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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Celestial Asia Securities Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)****MAJOR TRANSACTION
IN RELATION TO
THE NEW TENANCY****AND****NOTICE OF SPECIAL GENERAL MEETING**

A notice convening a special general meeting of Celestial Asia Securities Holdings Limited to be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 10 January 2020 (Friday) at 9:30 am is set out on pages 22 to 23 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and return of a form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

18 December 2019

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Announcement”	the announcement made by the Company on 1 November 2019 in relation to, among other things, the Tenancy Offer and the Option
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“CASH Algo Finance Group”	CASH Algo Finance Group International Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company, and its subsidiaries, which are principally engaged in algorithmic trading business
“CFSG”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and the shares are listed on the main board of the Stock Exchange, and is an associated company of the Company
“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
“Fixed Term”	the tenancy of the Premises for a period of four years fixed term commencing from 1 May 2020 and expiring on 30 April 2024 (both days inclusive)
“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”	Shine Fame Holdings Limited (being the landlord of the Premises) or its duly authorised attorney or agent

DEFINITIONS

“Latest Practicable Date”	13 December 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the required standard of dealings regarding securities transactions by Directors or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
“Option”	the option which could be exercised at the discretion of the Tenant to renew the tenancy of the Premises for the Renewed Term pursuant to the terms of the Tenancy Offer
“Parties”	the Tenant and the Landlord
“Renewed Term”	the tenancy of the Premises for a period of three years commencing from 1 May 2024 to 30 April 2027 (both days inclusive) after the expiry date of the Fixed Term
“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 Tenancy Offer and the Option” in this circular
“Pricerite Group”	Pricerite Group Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect over 90%-owned subsidiary of the Company, and its subsidiaries (including Pricerite Home Limited, TMF Company Limited and SECO Living Company Limited), which mainly conduct the retail management business in Hong Kong under multi-brand name including “Pricerite”, “TMF” and “SECO”
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company convened to be held on 10 January 2020 (Friday) at 9:30 am to approve, if thought fit, the Tenancy Offer and the exercise of the Option, notice of which is set out on pages 22 to 23 of this circular
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Offer”	the tenancy offer dated 1 November 2019 entered into between the Parties in relation to the tenancy of the Premises
“Tenant” or “Pricerite Home”	Pricerite Home Limited, a company incorporated in Hong Kong with limited liability, is an over 90%-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

Board of Directors:

Executive:

KWAN Pak Hoo Bankee

CHAN Chi Ming Benson

LEUNG Siu Pong James

NG Hin Sing Derek

KWAN Teng Hin Jeffrey

Independent non-executive:

LEUNG Ka Kui Johnny

WONG Chuk Yan

CHAN Hak Sin

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head office and principal place of business:

28/F Manhattan Place

23 Wang Tai Road

Kowloon Bay

Hong Kong

18 December 2019

To Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE NEW TENANCY**

AND

NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement relating to, among other things, the Tenancy Offer and the Option.

The terms of tenancy of the Tenancy Offer comprise of Fixed Term and Renewed Term. For the purpose of cost effective and more flexibility to the Board in exercising the Option for the Renewed Term, the Company will also seek the Shareholders' approval necessary for the exercise of the Option for the Renewed Term in addition to the Tenancy Offer at the SGM pursuant to Rule 14.76(2) of the Listing Rules.

* For identification purpose only

LETTER FROM THE BOARD

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in respect of the value of the right-of-use assets for the Fixed Term and/or in aggregate with the Renewed Term under the Tenancy Offer exceed 25% but are less than 100%, such transaction constituted a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. As no Shareholder has material interest in the Tenancy Offer and the Option, no Shareholder is required to abstain from voting at the SGM.

The purpose of this circular is to give you further information on the Tenancy Offer and the Option, financial information of the Group and the notice of the SGM, at which two ordinary resolutions will be proposed to approve the Tenancy Offer and the exercise of the Option.

THE TENANCY OFFER AND THE OPTION

Date: 1 November 2019

The Parties:

- (i) Shine Fame Holdings Limited (which is ultimately wholly-owned by China Resources Company Limited) or its duly authorised attorney or agent as the Landlord.
- (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 Landlord include investment and/or property leasing.

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 Premises: A Portion of Ground Floor in the warehouse accommodation of China Resources International Logistics Centre, 2 Tat Mei Road, Kwai Chung, N.T., Hong Kong.

LETTER FROM THE BOARD

Terms: The tenancy comprises Fixed Term and the Renewed Term for seven (7) years commencing from 1 May 2020 and expiring on 30 April 2027 (both days inclusive) as follows:-

Fixed Term

Four (4) years fixed term commencing from 1 May 2020 and expiring on 30 April 2024 (both days inclusive).

The Option for the Renewed Term

The Tenant shall have an option to renew the tenancy of the Premises for a period of three (3) years commencing from 1 May 2024 to 30 April 2027 (both days inclusive) after the expiry date of the Fixed Term subject to and upon the terms and conditions of the Tenancy Offer.

The Tenant shall notify the Landlord in writing of its intention to exercise the Option to renew the tenancy not less than nine months before the expiry date of the Fixed Term. The renewed rent for the Renewed Term will be a prevailing market rent which shall not exceed the maximum amount as stated in the Tenancy Offer and shall be agreed by the Parties or determined by a Chartered Surveyor in the event that the Parties fail to reach an agreement.

No consideration is payable for the grant of the Option and no penalty will be borne by the Tenant in the event that the Option is not exercised by the Tenant.

The aggregate value
of consideration payable:

The aggregate value of consideration, including rent, stamp duty and estimated reinstatement cost by the Tenant, payable under the Tenancy Offer amounted to approximately HK\$111,840,000 (being approximately HK\$55,802,000 for the Fixed Term and approximately HK\$56,038,000 for the Renewed Term (calculated based on maximum rental as set out in the Tenancy Offer), which will be satisfied by internal resources of the Group.

The rent under the Tenancy Offer and the Option 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.

LETTER FROM THE BOARD

- Rent free period: Six (6) months' rent free period from 1 May 2020 to 31 October 2020 (both days inclusive). The Tenant shall be responsible for the government rent, rates, management fees, debris removal charges and all other outgoings (if any) during such rent free period.
- Payable term: The rent shall be payable in advance on the first day of each and every calendar month.
- Condition precedent: The Tenancy Offer and the exercise of the Option are conditional upon the approval by the Shareholders at the SGM to be convened not later than 31 January 2020 or such later date as agreed by the Parties in writing pursuant to the requirements of the Listing Rules and all applicable laws and regulations (if any).
- Deposit: A sum equivalent to three months' rent, government rent, rates and management fees as deposit has been paid by the Tenant to the Landlord upon signing the Tenancy Offer. The deposit will be held by the Landlord's solicitors as stakeholders and will be released to the Landlord upon fulfilment of the condition precedent for the Tenancy Offer.
- If the condition above has not been fulfilled on or before 31 January 2020 or such later date as agreed by the Parties in writing, the above terms of tenancy shall be changed to a new short term tenancy, and the above deposit shall be transferred and treated as payment of security deposit for the new short term tenancy and thereafter the Landlord's solicitors shall release any balance of the deposit to the Tenant. The Company will make further announcement(s) at that time in compliance with the Listing Rules, if necessary.
- Formal tenancy agreement: The Tenancy Offer is legally binding upon execution by the Parties. Subject to condition precedent being fulfilled, the Parties will enter into a formal tenancy agreement not later than 31 January 2020 or such later date as agreed by the Parties in writing.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Company under the Tenancy Offer amounted to approximately HK\$96,517,000 (being approximately HK\$50,640,000 for the Fixed Term and approximately HK\$45,877,000 for the Renewed Term), 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 Tenancy Offer.

LETTER FROM THE BOARD

REASONS FOR THE TENANCY OFFER AND THE OPTION

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” and “SECO” in Hong Kong. The terms of tenancy of the existing warehouses are going to expire from October 2019 to May 2020. In preparation for Pricerite’s business development and centralisation of warehouses into one location, the Directors consider that it is desirable to move to a modern, spacious and highly efficient warehouse to enhance the logistics function, inventory management and operating efficiency. The Directors consider it is beneficial to enter into the Tenancy Offer and relocate the warehouses to the Premises, which will facilitate the future expansion and growth of the retail management business of the Group.

In addition, the Board intends to exercise the Option in the event that the rental and the tenancy terms are favourable to the Tenant at the time of exercise. To allow flexibility to the Board in exercising the Option at appropriate timing and manner and cost effective to proceed the transaction, the Company will also seek the Shareholders’ approval necessary for the exercise of the Option for the Renewed Term in addition to the Tenancy Offer at the SGM pursuant to Rule 14.76(2) of the Listing Rules. Depending on the prevailing market conditions and economic situation at the time of exercise, the Company may or may not exercise the Option.

The terms of the Tenancy Offer and the Option (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. The Board considers that the terms of the Tenancy Offer and the Option are on normal commercial terms and fair and reasonable and entering into the Tenancy Offer and the grant for exercise of the Option are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE LANDLORD

Shine Fame Holdings Limited is the Landlord of the Premises. The principal or ancillary activities carried on by the Landlord include investment and/or property leasing.

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.

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”, and “SECO” in Hong Kong; (b) general investment holding including algorithmic trading business; and (c) mobile internet services business. For additional information, please visit www.cash.com.hk.

LETTER FROM THE BOARD

EFFECTS OF THE TENANCY OFFER AND THE EXERCISE OF THE OPTION ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

The Tenancy Offer consists of 4 years Fixed Term with the Option to renew for another 3 years Renewed Term. Upon the entering into 4 years Fixed Term under the Tenancy Offer without the exercise of Option (scenario 1), a right-of-use asset amounting to approximately HK\$50,640,000 and a correspondent leased liabilities as well as a provision for reinstatement will be recognised according to HKFRS 16. Assuming the Option is exercised immediately when entering into the Tenancy Offer (scenario 2), a right-of-use asset amounting to approximately HK\$96,517,000 and a correspondent leased liabilities as well as a provision for reinstatement will be recognised. In both scenarios, there would be no change in the total assets less total liabilities on the consolidated statement of financial position.

Regarding the impact on the consolidated statement of profit or loss and other comprehensive income, the Company will depreciate the right-of-use assets over the useful life on a straight line-basis and will incur an annual depreciation amounting to approximately HK\$12,660,000 and approximately HK\$13,788,000 for scenario 1 and scenario 2 respectively. In addition, interest expense of the lease liabilities will be recognised amounting to approximately HK\$2,050,000 for the first year for scenario 1 and interest expense of the lease liabilities will be recognised amounting to approximately HK\$3,920,000 for the first year for scenario 2. The annual interest expense will generally be front-loaded.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

Retail management business – Pricerite Group

The first half of 2019 was tough for Hong Kong retailers, with the market clouded by China-US trade disputes and local social unrest. As a result of the negative consumer sentiment, Hong Kong GDP edged-up just 0.6% and even 0.5% in real terms in the first and second quarters, respectively, with total retail sales slumping 2.6%.

The economic hardship inevitably weighed on consumer spending. To enhance operating efficiency, Pricerite took various measures to rationalise costs through digitalisation, standardisation, simplification and automation of work process covering logistics, inventory management, store operations, marketing management and general administration. The entire operating system was reviewed and streamlined while self-service checkout kiosks continue being installed in our outlets to improve customer shopping experience.

The Group is dedicated to developing its multiple-brand home furnishing business with a vision to becoming the innovative home solutions leader for quality home furnishings, lifestyle products and services. Overall, steady demand continues in the market for “smart” furniture and healthy home products as space management and well-being lifestyle remain key trends and issues. As the leading “New Retail” home furnishing specialist in Hong Kong, Pricerite continues to deliver value-for-money solutions that help our customers in tightening circumstances.

LETTER FROM THE BOARD

Pricerite Home

Our space management business stems from deep understanding of customer needs to maximise limited living space in Hong Kong's micro-apartments. We therefore continue to strengthen our product sourcing both globally and regionally. In 2019 we expanded the scope of our sourcing centres in the Yangtze River Delta, Guangdong-HK-Macau Greater Bay Area and South East Asia.

At the same time, our product design team continues designing multi-functional and transformable furniture, while our merchandising team revamps product offerings to provide well-selected product choices for our customers.

Enabling greater flexibility in home-furnishing for limited living space, Pricerite launched the "My Own Universe (MOU)" furniture series of customisable, fashionable and innovative living room and dining room solutions, in a widening selection of styles, colours and materials.

Our "New Retail" business model meanwhile focuses on retail automation and digitalisation – adopting latest technologies such as big data analytics, artificial intelligence and robotic technologies; and leveraging the advantages of both online and offline touch points to facilitate seamless, convenient shopping experiences.

TMF

In first half of 2019, TMF revamped its shops at Megabox and Tsuen Wan Plaza bringing customers a fresh new image with enhanced solution displays. TMF has also made advancements in product variety for the segment of families with children by introducing additional bedroom solutions.

To stay true to our vision, we continuously enhanced our product quality with enrichment in quality assurance of production process.

With our relentless effort in growing the TMF business, the brand has been well-received and recognised in the tailor-made furniture market. The increase in popularity of micro-apartments facilitates TMF's further development in our smart furniture and micro-space management solutions.

SECO

SECO introduced more well-being products for home, environment and personal uses, guided by our healthy-living commitment and good understanding of the importance of clean air and water. At the same time, store layouts were restyled to continue enhancing shopping experience and product efficiency, while boosted e-shopping solutions leveraged benefits of e-commerce and omni-channel retail trends.

Looking forward, Pricerite Group is cautiously optimistic as strong demand for "smart" home furniture and houseware should continue with new apartment intake in both public and private housing estates. Leveraging Pricerite's well-established brand as a vibrant home furnishing retailer of products and services meeting today's consumer needs, we will continue developing our "New Retail" business model with advanced technologies and innovative product solutions to provide pleasurable and convenient shopping, enhancing customer satisfaction.

LETTER FROM THE BOARD

Algorithmic trading business – CASH Algo Finance Group

Building upon its technology-focused heritage, CASH Algo Finance Group has been an Asia pioneer embracing advanced FinTech in investment. In addition to running its existing algorithmic trading strategies, CASH Algo Finance Group also opens up its platform to professional quant traders to access global markets.

CASH Algo Finance Group supports a full lifecycle of investment, including research, development, testing and deployment of trading strategies. Connectivity to global financial markets enables capital allocation, trade execution, and risk management in an efficient manner.

In the coming year, CASH Algo Finance Group will continue to devote resources to research and FinTech development, as well as to recruit experienced practitioners and nurture young talents for the industry.

Mobile internet services business – Net2Gather (China)

An online game industry report jointly released by China Game Publishers Association Publications Committee (GPC) and Gamma Data (CNG New Game Research) indicated that, in the first half of 2019, Chinese mobile game users reached 620 million, showing a further declining growth trend mainly due to the high base effect in previous years. In view of the very severe industry competition, our mobile game licensing business in overseas market was suspended since 2017.

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.

The terms of tenancy of the Tenancy Offer comprise of Fixed Term and Renewed Term. For the purpose of cost effective and more flexibility to the Board in exercising the Option for the Renewed Term, the Company will also seek the Shareholders' approval necessary for the exercise of the Option for the Renewed Term in addition to the Tenancy Offer at the SGM pursuant to Rule 14.76(2) of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in respect of the value of the right-of-use assets for the Fixed Term and/or in aggregate with the Renewed Term under the Tenancy Offer exceed 25% but are less than 100%, such transaction constituted a major transaction for the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

THE SGM

Set out on pages 22 to 23 of this circular is a notice convening the SGM to be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong at 9:30 am on 10 January 2020 (Friday).

At the SGM, two ordinary resolutions for approving the Tenancy Offer and the exercise of the Option will be proposed for the Shareholders' approval.

The resolution will be voted by way of poll at the SGM. As no Shareholder has material interest in the Tenancy Offer and the exercise of the Option, no Shareholder is required to abstain from voting on the resolutions to approve the Tenancy Offer and the exercise of the Option.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors are of the view that the Tenancy Offer and the exercise of the Option are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions as set out in the notice of the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

Yours faithfully,
On behalf of the Board
Bankee P. Kwan
Chairman & CEO

1. FINANCIAL INFORMATION OF THE GROUP

Details of the published financial information of the Group for each of the three years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019 were disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cash.com.hk).

- Annual report of the Company for the year ended 31 December 2016 (pages 70 to 162) (<http://www1.hkexnews.hk/listedco/listconews/sehk/2017/0504/ltn20170504954.pdf>);
- Annual report of the Company for the year ended 31 December 2017 (pages 74 to 168) (<http://www1.hkexnews.hk/listedco/listconews/sehk/2018/0426/ltn20180426529.pdf>);
- Annual report of the Company for the year ended 31 December 2018 (pages 72 to 164) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn201904292645.pdf>);
- Interim report of the Company for the six months ended 30 June 2019 (pages 1 to 16) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0906/ltn20190906287.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

Bank and other borrowings

The Group had total outstanding borrowings of approximately HK\$262.2 million, comprising of (i) secured and guaranteed bank borrowings of approximately HK\$87.1 million; (ii) secured and guaranteed trust receipt loans of approximately HK\$44.3 million; (iii) unsecured and guaranteed bank borrowings of approximately HK\$15.8 million; (iv) unsecured and guaranteed trust receipt loans of approximately HK\$94.0 million; and (v) unsecured and unguaranteed borrowings of approximately HK\$21.0 million. The aforesaid guarantees were granted by the Company and/or its subsidiary.

Pledge of assets

Trust receipts loan in aggregate of approximately HK\$44.7 million and bank borrowings of approximately HK\$87.1 million were secured by pledged bank deposits of the Group.

As at 31 October 2019, bank deposits of the Group of approximately HK\$5.4 million were pledged to a bank for facilities which have not been drawn.

Lease obligations

As at 31 October 2019, the Group had outstanding lease payments in respect of motor vehicle, office premises, warehouses and retail shops of approximately HK\$414.9 million, which were unguaranteed and secured by motor vehicle of the Group or rental deposits paid by the Group.

Contingent liabilities

As at 31 October 2019, the Group had no litigations/claims as stated in the paragraph “Litigation” in Appendix II to this circular. Accordingly, the Group had no contingent liabilities as at 31 October 2019.

Disclaimers

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, the Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts and loans, other loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchases commitments, other recognised lease liabilities, guarantees or contingent liabilities, at the close of business on 31 October 2019.

The Board has confirmed that, save as disclosed above, there has not been any material change in the indebtedness or contingent liabilities of the Group since 31 October 2019.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources, including banking facilities and other borrowings available to the Group and its internally generated funds, and considering the effect of the new tenancy of the Premises, in absence of unforeseen circumstances, the Group has sufficient working capital for its present requirement for at least the next twelve months from the date of publication of this circular.

4. MATERIAL ADVERSE CHANGES

The Directors has confirmed that, at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) The Company

(a) Long positions in the Shares

Name	Capacity	Number of Shares		
		Personal	Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	4,260,000	281,767,807*	34.41
Chan Chi Ming Benson	Beneficial owner	6,310	–	0.00
Leung Siu Pong James	Beneficial owner	250,950	–	0.03
		<u>4,517,260</u>	<u>281,767,807</u>	<u>34.44</u>

* The Shares were held by Cash Guardian Limited (which was 100% beneficially owned by Dr Kwan Pak Hoo Bankee and he was a director of Cash Guardian Limited). Dr Kwan Pak Hoo Bankee was deemed to be interested in all these Shares as a result of his interests in Cash Guardian Limited as disclosed in the “Substantial Shareholders” below.

(b) Long positions in the underlying shares – options under share option schemes

Name	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of options outstanding	Percentage to issued Shares (%)
Kwan Pak Hoo Bankee	18/12/2015	18/12/2015 – 31/12/2019	0.460	8,000,000	0.96
Leung Siu Pong James	18/12/2015	18/12/2015 – 31/12/2019	0.460	2,000,000	0.24
Ng Hin Sing Derek	18/12/2015	18/12/2015 – 31/12/2019	0.460	4,800,000	0.57
Kwan Teng Hin Jeffrey	18/12/2015	18/12/2015 – 31/12/2019	0.460	<u>4,800,000</u>	<u>0.57</u>
				<u>19,600,000</u>	<u>2.34</u>

Notes:

- (1) Dr Kwan Pak Hoo Bankee is also the substantial Shareholder.
- (2) The options are held by the Directors in the capacity of beneficial owners.

(B) Associated corporation (within the meaning of SFO)

CFSG

(a) Long positions in the ordinary shares of HK\$0.02 each

Name	Capacity	Number of Shares		Shareholding (%)
		Personal	Corporate interest	
Kwan Pak Hoo Bankee	Interest in a controlled corporation	–	1,667,821,069*	33.65
Chan Chi Ming Benson	Beneficial owner	<u>10,924,000</u>	<u>–</u>	<u>0.22</u>
		<u>10,924,000</u>	<u>1,667,821,069</u>	<u>33.87</u>

* The shares were held by Celestial Investment Group Limited, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by the Company). The Company was beneficially owned as to approximately 34.41% by Dr Kwan Pak Hoo Bankee, details of which were disclosed in the “Substantial Shareholders” below. Pursuant to the SFO, Dr Kwan Pak Hoo Bankee was deemed to be interested in all the shares held by Celestial Investment Group Limited in CFSG.

(b) Long positions in the underlying shares – options under share option schemes

Name	Date of grant	Exercise period	Exercise price per share (HK\$)	Number of options outstanding	Percentage to issued shares (%)
Kwan Pak Hoo Bankee	3/12/2015	3/12/2015 – 31/12/2019	0.315	40,000,000	0.80
	31/8/2017	1/1/2018 – 31/12/2020	0.253	49,000,000	0.98
	29/3/2019	1/5/2019 – 30/4/2022	0.071	48,000,000	0.96
Chan Chi Ming Benson	31/8/2017	1/1/2018 – 31/12/2020	0.253	49,000,000	0.98
	29/3/2019	1/5/2019 – 30/4/2022	0.071	48,000,000	0.96
Ng Hin Sing Derek	3/12/2015	3/12/2015 – 31/12/2019	0.315	16,000,000	0.32
Kwan Teng Hin Jeffrey	3/12/2015	3/12/2015 – 31/12/2019	0.315	40,000,000	0.80
	31/8/2017	1/1/2018 – 31/12/2020	0.253	24,000,000	0.48
	29/3/2019	1/5/2019 – 30/4/2022	0.071	48,000,000	0.96
				<u>362,000,000</u>	<u>7.24</u>

Notes:

- (1) Dr Kwan Pak Hoo Bankee is also the substantial shareholder.
- (2) The options are held by the Directors in the capacity of beneficial owners.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive of the Company or their associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Name	Capacity	Number of Shares	Shareholding (%)
Hobart Assets Limited (<i>Notes (1) & (2)</i>)	Interest in a controlled corporation	281,767,807	33.89
Cash Guardian Limited (<i>Notes (1) & (2)</i>)	Interest in a controlled corporation	281,767,807	33.89
Mr Wang Shui Ming (<i>Note (3)</i>)	Beneficial owner, interest in a controlled corporation and other interest	77,404,926	9.31

Notes:

- (1) This refers to the same number of Shares held by Cash Guardian Limited, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan Pak Hoo Bankee. Dr Kwan Pak Hoo Bankee was a director of Cash Guardian Limited and Hobart Assets Limited. Pursuant to the SFO, Dr Kwan Pak Hoo Bankee and Hobart Assets Limited were deemed to be interested in the Shares held by Cash Guardian Limited.
- (2) Dr Kwan Pak Hoo Bankee (a Director whose interests are not shown in the above table) was interested and/or deemed be interested in a total of 286,027,807 Shares (34.41%), which were held as to 281,767,807 Shares by Cash Guardian Limited and as to 4,260,000 Shares in his personal name. Detail of his interest is set out in the section "Directors' interests in securities" above.
- (3) The Shares were held as to 19,631,226 in his personal name, as to 42,114,150 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang), and 15,659,550 held by him as nominee under a power of attorney. Pursuant to the SFO, Mr Wang was deemed to be interested in all these shares.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, no other parties (other than a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)).

6. INTEREST OF DIRECTORS IN THE GROUP'S ASSETS

Since 31 December 2018 (being the date to which the latest published audited accounts of the Company were made up), each of the Directors did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to the Group or are proposed to be acquired or disposed of by or leased to the Group.

7. INTEREST OF DIRECTORS IN CONTRACTS

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other company in the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against either the Company or any other company in the Group.

9. MATERIAL CONTRACTS

The following contracts are contracts that are or may be material, not being contracts entered into during the ordinary course of business, and has been entered into by the Group within two years preceding the Latest Practicable Date:

- (a) the letter agreement dated 30 April 2019 entered into between Yau Fook Hong Company Limited, The World Realty Limited, Macfarlane Estates Limited, Sublime Finance & Investments Limited and Fung Cheung Realty Limited as the landlords and Pricerite Home as the tenant in relation to extension of tenancy for the premises at Hilton Plaza, Shatin for 13 months commencing from 1 March 2019 and expiring on 31 March 2020 (both days inclusive) at an aggregate value of consideration of approximately HK\$9,354,000 for use as retail store of the Group;

- (b) the new lease dated 23 May 2019 entered into between Pioneer Chest Limited as the landlord and Champion Ford Limited (a wholly-owned subsidiary of the Company) as the tenant in relation to renewal of lease for the premises at Manhattan Place, Kowloon Bay for 3 years commencing from 15 December 2019 and expiring on 14 December 2022 (both days inclusive) at an aggregate value of consideration of approximately HK\$25,526,000 for use as office premises of the Group;
- (c) the renewal offer letter dated 16 August 2019 entered into between Henderson Real Estate Agency Limited as the agent of landlords and Pricerite Home as the tenant in relation to renewal of tenancy for the premises at MOSTown, New Territories for 2 years commencing from 26 September 2019 to 25 September 2021 (both days inclusive) at an aggregate value of consideration of approximately HK\$10,489,000 for use as retail store of the Group;
- (d) the confirmation of tenancy dated 22 August 2019 entered into between The Hong Kong Housing Society as the landlord and Pricerite Home as the tenant in relation to renewal of tenancy for the premises at Heya Delight Shopping Centre, Kowloon for 4 years commencing from 16 October 2019 to 15 October 2023 at an aggregate value of consideration of approximately HK\$10,762,000 for use as retail store of the Group;
- (e) the renewal tenancy agreement dated 4 September 2019 entered into between Link Properties Limited as the landlord and Pricerite Home as the tenant in relation to renewal of tenancy for the premises at Temple Mall North, Wong Tai Sin for 2 years 3 months and 15 days from and including 2 July 2019 and expiring on 16 October 2021 at an aggregate value of consideration of approximately HK\$14,410,000 for use as retail store of the Group;
- (f) the letter of offer dated 15 October 2019 entered into between National Goal Limited as the landlord and Pricerite Home as the tenant in relation to new tenancy for the premises at FitFort, North Point for 4 years commencing on 16 October 2019 or such other date as notified by written notice of the landlord (if any) at an aggregate value of consideration of approximately HK\$20,230,000 for use as retail store of the Group; and
- (g) the Tenancy Offer including the Option.

10. MISCELLANEOUS

- (a) The secretary of the Company is Ms Luke Wing Sheung Suzanne, a *fellow member of The Institute of Chartered Secretaries and Administrators*.
- (b) The head office and the principal place of business of the Company in Hong Kong are at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (c) The principal share registrars and transfer office of the Company in Bermuda are Conyers Corporate Services (Bermuda) Limited at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The branch share registrars and transfer office of the Company in Hong Kong is Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong during normal business hours on any day up to the holding of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Group for the two years ended 31 December 2017 and 2018;
- (c) the interim report of the Group for the six months ended 30 June 2019;
- (d) the material contracts referred to in paragraph headed "Material contracts" in this appendix.

NOTICE OF THE SGM



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“SGM”) of Celestial Asia Securities Holdings Limited (“Company”) will be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 10 January 2020 (Friday) at 9:30 am for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT**, the tenancy offer dated 1 November 2019 (“Tenancy Offer”, copy of which has been produced to the SGM and marked “A” and signed by the chairman of the meeting for the purpose of identification) entered into between Pricerite Home Limited (“Pricerite Home”, a subsidiary of the Company) as tenant and Shine Fame Holdings Limited or its duly authorised attorney or agent as landlord (“Landlord”), whereby Pricerite Home and the Landlord agreed to enter into the tenancy for the premises at a Portion of Ground Floor in the warehouse accommodation of China Resources International Logistics Centre, 2 Tat Mei Road, Kwai Chung, N.T., Hong Kong (“Premises”) for 7 years commencing from 1 May 2020 and expiring on 30 April 2027 (comprising 4 years fixed term and an option to renew the tenancy for 3 years renewed term) for use as warehouse of the Group, subject to the terms and conditions as set out in the Tenancy Offer and described in the circular of the Company dated the same date of this notice, and the transactions contemplated thereunder, be and are hereby approved and confirmed; and that any one director of the Company be and is hereby authorised to do all such acts and things and execute and deliver all such documents as may be necessary, desirable or expedient to carry out or to give effect to the transactions contemplated under the Tenancy Offer.”
2. **“THAT**, subject to the above resolution no.1 relating to the Tenancy Offer being passed by the shareholders of the Company, the board of directors of the Company be and is hereby granted all rights and powers in its sole discretion consider necessary or expedient to exercise the option under the Tenancy Offer (“Option”) to renew the tenancy of the Premises for a period of 3 years commencing from 1 May 2024 to 30 April 2027 after the expiry date of 4 years fixed term of the tenancy, subject to and upon the terms and conditions as set out in the Tenancy Offer and described in the circular of the Company dated the same date of this notice, and that any one director of the Company be and is hereby authorised to do all such acts and things and execute and deliver all such agreements or documents as may be necessary, desirable or expedient to give effect to the exercise of the Option.”

By order of the Board
Suzanne W S Luke
Company Secretary

Hong Kong, 18 December 2019

* *For identification purpose only*

NOTICE OF THE SGM

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of business
in Hong Kong:*

28/F Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy needs not be a member of the Company. A form of proxy for the SGM is also enclosed.
2. In order to be valid, the form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of that power of attorney or other authority, not less than 48 hours before the time for holding the SGM or any adjournment thereof.
3. In order to qualify for attending and voting at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the branch share registrar of the Company, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 pm on 6 January 2020.