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CASH 
CELESTIAL ASIA SECURITIES HOLDINGS LIMITED
時富投資集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 1049)

DISCLOSEABLE TRANSACTION
IN RELATION TO
THE OFFER LETTER

THE OFFER LETTER

The Board announces that on 29 June 2021, Pricerite Home Limited (a subsidiary of the Company) as the Tenant and the Agent as agent of the Landlord (each being an Independent Third Party) entered into the Offer Letter in respect of the lease of the Premises for operation of store of retail management business of the Group.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 “Leases” effective from 1 January 2019, the Company recognises the value of the right-of-use assets on its consolidated financial statements of financial position in connection with the lease of the Premises under the Offer Letter. Accordingly, the lease transaction under the Offer Letter is regarded as an acquisition of asset by the Tenant under Rule 14.04(1)(a) of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the lease transaction contemplated under the Offer Letter exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 29 June 2021, Pricerite Home Limited (a subsidiary of the Company) as the Tenant and the Agent as agent of the Landlord (each being an Independent Third Party) entered into the Offer Letter in respect of the lease of the Premises for operation of store of retail management business of the Group.

THE OFFER LETTER

Date: 29 June 2021

The Parties: (i) Goodwell-Fortune Property Services Limited, with principal activity of including provision of property management services, as the agent of the Landlord.

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

The principal activity of the Landlord is property investment.

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

The Premises: Shop Nos. 202-206, 211A and 212 on Second Floor of +WOO Phase 2, 12-18 Tin Yan Road, Tin Shui Wai, New Territories.

Terms: Four (4) years fixed commencing tentatively on 1 April 2022 or such other date to be confirmed by the Landlord upon 7 days' prior written notice subject to vacant possession of the Premises.

There is an option to renew the lease at the then open market rent for a further term of two (2) years exercisable at the discretion of the Tenant.

The aggregate value of consideration payable: HK\$21,410,000 in aggregate for the term of 4 years, including rent, stamp duty and estimated reinstatement cost by the Tenant, subject to 5% of monthly Gross Receipts which may be imposed pursuant to the terms and conditions of the Offer Letter, which will be satisfied by internal resources of the Group.

The rent under the Offer Letter is determined after arm's length negotiations between the Parties, after taking into consideration the prevailing market rental for similar comparable premises in the nearby areas.

Rent free period: Rent free period of two (2) months from the commencement date.

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

Security deposit: A sum of HK\$1,930,686 equivalent to the aggregate of three months' rent, management fees, air-conditioning charges, promotional levy, government rates and government rent.

Formal lease: The Offer Letter is legally binding upon execution by the Parties. Subject to the terms and conditions of the Offer Letter, the Parties will enter into a formal lease in relation to the new lease.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Company under the Offer Letter amounted to approximately HK\$19,759,000, which is the present value of aggregated lease payments less incentives (if any), plus initial direct costs and estimated reinstatement cost with the lease in accordance with HKFRS 16. Discount rate of 4% is applied to compute the present value of aggregate lease payments less incentives (if any) under the Offer Letter.

INFORMATION OF THE GROUP

The principal activity of the Company is investment holding. The principal activities of the Group consist of (a) retail management business including sales of furniture and household items, electrical appliances, food and pets accessories through the chain stores under multi-brand names including “Pricerite”, “TMF”, “SECO”, “Pricerite Food” and “Pricerite Pet” 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.

REASONS FOR THE OFFER LETTER

Due to nature of its retail management business of the Group as set out above, the Group has to enter into tenancy agreements for leasing of retail shops from time to time.

The Group was leasing a store in the same mall (i.e. +WOO) and the term of lease was expired in the end of May 2021. As the mall will be renovated in the coming future, we have moved to other temporary stores in the mall in order to continue operation of retail management business. After completion of the renovation of the mall, we will move to the Premises pursuant to the terms of the Offer Letter. The Board believes that the newly renovated mall will attract more customers which offers ample business opportunities to continue our retail management business.

In addition, the terms of the Offer Letter (including the rental charge) were determined after arm’s length negotiations between the Parties with reference to the prevailing market rental of similar comparable premises in the nearby areas. The Board considers that the terms of the Offer Letter are on normal commercial terms and fair and reasonable and the entering into of the Offer Letter is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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DEFINITION

“Agent”	Goodwell-Fortune Property Services Limited , being the agent of the Landlord
“Board”	board of Directors
“Company”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and the shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Gross Receipts”	the aggregate of all sums of money or other considerations received or receivable in each calendar month for all goods sold, leased, hired or otherwise disposed of and for all services sold or performed and from all business of any nature whatsoever conducted at in from or upon the Premises without deduction whatsoever

“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	to the best of the directors’ knowledge, information and belief having made all reasonable enquiry, the Agent, the Landlord and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Landlord”	Tin Shui Wai Development Limited, being the landlord of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Letter”	the offer letter dated 29 June 2021 entered into between the Parties in relation to the lease of the Premises
“Parties”	the Tenant and the Agent (as agent of the Landlord)
“PRC”	the People’s Republic of China, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
“Premises”	the premises as more particular set out under the sub-heading “The Premises” in the section headed “The Offer Letter” in this announcement
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Pricerite Home Limited, a company incorporated in Hong Kong with limited liability, is an 99.01%-owned subsidiary of the Company
“%”	per cent

By order of the Board
Lewis Li
*Executive Director and
Chief Financial Officer*

Hong Kong, 29 June 2021

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

Executive directors:

Dr Kwan Pak Hoo Bankee, JP
Mr Li Shing Wai Lewis
Mr Leung Siu Pong James
Mr Kwan Teng Hin Jeffrey

Independent non-executive directors:

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

** For identification purposes only*