THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Celestial Asia Securities Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Celestial Asia Securities Holdings Limited.

CASH 時富

CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時 富 投 資 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL MANDATE REGARDING POSSIBLE DISPOSAL OF SHARES IN CASH FINANCIAL SERVICES GROUP LIMITED

AND

NOTICE OF SPECIAL GENERAL MEETING

A notice convening the special general meeting of Celestial Asia Securities Holdings Limited to be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 18 December 2017 (Monday) at 9:30 am is set out on pages 67 to 68 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and return of a form of proxy will not preclude you from attending and voting at the meeting should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

29 November 2017

* *For identification purpose only*

CONTENT

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Algo Group"	CASH Algo Finance Group International Limited (a company incorporated in the British Virgin Islands with limited liability) and its subsidiaries, which are principally engaged in algorithmic trading business
"associate(s)"	has the same meaning as ascribed to it under the Takeovers Code or the Listing Rules as the context may require
"Board"	the board of directors of the Company
"Cash Guardian"	Cash Guardian Limited (a company incorporated in the British Virgin Islands with limited liability), and is a controlled corporation and an associate of Mr Kwan Pak Hoo Bankee, Chairman of the Board and the CFSG Board, and a substantial shareholder of the Company
"Celestial Capital"	Celestial Capital Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of CFSG, and a licensed corporation under the SFO which is engaged in types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities
"Celestial Securities"	Celestial Securities Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of CFSG, and a licensed corporation under the SFO which is engaged in type 1 (dealing in securities) regulated activity
"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 an associated company of the Company as at the Latest Practicable Date
"CFSG Board"	the board of directors of CFSG
"CFSG Group"	CFSG and its subsidiaries
"CFSG Sale Shares"	an aggregate of 1,667,821,069 CFSG Shares (representing approximately 33.62% of the issued share capital of CFSG as at the Latest Practicable Date), being all the CFSG Shares held by the Company (through CIGL, a wholly-owned subsidiary of the Company) as at the Latest Practicable Date

"CFSG Share(s)"	ordinary share(s) of HK$0.02 each in the share capital 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 the Company, being the beneficial owner of the CFSG Sale Shares as at the Latest Practicable Date
"Company"	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 single largest substantial shareholder of CFSG as at the Latest Practicable Date
"Confident Profits Group"	Confident Profits Limited and its subsidiaries, including CFSG (China) Limited and its subsidiaries (which had ceased its financial consulting services business in the PRC since October 2015) and the Algo Group
"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$0.31 per CFSG Share issued by CFSG to bondholders on 27 July 2017
"CRMG"	CASH Retail Management (HK) Limited (a company incorporated in the British Virgin Islands with limited liability) and its subsidiaries, which are principally engaged in retail management business
"Disposal Mandate"	the specific mandate proposed by the Board to seek approval from the Shareholders to allow the Board to dispose of up to 1,667,821,069 CFSG Sale Shares on the terms as set out under the paragraph headed "Terms of the Disposal Mandate" under the section headed "The Disposal Mandate" in this circular
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Independent Third Party(ies)"	to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, such persons/companies and the ultimate beneficial owner of such companies are third parties independent of the Company and its connected persons
"Joint Announcement"	the joint announcement dated 7 November 2017 made by the Company and CFSG in relation to, inter alia, the Possible Disposal and the Disposal Mandate
"Latest Practicable Date"	24 November 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the required standards of dealings regarding securities transactions by Directors or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
"Net2Gather"	Net2Gather (China) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, the holding company of the Group's mobile internet services business
"Possible Disposal"	the proposed disposal of the CFSG Sale Shares pursuant to the Disposal Mandate
"PRC"	the People's Republic of China
"Remaining Businesses"	the Group's remaining businesses immediately after completion of the Possible Disposal
"Remaining Group"	the Group immediately after completion of the Possible Disposal
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission in Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"SGM"	the special general meeting of the Company convened to be held on 18 December 2017 (Monday) at 9:30 am to consider and approve, among other things, the Possible Disposal and the Disposal Mandate, notice of which is set out on pages 67 to 68 of this circular
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the same meaning as ascribed to it under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC as amended from time to time
"%"	per cent

CELESTIAL ASIA SECURITIES HOLDINGS LIMITED
時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 1049)

Board of Directors:
Executive:
KWAN Pak Hoo Bankee
LAW Ping Wah Bernard
LAW Ka Kin Eugene
KWOK Lai Ling Elaine
NG Hin Sing Derek

Independent non-executive:
LEUNG Ka Kui Johnny
WONG Chuk Yan
CHAN Hak Sin

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business:
28/F Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

29 November 2017

To the Shareholders

Dear Sir/Madam,

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO THE DISPOSAL MANDATE
REGARDING
POSSIBLE DISPOSAL OF SHARES IN
CASH FINANCIAL SERVICES GROUP LIMITED**

AND

NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

On 7 November 2017, the Board and the CFSG Board made the Joint Announcement relating to, among other things, the Possible Disposal and the Disposal Mandate. The Disposal Mandate involves the possible disposal of the CFSG Sale Shares in one or more transactions subject to the terms of the Disposal Mandate as set out below.

* For identification purpose only

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

The purpose of this circular is to provide you with, among other things, (i) further details of the Possible Disposal and the Disposal Mandate; (ii) financial information of the CFSG Group; (iii) pro forma financial information of the Remaining Group; and (iv) a notice convening the SGM together with the form of proxy and other information as required under the Listing Rules.

THE DISPOSAL MANDATE

As at the Latest Practicable Date, the Company (through CIGL, a wholly-owned subsidiary of the Company) held the CFSG Sale Shares, being an aggregate of 1,667,821,069 CFSG Shares (representing approximately 33.62% of the issued share capital of CFSG as at the Latest Practicable Date). CFSG is currently an associated company of the Company.

The Company intends to realize its share investment in CFSG in the event there is good capital gain. To allow flexibility in effecting the Possible Disposal at appropriate timing and manner, the Company would like to seek the Shareholders' approval in relation to the Disposal Mandate. The Disposal Mandate involves the possible disposal of the CFSG Sale Shares in one or more transactions subject to the terms of the Disposal Mandate as set out under the paragraph headed "Terms of the Disposal Mandate" under the section headed "The Disposal Mandate" in this circular. The Board resolved and approved the proposed terms of the Disposal Mandate on 7 November 2017.

TERMS OF THE DISPOSAL MANDATE

The Disposal Mandate to be sought from the Shareholders will be on the following terms:

Maximum number of CFSG Shares to be sold: Not more than the CFSG Sale Shares, being an aggregate of 1,667,821,069 CFSG Shares (representing approximately 33.62% of the issued share capital of CFSG as at the Latest Practicable Date).

Minimum disposal price: Not less than HK$0.31, being the conversion price of the Convertible Bonds. The minimum disposal price represents:-

(i) a premium of approximately 33.05% over the closing price of HK$0.233 per CFSG Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 25.51% over the last closing price of HK$0.247 per CFSG Share as quoted on the Stock Exchange on 7 November 2017 (the date of the Joint Announcement);

(iii) a premium of approximately 24.50% over the average closing price of HK$0.249 per CFSG Share as quoted on the Stock Exchange for the last five trading days up to and including 6 November 2017 (the trading day preceding the date of the Joint Announcement);

(iv) a premium of approximately 24.00% over the average closing price of HK$0.250 per CFSG Share as quoted on the Stock Exchange for the last ten trading days up to and including 6 November 2017;

(v) a premium of approximately 24.00% over the average closing price of HK$0.250 per CFSG Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including 6 November 2017; and

(vi) a discount of approximately 7.46% to the average closing price of HK$0.335 per CFSG Share as quoted on the Stock Exchange for the 12 months ended on 6 November 2017.

The minimum disposal price of HK$0.31 was determined after taking into account the conversion price of the Convertible Bonds of HK$0.31 and the prevailing share price performance of CFSG Shares and market sentiment.

Assuming the Disposal Mandate will be exercised in full, the aggregate consideration of the Possible Disposal will be HK$517,024,531.

In the event that the CFSG Sale Shares are to be disposed through block trade(s), the actual sale price(s) of the relevant CFSG Sale Shares will be the higher of (i) the lowest closing price of CFSG Share as quoted on the Stock Exchange during the previous twelve (12) months, and (ii) a discount of not more than 20% to the average closing price of CFSG Shares as quoted on the Stock Exchange for the last five trading days immediately before the placing or brokerage agreement.

The Company considers that the minimum disposal price will allow flexibility for the Board to accommodate fluctuation in market conditions in the exercise of the Disposal Mandate and at the same time reflect the lowest acceptable price to dispose of the CFSG Shares, and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

The Board considers that the terms of the Disposal Mandate, including the minimum disposal price per CFSG Sale Share, are fair and reasonable and in the interests of the Shareholders.

Settlement of consideration: By cash

Mandate period: the Disposal Mandate to be sought from the Shareholders is to be valid for a period of twelve (12) months from the date on which the Disposal Mandate is approved by the Shareholders.

Scope of authority: the Board be authorized and empowered to determine, decide, execute and implement with full discretion all matters relating to the Possible Disposal, including but not limited to (a) the timing; (b) the number of batches of disposals, the number of CFSG Sale Shares to be sold in each disposal; (c) the manner of disposal (subject to the parameters set out under the sub-heading "Manner of disposal" below); (d) the target buyer(s) (subject to the restriction as set out under the sub-heading "Potential buyer(s)" below); and (e) the sale price (subject to the minimum disposal price as set out under the sub-heading "Minimum disposal price" above).

Potential buyer(s): the persons to whom the CFSG Sale Shares will be disposed and the ultimate beneficial owner of such persons will be Independent Third Party.

Save as effecting the disposal of the CFSG Sale Shares on open market on the Stock Exchange which the identities of the buyers cannot be ascertained, the Company shall use its reasonable endeavours to ensure that the potential buyers are Independent Third Parties. The Company shall obtain verbal or written confirmations from such potential buyers to confirm that they are Independent Third Parties.

In the event that any buyers of the CFSG Sale Shares is a connected person of the Company, the Company will strictly comply with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Manner of disposal:	the Board be authorized and empowered to determine and decide with full discretion the manner of disposal, whether by way of sale in the open market or through block trade(s). If the Board decides to dispose of the CFSG Sale Shares by block trade(s) through placing agent, broker or otherwise, the selling price will be determined based on the prevailing market price of the CFSG Shares and the number of CFSG Sale Shares to be sold after arm's length negotiation with such placing agent or broker subject to the restrictions as set out under the sub-heading "Minimum disposal price" above. The Company may appoint placing agent or broker (including Celestial Securities and/or Celestial Capital, being licensed corporations under SFO and wholly-owned subsidiaries of CFSG) to identify buyer(s) for the CFSG Sale Shares and the terms and conditions of the placing or brokerage agreement shall be negotiated on an arms' length basis. In the event that the Group appoints Celestial Securities and/or Celestial Capital as placing agent or broker, CFSG and the Company will comply with the relevant requirements under the Listing Rules and will make further announcement(s) if necessary. As at the Latest Practicable Date, the Board has not appointed or identified any placing agent or broker.

POSSIBLE VERY SUBSTANTIAL DISPOSAL FOR THE COMPANY

As at the Latest Practicable Date, the Company (through CIGL, a wholly-owned subsidiary of the Company) held the CFSG Sale Shares, being an aggregate of 1,667,821,069 CFSG Shares (representing approximately 33.62% of the issued share capital of CFSG as at the Latest Practicable Date). CFSG is currently an associated company of the Company.

Upon exercise in full of the Disposal Mandate, the Company will cease to hold any shareholding interest in CFSG and cease as substantial shareholder of CFSG. The Group will continue to be principally engaged in retail management business, mobile internet services business and general investment holding including algorithmic trading business.

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

REASONS FOR THE POSSIBLE DISPOSAL AND THE DISPOSAL MANDATE AND USE OF SALE PROCEEDS

The Possible Disposal will realize profits with cash inflow from realization of the investment of the Company in CFSG and to capture return at appropriate times and price(s), subject to favorable prevailing share prices and market sentiment.

The Disposal Mandate will give flexibility to the Directors to observe the price performance of the CFSG Sale Shares and to act promptly, effectively and efficiently with reference to the changing market conditions and economic situation so as to maximize the gains and return for the Group.

The Possible Disposal enables the Company to realize its share investment in CFSG with an expected realized gain of approximately HK$18 million, details of the basis of calculation is set out under the heading "Effect of the Possible Disposal on the earnings, assets and liabilities of the Group" below. The net proceeds from the Possible Disposal will be utilized as to around HK$200 million (around 39.2%) for partial repayment of bank loans and other borrowings and payables arising from retail management business, as to around HK$100 million (around 19.6%) for development of retail management business and as to the remaining HK$210 million (around 41.2%) for general working capital of the Group to strengthen the capital base of the Group.

In view of our business expansion plan to support long-term sustainable growth and marketing development of retail management business, it is intended that the sale proceeds of HK$100 million will be mainly applied for expansion of store network, renovation and re-design of store layout, development of new multi-brands, product development in furniture, household and home items, broadening management team and hiring expertise from various fields, including retail management, merchandising, branding and marketing, information technology and e-commence, advertising and marketing campaigns, and development of e-commence business and online shops (*www.pricerite.com.hk* and *www.tmf.hk*).

In consideration of the above, the Board considers that the Possible Disposal, if successfully completed, represents a good opportunity to realize its share investment in CFSG with an expected gain of not less than approximately HK$18 million, provide funding for development of retail management business and to enhance the cash flow position of the Group. Having considered the terms of the Disposal Mandate, the Directors consider that the Possible Disposal is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save for the Possible Disposal, as at the Latest Practicable Date, the Company does not have any intention or negotiation to enter into any agreement, arrangement or understanding regarding any potential acquisition(s) or disposal(s).

INFORMATION ON CFSG AND THE CFSG GROUP

The financial service businesses of the CFSG Group 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 losses (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. The unaudited net asset value of CFSG as at 30 June 2017 was approximately HK$735.6 million.

INFORMATION ON CIGL AND THE GROUP

CIGL, a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of the Company. Its principal activity is investment holding. As at the Latest Practicable Date, it holds 1,667,821,069 CFSG Shares (representing approximately 33.62% of the issued share capital of CFSG as at the Latest Practicable Date). The current principal activities of the Group consist of (a) the financial services business carried out via CFSG as aforementioned; (b) retail management business including sales of furniture and household items and electrical appliances through the chain stores under multi-brand name including "Pricerite" and "TMF" in Hong Kong; (c) mobile internet services business; and (d) general investment holding including algorithmic trading business. For additional information, please visit *www.cash.com.hk*.

EFFECT OF THE POSSIBLE DISPOSAL ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

Based on the unaudited consolidated statement of financial position of the Group as at 30 June 2017, the Possible Disposal will have the following effect to the Remaining Group:

(a) The Possible Disposal enables the Remaining Group to realize its share investment in CFSG with an expected realized gain of approximately HK$18 million, which is calculated based on the gross proceeds of approximately HK$517 million (based on the minimum disposal price of HK$0.31 per CFSG Sale Share and assuming the Disposal Mandate will be exercised in full) less the carrying value attributable to the CFSG Sale Shares as at 30 June 2017 of approximately HK$492 million and the estimated related costs of approximately HK$7 million. However, the actual amount of the proceeds, accounting gain or loss and the effects on the net assets and earnings of the Remaining Group in relation to the Possible Disposal would depend on the actual sale price(s) of the relevant CFSG Sale Shares and the actual number of CFSG Sale Shares to be disposed of by the Company.

(b) The non-current assets of the Remaining Group will be decreased by HK$492 million, representing the interest of investment in CFSG (assuming the Disposal Mandate will be exercised in full).

(c) The cash and bank balances of the Remaining Group will be increased by HK$510 million (based on the minimum disposal price of HK$0.31 per CFSG Sale Share and assuming the Disposal Mandate will be exercised in full, less the estimated related costs of HK$7 million). However, the actual amount of the proceeds, as well as the cash and bank balances effects would depend on the actual sale price(s) of the relevant CFSG Sale Shares and the actual number of the CFSG Sale Shares to be disposed of by the Company.

(d) There is no effect on the liabilities of the Remaining Group.

The financial information regarding the CFSG Group for the three years ended 31 December 2016 and for the six months ended 30 June 2016 and 2017 have been set out in Appendix II to this circular. For further information regarding the financial implication of the Possible Disposal on the Group, please refer to the unaudited pro forma financial information of the Remaining Group prepared pursuant to and in compliance with Rule 4.29 of the Listing Rules and set out in Appendix IV to this circular.

FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Upon completion of the Possible Disposal, the Remaining Businesses of the Remaining Group will be mainly (i) retail management business; (ii) mobile internet services business; and (iii) general investment holding including algorithmic trading business.

Retail management business – CRMG

With modest signs of economic recovery since the fourth quarter of 2016, we have taken a cautiously optimistic approach in formulating CRMG's long-term sustainable growth strategy. To meet customers' increasingly diverse needs and preferences, the Board decided to adopt a multi-brand strategy to deliver home furnishing and lifestyle products and services. During the first half of 2017, we started to consolidate Pricerite's store network, actively sought suitable sites for new brands, and restructured internal resources to establish a more versatile and solid foundation for multi-brand development. In view of our aggressive business expansion plan, we broadened our management team by adding expertise from various fields, including retail management, merchandising, branding and marketing, information technology and e-commerce, to spearhead different business initiatives.

Pricerite continued to strengthen the positioning as a leading home furnishing retailer that offers smart home solutions and takes care of local customers and their homes and families. In addition to smart furniture solutions that focus on optimising home living space, product development for household items aimed to provide core values for smart living, such as being "neat and tidy", health, home safety and the environment.

As the first omni-channel home-furnishing retailer in Hong Kong, we continued to offer more value-added services that utilise our online and offline presence, including "Buy online, pick up in store", single customer account, and member privileges across all channels. Sustained efforts will be made to provide a seamless shopping experience for customers so that they can start and continue their shopping journey with us anytime, anywhere.

In view of the rapid and continuous growth of our tailor-made furniture business, the Board decided to accelerate the development of 家匠TMF and position it as an individual business unit. During the first nine months of 2017, the Group successfully opened two standalone flagships in North Point and HomeSquare of Shatin. In on-going enhancement of our product and service offerings, we introduced more smart tailor-made solutions and items to optimise living space in small apartments with different floor plans, and provided more selections of material boards and metallic components to suit different customer preferences.

Mobile internet services business – Net2Gather

During the first half of 2017, we continued to solicit strategic partnerships in mobile game publishing. The Group is actively considering other business strategy to cope with the development of the mobile internet market.

Algorithmic trading business – the Algo Group

Building upon its technology-focused heritage, the Algo Group has been an Asia pioneer embracing advanced FinTech in investment. In addition to serving its existing algorithmic trading strategies, the Algo Group also opens up its platform to professional quant traders to access global markets.

The Algo Group supports a full lifecycle of investment, including research, development, testing and deployment of trading strategies. Connectivity to global markets enables capital allocation, trade execution, and risk control in an efficient manner.

During the first half of 2017, the Algo Group continued efforts in research and adoption of advanced FinTech, as well as recruiting experienced practitioners and nurturing young talents in the industry.

GENERAL

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

The Company will report on the progress of the Possible Disposal in its relevant interim report and annual report and make further announcements when any significant disposal under the Disposal Mandate has been made.

THE SGM

Set out on pages 67 to 68 of this circular is a notice convening the SGM to be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong at 9:30 am on 18 December 2017 (Monday).

At the SGM, ordinary resolution(s) for approving the Possible Disposal and the Disposal Mandate will be proposed for the Shareholders' approval.

The resolution(s) will be voted by way of poll at the SGM. As at the Latest Practicable Date, no Shareholder has material interest in the Possible Disposal and the Disposal Mandate (other than being a Shareholder) and therefore no Shareholder is required to abstain from voting on the relevant resolution(s) at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors are of the view that the Possible Disposal and the Disposal Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution(s) as set out in the notice of the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

Yours faithfully,
On behalf of the Board
Bankee P. Kwan
Chairman & CEO

(A) FINANCIAL INFORMATION OF THE GROUP

1. Financial Information of the Group

Details of the published financial information of the Group for each of the three years ended 31 December 2014, 2015 and 2016 were disclosed in the following documents which have been published on the websites of the Stock Exchange (*www.hkexnews.hk*) and the Company (*www.cash.com.hk*).

- Annual report of the Company for the year ended 31 December 2016 (pages 70 to 162) (*http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0504/LTN20170504954.pdf*);
- Annual report of the Company for the year ended 31 December 2015 (pages 68 to 162) (*http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0422/LTN20160422630.pdf*); and
- Annual report of the Company for the year ended 31 December 2014 (pages 50 to 141) (*http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0421/LTN20150421758.pdf*).

2. Statement of Indebtedness

As at the close of business on 31 October 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

Bank and other borrowings

The Group had total outstanding borrowings of approximately HK$182.8 million, comprising of (i) secured and guaranteed borrowings of approximately HK$90.5 million, comprising secured and guaranteed bank borrowings of approximately HK$32.5 million and secured and guaranteed trust receipt loans of approximately HK$58.0 million; (ii) secured and unguaranteed obligations under finance leases of approximately HK$0.3 million; and (iii) unsecured and guaranteed borrowings of approximately HK$92.0 million, comprising unsecured and guaranteed bank borrowings of approximately HK$21.7 million and unsecured and guaranteed trust receipt loans of approximately HK$70.3 million. The aforesaid guarantees were granted by the Company and/or its subsidiaries.

Pledge of assets

Trust receipts loan in aggregate of approximately HK$58.0 million and bank borrowings of approximately HK$32.5 million were secured by pledged bank deposits of the Group.

The Group also had outstanding obligations under finance leases of approximately HK$0.3 million as at 31 October 2017, which were secured by motor vehicles of the Group and unguaranteed.

As at 31 October 2017, bank deposits of the Group of HK$3.1 million were pledged to a bank for facilities of HK$15.0 million which have not been drawn.

Contingent liabilities

As at 31 October 2017, the Group had no litigations/claims as stated in the paragraph "Litigation" in Appendix V to this circular. Accordingly, the Group had no contingent liabilities as at 31 October 2017.

Disclaimers

Save as aforesaid, and apart from intra-group liabilities, the Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts and loans, other loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantee or material contingent liabilities, at the close of business on 31 October 2017.

The Board has confirmed that, save as disclosed above, there has not been any material change in the indebtedness or contingent liabilities of the Group since 31 October 2017.

3. Working Capital

The Directors are of the opinion that, after taking into account the financial resources, including banking facilities and other borrowings available to the Group, its internally generated funds and the effect of the Possible Disposal, in absence of unforeseen circumstances, the Group has sufficient working capital for its present requirement for at least the next twelve months from the date of publication of this circular.

4. Material Adverse Change

The Directors are not aware as at the Latest Practicable Date of any material adverse change in the financial or trading position of the Group since 31 December 2016, the date to which the latest published audited financial statements of the Group were made up.

Set out below are the financial information of the CFSG Group which comprises the consolidated statements of financial position of the CFSG Group as at 31 December 2014, 2015 and 2016 and 30 June 2017 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the CFSG Group for each of the periods then ended and certain explanatory notes.

The consolidated statements of financial position of the CFSG Group as at 31 December 2014, 2015 and 2016 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the CFSG Group for each of the year then ended were extracted from the annual reports of CFSG for respective years. In the opinions of the independent auditor of CFSG as stated in the annual reports of CFSG, the consolidated financial statements for each of the year ended 31 December 2014, 2015 and 2016 give a true and fair view of the financial position of the CFSG Group and of the financial performance and cash flows of the CFSG Group for each of the year then ended.

The consolidated statement of financial position of the CFSG Group as at 30 June 2017 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the CFSG Group for the six months ended 30 June 2017 ("2017 Financial Information") have been reviewed by the independent auditor of the Company in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. Based on their review, nothing has come to their attention that causes them to believe that the 2017 Financial Information of the CFSG Group is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the unaudited financial information for the six months ended 30 June 2017 of the CFSG Group.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three years ended 31 December 2016 and six months ended 30 June 2017

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	(Unaudited)
Revenue	198,063	252,290	166,830	90,202	62,863
Other income	6,238	3,807	3,267	937	582
Other gains and losses	84,706	128,652	(3,078)	553	(10,926)
Salaries and related benefits	(116,377)	(146,820)	(62,104)	(30,448)	(34,496)
Commission expense	(58,245)	(85,163)	(51,373)	(28,812)	(19,995)
Depreciation	(11,702)	(11,955)	(9,544)	(5,017)	(3,275)
Finance costs	(13,579)	(8,630)	(5,044)	(2,481)	(2,626)
Other operating and administrative expenses	(115,695)	(120,676)	(78,761)	(45,356)	(30,774)
Change in fair value of investment properties	37,088	155	(13,593)	(14,600)	–
Share of profit of associate	60,463	95	–	–	–
Profit (loss) before taxation	70,960	11,755	(53,400)	(35,022)	(38,647)
Income tax (expense) credit	(16,633)	1,655	2,202	2,409	–
Profit (loss) for the year	54,327	13,410	(51,198)	(32,613)	(38,647)
Other comprehensive expense					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	(2,772)	(3,665)	(1,199)	(63)	(170)
Reclassification of translation reserve upon disposal of subsidiaries	–	(10,941)	–	–	–
Other comprehensive expense for the year	(2,772)	(14,606)	(1,199)	(63)	(170)
Total comprehensive income (expense) for the year	51,555	(1,196)	(52,397)	(32,676)	(38,817)

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	(Unaudited)
Profit (loss) for the year attributable to:					
Owners of CFSG	32,675	13,606	(51,198)	(32,613)	(38,647)
Non-controlling interests	21,652	(196)	–	–	–
	54,327	13,410	(51,198)	(32,613)	(38,647)
Total comprehensive income (expense) attributable to:					
Owners of CFSG	30,770	(1,000)	(52,397)	(32,676)	(38,817)
Non-controlling interests	20,785	(196)	–	–	–
	51,555	(1,196)	(52,397)	(32,676)	(38,817)
Earnings (loss) per share for profit (loss) attributable to the owners of CFSG during the year					
– Basic (HK cents)	0.83	0.33	(1.24)	(0.79)	(0.92)
– Diluted (HK cents)	0.80	0.33	(1.24)	(0.79)	(0.92)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
At 31 December 2014, 2015, 2016 and 30 June 2017

	At 31 December			At 30 June
	2014	**2015**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)
Non-current assets				
Property and equipment	38,136	19,445	13,577	11,304
Investment properties	213,666	188,583	16,508	16,508
Intangible assets	9,752	9,752	9,752	9,752
Other assets	4,792	5,039	5,039	5,039
Rental and utility deposits	2,088	612	5,514	5,514
Available-for-sale financial assets	21,031	8,415	8,415	8,415
Interest in an associate	1,434	–	–	–
	290,899	231,846	58,805	56,532
Current assets				
Accounts receivable	706,440	696,502	432,300	460,945
Loans receivable	42,561	1,831	1,863	1,850
Other assets	7,317	5,240	3,528	4,125
Prepayments, deposits and other receivables	13,579	17,930	11,957	9,625
Tax recoverable	16	29	1,286	1,286
Investments held for trading	44,545	18,872	21,725	14,922
Financial assets designated at fair value through profit or loss	–	13,161	–	–
Bank deposits subject to conditions	17,155	–	25,025	25,050
Bank balances – trust and segregated accounts	792,117	946,810	819,803	832,057
Bank balances (general accounts) and cash	172,100	370,467	334,631	551,222
	1,795,830	2,070,842	1,652,118	1,901,082

	At 31 December 2014 HK$'000	At 31 December 2015 HK$'000	At 31 December 2016 HK$'000	At 30 June 2017 HK$'000 (Unaudited)
Current liabilities				
Accounts payable	1,108,306	1,429,827	968,466	997,306
Accrued liabilities and other payables	67,103	53,719	30,100	26,310
Taxation payable	16,478	3,039	3,000	3,000
Bank borrowings – amount due within one year	171,734	121,340	153,687	183,981
Amounts due to a fellow subsidiary/ a related company	26,350	1,829	1,807	2,364
Financial liabilities held for trading	1,055	–	–	–
Financial liabilities designated at fair value through profit or loss	–	13,161	–	–
	1,391,026	1,622,915	1,157,060	1,212,961
Net current assets	404,804	447,927	495,058	688,121
Total assets less current liabilities	695,703	679,773	553,863	744,653
Non-current liabilities				
Deferred tax liabilities	7,860	5,786	40	40
Bank borrowings – amount due after one year	91,516	78,412	10,645	8,972
	99,376	84,198	10,685	9,012
Net assets	596,327	595,575	543,178	735,641
Capital and reserves				
Share capital	81,437	82,687	82,687	99,207
Reserves	509,304	512,888	460,491	636,434
Equity attributable to owners of CFSG	590,741	595,575	543,178	735,641
Non-controlling interests	5,586	–	–	–
Total equity	596,327	595,575	543,178	735,641

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three years ended 31 December 2016 and six months ended 30 June 2017

	Attributable to equity holders of CFSG								
	Share capital	Share premium	Contributed surplus	Share-based payment reserve	Translation reserve	(Accumulated losses) retained earnings	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2014	77,558	359,940	117,788	–	16,511	(45,713)	526,084	36,114	562,198
Profit for the year	–	–	–	–	–	32,675	32,675	21,652	54,327
Exchange differences arising on translation of foreign operations	–	–	–	–	(1,905)	–	(1,905)	(867)	(2,772)
Total comprehensive (expense) income for the year	–	–	–	–	(1,905)	32,675	30,770	20,785	51,555
Recognition of equity-settled share based payments	–	–	–	15,335	–	–	15,335	–	15,335
Issue of ordinary shares upon exercise of share options	3,879	22,639	–	(7,966)	–	–	18,552	–	18,552
Effect of share options lapsed	–	–	–	(1,518)	–	1,518	–	–	–
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	(51,313)	(51,313)
At 31 December 2014	81,437	382,579	117,788	5,851	14,606	(11,520)	590,741	5,586	596,327
Profit (loss) for the year	–	–	–	–	–	13,606	13,606	(196)	13,410
Exchange differences arising on translation of foreign operations	–	–	–	–	(3,665)	–	(3,665)	–	(3,665)
Reclassification upon disposal of subsidiaries	–	–	–	–	(10,941)	–	(10,941)	–	(10,941)
Total comprehensive (expense) income for the year	–	–	–	–	(14,606)	13,606	(1,000)	(196)	(1,196)
Issue of ordinary shares upon exercise of share options	1,250	7,522	–	(2,938)	–	–	5,834	–	5,834
Effect of cancelled share options	–	–	–	(2,913)	–	2,913	–	–	–
Purchase of non-controlling interest	–	–	–	–	–	–	–	(4,855)	(4,855)
Derecognition upon disposal of a non-wholly owned subsidiary	–	–	–	–	–	–	–	(535)	(535)
At 31 December 2015	82,687	390,101	117,788	–	–	4,999	595,575	–	595,575

	Attributable to equity holders of CFSG								
	Share capital	Share premium	Contributed surplus	Share-based payment reserve	Translation reserve	(Accumulated losses) retained earnings	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Loss for the year	–	–	–	–	–	(51,198)	(51,198)	–	(51,198)
Exchange differences arising on translation of foreign operations	–	–	–	–	(1,199)	–	(1,199)	–	(1,199)
Total comprehensive expense for the year	–	–	–	–	(1,199)	(51,198)	(52,397)	–	(52,397)
At 31 December 2016	82,687	390,101	117,788	–	(1,199)	(46,199)	543,178	–	543,178
Loss for the period	–	–	–	–	–	(38,647)	(38,647)	–	(38,647)
Exchange differences arising on translation of foreign operations	–	–	–	–	(170)	–	(170)	–	(170)
Total comprehensive expense for the period	–	–	–	–	(170)	(38,647)	(38,817)	–	(38,817)
Issue of ordinary shares upon share subscription	16,520	214,760	–	–	–	–	231,280	–	231,280
At 30 June 2017 (unaudited)	99,207	604,861	117,788	–	(1,369)	(84,846)	735,641	–	735,641

Note: The contributed surplus of the CFSG Group represents the difference between the nominal amount of the shares issued by CFSG and the aggregate of the nominal amount of the issued share capital and the reserves of CASH on-line Limited, the then holding company of the CFSG Group prior to the group reorganisation, pursuant to the group reorganisation after deducting the expenses in connection with the listing of the CFSG Shares and the acquisition of subsidiaries, and the net amount arising from the capital reduction, reduction of share premium account and amounts transferred to eliminate accumulated losses.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three years ended 31 December 2016 and six months ended 30 June 2017

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	(Unaudited)
Operating activities					
Profit (loss) before taxation	70,960	11,755	(53,400)	(35,022)	(38,647)
Adjustments for:					
Depreciation of property and equipment	11,702	11,955	9,544	5,017	3,275
Interest expense	13,579	8,630	5,044	2,481	2,626
Interest income	(28,172)	(26,639)	(18,225)	(8,032)	(11,785)
Dividend income	(1,821)	(1,117)	(702)	–	–
Change in fair value of investment properties	(55,090)	(155)	13,593	14,600	–
Write-off of property and equipment	467	–	699	–	–
Write back of impaired loans receivable, net	(2,700)	(4,519)	–	–	–
Share-based payment expenses	15,335	–	–	–	–
Allowance for impaired accounts receivable, net	(2,631)	1,431	1,553	–	15,372
Impairment on other receivables	2,661	–	1,632	–	–
Gain on disposal of available-for-sale financial assets	–	(14,381)	–	–	–
Gain on disposal of subsidiaries	–	(11,909)	(2,623)	–	–
Share of profit of an associate	(60,463)	(95)	–	–	–

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	(Unaudited)
Operating cash flows before movements in working capital	(36,173)	(25,044)	(42,885)	(20,956)	(29,159)
Decrease (increase) in rental and utility deposits	2,179	1,476	(4,902)	–	–
Decrease (increase) in other assets	4,602	1,830	1,712	(2,978)	(597)
(Increase) decrease in accounts receivable	(95,485)	(224,246)	262,649	47,372	(44,017)
(Increase) decrease in loans receivable	(14,430)	45,249	(32)	(479)	13
Decrease (increase) in prepayments, deposits and other receivables	33,510	(5,886)	4,191	(17,838)	2,332
Decrease (increase) in investments held for trading	10,190	21,266	(2,853)	(24,733)	6,803
(Increase) decrease in financial assets designated at fair value through profit or loss	–	(13,161)	13,161	–	–
(Increase) decrease in bank balances – trust and segregated accounts	(7,413)	(154,693)	127,007	79,996	(12,254)
(Decrease) increase in financial liabilities held for trading	(18,646)	1,073	–	1,084	–
Increase (decrease) in accounts payable	75,918	321,521	(461,361)	(146,110)	28,840
(Decrease) increase in accrued liabilities and other payables	(24,096)	96,374	(23,588)	(3,475)	(3,790)
Increase (decrease) in financial liabilities designated at fair value through profit or loss	–	13,161	(13,161)	–	–
Cash (used in) from operations	(69,844)	78,920	(140,062)	(88,117)	(51,829)
Income taxes received	3,426	–	–	–	–
Interest income received	28,172	26,639	18,225	8,032	11,785
Income taxes paid, net	(120)	(434)	(1,463)	–	–
Net cash (used in) generated from operating activities	(38,366)	105,125	(123,300)	(80,085)	(40,044)

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	(Unaudited)
Investing activities					
Refund (placement) of bank deposits subject to conditions	–	17,155	(25,025)	(25,000)	(25)
Purchase of property and equipment	(16,547)	(3,988)	(4,380)	(2,379)	(1,002)
Proceeds on disposal of investment properties	133,592	22,961	17,103	–	–
Proceeds on disposal of property and equipment	97	–	–	–	–
Net proceeds on disposal of available-for-sale financial assets	–	26,997	–	–	–
Purchase of investment properties	(96,844)	–	–	–	–
Purchase of a commercial property	(92,253)	–	–	–	–
Capital distributed from an associate	214,704	1,529	–	–	–
Repayment of loan to an associate	10,296	–	–	–	–
Net cash (outflow) inflow from disposal of subsidiaries	–	(10,186)	139,765	–	–
Dividend received	1,821	1,117	702	–	–
Net cash generated from (used in) investing activities	154,866	55,585	128,165	(27,379)	(1,027)

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	(Unaudited)
Financing activities					
Proceeds on issue of shares	18,552	5,834	–	–	231,280
Advance from loan payable	14,014	–	–	–	–
Repayment of loan payable	(38,100)	(14,014)	–	–	–
(Decrease) increase in bank borrowings for margin financing	(66,216)	(50,156)	(14,571)	(14,840)	30,241
Drawdown of other bank borrowings	80,412	–	50,000	50,000	–
Repayment of other bank borrowings	(7,146)	(13,342)	(70,849)	(11,122)	(1,620)
Advance from a fellow subsidiary/a related company	–	124,368	–	–	557
Repayment to a fellow subsidiary/a related company	(21,271)	–	(22)	(1,769)	–
Purchase of non-controlling interest	–	(4,855)	–	–	–
Dividends paid to non-controlling shareholders	(51,313)	–	–	–	–
Interest paid on bank borrowings	(8,533)	(7,396)	(5,044)	(2,481)	(2,626)
Interest paid to other borrowings	(5,046)	(1,234)	–	–	–
Repayment of loan from non-controlling shareholder	(27,437)	–	–	–	–
Repayment of obligations under finance leases	–	(160)	–	–	–
Net cash (used in) generated from financing activities	(112,084)	39,045	(40,486)	19,788	257,832
Net increase (decrease) in cash and cash equivalents	4,416	199,755	(35,621)	(87,676)	216,761
Cash and cash equivalents at beginning of year	167,505	172,100	370,467	370,467	334,631
Effect of change in foreign exchange rate	179	(1,388)	(215)	(63)	(170)
Cash and cash equivalents at end of year	172,100	370,467	334,631	282,728	551,222
Bank balances (general accounts) and cash	172,100	370,467	334,631	282,728	551,222

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

For the six months ended 30 June 2017

1. GENERAL

CASH Financial Services Group Limited ("CFSG") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange").

CFSG and its subsidiaries (collectively refer to as the "CFSG Group") are principally engaged in the provision of online and traditional brokerage of securities, futures and options as well as mutual funds and insurance-linked investment products; principal investments of securities and options; provision of margin financing and money lending services; and provision of corporate finance services.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The financial information of CFSG Group for the six months ended 30 June 2017 ("Unaudited Financial Information") has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by Celestial Asia Securities Holdings Limited ("Company") in connection with the very substantial disposal in relation to the disposal mandate regarding possible disposal of shares in CFSG, as defined in the circular issued by the Company on 29 November 2017.

The Unaudited Financial Information has been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants for the year ended 31 December 2016 and those effective for the accounting period beginning on 1 January 2017. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Upon completion of the Possible Disposal, the Remaining Group will be engaged in (i) retail management business; (ii) mobile internet services business; and (iii) general investment holding including algorithmic trading business.

Set out below is the management discussion and analysis of the operating results and business review of the Remaining Group for the year ended 31 December 2014, 2015 and 2016 and six months ended 30 June 2017.

Business and financial review for the year ended 31 December 2014

The Remaining Group

Business review and result

- Recorded revenue of HK$1,173.6 million which was increased as compared with previous year. The increase in revenue was due to the mild growth in revenue recorded by Pricerite in retail management business.

- Taking into account (1) the operating profit of CRMG; (2) the operating loss of Net2Gather; and (3) the Confident Profits Group's share of profit of an associate of HK$60.5 million less its operating loss, the Remaining Group recorded a net profit of HK$38.8 million for the year ended 31 December 2014.

Retail management business – CRMG

Business review

To reinvigorate and improve the shopping experience, CRMG implemented a comprehensive plan to revamp its brand to better reflect its strength and commitment to smart home solutions tailored for young families living in small and medium-sized apartments, and to help customers add style and personality to their living space. Pricerite opened new stores in Tin Shui Wai, Aberdeen and Lam Tin, and in line with its revamped brand image, seven stores were revitalised. Its Megabox flagship store was expanded to over 40,000 square feet, the largest store delivering its new "Pricerite the HOUSE" concept or "everything under one roof". Since the launch of its tailor-made furniture and home interior design services, CRMG had seen a promising market response, with rapidly growing demand. To further enhance its service quality, CRMG expanded its service team and formally named its Tailor Made Furniture service centres "家匠TMF" to convey the flexibility and singular precision of customised home furnishing solutions. During the year, CRMG expanded its "家匠TMF" centres to 21 Pricerite stores and tripled its TMF specialist team, making "家匠TMF" one of the largest service providers of tailor-made furniture and home interior design solutions in the city. During the year ended 31 December 2014, Pricerite introduced different multi-functional home furnishing solutions such as WinSill™ and other "transformational furniture".

Operating results

CRMG's Hong Kong retail management business was still facing rising operating costs as last year. The labour market conditions remained tight throughout 2014 which resulted in increases in salaries and wages. The 4.4% rise in the overall consumer prices for 2014 coupled with the skyrocketing rental cost had been keeping pressures on operating costs for the Remaining Group's retailing business. Hong Kong's overall retail sales dropped 0.2% in 2014 whereas consumer durable goods increased by 4.1%. Market concerns about the expected rise in interest rate and various government's measures of dampening the housing demand certainly affected the property market for the first half of 2014. Whereas entering into the second half of year, the optimism about the property market rose to the new high due to the publication of official figures indicating the high short supply of land and the strong pent-up demand immediately following the government's policy to relax the property cooling measure by allowing an extension of the period for qualifying for the exemption from extra stamp duty. In response to the recent market shift toward small and medium size units, Pricerite introduced more readily made products series, such as "WinSill™" and "Transformer". The "WinSill™" furniture series better utilise the space of window bays and "Transformer" furniture series that have multiple functions can make better use of space by allowing a piece of furniture to be changed and reversed from one form (e.g. a table) to another (a bed) so as to serve different functions. On the other hand, CRMG strengthened its Tailor Made Furniture (TMF) services by setting up more TMF centres in its store network. The TMF services provide total home solutions to meet the living needs of its customers, especially those who have some special design and home-furnishing requirements for their flats and apartments. In addition, Pricerite started extending its overseas product sourcing to Japan and south-east Asian countries in the face of the recent devaluation of these currencies against Hong Kong dollar, in order to let its customers enjoy higher quality products at better prices. Furthermore, CRMG also placed more resources on e-commerce business to counteract the increase in rental cost as one of its cost-leadership strategies. In order to devote more resources to high growth business sectors, CRMG had determined to close down all its retailing business except for e-commerce business in the PRC. For the year ended 31 December 2014, CRMG recorded revenue of HK$1,172.0 million and a net segment profit of HK$19.2 million.

Mobile internet services business – Net2Gather

Business review

In view of keen competition and unstable local business landscape in mobile internet industry, Net2Gather planned to explore the potentials of game licensing business in overseas markets. Global app markets are generally better regulated and offer stronger intellectual property rights protection than the Chinese market. However, cultural differences, language barrier, poor localization capabilities and lack of expertise of target markets may undermine global expansion and distribution strategies of Chinese mobile game developers. Capitalizing on its proven record and extensive distribution network in global game licensing business, Net2Gather planned to solicit global distribution partners to operate and promote Chinese game titles, while Net2Gather also provided full-fledged services to the Chinese game developers to facilitate game distribution in overseas market, including localization, game feature enhancements, technical implementation and porting to particular distribution platforms, etc. Net2Gather would also continue to explore investment opportunities to form strategic partnerships with complementary mobile game businesses, particularly game development teams and distribution platforms, to enhance our product offerings and distribution capabilities, and allowed it access to other valuable resources to facilitate its business development in overseas market.

Operating results

Despite a persistent strong growth in the mobile internet gaming market, market competition has become more intense than before with many small to medium-sized developers entering the market, flushing the market with numerous game titles. In view of the keen competition, Net2Gather had taken proactive role in looking for the blue ocean of the market. Net2Gather would continue to implement stringent cost control measures over its operations and adhere to a prudent strategy for its online game business. In the meantime, Net2Gather would dedicate its best effort to explore new business initiatives in mobile internet industry other than the gaming sector. Net2Gather would also continue to solicit partnerships and investment opportunities in other fast-growing e-commerce business models of the mobile internet market. Overall, for the year ended 31 December 2014, Net2Gather recorded revenue of HK$1.5 million and a net segment loss of HK$0.4 million.

The Confident Profits Group

Business review

With a view to reinforcing its technology competitive advantage, the Confident Profits Group established its quant-finance research and incubation centre, the Quant Finance Lab (QFL), in the Hong Kong Science and Technology Parks in June 2014. This new facility has strengthened its capability to attract quant-finance talents from around the world for the development of Algo models and Information Communication Technologies (ICT). During the year ended 31 December 2014, the Confident Profits Group successfully tested its risk control mechanism and business contingency plans. Its Algo ICT and eFinance database infrastructure for the Hong Kong market had also been implemented smoothly.

Operating results

For the year ended 31 December 2014, the Confident Profits Group recorded revenue of HK$17,000 and a net segment profit of HK$51.7 million. The turnaround profit was due to the gain recorded by its associate company on the disposal of its entire registered shares of its subsidiary which owned and managed an investment property in the PRC. Accordingly, during the year, the Confident Profits Group reported its share of profit of an associate of HK$60.5 million.

The Remaining Group – Financial position and other information

Capital structure, liquidity, financial resources and treasury policy

As at 31 December 2014, the Remaining Group had net assets of approximately HK$77.5 million. The Remaining Group had total bank borrowings of approximately HK$163.1 million which would be repayable within 1 year. The above bank loans of approximately HK$146.9 million were secured by the Remaining Group's corporate guarantees and the pledged deposits of HK$47.0 million.

The Remaining Group's borrowings as at 31 December 2014 carried variable interest at Hong Kong Prime Rate and HIBOR plus a spread. The bank borrowings were mostly denominated in Hong Kong dollars.

As at 31 December 2014, the Remaining Group's cash and bank balances amounted to approximately HK$179.9 million. The Remaining Group derives its revenue mainly in Hong Kong dollars and maintains its house funds mainly in Hong Kong dollars.

The liquidity ratio of the Remaining Group as at 31 December 2014 was approximately 0.81 time. The gearing ratio as at 31 December 2014, which represents the ratio of interest bearing borrowings of the Remaining Group divided by the total equity, was 2.1 times.

For the year ended 31 December 2014, the Remaining Group financed its liquidity requirements mainly through cash flows generated from operating activities and cash inflows from financing activities which principally came from banking facilities granted to the Remaining Group.

Foreign exchange fluctuation and hedge

As at 31 December 2014, the Remaining Group did not have any material un-hedged foreign exchange exposure or interest rate mismatches.

More than 99% of financial assets and financial liabilities of the Remaining Group were denominated in the Remaining Group entity's functional currency. No foreign currency sensitivity was disclosed as in the opinion of the directors of the Remaining Group, the foreign currency exposure was considered insignificant during the year ended 31 December 2014. No financial instruments for hedging purposes were used. No foreign currency net investments were hedged by currency borrowings and other hedging instruments.

Significant investments, material acquisitions and disposals

On 24 January 2014, the Remaining Group and CFSG jointly announced the disposal of entire equity interest in an associated company of the Remaining Group (held through CFSG) which held a commercial property in Shanghai (The Point Jingan, Jing'An District) at a consideration of RMB652,787,527 (equivalent to approximately HK$840,800,000).

Save as aforesaid, the Remaining Group did not make any significant investments, material acquisitions or disposals during the year ended 31 December 2014.

Capital commitments and contingent liabilities

The Remaining Group did not have any material capital commitments or contingent liabilities as at 31 December 2014.

Material Investments

As at 31 December 2014, the Remaining Group was holding a portfolio of investments held for trading with market values of approximately HK$12.1 million. The net gain derived from investments held for trading of HK$57.8 million was recorded for the year.

Employee information

At 31 December 2014, the Remaining Group had 1,010 employees. Its employees were remunerated according to their performance, working experience and market conditions. In addition to basic salaries and Mandatory Provident Fund scheme, it also offered staff benefits including medical schemes, discretionary share options, performance bonus and sales commission. The total amount of remuneration cost of employees of the Remaining Group for the year under review was approximately HK$162.9 million. It continued to organise training to employees in areas such as product knowledge, customer service, selling techniques, team building, communication, languages, presentation, coaching and quality management.

Future plans for material investments and acquisition of capital assets

The Remaining Group did not have any future plans for material investments nor addition of capital assets during the year ended 31 December 2014.

Business and financial review for the year ended 31 December 2015

The Remaining Group

Business review and result

- Recorded revenue of HK$1,382.3 million which was increased as compared with previous year. The increase in revenue was due to the mild growth in revenue recorded by Pricerite in retail management business.

- Taking into account the operating profit of CRMG and the operating losses of Net2Gather and the Confident Profits Group, the Remaining Group recorded a net profit of HK$4.8 million for the year ended 31 December 2015.

Retail management business – CRMG

Business review

The sales registration in the private residential property market saw a decline in the second half of 2015, which composed of a significant decline in second hand property registration compared to a modest decline for first hand registration. The decline was brought by property cooling policies, the uncertain economy and adjustment of the US interest rate. However, the demand for mid to small and more affordable flats remains strong and the government was still catching up to enhance supply of land. CRMG had a strategic focus on offering smart home solutions, especially to optimise living space. Pricerite uniquely addressed the compressed living space and space management challenges encountered by most families in Hong Kong, by adding smart and multifunctional design features to help customers optimise living space.

To tackle the challenges, CRMG had continued to intensify its cost rationalisation measures and to improve its operational efficiency. In the meantime, Pricerite had reformulated its sales mix strategy in response to the fast growing demand for small and medium sized apartments by the young home-seekers. The furniture design team had developed a series of new space-saving solutions and products that are more easily fitted into the small sizes of these starter homes. At the same time, Pricerite had introduced more high quality and trendy Japanese and Korean household products which further reinforce its space-saving philosophy. To gain greater market recognition, CRMG had been implementing comprehensive marketing plans to strengthen its branding to reflect the leading position in the market and the commitment to providing smart and lively home solutions tailored for young families living in small and medium sized apartments.

Operating results

CRMG's retailing management business reported revenue of HK$1,390.3 million. Overall, the retailing management business recorded a net profit before taxation of HK$32.7 million for 2015. Despite the encouraging results in 2015, CRMG remained very cost-cautious about the operations against the backdrop of a deteriorating business environment.

Mobile internet services business – Net2Gather

Business review

Net2Gather has formed strategic partnerships and built a mobile game portfolio with over 40 development teams to secure global game licensing rights, whereas Net2Gather has solicited overseas distribution partners to launch selected game titles in respective regions. Net2Gather has provided full-fledged services to facilitate game distributions in iOS AppStore, Google Play and other third-party distribution platforms outside of Mainland China. Net2Gather has successfully formed licensing agreements and launched commercial operations of "EDEN Online" with two leading mobile gaming operators in Southeast Asia and North America respectively. The game has topped the list of most popular role playing games in iOS AppStore and Google Play charts. Net2Gather has also reached a licensing agreement with another leading mobile gaming operator in Southeast Asia to publish a casual game, "Candy Craze".

Operating results

Net2Gather had implemented new mobile gaming business strategy to explore the development of overseas game licensing business. The commercial operation of "EDEN Online" was scheduled in Q4 2015, so that it was expected the revenue would be recognized in later months after settlement with app stores and publishers. Overall, for the year ended 31 December 2015, Net2Gather's mobile internet services business recorded revenue of HK$0.4 million and a net segment loss of HK$2.3 million.

The Confident Profits Group

Business review

The year 2015 was certainly a tale of two halves. In the first half of the year, the world market reached recent highs in both volume and volatility. Under such conditions, its Algo portfolio performed exceptionally well. The second half of the year was met with many great concerns such as the Renminbi deprecation, the possibility of the Federal Reserve hiking interest rates, and general market sluggish conditions, all of which affected investors' sentiment but we still maintained above average performance thanks to its well-positioned strategies in such difficult times. Overall, its performance was remarkable despite such volatile conditions.

Its previous business ventures have flourished throughout the year. The incubated and tested strategies from 2014 have launched and their performances have been encouraging. Strategies will continue to undergo tuning, optimization and re-testing in the upcoming year. They have also continued to seek new business partners to help connect them with new quantitative strategists. They have increased our exposure by hosting the first Inter-University Algo Trading Contest featuring four of Hong Kong's most prominent universities. They hope to give back to the community by giving aspiring students a chance to join and experience the real life challenges of the financial world while developing and seeking new quantitative skills and talent.

The financial consulting services business of the CFSG (China)'s group in the PRC had ceased operation since October 2015.

Operating results

For the year ended 31 December 2015, the Algo Group did not generate any revenue and a net segment loss of HK$5.3 million.

The Remaining Group – Financial position and other information

Capital structure, liquidity, financial resources and treasury policy

As at 31 December 2015, the Remaining Group had net assets of approximately HK$195.7 million. The Remaining Group had total bank borrowings of approximately HK$197.2 million which would be repayable within 1 year. The above bank loans of approximately HK$197.2 million were secured by the Remaining Group's corporate guarantees and the pledged deposits of HK$44.0 million.

The Remaining Group's borrowings as at 31 December 2015 carried variable interest at Hong Kong Prime Rate and HIBOR plus a spread. The bank borrowings were mostly denominated in Hong Kong dollars.

As at 31 December 2015, the Remaining Group's cash and bank balances amounted to approximately HK$310.2 million. The Remaining Group derives its revenue mainly in Hong Kong dollars and maintains its house funds mainly in Hong Kong dollars.

The liquidity ratio of the Remaining Group as at 31 December 2015 was approximately 1.03 times. The gearing ratio as at 31 December 2015, which represents the ratio of interest bearing borrowings of the Remaining Group divided by the total equity, was 1.0 time.

For the year ended 31 December 2015, the Remaining Group financed its liquidity requirements mainly through cash flows generated from operating activities and cash inflows from financing activities which principally came from banking facilities granted to the Remaining Group.

Foreign exchange fluctuation and hedge

As at 31 December 2015, the Remaining Group did not have any material un-hedged foreign exchange exposure or interest rate mismatches.

More than 99% of financial assets and financial liabilities of the Remaining Group were denominated in the Remaining Group entity's functional currency. No foreign currency sensitivity was disclosed as in the opinion of the directors of the Remaining Group, the foreign currency exposure was considered insignificant during the year ended 31 December 2015. No financial instruments for hedging purposes were used. No foreign currency net investments were hedged by currency borrowings and other hedging instruments.

Significant investments, material acquisitions and disposals

In March 2015, the Remaining Group signed a sale and purchase agreement with an independent third party relating to the proposed disposal of around 40% shareholding interest in CFSG (a non-wholly-owned subsidiary of the Company as at the date of the sale and purchase agreement) at a purchase price of HK$0.37 per share, which triggered a possible mandatory conditional cash offers for shares in CFSG. The resolution for approving the agreement was not passed at the special general meeting of the Company held in May 2015, and the transaction was terminated on 15 May 2015.

In May 2015, the Remaining Group disposed of the licence of The Chinese Gold & Silver Exchange Society to an independent third party at a consideration of HK$13 million.

In June 2015, the Remaining Group acquired algorithmic trading and alternative trading business from CFSG at a consideration of HK$1.55 million as determined based on the unaudited net asset value of the business unit as at 30 April 2015.

Save as aforesaid, the Remaining Group did not make any significant investments, material acquisitions or disposals during the year ended 31 December 2015.

Capital commitments and contingent liabilities

The Remaining Group did not have any material capital commitments or contingent liabilities as at 31 December 2015.

Material Investments

As at 31 December 2015, the Remaining Group was holding a portfolio of investments held for trading with market values of approximately HK$50.0 million. The net loss derived from investments held for trading of HK$37.8 million was recorded for the year.

Employee information

At 31 December 2015, the Remaining Group had 970 employees. Its employees were remunerated according to their performance, working experience and market conditions. In addition to basic salaries and Mandatory Provident Fund scheme, it also offered staff benefits including medical schemes, discretionary share options, performance bonus and sales commission. The total amount of remuneration cost of employees of the Remaining Group for the year under review was approximately HK$193.8 million. It continued to organise training to employees in areas such as product knowledge, customer service, selling techniques, team building, communication, languages, presentation, coaching and quality management.

Future plans for material investments and acquisition of capital assets

The Remaining Group did not have any future plans for material investments nor addition of capital assets during the year ended 31 December 2015.

Business and financial review for the year ended 31 December 2016

The Remaining Group

Business review and result

- Recorded revenue of HK$1,443.1 million which was increased as compared with previous year. The increase in revenue was due to the mild growth in revenue recorded by Pricerite in retail management business.

- Taking into account the operating profit of CRMG and the operating losses of Net2Gather and the Confident Profits Group, the Remaining Group recorded a net loss of HK$8.0 million for the year ended 31 December 2016.

Retail management business – CRMG

Business review

For the whole year of 2016, Hong Kong had experienced a long period of stagnant economy with its GDP growth moderated to 1.9% year-on-year, a drop from 2.4% for 2015. At a time when the local currency still remained strong against major currencies and the various factors such as the doubts over both local and China's economic resilience further dampened the consumer's spending, Hong Kong's overall retail sales had dropped by 8.1% year-on-year after the decline of 3.7% in 2015. The protracted decline in consumer's spending in the city had put pressure on its retail market. Meanwhile, our retail management business was still facing rising operating costs such as staff salaries and shop rentals. The labour market conditions remained tight with unemployment rate at around 3% for the whole year of 2016, which resulted in pushing up the overall salaries and wages. The rental costs of the outlets, especially those selling goods for daily consumption to the local population, showed no visible sign of declining. To confront with the difficulties in the business landscape, CRMG continued to be cost-conscious by continuously optimising its outlet network, intensifying its cost rationalisation measures and improving its operational efficiency. By riding on the fast growing demand for small and medium sized apartments by the young home-seekers, it had reformulated its sales mix strategy in a three-pronged approach to boost both its sales and profit margins. Firstly, it had continued to explore a series of new space-saving solutions and products that fully utilised the smaller space of these apartments to further emphasise its space-saving philosophy. Secondly, it reduced the number of stock-keeping units of some electrical appliances and other bulky products of low-profit margins in its shops to give way to the products of high-profit margins such as "Tailor-Made Furniture" (TMF). Lastly, it had introduced more exotic and trendy quality household products, mainly from Japan and Korea, to further fulfil its customers' broader lifestyle needs. It also devoted more resources to further developing and expanding its e-commerce business to cater for its younger customers' needs for improving their living spaces. During the year, it had redesigned its website and implemented the state-of-the-art technologies to build a one-stop online store selling a full range of products in a completely fresh, smart and inspiring e-shopping environment. As such, it had recruited a team of high-calibre professionals to pursue its new sales strategies and to embark on its new product development, which might inevitably lead to an increase in staff costs for the current year. Furthermore, it had been launching comprehensive marketing campaigns to further strengthen its position as a leading brand in providing smart and lively home furnishing solutions to young families living in small and medium sized apartments.

Operating results

The Group's retailing management business recorded revenue of HK$1,440.5 million and a net profit of HK$34.5 million for the year ended 31 December 2016.

Mobile internet services business – Net2Gather

Business review

In 2016, we have formed strategic partnerships and built a mobile game portfolio with over 60 mobile game development teams. We have provided full-fledged services to facilitate the game publishing processes in iOS AppStore, Google Play and other third-party distribution platforms in respective regions. Apart from the launch of "EDEN Online", we have formed a regional distribution partnership with a Mainland gaming publisher. We will continue to explore collaboration and investment opportunities with game development teams and distribution partners, to enhance our product offerings and distribution capabilities in the mobile gaming market.

Operating results

Net2Gather's mobile internet services business recorded revenue of HK$2.7 million and a segment loss of HK$2.0 million for the year ended 31 December 2016.

The Confident Profits Group

Business review

Built upon its technology-focused heritage, Algo trading business has been a pioneer in quantitative finance in Hong Kong. In addition to serving its existing algo strategies, the Algo Group also opens up its infrastructure to professional quant traders to access Hong Kong, the USA, and China markets.

The Algo Group also provides services to assist algo traders, quant strategists, and academia who want to research, develop, test and launch their trading ideas. The Algo Group can help to develop and program the trading strategies, execute trades, provide funding, control risks, as well as support legal, operational and administrative matters.

During the year of 2016, the algo trading business made certain achievements in terms of advanced financial technology, effective risk management and innovative global talents which are essential elements for the long-term growth and success of the algorithmic trading business.

Operating results

The Algo Group did not generate any revenue and a segment loss of HK$6.0 million for the year ended 31 December 2016.

The Remaining Group – Financial position and other information

Capital structure, liquidity, financial resources and treasury policy

As at 31 December 2016, the Remaining Group had net assets of approximately HK$191.4 million. The Remaining Group had total bank borrowings of approximately HK$241.4 million which would be repayable within 1 year. The above bank loans of approximately HK$241.4 million were secured by the Remaining Group's corporate guarantees and the pledged deposits of HK$39.0 million.

The Remaining Group's borrowings as at 31 December 2016 carried variable interest at Hong Kong Prime Rate and HIBOR plus a spread. The bank borrowings were mostly denominated in Hong Kong dollars.

As at 31 December 2016, the Remaining Group's cash and bank balances amounted to approximately HK$336.5 million. The Remaining Group derives its revenue mainly in Hong Kong dollars and maintains its house funds mainly in Hong Kong dollars.

The liquidity ratio of the Remaining Group as at 31 December 2016 was approximately 1.04 times. The gearing ratio as at 31 December 2016, which represents the ratio of interest bearing borrowings of the Remaining Group divided by the total equity, was 1.26 times.

For the year ended 31 December 2016, the Remaining Group financed its liquidity requirements mainly through cash flows generated from operating activities and cash inflows from financing activities which principally came from banking facilities granted to the Remaining Group.

Foreign exchange fluctuation and hedge

As at 31 December 2016, the Remaining Group did not have any material un-hedged foreign exchange exposure or interest rate mismatches.

More than 90% of financial assets and financial liabilities of the Remaining Group were denominated in the Remaining Group entity's functional currency. No foreign currency sensitivity was disclosed as in the opinion of the directors of the Remaining Group, the foreign currency exposure was considered insignificant during the year ended 31 December 2016. No financial instruments for hedging purposes were used. No foreign currency net investments were hedged by currency borrowings and other hedging instruments.

Significant investments, material acquisitions and disposals

In September 2016, the Remaining Group signed a sale and purchase agreement with Ever Billion Group Limited ("Ever Billion", an independent third party) relating to the proposed disposal of approximately 36.28% shareholding interest in CFSG (a non-wholly-owned subsidiary of the Company as at the date of the sale and purchase agreement) at a consideration of HK$765 million (representing a purchase price of HK$0.51 per share of CFSG). The transaction constituted a possible very substantial disposal of the Company under the Listing Rules, which has been approved by shareholders of the Company at a special general meeting of the Company held on 28 October 2016, and triggered a possible mandatory general offer for shares in CFSG. The condition relating to approval of the SFC for substantial shareholder of the Company and its licensed corporation and the conditions which were to be satisfied on the completion date had not been fulfilled and the transaction has not yet completed as at 31 December 2016. Details of the transaction were disclosed in the various announcements of the Company and CFSG relating to the transaction from September 2016 to March 2017.

Save as aforesaid, the Remaining Group did not make any significant investments, material acquisitions or disposals during the year ended 31 December 2016.

Capital commitments and contingent liabilities

The Remaining Group did not have any material capital commitments or contingent liabilities as at 31 December 2016.

Material Investments

As at 31 December 2016, the Remaining Group was holding a portfolio of investments held for trading with market values of approximately HK$11.6 million. The net gain derived from investments held for trading of HK$57.5 million was recorded for the period.

Employee information

At 31 December 2016, the Remaining Group had 969 employees. Its employees were remunerated according to their performance, working experience and market conditions. In addition to basic salaries and Mandatory Provident Fund scheme, it also offered staff benefits including medical schemes, discretionary share options, performance bonus and sales commission. The total amount of remuneration cost of employees of the Remaining Group for the year under review was approximately HK$213.5 million. It continued to organise training to employees in areas such as product knowledge, customer service, selling techniques, team building, communication, languages, presentation, coaching and quality management.

Future plans for material investments and acquisition of capital assets

The Remaining Group did not have any future plans for material investments nor addition of capital assets during the year ended 31 December 2016.

Business and financial review for the six months ended 30 June 2017

The Remaining Group

Business review and result

- Recorded revenue of HK$634.0 million which was decreased as compared with the same period in 2016. The decrease in revenue was due to slightly drop in revenue recorded by Pricerite in retail management business.

- Taking into account the operating profit of CRMG and the operating losses of Net2Gather and the Confident Profits Group, the Remaining Group recorded a net loss of HK$43.0 million for the six months ended 30 June 2017.

Retail management business – CRMG

Business review

With modest signs of economic recovery since the fourth quarter of 2016, we have taken a cautiously optimistic approach in formulating CRMG's long-term sustainable growth strategy. To meet customers' increasingly diverse needs and preferences, the Board decided to adopt a multi-brand strategy to deliver home furnishing and lifestyle products and services. During the first half of 2017, we started to consolidate Pricerite's store network, actively sought suitable sites for new brands, and restructured internal resources to establish a more versatile and solid foundation for multi-brand development. In view of our aggressive business expansion plan, we broadened our management team by adding expertise from various fields, including retail management, merchandising, branding and marketing, information technology and e-commerce, to spearhead different business initiatives.

Pricerite continued to strengthen the positioning as a leading home furnishing retailer that offers smart home solutions and takes care of local customers and their homes and families. In addition to smart furniture solutions that focus on optimising home living space, product development for household items aimed to provide core values for smart living, such as being "neat and tidy", health, home safety and the environment.

As the first omni-channel home-furnishing retailer in Hong Kong, we continued to offer more value-added services that utilise our online and offline presence, including "Buy online, pick up in store", single customer account, and member privileges across all channels. Sustained efforts will be made to provide a seamless shopping experience for customers so that they can start and continue their shopping journey with us anytime, anywhere.

In view of the rapid and continuous growth of our tailor-made furniture business, the Board decided to accelerate the development of 家匠TMF and position it as an individual business unit. Following the first successful standalone flagship in North Point, we will open a second flagship store in HomeSquare, Shatin during the third quarter of 2017. In on-going enhancement of our product and service offerings, we introduced more smart tailor-made solutions and items to optimise living space in small apartments with different floor plans, and provided more selections of material boards and metallic components to suit different customer preferences.

Operating results

The Group's retailing management business recorded revenue of HK$634.0 million and a net profit of HK$7.6 million for the six months ended 30 June 2017.

Mobile internet services business – Net2Gather

Business review

During the first half of 2017, we continued to solicit strategic partnerships in mobile game publishing. The Group is actively considering other business strategy to cope with the development of the mobile internet market.

Operating results

Net2Gather's mobile internet services business recorded revenue of HK$9,000 and a segment loss of HK$1.3 million for the six months ended 30 June 2017.

The Confident Profits Group

Business review

Building upon its technology-focused heritage, the Algo Group has been an Asia pioneer embracing advanced FinTech in investment. In addition to serving its existing algorithmic trading strategies, the Algo Group also opened up its platform to professional quant traders to access global markets.

The Algo Group supported a full lifecycle of investment, including research, development, testing and deployment of trading strategies. Connectivity to global markets enables capital allocation, trade execution, and risk control in an efficient manner.

During the first half of 2017, the Algo Group continued efforts in research and adoption of advanced FinTech, as well as recruiting experienced practitioners and nurturing young talents in the industry.

Operating results

The Algo Group did not generate any revenue and a segment loss of HK$26.3 million for the six months ended 30 June 2017.

The Remaining Group – Financial position and other information

Capital structure, liquidity, financial resources and treasury policy

As at 30 June 2017, the Remaining Group had net assets of approximately HK$150.5 million. The Remaining Group had total bank borrowings of approximately HK$240.0 million which would be repayable within 1 year. The above bank loans of approximately HK$240.0 million were secured by the Remaining Group's corporate guarantees and the pledged deposits of HK$41.6 million.

The Remaining Group's borrowings as at 30 June 2017 carried variable interest at Hong Kong Prime Rate and HIBOR plus a spread. The bank borrowings were mostly denominated in Hong Kong dollars.

As at 30 June 2017, the Remaining Group's cash and bank balances amounted to approximately HK$275.0 million. The Remaining Group derives its revenue mainly in Hong Kong dollars and maintains its house funds mainly in Hong Kong dollars.

The liquidity ratio of the Remaining Group as at 30 June 2017 was approximately 1.04 times. The gearing ratio as at 30 June 2017, which represents the ratio of interest bearing borrowings of the Remaining Group divided by the total equity, was 1.6 times.

For the six months ended 30 June 2017, the Remaining Group financed its liquidity requirements mainly through cash flows generated from operating activities and cash inflows from financing activities which principally came from banking facilities granted to the Remaining Group.

Foreign exchange fluctuation and hedge

As at 30 June 2017, the Remaining Group did not have any material un-hedged foreign exchange exposure or interest rate mismatches.

More than 90% of financial assets and financial liabilities of the Remaining Group were denominated in the Remaining Group entity's functional currency. No foreign currency sensitivity was disclosed as in the opinion of the directors of the Remaining Group, the foreign currency exposure was considered insignificant during the six months ended 30 June 2017. No financial instruments for hedging purposes were used. No foreign currency net investments were hedged by currency borrowings and other hedging instruments.

Significant investments, material acquisitions and disposals

With regard to the possible disposal by the Group of approximately 36.28% shareholding interest in CFSG to Ever Billion at a consideration of HK$765 million (representing a purchase price of HK$0.51 per share of CFSG) as set out in the above management discussion and analysis for the year ended 31 December 2016. The long stop date of the sale and purchase agreement has been extended to 31 March 2017. The condition relating to approval of the SFC for substantial shareholder of CFSG and its licensed corporation and the conditions which were to be satisfied on the completion date had not been fulfilled, and the transaction had been terminated on 29 March 2017. Details of the transaction were disclosed in the various announcements of the Company and CFSG relating to the transaction from September 2016 to March 2017.

In March 2017, CFSG (as issuer) signed a share subscription agreement with Ever Billion (as subscriber) relating to the subscription of 826 million new shares of CFSG at a subscription price of HK$0.28 per share of CFSG. The transaction constituted a major transaction of the Company in relation to deemed disposal of shareholding interest in CFSG under the Listing Rules, which was approved by shareholders of the Company at a special general meeting of the Company held on 16 June 2017 and the new shares of CFSG were duly issued to the subscriber on 20 June 2017. Upon completion of the aforesaid share subscription on 20 June 2017, the shareholding interest of the Company in CFSG was diluted from 40.34% to 33.62% and CFSG has ceased to be a subsidiary of the Company and became an associated company of the Company. Details of the transaction were disclosed in the joint announcement of the Company and CFSG dated 6 April 2017, circular dated 16 May 2017 and supplemental circular dated 29 May 2017.

In May 2017, CFSG (as issuer) signed a placing agreement with China Everbright Securities (HK) Limited (as placing agent) relating to the placing of convertible bonds with an aggregate principal amount of up to HK$620 million to placees at initial conversion price of HK$0.31 per share of CFSG. The transaction constituted a very substantial disposal of the Company in relation to deemed disposal of shareholding interest in CFSG under the Listing Rules, which was approved by shareholders of the Company at a special general meeting of the Company held on 10 July 2017 and the convertible bonds were fully issued and placed on 27 July 2017 (subsequent to the period-end date). The gross and net proceeds raised from the placing were HK$620 million and approximately HK$614.6 million respectively. Details of the transaction were disclosed in the joint announcement of the Company and CFSG dated 26 May 2017, and the circular issued by the Company dated 21 June 2017.

Save as aforesaid, the Remaining Group did not make any significant investments, material acquisitions or disposals during the six months ended 30 June 2017.

Capital commitments and contingent liabilities

The Remaining Group did not have any material capital commitments or contingent liabilities as at 30 June 2017.

Material Investments

As at 30 June 2017, the Remaining Group was holding a portfolio of investments held for trading with market values of approximately HK$12.4 million. The net gain derived from investments held for trading of HK$1.3 million was recorded for the period.

Employee information

At 30 June 2017, the Remaining Group had 937 employees. Its employees were remunerated according to their performance, working experience and market conditions. In addition to basic salaries and Mandatory Provident Fund scheme, it also offered staff benefits including medical schemes, discretionary share options, performance bonus and sales commission. The total amount of remuneration cost of employees of the Remaining Group for the period under review was approximately HK$131.5 million. It continued to organise training to employees in areas such as product knowledge, customer service, selling techniques, team building, communication, languages, presentation, coaching and quality management.

Future plans for material investments and acquisition of capital assets

The Remaining Group did not have any future plans for material investments nor addition of capital assets during the six months ended 30 June 2017.

(A) THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

In connection with the proposed disposal of an aggregate of 1,667,821,069 shares of CASH Financial Services Group Limited ((“CFSG”), together with its subsidiaries, the “CFSG Group”) (“Possible Disposal”) by Celestial Asia Securities Holdings Limited (“Company”) and its subsidiaries (“Group”) (hereinafter referred to as the “Remaining Group”), the unaudited pro forma financial information of the Remaining Group has been prepared to illustrate the effect of the Possible Disposal (on the basis that the shareholding interest in CFSG held by the Group is fully disposed of at the minimum disposal price of HK$0.31 per share) on the Group’s financial position as at 30 June 2017 and the Group’s financial performance and cash flows for the year ended 31 December 2016 as if the Possible Disposal had taken place at 30 June 2017 and 1 January 2016 respectively.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2017 which has been extracted from the published interim report of the Company for the six months ended 30 June 2017.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on audited consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 December 2016 which have been extracted from the published annual report of the Company for the year ended 31 December 2016.

The unaudited pro forma financial information of the Remaining Group has been prepared by the Directors in accordance with paragraph 29 of Chapter 4 of the Listing Rules and is solely for the purpose to illustrate (a) the financial position of the Remaining Group as if the Possible Disposal had been completed on 30 June 2017; and (b) the financial results and cash flows of the Remaining Group as if the Possible Disposal had been completed on 1 January 2016.

The unaudited pro forma financial information of the Remaining Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the Possible Disposal that are (i) directly attributable to the transactions; and (ii) factually supportable, is summarised in the accompanying notes.

The unaudited pro forma financial information of the Remaining Group has been prepared by the directors of the Company based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the unaudited pro forma financial information of the Remaining Group may not purport to predict what the financial position of the Remaining Group with the Possible Disposal would have been upon completion of the Possible Disposal as at 30 June 2017 or at any future dates or the financial results and cash flows for the year ended 31 December 2016 or for any future periods.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this circular and the financial information of the CFSG Group as set out in Appendix II to this circular, and other financial information included elsewhere in this circular.

Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2017

	The Group	Pro forma adjustment	The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	
Non-current assets			
Property and equipment	41,796		41,796
Goodwill	39,443		39,443
Intangible assets	43,460		43,460
Interests in an associate	492,007	(492,007)	–
Rental and utility deposits	48,466		48,466
Deferred tax assets	5,550		5,550
	670,722		178,715
Current assets			
Inventories – finished goods held for sale	66,601		66,601
Accounts receivable	139,154		139,154
Loans receivable	7,647		7,647
Prepayment, deposits and other receivables	51,483		51,483
Tax recoverable	7,362		7,362
Investments held for trading	12,408		12,408
Amount due from CFSG Group	2,365		2,365
Bank deposits subject to conditions	41,575		41,575
Bank balances (general accounts) and cash	233,427	510,025	743,452
	562,022		1,072,047

	The Group	Pro forma adjustment	The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	
Current liabilities			
Accounts payable	183,948		183,948
Accrued liabilities and other payables	100,602		100,602
Taxation payable	18,668		18,668
Obligations under finance leases – amount due within one year	276		276
Borrowings – amount due within one year	235,133		235,133
	538,627		538,627
Net current assets	23,395		533,420
Total assets less current liabilities	694,117		712,135
Non-current liabilities			
Deferred tax liabilities	7,757		7,757
Accrued liabilities and other payables	38,919		38,919
Obligations under finance leases – amount due after one year	163		163
Borrowings – amount due after one year	4,800		4,800
	51,639		51,639
Net assets	642,478		660,496
Capital and reserves			
Share capital	83,122		83,122
Reserves	582,533	18,018	600,551
Equity attributable to owners of the Company	665,655		683,673
Non-controlling interests	(23,177)		(23,177)
Net assets	642,478		660,496

Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group for the year ended 31 December 2016

	The Group	Pro forma adjustments			The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 3)	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Revenue	1,592,971	(166,830)	16,914		1,443,055
Cost of inventories	(821,073)				(821,073)
Other income	11,561	(3,267)			8,294
Other gains and losses	71,349	3,078			74,427
Gain on the Possible Disposal	–			244,287	244,287
Salaries, allowances and related benefits	(275,572)	62,104			(213,468)
Commission expenses	(51,373)	51,373			–
Other operating, administrative and selling expenses	(521,853)	78,761	(16,914)		(460,006)
Depreciation of property and equipment	(35,644)	9,544			(26,100)
Finance costs	(11,545)	5,044			(6,501)
Fair value change on investment properties	(13,593)	13,593			–
(Loss) profit before taxation	(54,772)				242,915
Income tax expense	(4,395)	(2,202)			(6,597)
(Loss) profit for the year	(59,167)				236,318
Other comprehensive income:					
Item that may be subsequent reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations	1,591	1,199			2,790
Total comprehensive (expense) income for the year	(57,576)				239,108
(Loss) profit for the year attributable to:					
Owners of the Company	(31,139)	20,653		244,287	233,801
Non-controlling interests	(28,028)	30,545			2,517
	(59,167)				236,318
Total comprehensive (expense) income for the year attributable to:					
Owners of the Company	(28,833)	21,137		244,287	236,591
Non-controlling interests	(28,743)	31,260			2,517
	(57,576)				239,108

Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2016

	The Group	Pro forma adjustments				The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 3)	*(Note 4)*	*(Note 7)*	*(Note 6)*	*(Note 8)*	
OPERATING ACTIVITIES						
(Loss) profit before taxation	(54,772)	53,400		244,287		242,915
Adjustments for:						
Allowance for impaired accounts receivable, net	1,553	(1,553)				–
Impairment on other receivables	1,632	(1,632)				–
Depreciation of property and equipment	35,644	(9,544)				26,100
Share-based payments	854					854
Write-down on inventories	4,540					4,540
Fair value change on investment properties	13,593	(13,593)				–
Interest expense	11,545	(5,044)				6,501
Interest income	(18,811)	18,225				(586)
Dividend income	(1,231)	702				(529)
Loss on disposal/written off of property and equipment	2,592	(699)				1,893
Gain on disposal of subsidiaries	(2,623)	2,623		(244,287)		(244,287)
Operating cash flows before movements in working capital	(5,484)					37,401
Decrease in inventories	2,237					2,237
Decrease in other assets	1,712	(1,712)				–
Decrease (increase) in accounts receivable	174,284	(262,649)				(88,365)
Increase in loans receivable	(32)	32				–
Increase in prepayments, deposits and other receivables	(1,323)	711				(612)
Decrease in listed investments held for trading	35,554	2,853				38,407
Decrease in financial assets designated at fair value through profit or loss	13,161	(13,161)				–

	The Group	Pro forma adjustments				The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 3)	*(Note 4)*	*(Note 7)*	*(Note 6)*	*(Note 8)*	
Decrease in bank balances – trust and segregated accounts	127,007	(127,007)				–
Decrease in accounts payable	(469,495)	461,361				(8,134)
Decrease in accrued liabilities and other payables	(29,956)	23,588				(6,368)
Decrease in financial liabilities designated at fair value through profit or loss	(13,161)	13,161				–
Net cash used in operations	(165,496)					(25,434)
Interest income received	18,225	(18,225)				–
Income taxes refunded	23					23
Income tax paid	(14,601)	1,463				(13,138)
NET CASH USED IN OPERATING ACTIVITIES	(161,849)					(38,549)
INVESTING ACTIVITIES						
Interest received	426					426
Dividend received	1,231	(702)				529
Placement of bank deposits subject to conditions	(26,601)	25,025				(1,576)
Refund of bank deposits subject to conditions	4,000					4,000
Advance of loans receivable	(4,000)					(4,000)
Repayment of loans receivable	820					820
Proceeds from disposal of property and equipment	48					48
Purchase of property and equipment	(24,434)	4,380				(20,054)
Proceeds from disposal of an investment property	17,103	(17,103)				–
Deposit received from disposal of subsidiary	50,000				(50,000)	–
Net cash inflow (outflow) upon disposal of subsidiaries	139,765	(139,765)		139,558		139,558
Repayment from CFSG Group	–		22			22
NET CASH FROM (USED IN) INVESTING ACTIVITIES	158,358					119,773

	The Group	Pro forma adjustments				The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 3)	*(Note 4)*	*(Note 7)*	*(Note 6)*	*(Note 8)*	
FINANCING ACTIVITIES						
Decrease in bank borrowings for margin financing	(14,571)	14,571				–
Drawdown of other bank borrowings	635,888	(50,000)				585,888
Repayment of other bank borrowings	(612,600)	70,849				(541,751)
Repayments of obligations under finance leases	(396)					(396)
Interest paid on obligations under finance leases	(22)					(22)
Interest paid on borrowings	(11,523)	5,044				(6,479)
Repayment to fellow subsidiaries	–	(22)	22			–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(3,224)					37,240
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,715)					118,464
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	636,632					636,632
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	(364)	215				(149)
CASH AND CASH EQUIVALENT AT END OF THE YEAR	629,553					754,947

Notes:

(1) Figures are extracted from the unaudited condensed consolidated statement of financial position as set out in the interim report of the Company for the period ended 30 June 2017 dated 25 August 2017.

(2) The adjustment reflects the accounting for the Possible Disposal in relation to the loss of significant influence over the interests in an associate in accordance with Hong Kong Accounting Standard 28 "Investments in Associates and Joint Ventures" and the recognition of pro forma gain on the Possible Disposal of HK$18,018,000. The calculation of the pro forma gain on Possible Disposal is as follows, assuming the Possible Disposal had taken place on 30 June 2017:

	HK$'000
Calculation of pro forma gain on disposal of the CFSG Group:	
Net proceeds from disposal of CFSG Sale Shares *(note a)*	510,025
Less: Carrying amount of interests in CFSG Group *(note b)*	(492,007)
Pro forma gain on Possible Disposal of CFSG Group	18,018

Notes:

(a) The amount represents the proceeds from the Possible Disposal assuming the 1,667,821,069 CFSG Sale Shares are fully disposed of at the minimum disposal price of HK$0.31 per CFSG Share, net of the estimated professional fees and other expenses for the Possible Disposal of HK$7,000,000.

(b) The amount represents the carrying amount of interests in CFSG Group as at 30 June 2017.

(3) Figures are extracted from the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group as set out in the audited financial statements for the year ended 31 December 2016 of the Company approved for issue on 24 March 2017 and incorporated in the 2016 annual report.

(4) The adjustment reflects the accounting for the Possible Disposal in relation to the loss of control over the interests in subsidiaries in accordance with Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements" and the exclusion of the results and cash flows of CFSG Group for the year ended 31 December 2016, assuming the Possible Disposal had taken place on 1 January 2016. The results and cash flows of the CFSG Group are extracted from the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the CFSG Group set out in Appendix II to this Circular.

(5) The adjustment represents the reinstatement of handling fee and commission of HK$16,914,000 paid by the Remaining Group to CFSG Group.

(6) The adjustment reflects the accounting for the Possible Disposal in relation to the loss of control over the interests in subsidiaries in accordance with Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements" and the recognition of pro forma gain on the Possible Disposal by the Group, assuming the Possible Disposal had taken place on 1 January 2016:

	HK$'000
Calculation of pro forma gain on the Possible Disposal:	
Net assets of the CFSG Group as at 1 January 2016 *(note a)*	595,575
Goodwill attributable to CFSG Group as at 1 January 2016 *(note b)*	20,606
	616,181
Less: Non-controlling interests attributable to CFSG Group *(note c)*	(350,443)
Less: Net proceeds from Possible Disposal *(note d)*	(510,025)
Pro forma gain on the Possible Disposal of CFSG Group	(244,287)
Net cash outflow arising on the Possible Disposal:	
Bank balances and cash of CFSG Group as at 1 January 2016	(370,467)
Net proceeds from the Possible Disposal *(note d)*	510,025
	139,558

Notes:

(a) The amount represents the net assets of the CFSG Group as at 31 December 2015 amounting to HK$595,575,000 as extracted from the consolidated statement of financial position of the CFSG Group set out in Appendix II to this Circular, which is assumed to be approximate to the net assets value as at 1 January 2016 for the purpose of this unaudited pro forma financial information.

(b) The amount represents the goodwill amounting to HK$20,606,000, that arose from the acquisition of CFSG by the Company in previous years.

(c) The amount represents the non-controlling interests of CFSG Group amounting to HK$350,443,000 as at 31 December 2015, which are assumed to be approximate to the value of non-controlling interests of CFSG Group as at 1 January 2016 for the purpose of this unaudited pro forma financial information.

(d) The amount represents the proceeds from the Possible Disposal assuming the 1,667,821,069 CFSG Sale Shares are fully disposed of at the minimum disposal price of HK$0.31 per CFSG Share, net of the estimated professional fees and other expenses for the Possible Disposal of HK$7,000,000.

(7) The adjustment represents the reinstatement of repayment from CFSG Group amounting to HK$22,000.

(8) The adjustment represents the reversal of the deposit received from disposal of subsidiary.

(9) No adjustment has been made to reflect any trading results, cash flows or other transactions of the Group entered into subsequent to 30 June 2017 or 31 December 2016, for the preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2017 or the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group and the unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2016 respectively.

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of Celestial Asia Securities Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Celestial Asia Securities Holdings Limited ("Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company ("Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2017, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2016 and related notes as set out on pages 47 to 55 of the circular issued by the Company dated 29 November 2017 ("Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 47 to 55 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed disposal of shares in CASH Financial Services Group Limited on the Group's financial position as at 30 June 2017 and the Group's financial performance and cash flows for the year ended 31 December 2016 as if the transaction had taken place at 30 June 2017 and 1 January 2016 respectively. As part of this process, information about the Group's financial position as at 30 June 2017 and the Group's financial performance and cash flows for the year ended 31 December 2016 has been extracted by the Directors from the Group's condensed consolidated financial statements for the period ended 30 June 2017, on which no review report has been published, and consolidated financial statements for the year ended 31 December 2016, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2017 or 1 January 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 November 2017

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) The Company

(a) Long positions in the Shares

		Number of Shares		
Name	**Capacity**	**Personal**	**Corporate interest**	**Shareholding** *(%)*
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	4,260,000	281,767,807*	34.41
Law Ping Wah Bernard	Beneficial owner	27,345,312	–	3.29
		31,605,312	281,767,807	37.70

* The Shares were held by Cash Guardian (which was 100% beneficially owned by Mr Kwan Pak Hoo Bankee and he was a director of Cash Guardian). Mr Kwan Pak Hoo Bankee was deemed to be interested in all these Shares as a result of his interests in Cash Guardian as disclosed in the paragraph headed "Substantial Shareholders" below.

(b) Long positions in the underlying shares – options under share option schemes

Name	Date of grant	Option period	Exercise price per Share (HK$)	Number of options outstanding	Percentage to issued Shares (%)
Kwan Pak Hoo Bankee	2/9/2014	2/9/2014 – 31/8/2018	0.478	6,480,000	0.77
	18/12/2015	18/12/2015 – 31/12/2019	0.460	8,000,000	0.96
Law Ping Wah Bernard	2/9/2014	2/9/2014 – 31/8/2018	0.478	6,480,000	0.77
	18/12/2015	18/12/2015 – 31/12/2019	0.460	4,800,000	0.57
Law Ka Kin Eugene	18/12/2015	18/12/2015 – 31/12/2019	0.460	4,800,000	0.57
Ng Hin Sing Derek	2/9/2014	2/9/2014 – 31/8/2018	0.478	5,184,000	0.62
	18/12/2015	18/12/2015 – 31/12/2019	0.460	4,800,000	0.57
				40,544,000	4.83

Notes:

(1) Mr Kwan Pak Hoo Bankee is also the substantial Shareholder.

(2) The options are held by the Directors in the capacity of beneficial owners.

(B) Associated corporation (within the meaning of SFO)

CFSG

(a) Long positions in the ordinary shares of HK$0.02 each

Name	Capacity	Number of shares Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Interest in a controlled corporation	1,667,821,069*	33.62

* The shares were held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by the Company). The Company was beneficially owned as to approximately 34.41% by Mr Kwan Pak Hoo Bankee, details of which were disclosed in the "Substantial Shareholders" below. Pursuant to the SFO, Mr Kwan Pak Hoo Bankee was deemed to be interested in all the shares held by CIGL in CFSG.

(b) Long positions in the underlying shares – options under share option schemes

Name	Date of grant	Option period	Exercise price per share (HK$)	Number of options outstanding	Percentage to issued shares (%)
Kwan Pak Hoo Bankee	3/12/2015	3/12/2015 – 31/12/2019	0.315	40,000,000	0.80
	31/8/2017	1/1/2018 – 31/12/2020	0.253	49,000,000	0.99
Law Ping Wah Bernard	3/12/2015	3/12/2015 – 31/12/2019	0.315	40,000,000	0.80
	31/8/2017	1/1/2018 – 31/12/2020	0.253	49,000,000	0.99
Law Ka Kin Eugene	3/12/2015	3/12/2015 – 31/12/2019	0.315	20,000,000	0.40
Ng Hin Sing Derek	3/12/2015	3/12/2015 – 31/12/2019	0.315	16,000,000	0.32
				214,000,000	4.30

Notes:

(1) Mr Kwan Pak Hoo Bankee is also the substantial shareholder.

(2) The options are held by the Directors in the capacity of beneficial owners.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company or their associates had any interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Name	Capacity	Number of Shares	Shareholding *(%)*
Hobart Assets Limited *(Notes (1) & (2))*	Interest in a controlled corporation	281,767,807	33.89
Cash Guardian *(Notes (1) & (2))*	Interest in a controlled corporation	281,767,807	33.89
Mr Wang Shui Ming *(Note (3))*	Beneficial owner, interest in a controlled corporation and other interest	77,404,926	9.31

Notes:

(1) This refers to the same number of the Shares held by Cash Guardian, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Mr Kwan Pak Hoo Bankee. Mr Kwan Pak Hoo Bankee was a director of Cash Guardian and Hobart Assets Limited. Pursuant to the SFO, Mr Kwan Pak Hoo Bankee and Hobart Assets Limited were deemed to be interested in the Shares held by Cash Guardian.

(2) Mr Kwan Pak Hoo Bankee (a Director whose interests are not shown in the above table) was interested and/or deemed be interested in a total of 286,027,807 Shares (34.41%), which were held as to 281,767,807 Shares by Cash Guardian and as to 4,260,000 Shares in his personal name. Detail of his interest is set out in the section "Directors' interests in securities" above.

(3) The Shares were held as to 19,631,226 in his personal name, as to 42,114,150 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang), and 15,659,550 held by him as nominee under a power of attorney. Pursuant to the SFO, Mr Wang was deemed to be interested in all such Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, no other parties (other than a Director or chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

Competing interest

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Other interests

None of the Directors had any direct or indirect interest in any assets which have, since 31 December 2016 (being the date to which the latest published audited accounts of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

Save for the interests of Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Mr Law Ka Kin Eugene and Mr Ng Hin Sing Derek in the margin financing agreement dated 24 November 2015 (item 5(a) below) as disclosed under the paragraph headed of "Material Contracts" in this Appendix, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

4. LITIGATION

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

5. MATERIAL CONTRACTS

The following contracts are contracts that are or may be material, not being contracts entered into during the ordinary course of business, and has been entered into by the Group within two years preceding the Latest Practicable Date:

(a) the margin financing agreements all dated 24 November 2015 entered into between Celestial Securities (a non-wholly-owned subsidiary of the Company held through CFSG as at the date of the margin financing agreements) with each of the connected clients, namely Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard (executive Directors of the Company and CFSG), Ms Cheng Pui Lai Majone, Mr Ng Kung Chit Raymond, Mr Lam Man Michael (then executive directors of CFSG), Mr Law Ka Kin Eugene, Mr Ng Hin Sing Derek (executive Directors of the Company), Mr Kwan Pak Leung Horace, Ms Chan Siu Fei Susanna, Cash Guardian (a controlled corporation and/or associates of Mr Kwan Pak Hoo Bankee), Libra Capital Management (HK) Limited and Cashflow Credit Limited (wholly-owned subsidiaries of the Company, being the substantial shareholders of CFSG) in relation to the granting of margin financing facility to each of the aforesaid connected clients for a sum of up to HK$30 million for each of the three financial years ending 31 December 2018;

(b) the legally binding memorandum of understanding dated 4 May 2016 and the formal sale and purchase agreement dated 10 June 2016 entered into between Max Luck Associates Limited (a non-wholly-owned subsidiary of the Company held through CFSG as at the date of the memorandum of understanding) as vendor and Ultimate Luck Global Limited (an independent third party) as purchaser in relation to the disposal of the entire issued share capital of Cheer Wise Investments Limited (a non-wholly-owned subsidiary subsidiary of the Company held through CFSG as at the date of the memorandum of understanding) and the loans due by Cheer Wise Investments Limited to the Group to an independent third party at an aggregate consideration of HK$140,500,000. The sole asset of Cheer Wise Investments Limited was an investment property, including carparks in Kwun Tong;

(c) the framework agreement dated 19 July 2016 entered into between Ever Billion Group Limited ("Offeror") and CIGL relating to the possible sale and purchase of 1,500,000,000 shares in CFSG ("CFSG Sale Shares", representing approximately 36.28% of the issued share capital of CFSG as at the date of the framework agreement) (as amended and supplemented by a supplemental agreement dated 21 July 2016 entered into between the Offeror and CIGL);

(d) the sale and purchase agreement dated 8 September 2016 ("Sale and Purchase Agreement") entered into among CIGL, the Offeror and the Company (as amended by the amendment agreement dated 23 September 2016, the second amendment agreement dated 30 December 2016, the third amendment agreement dated 23 January 2017 and the fourth amendment agreement dated 28 February 2017) relating to the sale and purchase of the CFSG Sale Shares;

(e) the termination agreement dated 29 March 2017 entered into among CIGL, the Offeror and the Company in relation to the termination of the Sale and Purchase Agreement;

(f) the conditional share subscription agreement dated 29 March 2017 entered into between CFSG and Ever Billion Group Limited in relation to the subscription of 826,000,000 new shares in CFSG; and

(g) the placing agreement dated 26 May 2017 entered into between CFSG and the placing agent in relation to the placing of 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 in CFSG.

6. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualifications of the experts who have given opinion or advice which is contained in this circular:-

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

As at the Latest Practicable Date, Deloitte Touche Tohmatsu was not interested beneficially in the shares in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, Deloitte Touche Tohmatsu did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to the Group or are proposed to be acquired or disposed of by or leased to the Group since 31 December 2016, being the date up to which the latest published audited consolidated accounts of the Company were made up.

As at the Latest Practicable Date, Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of the circular with the inclusion of and reference to its name in the form and context in which it appears.

7. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)).

8. MISCELLANEOUS

(a) The secretary of the Company is Ms Luke Wing Sheung Suzanne, a fellow member of The Institute of Chartered Secretaries and Administrators.

(b) The head office and the principal place of business of the Company in Hong Kong are at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(c) The principal share registrars and transfer office of the Company in Bermuda are Conyers Corporate Services (Bermuda) Limited at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The branch share registrars and transfer office of the Company in Hong Kong is Tricor Standard Limited at 22/F Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong during normal business hours for a period of 14 days from the date of this circular:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company for the two financial years ended 31 December 2016;

(c) the interim reports of the Company for the six months ended 30 June 2017;

(d) the financial information of the CFSG Group, the text of which is set out in Appendix II to this circular;

(e) the assurance report on unaudited pro forma financial information of the Remaining Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix IV to this circular;

(f) the material contracts referred to in the paragraph headed "Material contracts" in this Appendix; and

(g) the written consent referred to in the paragraph headed "Expert's qualification and consent" in this Appendix.

CELESTIAL ASIA SECURITIES HOLDINGS LIMITED
時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting ("SGM") of Celestial Asia Securities Holdings Limited ("Company") will be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 18 December 2017 (Monday) at 9:30 am for the purpose of considering and, if thought fit, passing the following resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the proposed disposal ("Possible Disposal") by the Company and/or its subsidiaries (collectively, the "Group") of not more than 1,667,821,069 shares in CASH Financial Services Group Limited ("CFSG", an associated company of the Company) at the minimum disposal price of not less than HK$0.31 during the period of 12 months from the date of passing of this resolution (unless revoked or varied by ordinary resolution of the shareholders in general meeting of the Company) on the terms of the disposal mandate ("Disposal Mandate") set out in the circular of the Company dated 29 November 2017 relating to the Possible Disposal ("Circular") be and is hereby approved; and

(b) the directors of the Company ("Directors") be and are hereby authorised for and on behalf of the Company to exercise all the powers of the Company to procure or effect the Possible Disposal under the Disposal Mandate from time to time and to do all such acts and things, including but not limited to execution of all documents, which the Directors deem necessary, appropriate or desirable to implement and give effect to the Possible Disposal and the transactions contemplated thereunder or in connection with the exercise of the Disposal Mandate."

By order of the Board
Suzanne W S Luke
Company Secretary

Hong Kong, 29 November 2017

* *For identification purpose only*

Registered office:	*Head office and principal place of business in Hong Kong:*
Clarendon House	28/F Manhattan Place
2 Church Street	23 Wang Tai Road
Hamilton HM 11	Kowloon Bay
Bermuda	Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and, in the event of a poll, vote on his behalf. A proxy needs not be a member of the Company. A form of proxy is also enclosed for the SGM.

2. In order to be valid, the form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of that power of attorney or other authority, not less than 48 hours before the time for holding the SGM or any adjournment thereof.

3. In order to qualify for attending and voting at the above meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the branch share registrar of the Company, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 pm on 12 December 2017.