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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

RENEWAL OFFER LETTERS

RENEWAL OFFER LETTERS

The Board announces that on 28 January 2022, 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 Renewal Offer Letters in respect of the lease of the Premises for operation of stores of retail management business of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to 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 Renewal Offer Letters. Accordingly, the lease transactions contemplated under the Renewal Offer Letters are regarded as acquisition of assets by the Tenant under Rule 14.04(1)(a) of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the lease transactions contemplated under the Renewal Offer Letters, when aggregated, is 5% or more but is below 25%, the entering into of the Renewal Offer Letters constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 28 January 2022, 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 Renewal Offer Letters in respect of the lease of the Premises for operation of stores of retail management business of the Group.

THE RENEWAL OFFER LETTER I

Date: 28 January 2022

The Parties: (i) Chinachem Agencies Limited, as the Agent (as 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

Premises I: Portion of Level 1, Hilton Plaza, Nos. 3-9 Sha Tin Centre Street, Shatin, New Territories, Hong Kong

Lease term: Two (2) years and two (2) months commencing from 1 February 2022 and expiring on 31 March 2024 (both days inclusive)

Total consideration payable: Approximately HK\$16.3 million in aggregate for the term of 2 years and 2 months, including rent, stamp duty and estimated reinstatement cost by the Tenant, subject to 10% of gross sales turnover of subject calendar month that exceeds the aggregate basic rent of Premises I and Premises II, which may be imposed pursuant to the terms and conditions of the Renewal Offer Letter I and will be satisfied by internal resources of the Group.

The rent under the Renewal Offer Letter I 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.

THE RENEWAL OFFER LETTER II

Date: 28 January 2022

The Parties: (i) Chinachem Agencies Limited, as the Agent (as 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

Premises II: Shop 7, Level 2, Hilton Plaza, Nos. 3-9 Sha Tin Centre Street, Shatin, New Territories, Hong Kong

Lease term: Two (2) years and two (2) months commencing from 1 February 2022 and expiring on 31 March 2024 (both days inclusive)

Total consideration payable: Approximately HK\$6.7 million in aggregate for the term of 2 years and 2 months, including rent, stamp duty and estimated reinstatement cost by the Tenant, subject to 10% of gross sales turnover of subject calendar month that exceeds the aggregate basic rent of Premises II and Premises I, which may be imposed pursuant to the terms and conditions of the Renewal Offer Letter II and will be satisfied by internal resources of the Group.

The rent under the Renewal Offer Letter II 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.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset to be recognised by the Group under the Renewal Offer Letters, when aggregated, amounted to approximately HK\$22.4 million, which is the present value of aggregated lease payments less incentives (if any), plus initial direct costs and estimated reinstatement cost with the leases 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 Renewal Offer Letters.

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.

INFORMATION OF THE COUNTERPARTIES

The principal or ancillary activities carried on by the Agent include provision of management services. Based on the information provided by the Landlord and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the principal or ancillary activities carried on by the Landlord mainly include property investment and letting; and (ii) each of the Landlord is directly or indirectly owned by Chinachem Properties Holding Company Limited, a company incorporated in Hong Kong.

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 owners are Independent Third Parties.

REASONS FOR AND BENEFIT FOR THE RENEWAL OFFER LETTERS

The Group is currently leasing the Premises for its retail business. The existing tenancies of the Premises will expire on 31 January 2022. By entering into the Renewal Offer Letters, the Group will be able to continue its retail business at the Premises which in turn contributes to the Group's revenue and maintains the Group's scale of operation.

The terms of the Renewal Offer Letters 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 Renewal Offer Letters is in the ordinary course of business of the Group and on normal commercial terms which are fair and reasonable, and that the Renewal Offer Letters and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to 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 Renewal Offer Letters. Accordingly, the lease transactions contemplated under the Renewal Offer Letters are regarded as acquisition of assets by the Tenant under Rule 14.04(1)(a) of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the lease transactions contemplated under the Renewal Offer Letters, when aggregated, is 5% or more but is below 25%, the entering into of the Renewal Offer Letters constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITION

“Agent”	Chinachem Agencies 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 issued by the Hong Kong Institute of Certified Public Accountants
“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 enquiries, 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”	Yau Fook Hong Company Limited, The World Realty Limited, Macfarlane Estates Limited, Sublime Finance & Investments Limited and Fung Cheung Realty Limited (individually and collectively, the Landlord)
“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”	collectively, the Premises I and the Premises II
“Premises I”	the premises as more particularly set out under the sub-heading “Premises I” in the section “The Renewal Offer Letter I” in this announcement
“Premises II”	the premises as more particularly set out under the sub-heading “Premises II” in the section “The Renewal Offer Letter II” in this announcement

“Renewal Offer Letter I”	the renewal offer letter dated 28 January 2022 entered into between the Parties in relation to the renewal of tenancy of the Premises I
“Renewal Offer Letter II”	the renewal offer letter dated 28 January 2022 entered into between the Parties in relation to the renewal of tenancy of the Premises II
“Renewal Offer Letters”	collectively, the Renewal Offer Letter I and the Renewal Offer Letter II
“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.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

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

Hong Kong, 28 January 2022

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*