
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus 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 the Prospectus Documents to the purchaser or the 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. Dealings in the Offer Shares may be settled through CCASS established and operated by HKSCC. You should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers for details of the settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, together with the documents mentioned in the paragraph headed “12. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility as to the contents of any of the Prospectus Documents or any other documents referred to above.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their 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 the Prospectus Documents.



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

OPEN OFFER ON THE BASIS OF TWO (2) OFFER SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE

Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus unless the context requires otherwise.

The Latest Time for Application and payment for the Offer Shares is at 4:00 p.m. on Tuesday, 30 June 2020. The procedures for application and payment for the Offer Shares are set out on pages 29 to 30 of this Prospectus.

Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Thursday, 4 June 2020. The Open Offer is conditional, among others, conditions precedent as set out in the section headed “Conditions of the Open Offer” in the “Letter from the Board” in this Prospectus. Accordingly, the Open Offer may or may not proceed.

Any dealings in the Shares from the date of this Prospectus up to the date on which all the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional or may not proceed.

Pursuant to Rule 7.23 of the Listing Rules, the Open Offer will be combined with the Unsubscribed Arrangement followed by the Clawback Mechanism, both of which will be in place in the event that the Open Offer is not fully subscribed. The number of Offer Shares to be issued is subject to the level of acceptance of the provisionally allotted Offer Shares by the Qualifying Shareholders and the number of Unsubscribed Shares to be taken up by the Placee(s) under the Unsubscribed Arrangement followed by the Clawback Mechanism. Subject to the fulfilment of the conditions of the Open Offer, the Open Offer will proceed on a non-underwritten basis irrespective of the level of acceptances of the Open Offer and the Placing will be made by the Placing Agent on a best effort basis. In the event the Open Offer is not fully subscribed and/or any Unsubscribed Shares are not successfully placed by the Placing Agent under the Unsubscribed Arrangement, any Offer Shares not taken up will not be issued by the Company and the size of the Open Offer will be reduced accordingly. The Bermuda legal adviser of the Company (namely Conyers Dill & Pearman) has advised that there is no minimum subscription amount required to be raised by the Open Offer under Bermuda law.

11 June 2020

* For identification purpose only

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EXPECTED TIMETABLE

Set out below is the expected timetable of the Open Offer:

Event	(Hong Kong dates and time)
Despatch of the Prospectus Documents (in the case of the Non-Qualifying Shareholders, the Prospectus only)	Thursday, 11 June 2020
Latest Time for Application and payment for the Offer Shares	4:00 p.m. on Tuesday, 30 June 2020
Announcement of the number of the Unsubscribed Shares subject to the Unsubscribed Arrangement	Thursday, 2 July 2020
Commencement of placing of the Unsubscribed Shares by the Placing Agent, on best effort basis	Friday, 3 July 2020
Placing End Date for placing the Unsubscribed Shares	4:00 p.m. on Monday, 6 July 2020
Announcement of the results of the Open Offer (including the results of placing of the Unsubscribed Shares)	Tuesday, 7 July 2020
Despatch of certificates for the fully-paid Offer Shares	Thursday, 9 July 2020
First day of dealings in the fully-paid Offer Shares	9:00 a.m. on Friday, 10 July 2020

All times in this Prospectus refer to Hong Kong time.

The expected timetable set out above is indicative only and is subject to change, and any change will be announced by the Company by separate announcement(s) as and when appropriate.

Effect of bad weather on the Latest Time for Application

The Latest Time for Application will not take place if a tropical cyclone signal no.8 or above, or “extreme conditions” caused by super typhoons or a “black” rainstorm warning is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 30 June 2020, being the date of the Latest Time for Application. Instead the Latest Time for Application will be extended to 5:00 p.m. on the same Business Day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 30 June 2020, being the date of the Latest Time for Application. Instead the Latest Time for Application will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Application does not take place on Tuesday, 30 June 2020, the dates mentioned in this section headed “Expected Timetable” in this Prospectus may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement made by the Company on 27 March 2020 in respect of, among other things, the Open Offer and the Whitewash Waiver
“Application Form(s)”	the application form(s) to be used by the Qualifying Shareholders to apply for the Offer Shares provisionally allotted to him/her/it/them
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Branch Share Registrar”	Tricor Standard Limited, the branch registrar of the Company, and whose principle place of business is situated at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Business Day(s)”	a day on which banks are open for business in Hong Kong other than a Saturday, Sunday, public holiday and a day on which a tropical typhoon signal no. 8 or above or a “black rainstorm” warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“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
“Cash Guardian”	Cash Guardian Limited, being a company 100% beneficially owned and controlled by Dr Kwan Pak Hoo Bankee (Chairman of the Board, the Director and chief executive officer of the Company)
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“CFSG”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda, whose shares are listed on the main board of the Stock Exchange. It is currently beneficially owned as to 33.65% equity interests by the Company and is an associated company of the Company

DEFINITIONS

“CIGL”	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company
“Circular”	the circular of the Company dated 8 May 2020 in relation to, among other things, the Open Offer, the Whitewash Waiver and a notice of the SGM
“Clawback Mechanism”	the mechanism to be in place, in the event that the Open Offer is undersubscribed, to scale down the total number of Offer Shares to be subscribed by the Controlling Shareholders to a level such that the total number of Shares held by the Controlling Shareholders, upon the Open Offer Completion, shall be 49.78% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares as detailed in the section headed “Open Offer” under the sub-heading of “The Clawback Mechanism” of this Prospectus
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and which Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	Cash Guardian and Dr Kwan Pak Hoo Bankee (Chairman of the Board, a Director and chief executive officer of the Company) which/who, and as at the Latest Practicable Date, were interested in an aggregate of 286,027,807 Shares, representing approximately 34.41% of the existing issued share capital of the Company
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or of his any delegate(s)
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Shareholder(s)”	the Shareholders other than the Controlling Shareholders and persons acting in concert with any of them, and those who are involved in or interested in the Open Offer and the Whitewash Waiver and required under the Listing Rules and/or Takeovers Code (as the case may be) to abstain from voting at the SGM
“Independent Third Party(ies)”	third parties independent of and not connected with the Company and its connected persons and independent of and not acting in concert with the Controlling Shareholders and parties acting in concert with any of them
“Last Trading Day”	27 March 2020, being the last trading day for the Shares on the Stock Exchange on the date of the Announcement
“Latest Practicable Date”	8 June 2020, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information referred to in this Prospectus
“Latest Time for Application”	4:00 p.m. on Tuesday, 30 June 2020, being the latest time for application of and payment for the Offer Shares as set out in the section headed “Expected Timetable” of this Prospectus
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2020 or such later date as the Board may determine and resolve
“Model Code”	the required standards 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
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange, consider it necessary or expedient to exclude from the Open Offer
“Offer Share(s)”	a maximum of 1,662,443,354 Shares and a minimum of 255,687,122 Shares proposed to be allotted and issued by the Company at the Subscription Price under the Open Offer subject to the terms and conditions as set out in this Prospectus

DEFINITIONS

“Open Offer”	the offer for subscription of the Offer Shares at the Subscription Price on the basis of two (2) Offer Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date subject to the terms and conditions as set out in this Prospectus
“Open Offer Completion”	completion of the Open Offer
“Overseas Shareholder(s)”	shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are in (a) place(s) outside Hong Kong
“Placee(s)”	the placee(s) of the Unsubscribed Shares to be placed by the Placing Agent under the Unsubscribed Arrangement pursuant to the Placing Agreement, who will be Independent Third Parties before the Placing
“Placing”	the placing of the Unsubscribed Shares to the Placee(s) by the Placing Agent, on a best effort basis, under the Unsubscribed Arrangement pursuant to the Placing Agreement
“Placing Agent”	Celestial Securities Limited, being a corporation licensed to conduct type 1 regulated activity under SFO, which will place the Unsubscribed Shares on a best effort basis to investor(s) who are Independent Third Parties under the Unsubscribed Arrangement. The Placing Agent is a wholly-owned subsidiary of CFSG, an associated company of the Company, which is not a connected person of the Company (as defined under the Listing Rules)
“Placing Agreement”	the agreement dated 27 March 2020 entered into between the Company and the Placing Agent in respect of the Unsubscribed Arrangement
“Placing End Date”	Monday, 6 July 2020, being the third Business Day following and excluding the day on which the Latest Time for Application falls
“Placing Period”	the period from Friday, 3 July 2020 up to 4:00 p.m. on Monday, 6 July 2020, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangement
“Placing Price”	HK\$0.06 per Unsubscribed Share, being the same as the Subscription Price

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this Prospectus only, exclude Hong Kong, Macau Special Administrative Region of the PRC and the Republic of China (Taiwan)
“Pricerite Group”	Pricerite Group Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect 91.09%-owned subsidiary of the Company as at the Latest Practicable Date, 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”
“Prospectus”	this prospectus of the Company in relation to the Open Offer
“Prospectus Documents”	this Prospectus and the Application Form in respect of the Offer Shares to be issued by the Company in relation to the Open Offer
“Prospectus Posting Date”	Thursday, 11 June 2020 or such later date as may be agreed between the Controlling Shareholders and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company on the Record Date
“Record Date”	Wednesday, 10 June 2020, the record date for ascertaining entitlements to the Open Offer
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company held on 2 June 2020 (Tuesday) at which the Independent Shareholders approved the Open Offer, the Whitewash Waiver and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.06 per Offer Share at which the Offer Shares are proposed to be offered for subscription
“substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC
“Undertakings”	undertakings from the Controlling Shareholders to take up or procure the taking up of Offer Shares as detailed in the section headed “Undertakings by the Controlling Shareholders” of this Prospectus
“Unsubscribed Arrangement”	arrangement to place the Unsubscribed Shares by the Placing Agent on a best effort basis to the Placee(s) as detailed in the section headed “Open Offer” under the sub-heading of “The Unsubscribed Arrangement” of this Prospectus
“Unsubscribed Shares”	Offer Shares that are not subscribed by the Qualifying Shareholders, aggregated fractional Offer Shares, and the Offer Shares which would otherwise have been allotted to the Non-Qualifying Shareholders (as the case may be)
“Whitewash Waiver”	the whitewash waiver granted by the Executive on 21 May 2020 pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of the Controlling Shareholders to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Controlling Shareholders and the parties acting in concert with any of them as a result of the issue of the Offer Shares
“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

LEUNG Siu Pong James

KWAN Teng Hin Jeffrey

NG Hin Sing Derek

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

11 June 2020

To the Qualifying Shareholders and for information only, the Non-Qualifying Shareholders

Dear Sir or Madam,

**OPEN OFFER ON THE BASIS OF TWO (2) OFFER SHARES
FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE**

INTRODUCTION

References are made to (i) the Announcement and the Circular in relation to, among other things, the Open Offer and the Whitewash Waiver; and (ii) the announcement of the Company dated 2 June 2020 in relation to the results of the poll at the SGM.

At the SGM held on 2 June 2020, the ordinary resolution approving the Open Offer and the special resolution approving the Whitewash Waiver were duly passed by the Independent Shareholders by way of poll. The Whitewash Waiver has been granted by the Executive as at the Latest Practicable Date. Accordingly, the Company will proceed with the implementation of the Open Offer.

The purpose of this Prospectus is to provide you with further information on, among other things, the Open Offer, the procedures for application and payment for the Offer Shares, and certain financial and other general information of the Group.

* For identification purpose only

LETTER FROM THE BOARD

OPEN OFFER

Details of the terms of the Open Offer are set out as follows:

Issue statistics

Basis of the Open Offer	:	Two (2) Offer Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date
Subscription Price of the Offer Share	:	HK\$0.06 per Offer Share
Number of Shares in issue as at the Latest Practicable Date and the Record Date	:	831,221,677 Shares
Number of Offer Shares	:	Not more than 1,662,443,354 Offer Shares (assuming that the Open Offer is fully subscribed by the Qualifying Shareholders) and not less than 255,687,122 Offer Shares (assuming no acceptance by the Qualifying Shareholders, other than the Controlling Shareholders and the parties acting in concert with any of them, under the Open Offer, no placement of Unsubscribed Shares under the Unsubscribed Arrangement and the Clawback Mechanism having taken place) (in both cases assuming no Share will be issued or repurchased by the Company from the Latest Practicable Date up to and including the Record Date)
Aggregate nominal value of the Offer Shares	:	Not more than HK\$16,624,433.54 and not less than HK\$2,556,871.22
Number of Shares in issue immediately upon the Open Offer Completion	:	Not more than 2,493,665,031 Shares (assuming no Share will be issued or repurchased by the Company from the Latest Practicable Date up to and including the Record Date and the provisionally allotted Offer Shares have been fully subscribed)
Amount to be raised	:	Not more than approximately HK\$99.7 million, before deducting related expenses (assuming the provisionally allotted Offer Shares have been fully subscribed)

As at the Latest Practicable Date, the Company has no outstanding options, convertible securities or warrants which confer the rights to subscribe for the Shares.

LETTER FROM THE BOARD

The maximum number of Offer Shares to be issued pursuant to the terms of the Open Offer represent more than 100% of the existing issued share capital of the Company and more than 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of issue of the Offer Shares).

The Clawback Mechanism and the Unsubscribed Arrangement

Pursuant to Rule 7.23 of the Listing Rules, the Open Offer will be combined with the Unsubscribed Arrangement followed by the Clawback Mechanism, both of which will be in place in the event that the Open Offer is not fully subscribed. The number of Offer Shares to be issued is subject to the level of acceptance of the provisionally allotted Offer Shares by the existing Qualifying Shareholders and the number of Unsubscribed Shares to be taken up by the Placee(s) under the Unsubscribed Arrangement followed by the Clawback Mechanism.

In the event of full acceptance of the Offer Shares by the Qualifying Shareholders, the Unsubscribed Arrangement and the Clawback Mechanism will not take place.

The details of the Clawback Mechanism and the Unsubscribed Arrangement are set out below.

The Clawback Mechanism

In the event that the Open Offer is not fully subscribed and based on a maximum of 572,055,614 Offer Shares provisionally allotted to the Controlling Shareholders under the Open Offer, the shareholding interests in the Company held by the Controlling Shareholders will be increased from the existing 34.41% to a maximum of 61.12% (assuming no acceptance of any Offer Share by the Qualifying Shareholders (other than the Controlling Shareholders and the parties acting in concert with them) and no Unsubscribed Share is placed to any Placee pursuant to the Unsubscribed Arrangement), in which case the Offer Shares to be subscribed by the Controlling Shareholders will be subject to the Clawback Mechanism.

Pursuant to the Clawback Mechanism, the total number of Offer Shares to be subscribed by the Controlling Shareholders under Open Offer will be scaled down to a level such that the total number of Shares held by the Controlling Shareholders, upon the Open Offer Completion (after taking into account the level of acceptance of the Offer Shares by the Qualifying Shareholders and the number of Unsubscribed Shares successfully placed under the Unsubscribed Arrangement), shall be 49.78% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares upon the Open Offer Completion, provided that the Whitewash Waiver having been granted by the Executive prior to the Prospectus Posting Date and not having been revoked if granted. The Controlling Shareholders had applied for, and the Executive has granted to them, the Whitewash Waiver.

LETTER FROM THE BOARD

The Unsubscribed Arrangement

In the event that the Open Offer is not fully subscribed, the Unsubscribed Arrangement will take place followed by the Clawback Mechanism as the case may be.

In the event of undersubscription of the Open Offer, the Unsubscribed Shares will be placed by the Placing Agent, on a best effort basis, under the Unsubscribed Arrangement and the Clawback Mechanism will also take place. The total number of the Offer Shares to be allotted and issued pursuant to the Open Offer will depend on the number of Offer Shares being validly accepted by the Qualifying Shareholders, the number of the Unsubscribed Shares to be placed to the Placee(s) (if any) under the Unsubscribed Arrangement and the number of Offer Shares finally subscribed by the Controlling Shareholders upon the Clawback Mechanism having taken place.

If (i) there is no acceptance of the Offer Shares by the Qualifying Shareholders other than the Controlling Shareholders and the parties acting in concert with any of them; and (ii) a maximum number of 320,000,000 Unsubscribed Shares are successfully placed by the Placing Agent to the Placee(s) under the Unsubscribed Arrangement, the number of Offer Shares to be subscribed by the Controlling Shareholders will be all of the 572,055,614 Offer Shares provisionally allotted to the Controlling Shareholders, such that the total number of Shares held by the Controlling Shareholders upon the Open Offer Completion will be 858,083,421 Shares in total, representing approximately 49.78% of the total issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares upon the Open Offer Completion, and a maximum number of 892,687,122 Offer Shares (including 572,055,614 Offer Shares provisionally allotted to the Controlling Shareholders, 631,508 Offer Shares provisionally allotted to the parties acting in concert with any of the Controlling Shareholders and 320,000,000 Unsubscribed Shares placed to the Placee(s)) will be issued under the Open Offer.

If (i) there is no acceptance of the Offer Shares by the Qualifying Shareholders other than the Controlling Shareholders and the parties acting in concert with any of them; and (ii) no Unsubscribed Share is successfully placed under the Unsubscribed Arrangement, the number of Offer Shares to be subscribed by the Controlling Shareholders will be scaled down to 255,055,614 Offer Shares, such that the total number of Shares held by the Controlling Shareholders upon the Open Offer Completion will be 541,083,421 Shares in total, representing approximately 49.78% of the total issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares upon the Open Offer Completion.

Depending on the level of acceptance of the Offer Shares by the Qualifying Shareholders and/or the number of Unsubscribed Shares to be taken up by the Placee(s) under the Unsubscribed Arrangement, the Company will issue a maximum of 1,662,443,354 Offer Shares (assuming that the Open Offer is fully subscribed by the Qualifying Shareholders, in which case the Controlling Shareholders and the parties acting in concert with any of them will subscribe for 572,055,614 Offer Shares and 631,508 Offer Shares (or 572,687,122 Offer Shares on an aggregate basis) respectively, representing approximately 34.41% and 0.04% (or 34.45% on an aggregate basis) of the total of 1,662,443,354 Offer Shares) and a minimum of 255,687,122 Offer Shares (assuming that (i) no acceptance of the Offer Shares by the Qualifying Shareholders other than the Controlling Shareholders and parties acting in concert with any of them; (ii) no Unsubscribed Share is placed under the Unsubscribed Arrangement; and (iii) after the Clawback Mechanism having taken place, in which case the Controlling Shareholders and the parties acting in concert with them will subscribe for 255,055,614 Offer Shares and 631,508 Offer Shares (or 255,687,122 Offer Shares on an aggregate basis) respectively, representing approximately 99.75% and 0.25% (or 100% on an aggregate basis) of the total of 255,687,122 Offer Shares).

LETTER FROM THE BOARD

Mr Leung Siu Pong James, a Director and a party acting in concert with the Controlling Shareholders by virtue of his capacity as a Director, has indicated that he will accept all of the 501,900 Offer Shares provisionally allotted to him under the Open Offer (such 501,900 Offer Shares will not be subject to the Clawback Mechanism).

Save for the Undertakings and indication mentioned above, the Company has not received any other irrevocable commitments or indication to accept or reject the Offer Shares.

The procedure of the Unsubscribed Arrangement

The Company has made an arrangement to dispose of any Unsubscribed Shares through the Placing Agent by offering such Unsubscribed Shares to the Placee(s) for the benefit of those Shareholders in compliance with Rule 7.26A(1)(b) of the Listing Rules (however, as the Placing Price is the same as the Subscription Price, it is expected that there will be no premium over the Subscription Price and no monetary benefits will be payable to Shareholders upon placing of the Unsubscribed Shares, if any).

The Company considers that the Placing Price, being the same as the Subscription Price, will be fair to all Shareholders particularly for those Qualifying Shareholders who have subscribed the Offer Shares at the Subscription Price. The Company has discussed with the Placing Agent that in view of the recent downturn of stock prices of stock market globally and locally and low investors sentiment, it is necessary to set the Placing Price at most the same (and not at a premium) as the Subscription Price so as to enhance the chance of successful placing of the Unsubscribed Shares. Although the placing arrangement will not offer any monetary benefits to the Qualifying Shareholders who do not take up any Offer Shares provisionally allotted to them and the Non-Qualifying Shareholders, the Company considers that it still provides an appropriate arrangement and benefits to them, protect the interest of the Company's independent Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole as (i) the placing arrangement facilitates the implementation of the Open Offer and will increase the amount of funds being raised if any Unsubscribed Shares are placed under the Placing, in which case it will benefit the Company and the Shareholders as a whole as the Open Offer (together with the Placing, if takes place) will satisfy the funding needs of the Company without incurring additional finance costs and interest burden (save for the placing commission which will be paid on a success basis) for the Company by carrying out the Placing; and (ii) the placing arrangement also allows the Offer Shares to be placed to independent placees with proceeds accrued to the Company which could potentially increase the shareholder base of the Company and may enhance the liquidity of the Shares which will be beneficial to the Shareholders, including the Qualifying Shareholders who do not take up any Offer Shares provisionally allotted to them and the Non-Qualifying Shareholders, as a whole.

The procedure of the Unsubscribed Arrangement is set out below:

The Unsubscribed Shares (which comprise (i) the fractional Offer Shares aggregated as mentioned below; (ii) the Offer Shares that are not subscribed by the Qualifying Shareholders; and/or (iii) Offer Shares which would otherwise have been in the assured allotments of the Non-Qualifying Shareholders) will be placed by the Placing Agent, on a best effort basis, under the Unsubscribed Arrangement to the Placee(s) who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties before the Placing, and any Unsubscribed Shares not being successfully placed out will not be issued by the Company.

LETTER FROM THE BOARD

In order to comply with the Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares, on a best effort basis, at the Placing Price. Any unplaced Unsubscribed Shares will not be issued by the Company.

Principal terms of the Placing Agreement are summarized below:

Placing Agent	:	Celestial Securities Limited
Placing commission	:	1.0% of the gross proceeds from the subscription of the Unsubscribed Shares successfully placed by the Placing Agent at the date of Open Offer Completion.
Placing Price	:	HK\$0.06 per Unsubscribed Share, being the same as the Subscription Price.
The Placing Period	:	The Placing Period shall commence on the second Business Day after the day on which the latest time for acceptance for the Offer Shares falls (i.e. 30 June 2020 under the current timetable), and end on the Placing End Date (i.e. 6 July 2020 under the current timetable) or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangement.
The Placee(s)	:	The Unsubscribed Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties before the Placing.

Depending on the number of the Unsubscribed Shares to be placed to the Placee(s), if any, pursuant to the Placing, it might be possible that any of the Placee(s) will become a substantial Shareholder of the Company (as defined under the Listing Rules) upon the Open Offer Completion. In the event that the Placing is oversubscribed, the Placing Agent will allocate the Unsubscribed Shares to the Placee(s) to be determined at its discretion on a fair and equitable basis as far as practicable.

The Placing Agent shall, on a best efforts basis during the Placing Period, seek to procure subscribers of the Unsubscribed Shares who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties before the Placing.

LETTER FROM THE BOARD

The Placing Agent is a wholly-owned subsidiary of CFSG, an associated company of the Company, and it is not a connected person of the Company as defined under the Listing Rules. Save as disclosed, there is no other arrangement, agreement, understanding or undertaking with the Placing Agent in relation to the Shares. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms.

The Company considers that the Unsubscribed Arrangement and the Clawback Mechanism, in which the Placing is made subject to the rights of the Qualifying Shareholders to subscribe part or all of the Offer Shares provisionally allotted to them in proportion to their existing holdings, as well as the Placing Price which is the same as the Subscription Price, are fair and reasonable and in the interests of the Shareholders as a whole.

No application for excess Offer Shares

There will be no excess application arrangements in relation to the Open Offer as stipulated under Rule 7.26A(1)(a) of the Listing Rules.

Non-underwritten basis

The Open Offer will proceed on a non-underwritten basis irrespective of the level of acceptances of the Open Offer and the Placing will be made by the Placing Agent on a best effort basis. In the event the Open Offer is not fully subscribed and/or the Unsubscribed Shares are not successfully placed by the Placing Agent under the Unsubscribed Arrangement, any Offer Shares not taken up by the Qualifying Shareholders will not be issued by the Company and the size of the Open Offer will be reduced accordingly.

The Bermuda legal adviser of the Company has confirmed that there are no applicable statutory requirements under the laws of Bermuda regarding minimum subscription levels in respect of the Open Offer.

A shareholder who applies to take up his or its full entitlement may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive has been obtained. The Controlling Shareholders' obligation to make a general offer under the Takeovers Code may be triggered as a result of the acceptance by the Controlling Shareholders and/or the parties acting in concert with any of them of the Offer Shares provisionally allotted to them under the Open Offer when there is an undersubscription of the Open Offer. As disclosed in the paragraph headed "Conditions of the Open Offer" under this section headed "Open Offer", it is a condition of the Open Offer to have the Executive having granted (and such grant not having been withdrawn) the Whitewash Waiver to the Controlling Shareholders. The Controlling Shareholders had applied for, and the Executive has granted to them, the Whitewash Waiver.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price of the Offer Shares is HK\$0.06 per Offer Share, payable in full upon application of the relevant assured allotment of the Offer Shares. The Subscription Price represents:

- (i) a discount of approximately 32.58% to the closing price of HK\$0.089 per Share as quoted on Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 27.71% to the average of the closing prices of approximately HK\$0.083 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 28.57% to the average of the closing prices of approximately HK\$0.084 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 14.29% to the theoretical ex-rights price of approximately HK\$0.070 per Share calculated based on the closing price of HK\$0.089 per Share as quoted on the Stock Exchange on the Last Trading Day and on the basis of two Offer Shares for one existing Share held on the Record Date;
- (v) a discount of approximately 11.76% to the closing price of HK\$0.068 per Share as quoted on the Stock Exchange on 5 May 2020, being the latest practicable date of the Circular;
- (vi) the same price as the closing price of HK\$0.06 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 21.35% represented by the theoretical diluted price of HK\$0.070 to the benchmarked price of approximately HK\$0.089 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Date of HK\$0.089 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of HK\$0.083 per Share), and calculated on the basis that the Open Offer will be fully subscribed by the Qualifying Shareholders; and
- (viii) a discount of approximately 75% to the audited consolidated equity attributable to owners of the Company per Share of approximately HK\$0.24 (based on the latest published audited equity attributable to owners of the Company of HK\$199,238,000 as at 31 December 2019 and 831,221,677 Shares in issue as at the Latest Practicable Date).

LETTER FROM THE BOARD

The Subscription Price was determined on an arm's length basis by the Company with references to, among other things, the prevailing market price of the Shares, the financial market conditions and the financial position of the Group and having considered the reasons as detailed under the section headed "Reasons for the Open Offer and use of proceeds" in this Prospectus. Given that (i) the Group intends to reduce its debt level and provide additional working capital for its business, in particular its retail management business; (ii) the Subscription Price was determined by the Directors with reference to the prevailing market price of the Shares prior to and on the Last Trading Day; and (iii) under the Open Offer, each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders and is not available to the Non-Qualifying Shareholders. The Company sends the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company sends copies of the Prospectus to them for their information only. No Application Form is sent to the Non-Qualifying Shareholders.

To qualify for the Open Offer, a Shareholder must at the close of business on the Record Date:

- (i) have been registered as a member of the Company; and
- (ii) not be a Non-Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board regards a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company on the Record Date, any transfer of the Shares (with the relevant Share certificates) must have been lodged with the Branch Share Registrar for registration by 4:30 p.m. on Friday, 5 June 2020. The address of the Branch Share Registrar, Tricor Standard Limited, is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Non-Qualifying Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than that in Hong Kong (to the extent required under the applicable law).

As at the Latest Practicable Date, according to the register of members of the Company, the Overseas Shareholders have registered addresses in twelve jurisdictions, namely, the Cayman Islands, Israel, Macau, Malaysia, the PRC, Singapore, the United Kingdom, Cyprus, Australia, France, the Republic of China (Taiwan) and the United States of America. Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the offer of the Offer Shares to such Overseas Shareholders.

LETTER FROM THE BOARD

The Company has obtained advice from legal advisers in the Cayman Islands, Israel, Macau, Malaysia, the PRC, Singapore, the United Kingdom and the Republic of China (Taiwan) respectively and the Company has been advised that save as set out below, under the applicable legislations of these jurisdictions, either (i) there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to extending the Open Offer to the Overseas Shareholders in the relevant jurisdictions; or (ii) the Company meets the relevant exemption requirements under the relevant jurisdictions so that it will be exempted from obtaining approval from and/or registration of the Prospectus Documents with the relevant regulatory authorities under the applicable laws and regulations of the relevant jurisdictions.

For the Republic of China (Taiwan), the offer of the Offer Shares has not been and will not be registered with the Financial Supervisory Commission of the Republic of China (Taiwan) pursuant to relevant securities laws and regulations of the Republic of China (Taiwan) and may not be offered, issued or sold within the Republic of China (Taiwan) through a public offering or in a circumstance which constitutes an offer or a solicitation of an offer within the meaning of the Securities and Exchange Act of the Republic of China (Taiwan) that requires a registration or approval of the Financial Supervisory Commission of the Republic of China (Taiwan). No person or entity in the Republic of China (Taiwan) has been authorised to offer or sell the Offer Shares in the Republic of China (Taiwan). The total number of Shares held by the Qualifying Shareholders in the Republic of China (Taiwan) is 194 Shares as at the Latest Practicable Date.

For the Cayman Islands, no invitation whether directly or indirectly will be made to the public in the Cayman Islands to subscribe for the Offer Shares.

Accordingly, the Open Offer will be extended to the Overseas Shareholders having registered addresses in the Cayman Islands, Israel, Macau, Malaysia, the PRC, Singapore, the United Kingdom and the Republic of China (Taiwan) and such Overseas Shareholders are Qualifying Shareholders.

On the other hand, the Company has obtained advice from legal advisers in Cyprus, Australia, France, and the United States of America and it has been advised that either (i) the Prospectus Documents will be required to be registered or filed with or subject to approval by the relevant regulatory authorities (as the case may be) in these jurisdictions; or (ii) the Company will need to take additional steps include but not limited to adding additional disclosure on the Prospectus Documents in order to comply with the regulatory requirements of the relevant regulatory authorities in these jurisdictions. Therefore, the Company will be required to comply with the relevant laws and regulations if the Open Offer are to be offered to the Overseas Shareholders with registered addresses in Cyprus, Australia, France and the United States of America. In view of the circumstances and considering the time, potential costs involved and impracticability of overseas compliance (as the case may be), the Directors are of the view that it will be necessary or expedient to exclude the Overseas Shareholders with registered addresses in Cyprus, Australia, France and the United States of America from the Open Offer. Accordingly, the Overseas Shareholders having registered addresses in Cyprus, Australia, France and the United States of America will be Non-Qualifying Shareholders and the Open Offer will not be extended to such Overseas Shareholders. The total number of Shares held by such Overseas Shareholders in Cyprus, Australia, France and the United States of America are 322,375 Shares, 892 Shares, 12 Shares and 74 Shares respectively as at the Latest Practicable Date.

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Subject to, among other things, registration of the Prospectus Documents, the Prospectus Documents will be despatched to all Qualifying Shareholders and the Prospectus (without the Application Forms) will be despatched to the Non-Qualifying Shareholders for information only, subject to compliance with the relevant local laws, regulations and requirements.

It is the responsibility of any person (including but not limited to nominee, agent and trustee) outside Hong Kong wishing to make an application for the Offer Shares to satisfy himself or herself or itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. Shareholders should consult their professional advisors if in doubt. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

Basis of allotment

The basis of the provisional allotment shall be two (2) Offer Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

Fractional assured allotment of the Offer Shares

Offer Shares in assured allotment will be rounded down to the nearest whole number. No fractional Offer Shares will be issued under the Open Offer. All fractions of Offer Shares will be aggregated and first placed by the Placing Agent under the Unsubscribed Arrangement (see details set out in the paragraphs headed "The procedure of the Unsubscribed Arrangement" above) to Independent Third Parties.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank *pari passu* in all respects with the Shares then in issue, including as to the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Share certificates of the Offer Shares

Subject to fulfillment of the conditions of the Open Offer and to its proceeding, share certificates for the fully-paid Offer Shares are expected to be posted by Thursday, 9 July 2020 to those Qualifying Shareholders entitled thereto by ordinary post to their registered address at their own risks.

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Application for listing

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Offer Shares.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Offer Shares will be admitted into CCASS. The first day of dealings in the Offer Shares is expected to commence on Friday, 10 July 2020.

Stamp duty

Dealings in the Offer Shares in board lots of 6,000 Shares, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Conditions of the Open Offer

The Open Offer is conditional on each of the following conditions being fulfilled:

- (a) the approval by Independent Shareholders of the Open Offer and the Whitewash Waiver at the SGM;
- (b) the Whitewash Waiver having been granted by the Executive and such Whitewash Waiver not having been subsequently revoked or withdrawn;
- (c) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (d) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus stamped "For Information Only" to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;

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- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Shares and the Offer Shares;
- (f) the compliance with and performance of all the undertakings and obligations of the Controlling Shareholders not to change the number of Shares they are interested in from the date of the Announcement and up to and including the Record Date and to take up or procure the taking up of Offer Shares in accordance to the Undertakings; and
- (g) (if necessary) compliance with any other requirements under the applicable laws and regulations of Hong Kong and Bermuda.

In respect of condition (g) above, as at the Latest Practicable Date, the Directors are not aware of any other requirements under the applicable laws and regulations of Hong Kong and Bermuda in relation to the Open Offer which have to be complied with.

The Company shall use all reasonable endeavours to procure the fulfilment of the conditions set out above and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary.

As at the Latest Practicable Date, save for the conditions (a) and (b), none of the above conditions have been fulfilled. All of the conditions are incapable of being waived. If all of the conditions above are not satisfied on or before the Long Stop Date, the Open Offer shall be terminated.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

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 goods and electrical appliances through the chain stores under multi-brand names including “Pricerite”, “TMF” and “SECO” in Hong Kong; (b) provision of asset management services to the fund investors; and (c) general investment holding. For additional information, please visit www.cash.com.hk.

The Board believes that, taking into account the prevailing financial market conditions, economic outlook and the funding requirement of the Group, it will be in the interest of the Company to raise equity funding via the Open Offer to reduce the debt level of, and as additional working capital of, the Group in particular for retail management business. In addition, the Open Offer will allow the Company to strengthen its capital base and provide an opportunity to all Shareholders (other than the Non-Qualifying Shareholders) to participate in the growth of the Company in proportion to their shareholdings.

In light of the uncertainties casted by the outstanding next phase of China-US trade negotiation, the aftermath of the social unrest and lingering protests in Hong Kong, the pandemic of the COVID-19 coronavirus and the unstable financial market situation, the retail management business of the Group has been adversely affected. The Company has conducted thorough cost rationalisation measures and business re-engineering recently to cope with the adversity. The Group will continue to streamline the business operations and enhance operational efficiency, while continue to develop our retail business by integrating online and offline channels to serve our customers better. The Directors remain cautiously optimistic about the long-term prospects of the retail management business in Hong Kong. With the additional capital from the Open Offer, the Group can strengthen its financial position and be better equipped for the unfavourable market conditions.

LETTER FROM THE BOARD

The Company has considered the following fund raising alternatives in comparison to the Open Offer:

Fund raising alternatives	Reason(s) for not adopting the fund raising alternatives
(i) Placing of new Shares	The Board is of the view that placing of new Shares may only raise funds in a relatively small amount and dilute the shareholding of the existing Shareholders which the existing Shareholders do not have right to participate in the development of the Group.
(ii) Debt financing	The Company considers that favourable terms in relation to debt financing on a timely basis may not be achievable and it will result in additional interest burden, higher gearing ratio of the Group and the Group will be subject to repayment obligations. Before we have decided to use Open Offer as the fund raising alternative, we have approached three banks for debt and bank financing and their interest rate range is from HIBOR plus 2% per annum to prime rate per annum. The debt financing will incur additional finance cost and increase the interest burden of the Company.
(iii) Rights issue	The Company is of the view that rights issue will involve extra administrative work and cost for the trading arrangements in relation to the nil-paid rights sold in rights issue.

After considering the fund raising alternatives mentioned above and taking into account the benefits and cost of each of the alternatives, the Board is of the view that the Open Offer is more cost effective and efficient and beneficial to the Company and the Shareholders as a whole.

However, those Qualifying Shareholders who do not take up all of the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted. The maximum dilution impact on shareholding interest of those public Shareholders who do not participate in the Open Offer will be approximately 51.78% based on the assumption that (a) no acceptance by the Qualifying Shareholders (other than the Controlling Shareholders and the parties acting in concert with any of them) under the Open Offer; and (b) the maximum number of 320,000,000 Unsubscribed Shares are fully placed under the Unsubscribed Arrangement, the shareholding of the public shareholders will be decreased from 65.55% as at the Latest Practicable Date to approximately 31.61% immediately upon the Open Offer Completion as shown in the table in the section headed “Effect on the Shareholding Structure of the Company” below. The net tangible assets per Share will decrease from approximately HK\$0.14 to approximately HK\$0.085 as at 31 December 2019 as shown in the unaudited pro forma financial information of the Group in Appendix II of this Prospectus. The Board is of the view that the potential dilution impact to the Shareholders who do not participate fully or partly in the Open Offer is justifiable after taking into account that (i) all Qualifying Shareholders are offered an equal opportunity to participate in the Open Offer in that the Qualifying Shareholders have their choice of whether to accept the Open Offer or not; (ii) the Open Offer offers the Qualifying Shareholders a chance to subscribe for their pro-rata Offer Shares for the purpose of maintaining their respective existing shareholding interests

LETTER FROM THE BOARD

in the Company at the Subscription Price; (iii) those Qualifying Shareholders who choose to accept the Open Offer in full can maintain their respective existing shareholding interests in the Company after the Open Offer; (iv) the inherent dilutive nature of open offers in general if an Qualifying Shareholder does not subscribe in full for his/her/its assured entitlement; and (v) the Open Offer is expected to have an overall positive effect on the financial position of the Group in terms of working capital, except for the consolidated net asset value per Share, upon Open Offer Completion.

Although the Subscription represents a significant discount of approximately 75% to the consolidated net asset value per Share attributable to the Shareholders as at 31 December 2019, it represents an appropriate discount as compared to the recent market price of Shares (being a discount of approximately 32.58%, 27.71%, 28.57% and 11.76% to the closing price of the Last Trading Day, the preceding 5 days average up to and including the Last Trading Day, the preceding 10 days average up to and including the Last Trading Day and the latest practicable date of the Circular on 5 May 2020 respectively as shown in the section headed “Open Offer” under the sub-heading of “Subscription Price” above). The Directors are of the view that the prevailing market prices of the Shares is a better reflection of the fair market value of the Shares traded on the Stock Exchange and a key factor in determining the issue price of any new Shares pursuant to any equity fund raising activities, and it would be more appropriate to compare the Subscription Price against such benchmark prices, rather than referencing to the consolidated net asset value per Share attributable to the Shareholders. The Shares had been traded at a significant discount to the consolidated net asset value per Share in the past year. The closing price of the Shares during the period from 27 September 2019 (i.e. six months prior to the Last Trading Day) up to the latest practicable date of the Circular on 5 May 2020 ranged from a maximum of HK\$0.128 per Share on 1 November 2019 and 4 November 2019 to a minimum of HK\$0.063 per Share on 1 April 2020, which was trading at a discount of approximately 46.67% and 73.75%, respectively, to the consolidated net asset value per Share attributable to the Shareholders as at 31 December 2019 of HK\$0.24. Taking into consideration the fact that the Shares have been consistently traded at prices lower than the consolidated net asset value per Share attributable to the Shareholders as at 31 December 2019 during the above relevant period, and the fact that the prevailing market prices of the Shares is a better reflection of their fair market value and a key factor in determining the issue price of any new Shares pursuant to any equity fund raising activities, the Company is of the view that it is inevitable to set the Subscription Price, which offers a significant discount to the consolidated net asset value per Share attributable to the Shareholders as at 31 December 2019, in order to encourage Qualifying Shareholders to participate in the Open Offer by taking up their respective entitlements and to maintain their shareholding in the Company.

Having taken into account the terms of the Open Offer as detailed in the section headed “Open Offer” above and the fact that the Open Offer offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so, the Directors consider the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Assuming a maximum of 1,662,443,354 Offer Shares and a minimum of 255,687,122 Offer Shares will be issued, the estimated gross proceeds of the Open Offer will range from approximately HK\$99.7 million (assuming the provisionally allotted Offer Shares have been fully subscribed) to approximately HK\$15.3 million (assuming only the Controlling Shareholders and the parties acting in concert with them take up the Offer Shares). The estimated expenses in relation to the Open Offer will amount to approximately HK\$3.0 million and the estimated net proceeds of the Open Offer will range from approximately HK\$96.7 million (assuming the provisionally allotted Offer Shares have been fully subscribed) and a minimum of approximately HK\$12.3 million (assuming only the Controlling Shareholders and the parties acting in concert with them take up the Offer Shares). The net subscription price per Offer Share is expected to be a maximum of HK\$0.058 (assuming the provisionally allotted Offer Shares have been fully subscribed) and a minimum of approximately HK\$0.048 (assuming only the Controlling Shareholders and the parties acting in concert with them take up the Offer Shares). Although it is possible that only a minimum of approximately HK\$12.3 million will be raised, the Directors, after considering that (i) the trading volume of the Shares was generally thin and hence it may be difficult for the Company to conduct other equity fund raising activities in the market with similar size to that of the Open Offer and the Open Offer combined with the Unsubscribed Arrangement will increase the chance of success, and (ii) the Open Offer offers the Qualifying Shareholders a chance to subscribe for their pro-rata Offer Shares for the purpose of maintaining their respective existing shareholding interests in the Company at the Subscription Price, are of the view that the Open Offer is the best available option for the time being.

As shown in the annual report of the Company for the year ended 31 December 2019, the Company has pledged bank deposits, bank balances and cash of approximately HK\$206.9 million in total. However, the pledged bank deposits of HK\$74.4 million can only be released if the underlying bank loans have been fully repaid. In addition, on the liabilities side, the Company has an accounts payable of approximately HK\$219.8 million, of which HK\$207.1 million was due within 90 days. Therefore, the Company has a genuine funding needs and it is an appropriate timing to conduct the Open Offer.

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The Group intends to use the net proceeds from the Open Offer up to approximately HK\$96.7 million as to approximately HK\$46.7 million for partial repayment of borrowings in relation to the retail management business and as to approximately HK\$50 million for additional working capital for running the retail management business. The use of working capital of the Group will vary from time to time depending on funding needs of business operation and changes of operating environment and local economy from time to time. The Company's expected funding needs for the next 12 months from the Latest Practicable Date based on budgeted figures from August 2020 to June 2021 of retail management operation and the approximate allocation percentage of use of proceeds were as follows:

	Expected funding needs <i>HK\$'000</i>	Approximate allocation percentage
Repayment the long term bank loan	46,700	48%
Brand building and expansion and development of online retailing business	23,000	24%
Removal and renovation cost for closure and/or opening of new stores	19,100	20%
Restructure of product mix and product development	3,950	4%
Enhancement of logistics facilities	3,950	4%
 Total:	<u>96,700</u>	<u>100%</u>

The above funding needs are estimated on the basis of the following key assumption or factors: (i) no premature termination or reduction of the Group's existing banking facilities and these facilities are assumed to be renewed successfully for the next 12 months from the Latest Practicable Date; (ii) retail business will continue to maintain 31 stores throughout the forecast period, with sales level for year 2021 assumed to be resumed to that of year 2019 after recovery of global economy and Coronavirus impact in 2020; (iii) the gross profit margin will be maintained at the level for year 2019; (iv) no material adverse change of the Group's existing business; and (v) maximum amount of net proceeds of approximately HK\$96.7 million from the Open Offer will be raised.

Taking into account the proceeds from the Open Offer and the above-mentioned key assumptions or factors, the Directors are of the opinion that there will have sufficient working capital to finances its business operation through the cash flow generated from its principal activities for the next 12 months from the Latest Practicable Date in the absence of unforeseen circumstances.

As at 31 December 2019, the Group had total outstanding borrowings (due within one year) of approximately HK\$254.9 million and total outstanding borrowings (due after one year) of approximately HK\$92.7 million. In the event that only a minimum net proceeds of approximately HK\$12.3 million is raised, all the proceeds will be applied for partial repayment of borrowings. The net proceeds from the Open Offer will be utilised in the above priority order and allow the Group to reduce its gearing level and interest burden.

As at the Latest Practicable Date, the Company has no definitive plans for any further equity fund raising activities. However, if the proceeds from the Open Offer cannot satisfy the Company's expected funding needs or any extra funding needs in the next 12 months, the Company may consider revising its business plan or other funding methods to finance such needs.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS IMMEDIATELY BEFORE THE LATEST PRACTICABLE DATE

The Company had no fund raising activity in the past 12 months immediately preceding the Latest Practicable Date.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below depicts the shareholding structure of the Company as at the Latest Practicable Date and the possible changes upon the Open Offer Completion (assuming there is no other change in the shareholding structure of the Company between the Latest Practicable Date and the Open Offer Completion) before and after the Unsubscribed Arrangement and the Clawback Mechanism:

Before the Unsubscribed Arrangement and the Clawback Mechanism

Shareholders	As at the Latest Practicable Date		(i) Immediately upon the Open Offer Completion (assuming full acceptance by Qualifying Shareholders under the Open Offer)		(ii) Immediately upon the Open Offer Completion (assuming no acceptance by the Qualifying Shareholders (other than the Controlling Shareholders and the parties acting in concert with any of them) under the Open Offer)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Controlling Shareholders (Notes 1 & 2)	286,027,807	34.41	858,083,421	34.41	858,083,421	61.12
The Director – Mr Leung Siu Pong James (Note 3)	250,950	0.03	752,850	0.03	752,850	0.05
Other parties acting in concert with the Controlling Shareholder (Note 4)	<u>64,804</u>	<u>0.01</u>	<u>194,412</u>	<u>0.01</u>	<u>194,412</u>	<u>0.02</u>
The Controlling Shareholders and parties acting in concert with any of them (Notes 1 to 4)	286,343,561	34.45	859,030,683	34.45	859,030,683	61.19
Public Shareholders	<u>544,878,116</u>	<u>65.55</u>	<u>1,634,634,348</u>	<u>65.55</u>	<u>544,878,116</u>	<u>38.81</u>
Total:	<u>831,221,677</u>	<u>100.00</u>	<u>2,493,665,031</u>	<u>100.00</u>	<u>1,403,908,799</u>	<u>100.00</u>

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After the Unsubscribed Arrangement and the Clawback Mechanism

Shareholders	As at the Latest Practicable Date		(iii) Immediately upon the Open Offer Completion assuming (a) no acceptance by the Qualifying Shareholders (other than the Controlling Shareholders and the parties acting in concert with any of them) under the Open Offer; and (b) the maximum number of 320,000,000 Unsubscribed Shares are fully placed under the Unsubscribed Arrangement		(iv) Immediately upon the Open Offer Completion assuming (a) no acceptance by the Qualifying Shareholders (other than the Controlling Shareholders and the parties acting in concert with any of them) under the Open Offer; (b) no Unsubscribed Share is placed under the Unsubscribed Arrangement; and (c) after the Clawback Mechanism having taken place	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Controlling Shareholders (Notes 1 & 2)	286,027,807	34.41	858,083,421	49.78	541,083,421	49.78
The Director – Mr Leung Siu Pong James (Note 3)	250,950	0.03	752,850	0.04	752,850	0.07
Other parties acting in concert with the Controlling Shareholders (Note 4)	<u>64,804</u>	<u>0.01</u>	<u>194,412</u>	<u>0.01</u>	<u>194,412</u>	<u>0.02</u>
The Controlling Shareholders and parties acting in concert with any of them (Notes 1 to 4)	286,343,561	34.45	859,030,683	49.83	542,030,683	49.87
Placee(s)	–	–	320,000,000 (Note 6)	18.56	–	–
Public Shareholders	<u>544,878,116</u>	<u>65.55</u>	<u>544,878,116</u>	<u>31.61</u>	<u>544,878,116</u>	<u>50.13</u>
Total:	<u><u>831,221,677</u></u>	<u><u>100.00</u></u>	<u><u>1,723,908,799</u></u>	<u><u>100.00</u></u>	<u><u>1,086,908,799</u></u>	<u><u>100.00</u></u>

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Notes:

1. The shareholding of the Controlling Shareholders includes the shareholding interests in the Company held by Cash Guardian as to 281,767,807 Shares and Dr Kwan Pak Hoo Bankee in his personal name as to 4,260,000 Shares.
2. The total number of Offer Shares to be subscribed by the Controlling Shareholders under Open Offer will be scaled down to a level such that the total number of Shares held by the Controlling Shareholders, upon the Open Offer Completion, shall be 49.78% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares. Accordingly, the Controlling Shareholders will subscribe for a maximum of 572,055,614 Offer Shares (under the above scenario (iii) in the above table) and a minimum of 255,055,614 Offer Shares (under the above scenario (iv) in the above table) provisionally allotted to them under the Open Offer.
3. Mr Leung Siu Pong James, the Director, is a party acting in concert with the Controlling Shareholders by virtue of his capacity as the Director, has indicated that he will accept all of the 501,900 Offer Shares provisionally allotted to him under the Open Offer (such 501,900 Offer Shares will not be subject to the Clawback Mechanism).
4. The other parties acting in concert with the Controlling Shareholders (namely Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna) are the close relatives of Dr Kwan Pak Hoo Bankee, who have not indicated that they will accept the Offer Shares provisionally allotted to them or not. The above table is prepared assuming the close relatives will accept all of the 129,608 Offer Shares provisionally allotted to them under the Open Offer (such 129,608 Offer Shares will not be subject to the Clawback Mechanism).
5. As at the Latest Practicable Date, save as disclosed above, none of the Directors hold any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company.
6. The Shares will be held as to a total number of 320,000,000 Unsubscribed Shares (representing around 18.56% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares upon the Open Offer Completion) by the Placee(s), if any, to be procured by the Placing Agent under the Unsubscribed Arrangement on a best effort basis and a total number of 544,878,116 Shares (representing around 31.61% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares upon the Open Offer Completion) by other public Shareholders. Depending on the number of the Unsubscribed Shares to be placed to the Placee(s), if any, pursuant to the Placing, it might be possible that any of the Placee(s) will become a substantial Shareholder of the Company (as defined under the Listing Rules) upon the Open Offer Completion.

The Company will take all appropriate steps to ensure that sufficient public float be maintained upon the Open Offer Completion in compliance with Rule 8.08(1)(a) of the Listing Rules.

UNDERTAKINGS BY THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders have irrevocably undertaken to the Company that, *inter alia*, they will accept or procure the acceptance of the Offer Shares to be provisionally allotted to them under the Open Offer up to a maximum of 572,055,614 Offer Shares (being all of the assured entitlement of the Controlling Shareholders under the Open Offer based on the existing shareholding structure of the Company, assuming that there will not be any change to the shareholding structure from the date of the Announcement up to and including the Record Date), provided that (a) the Whitewash Waiver having been granted by the Executive prior to the Prospectus Posting Date and not having been revoked if granted; and (b) the total number of Offer Shares to be subscribed under Open Offer will be scaled down to a level such that total number of Shares held by the Controlling Shareholders, upon the Open Offer Completion, shall be 49.78% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares. Accordingly, pursuant to the Undertakings, the Controlling Shareholders will subscribe for a maximum of 572,055,614 Offer Shares (assuming full acceptance by Qualifying Shareholders) and a minimum of 255,055,614 Offer Shares (assuming no acceptance of the Open Offer by the Qualifying Shareholder (other than the Controlling Shareholders and parties acting with any of

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them) and no Unsubscribed Share is placed to any Placee pursuant to the Unsubscribed Arrangement, and after the Clawback Mechanism having taken place) under the Open Offer in total provided that the Whitewash Waiver having been granted by the Executive prior to the Prospectus Posting Date and not having been revoked if granted. The Controlling Shareholders had applied for, and the Executive has granted to them, the Whitewash Waiver.

Mr Leung Siu Pong James, a Director, is a party acting in concert with the Controlling Shareholders by virtue of his capacity as a Director, has indicated that he will accept all of the 501,900 Offer Shares provisionally allotted to him under the Open Offer (such 501,900 Offer Shares are not subject to the Clawback Mechanism).

Save for the Undertakings and indication abovementioned, the Company has not received any other irrevocable commitments or indication to accept or reject the Offer Shares.

IMPLICATIONS UNDER THE LISTING RULES

The Offer Shares will not be issued under the authority of currently available general mandate granted by the Shareholders to the Directors. According to Rules 7.24A(1) and 7.27A of the Listing Rules, the Open Offer will be made conditional on approval by Independent Shareholders in the SGM by a resolution on which the Controlling Shareholders and their associates shall abstain from voting in favour. The Open Offer has been approved by the Independent Shareholders at the SGM by way of poll.

THE WHITEWASH WAIVER

As at the Latest Practicable Date, the Controlling Shareholders and parties acting in concert with any of them are the legal and beneficial owners of a total of 286,343,561 Shares, representing approximately 34.45% of the entire issued share capital of the Company. Assuming (i) there is no change of the number of issued Shares from the Latest Practicable Date up to and including the date of close of the Open Offer; and (ii) none of the Qualifying Shareholders other than the Controlling Shareholders and parties acting in concert with any of them have taken up their entitlements under the Open Offer, subject to the condition of the Undertakings that the total number of Offer Shares to be subscribed by the Controlling Shareholders under Open Offer will be scaled down to a level such that total number of Shares held by the Controlling Shareholders, upon the Open Offer Completion, shall be 49.78% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares, the shareholding interests in the Company held by the Controlling Shareholders and parties acting in concert with any of them upon the Open Offer Completion will increase from the current level of approximately 34.45% to a maximum of 49.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares. The Controlling Shareholders and the parties acting in concert with any of them will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code. The Controlling Shareholders had applied for, and the Executive has granted to them, for the Whitewash Waiver.

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As at the Latest Practicable Date, (a) the Controlling Shareholders, being Dr Kwan Pak Hoo Bankee (held 4,260,000 Shares, representing approximately 0.51% of the total issued share capital of the Company) and Cash Guardian (held 281,767,807 Shares, representing approximately 33.90% of the total issued share capital of the Company), who collectively held 286,027,807 Shares (representing approximately 34.41% of the total issued share capital of the Company), and that they control or are entitled to exercise control in respect of their respective Shares have abstained from voting on the resolutions in approving the Open Offer and the Whitewash Waiver at the SGM; (b) Mr Leung Siu Pong James, a Director of the Company, held 250,950 Shares (representing approximately 0.03% of the total issued share capital of the Company), and that he controls or is entitled to exercise control in respect of his Shares has abstained from voting on the resolutions in approving the Open Offer and the Whitewash Waiver at the SGM; (c) Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna, other parties acting in concert with the Controlling Shareholders, held 64,804 Shares (representing approximately 0.01% of the total issued share capital of the Company), and that they control or are entitled to exercise control in respect of their Shares have abstained from voting on the resolutions in approving the Open Offer and the Whitewash Waiver at the SGM; and (d) Ms Luke Wing Sheung Suzanne, a company secretary of the Company, held 390,000 Shares (representing approximately 0.05% of the total issued share capital of the Company), and that she is involved in the Open Offer and the Whitewash Waiver has abstained from voting on the resolutions in approving the Open Offer and the Whitewash Waiver at the SGM. Save as disclosed, the Controlling Shareholders and parties acting in concert with any of them or their respective associates or any person involved and/or interested in the Open Offer and the Whitewash Waiver did not hold any Shares as at the Latest Practicable Date.

At the SGM held on 2 June 2020, the ordinary resolution approving the Open Offer and the special resolution approving the Whitewash Waiver were duly approved by the Independent Shareholders by way of poll. The resolution for the approval of the Open Offer requires simple majority of the independent votes whereas the resolution for the approval of the Whitewash Waiver requires at least 75% the independent votes, that are casted either in person or by proxy by the Independent Shareholders at the SGM. Also, the Whitewash Waiver has been granted by the Executive to the Controlling Shareholders. Accordingly, the Company will proceed with the implementation of the Open Offer.

INFORMATION ON THE CONTROLLING SHAREHOLDERS

Cash Guardian, being one of the Controlling Shareholders, is a private company incorporated in the British Virgin Islands with limited liability on 18 February 1999. The entire issued share capital of Cash Guardian is beneficially owned by Hobart Assets Limited (a private company incorporated in the British Virgin Islands with limited liability on 2 February 1999), which in turn is 100% beneficially owned by Dr Kwan Pak Hoo Bankee. Dr Kwan Pak Hoo Bankee is the sole director of both Cash Guardian and Hobart Assets Limited. The principal business activity of Cash Guardian is investment holding, which is only holding the share investments in the Company as at the Latest Practicable Date.

Dr Kwan Pak Hoo Bankee is an executive Director, chairman, chief executive officer and substantial Shareholder of the Company. He is also an executive director, chairman and chief executive officer of CFSG.

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TAXATION

Qualifying Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of holding or dealing in the Offer Shares. It is emphasized that none of the Company, the Directors nor any other parties involved in the Open Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, holding, disposal of or dealing in the Offer Shares.

PROCEDURE FOR APPLICATION AND PAYMENT FOR THE OFFER SHARES

For each Qualifying Shareholder, an Application Form is enclosed with this Prospectus which entitles him/her/it to subscribe for the number of the Offer Shares as shown therein subject to payment in full by the Latest Time for Application. If a Qualifying Shareholder wishes to exercise his/her/its right to apply for all number of the Offer Shares in his/her/its assured allotments of Offer Shares or any number of the Offer Shares less than his/her/its assured allotments of Offer Shares, the Qualifying Shareholder must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Branch Share Registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Tuesday, 30 June 2020 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed "Expected Timetable" in this Prospectus). All remittance(s) must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "**CELESTIAL ASIA SECURITIES HOLDINGS LIMITED – OPEN OFFER ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**". No application(s) of Offer Shares can be made by any persons who are Non-Qualifying Shareholders. If a Qualifying Shareholder applies for a number of the Offer Shares that is in excess of his/her/its assured allotment of the Offer Shares, such application is liable to be rejected.

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, has been lodged with the Branch Share Registrar by 4:00 p.m. on Tuesday, 30 June 2020 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed "Expected Timetable" in this Prospectus), the assured allotments of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled and the relevant Offer Shares will be first placed by the Placing Agent under the Unsubscribed Arrangement.

All cheques and banker's cashier orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) shall be retained for the benefit of the Company. Completion and lodgment of the Application Form together with a cheque or banker's cashier order in payment of the Offer Shares being applied for will constitute a warranty that the cheque or banker's cashier order will be honoured upon first presentation. Remittance(s) will be presented for payment upon receipt by the Company and all interest earned (if any) will be retained for the benefit of the Company. Any Application Form in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the assured allotments of Offer Shares and all rights thereunder will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any application monies received.

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Each Application Form is for use only by the Qualifying Shareholders named in it and is not transferable. If the conditions of the Open Offer are not satisfied on or before the Long Stop Date, the Open Offer will not proceed and the monies received in respect of application for the Offer Shares without interest will be returned to the Qualifying Shareholders or, in case of joint holders, to the first-named person, by means of cheques crossed “ACCOUNT PAYEE ONLY” to be despatched by ordinary post to their registered addresses and in the case of joint applicants to the registered address of the applicant whose name first appears on the register of members of the Company at their own risk as soon as practicable.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The principal activities of the Group consist of (i) retail management business; and (ii) provision of asset management services to the fund investors.

Retail management business – Pricerite Group

Responding to the challenging external environment and economic downturn, Pricerite adopted a prudent approach from early 2019 – focused on reining-in operating costs and capital expenditure while enhancing operating efficiency through simplification, standardisation, systemisation and automation of the business workflow.

As Hong Kong’s leading “New Retail” home furnishing specialist, Pricerite continued its multi-brand strategy for innovative home solutions and space management leader for quality home furnishing and lifestyle products. Through in-depth understanding of customer needs with diminishing living space in Hong Kong, our products deliver practical and localised, value-for-money solutions that redefine and rationalise space to help our customers redefine their home spaces.

Pricerite Home

Pricerite Home (PHL) is our principal retailing operating arm that has a well-distributed store network in Hong Kong. To capture additional market opportunities and expand customer base, PHL adopted “hero category” differentiated positioning, building brand and customer loyalty. Our product design team continues designing multi-functional and transformable furniture to enhance product uniqueness, and revamping product mix to enrich product diversification.

In the second half of 2019, we launched our third New Retail Concept Store at Kowloon Bay Mega Box. This store implements the “O2O” retail model – further integrating new retail technology with online and offline resources for an unprecedented high-tech, seamless, convenient and intimate customer shopping experience.

Continuing to pioneer this “New Retail” business model in Hong Kong, PHL not only provides the widest range of mobile payment methods, but has also become the first local retail chain to accept Hong Kong dollar-equivalent payments in crypto currencies, including Bitcoin (BTC), Ethereum (ETH) and Litecoin (LTC) across all stores. With the integration of new financial and retail technologies, PHL provides added payment convenience, bringing more secure and free “New Retail” experiences to customers.

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TMF

In 2019, TMF was successfully transformed into a stand-alone brand as a professional, reliable and caring service provider in the tailor-made furniture market, dedicated to delivering best “value-for-money” and personal space management solutions to customers.

Looking ahead, more housing supply is destined for the market, both imminently and in the foreseeable future. Implementation of idle tax should provide a further boost to the rising number of inhabited units. Given the growing popularity of micro-apartments, as smaller units are developed and rented or sold demand for tailor-made furniture is anticipated to increase for TMF’s smart furniture and micro-space management solutions that help customers manage shrinking living space in Hong Kong.

SECO

In response to the increasing awareness of personal and home hygiene, SECO continues its positioning and commitment to assemble convenient family well-being and health-essential products for home, environment and personal care, improving customer lifestyles.

Both TMF and SECO are still in the development and investment stage. We are dedicated to gradually building their market awareness and customer bases. We are confident that they will be positively contributing to the Group in the medium term.

Outlook

Ongoing social unrest and continuing subdued consumption sentiment in particular due to the unprecedented global outbreak of COVID-19 coronavirus dampened retail sales in 2019, with contraction in the Hong Kong economy expected to continue through early 2020, as the government forecast stagnant growth between -1.5% to 0.5%. With more upward pressure on unemployment, the retail sector is among those particularly hard hit. Externally, the China-US trade war, Brexit, and geopolitical tensions bring considerable uncertainties and downward pressures to global growth, potentially filtering through onto the Hong Kong economy. National lockdowns across the world imply that all traffic have been shut down, casting unprecedented uncertainties on global and local political and economic development.

In the face of these challenges, Pricerite will leverage its well-established corporate brand, strong supplier networks and talented product development team to enrich product diversification and enhance the proportion of house-brand products for margin improvement. Our ultimate goal is to maintain our market share and strengthen our leadership in Hong Kong’s furniture and household market.

Despite both internal and external headwinds, Pricerite is cautiously optimistic for its business as strong and resilient demand for home furniture and houseware should continue. Being well-recognised for being a space management solution provider, Pricerite is well-positioned to capture business opportunities when the economy swings back to a growth trend from current sluggish environment. We anticipate that new home owners will seek smart and innovative space management solutions, increasing overall demand for our market-leading home furnishing products and services.

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Riding on our quality brands, award-winning service and advanced technologies, we believe Pricerite is well-positioned to capture market opportunities ahead while expanding our touch points for latest convenient digital sales. We remain dedicated to providing enjoyable shopping experiences, helping Hong Kong people create their dream homes and enhancing lifestyles.

Algorithmic trading business – CASH Algo Finance Group

In 2019, the Group launched seven funds across various asset classes. The investment strategies covers a wide array of instruments, including futures and forward contracts, index ETF and options, based on integrated algorithmic trading strategies such as statistical arbitrage of relative values, signals tracking trends and anticipating reversals. We also introduce equity strategies utilising value investing approach to generate long-term capital growth. In 2019, our Multi-Strategy Fund implementing a quant-based CTA (Commodity Trading Advisors) strategy topped China's Suntime Private Equity Funds Chart, ranking second among 500 selected quant-based CTA hedge funds. We will continue to strengthen the research and development capability of our core investment strategies, enrich our product offerings, and expand our distribution network via our team and institutional channels. We dedicate to provide excellent asset management services to create long-term and stable investment capital growth for our clients.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors of the Company should note that the Open Offer is conditional, among others, conditions precedent as set out in the section headed “Conditions of the Open Offer” in this Prospectus above. Accordingly, the Open Offer may or may not proceed.

Any dealings in the Shares from the date of this Prospectus up to the date on which all the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the further information set out in the appendices to this Prospectus.

On behalf of the Board
Celestial Asia Securities Holdings Limited
Bankee P. Kwan
Chairman & CEO

1. FINANCIAL INFORMATION

Details of the published financial information of the Group (including the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of change in equity and consolidated statement of cash flows) for each of the three years ended 31 December 2017, 2018 and 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 2017 (pages 74 to 168) (<https://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>);
- Annual report of the Company for the year ended 31 December 2019 (pages 60 to 144) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042800928.pdf>).

During 2017, there was a deemed disposal while CFSG ceased as a subsidiary of the Group and became an associated company of the Group. Due to this deemed disposal of CFSG, the Group recorded a gain of approximately HK\$262.6 million. Impairment loss recognised on interests in CFSG amounted to HK\$125.8 million, HK\$65.0 million and HK\$20.6 million were recorded for the three years ended 31 December 2017, 2018 and 2019 respectively. The Company's auditor, Deloitte Touche Tohmatsu, has not issued any qualified opinion on the Group's financial statements for the three years ended 31 December 2017, 2018 and 2019 respectively.

The Company did not declare any dividend for each of the year ended 31 December 2017, 2018 and 2019.

The following is a summary of the audited consolidated financial information of the Group for each of the three years ended 31 December 2017, 2018 and 2019, as extracted from the relevant annual reports of the Company respectively:

	Year ended 31 December		
	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	1,333,041	1,420,264	1,387,769
Cost of inventories	(748,200)	(824,943)	(791,369)
Other income	10,503	13,177	12,983
Other gains and losses	14,459	15,490	8,953
Salaries, allowances and related benefits	(243,648)	(248,330)	(207,401)
Other operating, administrative and selling expenses	(403,573)	(418,454)	(219,927)
Depreciation of property and equipment	(22,841)	(26,190)	(22,644)
Depreciation of right-of-use assets	–	–	(167,232)
Impairment loss recognised	–	(8,537)	(5,788)
Finance costs	(7,085)	(9,666)	(26,680)
Loss before loss arising from associates and taxation	(67,344)	(87,189)	(31,336)
Share of loss of associates	(2,938)	(48,459)	(40,819)
Impairment loss recognised on interests in an associate	(125,760)	(64,966)	(20,565)
Loss before taxation	(196,042)	(200,614)	(92,720)
Income tax expense	(3,715)	(4,325)	(7,632)
Loss for the year	(199,757)	(204,939)	(100,352)
Discontinued operation			
Profit for the year from discontinued operation	223,645	–	–
Profit (loss) for the year	23,888	(204,939)	(100,352)

	Year ended 31 December		
	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Other comprehensive (expense) income for the year, net of income tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(941)	1,598	(506)
Reclassification of translation reserve upon loss of control of a subsidiary	552	–	–
Share of other comprehensive income (expense) of an associate	<u>276</u>	<u>94</u>	<u>(844)</u>
	<u>(113)</u>	<u>1,692</u>	<u>(1,350)</u>
Total comprehensive income (expense) for the year	<u><u>23,775</u></u>	<u><u>(203,247)</u></u>	<u><u>(101,702)</u></u>
Profit (loss) for the year attributable to:			
Owners of the Company	45,482	(202,415)	(99,392)
Non-controlling interests	<u>(21,594)</u>	<u>(2,524)</u>	<u>(960)</u>
	<u><u>23,888</u></u>	<u><u>(204,939)</u></u>	<u><u>(100,352)</u></u>
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company	45,369	(200,723)	(100,742)
Non-controlling interests	<u>(21,594)</u>	<u>(2,524)</u>	<u>(960)</u>
	<u><u>23,775</u></u>	<u><u>(203,247)</u></u>	<u><u>(101,702)</u></u>
Earnings (loss) per share			
Basic (<i>HK cents</i>)	<u><u>5.47</u></u>	<u><u>(24.35)</u></u>	<u><u>(11.96)</u></u>
Diluted (<i>HK cents</i>)	<u><u>5.47</u></u>	<u><u>(24.35)</u></u>	<u><u>(11.96)</u></u>

No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the Company's auditor's reports for the financial year ended 31 December 2017, 2018 and 2019.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had the following indebtedness:

Bank and other borrowings

The Group had total outstanding borrowings of approximately HK\$268.0 million, comprising of (i) secured and guaranteed bank borrowings of approximately HK\$71.7 million; (ii) secured and guaranteed trust receipt loans of approximately HK\$37.0 million; (iii) unsecured and guaranteed bank borrowings of approximately HK\$5.2 million; (iv) unsecured and guaranteed trust receipt loans of approximately HK\$103.1 million; and (v) unsecured and unguaranteed other borrowings of approximately HK\$51.0 million. The aforesaid guarantees were granted by the Company and/or its subsidiary.

Pledge of assets

Trust receipts loan in aggregate of approximately HK\$37.0 million and bank borrowings of approximately HK\$71.7 million were secured by pledged bank deposits of the Group.

As at 30 April 2020, bank deposits of the Group of approximately HK\$5.6 million were pledged to a bank for facilities which have not been drawn.

Lease obligations

As at 30 April 2020, the Group had outstanding lease payments in respect of motor vehicle, office premises, warehouses and retail shops of approximately HK\$342.4 million, which were unguaranteed and secured by motor vehicle of the Group or rental deposits paid by the Group.

Contingent liabilities

As at 30 April 2020, the Group had no litigations/claims of material importance as stated in the paragraph headed “Litigation” in Appendix III to this Prospectus. Accordingly, the Group had no contingent liabilities as at 30 April 2020.

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 30 April 2020.

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 30 April 2020.

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 the net proceeds from the Open Offer, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of publication of this Prospectus.

4. MATERIAL CHANGES

Since early 2020, the outbreak of Novel Coronavirus disease (“COVID-19”) in mainland China has spread across the PRC and other countries. A series of precautionary and control measures have been implemented globally. The supply chain of furniture products for retail management business has been affected by the temporarily delayed resumption of factory production after the Chinese New Year holiday, which caused a temporary shortage of furniture available to customers. Combining with the effect of drop of customer flow rate in retail stores, the Group recorded a drop in revenue of furniture products.

As the situation remains fluid as at the Latest Practicable Date, the Directors considered that the financial effects of the COVID-19 on the Group’s consolidated financial statements cannot be reasonably estimated. Nevertheless, the management will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group. The actual financial effects, if any, will be reflected in the Group’s future financial statements.

The Directors has confirmed that, at the Latest Practicable Date, save and except as disclosed above, there was no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (“Unaudited Pro Forma Financial Information”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Open Offer on the audited consolidated net tangible assets of the Group attributable to owners of the Company as if the Open Offer had taken place on 31 December 2019.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2019, as extracted from the published annual report of the Company for the year ended 31 December 2019, and is adjusted for the effect of the Open Offer as if the Open Offer had taken place on 31 December 2019.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2019 or at any future dates immediately after the completion of the Open Offer.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2019	Estimated net proceeds from the Open Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Open Offer as at 31 December 2019
	<i>HK\$'000 (Note 1)</i>	<i>HK\$'000 (Note 2)</i>	<i>HK\$'000 (Note 3)</i>
Based on minimum number of 255,687,122 Offer Shares to be issued	<u>116,335</u>	<u>12,341</u>	<u>128,676</u>
Based on 892,687,122 Offer Shares to be issued	<u>116,335</u>	<u>50,561</u>	<u>166,896</u>
Based on maximum number of 1,662,443,354 Offer Shares to be issued	<u>116,335</u>	<u>96,747</u>	<u>213,082</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

HK\$

Audited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 31 December 2019 before the completion of the Open Offer (<i>Note 4</i>)	<u><u>0.140</u></u>
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company immediately after completion of the Open Offer (<i>Note 5</i>)	
Based on 255,687,122 Offer Shares to be issued	<u><u>0.118</u></u>
Based on 892,687,122 Offer Shares to be issued	<u><u>0.097</u></u>
Based on 1,662,443,354 Offer Shares to be issued	<u><u>0.085</u></u>

Notes:

- (1) The amount of approximately HK\$116,335,000 is determined based on the audited consolidated net assets of the Group attributable to owners of the Company of HK\$199,238,000 as at 31 December 2019, with adjustments to exclude goodwill and intangible assets of approximately HK\$39,443,000 and HK\$43,460,000 respectively as at 31 December 2019, extracted from the audited consolidated statement of financial position of the Group as at 31 December 2019 included in the annual report of the Company for the year ended 31 December 2019 published on 28 April 2020.
- (2) The Controlling Shareholders, as at the date of this Prospectus, are interested in an aggregate of 286,027,807 Shares and the Controlling Shareholders have undertaken to accept up to the maximum of 572,055,614 Offer Shares. The total number of Offer Shares to be subscribed by the Controlling Shareholders will be scaled down to a level such that total number of Shares held by the Controlling Shareholders shall not be more than 49.78% of the enlarged issued share capital of the Company upon the completion of the Open Offer. The Controlling Shareholders, together with the parties acting in concert with any of them, will subscribe for a minimum of 255,687,122 Offer Shares.

The estimated net proceeds from the Open Offer of approximately HK\$12,341,000 are based on 255,687,122 Offer Shares to be issued, assuming only the Controlling Shareholders together with the parties acting in concert with any of them take up the Offer Shares at the Subscription Price of HK\$0.06 per Offer Share, and after deduction of the estimated related expenses, including among others, financial advisory fee and other professional fees, which are directly attributable to the Open Offer, of approximately HK\$3,000,000, without taking into account of any Shares which may be issued pursuant to the share option scheme or general mandate, or any Shares which may be repurchased pursuant to the general mandate.

The estimated net proceeds from the Open Offer of approximately HK\$50,561,000 are based on 892,687,122 Offer Shares to be issued, assuming only the Controlling Shareholders and the parties acting in concert with any of them take up the Offer Shares pursuant to the Open Offer and maximum number of 320,000,000 Unsubscribed Shares are fully placed under the Unsubscribed Arrangement, at the Subscription Price of HK\$0.06 per Offer Share and after deduction of the estimated related expenses, including among others, financial advisory fee and other professional fees, which are directly attributable to the Open Offer, of approximately HK\$3,000,000, without taking into account of any Shares which may be issued pursuant to the share option scheme or general mandate, or any Shares which may be repurchased pursuant to the general mandate.

The estimated net proceeds from the Open Offer of approximately HK\$96,747,000 are based on 1,662,443,354 Offer Shares to be issued, assuming the Offer Shares are fully subscribed, at the Subscription Price of HK\$0.06 per Offer Share and after deduction of the estimated related expenses, including among others, financial advisory fee and other professional fees, which are directly attributable to the Open Offer, of approximately HK\$3,000,000, without taking into account of any Shares which may be issued pursuant to the share option scheme or general mandate, or any Shares which may be repurchased pursuant to the general mandate.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Open Offer represents the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2019 plus the estimated net proceeds from the Open Offer as set out in Note 2 above.
- (4) The calculation of the audited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 31 December 2019 before the completion of the Open Offer is based on the audited consolidated net tangible assets of the HK\$116,335,000 as set out in Note 1 above divided by 831,221,677 Shares as at 31 December 2019.
- (5) Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 31 December 2019 immediately after completion of the Open Offer is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Open Offer of approximately HK\$128,676,000, HK\$166,896,000 or HK\$213,082,000 set out in Note 3 above, divided by 1,086,908,799 Shares, 1,723,908,799 Shares or 2,493,665,031 Shares, respectively, which represents:
- (i) 831,221,677 Shares in issue as at 31 December 2019; and
 - (ii) 255,687,122 Offer Shares to be issued, assuming only the Controlling Shareholders and the parties acting in concert with any of them take up the Offer Shares pursuant to the Open Offer, no Unsubscribed Share is placed under the Unsubscribed Arrangement and after the Clawback Mechanism having taken place; 892,687,122 Offer Shares to be issued, assuming only the Controlling Shareholders and the parties acting in concert with any of them take up the Offer Shares pursuant to the Open Offer and maximum number of 320,000,000 Unsubscribed Shares are fully placed under the Unsubscribed Arrangement; or 1,662,443,354 Offer Shares to be issued, assuming the Offer Shares are fully subscribed pursuant to the Open Offer, respectively, without taking into account of any shares which may be issued pursuant to the share option scheme or general mandate, or any shares which may be repurchased pursuant to the general mandate.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2019.

The following is the text of the independent reporting accountants' assurance report, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Unaudited Pro Forma Financial Information of the Group, prepared for the purpose of inclusion in this Prospectus.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

Deloitte.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Celestial Asia Securities Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Celestial Asia Securities Holdings Limited (“Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (“Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2019 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated 11 June 2020 (“Prospectus”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed open offer on the basis of two Offer Shares (as defined in the Prospectus) for one existing share held on Record Date (as defined in the Prospectus) (“Open Offer”) at a subscription price of HK\$0.06 per Offer Share on the Group’s financial position as at 31 December 2019 as if the proposed Open Offer had taken place at 31 December 2019. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s consolidated financial statements for the year ended 31 December 2019, on which an independent auditor’s report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information of the Group has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
11 June 2020

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 in this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the Open Offer Completion (assuming no further issue of Shares from the Latest Practicable Date up to the Open Offer Completion) was and will be as follows:

As at the Latest Practicable Date

		<i>HK\$</i>
<i>Authorised:</i>		
<u>3,000,000,000</u>	Shares of HK\$0.01 each	<u>30,000,000.00</u>
<i>Issued and fully paid:</i>		
<u>831,221,677</u>	Shares of HK\$0.01 each	<u>8,312,216.77</u>

Immediately following the Open Offer Completion

		<i>HK\$</i>
<i>Authorised:</i>		
<u>3,000,000,000</u>	Shares of HK\$0.01 each	<u>30,000,000.00</u>
		<i>HK\$</i>
<i>Maximum number of Offer Shares to be issued:</i>		
<u>1,662,443,354</u>	Shares of HK\$0.01 each	<u>16,624,433.54</u>
<i>Issued and fully paid:</i>		
<u>831,221,677</u>	Shares of HK\$0.01 each	<u>8,312,216.77</u>
<i>Maximum number of Shares in issue immediately upon the Open Offer Completion:</i>		
<u>2,493,665,031</u>	Shares of HK\$0.01 each	<u>24,936,650.31</u>

All of the Offer Shares to be issued will rank *pari passu* in all respects with all the Shares in issue as at the date of allotment and issue of the Offer Shares including rights to dividends, voting and return of capital. The Offer Shares to be issued will be listed on the Stock Exchange.

As at the Latest Practicable Date, the Company had no outstanding options, convertible securities, warrants or derivatives in issue which confer any right to subscribe for, convert or exchange into Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Offer Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are/will be waived or agreed to be waived.

The number of Shares in issue as at 31 December 2019, being the date to which the latest audited financial statements of the Company were made up, was 831,221,677. No Shares had been issued since 31 December 2019 until the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

(a) Interests of the Directors and chief executive in the Shares or securities of the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company 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 were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

A. The Company

Long positions in the ordinary Shares of HK\$0.01 each

Name of Director	Capacity/nature of interest	Number of Shares interested		Approximate percentage of the existing issued share capital of the Company (%)
		Personal	Corporate interest	
Kwan Pak Hoo Bankee	Beneficial owner and interested in a controlled corporation	4,260,000	281,767,807*	34.41
Leung Siu Pong James	Beneficial owner	250,950	–	0.03

* The Shares were held by Cash Guardian (which was 100% beneficially owned by Dr Kwan Pak Hoo Bankee). Dr Kwan Pak Hoo Bankee was deemed to be interested in all these Shares as a result of his interests in Cash Guardian as disclosed in item (b) below.

B. Associated corporation (within the meaning of SFO)

CFSG

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

Name of Director	Capacity/nature of interest	Number of shares interested	Corporate interest	Approximate percentage of the existing issued share capital of CFSG (%)
Kwan Pak Hoo Bankee	Interest in a controlled corporation	1,667,821,069*		33.65

* The shares were held by CIGL, 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 item (b) below. Pursuant to the SFO, Dr Kwan Pak Hoo Bankee was deemed to be interested in all the shares held by CIGL in CFSG.

- (ii) Long positions in the underlying shares

Name of Director	Date of grant	Exercise period	HK\$	Number of options held as at the Latest Practicable Date	Percentage to issued shares as at the Latest Practicable Date (%)
Kwan Pak Hoo Bankee	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
	29/4/2020	1/5/2020 – 30/4/2022	0.024	49,500,000	1.00
Leung Siu Pong James	29/4/2020	1/5/2020 – 30/4/2022	0.024	49,500,000	1.00
Kwan Teng Hin Jeffrey	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
	29/4/2020	1/5/2020 – 30/4/2022	0.024	49,500,000	1.00
Ng Hin Sing Derek	29/4/2020	1/5/2020 – 30/4/2022	0.024	49,500,000	1.00

As at the Latest Practicable Date,

- (i) Pursuant to the Undertakings given by the Controlling Shareholders, details of which as set out in the section headed “Undertakings by the Controlling Shareholders”, the Controlling Shareholders has undertaken to accept the Offer Shares, in respect of their own beneficial shareholdings in the Company; and
- (ii) Mr Leung Siu Pong James, being executive Director, intended to accept the Offer Shares, in respect of his own beneficial shareholdings in the Company.

(b) Interests of the substantial Shareholders in the Shares or securities of the Company

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the persons/companies (other than the Directors or chief executive of the Company) who had, or were deemed or taken to have, an interest or short position in the Shares or underlying Shares (i) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name	Capacity/nature of interest	Number of Shares interested	Approximate percentage of the existing issued share capital of the Company (%)
Hobart Assets Limited (Notes (1) and (2))	Interest in a controlled corporation	281,767,807	33.89
Cash Guardian (Notes (1) and (2))	Interest in a controlled corporation	281,767,807	33.89
Mr Wang Shui Ming (Note (3))	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, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan Pak Hoo Bankee. 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.
- (2) Dr Kwan Pak Hoo Bankee (a Director whose interests is not shown in the above table) was interested and/or deemed to be interested in a total of 286,027,807 Shares (34.41%), which were held as to 281,767,807 Shares by Cash Guardian and as to 4,260,000 Shares in his personal name. Detail of his interest is set out in item 3(a) 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 Shui Ming), and 15,659,550 held by him as nominee under a power of attorney. Pursuant to the SFO, Mr Wang Shui Ming was deemed to be interested in all these Shares. Mr Wang Shui Ming is not a party acting in concert with the Controlling Shareholders under the Takeovers Code and was not involved in the negotiation of the Open offer and Whitewash Waiver.

(c) Competing interests

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

(d) Other interests

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2019 (being the date to which the latest published audited consolidated accounts of the Company were made up).

Save for the Undertakings given by the Controlling Shareholders, details of which as set out in the section headed "Undertakings by the Controlling Shareholders" in the "Letter from the Board" in this Prospectus, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

4. SERVICE CONTRACTS OF DIRECTORS

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)).

5. 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.

6. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE OPEN OFFER

Registered office of the Company	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
Principal share registrar and transfer office	Conyers Corporate Services (Bermuda) Limited 2 Church Street Hamilton HM 11 Bermuda
Branch share registrar and transfer office in Hong Kong	Tricor Standard Limited Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Authorised representatives	Kwan Pak Hoo Bankee Luke Wing Sheung Suzanne, <i>a fellow of the Institute of Chartered Secretaries and Administrators</i> The addresses of Dr Kwan and Ms Luke are 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong.
Company secretary	Luke Wing Sheung Suzanne, <i>a fellow of the Institute of Chartered Secretaries and Administrators</i>
Audit committee	Leung Ka Kui Johnny <i>(chairman of the audit committee)</i> Wong Chuk Yan Chan Hak Sin
Remuneration committee	Leung Ka Kui Johnny <i>(chairman of the remuneration committee)</i> Wong Chuk Yan Kwan Pak Hoo Bankee

Auditors	Deloitte Touche Tohmatsu <i>Registered Public Interest Entity Auditors</i> 35/F One Pacific Place 88 Queensway Hong Kong
Financial Adviser to the Controlling Shareholders	Celestial Capital Limited 22/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Placing Agent	Celestial Securities Limited 22/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Principal bankers	Bank of Communications Co., Ltd. Hong Kong Branch 16/F, Lee Garden Five 18 Hysan Avenue Causeway Bay Hong Kong Chong Hing Bank Limited Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong CTBC Bank Co. Ltd. 28/F, Two International Finance Centre 8 Finance Street Central Hong Kong Fubon Bank (Hong Kong) Ltd. 2/F, Fubon Bank Building 38 Des Voeux Road Central Hong Kong Nanyang Commercial Bank, Limited 151 Des Voeux Road Central Hong Kong

OCBC Wing Hang Bank, Limited
161 Queen's Road Central
Hong Kong

Shanghai Commercial Bank Limited
Shanghai Commercial Bank Tower
12 Queen's Road Central
Hong Kong

The Hong Kong and Shanghai Banking
Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Legal advisors (as to Hong Kong law)

Sidley Austin
Level 39, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Legal advisors (as to Bermuda law)

Conyers Dill & Pearman
29th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong

7. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Name	Address
<i>Executive Directors</i>	
Dr KWAN Pak Hoo Bankee (Chairman and CEO)	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Mr LEUNG Siu Pong James (Executive Director)	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Mr KWAN Teng Hin Jeffrey (Executive Director)	22/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Mr NG Hin Sing Derek (Executive Director)	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
<i>Independent Non-executive Directors</i>	
Mr LEUNG Ka Kui Johnny	16/F, The Chinese Bank Building 61 Des Voeux Road Central Hong Kong
Mr WONG Chuk Yan	1-11 Burkebrook Place East York Ontario Canada M4G 0A4
Dr CHAN Hak Sin	Department of Marketing and Management The Hang Seng University of Hong Kong Shatin New Territories Hong Kong
<i>Senior Management</i>	
Mr LI Shing Wai Lewis	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong

Mr CHEUNG Wai Lim William	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Ms LUKE Wing Sheung Suzanne	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Mr LEUNG Wai Kwong Rico	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Mr TAM Ting Pong Boris	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Mr CHIU Sin Fai Nelson	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Ms HUNG Yee Sin Bonnie	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Ms WON Chui Yee Deon	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Ms YEUNG Wai Tsz Katy	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Ms LAW Chiu Mei Carrie	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong

Executive Directors**Dr KWAN Pak Hoo Bankee, JP**

Aged 60, is the Chairman, Chief Executive Officer and Executive Director of the Company. Dr Kwan joined the Board on 9 March 1998. Dr Kwan is a substantial Shareholder of the Company and a member of the Remuneration Committee. He is also an executive director, chairman and chief executive officer of CFSG, as well as a member of the remuneration committee of CFSG. He is the father of Mr Kwan Teng Hin Jeffrey (executive director of the Company and CFSG).

Dr Kwan is responsible for devising the overall business strategy of the Group. Dr Kwan has extensive experience in corporate management, strategic planning, marketing management, financial advisory and banking. An MBA graduate from The Murdoch University of Perth, Australia and a BBA graduate from The Chinese University of Hong Kong, Dr Kwan was also conferred an Honorary Doctorate degree in Business Administration. Dr Kwan is also a fellow of the Institute of Financial Accountants, UK, the Hong Kong Securities and Investment Institute and the Hong Kong Institute of Marketing (HKIM). He is a Certified Professional Marketer (HK) of HKIM.

Dr Kwan is a firm believer in youth education and development. He is a John Harvard fellow of The Harvard University, US; a member of the Harvard University Asia Center Advisory Committee; a trustee of New Asia College of The Chinese University of Hong Kong; an honorary fellow of The Open University of Hong Kong; a member of the Court of City University of Hong Kong, an Adjunct Professor of The Hang Seng University of Hong Kong and an advisory professor and a honorary member of the Board of Trustees of Nanjing University. Dr Kwan is also an honorary advisor of several higher education institutions, including the LiPACE of The Open University of Hong Kong and the Academy of Oriental Studies of Peking University.

In addition to education, Dr Kwan is also active in serving the community. Currently, he is the deputy chairman of the Business Facilitation Advisory Committee (BFAC) and also the convenor of the Wholesale and Retail Task Force (WRTF) of BFAC; a non-executive director of the Mandatory Provident Fund Schemes Authority (MPFA); a standing committee member and deputy convener (Hong Kong and Macao Members) of the Chinese People's Political Consultative Conference (CPPCC), Shanghai Committee; executive vice president of Hong Kong-Shanghai Economic Development Association; a member of the 5th Council of the China Overseas Friendship Association; a Justice of Peace (JP) of the HKSAR; a member of the Election Committee for the Fourth and the Fifth Term of the Chief Executive Election of the HKSAR; a director, honorary advisor and past chairman of the Hong Kong Retail Management Association (HKRMA); a member of the Marketing Management Committee of the HKMA/TVB Awards for Marketing Excellence; a director of the Hong Kong Justice of Peace Association. Dr Kwan has also been a member of the Central Policy Unit of the Government of the HKSAR and an honorary advisor of the CEPA Business Opportunities Development Alliance.

In December 2009, Dr Kwan was named “Entrepreneur of the Year 2009” in the Asia Pacific Entrepreneurship Awards as organised by Enterprise Asia, which recognised his outstanding entrepreneurial success and significant contributions to economic life and society. In April 2016, Dr Kwan was named “Man of the Year for Leadership in Asia” by IAIR, the world’s leading financial magazine. The annual IAIR Awards recognise outstanding professionals who actively promote excellences in innovation and sustainability. In August 2018, he was bestowed with the “World Outstanding Chinese Award” organised by World Chinese Business Investments Foundation, which recognised his great contribution to the global Chinese society. In December 2019, The Hang Seng University of Hong Kong bestowed the “Junzi Entrepreneur Award” on Dr Kwan, recognising his continuous contribution to the society of Hong Kong.

Dr Kwan joined the board of directors of CFSG on 11 August 2000. Save as herein disclosed, Dr Kwan has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

Mr LEUNG Siu Pong James

Aged 57, is the Executive Director of the Company. Mr Leung joined the Board on 2 September 2019. He is also the executive director and chief executive officer of Pricerite Group, in charge of the entire retail operation, business management and development of Pricerite Group. He has extensive experience in the fields of banking and retail management businesses. Mr Leung received a Master of Business Administration Degree from Heriot-Watt University, UK and a Bachelor of Social Sciences Degree from The University of Hong Kong.

Mr Leung has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

Mr KWAN Teng Hin Jeffrey

Aged 30, is the Executive Director of the Company. Mr Kwan joined the Board on 2 September 2019. He is in charge of corporate management and strategic investments. He has extensive experience in financial technology, corporate and strategic management, private equity and investment management. Mr Kwan received a Bachelor of Arts in Psychology from the Johns Hopkins University, US. He is a member of the Hong Kong Securities and Investment Institute. He is the son of Dr Kwan Pak Hoo Bankee (the Chairman of the Group). Mr Kwan is also an executive director of CFSG.

Mr Kwan joined the board of directors of CFSG on 12 June 2017. Save as herein disclosed, Mr Kwan has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

Mr NG Hin Sing Derek

Aged 51, is the Executive Director of the Company. Mr Ng joined the Board on 5 August 2013. He is in charge of the Group's digitalisation plan across all its business disciplines. He has extensive experience in both the financial and retail sectors. Mr Ng received a Master of Business Administration Degree from Southern Illinois University Carbondale, US and a Bachelor of Arts Degree from Ottawa University, US. He holds a Professional Diploma in Financial Planning from The University of Hong Kong and is a CERTIFIED FINANCIAL PLANNER^{CM} professional. In 2014, Mr Ng was bestowed with the "Asia Pacific Entrepreneurship Awards 2014 – Outstanding Entrepreneurship Award", as organised by Enterprise Asia. Mr Ng is also an executive director of CFSG.

Mr Ng joined the board of directors of CFSG on 27 March 2020. Save as herein disclosed, Mr Ng has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

Independent non-executive Directors**Mr LEUNG Ka Kui Johnny**

Aged 62, is the independent non-executive Director of the Company. Mr Leung joined the Board on 25 October 2000. Mr Leung has extensive experience in the legal field and is the managing partner of a legal firm in Hong Kong. He is a qualified solicitor in Hong Kong, England & Wales and Singapore, and is a Notary Public and China Appointed Attesting Officer. Mr Leung received a Bachelor of Laws Degree (LL.B) from The University of London, UK. Mr Leung is also the chairman of the Audit Committee and the Remuneration Committee.

Mr Leung is an independent non-executive director, chairman of the remuneration committee, member of the audit committee and member of the nomination committee of Phoenitron Holdings Limited (stock code: 8066), an independent non-executive director, chairman of the remuneration committee, member of the audit committee and member of the nomination committee of Ban Loong Holdings Limited (stock code: 30), an independent non-executive director, member of the audit committee, member of the nomination committee and member of the remuneration committee of Affluent Partners Holdings Limited (stock code: 1466). Mr Leung was an independent non-executive director, chairman of the remuneration committee, member of the audit committee and member of the nomination committee of Asia Coal Limited (stock code: 835) from 12 September 2018 to 5 June 2019 and an independent non-executive director of Aeso Holding Limited (stock code: 8341) from 22 December 2016 to 7 June 2017. Save as herein disclosed, Mr Leung has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

Mr WONG Chuk Yan

Aged 58, is the independent non-executive Director of the Company. Mr Wong joined the Board on 3 June 1998. He has extensive investment management experience in the global financial markets. Mr Wong received a Master of Science Degree in Business Administration from The University of British Columbia, Canada and a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. He is a Chartered Financial Analyst (CFA) charterholder and a Chartered Professional Accountant of Canada (CPA,CGA). Mr Wong is also a member of the Audit Committee and the Remuneration Committee.

Mr Wong has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

Dr CHAN Hak Sin

Aged 58, is the independent non-executive Director of the Company. Dr Chan joined the Board on 25 October 2000. He has extensive experience in the academia in the US as professor, researcher and consultant in the fields of corporate finance and international marketing. Dr Chan is a head of and an associate professor in the Department of Marketing at The Hang Seng University of Hong Kong. Dr Chan received a Doctor of Philosophy Degree in Business, a Master of Business Administration Degree from The University of Wisconsin-Madison, US and a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. Dr Chan is also a member of the Audit Committee.

Dr Chan has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

Senior Management**Mr LI Shing Wai Lewis**

Aged 47, is the Chief Financial Officer of the Company. Mr Li joined the Group in March 2014. He oversees the Group's accounting and financial management functions. He has extensive experience in the fields of financial and accounting management. Mr Li received a Bachelor of Business Degree from Swinburne University of Technology, Australia. He is a Certified Practising Accountant of CPA Australia and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr Li is also an executive director and chief financial officer of CFSG.

Mr CHEUNG Wai Lim William

Aged 44, is the Chief Operating Officer of Pricerite Group. Mr Cheung joined the Group in September 2016. He oversees the operations workflow, procedures and internal control of Pricerite Group. He has extensive experience in banking, accounting and auditing fields. Mr Cheung received a Master of Business Studies Degree from the University of Kent at Canterbury, UK. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Ms LUKE Wing Sheung Suzanne

Aged 52, is the Company Secretary of the Company. Ms Luke joined the Group in May 2000. She is in charge of the company secretarial matters of the Group. She has extensive listed company secretarial experience. She is a fellow of The Institute of Chartered Secretaries and Administrators, UK and The Hong Kong Institute of Chartered Secretaries. In addition to taking the role as company secretary of the Company, Ms Luke is also the company secretary of CFSG.

Mr LEUNG Wai Kwong Rico

Aged 54, is the General Manager & Head of Supply Chain Management of Pricerite Group. Mr Leung joined the Group in January 2018. He is in charge of the supply chain management function of Pricerite Group and overseeing the overall development of TMF. He has over 20 years' experience in home furnishing industry.

Mr TAM Ting Pong Boris

Aged 39, is the General Manager of iRetail Strategy & Development of Pricerite Group. Mr Tam joined the Group in May 2016. He is in charge of the e-commerce business of Pricerite Group. He has extensive experience in the fields of e-commerce and information technology. Mr Tam received a Bachelor of Applied Science Degree in Computing from Swinburne University of Technology, Australia.

Mr CHIU Sin Fai Nelson

Aged 38, is the Director of Corporate and Business Development of Pricerite Group. Mr Chiu joined the Group in February 2018. He is in charge of the product development of Pricerite Group. He has extensive experience in architectural and interior design industries. Mr Chiu received an Associate Degree of Science in Architectural Studies from City University of Hong Kong.

Ms HUNG Yee Sin Bonnie

Aged 42, is the Deputy General Manager & Head of Marketing & Brand Management of Pricerite Group. Ms Hung joined the Group in July 2017. She is in charge of the marketing and brand management of Pricerite Group. She has extensive experience in the field of marketing. Ms Hung received a Bachelor of Business Administration (Hons) Degree from City University of Hong Kong.

Ms WON Chui Yee Deon

Aged 51, is the Deputy General Manager & Head of Furniture Division of Supply Chain Management of Pricerite Group. Ms Won joined the Group in May 2004. She is in charge of the furniture division of supply chain management of Pricerite Group. She has 20 years' experience in the field of supply chain management.

Ms YEUNG Wai Tsz Katy

Aged 39, is the Assistant General Manager & Head of Household Division of Supply Chain Management of Pricerite Group. Ms Yeung joined the Group in May 2018. She is in charge of the household division of supply chain management of Pricerite Group. She has extensive experience in the field of supply chain management. Ms Yeung received a Bachelor of Business Administration Degree from The University of Hong Kong.

Ms LAW Chiu Mei Carrie

Aged 46, is the Director of Human Resources & Administration. Ms Law joined the Group in August 2001. She is in charge of the human resources and administrative functions of the Group. She has extensive experience in human capital management, including strategic human resources planning, talent management, succession planning and human resources measurements. She is also experienced in managing human resources and administrative operations across regional offices. Ms Law received a Bachelor of Business Administration (Hons.) Degree in Human Resources Management from The Hong Kong Baptist University. She is a professional member of Hong Kong Institute of Human Resources Management. She is also appointed as Assessor for the Recognition of Prior Learning Scheme with Vocational Training Council.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years preceding the date of this Prospectus:

- (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 Limited (an over 90%-owned subsidiary of the Company) 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 Limited 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 Limited 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 Limited 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 Limited 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;
- (g) the tenancy offer dated 1 November 2019 entered into between Shine Fame Holdings Limited as the landlord and Pricerite Home Limited as the tenant in relation to new tenancy for the premises at China Resources International Logistics Centre, Kwai Chung for 7 years (4 years fixed term and 3 years renewed term) commencing from 1 May 2020 and expiring on 30 April 2027 at an aggregate value of consideration of approximately HK\$111,840,000 for use as warehouse of retail management business of the Group; and
- (h) the Placing Agreement.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice which is contained in this Prospectus:

Name	Qualification
Deloitte Touche Tohmatsu	Registered Public Interest Entity Auditors

As at the date of this Prospectus, Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its report or letter or its name in the form and context in which it appears.

As at the Latest Practicable Date, Deloitte Touche Tohmatsu did not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Deloitte Touche Tohmatsu did not have any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, being the date up to which the latest published audited consolidated accounts of the Company were made up.

10. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, printing and translation costs, registration fees, legal and accountancy charges and other fees are estimated to be approximately HK\$3 million and will be payable by the Company.

11. LANGUAGE

The English texts of this Prospectus shall prevail over its Chinese texts in case of inconsistency.

12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong from the date of this Prospectus up to and including the Latest Time for Application:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the Undertakings;
- (c) the annual reports of the Company for the two years ended 31 December 2018 and 2019;
- (d) the letter from the Board to the Shareholders, the text of which is set out from pages 7 to 32 of this Prospectus;
- (e) the assurance report on unaudited pro forma financial information of the Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this Prospectus;
- (f) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (g) the written consent referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix;
- (h) the Circular; and
- (i) the Prospectus Documents.