

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

NEW TENANCY

THE LETTER OF OFFER

The Board announces that on 15 October 2019, Pricerite Home Limited (a subsidiary of the Company) as the Tenant and the Landlord (Independent Third Party) entered into the Letter of Offer in relation to the New Tenancy 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 Letter of Offer 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 15 October 2019, Pricerite Home Limited (a subsidiary of the Company) as the Tenant and the Landlord (Independent Third Party) entered into the Letter of Offer in relation to the New Tenancy for operation of store of retail management business of the Group.

THE LETTER OF OFFER

Date: 15 October 2019

The Landlord: National Goal Limited as the Landlord.

The principal activity carried on by the Landlord is property investment.

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: Pricerite Home Limited (a subsidiary of the Company).

The Premises: Shop no. L9, Lower Ground Floor, FitFort, No. 560 King's Road, North Point, Hong Kong.

Terms: Four (4) years fixed commencing on 16 October 2019 or such other date as notified by written notice of the Landlord (if any).

The aggregate value of consideration payable: The aggregate value of consideration payable under the Letter of Offer including rent, stamp duty and estimated reinstatement cost by the Tenant is approximately HK\$20,230,000, which will be satisfied by internal resources of the Group.

The rent under the Letter of Offer 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 Tenancy Agreement.

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

Formal tenancy agreement: The Letter of Offer shall be irrevocable. Subject to the terms and conditions of the Letter of Offer and mutually agreed by the parties, the parties shall enter into a formal tenancy agreement in relation to the New Tenancy.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Company under the Letter of Offer amounted to approximately HK\$18,592,000, which is the present value of aggregated lease payments less incentives (if any), 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 less incentives (if any) under the Letter of Offer.

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. The unaudited net asset value of the Company as at 30 June 2019 was approximately HK\$261.7 million.

REASONS FOR THE LETTER OF OFFER

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 Letter of Offer (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 Tenancy Agreement. The Board considers that the terms of the Letter of Offer are on normal commercial terms and fair and reasonable and entering into of the Letter of Offer is in the interests of the Company and the Shareholders as a whole.

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 Letter of Offer 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 Tenancy Agreement”	the tenancy agreement dated 13 December 2016 as supplemented by the letter of extension dated 30 September 2019 entered into between the Tenant and the Landlord in relation to the tenancy of the Premises which will be expired on 15 October 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 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 Letter of Offer” in this announcement
“Letter of Offer”	the letter of offer duly signed by the Tenant and accepted by the Landlord on 15 October 2019 in relation to the New Tenancy
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Tenancy”	the entering into of the new tenancy of the Premises pursuant to the terms of the Letter of Offer
“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 Letter of Offer” in this announcement
“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, 15 October 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 Leung Siu Pong James
Mr Ng Hin Sing Derek
Mr Kwan Teng Hin Jeffrey

Independent non-executive directors:

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

** For identification purposes only*