

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its 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 this announcement.

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
RENEWAL OFFER LETTER

RENEWAL OFFER LETTER

The Board announces that on 3 May 2022, Pricerite Home Limited (a subsidiary of the Company) as the Tenant and the Landlord (being an Independent Third Party) entered into the Renewal 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

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 Letter. Accordingly, the lease transaction contemplated under the Renewal Offer Letter is regarded as an acquisition of asset 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 transaction contemplated under the Renewal Offer Letter exceed 5% but is below 25%, the entering into of the Renewal Offer Letter 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 3 May 2022, Pricerite Home Limited (a subsidiary of the Company) as the Tenant and the Landlord (being an Independent Third Party) entered into the Renewal Offer Letter in respect of the lease of the Premises for operation of store of retail management business of the Group.

RENEWAL OFFER LETTER

On 3 May 2022, Pricerite Home Limited (a subsidiary of the Company) as the Tenant and the Landlord (being an Independent Third Party) entered into the Renewal Offer Letter in respect of the lease of the Premises. Major terms of the Renewal Offer Letter are as follows:-

- The Parties: (i) MegaBox Development Company Limited, as 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 Premises: Unit 8 on Level 5 of MegaBox, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Hong Kong.
- Lease term: Two (2) years commencing on 18 May 2022 and expiring on 17 May 2024 (both days inclusive).
- The aggregate value of consideration payable: Approximately HK\$29.3 million in aggregate for the term of two years, including basic rent, stamp duty and estimated reinstatement cost by the Tenant, subject to 9% of the monthly gross sales turnover in the Premises, whichever is higher pursuant to the terms and conditions of the Renewal Offer Letter, which will be satisfied by internal resources of the Group.

The rent under the Renewal 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.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset to be recognised by the Group under the Renewal Offer Letter amounted to approximately HK\$28.4 million, which is the present value of aggregated lease payments less incentives (if any), plus initial direct costs and estimated reinstatement cost with the 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 Renewal 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 Home", "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 Landlord include property investment. Based on public information available and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the ultimate beneficial owner of the Landlord is Kerry Properties Limited (listed on Stock Exchange (stock code: 683)).

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

REASONS FOR AND BENEFITS FOR THE RENEWAL OFFER LETTER

The Group is currently leasing the Premises for its retail business. The existing tenancy of the Premises will expire on 17 May 2022. By entering into the Renewal Offer Letter, 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 Letter 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 Letter 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 Letter 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 Letter. Accordingly, the lease transaction contemplated under the Renewal Offer Letter is regarded as an acquisition of asset 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 transaction contemplated under the Renewal Offer Letter exceed 5% but is below 25%, the entering into of the Renewal Offer Letter constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITION

"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 enquiry, the Landlord and its respective ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
"Landlord"	MegaBox Development Company 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

“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 “Renewal Offer Letter” in this announcement
“Renewal Offer Letter”	the renewal offer letter entered into between the Parties on 3 May 2022 in relation to the renewal of tenancy of the Premises
“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, 3 May 2022

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

Executive directors:

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

Independent non-executive directors:

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

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

** For identification purposes only*