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CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

DISCLOSEABLE TRANSACTION

IN RELATION TO

THE NEW LEASE

THE NEW LEASE

The Board announces that on 23 May 2019, Champion Ford Limited (a wholly-owned subsidiary of the Company) as the Tenant entered into the New Lease with the Landlord (Independent Third Party) for renewal of lease in respect of the Premises under the Existing Lease for a term of 3 years commencing from 15 December 2019 to 14 December 2022 (both days inclusive) for use as office premises of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Upon implementation of HKFRS 16 effective from 1 January 2019, the Group if entering into lease transaction as a lessee should recognise the right-of-use asset in the consolidated financial statements of the Company according to HKFRS 16. Under the Listing Rules, the entering into lease transaction by the Group as lessee effective from 1 January 2019 will be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the lease transaction contemplated under the New Lease exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 23 May 2019, Champion Ford Limited (a wholly-owned subsidiary of the Company) as the Tenant entered into the New Lease with the Landlord (Independent Third Party) for renewal of lease in respect of the Premises under the Existing Lease for a term of 3 years commencing from 15 December 2019 to 14 December 2022 (both days inclusive) for use as office premises of the Group.

THE NEW LEASE

Date: 23 May 2019

The Landlord: Pioneer Chest Limited as the Landlord.

The principal or ancillary activities carried on by the Landlord are investment and leasing of property.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are the Independent Third Parties.

The Tenant: Champion Ford Limited (a wholly-owned subsidiary of the Company).

The Premises: The whole of the 28th Floor of Manhattan Place, No. 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong.

Terms: Three (3) years commencing from 15 December 2019 and expiring on 14 December 2022 (both days inclusive).

The Tenant has an option to renew for a further term of two (2) years at a revised rent to be determined under a new lease agreement in accordance with the terms of the New Lease.

The aggregate value of consideration payable: The aggregate value of consideration payable under the New Lease including rent, stamp duty and estimated reinstatement cost by the Tenant is approximately HK\$25,526,000, which will be satisfied by internal resources of the Group.

The rent under the New Lease is determined after arm's length negotiations between the Landlord and the Tenant, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises and the existing rental under the Existing Lease.

Payable term: The monthly rent shall be payable monthly in advance on the first day of each calendar month.

Corporate guarantee: The Company has provided corporate guarantee to guarantee the performance and observance of the Tenant's agreements, obligations and liabilities under the New Lease.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Company under the New Lease amounted to approximately HK\$24,039,000, which is the present value of aggregated lease payments, plus initial direct costs and estimated reinstatement cost with the lease in accordance with HKFRS 16. Discount rate of 4.125% is applied to compute the present value of aggregate lease payments under the New Lease.

INFORMATION OF THE GROUP

The principal activity of the Company is investment holding. The principal activities of the Group consist of (a) retail management business including sales of furniture and household items and electrical appliances through the chain stores under multi-brand names including “Pricerite”, “TMF”, “SECO”, “Galleon” and “W@W” in Hong Kong; (b) mobile internet services business; and (c) general investment holding. For additional information, please visit www.cash.com.hk.

Based on the audited accounts of the Company, the net losses (before taxation and extraordinary items) for the financial year ended 31 December 2017 were approximately HK\$109.3 million and the net profit (after taxation and extraordinary items) was approximately HK\$23.9 million respectively, and the audited net asset value as at 31 December 2017 was approximately HK\$508.1 million.

Based on the audited accounts of the Company, the net losses (before taxation and extraordinary items) for the financial year ended 31 December 2018 were approximately HK\$135.6 million and the net losses (after taxation and extraordinary items) was approximately HK\$204.9 million respectively, and the audited net asset value as at 31 December 2018 was approximately HK\$307.4 million.

REASONS FOR THE NEW LEASE

The Group is currently leasing the Premises as the headquarters and principal place of business under the Existing Lease, which will be expired in December 2019. The renewal of the Existing Lease will enable the Group to continue the operation of businesses and to save the management time and relevant administration costs for relocation of office. Furthermore, since the Group moved into Kowloon East in 2009, the district has been developed into the second CBD of Hong Kong, attracting financial, insurance, IT, professional services, real-estate and other business sectors. The Board believes that, with improving internal and external connections in Kowloon Bay, the area will further grow into a convenient and fully integrated CBD that offers maximised business efficiency.

In addition, the terms of the New Lease (including the rental charge) were determined after arm’s length negotiations between the parties and with reference to the open market rent of comparable office properties and the rental payment made by the Group under the Existing Lease. The Board considers that the terms of the New Lease are on normal commercial terms and fair and reasonable and entering into of the New Lease is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the lease transaction contemplated under the New Lease exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITION

“Board”	board of Directors
“Company”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and the shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company

“Existing Lease”	the existing lease dated 13 July 2016 entered into between the Tenant and the Landlord in relation to the lease of the Premises which will be expired on 14 December 2019
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	to the best of the directors’ knowledge, information and belief having made all reasonable enquiry, the Landlord and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Landlord”	the landlord as more particular set out under the sub-heading “The Landlord” in the section headed “The New Lease” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Lease”	the new lease dated 23 May 2019 entered into between the Tenant and the Landlord in relation to the renewal of lease of the Premises under the Existing Lease
“PRC”	the People’s Republic of China, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
“Premises”	the premises as more particular set out under the sub-heading “The Premises” in the section headed “The New Lease” in this announcement
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Champion Ford Limited, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
Suzanne W S Luke
Company Secretary

Hong Kong, 23 May 2019

As at the date hereof, the directors of the Company are: -

Executive directors:

Dr Kwan Pak Hoo Bankee, JP
Mr Law Ping Wah Bernard
Mr Chan Chi Ming Benson
Mr Ng Hin Sing Derek

Independent non-executive directors:

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

** For identification purposes only*