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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 LETTER OF OFFER**

THE LETTER OF OFFER

The Board announces that on 10 December 2021, Pricerite Property (Kowloon) 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 Letter of Offer 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”, 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 Letter of Offer. Accordingly, the lease transaction under the Letter of 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 Letter of 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 10 December 2021, Pricerite Property (Kowloon) 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 Letter of Offer in respect of the lease of the Premises for operation of store of retail management business of the Group.

THE LETTER OF OFFER

Date: 10 December 2021

The Parties:

- (i) Hang Lung Real Estate Agency Limited, as the agent of the Landlord.
- (ii) Pricerite Property (Kowloon) Limited (a subsidiary of the Company), with principal activity of retailing of furniture and household goods, as the Tenant.

The principal or ancillary activities carried on by the Agent include provision of leasing services. According to the information provided by the Agent, the Agent is beneficially wholly-owned by Hang Lung Properties Limited (listed on Stock Exchange (stock code: 00101)).

The principal or ancillary activities carried on by the Landlord include property leasing. According to the information provided by the Landlord, the Landlord is a non-wholly owned subsidiary of Hang Lung Properties Limited (listed on Stock Exchange (stock code: 00101)).

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: Whole of First floor, Hollywood Plaza, 610 Nathan Road, Kowloon.

Lease term: Fixed term of five (5) years commencing tentatively on 19 April 2022, subject to the Landlord's right of postponement.

The aggregate value of consideration payable:	Approximately HK\$38.5 million in aggregate for the term of 5 years, including rent, stamp duty and estimated reinstatement cost by the Tenant, subject to 5% of gross receipts in the Premises for that month that exceeds the basic rent which may be imposed pursuant to the terms and conditions of the Letter of Offer, which will be satisfied by internal resources of the Group.
	The rent under the Letter of Offer 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:	Sixty (60) days from the commencement date tentatively on 19 April 2022, subject to the Landlord's right of postponement.
Security deposit:	A sum of HK\$2,877,171 equivalent to the aggregate of three months' rent, management fee, air-conditioning charges and government rates.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Company under the Letter of Offer amounted to approximately HK\$35.1 million, 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 Letter of 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 LETTER OF OFFER

As set out above the nature of its retail management business of the Group, the management kept abreast of the changes in the rental market and reviewed and adjusted the store portfolio from time to time to ensure that the site selected for the stores met the requirements for cost effectiveness. The lease of the Premises is a relocation of an existing retail store of the Group upon expiry of lease for a more prime location. The Board believes that this newly leased Premises will attract more customers which offers ample business opportunities to continue our retail management business.

The terms of the Letter of Offer were reached on arm's length basis with reference to the prevailing market rental of similar comparable premises in the nearby areas. Having considered the foregoing, the Board considers that the entering into of the Letter of Offer to be in the ordinary course of business of the Group and on normal commercial terms which are fair and reasonable, and that the Letter of Offer and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

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DEFINITION

“Agent”	Hang Lung Real Estate Agency 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
“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”	Star Play Development Limited, being the landlord of the Premises
“Letter of Offer”	the letter of Offer dated 10 December 2021 entered into between the Parties in relation to the lease of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Tenant and the Agent (as agent of the Landlord)
“PRC”	the People’s Republic of China
“Premises”	the premises as more particular set out under the sub-heading “The Premises” in the section headed “The Letter of Offer” in this announcement
“Shareholder(s)”	holder(s) of shares of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Pricerite Property (Kowloon) 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, 10 December 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*