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**CELESTIAL ASIA SECURITIES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1049)**

**PROPOSED SHARE CONSOLIDATION  
AND  
PROPOSED REDUCTION OF SHARE CAPITAL**

The Board proposes to effect simultaneously:

- the Share Consolidation to consolidate 5 Existing Shares of HK\$0.10 each into 1 Consolidated Share of HK\$0.50 each; and
- the Capital Reduction to reduce the share capital of a Consolidated Share of HK\$0.50 each to a Reduced Share of HK\$0.10 each.

The reasons of the proposals are:

- to reduce the number of board lots of the shares in the Company, which will reduce the transaction costs of both the Company and the Shareholders dealing in the shares in the Company; and
- to allow the Company a greater flexibility in pricing its shares in issuance of new shares.

Upon the Share Consolidation and the Capital Reduction taking effect,:

- the consolidated net assets of the Group will generally remain unchanged;
- the exercise price of and the number of Reduced Shares entitled under each share option of the Company will be revised according to the share option scheme(s) of the Company.

The Share Consolidation and the Capital Reduction are conditional upon, among other things, the Shareholders' approval in AGM. The Circular setting out, inter alia, further information of the Share Consolidation and the Capital Reduction together with the notice of the AGM will be despatched to the Shareholders as soon as practicable.

**INTRODUCTION**

The Board proposes to put to the Shareholders proposals to effect the Share Consolidation immediately followed by the Capital Reduction at the terms set out hereinafter.

## **EXISTING SHARE CAPITAL**

Authorised share capital	:	HK\$300,000,000 divided into 3,000,000,000 Existing Shares
Number of Existing Shares in issue	:	902,525,740 Existing Shares
Issued share capital	:	HK\$90,252,574.00
Board lot size	:	2,000 units of Existing Shares

## **SHARE CONSOLIDATION**

### **Terms of consolidation**

Basis	:	To consolidate the issued ordinary share capital of the Company on the basis of every 5 Existing Shares into 1 Consolidated Share
Fractional Consolidated Share(s)	:	Fractional Consolidated Share(s) resulted from the Share Consolidation will not be issued but will be aggregated and, if possible, sold and retained for the benefit of the Company

## **CAPITAL REDUCTION**

### **Terms of reduction**

Basis	:	Assuming the Share Consolidation taking effect, to reduce each Consolidated Share of HK\$0.50 in the then ordinary share capital of the Company to a Reduced Share of HK\$0.10 by the cancellation of HK\$0.40 thereof
Treatment of reduced share capital	:	The total amount of reduced share capital resulted from the Capital Reduction will be debited to the share capital account and credited to the contributed surplus account

## **REASONS FOR SHARE CONSOLIDATION AND CAPITAL REDUCTION**

The Share Consolidation will reduce the number of board lots in the market and will reduce the transaction costs for dealing in the shares of the Company. Based on the closing price quoted on the Stock Exchange as at the date of this announcement, the value per board lot of 2,000 Shares was HK\$1,000. Upon the Share Consolidation taking effect, the market price of the shares in the Company will increase by 5 times theoretically and therefore the value per new board lot of 2,000 Shares will be HK\$5,000. Any trading costs or handling charges, which are calculated on per board lot basis, will therefore be lower.

Upon the Share Consolidation taking effect, the par value of each Share will become HK\$0.50. Since new shares in the Company may not be issued below the par value, the Capital Reduction will reduce the par value of a share in the Company and allow the Company a greater flexibility in pricing its shares in issuance of new shares in future. Presently, the Company has no plan to issue any new shares in the Company.

The Directors consider that the Share Consolidation and the Capital Reduction are in the interest of the Company and the Shareholders as a whole.

## **CONDITIONS**

The Share Consolidation and the Capital Reduction are inter-conditional with each other and are conditional upon, among other things:

- the passing of a special resolution of the Shareholders in the AGM approving the Share Consolidation and the Capital Reduction;
- the publication of a notice in Bermuda for the reduction in share capital of the Company pursuant to section 46 of the Companies Act 1981 of Bermuda; and
- the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Reduced Shares.

Subject to all conditions being fulfilled, the Share Consolidation and the Capital Reduction will take effect simultaneously.

## **EFFECTS OF SHARE CONSOLIDATION AND CAPITAL REDUCTION**

### **Share capital structure and net assets of the Group after Share Consolidation and Capital Reduction**

- |                                        |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Authorised share capital               | : | HK\$300,000,000 divided into 3,000,000,000 Existing Shares. The existing authorised share capital will remain unchanged                                                                                                                                                                                                                                                                                                                                                                                            |
| Number of Reduced Shares then in issue | : | A maximum of 180,505,148 Reduced Shares (assuming no new shares in the Company are issued prior to the Share Consolidation and the Capital Reduction taking effect)                                                                                                                                                                                                                                                                                                                                                |
| Issued share capital                   | : | Reduced to approximately 20% of the existing issued share capital to a maximum of HK\$18,050,514.80 by a reduction of approximately HK\$72,202,059.20                                                                                                                                                                                                                                                                                                                                                              |
| Board lot size                         | : | 2,000 units of Reduced Shares with a temporary counter for trading in board lots of 400 units of Reduced Shares to be arranged immediately following the Share Consolidation and the Capital Reduction taking effect                                                                                                                                                                                                                                                                                               |
| Rights attached to Reduced Shares      | : | The right attached to a Reduced Share shall remain unchanged after the Share Consolidation and the Capital Reduction becoming effective and is equivalent to that of 5 Existing Shares, and there will be no diminution of any liability in respect of payment to any Shareholder of any paid up capital, except no fractional entitlement, if any, as a result of the Share Consolidation will be issued to Shareholder but will be aggregated and, if possible, sold and retained for the benefit of the Company |
| Contributed surplus account            | : | To be enlarged by approximately HK\$72,202,059.20 transferred from the issued share capital account                                                                                                                                                                                                                                                                                                                                                                                                                |
| Consolidated net assets                | : | The consolidated net assets of the Group will remain unchanged save for expenses to be incurred to effect the Share Consolidation and the Capital Reduction                                                                                                                                                                                                                                                                                                                                                        |

## **Adjustment to exercise price and terms of share options**

Subject to the Share Consolidation taking effect, the exercise price of and the number of Reduced Shares entitled under each share option granted to the grantees of the Group will be adjusted in accordance with the share option scheme(s) of the Company, Rule 17.03(13) of the Listing Rules and the relevant supplementary guidance issued by the Stock Exchange dated 5 September 2005. The Capital Reduction will not have any effect to any term of the share options. The adjustments to the share options and the timetable thereof are subject to certification by an independent financial adviser of the Company and will be disclosed in the Circular.

## **EXPECTED TIMETABLE FOR THE SHARE CONSOLIDATION**

**2008**

Latest time for lodging forms of proxy for AGM	9:30 am on Wednesday, 4 June
AGM	9:30 am on Friday, 6 June
The date the Share Consolidation and the Capital Reduction taking effect	9:30 am on Tuesday, 10 June
Original counter for trading in board lot size of 2,000 Existing Shares temporarily closes	9:30 am on Tuesday, 10 June
Temporary counter for trading in board lot size of 400 Reduced Shares opens (in the form of the existing share certificates)	9:30 am on Tuesday, 10 June
First day for free exchange of certificates for Reduced Shares	Tuesday, 10 June
Original counter for trading in board lot size of 2,000 Reduced Shares reopens (in the form of new share certificates)	9:30 am on Tuesday, 24 June
Parallel trading in Reduced Shares commences	9:30 am on Tuesday, 24 June
Temporary counter for trading in board lot size of 400 Reduced Shares closes	4:00 pm on Wednesday, 16 July
Parallel trading in Reduced Shares ends	4:00 pm on Wednesday, 16 July
Latest date for lodging certificates for Existing Shares in exchange for certificates for Reduced Shares free of charge	Tuesday, 22 July

## **DEALINGS IN REDUCED SHARES AND SHARE CERTIFICATES**

In view of the Reduced Shares to be created upon the Share Consolidation and the Capital Reduction taking effect, (i) a temporary counter at the Stock Exchange will be arranged to deal in the Reduced Shares in board lot size of 400 Reduced Shares before the Reduced Shares are dealt with in the board lot size of 2,000 Reduced Shares, and (ii) exchange for new share certificates for Reduced Shares free of charge for a certain period will be arranged. Detailed terms and timetable for the dealings in the Reduced Shares and the free exchange for new share certificates will be set out in the Circular.

Application will be made to the Listing Committee of the Stock Exchange for listing of and permission to deal in the Reduced Shares and arrangement will be made to enable the Reduced Shares to be admitted to the Central Clearing and Settlement System for securities clearing and settlement purpose.

## **ODD LOT ARRANGEMENT**

The Company will procure Celestial Securities Limited, a non-wholly-owned subsidiary of the Company, to arrange for the purchase or disposal of the odd lots of Reduced Shares at the prevailing market prices during the period from 24 June 2008 to 16 July 2008 from or to Shareholders who hold odd lots of the Reduced Shares. Details of the odd lot share arrangement will be disclosed in the Circular.

## **GENERAL**

The Circular will be despatched to Shareholders as soon as practicable.

## **DEFINITIONS**

“AGM”	the annual general meeting of the Company to be held to approve, inter alia, the Share Consolidation and the Capital Reduction
“Board”	the board of directors of the Company
“Capital Reduction”	the proposed capital reduction of Consolidated Shares into Reduced Shares on the basis set out in the section headed “Capital Reduction”
“Circular”	the circular containing, inter alia, details of the Share Consolidation and the Capital Reduction, and the notice of the AGM
“Company”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and whose securities are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	issued share(s) of HK\$0.50 each in the share capital of the Company proposed to be created immediately after the Share Consolidation but before the Capital Reduction
“Existing Share(s)”	existing issued share(s) of HK\$0.10 each in the share capital of the Company
“Group”	the Company and its subsidiaries
“Reduced Share(s)”	issued share(s) of HK\$0.10 each in the share capital of the Company proposed to be created after the Share Consolidation and the Capital Reduction

“Share Consolidation”	the proposed share consolidation of every 5 Existing Shares into 1 Consolidated Share
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

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

Hong Kong, 15 April 2008

*As at the date hereof, the executive directors of the Company are Mr Kwan Pak Hoo Bankee, Mr Lin Che Chu George, Mr Law Ping Wah Bernard and Mr Wong Kin Yick Kenneth, and the independent non-executive directors of the Company are Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin.*