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CASH 
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
RENEWAL OFFER LETTER

THE RENEWAL OFFER LETTER

The Board announces that on 16 August 2019, Pricerite Home Limited (a subsidiary of the Company) as the Tenant and the Agent as agent of the Landlords entered into the Renewal Offer Letter for renewal of tenancy in respect of the Premises under the Existing Offer to Lease for a term of 2 years commencing from 26 September 2019 to 25 September 2021 (both days inclusive) for operation of store of retail management business 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 Renewal Offer Letter 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 16 August 2019, Pricerite Home Limited (a subsidiary of the Company) as the Tenant and the Agent as agent of the Landlords entered into the Renewal Offer Letter for renewal of tenancy in respect of the Premises under the Existing Offer to Lease for a term of 2 years commencing from 26 September 2019 to 25 September 2021 (both days inclusive) for operation of store of retail management business of the Group.

THE RENEWAL OFFER LETTER

Date: 16 August 2019

The Parties: (i) Henderson Real Estate Agency Limited, with principal activity of property agency, as the Agent of the Landlords.

(ii) Pricerite Home Limited (a subsidiary of the Company), with principal activity of retailing of furniture and household goods, as the Tenant.

The principal or ancillary activities carried on by the Landlords include investment and/or leasing of property.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Agent, the Landlords and their respective ultimate beneficial owner(s) are the Independent Third Parties.

The Premises: Shop nos. 2715-23, Level 2, MOSTown, New Territories, Hong Kong.

Terms: Two (2) years commencing from 26 September 2019 to 25 September 2021 (both days inclusive).

The aggregate value of consideration payable: The aggregate value of consideration payable under the Renewal Offer Letter including rent, stamp duty and estimated reinstatement cost by the Tenant is approximately HK\$10,489,000, which will be satisfied by internal resources of the Group.

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

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

Formal tenancy agreement: The Renewal Offer Letter is legally binding upon the Parties upon execution, and the Parties will enter into a formal tenancy agreement pursuant to the terms of the Renewal Offer Letter.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Company under the Renewal Offer Letter amounted to approximately HK\$10,093,000, 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 Renewal Offer Letter.

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 RENEWAL OFFER LETTER

One of the principal businesses of the Group is operation of retail management businesses through our chain stores under multi-brand names including “Pricerite”, “TMF”, “SECO”, “Galleon” and “W@W” in Hong Kong. Due to nature of its retail management business, the Group has to enter into tenancy agreements for leasing of retail shops from time to time.

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

IMPLICATIONS UNDER THE LISTING RULES

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DEFINITION

“Agent”	Henderson Real Estate Agency Limited, being the agent of the Landlords
“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 Offer to Lease”	the existing offer to lease dated 11 July 2016 entered into between the Parties in relation to the tenancy of the Premises which will be expired on 26 September 2019
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“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 Agent, the Landlords and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Landlords”	Join Fortune Development Limited and Shung King Development Company Limited, being the landlords of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Tenant and the Agent (as the agent of the Landlords)
“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 Renewal Offer Letter” in this announcement
“Renewal Offer Letter”	the renewal offer letter dated 16 August 2019 entered into between the Parties in relation to the renewal of tenancy of the Premises under the Existing Offer to Lease
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Pricerite Home Limited, a company incorporated in Hong Kong with limited liability, is an over 90%-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Suzanne W S Luke
Company Secretary

Hong Kong, 16 August 2019

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

Executive directors:

Dr Kwan Pak Hoo Bankee, JP
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*