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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)

**ANNOUNCEMENT**

**IN RELATION TO**

**PROFIT WARNING,**

**POSTPONEMENT OF THE SGM AND**

**COMMENCEMENT OF THE BLACKOUT PERIOD**

References are made to the announcements of Celestial Asia Securities Holdings Limited (“Company”, which together with its subsidiaries, the “Group”) dated 29 November 2018, 18 December 2018, 19 December 2018 and 3 January 2019 and the circular of the Company dated 4 January 2019 (“Circular”) in relation to, among other things, the Open Offer, the application for Whitewash Waiver and the Capital Reorganisation, and the notice of the SGM dated 4 January 2019 (“Notice”). Unless otherwise specified herein, capitalised terms used herein shall have the same meanings as those defined in the Circular.

### **Profit warning**

This announcement in relation to the profit warning is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors of the Company that based on the preliminary review and analysis of the unaudited consolidated management accounts of the Group currently available, the Group is expected to record a substantial loss for the year ended 31 December 2018 after taking into account a proposed total loss of approximately HK\$272 million in respect of interests in an associate in finalising the consolidated results of the Group for the year ended 31 December 2018 (“Substantial Loss”), as compared to a net profit attributable to the Shareholders of approximately HK\$23.9 million for the corresponding year ended 31 December 2017. The turnaround from profit to loss was mainly attributable to the potential impairment loss on the interests in CASH Financial Services Group Limited (“CFSG” (stock code: 510), an associate of the Company”) in accordance with Hong Kong Accounting Standard (“HKAS”) 28 “Investments in Associates and Joint Ventures” (“HKAS 28”) after taking into consideration the drop in share

price of CFSG during the year. The impairment of interests in an associate should be recognised in accordance with HKAS 28 when there was objective evidence that an investment was impaired. The Company considered the objective evidence existed when the carrying amount of the Group's interests in CFSG was higher than their fair value as determined on the basis of the quoted market price of CFSG as at 31 December 2018. Accordingly, the Company carried out impairment review on its interests in CFSG as a single asset by comparing to its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount. After the review, the Company determined that the recoverable amount, which represented the fair value less cost of disposal, is estimated to be less than the carrying amount of the interests in CFSG. The fair value less cost of disposal has been determined by reference to the quoted market price of CFSG's share available on the Stock Exchange in level 1 fair value hierarchy, which was HK\$0.055 per CFSG's share on 31 December 2018. This is compared to carrying amount determined by reference to the quoted market price of HK\$0.218 per CFSG's share on 31 December 2017 less share of loss of CFSG in 2018. Based on the abovementioned circumstances and unaudited consolidated management accounts, a proposed total loss of approximately HK\$272 million in respect of interests in an associate mainly due to impairment loss of CFSG will be taken into account in finalising the consolidated results of the Group for the year ended 31 December 2018.

Besides, shareholders and potential investors of the Company should note that there was a one-off gain on deemed disposal of CFSG of approximately HK\$262.6 million upon the completion of the issue of 826 million new shares in CFSG to an investor in June 2017 which was recorded in the financial year ended 31 December 2017 but not 2018; and a net loss was recorded for retail management business of the Group in year 2018, which loss amounted to approximately HK\$40.9 million for the six months ended 30 June 2018 has been disclosed in the 2018 interim report of the Company.

This Substantial Loss constitutes a profit forecast under Rule 10 of the Takeovers Code and needs to be reported on by the Company's financial adviser and its accountants or auditors in accordance with Rule 10 of the Takeovers Code. Since this announcement in relation to profit warning is required to be made pursuant to Rule 13.09 of the Listing Rules, which require the Company to issue this announcement in relation to profit warning as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties in meeting the requirements set out in Rule 10.4 of the Takeovers Code. The Company would like to draw the attention of the Shareholders and potential investors of the Company that the Substantial Loss does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. Shareholders and potential investors of the Company should exercise caution in placing reliance on such forecast in assessing the merits and demerits of the Open Offer and the Whitewash Waiver and the respective transactions contemplated thereunder.

Pursuant to Rule 10.4 of the Takeovers Code and Practice Note 2 of the Takeovers Code, the reports from the Company's auditors and financial adviser on the Substantial Loss will be included in the next document to be sent to the Shareholders in connection with the Open Offer and the Whitewash Waiver ("Supplemental Circular").

The Company is still in the process of finalizing its consolidated results of the Group for the year ended 31 December 2018. This announcement in relation to the Substantial Loss is only as assessment by the Board based on the preliminary review and analysis of the unaudited consolidated management accounts of the Group currently available to the Board, which has not been reviewed nor audited by the Company's audit committee or the auditors of the Company.

**The Board wishes to emphasise that Open Offer is conditional, among others, conditions precedent as set out in the section headed "Conditions of the Open Offer" in the Circular. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

**Shareholders, holders of the Options and potential investors of the Company should also note that the Substantial Loss does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code, and thus are advised to exercise caution in placing reliance on the Substantial Loss in assessing the merits and demerits of the Open Offer and the Whitewash Waiver and/or when dealing in the Shares.**

### **Postponement of the SGM**

As additional time is required to prepare the Supplemental Circular, the Board has resolved to postpone the SGM which was originally scheduled to be held on 30 January 2019 at 9:30 am for the purpose of considering and, if thought fit, passing the resolutions as set out in the Notice.

In view of the postponement of the SGM and the issue of the Supplemental Circular, the expected timetable of the Open Offer and the Capital Reorganisation and the closure of register of members of the Company as set out in the Circular will inevitably be subject to substantial delay. In the meantime, the Board is considering the revised timetable or possibly cancellation of the Open Offer. Further announcement containing the revised expected timetable or cancellation of the Open Offer will be made by the Company as soon as practicable.

### **Commencement of the Blackout Period**

The Board wishes to update the Shareholders that the annual results of the Company for the year ended 31 December 2018 is tentatively scheduled to be announced on 29 March 2019 and the Blackout Period will commence on 28 January 2019 until the announcement of the Company's final results. During the Blackout Period, the Controlling Shareholders and the parties acting in concert with any of them, who are also Directors or close relative of Director, are prohibited from dealing in any Shares pursuant to the Model Code for Securities Transaction by Directors of the Listed Companies.

On behalf of the Board  
**Bernard Law**  
*Executive Director*

Hong Kong, 25 January 2019

As at the date hereof, the Board comprises:-

*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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

*\* For identification purpose only*