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CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code #1049)

CLARIFICATION ANNOUNCEMENT

Reference is made to the Company's announcement dated 28 February 2006 and the circular dated 10 March 2006 in respect of the discloseable transaction for disposal of partial interest in CRMG. The Board wishes to clarify that CFSG shall be regarded as a subsidiary of the Company throughout the period ended 30 June 2006.

Reference is made to the announcement of Celestial Asia Securities Holdings Limited ("Company") dated 28 February 2006 ("Announcement") and the circular dated 10 March 2006 ("Circular") in respect of the discloseable transaction for disposal of partial interest in CASH Retail Management Group Limited ("CRMG"). It was disclosed in the Announcement and the Circular that, among other things, CASH Financial Services Group Limited ("CFSG") might cease to be a subsidiary of the Group. The board of directors ("Board") of the Company wishes to clarify that CFSG shall be regarded as a subsidiary of the Company throughout the period ended 30 June 2006.

Although the aggregate shareholding interests of Celestial Investment Group Limited ("CIGL"), a wholly-owned subsidiary of the Company, in CFSG have dropped below the level of absolute control in January 2006, the Board, having taking into account the fact that (a) CIGL has remained as the single largest shareholder of CFSG since January 2006 and is currently holding 46.26% shareholding in CFSG; and (b) the composition of the board of CFSG has not been changed (except resignation of an executive Director) throughout the period and CIGL as the single largest shareholder has remained in the position to control the composition of the board and the financial and operating policies of CFSG, CFSG shall be regarded as a subsidiary of the Group according to Hong Kong Accounting Standard 27. The Company considers that CFSG should be regarded as a subsidiary of the Company for the six months ended 30 June 2006 and the results and statement of affairs of CFSG will be consolidated into the accounts of the Company in the 2006 interim results to be announced.

By order of the Board

Bankee P Kwan

Chairman

Hong Kong, 19 September 2006

As at the date hereof, the executive Directors of the Company are Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Mr Wong Kin Yick Kenneth, Mr Li Yuen Cheuk Thomas, and its independent non-executive directors are Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin.