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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**


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**If you are in any doubt** about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Celestial Asia Securities Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**CASH**   
**CELESTIAL ASIA SECURITIES HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock code: 1049)**

**PROPOSED SUBSCRIPTION OF NEW SHARES IN THE COMPANY**  
**BY CONNECTED PERSON AND AN INDEPENDENT THIRD PARTY**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**

**VINCO**   
**Grand Vinco Capital Limited**

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A notice convening a special general meeting of Celestial Asia Securities Holdings Limited to be held at 21/F The Center, 99 Queen's Road Central, Hong Kong on 23 July 2007 (Monday) at 9:30 am is set out on pages 31 to 32 of this circular. A letter from the Independent Financial Adviser (as defined herein) containing its advice to the Independent Board Committee (as defined herein) and the Independent Shareholders (as defined herein) in relation to the Subscription Agreements (as defined herein) and the transactions contemplated thereunder is set out on pages 15 to 24 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by no later than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and return of a form of proxy will not preclude you from attending and voting at the meeting should you so wish.

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Announcement”	the announcement made by the Company on 12 June 2007 in respect of, among other things, the entering into the Subscription Agreements
“ARTAR”	Abdulrahman Saad Al-Rashid & Sons Company Limited, a substantial Shareholder of the Company
“associate(s)”	has the same meaning ascribed in the Listing Rules
“Board”	the board of the Directors
“CFSG”	CASH Financial Services Group Limited (stock code: 8122), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange and a subsidiary of the Company
“Company”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the issue and allotment of the Subscription Shares pursuant to the Subscription Agreements
“Conditions”	the conditions of the Subscription Agreements as set out in the sub-section headed “Conditions” in this circular
“connected person(s)”	has the same meaning ascribed in the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent board committee of the Company comprising the independent non-executive Directors, namely Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin

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## DEFINITIONS

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“Independent Financial Adviser”	Grand Vinco Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	Shareholders other than the Subscriber A and its associates
“Last Trading Day”	the morning session on 11 June 2007, the last trading session prior to the date of the Announcement
“Latest Practicable Date”	27 June 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Options”	options granted or to be granted to executive directors, employees, consultant, adviser or agent of any member of the Group pursuant to the share option scheme of the Company adopted on 19 February 2002 which entitle the holder thereof to subscribe for Share(s) at a certain exercise price
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held to approve, inter alia, the Subscription Agreements and the allotment of the Subscription Shares
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Special Mandates”	the special mandates to be sought from the Independent Shareholders at the SGM in respect of the issue and allotment of the Subscription Shares pursuant to the Subscription Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Subscriber A”	Cash Guardian Limited, a substantial Shareholder of the Company, and a company controlled by Mr Kwan Pak Hoo Bankee (Chairman of the Company)
“Subscriber B”	Proteus Growth Fund Limited who is third party independent of the Company and connected person of the Company
“Subscribers”	the Subscriber A and the Subscriber B
“Subscriptions”	the subscriptions of the Subscription Shares by the Subscribers
“Subscription Agreement A”	the subscription agreement entered into between the Company and the Subscriber A on 12 June 2007 in relation to the proposed issue of 50,000,000 Subscription Shares to the Subscriber A at the Subscription Price
“Subscription Agreement B”	the subscription agreement entered into between the Company and the Subscriber B on 12 June 2007 in relation to the proposed issue of 50,000,000 Subscription Shares to the Subscriber B at the Subscription Price
“Subscription Agreements”	the Subscription Agreement A and the Subscription Agreement B
“Subscription Price”	HK\$0.52 per Subscription Share
“Subscription Shares”	100,000,000 new Shares to be issued upon Completion
“HK\$”	Hong Kong dollar(s)
“PRC”	the People’s Republic of China

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## LETTER FROM THE BOARD

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# CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1049)**

### ***Board of Directors:***

#### ***Executive:***

KWAN Pak Hoo Bankee  
LAW Ping Wah Bernard  
WONG Kin Yick Kenneth  
LIN Che Chu George

#### ***Registered office:***

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

#### ***Independent non-executive:***

LEUNG Ka Kui Johnny  
WONG Chuk Yan  
CHAN Hak Sin

#### ***Head office and principal place of business:***

21/F The Center  
99 Queen's Road Central  
Hong Kong

3 July 2007

*To Shareholders*

Dear Sir/Madam,

## **PROPOSED SUBSCRIPTION OF NEW SHARES IN THE COMPANY**

## **BY CONNECTED PERSON AND AN INDEPENDENT THIRD PARTY**

### **INTRODUCTION**

On 12 June 2007, the Board announced that the Company entered into the Subscription Agreements with the Subscribers pursuant to which the Subscribers agreed to subscribe and the Company agreed to issue and allot an aggregate of 100,000,000 Subscription Shares at the Subscription Price of HK\$0.52 per Subscription Share.

The Subscription Shares will be issued under the Special Mandates to be sought from the Independent Shareholders at the SGM.

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## LETTER FROM THE BOARD

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The Subscriber A is a substantial shareholder which, as at the Latest Practicable Date, is holding 246,042,564 Shares, representing about 37.49% of the existing issued share capital of the Company. The Subscriber A is a connected person of the Company and the entering into of the Subscription Agreement A constituted a connected transaction for the Company. The Subscription Agreements are subject to the Conditions including, inter alia, approval of the Subscription Agreements by the Independent Shareholders in the SGM. The Independent Board Committee has been established to consider the terms of the Subscription Agreements and the transactions contemplated thereunder. Grand Vinco Capital Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the terms of the Subscription Agreements and the transactions contemplated thereunder.

The purpose of this circular is to provide you with further information regarding the Subscription Agreements and the notice of the SGM at which ordinary resolutions will be proposed to approve the Subscription Agreements and the allotment of the Subscription Shares.

### THE SUBSCRIPTION AGREEMENTS

The details of the Subscription Agreements are described below:

#### **Date**

12 June 2007

#### **Parties**

Issuer : the Company

The Subscribers : The Subscriber A and the Subscriber B.

The Subscriber A is a substantial shareholder of the Company and a connected person of the Company. The principal activity of the Subscriber A is investment holding.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Subscriber B and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company. The principal activity of the Subscriber B is management and investment of professional mutual fund.

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## LETTER FROM THE BOARD

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### Principal terms

Subscription Shares : A total of 100,000,000 new Shares, being 50,000,000 new Shares to be subscribed by the Subscriber A and 50,000,000 new Shares to be subscribed by the Subscriber B, representing approximately 15.24% of the existing issued share capital of the Company and approximately 13.22% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there will be no exercise of the outstanding Options prior to Completion).

Ranking of the Subscription Shares : HK\$0.52 per Subscription Share, determined on an arm's length basis between the Company and the Subscribers with reference to the recent market Share prices, being:

- about 23.5% discount to the closing price of HK\$0.68 per Share on the Last Trading Day;
- about 6.5% discount to the average closing price of about HK\$0.556 per Share based on the closing prices as quoted on the Stock Exchange for the 5 trading days ended on the Last Trading Day;
- about 0.4% discount to the average closing price of about HK\$0.522 per Share based on the closing prices as quoted on the Stock Exchange for the 10 trading days ended on the Last Trading Day;
- about 54.8% discount to the closing price of HK\$1.15 per Share as at the Latest Practicable Date.

The net price of each Subscription Share is also HK\$0.52. The terms of the Subscription Agreements were determined after arm's length negotiation between the Company and the Subscribers. Although the Subscription Price represents a discount of approximately 23.5% to the closing price of HK\$0.68 per Share on the Last Trading Day, on the basis that (a) the Subscription Price of HK\$0.52 per Share also represents only a slight discount of about 6.5% and 0.4% to the average closing price for the 5 trading days and 10 trading days respectively ended on the Last Trading Day; (b) premium of



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## LETTER FROM THE BOARD

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about 13.0% over the audited net asset value of approximately HK\$0.46 per Share as at 31 December 2006; (c) the relatively thin trading volume of the Shares (the average daily volume was approximately 3,365,401 Shares based on the 3 months' trading volume up to 31 May 2007, representing approximately only 3.4% of the Subscription Shares), the Board is of the opinion that the terms of the Subscription Agreements and of the transactions contemplated thereunder including the Subscription Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Total subscription amount : HK\$52,000,000

### Conditions

Completion is conditional upon fulfillment of the following Conditions in full:–

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares;
- (b) the approvals of the Subscription Agreements and the allotment of the Subscription Shares by the Independent Shareholders in the SGM;
- (c) the simultaneous completion of the Subscription Agreement A and the Subscription Agreement B;
- (d) the compliance of any other requirement that may be required by the Stock Exchange;
- (e) the Subscribers being satisfied with the results of their respective due diligence investigations on the Company (including, without limitation, legal, operational and financial due diligence);
- (f) the Company's warranties under the Subscription Agreements being true, accurate and correct in all material respects as at Completion; and
- (g) the Subscribers having performed all their respective obligations under the Subscription Agreements, on or before Completion in all material respects including the payment of the Subscription Price for their respective Subscription Shares.

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## LETTER FROM THE BOARD

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The Conditions are required to be fulfilled on or before 31 October 2007 or such later date as may be agreed between the Company and the Subscribers. If the Conditions are not fulfilled by such date, the Subscription Agreements will terminate.

### Completion

Completion of the Subscription Agreements will take place simultaneously. The Subscription Agreements shall be completed within 3 business days (or any extended period as agreed by the Company and the Subscribers) after the fulfilment of the Conditions pursuant to the Subscription Agreements. The Subscribers shall at Completion pay the aggregate issue price for their respective Subscription Shares of HK\$26,000,000 to the Company and the Company shall issue and allot the Subscription Shares to the respective Subscribers or their nominee(s).

### Special Mandates to issue Subscription Shares

The Subscription Shares will be issued under the Special Mandates to be sought from the Independent Shareholders at the SGM.

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

## SHAREHOLDING STRUCTURE

The shareholding structures of the Company (based on information received by the Company and notified pursuant to Part XV of the SFO as at the Latest Practicable Date) before and after Completion (assuming there will be no exercise of the outstanding Options prior to Completion) are as follows:

Shareholders	Existing		Upon Completion	
	Number of Shares	%	Number of Shares	%
Director	7,644,300	1.16	7,644,300	1.01
ARTAR	103,000,000	15.70	103,000,000	13.62
The Subscriber A	246,042,564	37.49	296,042,564	39.15
The Subscriber B	–	–	50,000,000	6.61
Other public	299,538,876	45.65	299,538,876	39.61
Total	<u>656,225,740</u>	<u>100.00</u>	<u>756,225,740</u>	<u>100.00</u>

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## LETTER FROM THE BOARD

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### REASONS OF THE SUBSCRIPTIONS AND USE OF PROCEEDS

The current principal activities of the Group consist of (a) financial services provided via CFSG including online and traditional brokerage of securities, options, futures and leveraged foreign exchange contracts as well as mutual funds and insurance-linked investment products, margin financing, corporate finance, other financial services; (b) retailing of furniture and household items and trendy digital products; (c) online game services, sales of online game auxiliary products and licensing services; and (d) investment holding.

The Subscriptions allow the Company to introduce new institutional investor to the Company and to raise funds with relatively low transaction cost, which will strengthen the capital base and the financial position of the Company. The Directors are of the view that the Subscriptions are in the interests of the Company and the Shareholders.

The Company intends to apply the net proceeds from the Subscription Agreements, which is expected to be approximately HK\$52 million, for general working capital purposes.

### FINANCIAL INFORMATION ON THE GROUP

The audited consolidated net losses before and after taxation, minority interest and extraordinary items of the Group for the year ended 31 December 2005 were about HK\$30.1 million and HK\$37.0 million respectively.

The audited consolidated net profits before and after taxation, minority interest and extraordinary items of the Group for the year ended 31 December 2006 were about HK\$59.3 million and HK\$32.1 million respectively.

The audited consolidated net asset value of the Group as at 31 December 2005 were about HK\$183.3 million, and the audited consolidated net asset value of the Group as at 31 December 2006 were about HK\$305.0 million.

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## LETTER FROM THE BOARD

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### FUND RAISING FOR THE PAST 12 MONTHS

In November 2006, the Company effected a 2-for-1 rights issue and had raised new capital of around HK\$60.2 million (after expenses) as to approximately HK\$40 million to expand its retail business in the PRC and the balance of approximately HK\$20.2 million for general working capital. The actual use of net proceeds were as follows:

	<i>HK\$</i>
Expanded retail business in the PRC	40.0 million
General working capital	<u>20.2 million</u>
	<u><u>60.2 million</u></u>

Save for the aforesaid rights issue, the Company had no fund raising activity in the past 12 months.

### IMPLICATIONS UNDER THE LISTING RULES

Under the Listing Rules, the entering into the Subscription Agreement A constituted a connected transaction for the Company under the Listing Rules. The Subscription Agreements are subject to the Conditions including the passing of ordinary resolution(s) to approve the Subscription Agreements by the Independent Shareholders in the SGM. The Independent Board Committee has been established to consider the terms of the Subscription Agreements and the transactions contemplated thereunder. Grand Vinco Capital Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the terms of the Subscription Agreements and the transactions contemplated thereunder.

### SGM

Set out on pages 31 to 32 of this circular is a notice convening the SGM in which ordinary resolutions will be proposed to be considered and, if thought fit, be passed by the Independent Shareholders for approving the Subscription Agreements and the allotment of the Subscription Shares. The Subscriber A is currently holding 246,042,564 Shares, representing about 37.49% of the existing issued share capital of the Company. The Subscriber A and its associates are required to abstain from voting in the resolutions numbered 1 and 2 to approve the Subscription Agreements and the allotment of the Subscription Shares in the SGM. All the resolutions will be voted by way of poll at the SGM.

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## LETTER FROM THE BOARD

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A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by no later than 48 hours before the time appointed for the holding of the SGM. Completion and return of a form of proxy will not preclude you from attending and voting in the SGM should you so wish.

### PROCEDURE TO DEMAND A POLL BY SHAREHOLDERS

Shareholders may demand a resolution to be taken by poll if:

- (1) the demand is raised before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll; and
- (2) the demand is made by:
  - (a) chairman of the meeting; or
  - (b) at least 3 registered Shareholders (as represented personally, or by proxy, or by corporate representative) entitled to vote at the meeting; or
  - (c) a registered Shareholder or registered Shareholders (as represented personally, or by proxy, or by corporate representative(s)) representing not less than 10% of the total voting rights of all Shares in issue that entitle the holders to vote at the meeting; or
  - (d) a registered Shareholder or registered Shareholders (as represented personally, or by proxy, or by corporate representative(s)) holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all the Shares conferring that right.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

In relation to the Subscription Agreements, your attention is drawn to the letters from the Independent Board Committee and the Independent Financial Adviser set out on pages 13 to 24 of this circular. Having taken into account the advice of the Independent Financial Adviser, the Independent Board Committee is of the opinion that the terms of the Subscription Agreements and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and it therefore recommends the Independent Shareholders to vote in favour of the resolutions numbered 1 and 2 relating to the Subscription Agreements and the allotment of the Subscription Shares at the SGM.

### ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendix to this circular.

Yours faithfully,  
On behalf of the Board  
**Bankee P Kwan**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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# CASH

## CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1049)**

3 July 2007

*To the Independent Shareholders*

Dear Sir or Madam,

### **PROPOSED SUBSCRIPTION OF NEW SHARES IN THE COMPANY BY CONNECTED PERSON AND AN INDEPENDENT THIRD PARTY**

We refer to the circular dated 3 July 2007 of the Company (“Circular”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed to form an Independent Board Committee to consider the terms of the Subscription Agreements and the transactions contemplated thereunder and to advise the Independent Shareholders whether, in our opinion, the terms of the Subscription Agreements and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders as a whole are concerned and are in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Subscription Agreements and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board set out on pages 4 to 12 of the Circular which contains, inter alia, information on the Subscription Agreements and the letter from the Independent Financial Adviser set out on pages 15 to 24 of the Circular which contains its advice in respect of the terms of the Subscription Agreements and the transactions contemplated thereunder.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the advice of the Independent Financial Adviser, we consider the terms of the Subscription Agreements and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions numbered 1 and 2 to be proposed at the SGM to approve the Subscription Agreements and the allotment of the Subscription Shares.

Yours faithfully  
Independent Board Committee  
**Leung Ka Kui Johnny**  
**Wong Chuk Yan**  
**Chan Hak Sin**  
*Independent non-executive Directors*



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Grand Vinco Capital Limited to the Independent Board Committee and the Independent Shareholders in connection with the proposed subscription of new Shares in the Company by connected person and an independent third party and the transactions contemplated thereunder has been prepared for the purpose of incorporation in this circular:*

**VINC**   
**Grand Vinco Capital Limited**

Unit 4909-4910, 49/F., The Center  
99 Queen's Road Central, Hong Kong

3 July 2007

*To the Independent Board Committee and the Independent Shareholders of  
Celestial Asia Securities Holdings Limited*

Dear Sirs,

**PROPOSED SUBSCRIPTION OF NEW SHARES IN THE COMPANY  
BY CONNECTED PERSON AND AN INDEPENDENT THIRD PARTY**

**INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the proposed subscription of the new Shares in the Company by connected person and an independent third party and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" in the circular ("Circular") issued by the Company to the Shareholders dated 3 July 2007 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 12 June 2007, the Board announced that the Company has entered into the Subscription Agreements with each of the Subscriber A and the Subscriber B. Pursuant to which each of the Subscriber A and Subscriber B agreed to subscribe for 50,000,000 Shares respectively (in total 100,000,000 Shares will be subscribed) at the Subscription Price of HK\$0.52.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the Subscriber A is holding 246,042,564 Shares, representing approximately 37.49% of the entire issued share capital of the Company as at the Latest Practicable Date, it is a substantial Shareholder and a connected person of the Company under the Listing Rules. As such, the entering into the Subscription Agreement A constituted a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. The Subscription Agreement A is therefore subject to, among other things, the approval of the Independent Shareholders at the SGM. As the Subscription Agreement A and the Subscription Agreement B are inter-conditional to each other, the Subscriber A and its associates are required to abstain from voting in the resolution to approve the Subscription Agreements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the Subscription Agreements and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and whether the Subscriptions and the transactions contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole.

As the Independent Financial Adviser to the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee for it to advise the Independent Shareholders as to whether the respective terms of the Subscription Agreements and the transactions contemplated thereunder in relation to the Subscriptions transactions are fair and reasonable as far as the Independent Shareholders are concerned. We confirm that we are independent from the Company and its connected persons and are not involved in any circumstances stated under Rule 13.84 of the Listing Rules.

### **BASIS OF OUR OPINION AND RECOMMENDATION**

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Subscription Agreements and the transactions contemplated thereunder and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Subscriptions and the transactions contemplated thereunder, we have considered the principal factors and reasons set out below:

#### **Background of and reasons for the Subscriptions and the transactions contemplated thereunder**

The Group is principally engaged in (a) financial services provided via CFSG including online and traditional brokerage of securities, options, futures and leveraged foreign exchange contracts as well as mutual funds and insurance-linked investment products, margin financing, corporate finance, other financial services; (b) retailing of furniture and household items and trendy digital products; (c) online game services, sales of online game auxiliary products and licensing services; and (d) investment holding.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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On 12 June 2007, the Company and each of the Subscribers entered into the Subscription Agreements respectively, in which each of the Subscribers have agreed to subscribe for 50,000,000 Shares respectively. The sum of 100,000,000 Shares to be issued by the Company upon Completion represents approximately 15.24% of the entire issued share capital of the Company and approximately 13.22% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there will be no exercise of the outstanding Options prior to Completion) as at the Latest Practicable Date. As confirmed by the Board, to its knowledge, information and belief, having made reasonable enquiry, the Subscriber B is a third party independent of the Company and connected person of the Company (as defined under the Listing Rules), and the Subscriber A is a substantial Shareholder holding 246,042,564 Shares (representing approximately 37.49% of the entire issued share capital of the Company as at the Latest Practicable Date) and a connected person of the Company. Therefore the Subscription Agreement A constitutes a connected transaction on the part of the Company and the Subscription Agreement A and Subscription Agreement B are inter-conditional to each other. The Subscription Agreements will be subject to, among other things, the approval by Independent Shareholders at the SGM. In addition, the Subscriber A and its associates are required to abstain from voting in the resolution to approve the Subscription Agreements under Chapter 14A of the Listing Rules.

As stated in the letter from the Board, the Company intends to apply the net proceeds of approximately HK\$52 million from the Subscriptions for general working capital of the Company.

### **Terms of the Subscription Agreements**

As stated in the letter from the Board, the Subscription Price is HK\$0.52, representing:

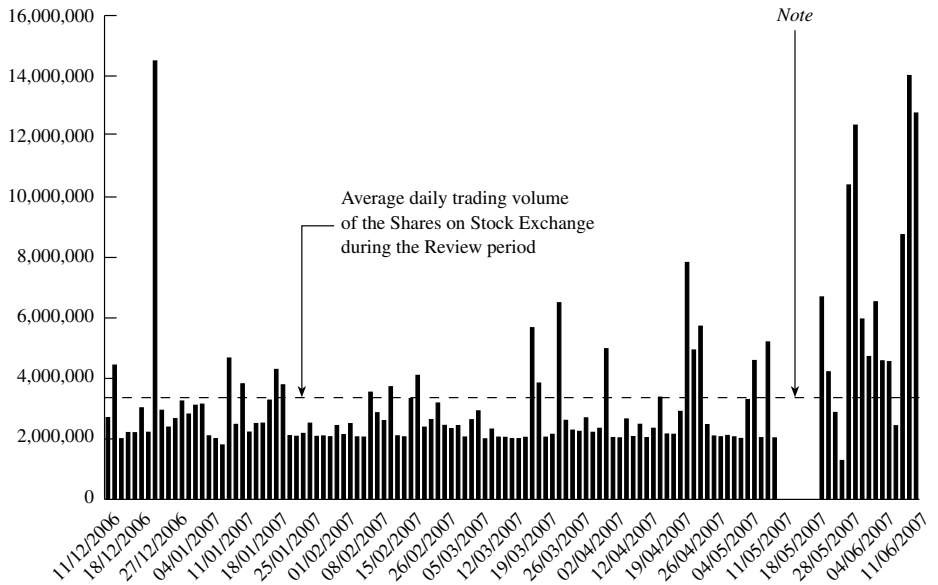
- i) approximately 23.5% discount to the closing price of HK\$0.68 per Share on the Last Trading Day;
- ii) approximately 6.5% discount to the average closing price of about HK\$0.556 per Share based on the closing prices as quoted on the Stock Exchange for the 5 trading days ended on the Last Trading Day;
- iii) approximately 0.4% discount to the average closing price of about HK\$0.522 per Share based on the closing prices as quoted on the Stock Exchange for the 10 trading days ended on the Last Trading Day;
- iv) approximately 54.8% discount to the closing price of HK\$1.15 per Share on the Latest Practicable Date;
- v) approximately 13.0% premium over the audited net asset value of approximately HK\$0.46 per Share as at 31 December 2006.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We also set out below the historical daily trading volume of the Share and the closing price of the Share during the 6-month period prior to the Last Trading Day (“Review Period”).



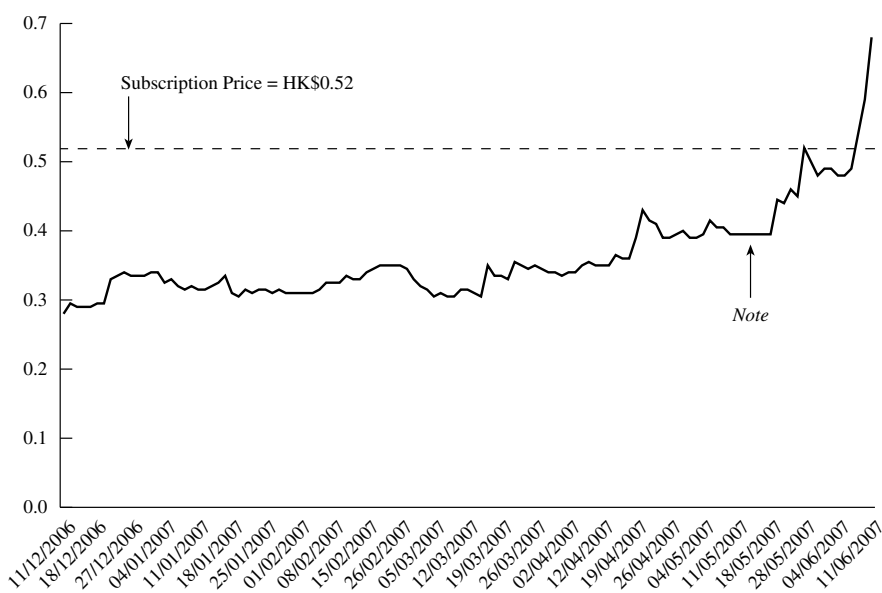
*Note:* Suspension of trading in the Shares on the Stock Exchange from 11 May 2007 to 18 May 2007 pending the release of an announcement in relation to a mandatory unconditional general offer in the shares of CASH Financial Services Group Limited (stock code: 8122), a subsidiary of the Company.

*Source:* Stock Exchange

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Note:* Suspension of trading in the Shares on the Stock Exchange from 11 May 2007 to 18 May 2007 pending the release of an announcement in relation to a mandatory unconditional general offer in the shares of CASH Financial Services Group Limited (stock code: 8122), a subsidiary of the Company.

*Source:* Stock Exchange

We noted that the daily trading volume of the Shares was in the range of 1,286,250 Shares to 14,497,889 Shares during the Review Period. When compared to the Shares issued as at the date of the Announcement, the daily trading volume was approximately 0.2% to 2.2% of the entire issued capital of the Company. The average daily trading volume of the Shares was approximately 3,251,148 Shares, representing approximately 0.5% of the existing share capital of the Company.

We noted that the daily closing prices of the Share were in the range of HK\$0.68 to HK\$0.29 per Share during the Review Period. The average closing price of Share during the Review Period was approximately HK\$0.36 per Share. Therefore, the Subscription Price represents a premium of approximately 44.4% over the average closing price of the Share during the Review Period as compared to the discount of approximately 23.5% to the closing price per Share of HK\$0.68 as at the Last Trading Day.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For the purpose of comparison, we have reviewed the recent cases of subscription of new shares (for the purpose of our analysis, excluding top-up placing) conducted by other listed issuers on the Stock Exchange during the Review Period (“Comparables”) and have identified 17 Comparables. Set out below are the statistics on the Comparables:

Company Name	Stock code	Date of announcement	Subscription price per share (HK\$)	Approximate premium/(discount) to closing price of the Share immediately prior to the Last Trading Day (%)
Baoye Group Company Limited	2355	13-Dec-06	10.880	(9.33)
Yanion International Holdings Limited	82	13-Dec-06	0.700	(43.10)
China Water Affairs Group Limited	855	20-Dec-06	2.730	(5.86)
Mayer Holdings Limited	1116	20-Dec-06	0.500	25.00
New Times Group Limited	166	21-Dec-06	0.350	(6.67)
Everbest Century Holdings Limited	578	2-Jan-07	0.380	(7.32)
HKC (Holdings) Limited	190	11-Jan-07	1.330	(11.33)
Benefun International Holdings Limited	1130	6-Feb-07	0.066	(17.50)
HKC (Holdings) Limited	190	12-Feb-07	1.370	(5.52)
Sunny Global Holdings Limited	1094	14-Mar-07	0.100	(4.76)
Poly (Hong Kong) Investments Limited	119	15-Mar-07	1.700	(2.86)
Sunny Global Holdings Limited	1094	20-Mar-07	0.140	0.00
Sino Union Petroleum & Chemical International Limited	346	4-Apr-07	1.440	(8.30)
Radford Capital Investment Limited	901	30-May-07	0.120	(17.81)
Nubrand Group Holdings Limited	835	1-Jun-07	0.335	(2.90)
Shenzhen High-Tech Holdings Limited	106	7-Jun-07	0.620	(12.68)
Benefun International Holdings Limited	1130	11-Jun-07	0.157	(19.49)
			Max.	25.00
			Min.	(43.10)
			Mean	(8.85)
Celestial Asia Securities Holdings Limited	1049	12-Jun-07	<u>0.520</u>	<u>(23.50)</u>

*Source: Stock Exchange*

As illustrated on the above table, the subscription prices of the Comparables are in the range of a premium of approximately 25.00% to a discount of approximately 43.10% on the closing price of the Share as at the Last Trading Day, representing an average discount of approximately 8.85%. We noted that the discount of approximately 23.50% to the closing price of the Share on the Last Trading Day is within the range of the Comparables yet above the average the mean of the Comparables.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Although the Subscription Price represents a discount of approximately 23.5% to the closing price of the Share as at the Last Trading Day, Shareholders should also consider the following facts including, (i) the Subscription Price represents a premium over the audited net asset value per Share as at 31 December 2006; (ii) the Shares were traded in relatively thin trading volume during the Review Period; (iii) the Subscription Price represents a premium over the average closing prices of the Share during the Review Period; (iv) the discount of the Subscription Price on the closing price of the Share on Last Trading Day lies within the range of the Comparables; and (v) the use of proceeds will be utilised as general working capital of the Company. Having considered that above factors, we are of the view that the terms of the Subscription Agreements and the transactions contemplated thereunder are fair and reasonable to the Company and the Independent Shareholders as a whole.

### **Other financing alternatives**

As advised by the Directors, they have considered alternative means of financing, including arrangement of new bank loans, rights issue, and open offer. However, taking on additional bank borrowings may increase the Group's current gearing ratio, leading to a rise in borrowing costs and both open offer and rights issue may incur substantial costs to the Company. A typical rights issue or open offer would involve engagement of underwriter. The substantial cost incurred in form of underwriting commission may not be favourable to the Company and the Independent Shareholders.

Based on the aforesaid, we concur with the Directors' view that the Subscriptions allow the Company to introduce new institutional investor to the Company and to raise funds with relatively low transaction cost, which will strengthen the capital base and the financial position of the Company and thus we are of the view that the Subscriptions and the transactions contemplated thereunder are the interest of the Company and the Independent Shareholders as a whole.

### **Financial effects of the Subscription Agreements**

#### *i) Net asset value*

With reference to the annual report 2006 of the Company, the audited net asset value of the Group was approximately HK\$305 million as at 31 December 2006. Upon Completion, 100,000,000 Shares will be issued and allotted at HK\$0.52 per Subscription Share. There will be an increase in total assets and no effect on the total liabilities on the Group. In addition, the Subscription Price represents a premium of approximately 13.0% over the net asset value per Share as at 31 December 2006. Therefore, the Subscription Agreements, upon Completion, will enhance the net asset value of the Group as well as the net asset value per Share of the Group.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### ii) Working capital position

With reference to the annual report 2006 of the Company, the audited working capital position of the Group was approximately HK\$155,912,000 as at 31 December 2006. Since the net proceeds upon the Completion will be used as general working capital of the Group, the working capital of the Company will be increased by approximately HK\$52 million.

### iii) Gearing Position

With reference to the annual report 2006 of the Company, the gearing ratio (total liabilities/total assets) of the Group was approximately 0.75 as at 31 December 2006. As stated earlier, with injection of approximately HK\$52 million without affecting the total liabilities of the Group, the gearing ratio of the Group should be improved to approximately 0.74.

### Dilution on shareholding of the existing Shareholders

We set out below the Company's shareholding structure before and after the Completion assuming that there will be no exercise of the outstanding Options prior to the Completion:

Shareholders	As at the Latest Practicable Date		Upon Completion	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Director (Note)	7,644,300	1.16%	7,644,300	1.01%
ARTAR	103,000,000	15.70%	103,000,000	13.62%
Subscriber A	246,042,564	37.49%	296,042,564	39.15%
Subscriber B	–	0.00%	50,000,000	6.61%
Other public Shareholders	299,538,876	45.65%	299,538,876	39.61%
Total	<u>656,225,740</u>	<u>100.00%</u>	<u>756,225,740</u>	<u>100.00%</u>

Note: Mr Law Ping Wah Bernard, an executive Director

As illustrated on the above table, the shareholding of other public Shareholders will be decreased from approximately 45.65% to 39.61%, upon the Completion, which represents a dilution of approximately 6.04% to the other public Shareholders. Having taken into account the abovementioned factors in relation to the Subscriptions, we are of the view that the dilution to the shareholding of the other public Shareholders is acceptable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### CONCLUSION

Having taken into consideration of the above principal factors and reasons, including:

- 1) the level of discount of Subscription Price on the closing price of the Share as at the Last Trading Day is acceptable to the Company and the Independent Shareholders;
- 2) the Subscription Agreements have advantages over other fund raising methods;
- 3) the Subscription Agreements improve the net asset value, working capital position and gearing ratio of the Group; and
- 4) the dilution on shareholding of the other public Shareholders is acceptable,

we are of the view that the terms of the Subscription Agreements and the transactions contemplated thereunder are acceptable. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Subscriptions and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Grand Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

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## GENERAL INFORMATION

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### 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

### 2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date and subsequent to the issue of the Subscription Shares taking effect, the authorised and issued share capital of the Company are as follows:

*Authorised:*

<i>HK\$</i>	<i>Number of Shares</i>
<u>100,000,000.00</u>	<u>1,000,000,000</u>

*Issued and to be issued fully paid:*

<i>HK\$</i>	<i>Number of Shares</i>	
65,622,574.00	656,225,740	presently in issue
<u>10,000,000.00</u>	<u>100,000,000</u>	to be issued upon Completion
<u>75,622,574.00</u>	<u>756,225,740</u>	to be in issue after Completion

## GENERAL INFORMATION

### 3. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

#### A. The Company

##### 1. Long positions in the ordinary Shares

Name	Capacity	Number of Shares		Shareholding (%)
		Personal	Other interest	
Kwan Pak Hoo Bankee	Founder of a discretionary trust	–	246,042,564*	37.49
Law Ping Wah Bernard	Beneficial owner	7,644,300	–	1.16
		<u>7,644,300</u>	<u>246,042,564</u>	<u>38.65</u>

\* The Shares were held by the Subscriber A. Mr Kwan Pak Hoo Bankee was deemed to be interested in all the Shares as a result of his interests in the Subscriber A as disclosed in the section headed "Substantial Shareholders" below.

##### 2. Long positions in the underlying Shares – options under share option schemes

Name	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of options outstanding	Percentage to issued Shares (%)
Kwan Pak Hoo Bankee	13/11/2006	13/11/2006 – 12/11/2008	0.323	4,000,000	0.61
	6/6/2007	6/6/2007 – 31/5/2009	0.490	2,500,000	0.38
Law Ping Wah Bernard	13/11/2006	13/11/2006 – 12/11/2008	0.323	4,000,000	0.61
	6/6/2007	6/6/2007 – 31/5/2009	0.490	2,500,000	0.38
Wong Kin Yick Kenneth	13/11/2006	13/11/2006 – 12/11/2008	0.323	4,000,000	0.61
	6/6/2007	6/6/2007 – 31/5/2009	0.490	2,500,000	0.38
Lin Che Chu George	13/11/2006	13/11/2006 – 12/11/2008	0.323	4,000,000	0.61
	6/6/2007	6/6/2007 – 31/5/2009	0.490	2,500,000	0.38
				<u>26,000,000</u>	<u>3.96</u>

## GENERAL INFORMATION

### B. Associated corporations (within the meaning of the SFO)

#### (1) CFSG

##### (a) Long positions in the ordinary shares

Name	Capacity	Number of Shares		Shareholding (%)
		Personal	Other interest	
Kwan Pak Hoo Bankee	Founder of a discretionary trust	–	711,778,410*	51.46
Law Ping Wah Bernard	Beneficial owner	17,264,000	–	1.25
Wong Kin Yick Kenneth	Beneficial owner	10,860,000	–	0.79
Lin Che Chu George	Beneficial owner	280,000	–	0.02
		<u>28,404,000</u>	<u>711,778,410</u>	<u>53.52</u>

\* The shares were held as to 671,386,410 shares by Celestial Investment Group Limited, a wholly-owned subsidiary of the Company, and as to 40,392,000 shares by the Subscriber A. Mr Kwan Pak Hoo Bankee was deemed to be interested in all these shares as a result of his interests in the Company through the Subscriber A as disclosed in disclosed in the section headed “substantial Shareholders” below.

##### (b) Long positions in the underlying shares – options under share option scheme of CFSG

Name	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of outstanding options	Percentage to issued Shares (%)
Kwan Pak Hoo Bankee	7/7/2006	7/7/2006 – 31/7/2008	0.296	6,000,000	0.43
Law Ping Wah Bernard	7/7/2006	7/7/2006 – 31/7/2008	0.296	6,000,000	0.43
Wong Kin Yick Kenneth	7/7/2006	7/7/2006 – 31/7/2008	0.296	5,000,000	0.36
Lin Che Chu George	7/7/2006	7/7/2006 – 31/7/2008	0.296	13,800,000	0.99
				<u>30,800,000</u>	<u>2.21</u>

#### (2) Long positions in the underlying shares of an associated corporation

On 9 January 2007 (as amended on 22 January 2007), Mr Lin Che Chu George, an executive Director, was granted of an option to acquire from the Group such number of shares in an associated corporation of the Group as representing 10% of the issued share capital in such associated corporation. The option is exercisable during the 12-month period immediately before and after the securities of the associated corporation or its holding company become listed on any recognised stock exchange, in whole or in part by Mr Lin.

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## GENERAL INFORMATION

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Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive or their associates had any personal, family, corporate or other beneficial interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

#### 4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the ordinary Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Capacity	Number of Shares	Shareholding (%)
Jeffnet Inc (“Jeffnet”) ( <i>Note 1</i> )	Trustee of a discretionary trust	246,042,564	37.49
The Subscriber A ( <i>Note 1</i> )	Beneficial owner	246,042,564	37.49
Mr Al-Rashid, Abdulrahman Saad (“Mr Al-Rashid”) ( <i>Note 2</i> )	Interest in a controlled corporation	103,000,000	15.70
Abdulrahman Saad Al-Rashid & Sons Company Limited (“ARTAR”) ( <i>Note 2</i> )	Beneficial owner	103,000,000	15.70

*Notes:*

- (1) This refers to the same number of Shares held by the Subscriber A (which is 100% beneficially owned by Jeffnet). Jeffnet held these Shares as trustee of The Jeffnet Unit Trust, units of which were held by a discretionary trust established for the benefit of the family members of Mr Kwan Pak Hoo Bankee. Pursuant to the SFO, Mr Kwan Pak Hoo Bankee and Jeffnet were deemed to be interested in the Shares held by the Subscriber A.
- (2) This refers to the same number of Shares were held by ARTAR, which was a 45% owned controlled corporation of Mr Al-Rashid. Pursuant to the SFO, Mr Al-Rashid was deemed to be interested in the Shares held by ARTAR.

Save as disclosed above, as at the Latest Practicable Date, no other parties were recorded in the register required by the SFO to be kept as having an interest of 5% or more of the issued share capital of the Company.

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## GENERAL INFORMATION

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### 5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business, which competes or may compete with the business of the Group.

### 6. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

### 7. INTEREST OF DIRECTORS IN GROUP'S ASSETS

- (i) None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2006 (the date to which the latest published audited accounts of the Group have been made up).
- (ii) No Director was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

### 8. EXPERTS

The following is the qualification of the expert who has given opinion or advice which are contained in this circular:–

<b>Name</b>	<b>Qualification</b>
Grand Vinco Capital Limited	A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser were not interested beneficially in the shares in any member of the Group and did not has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

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## GENERAL INFORMATION

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As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interest in any assets which has been acquired or disposed of by or leased to the Company or its subsidiaries or is proposed to be acquired or disposed of by or leased to the Company or its subsidiaries since 31 December 2006, being the date up to which the latest published audited consolidated accounts of the Company were made up.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and reference to their name in the form and context in which it appears.

### 9. MATERIAL ADVERSE CHANGES

The Directors has confirmed that, at the Latest Practicable Date, there is no material adverse change in the financial or trading position of the Group since 31 December 2006, the date to which the latest published audited financial statements of the Group were made up.

### 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 21/F The Center, 99 Queen's Road Central, Hong Kong during normal business hours on any day up to and including 23 July 2007:–

- (a) the letter from the Independent Board Committee, the text of which is set out on pages 13 to 14 of this circular;
- (b) the letter from the Independent Financial Adviser, the text of which is set out on pages 15 to 24 of this circular;
- (c) the written consent from the Independent Financial Adviser referred to in the section headed "Expert" in this appendix; and
- (d) the Subscription Agreement A and the Subscription Agreement B.



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## NOTICE OF SGM

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# CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1049)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a Special General Meeting of Celestial Asia Securities Holdings Limited (“Company”) will be held at 21/F The Center, 99 Queen’s Road Central, Hong Kong on 23 July 2007, Monday, at 9:30 am for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

#### ORDINARY RESOLUTIONS

1. **“THAT**, the subscription agreement (“Subscription Agreement A”) entered into between the Company and Cash Guardian Limited (“Subscriber A”), a substantial shareholder of the Company, on 12 June 2007 in relation to the issue by the Company to the Subscriber A of 50,000,000 shares (“Subscription Shares A”) of HK\$0.10 each in the Company at a subscription price of HK\$0.52 each, subject to several conditions as set out in the Subscription Agreement A and described in the circular of the Company dated the same date of this notice, including the simultaneous completion of the Subscription Agreement B (to be defined in resolution (2) below), be hereby approved and the directors of the Company be and are hereby authorised to issue and allot the Subscription Shares A pursuant to or in connection with the terms of the Subscription Agreement A and generally to do such things or make such arrangement as they may think fit to give effect to the issue of the Subscription Shares A.”

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## NOTICE OF SGM

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2. “**THAT**, the subscription agreement (“Subscription Agreement B”) entered into between the Company and Proteus Growth Fund Limited (“Subscriber B”), an independent third party, on 12 June 2007 in relation to the issue by the Company to the Subscriber B of 50,000,000 shares (“Subscription Shares B”) of HK\$0.10 each in the Company at a subscription price of HK\$0.52 each, subject to several conditions as set out in the Subscription Agreement B and described in the circular of the Company dated the same date of this notice, including the simultaneous completion of the Subscription Agreement A (as defined in resolution (1) above), be hereby approved and the directors of the Company be and are hereby authorised to issue and allot the Subscription Shares B pursuant to or in connection with the terms of the Subscription Agreement B and generally to do such things or make such arrangement as they may think fit to give effect to the issue of the Subscription Shares B.”

By order of the Board  
**Suzanne W S Luke**  
*Company Secretary*

Hong Kong, 3 July 2007

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place  
of business in Hong Kong:*  
21/F The Center  
99 Queen’s Road Central  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote on his behalf. A proxy need not be a member of the Company. A form of proxy is also enclosed for the meeting.
2. In order to be valid, the form of proxy must be deposited at the principal place of business of the Company in Hong Kong at 21/F The Center, 99 Queen’s Road Central, Hong Kong together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power of attorney or other authority, not less than 48 hours before the time for holding the special general meeting or any adjournment thereof.