



CIM FINANCIAL SERVICES LTD

Circular in respect of the proposed disposal of the entire holdings of Cim Financial Services Ltd (the "Issuer" or "CFSL") in Cim Global Business ("CGB") to SGG Participations S.A. (the "Buyer" or "SGG"), (the "Transaction")

The above proposed disposal constitutes a substantial transaction under Chapter 13 of the Listing Rules

This document is important and requires your immediate attention

This Circular is issued by Cim Financial Services Ltd ("CFSL"), registration number C07057494, having its registered office at 33, Edith Cavell Street, Port Louis, Mauritius.

For a full appreciation of this Circular, the document should be read in its entirety. If you are in doubt about the action you should take, you should consult your financial advisor, your investment dealer or any other independent advisor.

This Circular is not a prospectus and does not constitute an offer or invitation to any person to subscribe for shares in CFSL.

Pursuant to Chapter 13 of the Listing Rules, this Circular has been submitted to the Stock Exchange of Mauritius Ltd ("the SEM") prior to its issue and has been filed with the Financial Services Commission ("FSC"). In accordance with section 13.15 of the Listing Rules, CFSL notified the SEM of the Transaction on 9 March 2017. This Circular has been vetted by the SEM, in conformity with the Listing Rules of the SEM.

DISCLAIMER OF THE SEM AND THE FSC

Neither the FSC nor the SEM assumes any responsibility for the contents of this document. The FSC and the SEM make no representation as to the accuracy or completeness of any of the statements made or opinions expressed in this document and expressly disclaim any liability whatsoever for any loss arising from or in reliance upon the whole or any part thereof.

13 March 2017

DECLARATION BY DIRECTORS

This Circular includes particulars given in compliance with the Stock Exchange of Mauritius Ltd Rules (the "Listing Rules") governing the Official Listing of Securities for the purpose of giving information with regard to the Issuer. The directors of CFSL, whose names appear in section 4, collectively and individually, accept full responsibility for the accuracy or completeness of the information contained in this Circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Directors further declare that:

- After due enquiry by them, there have been no material adverse changes in the financial or trading position of CFSL since the last quarterly results published by the company at 31 December 2016; and
- In their opinion, the working capital available to CFSL and its subsidiaries is sufficient for the Group's present requirements, that is, for at least the next twelve months from the date of issue of this Circular.

Signed on behalf of the Board, by



Colin Taylor
Chairman



Paul Leech
Group Chief Executive

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1 DEFINITIONS

In this Circular, the following words and expressions shall bear the following meanings, except when the context otherwise requires:

Term	Definition
Board	The board of directors of CFSL
CFSL, or the Issuer	Cim Financial Services Ltd
CCSL	Cim Corporate Services Ltd
CGB	The Cim Global Business arm of CFSL, consisting of 100% holdings in 23 entities incorporated in Mauritius and Singapore
CHL	Cim Holdings Ltd
Cim Group, or the Group	CFSL and its subsidiaries
Circular	This document prepared for the purpose of the Transaction, pursuant to Chapter 13 of the Listing Rules
Directors	The directors of CFSL
FSC	Financial Services Commission
Listing Rules	The rules governing securities listed on the Official Market of the SEM
MUR	Mauritius Rupee
NAV	Net asset value
SGG, or the Buyer	SGG Participations S.A., incorporated in Luxembourg
SEM	The Stock Exchange of Mauritius Ltd
Share Purchase Agreement	The agreement signed on 13 March 2017 governing the conditions of the Transaction
Transaction	The disposal by Cim Financial Services Ltd of its entire holdings in the entities making up the Cim Global Business arm to SGG Participations S.A.
USD	United States Dollar

2 THE PROPOSED TRANSACTION

2.1 Company background

CFSL is a financial services group listed on the Official Market of the SEM and headquartered in Mauritius. CFSL and its subsidiaries (the "Cim Group") operate across three major clusters:

1. Cim Finance – one of the largest non-bank financial institutions in Mauritius, offering financial solutions to a wide range of corporates, SMEs and individual customers;
2. Cim Global Business – a provider of fund, corporate and trust administration services as well as outsourcing solutions to corporate and institutional clients; and
3. Cim Property – owner of a diverse mix of immovable properties consisting of commercial, office and retail space as well as bare land with attractive development opportunities.

The Cim Group has over 900 employees across its Mauritius, Singapore and Johannesburg based operations.

2.2 Nature of the proposed Transaction

The Board of Directors of CFSL (the "Board") has approved, on 13 March 2017, the proposed disposal of its entire holdings in the 23 entities making up its Global Business arm to SGG.

Established in 1953, and headquartered in Luxembourg, SGG is a leading independent investor services provider in Luxembourg, the Netherlands, France, Belgium, Hong Kong and Curacao with more than 550 professionals.

The Share Purchase Agreement, which has been signed by CFSL and SGG on 13 March 2017, provides for the completion date of the proposed Transaction to be on the last business day of the calendar month following which the conditions precedent have been fulfilled. Completion is expected to be on 30 April 2017.

The proposed Transaction is a substantial transaction under Chapter 13 of the Listing Rules and is subject to certain conditions precedent, the major ones being:

1. the approval of the Financial Services Commission in Mauritius; and
2. the approval of the shareholders of CFSL by way of an ordinary resolution at a special meeting of shareholders convened for 31 March 2017.

2.3 Rationale and details of the Transaction

The Board had previously approved a growth strategy for CGB that involved the scaling up of its Singapore office, the setting up of a PSO business and establishing a presence in Johannesburg. However, the increasing pace of consolidation internationally in the Global Business sector has clearly changed the dynamics of the business. The Board considers that to remain competitive and relevant to large institutional clients requires the economies of scale provided by bigger, more specialised and geographically diverse groups. The Board therefore considers a sale of CGB to be in the best long-term interest of shareholders.

The proceeds that the Group will receive following the sale of CGB will allow CFSL to concentrate its resources and growth plans on its fast growing Finance and Property businesses.

As part of the Transaction, CFSL will sell 100% of the shares it holds in the following companies, and their subsidiaries:

Company	Class of shares	Number of shares	% holding
Cim Global Business Ltd	Ordinary	100	100%
Cim Corporate Services Ltd	Ordinary	89,100	100%
Cim Trustees (Mauritius) Ltd	Ordinary	328,480	100%
Cim Fund Services Ltd	Ordinary	50,000	100%
Cim Fiduciary Administration Services Ltd	Ordinary	1,000	100%
Cim Tax Services Ltd	Ordinary	1,000	100%
Cim Global Administrators Ltd	Ordinary	10,000	100%
Cim Investment Advisors Ltd	Ordinary	88,596	100%
Cim Global Business Holdings Ltd	Ordinary	1000	100%

The group structure of CFSL pre and post Transaction is set out in Appendix B.

2.4 Determination of consideration for shares

The total consideration receivable from the disposal of CGB is made up of a provisional consideration, net of working capital adjustments, that shall be payable at expected completion date, i.e., 30 April 2017, and a potential deferred consideration, which shall be payable on or about 31 October 2017. All payments shall be in cash.

The provisional consideration based on latest estimates is expected to be approximately USD90.3 million equivalent to approximately MUR3.2 billion or MUR3.60 per share. Additionally, CFSL shall be entitled to dividends and cash balances at completion date currently estimated at MUR219.2 million or MUR0.32 per share. This consideration has been determined following negotiation between CFSL and the Buyer with both parties supported by transaction advisers.

The provisional consideration represents a multiple of 10.0 times CGB's 30 September 2016 EBITDA of MUR323.2 million.

The deferred consideration shall be computed at 50% of the amount by which the total revenue of CGB for FY 30 September 2017 shall exceed an agreed sum. It is not possible at this date to estimate the amount of any deferred consideration.

2.5 Impact on CFSL

The likely impact of the disposal of CGB on the Group and company are detailed below. For clarity, the impact has been calculated on the last audited figures, i.e., as at 30 September 2016. It is important to note that the figures disclosed below are indicative and based on estimates of provisional consideration. Figures in the table overleaf include estimated results for the period 1 October 2016 to expected completion date, i.e., 30 April 2017.

At Group level, the carrying value of CGB at completion date is expected to be MUR753.3 million resulting in a profit of MUR2.4 billion or MUR3.56 per share. Including CGB profits for the period 1 October 2016 to expected completion date, the additional profit per share will be MUR0.25.

At Company level, the book value of the assets being disposed of was MUR724.9 million at 31 December 2016. The consideration, net of transaction costs, shall therefore represent a surplus of MUR2.5 billion over the book value or MUR3.60 per share. Additionally, CFSL shall be entitled to dividends and cash balances at completion date currently estimated at MUR219.2 million or MUR0.32 per share.

	The Group MUR million	The Company MUR million
Consolidated shareholders' funds at 1 October 2016	3,481.2	2,387.2
Profits attributable to the Group for the period 1 October 2016 to expected completion date	166.9	
Less:		
Net shareholders' funds at 1 October 2016, attributable to CGB	(212.2)	
Profits attributable to CGB for the period 1 October 2016 to expected completion date	(166.9)	
Add:		
Dividends to be paid to CFSL prior to completion	219.2	
Less:		
Carrying value of CGB investments		(724.9)
Less:		
Deconsolidation of goodwill, attributable to CGB	(593.4)	
Costs associated with this Transaction	(50.6)	(50.6)
Projected consolidated shareholders' funds at completion date, excluding proceeds	2,844.2	1,611.7
Add:		
Proceeds from provisional consideration	3,226.6	3,226.6
Dividends from CGB prior to completion		219.2
Project consolidated shareholders' funds at expected completion date	6,070.8	5,057.5
Net impact per share (MUR)	3.81	3.92

At Group profit and loss level, based on the 2016 segmental results, CFSL will forego profits after tax of MUR252.9 million or MUR0.37 per share. This impact does not include future income from the investment of the sale proceeds.

The profit before and after tax, attributable to CGB, for the years ended 30 September 2015 and 2016 is shown below:

	For the year ended	
	30-Sep-16 Audited MUR million	30-Sep-15 Audited MUR million
Net operating income	800.8	764.0
Expenses	(500.7)	(488.8)
Operating profit before impairment	300.1	275.2
Impairment of financial assets	-	(1.7)
Profit before taxation	300.1	273.5
Taxation	(47.2)	(42.0)
Profit for the year	252.9	231.5

2.6 Particulars of the assets being disposed of

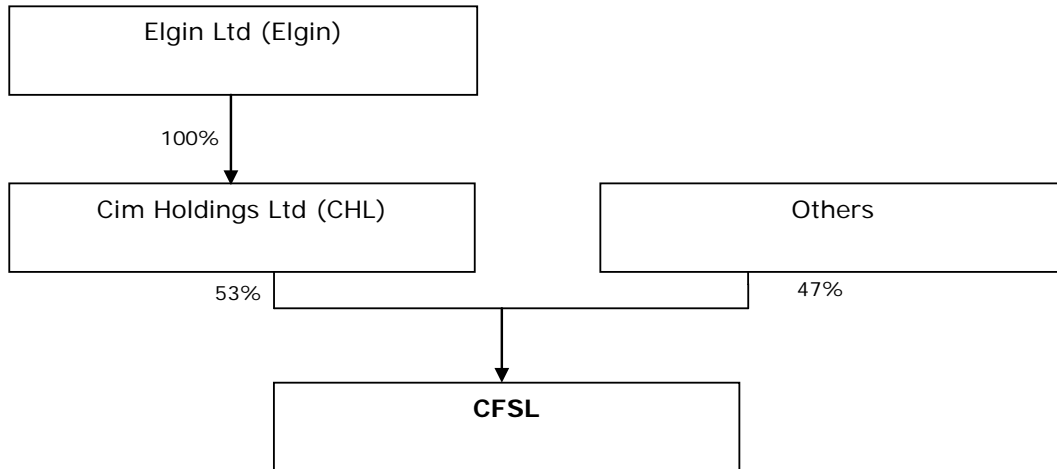
A description of the activities of the entities forming part of CGB is provided below:

Company	Jurisdiction	Main activity	Shareholder
Cim Corporate Services Ltd	Mauritius	Corporate administration services	CFSL
Cim Trustees (Mauritius) Ltd	Mauritius	Trust services and solutions	CFSL
Cim Fund Services Ltd	Mauritius	Fund administration services	CFSL
Cim Global Business Singapore Pte Ltd	Singapore	Business management consultancy services	Cim International Holdings Ltd
Cim Fiduciary Administration Services Ltd	Mauritius	Fiduciary administration services	CFSL
Cim Tax Services Ltd	Mauritius	Tax and regulatory advisory services	CFSL
Cim Global Business Ltd	Mauritius	Acts as the employer of all the employees who work for Cim Global Business entities	CFSL

Company	Jurisdiction	Main activity	Shareholder
Cim Global Administrators Ltd	Mauritius	Secretarial support services	CFSL
Cim Investment Advisors Ltd	Mauritius	Advisory services	CFSL
Cim Global Business Holdings Ltd	Mauritius	Holding company	CFSL
Cosign Ltd	Mauritius	Nominee directorship services to client companies	CCSL
Isla Ltd	Mauritius	Corporate directorship to client companies	CCSL
Conqueror Ltd	Mauritius	Nominee services to companies engaged in global business activities	CCSL
White Fin Nominees Ltd	Mauritius	Nominee services to companies engaged in global business activities	CCSL
Hammerhead Ltd	Mauritius	Nominee services to companies engaged in global business activities	CCSL
Fieldhall Ltd	Mauritius	Nominee services to companies engaged in global business activities	CCSL
IMM Trustees Ltd	Mauritius	Trust services and solutions	CCSL
Multiconsult Trustees Ltd	Mauritius	Trust services and solutions	CCSL
Tiger Nominees Ltd	Mauritius	Nominee shareholding services to the clients of its parent company	CCSL
Orchid Nominees Ltd	Mauritius	Nominee shareholding services to the clients of its parent company	CCSL
Minimax Ltd	Mauritius	Nominee shareholding services to the clients of its parent company	CCSL
Chronos Ltd	Mauritius	Corporate directorship to client companies	CCSL
CFUS Nominee Ltd	Mauritius	Nominee services	Cim Fund Services Ltd

2.7 Details of shareholding at 31 December 2016

The shareholding structure of CFSL as at 31 December 2016 was as follows:



3 CORPORATE INFORMATION FOR CFSL

Full name	Cim Financial Services Ltd
Date of incorporation	15 July 2005
Place of incorporation and registration	Republic of Mauritius
Business Registration Number	C07057494
Registered office	33, Edith Cavell Street Port Louis Republic of Mauritius
Company secretary	Cim Administration Ltd 33 Edith Cavell Street Port Louis Republic of Mauritius
Registrar and transfer office	MCB Registry & Securities Ltd. Raymond Lamusse Building 9-11 Sir William Newton Street Port Louis Republic of Mauritius
Auditors	BDO & CO (<i>Outgoing</i>) 10 Frère Felix De Valois St Port Louis Republic of Mauritius
Financial advisor	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT PricewaterhouseCoopers Ltd 18 CyberCity Rduit 72201 Ebène Republic of Mauritius
Legal advisor	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES Banymandhub Boolell Chambers 2, Labourdonnais Street Port Louis Republic of Mauritius

4 DIRECTORS

4.1 Statement of Directors' interest in CFSL at 13 March 2017

Directors	Ordinary shares	
	Direct (%)	Indirect (%)
TAYLOR, Timothy	0.4108	9.52
CLARKE, Teresa Hillary	Nil	Nil
DARGA, Amédée	0.0013	Nil
DESCROIZILLES, Marcel	0.0286	Nil
LEECH, Paul	0.0316	Nil
SOMEN, David	Nil	Nil
TAYLOR, Colin	Nil	3.22
TAYLOR, Matthew	0.0059	0.80
TAYLOR, Philip	Nil	3.22

Save for the directors' interests disclosed above, no director has or has had any material beneficial interest, direct or indirect, in the Transaction.

4.2 Remuneration and benefits to Directors

The aggregate remuneration and benefits in kind paid to the Directors of CFSL by any member of the Group for the year ended 30 September 2016 amount to MUR52.2 million.

The aggregate remuneration and benefits in kind payable to the Directors of CFSL for the year ending 30 September 2017 are estimated at MUR45.7 million.

4.3 Contract or arrangement involving Directors

Paul Leech, the Group Chief Executive, has a service contract with the Group expiring on 31 December 2017. There are no other services contracts or agreement for the Directors of CFSL.

There is no contract or arrangement subsisting at the date of the Circular in which a director of CFSL is materially interested and which is significant in relation to the business of the Group.

5 FINANCIAL INFORMATION

5.1 Summary financials for CFSL (the Group)

Statement of financial position	For the quarter ended		For the year ended	
	31-Dec-16	31-Dec-15	30-Sep-16	30-Sep-15
	Unaudited MUR million	Unaudited MUR million	Audited MUR million	Audited MUR million
Total assets	13,011.7	11,047.1	11,692.8	10,762.3
Equity and liabilities				
Capital and reserves	3,626.0	3,205.0	3,481.2	3,017.6
Non-controlling interests	381.5	389.0	384.5	391.0
Total equity	4,007.5	3,594.0	3,865.7	3,408.6
Total liabilities	9,004.2	7,453.1	7,827.1	7,353.7
Total equity and liabilities	13,011.7	11,047.1	11,692.8	10,762.3

	For the quarter ended		For the year ended	
	31-Dec-16 Unaudited	31-Dec-15 Unaudited	30-Sep-16 Audited	30-Sep-15 Audited
Statement of comprehensive income	MUR million	MUR million	MUR million	MUR million
Net operating income	523.0	474.2	2,077.9	3,870.3
Operating profit	166.0	153.4	691.9	670.7
Share of results of associates and joint venture	5.4	4.6	16.1	7.5
Non-recurring items	-	47.0	68.3	-
Profit before tax	171.4	205.0	776.3	678.2
Taxation	(32.2)	(24.0)	(113.2)	(110.5)
Profit for the year	139.2	181.0	663.1	567.7
Attributable to:				
Owners of the parent	142.3	183.0	671.2	574.9
Non controlling interests	(3.1)	(2.0)	(8.1)	(7.2)
	139.2	181.0	663.1	567.7
Earnings per share	0.21	0.27	0.99	0.84
EPS (adjusted for non-recurring items)	0.21	0.20	0.89	0.84
Segmental analysis of Profit for the year				
Finance	74.6	61.2	294.8	266.0
Global Business	59.0	53.9	252.9	231.5
Property	12.2	9.5	45.0	35.2
Investments	(6.6)	56.4	70.4	35.0
	139.2	181.0	663.1	567.7

5.2 Statement of indebtedness

At 31 December 2016:

- The Group had debt securities of MUR1,065 million and other borrowings amounting to MUR2,881 million, all of which are secured by fixed and floating charges on the assets of the Group;
- The Group also has other borrowings amounting to MUR26 million, which are unsecured; and
- The Group had contingent liabilities in respect of guarantees as set out below, from which it is anticipated that no material liabilities will arise:
 - group companies: MUR 20.0 million; and
 - related companies: MUR250.9 million.

6 OTHER INFORMATION

6.1 Government, legal or arbitration proceedings

There are no legal or arbitration (including such proceedings which are threatened of which CFSL is aware), which may have or have had in the recent past (covering at least the previous 12 months) a significant effect on the Group's financial position.

6.2 Material contracts

There are no material contracts, other than contracts entered into in the ordinary course of business, entered into by any member of the Group within the two years immediately preceding the publication of this Circular.

7 TRADING PROSPECTS

For the quarter ended 31 December 2016, the Finance business saw its revenue increase by 20% to MUR310.8 million on the back of higher lending volumes, resulting in a growth in PAT to MUR74.6 million.

Increased investment in the Property cluster in 2016 has generated a 19% growth in rental income and a 28% increase in PAT to MUR12.2m for the quarter ended 31 December 2016.

The positive results of the first quarter 2016/17 across the Finance and Property clusters give the Board comfort that the plans to generate growth in these sectors are on the right track.

8 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of CFSL, during normal working hours, for a period of 14 business days as from the date of this Circular:

- The original copy of this Circular;
- The statutory documents of CFSL;
- Audited financial statements and annual reports of CFSL for the financial years ended 30 September 2015 and 2016; and
- Quarterly results of CFSL as at 31 December 2015 and 2016.

APPENDIX 1: Notice of Special Meeting of Shareholders

Notice of Special Meeting of Shareholders

Notice is hereby given that a Special Meeting of Shareholders of Cim Financial Services Ltd "the Company" will be held on 31 March 2017 at 11h00 in the meeting room, ground floor, Les Cascades Building, 33 Edith Cavell Street Port Louis for the purpose of considering and, if thought fit, passing the following Resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

"The Shareholders hereby approve the sale of the shares held by the Company in the Cim Global Business companies to SGG Participations S.A. for and in consideration of USD90.3 million equivalent to approximately MUR3.2 billion, as may be adjusted in accordance with the terms of the agreement effecting the sale, subject to the approval of the Financial Services Commission and to the terms and conditions set out in the Substantial Transaction Circular dated 13 March 2017 approved by the Stock Exchange of Mauritius Ltd.

The Board of Directors is hereby authorised to execute any agreement and any ancillary documents pertaining to the sale and to do all such things and undertake all such acts as may be required to give effect to the sale."

By order of the Board

Cim Administrators Ltd
Company Secretary

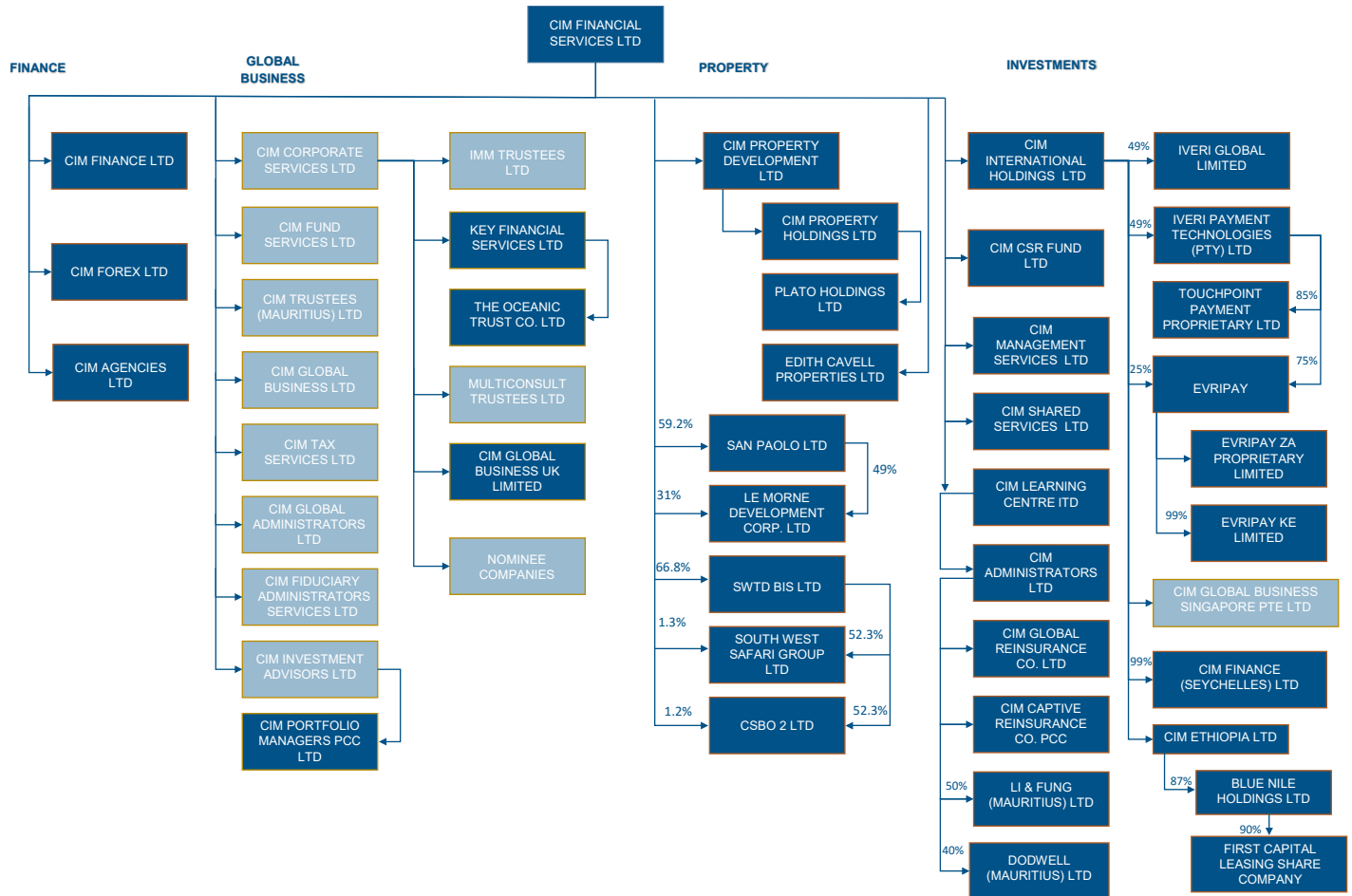
13 March 2017

Note 1: A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy or a representative (in the case of a shareholder company), whether a shareholder of the Company or not, to attend and vote on his/its behalf.

Note 2: The instrument appointing the proxy or the representative should reach the Company Secretary, Cim Administrators Ltd, Les Cascades Building, 33, Edith Cavell Street, Port-Louis, by 30 March 2017 at 11:00.

Note 3: The Directors of the Company have resolved that, for the purposes of the Annual Meeting of Shareholders and in compliance with Section 120 (3) of the Companies Act 2001, only those shareholders whose names are registered in the share register of the Company as at 2 March 2017 will be entitled to receive this Notice and accordingly be allowed to attend and vote at the Special Meeting.

APPENDIX 2: Cim Group structure



NB:

1. All entities are wholly owned unless indicated otherwise.
2. Nominee companies are listed on page 11.
3. Companies that will be disposed as part of the transaction are shaded in light blue.

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