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CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

On 22 May 2003, the Vendor, the Company and the Placing Agent entered into the Placing and Top-up Agreement pursuant to which (i) the Vendor has agreed to place and the Placing Agent has agreed, on best effort basis, to procure the placing of the Placing Shares, being a maximum of 60,000,000 existing Shares held by the Vendor, to the Placees at the Placing Price of HK\$0.275 per Placing Share; and (ii) the Vendor has agreed to subscribe for the Subscription Shares, being a maximum of 60,000,000 Shares which shall be in the same number as the Shares placed by the Placing Agent, at the Subscription Price which is also HK\$0.275 per Subscription Share.

Both the Placing Shares and the Subscription Shares represent approximately 19.64% of the existing issued share capital of the Company as at the date of the Placing and Top-up Agreement and approximately 16.42% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Upon completion of both the Placing and the Subscription, the aggregate shareholding interests of the Vendor, together with its associates (as defined in the Listing Rules), in the share capital of the Company will be reduced from the existing level of approximately 51.38% to 42.94%.

The net proceeds from the Subscription in the maximum amount of HK\$16.17 million will be used by the Company as general working capital.

THE PLACING AND TOP-UP AGREEMENT DATED 22 MAY 2003

The Placing

- Vendor : Cash Guardian Limited, a company incorporated in the British Virgin Islands with limited liability and the share capital of which is 100% beneficially owned by a family trust established for the benefit of the family members of Mr Kwan Pak Hoo Bankee, the substantial shareholder, the chairman and an executive director of the Company. The Vendor is the single largest shareholder of the Company and held about 51.38% of the issued share capital of the Company as at the date of the Placing and Top-Up Agreement.
- Placing Agent : Celestial Capital Limited, which is deemed to be licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and a non-wholly owned subsidiary of the Company. The Placing Agent is entitled to a commission at normal commercial rate of 2% of the total proceeds from the Placing.
- Placees : More than six investors to be procured by the Placing Agent or its sub-placing agent(s). All Placees will be independent of, and not connected with the Company, any director, chief executive or substantial shareholder of the Company or its subsidiaries (as defined in the Listing Rules) or their respective associates (as defined in the Listing Rules).
- Placing Shares : a maximum of 60,000,000 existing Shares currently held by the Vendor, representing approximately 19.64% of the existing issued share capital of the Company as at the date of the Placing and Top-up Agreement.

- Placing Price : HK\$0.275 per Placing Share, representing :
- a discount of approximately 9.8% to the closing price of HK\$0.305 per Share as quoted on the Stock Exchange on 22 May 2003, the date of the signing of the Placing and Top-Up Agreement; and
 - a premium of approximately 3.5% to the average closing price of HK\$0.285 per Share as quoted on the Stock Exchange for the ten trading days ended on 22 May 2003.

The Placing Price was negotiated between the Company and the Placing Agent on an arm's length basis.

- Rights of the Placing Shares : The Placing Shares will be sold by the Vendor free of liens, charges, encumbrances and any third party right and together with all rights attaching thereto at the date of the Placing and Top-Up Agreement.

- Conditions of the Placing : The Placing is unconditional. Completion of the Placing will take place on 27 May 2003 or such other date and time as may be agreed between the Vendor and the Placing Agent.

- Best-effort basis : The Placing Agent will procure Placees for the Placing Shares at the Placing Price (together with such Hong Kong stamp duty, brokerage and Stock Exchange transaction levy as may be payable by the Placees) on a best effort basis.

The Subscription

- Issuer : The Company.

- Subscriber : The Vendor.

- Subscription Shares : a maximum of 60,000,000 new Shares, which shall be the same number of the Placing Shares placed by the Placing Agent.

- Subscription Price : HK\$0.275 per Subscription Share which is same price as the Placing Share.

- Mandate to issue Subscription Shares : The Subscription Shares will be issued under the general mandate granted by the shareholders of the Company to the directors of the Company on 5 May 2003.
- Ranking of the Subscription Shares : The Subscription Shares when fully paid, will rank equally in all respects with the shares in issue on the date of completion of the Subscription, including right to receive all dividends and other distributions which may be declared, made or paid by the Company, the record date for which shall fall on or before the date of completion of the Subscription.
- Condition of the Subscription : The Subscription is conditional upon:
- (i) the completion of the Placing pursuant to the Placing and Top-Up Agreement; and
 - (ii) the approval of the Stock Exchange to the listing of and dealing in the Subscription Shares.
- Completion : Completion shall take place on the second business day following the fulfillment of all the conditions of the Subscription. If the completion of the Subscription does not take place within 14 days of the date of the Placing and Top-Up Agreement on or before 4 June 2003, the Subscription shall terminate.

USE OF PROCEEDS OF THE SUBSCRIPTION

The Company intends to use the net proceeds from the Subscription in the maximum amount of HK\$16.17 million as general working capital of the Company and its subsidiaries.

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

IMPLICATION OF CONNECTED TRANSACTION

As the Placing Agent is a non-wholly owned subsidiary of the Company, it is a connected person of the Company under the definition of the Listing Rules. As the Placing is within the ordinary and usual course of business of the Placing Agent and on normal commercial terms and the commission fee to be received by the Placing Agent is below HK\$1 million, the Placing is not subject to any disclosure or shareholders approval requirement pursuant to rule 14.24(5) of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Company”	Celestial Asia Securities Holdings Limited, a company incorporated in Bermuda with limited liability and which Shares are listed on the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Placees”	more than 6 independent investors not connected with the Company, any director, chief executive, substantial shareholder (as defined in the Listing Rules) of the Company or its subsidiaries, or their respective associates (as defined in the Listing Rules)
“Placing”	the placing of the Placing Shares to the Placees at a price of HK\$0.275 per Placing Share pursuant to the Placing and Top-Up Agreement
“Placing and Top-Up Agreement”	the placing and subscription agreement dated 22 May 2003 entered into between the Vendor, the Company and the Placing Agent pursuant to which (i) the Vendor has agreed to place and the Placing Agent has agreed, on best effort basis, to procure the placing of the Placing Shares to the Placees at the Placing Price; and (ii) the Vendor has agreed to subscribe for the Subscription Shares, in the same number as the Placing Shares placed by the Placing Agent, at the Subscription Price which is the same as the Placing Price

“Placing Agent”	Celestial Capital Limited, which is deemed to be licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and a non-wholly owned subsidiary of the Company
“Placing Share(s)”	a maximum of 60,000,000 existing Shares currently held by the Vendor to be placed through the Placing Agent, on best effect basis, pursuant to the Placing and Top-Up Agreement
“Share(s)”	share(s) of HK\$0.10 each in the Company and are listed on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	a subscription of the Subscription Shares by the Vendor pursuant to the Placing and Top-Up Agreement
“Subscription Price”	HK\$0.275 per Subscription Share
“Subscription Share(s)”	a maximum of 60,000,000 new Shares, which shall be in the same number as the shares placed pursuant to the Placing and Top-Up Agreement, to be subscribed by the Vendor under the Placing and Top-Up Agreement
“The Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Vendor”	Cash Guardian Limited, a company incorporated in the British Virgin Islands with limited liability and the share capital of which is 100% beneficially owned by a family trust established for the benefit of the family members of Mr Kwan Pak Hoo Bankee, the substantial shareholder, the chairman and an executive director of the Company
“HK\$”	Hong Kong dollars
“%”	per cent

On behalf of the board

Bankee P Kwan

Chairman & CEO

Hong Kong, 22 May 2003

Please also refer to the published version of this announcement in The Standard.