and the independent shareholders of CFSG in respect of such Margin Financing Agreements and the Brokerage Services Agreement, and a notice to convene the CFSG SGM will be despatched to the CFSG Shareholders on or before 13 March 2023.

### ***CASH***

An independent board committee of CASH, comprising all the independent non-executive directors of CASH, namely Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, has been formed to advise the independent shareholders of CASH on the terms of the Margin Financing Agreements (including the annual caps) with each of Dr Kwan Pak Hoo Bankee, Mr Leung Siu Pong James, Mr Kwan Teng Hin Jeffrey and Cash Guardian. DL Securities (HK) Limited has also been appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of CASH in this regard.

A circular of CASH containing, inter-alia, details of the Margin Financing Agreements with each of Dr Kwan Pak Hoo Bankee, Mr Leung Siu Pong James, Mr Kwan Teng Hin Jeffrey and Cash Guardian, a letter from the independent board committee to the independent shareholders of CASH in respect of such Margin Financing Agreements, a letter of advice from the independent financial adviser to the independent board committee and the independent shareholders of CASH in respect of such Margin Financing Agreements, and a notice to convene the CASH SGM will be despatched to the CASH Shareholders on or before 13 March 2023.

## **THE CONTINUING CONNECTED TRANSACTIONS**

### **(1) The Margin Financing Agreements**

On 20 February 2023, Celestial Securities entered into the Margin Financing Agreements with the Connected Clients relating to the Margin Financing Arrangements. The principal terms and conditions of the Margin Financing Agreements are summarised below.

Date: 20 February 2023

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

The Connected Clients are:

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

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

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

Interest rates: The interest rates will be charged at a rate of up to 8% over the Hong Kong Dollar Best Lending Rate prevailing from time to time quoted by The Hongkong and Shanghai Banking Corporation Limited, which aligns with the prevailing market practice.

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

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

Basis for determining the annual caps: The annual caps were determined after arm's length negotiation between Celestial Securities and each of the Connected Clients based on (i) the demand of the Connected Clients for the margin financing facility; (ii) the sound financial standing of each of the Connected Clients; (iii) the existing financial resources and capacity of margin financing facilities of the CFSG Group for granting the margin financing facility after taking into account the credit assessment, financial strength, past payment records and collateral securities for the facility of the Connected Clients; and (iv) the benefit for capturing the securities trading activities of the Connected Clients so as to earn more commission and fees in the usual and ordinary course of the business of the CFSG Group and the CASH Group.

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

terms of contribution of income to the CFSG Group and the CASH Group, the CFSG Board and the CASH Board proposed to grant the new annual caps to allow sufficient buffer and more flexibility for Celestial Securities to grant the margin financing facility to the Connected Clients in its ordinary and usual course of business.

Conditions precedent:

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

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

### **Reasons for and benefits of the Margin Financing Arrangements**

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

Subject to the following two paragraphs, the CFSG Directors and the CASH Directors consider that (i) the Margin Financing Arrangements are being provided on normal commercial terms and in the ordinary course of business which are not more favorable than those available to other independent third party clients; (ii) the terms of the Margin Financing Agreements are fair and reasonable; and (iii) the provision of the Margin Financing Arrangements are in the interest of each of CFSG and CASH and their respective shareholders as a whole.

The independent non-executive directors of CFSG will provide their views in respect of the Margin Financing Arrangements for each of Dr Kwan Pak Hoo Bankee, Mr Kwan Teng Hin Jeffrey, Mr. Law Hin Ong Trevor, Ms Wong Sze Kai Angela, Cash Guardian and Cashflow Credit after considering the advice of the independent financial adviser to be contained in the circular to be issued by CFSG to its shareholders.

The independent non-executive directors of CASH will provide their views in respect of the Margin Financing Arrangements for each of Dr Kwan Pak Hoo Bankee, Mr. Leung Siu Pong James, Mr. Kwan Teng Hin Jeffrey and Cash Guardian after considering the advice of the independent financial adviser to be contained in the circular to be issued by CASH to its shareholders.

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

## The Previous Margin Financing Arrangements

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

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

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

## Listing Rules Implications

### ***CFSG***

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

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

### ***CASH***

From the perspective of CASH, as (i) each of Dr Kwan Pak Hoo Bankee, Mr Leung Siu Pong James and Mr Kwan Teng Hin Jeffrey is a CASH Director; (ii) Cash Guardian is indirectly wholly-owned by Dr Kwan Pak Hoo Bankee; and (iii) each of Mr Law Hin Ong Trevor and Ms Wong Sze Kai Angela is a CFSG Director, each of the aforesaid persons is a connected person of CASH. Therefore, the Margin Financing Arrangement with each of the Connected Clients (other than Cashflow Credit) constitutes a continuing connected transaction for CASH under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the margin financing facility on an annual basis under the Margin Financing Agreement for each of Dr Kwan Pak Hoo Bankee, Mr Leung Siu Pong James, Mr Kwan Teng Hin Jeffrey and Cash Guardian exceeds 5% and the principal amount of the margin financing facility granted to each of the aforesaid persons exceeds HK\$10,000,000, the Margin Financing Agreements and the transactions contemplated thereunder for each of Dr Kwan Pak Hoo Bankee, Mr Leung Siu Pong James, Mr Kwan Teng Hin Jeffrey and Cash Guardian are subject to the reporting, announcement, independent shareholders' approval and annual review requirements for CASH under the Listing Rules.

As (i) each of Mr Law Hin Ong Trevor and Ms Wong Sze Kai Angela is only a connected person of CASH at the subsidiary level; (ii) the CASH Board has approved the Margin Financing Arrangement with each of Mr Law Hin Ong Trevor and Ms Wong Sze Kai Angela; and (iii) the independent non-executive directors of CASH have confirmed that the terms of each of such transactions are fair and reasonable, each of such transactions are on normal commercial terms or better and in the interest of CASH and the CASH Shareholders as a whole, the Margin Financing Arrangement with each of Mr Law Hin Ong Trevor and Ms Wong Sze Kai Angela is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

## **(2) The Brokerage Services Agreement**

On 20 February 2023, Celestial Securities and Celestial Commodities, and CASH Algo entered into the Brokerage Services Agreement relating to the provision of the Brokerage Services. The principal terms and conditions of the Brokerage Services Agreement are summarised below.

Date : 20 February 2023

Parties : (i) Celestial Securities and Celestial Commodities (wholly-owned subsidiaries of CFSG, and subsidiaries of CASH held through CFSG) as service providers; and  
(ii) CASH Algo (a wholly-owned subsidiary of CASH) as customer.

Services provided: Celestial Securities and/or Celestial Commodities will provide the Brokerage Services, being brokerage services for trading of securities, futures and options contracts in Hong Kong and/or any other overseas exchanges, to the CASH Algo Group from time to time.

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

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

- (i) flat brokerage commission rate and fees at commission rate of not more than 0.25% (subject to change in accordance with the market rate prevailing from time to time), plus CCASS stock settlement fee charged at 0.002% on transaction value for securities trading under the Stock Exchange for any account of the CASH Algo Group opened with Celestial Securities; and
- (ii) commission and fees of not more than HK\$100 per lot per side for trading of futures/options on the Futures Exchange, and commission and fees of not more than US\$25 per lot per side for trading of Singapore Exchange (SGX), Chicago Mercantile Exchange (CME) futures/options products and other overseas exchanges products, and not more than US\$50 per lot per side for trading of London Metal Exchange (LME) products, subject to any other special circumstances such as arm's length negotiated trading volume discounts.

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

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

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

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

Basis for determining the annual cap: The annual cap was determined after arm's length negotiation between CASH Algo with Celestial Securities and Celestial Commodities based on (i) the demand of the CASH Algo Group for the Brokerage Services; (ii) the amount of annual cap under the Previous Brokerage Services Agreement; (iii) a reasonable buffer to cater for the anticipated growth in investment and trading activities in view of post-COVID-19 economic recovery to allow flexibility; and (iv) the benefits to the CFSG Group to capture the securities trading activities of the CASH Algo Group so as to earn more commission and fees in the usual and ordinary course of the business of the CFSG Group.

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

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

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

### **Reasons for and benefits of the Brokerage Services Agreement**

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



The CFSG Directors (excluding the independent non-executive directors of CFSG, who will provide their view in the circular to be issued by CFSG to its shareholders after considering the advice of the independent financial adviser) consider that (i) the Brokerage Services is being provided on normal commercial terms and in the ordinary course of business which are not more favorable than those available to other independent third party clients; (ii) the terms of the Brokerage Services Agreement are fair and reasonable; and (iii) the provision of the Brokerage Services are in the interest of CFSG and its shareholders as a whole.

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

### **The Previous Brokerage Services Agreement**

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

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

### **Listing Rules Implications**

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

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

Reference is made to the joint announcement of CASH and CFSG on 19 December 2022 in relation to the proposed intra-group transfer of 51% interest in CASH Algo from CASH to CFSG (the “**Proposed Transfer**”). Upon completion of the Proposed Transfer (which is subject to the approval by the independent shareholders of CFSG), CASH Algo will become a non-wholly-owned subsidiary of CFSG. Since CASH (a connected person of CFSG at issuer’s level) will hold 49% interest in CASH Algo (other than the 51% interest held by it through CFSG), CASH Algo will become a connected subsidiary of CFSG according to Rule 14A.16 of the Listing Rules, and the provision of the Brokerage Services will still constitute a continuing connected transaction for CFSG under Chapter 14A of the Listing Rules.

### **INTERNAL CONTROL MEASURES**

The CFSG Group and the CASH Group has established adequate internal control policies to regularly monitor the utilisation rates of margin financing facilities granted to connected clients and the brokerage services provided to ensure compliance with the disclosure requirements of the Listing Rules. The credit and risk management department and operation personnel of each of the CFSG Group and the CASH Group are aware of the applicable threshold for the purpose of disclosure from time to time, with an aim to ensure that the continuing connected transactions are provided in accordance with the terms of the governing agreements and within the respective annual caps. The CFSG Group and the

CASH Group have also maintained a credit and risk management policy which sets out the procedures and guidelines for credit facility application. Similar internal control procedures will continue to be conducted for monitoring the Margin Financing Arrangements and the Brokerage Services and to ensure compliance with the Listing Rules.

## **INFORMATION ON THE CASH GROUP, THE CFSG GROUP AND THE RELEVANT PARTIES**

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

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

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

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

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

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

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

## **GENERAL**

### ***CFSG***

An independent board committee of CFSG, comprising all the independent non-executive directors of CFSG, namely Mr Cheng Shu Shing Raymond, Mr Lo Kwok Hung John and Mr Lo Ming Chi Charles, has been formed to advise the independent shareholders of CFSG on the terms of (1) the Margin Financing Agreements (including the annual caps) with the Connected Clients (other than Mr Leung Siu Pong James); and (2) the Brokerage Services Agreement (including the annual cap). Vinco Financial Limited has also been appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of CFSG in these regards.

A circular of CFSG containing, inter-alia, details of the Margin Financing Agreements with the Connected Clients (other than Mr Leung Siu Pong James) and the Brokerage Services Agreement, a letter from the independent board committee to the independent shareholders of CFSG in respect of such Margin Financing Agreements and the Brokerage Services Agreement, a letter of advice from the independent financial adviser to the independent board committee and the independent shareholders of CFSG in respect of such Margin Financing Agreements and the Brokerage Services Agreement, and a

notice to convene the CFSG SGM will be despatched to the CFSG Shareholders on or before 13 March 2023.

## **CASH**

An independent board committee of CASH, comprising all the independent non-executive directors of CASH, namely Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, has been formed to advise the independent shareholders of CASH on the terms of the Margin Financing Agreements (including the annual caps) with each of Dr Kwan Pak Hoo Bankee, Mr Leung Siu Pong James, Mr Kwan Teng Hin Jeffrey and Cash Guardian. DL Securities (HK) Limited has also been appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of CASH in this regard.

A circular of CASH containing, inter-alia, details of the Margin Financing Agreements with each of Dr Kwan Pak Hoo Bankee, Mr Leung Siu Pong James, Mr Kwan Teng Hin Jeffrey and Cash Guardian, a letter from the independent board committee to the independent shareholders of CASH in respect of such Margin Financing Agreements, a letter of advice from the independent financial adviser to the independent board committee and the independent shareholders of CASH in respect of such Margin Financing Agreements, and a notice to convene the CASH SGM will be despatched to the CASH Shareholders on or before 13 March 2023.

## **DEFINITIONS**

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

“associate”	has the same meaning ascribed in the Listing Rules
“Brokerage Fees”	the brokerage fees payable under the Brokerage Services Agreement
“Brokerage Services”	the provision of brokerage services by Celestial Securities and/or Celestial Commodities to the CASH Algo Group pursuant to the Brokerage Services Agreement
“Brokerage Services Agreement”	the brokerage services agreement dated 20 February 2023 entered into between Celestial Securities, Celestial Commodities and CASH Algo relating to the provision of the Brokerage Services
“CASH”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and whose securities are listed on the main board of the Stock Exchange, and the holding company of CFSG
“CASH Algo”	CASH Algo Finance Group International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of CASH as at the date of this joint announcement
“CASH Algo Group”	CASH Algo and its subsidiaries from time to time
“CASH Board”	the board of directors of CASH
“CASH Directors”	the directors of CASH
“CASH Group”	CASH and its subsidiaries, including the CFSG Group

“Cash Guardian”	Cash Guardian Limited, a company incorporated in British Virgin Islands and indirectly wholly-owned by Dr Kwan Pak Hoo Bankee
“CASH SGM”	a special general meeting of CASH to be convened and held to approve, among other things, the Margin Financing Agreements (including the annual caps) and the transactions contemplated thereunder for the Connected Clients (other than Mr Law Hin Ong Trevor, Ms Wong Sze Kai Angela and Cashflow Credit)
“CASH Shareholder(s)”	holder(s) of the share(s) of HK\$0.20 each in the share capital of CASH
“Cashflow Credit”	Cashflow Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of CASH
“CCASS”	The Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Celestial Commodities”	Celestial Commodities Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CFSG and a subsidiary of CASH held through CFSG
“Celestial Securities”	Celestial Securities Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CFSG and a subsidiary of CASH held through CFSG
“CFSG”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and whose securities are listed on the main board of the Stock Exchange, and is a 60.49%-owned listed subsidiary of CASH
“CFSG Board”	the board of directors of CFSG
“CFSG Directors”	the directors of CFSG
“CFSG Group”	CFSG and its subsidiaries
“CFSG SGM”	a special general meeting of CFSG to be convened and held to approve, among other things, (i) the Margin Financing Agreements (including the annual caps) and the transactions contemplated thereunder for the Connected Clients (other than Mr Leung Siu Pong James); and (ii) the Brokerage Services Agreement (including the annual cap) and the transactions contemplated thereunder
“CFSG Shareholder(s)”	holder(s) of the share(s) of HK\$0.04 each in the share capital of CFSG
“Connected Client(s)”	Dr Kwan Pak Hoo Bankee, Mr Kwan Teng Hin Jeffrey, Mr Law Hin Ong Trevor, Ms Wong Sze Kai Angela, Mr Leung Siu Pong James, Cash Guardian and Cashflow Credit, the particulars of which are set out in the section headed “The Margin Financing Agreements” in this joint announcement
“connected person(s)”	has the same meaning ascribed in the Listing Rules

“controlling shareholder(s)”	has the same meaning ascribed in the Listing Rules
“Futures Exchange”	The Hong Kong Futures Exchange Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Margin Financing Agreements”	the margin financing agreements dated 20 February 2023 entered into between Celestial Securities with each of the Connected Clients relating to the Margin Financing Arrangements
“Margin Financing Arrangement(s)”	the granting of margin financing facility by Celestial Securities to the Connected Clients pursuant to the Margin Financing Agreements
“Previous Brokerage Services Agreement”	has the meaning ascribed to it in the section headed “The Previous Brokerage Services Agreement” in this joint announcement
“Previous Margin Financing Arrangement(s)”	has the meaning ascribed to it in the section headed “The Previous Margin Financing Arrangements” in this joint announcement
“Proposed Transfer”	the proposed intra-group transfer of 51% interest in CASH Algo from CASH to CFSG, the details of which are disclosed in the joint announcement of CASH and CFSG on 19 December 2022
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the currency of Hong Kong
“US”	United States of America
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

On behalf of the CFSG Board  
**William Cheung**  
*Executive Director  
and Chief Operating Officer*

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

Hong Kong, 20 February 2023

As at the date of this joint announcement, the CFSG Board comprises:-

*Executive directors:*

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

*Independent non-executive directors:*

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

As at the date of this joint announcement, the CASH Board comprises:-

*Executive directors:*

Dr Kwan Pak Hoo Bankee, JP  
Mr Leung Siu Pong James  
Mr Li Shing Wai Lewis  
Mr Kwan Teng Hin Jeffrey

*Independent non-executive directors:*

Mr Leung Ka Kui Johnny  
Mr Wong Chuk Yan  
Dr Chan Hak Sin