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CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

DISCLOSEABLE TRANSACTION

IN RELATION TO

THE TENANCY OFFER

THE TENANCY OFFER

The Board announces that on 14 September 2021, Pricerite Home Limited (a subsidiary of the Company) as the Tenant and the Landlord or the Agent (each being an Independent Third Party) entered into the Tenancy Offer in respect of the tenancy of the Premises for use as warehouse 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 Tenancy Offer. Accordingly, the lease transaction under the Tenancy Offer 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 Tenancy Offer exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 14 September 2021, Pricerite Home Limited (a subsidiary of the Company) as the Tenant and the Landlord or the Agent (each being an Independent Third Party) entered into the Tenancy Offer in respect of the tenancy of the Premises for use as warehouse of retail management business of the Group.

THE TENANCY OFFER

Date:	14 September 2021
The Parties:	<p>(i) Shine Fame Holdings Limited (being the Landlord of the Premises) or China Resources Logistics (Yuen Fat Wharf & Godown) Limited (being the Agent).</p> <p>(ii) Pricerite Home Limited (a subsidiary of the Company), with principal activity of retailing of furniture and household goods, as the Tenant.</p> <p>The principal or ancillary activities carried on by the Landlord include investment and/or property leasing. According to the information provided by the Landlord, the Landlord is beneficially wholly-owned by China Resources Logistics (Group) Limited, being a company incorporated in the British Virgin Islands with limited liability.</p> <p>The principal or ancillary activities carried on by the Agent include godown and logistics. According to the information provided by the Landlord, the Agent is beneficially wholly-owned by China Resources Logistics (Group) Limited, being a company incorporated in the British Virgin Islands with limited liability.</p> <p>To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Landlord, the Agent, and their ultimate beneficial owner(s) are Independent Third Parties.</p>
The Premises:	A Portion of Ground Floor in the warehouse accommodation of China Resources International Logistics Centre, 2 Tat Mei Road, Kwai Chung, N.T., Hong Kong.
Term:	Two (2) years, seven (7) months and fifteen (15) days fixed term commencing from 16 September 2021 and expiring on 30 April 2024 (both days inclusive).
The aggregate value of consideration payable:	<p>The aggregate value of consideration, including rent, stamp duty and estimated reinstatement cost by the Tenant, payable under the Tenancy Offer amounted to approximately HK\$13,407,000, which will be satisfied by internal resources of the Group.</p> <p>The rent under the Tenancy Offer is determined after arm's length negotiations between the Parties, after taking into consideration the prevailing market price for similar comparable premises in the nearby areas.</p>
Rent free period:	One (1) month's rent free period from 16 September 2021 to 15 October 2021 (both days inclusive). The Tenant shall be responsible for the government rent, rates, management fees, debris removal charges and all other outgoings (if any) during such rent free period.
Payable term:	The rent shall be payable in advance on the first day of each and every calendar month.
Deposit:	A sum of HK\$1,279,405.26 (comprising of three (3) months' rent, three (3) months' government rent and rates and three (3) months' management fees).
Formal tenancy agreement:	The Tenancy Offer is legally binding upon execution by the Parties. Subject to the terms and conditions of the Tenancy Offer, the Parties will enter into a formal tenancy agreement.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Company under the Tenancy Offer amounted to approximately HK\$12,896,000, 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 Tenancy Offer.

INFORMATION OF THE GROUP

The principal activity of the Company is investment holding. The principal activities of the Group consist of (a) retail management business including sales of furniture and household items, 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 TENANCY OFFER

The warehouse at the Premises is modern, spacious, convenient location and highly efficient. In order to cater for business development and expansion of retail management business, it is necessary to expand the warehouse storage space to maintain the logistics function, inventory management and operation efficiency. The Directors consider it is beneficial to enter into the Tenancy Offer in relation to the warehouse lease which will help to maintain the current operation efficiency and to facilitate the future expansion and growth of the retail management business of the Group.

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

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 Tenancy Offer. Accordingly, the lease transaction under the Tenancy Offer 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 Tenancy Offer exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITION

“Agent”	China Resources Logistics (Yuen Fat Wharf & Godown) Limited, being the manager and 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
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	to the best of the directors’ knowledge, information and belief having made all reasonable enquiry, the Landlord, the Agent, and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Landlord”	Shine Fame Holdings Limited, being the landlord of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Tenant and the Landlord or the Agent
“PRC”	the People’s Republic of China
“Premises”	the premises as more particularly set out under the sub-heading “The Premises” in the section headed “The Tenancy Offer” in this announcement
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Offer”	the tenancy offer dated 14 September 2021 entered into between the Parties in relation to the tenancy of the Premises
“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, 14 September 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*