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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

(1) CONDITIONAL PLACING OF CONVERTIBLE BONDS BY CFSG

AND

(2) VERY SUBSTANTIAL DISPOSAL FOR CASH IN RELATION TO THE DEEMED DISPOSAL OF SHAREHOLDING INTEREST IN CFSG

Placing Agent



China Everbright Securities (HK) Limited

SUMMARY

(1) PLACING OF THE CONVERTIBLE BONDS

CFSG and CASH jointly announce that on 26 May 2017 (after trading hours of the Stock Exchange), CFSG (a non-wholly-owned subsidiary of CASH) (as issuer) entered into the Placing Agreement with the Placing Agent, pursuant to which CFSG conditionally agreed to place, through the Placing Agent, on a best efforts basis, the Convertible Bonds with an aggregate principal amount of up to HK\$620,000,000 to not less than six Places at the initial Conversion Price of HK\$0.31 per CFSG Share.

The initial Conversion Price is HK\$0.31 per CFSG Share, which represents (a) a discount of approximately 3.13% to the closing price of HK\$0.320 per CFSG Share as quoted on the Stock Exchange on the date of the Placing Agreement; (b) a discount of 2.82% to the average closing price of approximately HK\$0.319 per CFSG Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement; (c) a premium of 0.32% over the average closing price of approximately HK\$0.309 per CFSG Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the date of the Placing Agreement; and (d) a premium of approximately 136.6% over the audited consolidated net asset value of CFSG of approximately HK\$0.131 per CFSG Share as at 31 December 2016 (based on the audited consolidated net asset value of CFSG as at 31 December 2016 as set out in the latest published annual results announcement and the number of issued CFSG Shares as at 31 December 2016).

Assuming the Convertible Bonds are fully placed, based on the initial Conversion Price of HK\$0.31 per CFSG Share, 2,000,000,000 Conversion Shares will be allotted and issued by CFSG upon exercise in full of the conversion rights attaching to the Convertible Bonds. The Conversion Shares represent (i) approximately 48.38% of the issued share capital of CFSG as at the date of this joint announcement; and (ii) approximately 32.60% of the issued share capital of CFSG as enlarged by the issue of the Conversion Shares (assuming that there is no other change in the issued share capital of CFSG after the date of this joint announcement and the full conversion of the Convertible Bonds). The Conversion Shares will be fully paid and rank pari passu in all respects with the CFSG Shares then in issue on the relevant conversion date.

The placing of the Convertible Bonds and the allotment and issue the Conversion Shares under the Specific Mandate are subject to the approval from the CFSG Shareholders at the CFSG SGM. An application will be made by CFSG to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

Assuming the maximum amount of the Convertible Bonds is placed under the Placing, the gross proceeds from the Placing are estimated to be approximately HK\$620,000,000. The net proceeds from the Placing (after deducting related expenses) are estimated to be approximately HK\$614.6 million which will be applied for general working capital of the CFSG Group for its business expansion and growth, in particular, to further strengthen CFSG Group's financial services business by providing more funding for its margin financing and underwriting businesses in anticipation of the recent market development and opportunities.

Completion is conditional upon the fulfillment or waiver (as applicable) of the Conditions as described in the paragraph headed "Conditions precedent to Completion" under the section headed "The Placing of the Convertible Bonds" in this joint announcement. If any of the Conditions is not fulfilled (or waived by the Placing Agent) by the Long Stop Date, the Placing Agreement and the respective obligations of CFSG and the Placing Agent under the Placing Agreement shall cease and terminate, and no Party shall be under any liability to any other for costs, damages, charges, compensation or otherwise under the Placing Agreement, save for any rights or obligations which may accrue prior to the date of such termination.

(2) VERY SUBSTANTIAL DISPOSAL AND DEEMED DISPOSAL FOR CASH

As at the date of this joint announcement, CASH (through CIGL, a wholly-owned subsidiary of CASH) held an aggregate of 1,667,821,069 CFSG Shares, representing approximately 40.34% shareholding interest in CFSG.

Assuming the conversion of the Convertible Bonds in full and the allotment and issue of all the Conversion Shares, CFSG will be held as to approximately 27.19% by CIGL. Accordingly, the shareholding interest of CIGL in CFSG will be diluted from approximately 40.34% (as at the date of this joint announcement) to approximately 27.19% (assuming that there will be no other change to the issued share capital of CFSG from the date of this joint announcement up to the allotment and issue of the Conversion Shares), representing a decrease of approximately 13.15%. Accordingly, such dilution of shareholding interest in CFSG is regarded as a deemed disposal by CASH of its shareholding interest in CFSG pursuant to Rule 14.29 of the Listing Rules. CFSG will cease to be a subsidiary of CASH upon Completion and its results will no longer be consolidated to the financial statements of CASH.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Deemed Disposal exceed(s) 75%, such disposal constitutes a very substantial disposal for CASH and is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

(3) GENERAL

CFSG SGM

The CFSG SGM will be convened and held for the purposes of considering and, if thought fit, approving the Placing and the granting of the Specific Mandate. To the best knowledge of the CFSG Directors, as at the date of this joint announcement, no CFSG Shareholder has a material interest in such matters (other than being a CFSG Shareholder) and therefore no CFSG Shareholder is required to abstain from voting on the resolution(s) in relation to the Placing and the granting of the Specific Mandate to be proposed at the CFSG SGM.

The CFSG Circular containing, among other things, further details of the Placing and the Specific Mandate and a notice convening the CFSG SGM is currently expected to be despatched to the CFSG Shareholders on or before 30 June 2017 as CFSG expects that it requires more time to collate the information to be included in the CFSG Circular.

CASH SGM

The CASH SGM will be convened and held for the purposes of considering and, if thought fit, approving the Deemed Disposal. To the best knowledge of the CASH Directors, as at the date of this joint announcement, no CASH Shareholder has a material interest in the Deemed Disposal (other than being a CASH Shareholder) and therefore no CASH Shareholder is required to abstain from voting on the resolution(s) in relation to the Deemed Disposal to be proposed at the CASH SGM.

The CASH Circular containing, among other things, further details of the Deemed Disposal and a notice convening the CASH SGM is currently expected to be despatched to the CASH Shareholders on or before 30 June 2017 as CASH expects that it requires more time to collate the information to be included in the CASH Circular.

As Completion is conditional upon the fulfillment or waiver (as applicable) of the Conditions as described in the paragraph headed “Conditions precedent to Completion” under the section headed “The Placing of the Convertible Bonds” in this joint announcement, the Placing may or may not proceed. CFSG Shareholders and CASH Shareholders and potential investors should exercise caution when dealing in the CFSG Shares and the CASH Shares (as the case may be).

(1) THE PLACING OF THE CONVERTIBLE BONDS

CFSG and CASH jointly announce that on 26 May 2017 (after trading hours of the Stock Exchange), CFSG (a non-wholly-owned subsidiary of CASH) entered into the Placing Agreement with the Placing Agent, pursuant to which CFSG conditionally agreed to place, through the Placing Agent, on a best efforts basis, the Convertible Bonds with principal amounts aggregating up to HK\$620,000,000 to not less than six Places at the initial Conversion Price of HK\$0.31 per CFSG Share.

THE PLACING AGREEMENT

Date: 26 May 2017

Parties: CFSG (as the issuer)
The Placing Agent (as the placing agent)

To the best of the knowledge, information and belief of the CFSG Directors and the CASH Directors having made all reasonable enquiries, the Placing Agent and their ultimate beneficial owners are third parties independent of CFSG and CASH respectively and their respective connected persons as at the date of this joint announcement.

CFSG Directors and the CASH Directors shall use their best endeavours to ensure, in so far as they are aware, that the Placees and their ultimate beneficial owners will be third parties independent of CFSG and CASH respectively and their respective connected persons as the time of subscription of the Convertible Bonds.

Placing of the Convertible Bonds

Pursuant to the Placing Agreement, CFSG has conditionally agreed to place, through the Placing Agent, on a best efforts basis, the Convertible Bonds with an aggregate principal amount of up to HK\$620,000,000 to not less than six Placees at the initial Conversion Price of HK\$0.31 per CFSG Share.

The Placees

The Placing Agent shall use its reasonable endeavours to ensure that, in so far as the Placing Agent is aware, the Placees (being independent individual, professional or institutional investors) and their ultimate beneficial owners will be third parties independent of CFSG and connected persons of CFSG. CFSG shall in any event notify the Placing Agent if it becomes aware that any person connected with it or any of its connected persons intends to acquire CFSG Shares in the Placing. The Placing Agent shall obtain written confirmation from each Placee to confirm that none of such Placee and its ultimate beneficial owner will become a substantial shareholder (as defined in the Listing Rules) of CFSG as a result of the Placing (taking into account other securities held by such Placee as the time of his subscription of the Convertible Bonds and assuming full conversion of the Convertible Bonds).

As at the date of this joint announcement, none of the Placees has been identified. CFSG and CASH are not aware that the Subscriber will participate in the Placing or any Placee and their associates will have any relationship with the Subscriber and/or its associates. Upon completion of the Share Subscription, the Subscriber will become a substantial shareholder of CFSG and a connected person of CFSG. In this connection, pursuant to the terms of the Placing Agreement, the Subscriber or its ultimate beneficial owners are not qualified to be the Placees. As at the date of this joint announcement, no understanding, undertaking or agreement has been entered into between CFSG and any existing CFSG Shareholders regarding the placing of the Convertible Bonds.

Placing Commission

The Placing Agent will receive a placing commission of 0.5% of the aggregate principal amount of the Convertible Bonds successfully placed by the Placing Agent to the Placees. The placing commission rate was determined after arm's length negotiations between CFSG and the Placing Agent with reference to the prevailing commission rate charged by other placing agents.

Long stop date

31 July 2017 or such later date as may be agreed in writing by the Placing Agent and CFSG.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Details of the principal terms of the Convertible Bonds are set out as follows:

Issuer:	CFSG
Aggregate principal amount:	Up to HK\$620,000,000
Issue price:	100% of the principal amount of the Convertible Bonds
Interest:	4% per annum on the principal amount of the Convertible Bonds outstanding from time to time, payable semi-annually in arrears on 30 th June and 31 st December in each year.
Maturity Date:	the date falling on the third (3 rd) anniversary of the Issue Date of the Convertible Bonds.

Conversion Shares:	Assuming the Convertible Bonds are fully placed, based on the initial Conversion Price of HK\$0.31 per CFSG Share, 2,000,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent (a) approximately 48.38% of the existing issued share capital of CFSG as at the date of this joint announcement; (b) approximately 32.60% of the issued share capital of CFSG as enlarged by the issue of the Conversion Shares (assuming there is no other change in the issued share capital of CFSG between the date of this joint announcement and the full conversion of the Convertible Bonds).
Conversion Restrictions:	CFSG shall not be obliged to issue any Conversion Shares but may treat the conversion notice as invalid, if it comes to the notice of CFSG that immediately following such conversion: <ul style="list-style-type: none"> (a) CFSG will be unable to meet the public float requirement under the Listing Rules; or (b) the Convertible Bondholders or CFSG will as a result of the issue of the relevant Conversion Shares be in breach of any Listing Rules, the Code on Takeovers and Mergers issued by the Securities and Futures Commission or applicable laws or regulations.
Conversion Price:	Initially at HK\$0.31 per CFSG Share (subject to adjustments in share consolidation, share subdivision, or re-classification of CFSG).
Ranking of the Conversion Shares:	The Conversion Shares shall rank pari passu in all aspects with the CFSG Shares in issue as at the date of issue of the Conversion Shares.
Conversion Period:	The period commencing on the expiry of 6 months from the Issue Date and ending on, and including, 5:00 pm on the day which is five (5) Business Days before the Maturity Date.
Redemption:	Unless previously converted, redeemed, purchased or cancelled in the circumstances set out in the terms of the Convertible Bonds, each of the Convertible Bonds will be redeemed by CFSG at its discretion only at any time after expiry of 3 months from the Issue Date up to the Maturity Date, at its principal amount outstanding together with unpaid accrued interest thereon by giving the Convertible Bondholder(s) redemption request not less than three (3) Business Days' notice.
Conversion:	the Convertible Bondholders shall have the right to convert on any Business Day during the Conversion Period, the whole or any part of the outstanding principal amount of the Convertible Bonds in integral multiples of HK\$1,000,000 (save that if the outstanding principal amount of the Convertible Bond is less than HK\$1,000,000, the whole (but not part only) of such outstanding principal amount of the Convertible Bonds may be converted) into CFSG Shares at the Conversion Price.
Transferability:	the Convertible Bonds may be transferred in respect of the whole or any part of the outstanding principal amount by execution of a form of transfer and may only be transferred to persons who are not connected person (as defined under the Listing Rules) of CFSG except in accordance with the Listing Rules.

Events of default:

If any of the following events (“**Events of Default**”) occurs and no rectification (to the extent that such event can be rectified) has been made within twenty (20) Business Days thereafter, the Convertible Bondholder may give notice to CFSG that the Convertible Bond, on the giving of such notice, is immediately due and payable at its principal amount then outstanding:

- (a) the CFSG Shares (as a class) cease to be listed or admitted to trading on the Stock Exchange;
- (b) CFSG defaults in the payment of the principal in respect of the Convertible Bond when and as the same ought to be paid and such default is not remedied by CFSG within five (5) Business Days of the due date thereof;
- (c) CFSG defaults in performance or compliance with any of its other obligations contained in the conditions of the Convertible Bonds which breach or default is incapable of remedy or, if capable of remedy, is not remedied within twenty (20) Business Days after notice of such breach or default is sent from the Convertible Bondholder to CFSG;
- (d) an encumbrancer or a creditor takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of CFSG or any CFSG Principal Subsidiary;
- (e) CFSG or any CFSG Principal Subsidiary becomes insolvent or is unable or stops, suspends or threatens to stop or suspend to pay its debts as they mature or applies for or consents to the appointment of any administrator, liquidator or receiver of the whole or any material part of its undertaking, property, assets or revenues or enters into or proposes to enter into any agreement or arrangement for a general assignment or compromise or deferral or re-scheduling or re-adjustment or other composition arrangement of all or substantially all of its debts with or for the benefit of its creditors or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of CFSG or any of the CFSG Principal Subsidiaries;
- (f) an order is made or an effective resolution is passed for winding-up, dissolution, judicial management or administration of CFSG or any CFSG Principal Subsidiary (other than in the case of a voluntary winding up);
- (g) CFSG or any of CFSG Principal Subsidiaries ceases or threatens to cease to carry on its business or operations or any substantial part thereof or changes or threatens to change the nature or scope of its business or operations or CFSG or any of the CFSG Principal Subsidiaries transfers or otherwise disposes of or threatens to transfer or otherwise dispose of or any governmental or other authority expropriates, seizes, nationalises or otherwise compulsorily acquire or threatens to expropriate, seizes, nationalises or otherwise compulsorily acquire all or any substantial part of its business or assets or operations;
- (h) any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on the business, assets and liabilities, financial condition, results of operations of the CFSG Group as a whole;

- (i) CFSG or any CFSG Principal Subsidiary consolidates or amalgamates with or merge into any other corporation (other than a consolidation, amalgamation or merger in which CFSG or any CFSG Principal Subsidiary is the continuing corporation), or CFSG or any CFSG Principal Subsidiary sells or transfers all or substantially all of its assets;
- (j) it is or will become unlawful for CFSG to perform or comply with any of its obligations under the Convertible Bonds, or would result in any terms contained in the conditions of the Convertible Bonds be or becoming unenforceable, or would otherwise render the Convertible Bonds cease to be legal, valid, binding, enforceable, effective or inadmissible as evidence in court;
- (k) failure by CFSG to deliver the required number of CFSG Shares as and when such CFSG Shares are required to be delivered following conversion of the Convertible Bond provided that such failure shall not constitute an Event of Default if CFSG cures such breach within five (5) Business Days of the original due day for delivery;
- (l) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of CFSG or any of the CFSG Principal Subsidiaries, and is not discharged or stayed within thirty (30) Business Days;
- (m) other than as a result of, or in circumstances where, an offer made to CFSG Shareholders to acquire all or any proportion of the CFSG Shares becoming unconditional, the listing of the CFSG Shares (as a class) on the Stock Exchange is suspended for a continuous period of thirty (30) Business Days on each of which the Stock Exchange is generally open for trading due to the default of CFSG or any of its directors, officers, employees or agents;
- (n) (i) any present or future indebtedness of CFSG or any of the CFSG Principal Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any default or event of default, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) CFSG or any of the CFSG Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised;
- (o) any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to the Convertible Bond or the transactions contemplated under the Convertible Bond; or
- (p) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs (a) to (o).

Voting rights:

The Convertible Bondholder(s) shall not be entitled to receive notices of, attend or vote at any meetings of CFSG by reason only of it being the Convertible Bondholder(s).

Listing: The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange.

Application will be made by CFSG to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds.

The initial Conversion Price represents:

- (i) a discount of approximately 3.13% to the last closing price of HK\$0.320 per CFSG Share quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a discount of 2.82% to the average closing price of approximately HK\$0.319 per CFSG Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement;
- (iii) a premium of approximately 0.32% over the average closing price of HK\$0.309 per CFSG Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the date of the Placing Agreement; and
- (iv) a premium of approximately 136.6% over the consolidated net asset value of CFSG of approximately HK\$0.131 per CFSG Share as at 31 December 2016 (based on the audited consolidated net asset value of CFSG as at 31 December 2016 as set out in the latest published annual results announcement and the number of issued CFSG Shares as at 31 December 2016).

The initial Conversion Price was determined based on arm's length negotiations between CFSG and the Placing Agent, taking into account of, among others, the recent trading performance of the CFSG Shares and the net asset value of CFSG. The net price of the Conversion Shares to be issued upon exercise of the conversion rights attached to the Convertible Bonds, after deducting expenses relating to the Placing of approximately HK\$5.4 million, is approximately HK\$0.3073 per Conversion Share.

Conditions precedent to Completion

Completion of the Placing of any Convertible Bonds under the Placing Agreement shall be conditional upon:-

- (a) the passing of the resolution(s) at the CFSG SGM by the CFSG Shareholders to approve the Placing Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate and issue of the Convertible Bonds pursuant to the requirements of the Listing Rules;
- (b) the passing of the resolution(s) at the CASH SGM by the CASH Shareholders to approve the Deemed Disposal and the transactions contemplated thereunder pursuant to the requirements of the Listing Rules;
- (c) the Listing Committee of the Stock Exchange having granted approval to the listing of, and the permission to deal in, the Conversion Shares upon exercise of all the conversion rights attaching to the Convertible Bonds;
- (d) the warranties under the Placing Agreement remaining true, complete, accurate in all material respects and not misleading; and
- (e) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement.

If any of the Conditions is not fulfilled (or waived by the Placing Agent in respect of Conditions (d) and (e) above) by the Long Stop Date, the Placing Agreement and the respective obligations of CFSG and the Placing Agent under the Placing Agreement shall cease and terminate, and no Party shall be under any liability to any other for costs, damages, charges, compensation or otherwise under the Placing Agreement, save for any rights or obligations which may accrue prior to the date of such termination.

Completion

The Placing Agent shall notify CFSG in writing not less than one (1) Business Day before the Completion, the principal amount of the Convertible Bonds for which the Placees have committed to subscribe as at Completion.

Completion of the Placing will take place on or about the fifth (5th) Business Day after, and excluding, the date upon which the Conditions have been satisfied, or such other date as the Parties may agree in writing.

At Completion, the Placing Agent shall pay to CFSG such principal amount of Convertible Bonds successfully placed (less the amounts of arrangement fee or any other sum payable by CFSG to the Placing Agent from the settlement monies which the Placing Agent is entitled to deduct under the Placing Agreement), and CFSG shall deliver the originals of certificate of the Convertible Bonds issued in the name of the Convertible Bondholders to the Placing Agent.

Completion of the Placing is subject to fulfillment of the Conditions under the Placing Agreement and the parties' rights to terminate under the terms and conditions of the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the CFSG Shares.

Termination

The Placing Agent may terminate the Placing Agreement without any liability to CFSG, by notice in writing given to CFSG at any time prior to 8:00 am on the fifth (5th) Business Day following the satisfaction of the Conditions (or such later date as CFSG and the Placing Agent shall agree) upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of CFSG or the CFSG Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing:

- (1) there develops, occurs or comes into force:
 - (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
 - (b) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (c) any change in conditions of local, national or international securities markets; or
 - (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the CFSG Group; or
 - (e) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or Bermuda or any jurisdictions in which any member of the CFSG Group is incorporated or operates; or

- (f) any material litigation or claim being instigated against any member of the CFSG Group; or
 - (g) any suspension in the trading of the CFSG Shares on the Stock Exchange for a continuous period of five (5) Business Days; or
- (2) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any respect or there has been a breach by CFSG of any other provision of the Placing Agreement; or
- (3) there is any material adverse change in the financial position of CFSG.

In the event the Placing Agent terminates the Placing Agreement, all obligations of each of the Parties shall cease and determine and none of the Parties shall have any claim against any other Party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement and liabilities which may accrue prior to the termination.

Specific Mandate

The Conversion Shares will be issued under the Specific Mandate which is subject to CFSG Shareholders' approval at the CFSG SGM.

Intended use of proceeds from the Placing

The gross proceeds to be raised from the Placing are estimated to be not less than HK\$620,000,000. The net proceeds (after deducting estimated expenses incurred) to be raised from the Placing are estimated to be not less than HK\$614.6 million. The net proceeds from the Placing will be utilized as to around HK\$300 million to further strengthen CFSG Group's financial services business by providing more funding for its margin financing and underwriting businesses in anticipation of the recent market development and opportunities and for its business expansion and as to the remaining HK\$314.6 million as general working capital of the CFSG Group for daily operation and business development.

REASONS FOR AND BENEFITS OF THE PLACING FOR CFSG

The CFSG Board considers that the Placing will provide CFSG with: (i) immediate and long-term funding at low interest rate; (ii) immediate working capital to support CFSG's existing businesses expansion; (iii) sufficient capital reserve for future development of CFSG Group. Moreover, if the conversion rights attached to the Convertible Bonds are exercised, the issuance of the Conversion Shares will enlarge and strengthen the capital base of CFSG.

Terms of the Placing Agreement were determined after arm's length negotiations between CFSG and the Placing Agent. The CFSG Board considers that the Placing Agreement and the terms of the Convertible Bonds are fair and reasonable and in the interests of CFSG and the CFSG Shareholders as a whole.

FUND RAISING ACTIVITIES OF CFSG FOR THE PAST 12 MONTHS

Except for the fund raising activities as mentioned below, the CFSG Board confirms that CFSG has not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this joint announcement.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds up to the date of this joint announcement
6 April 2017	Subscription of 826,000,000 Shares at subscription price of HK\$0.28 each	HK\$229,980,000	To be applied as general working capital to support business development of the CFSG Group in anticipation of recent market development and opportunities	Not yet applied as the Share Subscription has not yet been completed

Subsequent to the joint announcement relating to the Share Subscription issued on 6 April 2017, the CFSG Board was approached by the Placing Agent and the negotiation regarding the Placing only commenced thereafter, which resulted in the execution of the Placing Agreement. In assessing the funding needs of CFSG when proposing the Share Subscription, it is based on the expected funding needs of the financial services businesses of CFSG to ensure sufficient cash for running the operating activities smoothly. As at the latest practicable date of the circular of CFSG dated 16 May 2017 in relation to the Share Subscription and the circular of CASH dated 16 May 2017 in relation to the deemed disposal as a result of the Share Subscription, the Placing was still under negotiation and no legally binding agreement had been signed. CFSG could not assure that the Placing could be materialised and additional funding for the Placing could be obtained to further support the CFSG Group's expansion of its margin financing businesses. Therefore, the latest funding estimate of CFSG as at the latest practicable date of the aforesaid circulars has not taken into consideration the additional funding opportunities for the Placing. Due to the nature of the margin financing businesses and the regulatory requirements to comply with the Financial Resources Rules, a larger capital base and more funding may generate more revenue and profits for the CFSG Group. Therefore, it is beneficial to the development and expansion of the financial businesses if additional funding can be obtained. CFSG is prepared to revise its business plan and funding forecasts for the expansion of its financing businesses if additional funding opportunities are secured. As at the date of this joint announcement, no other fund raising activities of CFSG are being contemplated.

EFFECT ON SHAREHOLDING STRUCTURE OF CFSG

(A) The table below sets out the shareholding structure of CFSG as at the date of this joint announcement and immediately upon issue of the Conversion Shares upon full conversion of the Convertible Bonds (assuming that there is no other change to the issued share capital of CFSG from the date of this joint announcement up to the allotment and issue of the Conversion Shares):-

	As at the date of this joint announcement		Immediately upon issue of the Conversion Shares upon full conversion of the Convertible Bonds	
	No. of CFSG Shares	Approximate shareholding %	No. of CFSG Shares	Approximate shareholding %
CIGL	1,667,821,069	40.34	1,667,821,069	27.19
CFSG Director:				
Lo Kwok Hung John	1,255,500	0.03	1,255,500	0.02
The Convertible Bondholders	N/A	N/A	2,000,000,000	32.60
Public CFSG Shareholders	2,465,283,019	59.63	2,465,283,019	40.19
Total	4,134,359,588	100.00	6,134,359,588	100.00

(B) The following table demonstrates the shareholding structure of CFSG (a) as at the date of this joint announcement; (b) assuming after issue of the Subscription Shares; and (c) assuming after issue of the Subscription Shares and the Conversion Shares upon full conversion of the Convertible Bonds (assuming that there is no other change to the issued share capital of CFSG from the date of this joint announcement up to the issue of the Conversion Shares):-

	As at the date of this joint announcement		Assuming after issue of the Subscription Shares		Assuming after issue of the Subscription Shares and the Conversion Shares upon full conversion of the Convertible Bonds	
	No. of CFSG Shares	Approximate shareholding %	No. of CFSG Shares	Approximate shareholding %	No. of CFSG Shares	Approximate shareholding %
CIGL	1,667,821,069	40.34	1,667,821,069	33.62	1,667,821,069	23.96
CFSG Director:						
Lo Kwok Hung John	1,255,500	0.03	1,255,500	0.03	1,255,500	0.02
The Subscriber for the Subscription Shares	-	-	826,000,000	16.65	826,000,000	11.87
Public CFSG Shareholders						
Convertible Bondholders	N/A	N/A	N/A	N/A	2,000,000,000	28.73
Other public CFSG Shareholders	2,465,283,019	59.63	2,465,283,019	49.70	2,465,283,019	35.42
Sub-total	2,465,283,019	59.63	2,465,283,019	49.70	4,465,283,019	64.15
Total	4,134,359,588	100.00	4,960,359,588	100.00	6,960,359,588	100.00

Remark: To the best knowledge of the CFSG Directors, none of the Placees and their ultimate beneficial owners will become a substantial shareholder (as defined under the Listing Rules) of CFSG immediately after taking up of the Convertible Bonds on fully converted basis (based on the securities held by such Placees as at the date of subscription of the Convertible Bonds). The Convertible Bondholders are regarded as public CFSG Shareholders under the Listing Rules and the CFSG Shares held by the Convertible Bondholders will be counted as part of the CFSG Shares held by the public.

INFORMATION ON THE CFSG GROUP

The financial service businesses of the CFSG Group consist of financial service businesses which comprise (a) online and traditional brokerage of securities, futures and options contracts as well as mutual funds and insurance-linked investment products, (b) principal investments of securities, futures and options, (c) provision of margin financing and money lending services, and (d) provision of corporate finance services. For additional information, please visit www.cashon-line.com.

Based on the audited accounts of CFSG, the net profits (before and after taxation and extraordinary items) for the financial year ended 31 December 2015 were approximately HK\$11.8 million and HK\$13.4 million respectively, and the audited net asset value as at 31 December 2015 was approximately HK\$595.6 million.

Based on the audited accounts of CFSG, the net loss (before and after taxation and extraordinary items) for the financial year ended 31 December 2016 was approximately HK\$53.4 million and HK\$51.2 million respectively, and the audited net asset value as at 31 December 2016 was approximately HK\$543.2 million.

(2) VERY SUBSTANTIAL DISPOSAL AND DEEMED DISPOSAL FOR CASH

As at the date of this joint announcement, CASH (through CIGL, a wholly-owned subsidiary of CASH) held an aggregate of 1,667,821,069 CFSG Shares, representing approximately 40.34% shareholding interest in CFSG.

Assuming the conversion of the Convertible Bonds in full and the allotment and issue of all the Conversion Shares, CFSG will be held as to approximately 27.19% by CIGL. Accordingly, the shareholding interest of CIGL in CFSG will be diluted from approximately 40.34% (as at the date of this joint announcement) to approximately 27.19% (assuming that there will be no other change to the issued share capital of CFSG from the date of this joint announcement up to the allotment and issue of the Conversion Shares), representing a decrease of approximately 13.15%. Accordingly, such dilution of shareholding interest in CFSG is regarded as a deemed disposal by CASH of its shareholding interest in CFSG pursuant to Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Deemed Disposal exceed(s) 75%, such disposal constitute a very substantial disposal for CASH and is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Reference is made to the joint announcement issued by CFSG and CASH dated 6 April 2017 in relation to the deemed disposal of the shareholding interest of CASH in CFSG as a result of the dilution of shareholding interest of CASH in CFSG upon the allotment and issue of the Subscription Shares, which constituted a major transaction for CASH under the Listing Rules.

Assuming after the allotment and issue of the aforesaid Subscription Shares and the Conversion Shares upon full conversion of the Convertible Bonds, the shareholding interest of CASH in CFSG in aggregate will be diluted from existing 40.34% to 23.96%, representing a decrease of approximately 16.38%. Accordingly, such dilution of shareholding interest in CFSG is regarded as a deemed disposal by CASH of its shareholding interest in CFSG pursuant to Rule 14.29 of the Listing Rules. CFSG will cease to be a subsidiary of CASH upon completion of the Share Subscription and its results will no longer be consolidated to the financial statements of CASH.

Assuming completion of the Share Subscription took place prior to the Completion, CFSG will remain as associated company of CASH upon Completion and its results will no longer be consolidated to the financial statements of CASH regardless of whether the Convertible Bonds will be converted or not.

Assuming completion of the Share Subscription does not take place prior to the Completion and assuming the Convertible Bonds are converted in full, the shareholding interest of CASH in CFSG in aggregate will be diluted from existing 40.34% to 27.19%. CFSG will cease to be a subsidiary of CASH and its results will no longer be consolidated to the financial statements of CASH upon Completion.

Assuming completion of the Share Subscription does not take place prior to the Completion and assuming the Convertible Bonds are not converted in full, CFSG has to take into account the relevant facts and circumstances in determining if CFSG will cease to be a subsidiary of CASH and its results will be consolidated to the financial statements of CASH. CFSG will take into accounts the relevant facts and circumstances particularly the size of the CIGL's holding of voting rights relative to the size and dispersion of holdings of other vote holders, the directors of CFSG regarding CFSG as a subsidiary of CIGL and CASH under the definition of control and the related guidance set out in Hong Kong Financial Reporting Standard 10 "Consolidated financial statements". Upon material change in shareholding in CFSG at each time of conversion, the CFSG Board will discuss with our auditors to assess the impact and consider if CFSG will cease as a subsidiary of CASH. CFSG and CASH will also issue further announcement to inform shareholders upon cessation of CFSG as subsidiary of CASH in accordance with the requirements of the Listing Rules.

Effect of the Deemed Disposal

CIGL, a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of CASH. Its principal activity is investment holding. The current principal activities of the CASH Group consist of (a) the financial services business carried out via CFSG as aforementioned; (b) sales of furniture and household items and electrical appliances through the chain stores under the brand name of "Pricerite" in Hong Kong; (c) provision of mobile internet (to include content, operations and distribution activities) services and online game (sales of online game auxiliary products and licensing) services; and (d) investment holding. For additional information, please visit www.cash.com.hk.

For illustrative purpose and assuming the Convertible Bonds are fully converted immediately upon Completion, it is estimated that the CASH Group may record a gain of approximately HK\$289.1 million from the Deemed Disposal based on the fair value of CASH's shareholding interest in CFSG of approximately HK\$533,703,000 (based on the closing price of CFSG Shares on the date of the Placing Agreement) less the carrying value of such shareholding interest as at 31 December 2016 of approximately HK\$244,601,000.

However, the actual gain or loss on the Deemed Disposal upon the conversion of the Convertible Bonds may be different from the estimated amount as stated above, as the actual gain or loss will depend on, amongst others, the actual net assets value and fair valuation of the CASH Group as at the date of conversion of the Convertible Bonds. Hence, the actual gain or loss on the Deemed Disposal is not ascertainable until the date of the conversion of the Convertible Bonds. Upon Completion, CFSG will cease to be a subsidiary of CASH.

REASONS FOR AND BENEFITS OF THE DEEMED DISPOSAL FOR CASH

The CASH Board concurs with the view of the CFSG Board as set out under the paragraph of "Reasons for and benefits of the Placing for CFSG" above that the Placing will provide CFSG with immediate and long-term funding at low interest rate to support its existing business expansion as well as strengthened its capital bases for future growth and development.

Having considered the benefits on CFSG as set out above which outweighs the dilution effect on shareholding interest of CFSG, the CASH Directors consider that the Deemed Disposal is on normal commercial terms, fair and reasonable and in the interest of CASH and the CASH Shareholders as a whole.

(3) GENERAL

CFSG SGM

The CFSG SGM will be convened and held for the purposes of considering and, if thought fit, approving the Placing and the granting of the Specific Mandate. To the best knowledge of the CFSG Directors, as at the date of this joint announcement, no CFSG Shareholder has a material interest in such matters (other than being a CFSG Shareholder) and therefore no CFSG Shareholder is required to abstain from voting on the resolution(s) in relation to the Placing and the granting of the Specific Mandate to be proposed at the CFSG SGM.

The CFSG Circular containing, among other things, further details of the Placing and the Specific Mandate and a notice convening the CFSG SGM is currently expected to be despatched to the CFSG Shareholders on or before 30 June 2017 as CFSG expects that it requires more time to collate the information to be included in the CFSG Circular.

CASH SGM

The CASH SGM will be convened and held for the purposes of considering and, if thought fit, approving the Deemed Disposal. To the best knowledge of the CASH Directors, as at the date of this joint announcement, no CASH Shareholder has a material interest in the Deemed Disposal (other than being a CASH Shareholder) and therefore no CASH Shareholder is required to abstain from voting on the resolution(s) in relation to the Deemed Disposal to be proposed at the CASH SGM.

The CASH Circular containing, among other things, further details of the Deemed Disposal and a notice convening the CASH SGM is currently expected to be despatched to the CASH Shareholders on or before 30 June 2017 as CASH expects that it requires more time to collate the information to be included in the CASH Circular.

As Completion is conditional upon the fulfillment or waiver (as applicable) of the Conditions as described in the paragraph headed “Conditions precedent to Completion” under the section headed “The Placing of the Convertible Bonds” in this joint announcement, the Placing may or may not proceed. CFSG Shareholders and CASH Shareholders and potential investors should exercise caution when dealing in the CFSG Shares and the CASH Shares (as the case may be).

DEFINITIONS

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

- “Business Day” : a day (except a Saturday, Sunday and any public holiday in Hong Kong or any day on which a typhoon signal no. 8 or above or a black rainstorm signal is issued in Hong Kong at any time between 9:00 am and 5:00 pm) on which licensed banks in Hong Kong are generally open for business
- “CASH” : Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and which securities are listed on the Main Board of the Stock Exchange, and is the holding company of CFSG as at the date of this joint announcement
- “CASH Board” : the board of directors of CASH
- “CASH Circular” : the circular containing, among other things, further details of the Deemed Disposal and a notice convening the CASH SGM which is currently expected to be despatched to the CASH Shareholders on or before 30 June 2017
- “CASH Directors” : the directors of CASH

“CASH Group”	:	CASH and its subsidiaries, including the CFSG Group as at the date of this joint announcement
“CASH SGM”	:	the special general meeting of CASH to be convened to consider and approve, among other things, the Deemed Disposal
“CASH Share(s)”	:	ordinary share(s) of HK\$0.10 each in the share capital of CASH
“CASH Shareholders”	:	the shareholders of CASH
“CFSG”	:	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and which securities are listed on the Main Board of the Stock Exchange, and is a non-wholly-owned subsidiary of CASH as at the date of this joint announcement
“CFSG Board”	:	the board of directors of CFSG
“CFSG Circular”	:	the circular containing, among other things, further details of the Placing and the Specific Mandate and a notice convening the CFSG SGM which is currently expected to be despatched to the CFSG Shareholders on or before 30 June 2017
“CFSG Directors”	:	the directors of CFSG
“CFSG Group”	:	CFSG and its subsidiaries
“CFSG Principal Subsidiary(ies)”	:	means a subsidiary(ies) of the CFSG Group whose total asset or net profit before tax is not less than 10% of the consolidated total asset or consolidated net profit before tax of the CFSG Group respectively
“CFSG SGM”	:	the special general meeting of CFSG to be convened to consider and approve, among other things, the Placing and the granting of the Specific Mandate
“CFSG Share(s)”	:	ordinary share(s) of HK\$0.02 each in the share capital of CFSG
“CFSG Shareholders”	:	the shareholders of CFSG
“CIGL”	:	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, and is a wholly-owned subsidiary of CASH, holding 1,667,821,069 CFSG Shares (representing approximately 40.34% of the issued share capital of CFSG) as at the date of this joint announcement
“Completion”	:	completion of the Placing in accordance with the Placing Agreement
“Condition(s)”	:	the conditions precedent to Completion, details of which are set out in the paragraph headed “Conditions precedent to Completion” under the section headed “The Placing of the Convertible Bonds” in this joint announcement
“connected person(s)”	:	has the same meaning as ascribed to it under the Listing Rules
“Convertible Bonds”	:	the Convertible Bonds with an aggregate principal amount of up to HK\$620,000,000 at the initial Conversion Price of HK\$0.31 per Share to be placed by the Placing Agent pursuant to the Placing Agreement
“Convertible Bondholders”	:	holders of the Convertible Bonds

“Conversion Price”	:	the conversion price of HK\$0.31 per CFSG Share but subject to adjustment and the terms and conditions of the Convertible Bonds
“Conversion Shares”	:	the new CFSG Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds, being a maximum of 2,000,000,000 CFSG Shares
“Deemed Disposal”	:	the deemed disposal of the shareholding interest of CASH in CFSG as a result of the dilution of shareholding interest of CASH in CFSG upon the allotment and issue of the Conversion Shares assuming full exercise of the Convertible Bonds, which constitutes a very substantial disposal for CASH under the Listing Rules
“HK\$”	:	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	:	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Date”	:	the date of issue of each of the Convertible Bonds
“Listing Committee”	:	the Listing Committee of the Stock Exchange
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	:	31 July 2017 or such later date as may be agreed in writing by the Placing Agent and CFSG
“Maturity Date”	:	the day falling on the third anniversary of the Issue Date
“Party(ies)”	:	the parties to the Placing Agreement, being CFSG and the Placing Agent, and each a party
“Placee(s)”	:	being independent individual, professional or institutional investors and their ultimate beneficial owners are third parties independent of CFSG and its connected persons (as defined under the Listing Rules)
“Placing”	:	the placing of the Convertible Bonds by the Placing Agent on a best efforts basis pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	:	China Everbright Securities (HK) Limited, a licensed corporation to carry on business in type 1, type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	:	a placing agreement entered into between CFSG and the Placing Agent dated 26 May 2017 in relation to the placing of the Convertible Bonds
“Share Subscription”	:	the subscription of the Subscription Shares pursuant to the conditional subscription agreement dated 29 March 2017 entered into between CFSG and the subscriber in relation to the share subscription as jointly announced by CFSG and CASH on 6 April 2017
“Specific Mandate”	:	a specific mandate to allot and issue the Conversion Shares pursuant to the Placing Agreement to be sought from the CFSG Shareholders at the CFSG SGM
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited

“Subscriber”	:	the subscriber to the conditional subscription agreement dated 29 March 2017 in relation to the Share Subscription
“Subscription Shares”	:	826,000,000 new CFSG Shares at the subscription price of HK\$0.28 per subscription share (subject to conditions to be fulfilled and completed), to be issued and allotted to the subscriber pursuant to the Share Subscription as jointly announced by CFSG and CASH on 6 April 2017
“%”	:	per cent.

On behalf of the CFSG Board
Bernard Law
*Executive Director and
Chief Financial Officer*

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

Hong Kong, 26 May 2017

As at the date hereof, the CFSG Board comprises:

Executive directors:

Mr Kwan Pak Hoo Bankee, JP
Mr Law Ping Wah Bernard
Ms Cheng Pui Lai Majone
Mr Ho Tsz Cheung Jack

Independent non-executive directors:

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

As at the date hereof, the CASH Board comprises:

Executive directors:

Mr Kwan Pak Hoo Bankee, JP
Mr Law Ping Wah Bernard
Mr Law Ka Kin Eugene
Ms Kwok Lai Ling Elaine
Mr Ng Hin Sing Derek

Independent non-executive directors:

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

* For identification purposes only