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.

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 DEEMED DISPOSAL OF SHAREHOLDING INTEREST 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 10 July 2017 (Monday) at 10:00 am is set out on pages 75 to 76 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.

21 June 2017

* *For identification purpose only*

CONTENTS

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
"Business Day(s)"	a day (except a Saturday, Sunday and any public holiday in Hong Kong or any day on which a typhoon signal no. 8 or above or a black rainstorm signal is issued in Hong Kong at any time between 9:00 am and 5:00 pm) on which licensed banks in Hong Kong are generally open for business
"Cash 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 CFSG Board and the Board, and a substantial shareholder of the Company
"CFSG"	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and which securities are listed on the Main Board of the Stock Exchange, and is a non-wholly-owned subsidiary of the Company as at the Latest Practicable Date
"CFSG Board"	the board of directors of CFSG
"CFSG Directors"	the directors of CFSG
"CFSG Group"	CFSG and its subsidiaries
"CFSG Principal Subsidiary(ies)"	means a subsidiary(ies) of the CFSG Group whose total asset or net profit before tax is not less than 10% of the consolidated total asset or consolidated net profit before tax of the CFSG Group respectively
"CFSG SGM"	the special general meeting of CFSG to be held on 10 July 2017 to consider and approve, among other things, the Placing and the granting of the Specific Mandate
"CFSG Share(s)"	share(s) of HK$0.02 each in the share capital of CFSG

"CFSG Shareholders"	the shareholders of CFSG
"CIGL"	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, and is a wholly-owned subsidiary of the Company, holding 1,667,821,069 CFSG Shares (representing approximately 40.34% of the issued share capital of CFSG) 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 holding company of CFSG as at the Latest Practicable Date
"Completion"	completion of the Placing in accordance with the Placing Agreement
"Condition(s)"	the conditions precedent to Completion, details of which are set out in the paragraph headed "Conditions precedent to Completion" under the section headed "Principal terms of the Convertible Bonds" in this circular
"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 to be placed by the Placing Agent pursuant to the Placing Agreement
"Convertible Bondholders"	holders of the Convertible Bonds
"Conversion Price"	the conversion price of HK$0.31 per CFSG Share but subject to adjustment and the terms and conditions of the Convertible Bonds
"Conversion Shares"	the new CFSG Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds, being a maximum of 2,000,000,000 CFSG Shares
"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

"Deemed Disposal"	the deemed disposal of the shareholding interest of the Company in CFSG as a result of the dilution of shareholding interest of the Company in CFSG upon the allotment and issue of the Conversion Shares assuming full exercise of the Convertible Bonds, which constitutes a very substantial disposal for the Company under the Listing Rules
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries, including the CFSG Group as at the Latest Practicable Date
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Issue Date"	the date of issue of each of the Convertible Bonds
"Joint Announcement"	the joint announcement dated 26 May 2017 made by the Company and CFSG in relation to, inter alia, the Placing Agreement regarding the placing of the Convertible Bonds and the Deemed Disposal as a result of the Placing
"Latest Practicable Date"	16 June 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 July 2017 or such later date as may be agreed in writing by the Placing Agent and CFSG
"Maturity Date"	the day falling on the third anniversary of the Issue Date
"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

"Party(ies)"	the parties to the Placing Agreement, being CFSG and the Placing Agent, and each a party
"Placee(s)"	being independent individual, professional or institutional investors and their ultimate beneficial owners are third parties independent of CFSG and its connected persons (as defined under the Listing Rules)
"Placing"	the placing of the Convertible Bonds by the Placing Agent on a best efforts basis pursuant to the terms and conditions of the Placing Agreement
"Placing Agent"	China Everbright Securities (HK) Limited, a licensed corporation to carry on business in type 1, type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activity under the SFO
"Placing Agreement"	a placing agreement entered into between CFSG and the Placing Agent dated 26 May 2017 in relation to the placing of the Convertible Bonds
"PRC"	the People's Republic of China
"Remaining Businesses"	the Group's remaining businesses on the assumption that the Completion had taken place and the Convertible Bonds are converted in full
"Remaining Group"	the Group excluding the CFSG Group on the assumption that the Completion had taken place and the Convertible Bonds are converted in full
"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 10 July 2017 (Monday) at 10:00 am to consider and approve, among other things, the Deemed Disposal, notice of which is set out on pages 75 to 76 of this circular
"Share(s)"	Share(s) of HK$0.10 each in the share capital of the Company

"Share Subscription"	the subscription of the Subscription Shares pursuant to the conditional subscription agreement dated 29 March 2017 entered into between CFSG and the Subscriber as jointly announced by CFSG and the Company on 6 April 2017
"Shareholder(s)"	the shareholder(s) of the Company
"Specific Mandate"	a specific mandate to allot and issue the Conversion Shares pursuant to the Placing Agreement to be sought from the CFSG Shareholders at the CFSG SGM
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber"	the subscriber to the conditional subscription agreement dated 29 March 2017 in relation to the Share Subscription
"Subscription Shares"	826,000,000 new CFSG Shares at the subscription price of HK$0.28 per subscription share (subject to conditions to be fulfilled and completed), to be issued and allotted to the Subscriber pursuant to the Share Subscription as jointly announced by CFSG and the Company on 6 April 2017
"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

21 June 2017

To the Shareholders

Dear Sir/Madam,

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO THE DEEMED DISPOSAL OF
SHAREHOLDING INTEREST IN
CASH FINANCIAL SERVICES GROUP LIMITED**

AND

NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Joint Announcement relating to, among other things, the entering into of the Placing Agreement between CFSG (a non-wholly-owned subsidiary of the Company) with the Placing Agent in relation to the placing of the Convertible Bonds by CFSG and the Deemed Disposal of the Company as a result of the Placing.

* *For identification purpose only*

The Placing of the Convertible Bonds

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

As at the Latest Practicable Date, the Company (through CIGL, a wholly-owned subsidiary of the Company) held an aggregate of 1,667,821,069 CFSG Shares, representing approximately 40.34% shareholding interest in CFSG.

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

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

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

Purpose of this circular

The purpose of this circular is to provide you with, among other things, (i) further details of the Placing Agreement, the Deemed Disposal and the transactions contemplated thereunder; (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 PLACING AGREEMENT

Date: 26 May 2017

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

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent and their ultimate beneficial owners are third parties independent of the Company and its connected persons as at the Latest Practicable Date.

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

Placing of the Convertible Bonds

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

The Placees

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

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

Placing Commission

The Placing Agent will receive a placing commission of 0.5% of the aggregate principal amount of the Convertible Bonds successfully placed by the Placing Agent to the Placees. The placing commission rate was determined after arm's length negotiations between CFSG and the Placing Agent with reference to the prevailing commission rate charged by other placing agents. The placing commission is relatively low as compared with the market rate, which is varied from 1% to 4% in the market. In view of this, the Board considers that placing commission is on normal commercial terms and is fair and reasonable.

Long Stop Date

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

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

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

Issuer:	CFSG
Aggregate principal amount:	Up to HK$620,000,000
Issue price:	100% of the principal amount of the Convertible Bonds
Interest:	4% per annum on the principal amount of the Convertible Bonds outstanding from time to time, payable semi-annually in arrears on 30th June and 31st December in each year. The interest rate of the Convertible Bonds was determined on arm's length negotiations between CFSG and the Placing Agent, taking into account of, among others, the prevailing Hong Kong Prime Rate of 5% and the anticipated rising interest rate cycle of the United States. Since HK dollars are pegged to US dollars, the interest rate of HK dollars is expected to go up in the coming future. In view of this, the Board considers that interest rate of 4% per annum is fair and reasonable.
Maturity Date:	The date falling on the third (3rd) anniversary of the Issue Date of the Convertible Bonds.

Conversion Shares: Assuming the Convertible Bonds are fully placed, based on the initial Conversion Price of HK$0.31 per CFSG Share, 2,000,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent (a) approximately 48.38% of the existing issued share capital of CFSG as at the Latest Practicable Date; (b) approximately 32.60% of the issued share capital of CFSG as enlarged by the issue of the Conversion Shares (assuming there is no other change in the issued share capital of CFSG between the Latest Practicable Date and the full conversion of the Convertible Bonds).

Conversion restrictions: CFSG shall not be obliged to issue any Conversion Shares but may treat the conversion notice as invalid, if it comes to the notice of CFSG that immediately following such conversion:

(a) CFSG will be unable to meet the public float requirement under the Listing Rules; or

(b) the Convertible Bondholders or CFSG will as a result of the issue of the relevant Conversion Shares be in breach of any Listing Rules, the Takeovers Code issued by the SFC or applicable laws or regulations.

Conversion Price: Initially at HK$0.31 per CFSG Share (subject to adjustments in share consolidation, share subdivision, or re-classification of CFSG).

Ranking of the Conversion Shares: The Conversion Shares shall rank pari passu in all aspects with the CFSG Shares in issue as at the date of issue of the Conversion Shares.

Conversion period: The period commencing on the expiry of 6 months from the Issue Date and ending on, and including, 5:00 pm on the day which is five (5) Business Days before the Maturity Date.

Redemption: Unless previously converted, redeemed, purchased or cancelled in the circumstances set out in the terms of the Convertible Bonds, each of the Convertible Bonds will be redeemed by CFSG at its discretion only at any time after expiry of 3 months from the Issue Date up to the Maturity Date, at its principal amount outstanding together with unpaid accrued interest thereon by giving the Convertible Bondholder(s) redemption request not less than three (3) Business Days' notice.

Conversion: the Convertible Bondholders shall have the right to convert on any Business Day during the Conversion Period, the whole or any part of the outstanding principal amount of the Convertible Bonds in integral multiples of HK$1,000,000 (save that if the outstanding principal amount of the Convertible Bond is less than HK$1,000,000, the whole (but not part only) of such outstanding principal amount of the Convertible Bonds may be converted) into CFSG Shares at the Conversion Price.

Transferability: the Convertible Bonds may be transferred in respect of the whole or any part of the outstanding principal amount by execution of a form of transfer and may only be transferred to persons who are not connected person (as defined under the Listing Rules) of CFSG except in accordance with the Listing Rules.

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

(a) the CFSG Shares (as a class) cease to be listed or admitted to trading on the Stock Exchange;

(b) CFSG defaults in the payment of the principal in respect of the Convertible Bond when and as the same ought to be paid and such default is not remedied by CFSG within five (5) Business Days of the due date thereof;

(c) CFSG defaults in performance or compliance with any of its other obligations contained in the conditions of the Convertible Bonds which breach or default is incapable of remedy or, if capable of remedy, is not remedied within twenty (20) Business Days after notice of such breach or default is sent from the Convertible Bondholder to CFSG;

(d) an encumbrancer or a creditor takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of CFSG or any CFSG Principal Subsidiary;

(e) CFSG or any CFSG Principal Subsidiary becomes insolvent or is unable or stops, suspends or threatens to stop or suspend to pay its debts as they mature or applies for or consents to the appointment of any administrator, liquidator or receiver of the whole or any material part of its undertaking, property, assets or revenues or enters into or proposes to enter into any agreement or arrangement for a general assignment or compromise or deferral or re-scheduling or re-adjustment or other composition arrangement of all or substantially all of its debts with or for the benefit of its creditors or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of CFSG or any of the CFSG Principal Subsidiaries;

(f) an order is made or an effective resolution is passed for winding-up, dissolution, judicial management or administration of CFSG or any CFSG Principal Subsidiary (other than in the case of a voluntary winding up);

(g) CFSG or any of CFSG Principal Subsidiaries ceases or threatens to cease to carry on its business or operations or any substantial part thereof or changes or threatens to change the nature or scope of its business or operations or CFSG or any of the CFSG Principal Subsidiaries transfers or otherwise disposes of or threatens to transfer or otherwise dispose of or any governmental or other authority expropriates, seizes, nationalises or otherwise compulsorily acquire or threatens to expropriate, seizes, nationalises or otherwise compulsorily acquire all or any substantial part of its business or assets or operations;

(h) any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on the business, assets and liabilities, financial condition, results of operations of the CFSG Group as a whole;

(i) CFSG or any CFSG Principal Subsidiary consolidates or amalgamates with or merge into any other corporation (other than a consolidation, amalgamation or merger in which CFSG or any CFSG Principal Subsidiary is the continuing corporation), or CFSG or any CFSG Principal Subsidiary sells or transfers all or substantially all of its assets;

(j) it is or will become unlawful for CFSG to perform or comply with any of its obligations under the Convertible Bonds, or would result in any terms contained in the conditions of the Convertible Bonds be or becoming unenforceable, or would otherwise render the Convertible Bonds cease to be legal, valid, binding, enforceable, effective or inadmissible as evidence in court;

(k) failure by CFSG to deliver the required number of CFSG Shares as and when such CFSG Shares are required to be delivered following conversion of the Convertible Bond provided that such failure shall not constitute an Event of Default if CFSG cures such breach within five (5) Business Days of the original due day for delivery;

(l) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of CFSG or any of the CFSG Principal Subsidiaries, and is not discharged or stayed within thirty (30) Business Days;

(m) other than as a result of, or in circumstances where, an offer made to CFSG Shareholders to acquire all or any proportion of the CFSG Shares becoming unconditional, the listing of the CFSG Shares (as a class) on the Stock Exchange is suspended for a continuous period of thirty (30) Business Days on each of which the Stock Exchange is generally open for trading due to the default of CFSG or any of its directors, officers, employees or agents;

(n) (i) any present or future indebtedness of CFSG or any of the CFSG Principal Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any default or event of default, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) CFSG or any of the CFSG Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised;

(o) any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to the Convertible Bond or the transactions contemplated under the Convertible Bond; or

(p) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs (a) to (o).

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

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

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

The initial Conversion Price represents:

(i) a discount of approximately 3.13% to the last closing price of HK$0.320 per CFSG Share quoted on the Stock Exchange on the date of the Placing Agreement;

(ii) a discount of approximately 2.82% to the average closing price of HK$0.319 per CFSG Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement;

(iii) a premium of approximately 0.32% over the average closing price of HK$0.309 per CFSG Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the date of the Placing Agreement;

(iv) a premium of approximately 3.33% over the closing price of HK$0.300 per CFSG Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(v) a premium of approximately 136.6% over the consolidated net asset value of CFSG of approximately HK$0.131 per CFSG Share as at 31 December 2016 (based on the audited consolidated net asset value of CFSG as at 31 December 2016 as set out in the latest published annual results announcement and the number of issued CFSG Shares as at 31 December 2016).

The initial Conversion Price was determined based on arm's length negotiations between CFSG and the Placing Agent, taking into account of, among others, the recent trading performance of the CFSG Shares and the net asset value of CFSG.

The Conversion Price was preliminary agreed by the Parties on 17 May 2017 at HK$0.31 with a slight premium of approximately 2.65% over the average share price of HK$0.302 per CFSG Share for the preceding five trading days. However, during the course of further negotiation by the Parties to finalise the terms and conditions of the Placing, the share price of CFSG increased from HK$0.295 on 17 May 2017 to HK$0.320 on 26 May 2017 (the date of execution of the Placing Agreement). The Conversion Price then became a slight discount to the closing market price of HK$0.320 per CFSG Share on the date of the Placing Agreement instead of slight premium as preliminarily agreed. In view of the slight discount and the Conversion Price have been agreed between the Parties on 17 May 2017 after arm's length negotiation, the Company considered that the Conversion Price was fair and reasonable.

The net price of the Conversion Shares to be issued upon exercise of the conversion rights attached to the Convertible Bonds, after deducting expenses relating to the Placing of approximately HK$5.4 million, is approximately HK$0.3073 per Conversion Share.

The Convertible Bonds to be issued are not available for sale in the market and are issued with an anticipation of the improvement in share price and earning ability of CFSG in the future. In this connection, liquidity flow of the Convertible Bonds was not taken into consideration by the Parties in determining the Conversion Price.

Conditions precedent to Completion

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

(a) the passing of the resolution(s) at the CFSG SGM by the CFSG Shareholders to approve the Placing Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate and issue of the Convertible Bonds pursuant to the requirements of the Listing Rules;

(b) the passing of the resolution(s) at the SGM by the Shareholders to approve the Deemed Disposal and the transactions contemplated thereunder pursuant to the requirements of the Listing Rules;

(c) the Listing Committee of the Stock Exchange having granted approval to the listing of, and the permission to deal in, the Conversion Shares upon exercise of all the conversion rights attaching to the Convertible Bonds;

(d) the warranties under the Placing Agreement remaining true, complete, accurate in all material respects and not misleading; and

(e) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement.

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

Completion

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

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

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

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

Termination

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

(1) there develops, occurs or comes into force:

(a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or

(b) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

(c) any change in conditions of local, national or international securities markets; or

(d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the CFSG Group; or

(e) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or Bermuda or any jurisdictions in which any member of the CFSG Group is incorporated or operates; or

(f) any material litigation or claim being instigated against any member of the CFSG Group; or

(g) any suspension in the trading of the CFSG Shares on the Stock Exchange for a continuous period of five (5) Business Days; or

(2) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any respect or there has been a breach by CFSG of any other provision of the Placing Agreement; or

(3) there is any material adverse change in the financial position of CFSG.

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

Specific Mandate

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

Intended use of proceeds from the Placing

The gross proceeds to be raised from the Placing are estimated to be up to HK$620,000,000. The net proceeds (after deducting estimated expenses incurred) to be raised from the Placing are estimated to be up to HK$614.6 million. The net proceeds from the Placing will be utilized as to around HK$300 million to further strengthen CFSG Group's financial services business by providing more funding for its margin financing and underwriting businesses in anticipation of the recent market development and opportunities and for its business expansion and as to the remaining HK$314.6 million as general working capital of the CFSG Group for daily operation and business development.

Some of CFSG Principal Subsidiaries are the licensing companies under the SFO, which need to keep adequate liquid capitals to meet the requirement under Financial Resources Rules ("FRR"). The amounts of these required liquid capitals will fluctuate daily according to the amounts of borrowings drawn down by the aforesaid licensing companies and margin financing provided by these companies to their clients for their trading activities, which in turn, will depend on the market sentiment. Furthermore, as CFSG plans to increase the amount of margin financing by HK$300 million to cope with the business development, the required liquid capital under FRR will therefore increase correspondingly. As such, CFSG has to keep a reasonably comfortable level of cash and bank balances to comply with the FRR and the net proceeds of HK$314.6 million will be used as general working capital to maintain the required liquid capitals for these licensing companies and for their daily dealing settlement purpose.

CFSG's expected funding needs for the next 12 months based on the CFSG Board's latest estimates, the key assumptions or factors used to prepare such forecast are as follows:

1. CFSG's expected funding needs for the next 12 months will be to maintain the working capital at a level that will ensure sufficient cash for running the operating activities smoothly. After the Share Subscription and the Placing expected to be completed in July 2017, about HK$230 million relating to the Share Subscription and about HK$614.6 million relating to the Placing shall be available to CFSG, which shall be principally used as to around HK$430 million for margin financing business; and as to the remaining HK$414.6 million for general working capital, in particular, to expand and further strengthen the CFSG Group's financial services business by providing more funding for its underwriting businesses.

2. The margin book level shall gradually increase from currently HK$250 million level to HK$785 million level at July 2018 with an increase of HK$535 million.

3. Assume the market sentiment shall remain unchanged without abnormal fluctuation, the average HK securities daily trading volume shall be around HK$70 billion in recent months.

4. The securities market share of CFSG will be increased from about 0.10% (refer to the market share level of March 2017) before the Placing to 0.15% at July 2018.

5. The gross commission rate is at about 15 basis points and rebate ratio at about 50% shall be maintained.

6. The commodities broking business shall has moderate growth comes along with the growth in securities business after the Placing Completion. Monthly brokerage income shall grow gradually from existing HK$2 million – HK$3 million level to HK$5 million – HK$6 million level at July 2018 accordingly. The average rebate ratio is kept at 60% throughout the period.

7. The other businesses of CFSG shall run as at historical level.

8. Monthly expenditures are based on the average actual amounts incurred during the first 3 months of 2017. Due to the continuing conservative cost control policy, the overall costs structure of CFSG shall be kept in existing level.

The net proceeds from the Placing are expected to satisfy CFSG's anticipated funding needs for the next 12 months barring any unforeseen circumstances.

EFFECT ON SHAREHOLDING STRUCTURE OF CFSG

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

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

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

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

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

VERY SUBSTANTIAL DISPOSAL AND DEEMED DISPOSAL FOR THE COMPANY

As at the Latest Practicable Date, the Company (through CIGL, a wholly-owned subsidiary of the Company) held an aggregate of 1,667,821,069 CFSG Shares, representing approximately 40.34% shareholding interest in CFSG.

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

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Deemed Disposal exceed(s) 75%, such disposal 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.

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

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

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

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

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

REASONS FOR AND BENEFITS OF THE DEEMED DISPOSAL FOR THE COMPANY

The Board concurs with the view of the CFSG Board that the Placing will provide CFSG with: (i) immediate and long-term funding at low interest rate which is fair and reasonable; (ii) immediate working capital to support CFSG's existing businesses expansion; (iii) sufficient capital reserve for future development of CFSG Group. Moreover, if the conversion rights attached to the Convertible Bonds are exercised, the issuance of the Conversion Shares will enlarge and strengthen the capital base of CFSG. The issuance of Convertible Bonds would not result in an immediate dilution effect of the shareholding of CFSG. In view of the aforesaid benefits and reasons, CFSG has not considered alternative fund raising methods.

Having considered the benefits on CFSG that Placing will provide CFSG with immediate and long-term funding at low interest rate to support its existing business expansion as well as strengthened its capital bases for future growth and development, which outweighs the dilution effect on shareholding interest of CFSG, the Directors consider that the Deemed Disposal is on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

To the knowledge of the CFSG Directors, as at the Latest Practicable Date, CIGL intends to keep its shareholding as a long term investment, and will continue to review and monitor the investment, and is open to all available options with respect to the investment, including but not limited to disposal in the event that there is good capital gain in the future.

INFORMATION ON CFSG AND THE CFSG GROUP

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

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

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

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 40.34% of the issued CFSG Shares). 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 the brand name of "Pricerite" in Hong Kong; (c) mobile internet services business including provision of mobile internet (to include content, operations and distribution activities) services and online game (sales of online game auxiliary products and licensing) services; and (d) investment holding. For additional information, please visit www.cash.com.hk.

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

Earnings

For illustrative purpose and assuming the Convertible Bonds are fully converted immediately upon Completion, it is estimated that the Group may record a gain of approximately HK$289,102,000 from the Deemed Disposal based on the fair value of the Company's shareholding interest in CFSG of approximately HK$533,703,000 (based on the closing price of CFSG Shares on the date of the Placing Agreement) less the carrying value of such shareholding interest as at 31 December 2016 of approximately HK$244,601,000.

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

Assets and liabilities

(i) Upon Completion and assuming the Convertible Bonds are converted in full, CFSG will cease to be a subsidiary of the Group and will become an associate of the Group. As a matter of accounting treatment, assets and liabilities of CFSG will no longer be consolidated in the Group's financial statement and the Group's share of interest in CFSG will be treated as "Investments in Associate". This "Investments in Associate" which represents the Group's share of CFSG's net asset value will be classified as non-current assets in the Group's financial statement. Furthermore, the Deemed Disposal is expected to accrue to the Company a gain due to the increase in fair value of the Company's shareholding interest of CFSG and this gain will also be included when calculating the "Investments in Associate". Because of the above two factors, the non-current assets of the Company will therefore increase by approximately HK$533,703,000.

(ii) The total assets of the Group will decrease by the segment assets and goodwill of the CFSG Group of approximately HK$1,731,500,000 as at 31 December 2016.

(iii) The total liabilities of the Group will decrease by the segment liabilities of the CFSG Group of approximately HK$1,167,700,000 as at 31 December 2016.

The above information has been prepared to illustrate the effect of the Deemed Disposal assuming completion of the Share Subscription does not take place prior to Completion and the Convertible Bonds are converted in full, CFSG will cease as a subsidiary of the Company upon Completion. There will be no effect of the Deemed Disposal on the earnings, assets and liabilities of the Group upon Completion in the event that (i) assuming completion of Share Subscription took place prior to the Completion and CFSG remain as an associated company of the Company upon Completion regardless of whether the Convertible Bonds will be converted or not; or (ii) assuming completion of the Share Subscription does not take place prior to Completion and assuming the Convertible Bonds are not converted in full and CFSG remains as subsidiary of the Company after taking into accounts the relevant facts and circumstances at each time of conversion. Details of the above scenarios were set out under the heading "Very substantial disposal and Deemed Disposal for the Company" in this section.

The financial information regarding the CFSG Group for the three years ended 31 December 2016 have been set out in Appendix II to this circular. For further information regarding the financial implication of the Deemed Disposal on the Group, please refer to the unaudited pro forma financial information 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 the Completion, the Remaining Businesses of the Remaining Group will be mainly (i) retail management business; (ii) mobile internet services business; (iii) algorithmic trading business via the Algo Group; and (iv) investment holding.

Retail management business – CRMG

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.

Mobile internet services business – Net2Gather

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.

Algorithmic trading business – the Algo Group

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.

GENERAL

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

This circular containing, among other things, (i) details of the Placing Agreement, the Deemed Disposal and the transactions contemplated thereunder; (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 Listing Rules.

THE SGM

Set out on pages 75 to 76 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 10:00 am on 10 July 2017 (Monday).

At the SGM, an ordinary resolution for approving the Deemed Disposal will be proposed for the Shareholders' approval.

The resolution will be voted by way of poll at the SGM. As at the Latest Practicable Date, no Shareholder has material interest in the Deemed Disposal (other than being a Shareholder) and therefore no Shareholder is required to abstain from voting on the relevant resolution 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 Deemed Disposal pursuant to the Placing Agreement 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 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);
- Annual report of the Company for the year ended 31 December 2015 (pages 68 to 162); and
- Annual report of the Company for the year ended 31 December 2014 (pages 50 to 141).

2. Statement of Indebtedness

As at the close of business on 30 April 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$397.0 million, comprising of (i) secured and guaranteed borrowings of approximately HK$258.1 million, comprising secured and guaranteed bank borrowings of approximately HK$210.6 million and secured and guaranteed trust receipt loans of approximately HK47.5 million; (ii) secured and unguaranteed obligations under finance leases of approximately HK$0.5 million; and (iii) unsecured and guaranteed borrowings of approximately HK$138.4 million, comprising unsecured and guaranteed bank borrowings of approximately HK$66.9 million and unsecured and guaranteed trust receipt loans of approximately HK$71.0 million and unsecured and guaranteed bank overdrafts of approximately HK$0.5 million. The aforesaid guarantees were granted by the Company and/or its subsidiaries.

Pledge of assets

Bank borrowings in aggregate of approximately HK$70.0 million were collateralised by its margin clients' securities pledged to the Group. Trust receipts loan in aggregate of approximately HK$47.5 million and bank borrowings of approximately HK$140.6 million were secured by pledged bank deposits of the Group.

The Group also had outstanding obligations under finance leases of approximately HK$0.5 million as at 30 April 2017, which were secured by motor vehicles of the Group and unguaranteed.

As at 30 April 2017, bank deposits of the Group were pledged to a bank for facilities of HK$15.0 million which have not been drawn.

Contingent liabilities

The Group had no contingent liabilities as at 30 April 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 30 April 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 30 April 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 proposed Deemed 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 ("Relevant Periods") 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 ("Financial Information"). The Financial Information was 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 gives 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 the Relevant Periods.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three years ended 31 December 2016

	Year ended 31 December		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Continuing operations			
Revenue	198,063	252,290	166,830
Other income	6,238	3,807	3,267
Other gains and losses	84,706	128,652	(3,078)
Salaries and related benefits	(116,377)	(146,820)	(62,104)
Commission expenses	(58,245)	(85,163)	(51,373)
Depreciation	(11,702)	(11,955)	(9,544)
Finance costs	(13,579)	(8,630)	(5,044)
Other operating and administrative expenses	(115,695)	(120,676)	(78,761)
Change in fair value of investment properties	37,088	155	(13,593)
Share of profit of associate	60,463	95	–
Profit (loss) before taxation	70,960	11,755	(53,400)
Income tax (expense) credit	(16,633)	1,655	2,202
Profit (loss) for the year	54,327	13,410	(51,198)
Other comprehensive income (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)
Reclassification of translation reserve upon disposal of subsidiaries	–	(10,941)	–
Other comprehensive expense for the year	(2,772)	(14,606)	(1,199)
Total comprehensive income (expense) for the year	51,555	(1,196)	(52,397)

	Year ended 31 December		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Profit (loss) for the year attributable to:			
Owners of CFSG	32,675	13,606	(51,198)
Non-controlling interests	21,652	(196)	–
	54,327	13,410	(51,198)
Total comprehensive income (expense) attributable to:			
Owners of CFSG	30,770	(1,000)	(52,397)
Non-controlling interests	20,785	(196)	–
	51,555	(1,196)	(52,397)
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)
– Diluted (HK cents)	0.80	0.33	(1.24)

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

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

	At 31 December		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Accounts payable	1,108,306	1,429,827	968,466
Accrued liabilities and other payables	67,103	53,719	30,100
Taxation payable	16,478	3,039	3,000
Bank borrowings – amount due within one year	171,734	121,340	153,687
Amount due to a fellow subsidiary	26,350	1,829	1,807
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
Net current assets	404,804	447,927	495,058
Total assets less current liabilities	695,703	679,773	553,863
Non-current liabilities			
Deferred tax liabilities	7,860	5,786	40
Bank borrowings – amount due after one year	91,516	78,412	10,645
	99,376	84,198	10,685
Net assets	596,327	595,575	543,178
Capital and reserves			
Share capital	81,437	82,687	82,687
Reserves	509,304	512,888	460,491
Equity attributable to owners of CFSG	590,741	595,575	543,178
Non-controlling interests	5,586	–	–
Total equity	596,327	595,575	543,178

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three years ended 31 December 2016

	Attributable to equity holders of CFSG								
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Contributed surplus** *HK$'000* *(Note)*	**Share-based payment reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Retained earnings (accumulated losses)** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *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 (expenses) 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 (expenses) 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**	**Retained earnings (accumulated losses)**	**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

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

	Year ended 31 December		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Operating activities			
Profit (loss) before taxation	70,960	11,755	(53,400)
Adjustments for:			
Depreciation of property and equipment	11,702	11,955	9,544
Interest expense	13,579	8,630	5,044
Interest income	(28,172)	(26,639)	(18,225)
Dividend income	(1,821)	(1,117)	(702)
Change in fair value of investment properties	(55,090)	(155)	13,593
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
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		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Operating cash flows before movements in working capital	(36,173)	(25,044)	(42,885)
Decrease (increase) in rental and utility deposits	2,179	1,476	(4,902)
Decrease in other assets	4,602	1,830	1,712
(Increase) decrease in accounts receivable	(95,485)	(224,246)	262,649
(Increase) decrease in loans receivable	(14,430)	45,249	(32)
Decrease (increase) in prepayments, deposits and other receivables	33,510	(5,886)	4,191
Decrease (increase) in investments held for trading	10,190	21,266	(2,853)
(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
(Decrease) increase in financial liabilities held for trading	(18,646)	1,073	–
Increase (decrease) in accounts payable	75,918	321,521	(461,361)
(Decrease) increase in accrued liabilities and other payables	(24,096)	96,374	(23,588)
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)
Income taxes received	3,426	–	–
Interest income received	28,172	26,639	18,225
Income taxes paid, net	(120)	(434)	(1,463)
Net cash (used in) generated from operating activities	(38,366)	105,125	(123,300)

	Year ended 31 December		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Investing activities			
Refund (placement) of bank deposits subject to conditions	–	17,155	(25,025)
Purchase of property and equipment	(16,547)	(3,988)	(4,380)
Proceeds on disposal of an 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 investing activities	154,866	55,585	128,165

	Year ended 31 December		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Financing activities			
Proceeds on issue of shares	18,552	5,834	–
Advance from loan payable	14,014	–	–
Repayment of loan payable	(38,100)	(14,014)	–
Decrease in bank borrowings for margin financing	(66,216)	(50,156)	(14,571)
Drawdown of other bank borrowings	80,412	–	50,000
Repayment of other bank borrowings	(7,146)	(13,342)	(70,849)
(Repayment to) advance from fellow subsidiaries	(21,271)	124,368	(22)
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)
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)
Net increase (decrease) in cash and cash equivalents	4,416	199,755	(35,621)
Cash and cash equivalents at beginning of year	167,505	172,100	370,467
Effect of change in foreign exchange rate	179	(1,388)	(215)
Cash and cash equivalents at end of year	172,100	370,467	334,631
Bank balances (general accounts) and cash	172,100	370,467	334,631

MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Upon the Completion and assuming the Convertible Bonds are converted in full, the Remaining Group will be engaged in (i) retail management business; (ii) mobile internet services business; (iii) algorithmic trading business via the Algo Group; and (iv) investment holding.

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.

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 times. 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) 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 time.

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) 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 long stop date of the sale and purchase agreement has been extended to 31 March 2017. In the view of the prolonged extension of the transaction due to unfulfilment of conditions precedent, the transaction has 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.

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 period 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.

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

In connection with the proposed deemed disposal of shareholding interest in CASH Financial Services Group Limited (together with its subsidiaries, the "CFSG Group") ("Deemed Disposal") by Celestial Asia Securities Holdings Limited ("Company") and its subsidiaries ("Group") (exclusion of the CFSG 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 proposed Deemed Disposal through (i) the issuance of convertible bonds by CASH Financial Services Group Limited; and (ii) the full conversion of the convertible bonds on the Group's financial position as at 31 December 2016 and the Group's financial performance and cash flows for the year ended 31 December 2016 as if the Deemed Disposal had taken place at 31 December 2016 and 1 January 2016 respectively.

The unaudited pro forma consolidated statement of financial position, 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 the audited consolidated statement of financial position of the Group as at 31 December 2016, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2016 as 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 of the Company 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 Deemed Disposal had been completed on 31 December 2016; and (b) the financial results and cash flows of the Remaining Group as if the Deemed 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 proposed Deemed 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 Deemed Disposal would have been upon completion of the Deemed Disposal as at 31 December 2016 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 31 December 2016

		Pro forma adjustments					
	The Group	Issuance of convertible bonds	Sub-total	Full conversion of convertible bonds			The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*	*(Note 5)*	
Non-current assets							
Property and equipment	63,911		63,911	(13,577)			50,334
Investment properties	16,508		16,508	(16,508)			–
Goodwill	60,049		60,049		(20,606)		39,443
Intangible assets	53,212		53,212	(9,752)			43,460
Interests in an associate	–		–		717,163		717,163
Available-for-sale financial assets	8,415		8,415	(8,415)			–
Rental and utility deposits	43,138		43,138	(5,514)			37,624
Other assets	5,039		5,039	(5,039)			–
Deferred tax assets	5,550		5,550				5,550
	255,822		255,822				893,574
Current assets							
Inventories – finished goods held for sale	56,605		56,605				56,605
Accounts receivable	598,612		598,612	(432,300)			166,312
Loans receivable	7,881		7,881	(1,863)			6,018
Other assets	3,528		3,528	(3,528)			–
Prepayment, deposits and other receivables	46,496		46,496	(11,957)			34,539
Tax recoverable	1,948		1,948	(1,286)			662
Investments held for trading	33,317		33,317	(21,725)			11,592
Amount due from CFSG Group	–		–			1,807	1,807
Bank deposits subject to conditions	66,601		66,601	(25,025)			41,576
Bank balances – trust and segregated accounts	819,803		819,803	(819,803)			–
Bank balances (general accounts) and cash	629,553	614,600	1,244,153	(334,631)	(615,600)		293,922
	2,264,344		2,878,944				613,033

		Pro forma adjustments					
	The Group	Issuance of convertible bonds	Sub-total	Full conversion of convertible bonds			The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*	*(Note 5)*	
Current liabilities							
Accounts payable	1,168,913		1,168,913	(968,466)			200,447
Accrued liabilities and other payables	168,064		168,064	(30,100)			137,964
Taxation payable	14,968		14,968	(3,000)			11,968
Obligations under finance leases – amount due within one year	407		407				407
Borrowings – amount due within one year	395,055		395,055	(153,687)			241,368
Amounts due to fellow subsidiaries	–		–	(1,807)		1,807	–
Convertible bonds	–	620,000	620,000		(620,000)		–
	1,747,407		2,367,407				592,154
Net current assets	516,937		511,537				20,879
Total assets less current liabilities	772,759		767,359				914,453
Non-current liabilities							
Deferred tax liabilities	6,689		6,689	(40)			6,649
Obligations under finance leases – amount due after one year	235		235				235
Borrowings – amount due after one year	10,645		10,645	(10,645)			–
	17,569		17,569				6,884
Net assets	755,190		749,790				907,569
Capital and reserves							
Share capital	83,122		83,122				83,122
Reserves	378,798	(2,775)	376,023		474,337		850,360
Equity attributable to the owners of the Company	461,920		459,145				933,482
Non-controlling interests	293,270	(2,625)	290,645		(316,558)		(25,913)
Net assets	755,190		749,790				907,569

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

		Pro forma adjustments						
	The Group	Issuance of convertible bonds	Sub-total	Full conversion of convertible bonds				The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 6)*		*(Note 7)*	*(Note 8)*	*(Note 9)*	*(Note 10)*	
Revenue	1,592,971		1,592,971	(166,830)	16,914			1,443,055
Cost of inventories	(821,073)		(821,073)					(821,073)
Other income	11,561		11,561	(3,267)				8,294
Other gains and losses	71,349		71,349	3,078				74,427
Gain on deemed disposal of CFSG Group	–		–			286,418		286,418
Salaries, allowances and related benefits	(275,572)		(275,572)	62,104				(213,468)
Commission expenses	(51,373)		(51,373)	51,373				–
Other operating, administrative and selling expenses	(521,853)	(5,400)	(527,253)	78,761	(16,914)			(465,406)
Depreciation of property and equipment	(35,644)		(35,644)	9,544				(26,100)
Finance costs	(11,545)		(11,545)	5,044				(6,501)
Fair value change on investment properties	(13,593)		(13,593)	13,593				–
Share of results of an associate	–		–				(13,921)	(13,921)
(Loss) profit before taxation	(54,772)		(60,172)					265,725
Income tax expense	(4,395)		(4,395)	(2,202)				(6,597)
(Loss) profit for the year	(59,167)		(64,567)					259,128
Other comprehensive income:								
Item that may be subsequent reclassified to profit or loss:								
Exchange differences arising on translation of foreign operations	1,591		1,591	1,199			(326)	2,464
Total comprehensive (expense) income for the year	(57,576)		(62,976)					261,592
(Loss) profit for the year attributable to:								
Owners of the Company	(31,139)	(2,775)	(33,914)	20,653		283,793	(13,921)	256,611
Non-controlling interests	(28,028)	(2,625)	(30,653)	30,545		2,625		2,517
	(59,167)		(64,567)					259,128
Total comprehensive (expense) income for the year attributable to:								
Owners of the Company	(28,833)	(2,775)	(31,608)	21,137		283,793	(14,247)	259,075
Non-controlling interests	(28,743)	(2,625)	(31,368)	31,260		2,625		2,517
	(57,576)		(62,976)					261,592

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

		Pro forma adjustments						
	The Group	Issuance of Convertible bonds	Sub-total	Full conversion of convertible bonds				The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 11)*		*(Note 7)*	*(Note 12)*	*(Note 9)*	*(Note 10)*	
OPERATING ACTIVITIES								
(Loss) profit before taxation	(54,772)	(5,400)	(60,172)	53,400		286,418	(13,921)	265,725
Adjustments for:								
Allowance for impaired accounts receivable, net	1,553		1,553	(1,553)				–
Impairment on other receivables	1,632		1,632	(1,632)				–
Depreciation of property and equipment	35,644		35,644	(9,544)				26,100
Share-based payments	854		854					854
Write-down on inventories	4,540		4,540					4,540
Fair value change on investment properties	13,593		13,593	(13,593)				–
Interest expense	11,545		11,545	(5,044)				6,501
Interest income	(18,811)		(18,811)	18,225				(586)
Dividend income	(1,231)		(1,231)	702				(529)
Loss on disposal/written off of property and equipment	2,592		2,592	(699)				1,893
Gain on disposal of subsidiaries	(2,623)		(2,623)	2,623		(286,418)		(286,418)
Share of results of an associate	–		–				13,921	13,921
Transaction costs for issuance of convertible bonds	–	3,100	3,100					3,100
Operating cash flows before movements in working capital	(5,484)		(7,784)					35,101
Decrease in inventories	2,237		2,237					2,237
Decrease in other assets	1,712		1,712	(1,712)				–
Decrease (increase) in accounts receivable	174,284		174,284	(262,649)				(88,365)
Increase in loans receivable	(32)		(32)	32				–
Increase in prepayments, deposits and other receivables	(1,323)		(1,323)	711				(612)
Decrease in listed investments held for trading	35,554		35,554	2,853				38,407
Decrease in financial assets designated at fair value through profit or loss	13,161		13,161	(13,161)				–

		Pro forma adjustments						
	The Group	Issuance Convertible bonds	Sub-total	Full conversion of convertible bonds				The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 11)*		*(Note 7)*	*(Note 12)*	*(Note 9)*	*(Note 10)*	
Decrease in bank balances – trust and segregated accounts	127,007		127,007	(127,007)				–
Decrease in accounts payable	(469,495)		(469,495)	461,361				(8,134)
Decrease in accrued liabilities and other payables	(29,956)		(29,956)	23,588				(6,368)
Decrease in financial liabilities designated at fair value through profit or loss	(13,161)		(13,161)	13,161				–
Net cash used in operations	(165,496)		(167,796)					(27,734)
Interest income received	18,225		18,225	(18,225)				–
Income taxes refunded	23		23					23
Income tax paid	(14,601)		(14,601)	1,463				(13,138)
NET CASH USED IN OPERATING ACTIVITIES	(161,849)		(164,149)					(40,849)
INVESTING ACTIVITIES								
Interest received	426		426					426
Dividend received	1,231		1,231	(702)				529
Placement of bank deposits subject to conditions	(26,601)		(26,601)	25,025				(1,576)
Refund of bank deposits subject to conditions	4,000		4,000					4,000
Advance of loans receivable	(4,000)		(4,000)					(4,000)
Repayment of loans receivable	820		820					820
Proceeds from disposal of property and equipment	48		48					48
Purchase of property and equipment	(24,434)		(24,434)	4,380				(20,054)
Proceeds from disposal of an investment property	17,103		17,103	(17,103)				–
Deposit received from disposal of subsidiary	50,000		50,000					50,000
Net cash inflow (outflow) upon disposal of subsidiaries	139,765		139,765	(139,765)		(986,067)		(986,067)
Repayment from CFSG Group	–		–		22			22
NET CASH FROM (USED IN) INVESTING ACTIVITIES	158,358		158,358					(955,852)

		Pro forma adjustments						
	The Group	Issuance of convertible bonds	Sub-total	Full conversion of convertible bonds				The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 11)*		*(Note 7)*	*(Note 12)*	*(Note 9)*	*(Note 10)*	
FINANCING ACTIVITIES								
Decrease in bank borrowings for margin financing	(14,571)		(14,571)	14,571				–
Drawdown of other bank borrowings	635,888		635,888	(50,000)				585,888
Repayment of other bank borrowings	(612,600)		(612,600)	70,849				(541,751)
Repayments of obligations under finance leases	(396)		(396)					(396)
Interest paid on obligations under finance leases	(22)		(22)					(22)
Interest paid on borrowings	(11,523)		(11,523)	5,044				(6,479)
Repayment to fellow subsidiaries	–		–	(22)	22			–
Proceeds from issuance of convertible bonds	–	620,000	620,000					620,000
Transaction cost for issuance of convertible bonds	–	(3,100)	(3,100)					(3,100)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(3,224)		613,676					654,140
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,715)		607,885					(342,561)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	636,632		636,632					636,632
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	(364)		(364)	215				(149)
CASH AND CASH EQUIVALENT AT END OF THE YEAR	629,553		1,244,153					293,922

Notes:

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

(2) The adjustment represents the issuance of convertible bonds of HK$620,000,000, with the issue costs for issuance of convertible bonds amounting to HK$3,100,000 and the estimated professional fees and other expenses directly attributable to issuance of convertible bonds amounting to HK$2,300,000, and the net proceeds of HK$614,600,000 included in bank balances and cash, assuming the issuance of convertible bonds had taken place on 31 December 2016. The issue costs of HK$3,100,000 and the estimated professional fees and other expenses of HK$1,300,000 to be borne by the CFSG Group and shared by the non-controlling interests. The remaining estimated professional fees and other expenses of HK$1,000,000 are to be borne by the Remaining Group.

(3) By assuming the full conversion of the convertible bonds, the adjustment represents the exclusion of the assets and liabilities of CFSG Group as at 31 December 2016, as if the Deemed Disposal had taken place on 31 December 2016. The assets and liabilities of the CFSG Group are extracted from the consolidated statement of financial position of the CFSG Group set out in Appendix II to this Circular.

(4) The adjustments reflect the recognition of interests in an associate of HK$717,163,000, reclassification of cumulative exchange loss in respect of the net assets of the CFSG Group from equity to profit or loss of HK$484,000, the exclusion of bank balances amounting to HK$615,600,000 taking into amount the issue costs and the estimated professional fees and other expenses of HK$4,400,000 to be borne by the CFSG Group and convertible bonds amounting to HK$620,000,000, and the pro forma gain on deemed disposal of CFSG Group of HK$473,853,000. The calculation of the pro forma gain on deemed disposal of CFSG Group are stated is follows, assuming the Deemed Disposal had taken place on 31 December 2016:

	HK$'000
Calculation of pro forma gain on deemed disposal of the CFSG Group:	
Net assets of the CFSG Group as at 31 December 2016 *(note a)*	538,778
Goodwill attributable to CFSG Group as at 31 December 2016 *(note b)*	20,606
	559,384
Less: Cumulative exchange loss in respect of the net assets of CFSG Group attributable to the owners of the Company reclassified from equity to profit or loss	484
Less: Non-controlling interests attributable to CFSG Group *(note c)*	(316,558)
Less: Recognition of interests in an associate *(note d)*	(717,163)
Pro forma gain on deemed disposal of CFSG Group	(473,853)

Notes:

(a) The amount comprises (i) the net assets of the CFSG Group as at 31 December 2016 amounting to HK$543,178,000 as extracted from the consolidated statement of financial position of the CFSG Group set out in Appendix II to this Circular; (ii) the bank balances of HK$615,600,000 which include the net proceeds from the issuance of convertible bonds of HK$616,900,000 as described in note (2) and the estimated professional fees and other expenses directly attributable to the Deemed Disposal to be borne by CFSG Group of HK$1,300,000; and (iii) the convertible bonds amounting to HK$620,000,000.

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

(c) The amount represents the non-controlling interests of CFSG Group amounting to HK$319,183,000 as at 31 December 2016, and taking into account the issue costs for issuance of convertible bonds of HK$3,100,000 and the estimated professional fees and other expenses directly attributable to the Deemed Disposal of HK$1,300,000 to be borne by CFSG Group and shared by the non-controlling interests.

(d) The amount represents the recognition of the interests in CFSG of HK$717,163,000, which is determined by reference to 1,667,821,069 shares of CFSG held by the Group and the quoted share price of HK$0.43 per share of CFSG at 31 December 2016.

(5) The adjustment represents the reinstatement of amount due from CFSG Group upon completion of the Deemed Disposal.

(6) The adjustment represents the recognition of the transaction costs and estimated professional fees and other expenses for issuance of convertible bonds of HK$5,400,000, assuming the issuance of convertible bonds had taken place on 1 January 2016.

(7) The adjustment represents the exclusion of the results and cash flows of CFSG Group for the year ended 31 December 2016, assuming the Deemed 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.

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

(9) The adjustments reflect the Deemed Disposal of CFSG Group by the Group, assuming the Deemed Disposal had taken place on 1 January 2016:

	HK$'000
Calculation of pro forma gain on the Deemed Disposal:	
Net assets of the CFSG Group as at 1 January 2016 *(note a)*	591,175
Goodwill attributable to CFSG Group as at 1 January 2016 *(note b)*	20,606
	611,781
Less: Non-controlling interests attributable to CFSG Group *(note c)*	(347,818)
Less: Recognition of interests in an associate *(note d)*	(550,381)
Pro forma gain on deemed disposal of CFSG Group	(286,418)
Net cash outflow arising on the Deemed Disposal:	
Bank balances and cash of CFSG Group as at 1 January 2016	370,467
Net proceeds from the issuance of convertible bonds	616,900
Transaction costs to be borne by the CFSG Group	(1,300)
	986,067

Notes:

(a) The amount comprises (i) 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 are assumed to be approximate to the net assets value as at 1 January 2016 for the purpose of this unaudited pro forma financial information; (ii) the bank balances of HK$615,600,000 which include the net proceeds from the issuance of convertible bonds of HK$616,900,000 as described in note (2) and the estimated professional fees and other expenses directly attributable to the Deemed Disposal to be borne by CFSG Group of HK$1,300,000; and (iii) the convertible bonds amounting to HK$620,000,000.

(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 net asset value as at 1 January 2016 for the purpose of this unaudited pro forma financial information, and taking into account the issue costs for issuance of convertible bonds of HK$3,100,000 and the estimated professional fees and other expenses directly attributable to the Deemed Disposal of HK$1,300,000 to be borne by CFSG Group and shared by the non-controlling interests.

(d) The amount represents the recognition of the interests in CFSG of HK$550,381,000, which is determined by reference to 1,667,821,069 shares of CFSG held by the Group and the quoted share price of HK$0.33 per share of CFSG at 1 January 2016.

(10) For the purpose of this unaudited pro forma financial information, it is assumed that CFSG would become an associate of the Remaining Group. The adjustment represents the share of results and other comprehensive income of CFSG Group for the year ended 31 December 2016 based on the interests in CFSG of approximately 27.19% assuming the full conversion of the convertible bonds, and the loss for the year of CFSG Group amounting to HK$51,198,000 and the total comprehensive expense for the year of CFSG Group amounting to HK$52,397,000.

(11) The adjustment represents the recognition of the proceeds from the issuance of convertible bonds of HK$620,000,000, the issue costs of HK$3,100,000 and the estimated professional fees and other expenses directly attributable to the Deemed Disposal of HK$2,300,000 assuming the issuance of convertible bonds had taken place on 1 January 2016.

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

(13) Upon the completion of the Deemed Disposal, the net assets of the CFSG Group and the fair value of the interests in an associate representing the remaining interests in CFSG as at the completion date would be different from those as at 31 December 2016 or 1 January 2016 which are presented in this unaudited pro forma financial information. Accordingly, the actual gain on Deemed Disposal would be different from the gains presented in this unaudited pro forma financial information.

(14) No adjustment has been made to reflect any trading results, cash flows or other transactions of the Group entered into subsequent to 31 December 2016 for the preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2016 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.

(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 31 December 2016, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2016 and related notes as set out on pages 61 to 63 of the circular issued by the Company dated 21 June 2017 ("Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 54 to 63 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed deemed disposal of shareholding interest in CASH Financial Services Group Limited on the Group's financial position as at 31 December 2016 and the Group's financial performance and cash flows for the year ended 31 December 2016 as if the transaction had taken place at 31 December 2016 and 1 January 2016 respectively. As part of this process, information about the Group's financial position as at 31 December 2016, 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 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 31 December 2016 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
21 June 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*	40.34

* 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	0.96
Law Ping Wah Bernard	3/12/2015	3/12/2015 – 31/12/2019	0.315	40,000,000	0.96
Law Ka Kin Eugene	3/12/2015	3/12/2015 – 31/12/2019	0.315	20,000,000	0.48
Ng Hin Sing Derek	3/12/2015	3/12/2015 – 31/12/2019	0.315	16,000,000	0.38
				116,000,000	2.78

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(d) 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 underwriting agreement dated 31 July 2015 entered into between the Company and Celestial Capital Limited (as underwriter and a non-wholly-owned subsidiary of the Company held through CFSG) in relation to the underwriting for a two-for-one rights issue of the Company at the subscription price of HK$0.40 per share. The gross proceeds and net proceeds of the rights issue were approximately HK$110.8 million and approximately HK$107.8 million respectively;

(b) the brokerage services agreement dated 23 October 2015 entered into between Celestial Securities Limited and Celestial Commodities Limited (non-wholly-owned subsidiaries of the Company held through CFSG) as service providers and Confident Profits Limited (a wholly-owned subsidiary of the Company) as client in relation to provision of the brokerage services for three financial years ending 31 December 2018;

(c) the margin financing agreement dated 23 October 2015 entered into between Celestial Securities Limited (a non-wholly-owned subsidiary of the Company held through CFSG) and Confident Profits Limited (a wholly-owned subsidiary of the Company) in relation to provision of margin financing facility to Confident Profits Group for a sum of up to HK$30 million for each of the three financial years ending 31 December 2018;

(d) the margin financing agreements all dated 24 November 2015 entered into between Celestial Securities Limited (a non-wholly-owned subsidiary of the Company held through CFSG) 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 (executive director of CFSG), 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;

(e) 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 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 of the Company held through CFSG) 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;

(f) 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);

(g) 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;

(h) 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;

(i) 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

(j) the Placing Agreement.

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 Group for the two financial years ended 31 December 2016;

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

(d) 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;

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

(f) 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 10 July 2017 (Monday) at 10:00 am for the purpose of considering and, if thought fit, passing the following resolution of the Company:

ORDINARY RESOLUTION

"**THAT** the placing agreement dated 26 May 2017 ("Placing Agreement", a copy of which have been produced to the SGM marked "A" and signed by the chairman of the meeting for the purpose of identification) entered into between CASH Financial Services Group Limited ("CFSG", a non-wholly-owned subsidiary of the Company) as issuer and China Everbright Securities (HK) Limited as placing agent ("Placing Agent"), pursuant to which CFSG conditionally agreed to place, through the Placing Agent, on a best efforts basis, the convertible bonds with an aggregate principal amount of up to HK$620,000,000 to not less than six placees at the initial conversion price of HK$0.31 per share in CFSG, details of which are set out in this circular, and all the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and that any one director of the Company be and is hereby authorised to do all such acts and things and execute and deliver all such documents as may be necessary, desirable or expedient to carry out or to give effect to the transactions contemplated under the Placing Agreement."

By order of the Board
Suzanne W S Luke
Company Secretary

Hong Kong, 21 June 2017

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

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

* *For identification purpose only*

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 4 July 2017.