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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 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.

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**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF REMAINING 3.4% EQUITY SHAREHOLDING INTEREST IN**  
**A NON-WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

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## DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares at the Consideration to be fully settled in cash and the transaction contemplated under the Agreement
“Agreement”	the sale and purchase agreement dated 17 November 2008 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Announcement”	the announcement made by the Company on 17 November 2008 in respect of, among other things, the entering into of the Agreement by the Group on 17 November 2008
“Associate(s)”	has the meaning ascribed in the Listing Rules
“Board”	the board of Directors
“Company”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda, whose Shares are listed on the main board of the Stock Exchange
“Completion”	Completion of the Agreement, as particularly described in the subsection of “Completion” under the section of “The Agreement” in this circular
“Consideration”	HK\$38 million
“Directors”	the directors of the Company
“Game Group”	Netfield (BVI) and its subsidiaries, which operate and develop online game business
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	to the best of the knowledge, information and belief of the Board having made all reasonable enquiry, such company and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company

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## DEFINITIONS

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“Latest Practicable Date”	28 November 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the required standards of dealings regarding securities transactions by Directors or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
“Netfield (Bermuda)” or “Purchaser”	Netfield Technology Limited, a company incorporated in Bermuda with limited liability, and is a wholly-owned subsidiary of the Company. Netfield (Bermuda) is currently the direct holding company of Netfield (BVI) with 96.6% shareholding interest in Netfield (BVI)
“Netfield (BVI)”	Netfield Technology Limited, a company incorporated in British Virgin Islands with limited liability, and is currently a 96.6%-owned subsidiary of the Company. Netfield (BVI) and its subsidiaries are engaged in online game business
“Original Subscription Price”	the subscription price of US\$6 million (approximately HK\$46.8 million) in total for the Sale Shares under the subscription agreement dated 7 December 2007 as referred to in the announcement issued by the Company dated 10 December 2007
“Percentage Ratios”	the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules
“Sale Shares”	60,000 fully-paid shares of US\$1.00 each (being 3.4% of issued share capital of Netfield (BVI)) held by the Vendor before Completion
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Vendor”	Allypark International Limited, a company incorporated in British Virgin Islands with limited liability, with principal business of investment holding. The Vendor had acquired the beneficial interest of the Sale Shares at the Original Subscription Price from the subscriber under the subscription agreement dated 7 December 2007. The Vendor is an existing 3.4% shareholder of Netfield (BVI), and is an Independent Third Party
“HK\$”	Hong Kong dollar(s), the currency of Hong Kong
“US\$”	United States dollar(s), the currency of the United States

*For illustration purposes, the translation of US\$ into HK\$ is based on the exchange rate of US\$1.00 to HK\$7.8.*

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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  
LIN Che Chu George  
LAW Ping Wah Bernard

*Independent non-executive:*

LEUNG Ka Kui Johnny  
WONG Chuk Yan  
CHAN Hak Sin

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business  
in Hong Kong:*

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

2 December 2008

*To Shareholders*

Dear Sir/Madam,

### **DISCLOSEABLE TRANSACTION ACQUISITION OF REMAINING 3.4% EQUITY SHAREHOLDING INTEREST IN A NON-WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

#### **INTRODUCTION**

On 17 November 2008, the Board made the Announcement that, among other things, the Group entered into the Agreement on 17 November 2008. The principle terms of the Agreement are set out below.

As the relevant Percentage Ratios exceeded 5% but less than 25%, the Acquisition constituted a discloseable transaction of the Company under the Listing Rules.

The purpose of this circular is to give you further information regarding the Agreement.

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## LETTER FROM THE BOARD

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### THE AGREEMENT

- Date: 17 November 2008
- Vendor: Allypark International Limited, the existing 3.4% shareholder of Netfield (BVI), and is an Independent Third Party
- Purchaser: Netfield (Bermuda), the existing 96.6% shareholder of Netfield (BVI), and is a wholly-owned subsidiary of the Company
- Assets to be acquired: the Sale Shares (being 60,000 ordinary shares of US\$1.00 each), representing the remaining 3.4% of issued share capital of Netfield (BVI)
- Consideration: HK\$38 million, being 18.8% discount to the Original Subscription Price of the Sale Shares of US\$6 million (approximately HK\$46.8 million). The Consideration will be fully settled in cash on Completion.
- The Consideration was agreed between the Vendor and the Purchaser on an arm's length basis and on normal commercial terms, with reference to the Original Subscription Price of the Sale Shares in January 2008 with a discount, the Board considers that the Consideration is fair and reasonable.
- The Consideration will be funded by the internal resources of the Group.
- Completion: There is no conditions precedent to the Completion. Completion will take place within 30 days from the date of the Agreement on 17 November 2008. As at the Latest Practicable Date, the Agreement has been completed.

### REASON FOR THE ACQUISITION

The Sale Shares were acquired by the Vendor at the Original Subscription Price. The Vendor has indicated to the Company of its intention of disposing of the Sale Shares and pursuing a strategy of disinvestment in all online game business. The Acquisition provides the Group with an opportunity to acquire the remaining 3.4% minority stake at a discount of the Original Subscription Price, and to consolidate the Group's full control of the Game Group as well as to enjoy all the economic benefits arising from the Game Group. Given that the Game Group will be fully owned and controlled by the Group upon Completion, the Group will in a better position to run and develop the online game business. The Board considers that the terms of the Agreement is fair and reasonable and on normal commercial terms, and the Acquisition is in the best interest of the Group and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### INFORMATION OF THE GROUP

The current principal activities of the Group consist of (a) financial services provided via CASH Financial Services Group Limited (stock code: 510) 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; (c) provision of online game services, sales of online game auxiliary products and licensing services; and (d) investment holding.

### FINANCIAL INFORMATION OF THE GAME GROUP

The Game Group currently engages in provision of online game services, sales of online game auxiliary products and licensing service.

The audited consolidated net losses (before and after taxation) of the Game Group prepared in accordance with the Hong Kong generally acceptable accounting principles for the year ended 31 December 2006 both were about HK\$23.4 million and HK\$23.8 million respectively, and the audited consolidated net profits (before and after taxation) of the Game Group prepared in accordance with the Hong Kong generally acceptable accounting principles for the year ended 31 December 2007 both were about HK\$5.4 million. The unaudited consolidated net asset value of the Game Group as at 30 June 2008 was about HK\$25.5 million in deficit.

### EFFECTS OF THE AGREEMENT ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

As a result of the Acquisition, a goodwill of approximately HK\$42.5 million will be generated, while the Group's cash and bank balance will be reduced by HK\$38 million. As a result, the net effect of the Acquisition is an increase in assets of the Group by HK\$4.5 million. There is no change in liabilities of the Group. The Acquisition is not expected to have any material impact on the earnings of the Group.

Upon Completion, Netfield (BVI) will be accounted for as a wholly-owned subsidiary of the Group whose assets, liabilities and results will be fully consolidated into the accounts of the Group.

### GENERAL

As the relevant Percentage Ratios exceeded 5% but less than 25%, the Acquisition constituted a discloseable transaction of the Company under the Listing Rules.



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## LETTER FROM THE BOARD

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### 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*

## 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. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and 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) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code 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	–	66,398,512*	36.78
Lin Che Chu George	Beneficial owner	5,230,000	–	2.90
Law Ping Wah Bernard	Beneficial owner	6,784,060	–	3.76
		<u>12,014,060</u>	<u>66,398,512</u>	<u>43.44</u>

\* The Shares were held by Cash Guardian Limited ("Cash Guardian"). Mr Kwan Pak Hoo Bankee was deemed to be interested in all the Shares as a result of his interests in Cash Guardian as disclosed in the section headed "substantial Shareholders" below.

## 2. Long positions in the underlying shares – options under share option scheme

Name	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of options outstanding	Percentage to issued Shares (%)
Kwan Pak Hoo Bankee	6/6/2007	6/6/2007 – 31/5/2009	2.450	500,000	0.28
Lin Che Chu George	6/6/2007	6/6/2007 – 31/5/2009	2.450	500,000	0.28
Law Ping Wah Bernard	6/6/2007	6/6/2007 – 31/5/2009	2.450	500,000	0.28
				1,500,000	0.84

Notes:

- (1) Mr Kwan Pak Hoo Bankee is also the substantial Shareholder of the Company.
- (2) The options are held by the Directors in the capacity of beneficial owners.

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

- (i) CASH Financial Services Group Limited (stock code: 510), a subsidiary of the Company

Long positions in the ordinary shares

Name	Capacity	Number of shares		Shareholding (%)
		Personal	Other interest	
Kwan Pak Hoo Bankee	Beneficial owner and founder of a discretionary trust	1,988,000	210,080,799*	51.55
Lin Che Chu George	Beneficial owner	3,942,400	–	0.96
Law Ping Wah Bernard	Beneficial owner	6,513,920	–	1.58
		12,444,320	210,080,799	54.09

- \* The shares were held as to 198,771,039 shares by Celestial Investment Group Limited, a wholly-owned subsidiary of the Company, and as to 11,309,760 shares by Cash Guardian. Mr Kwan Pak Hoo Bankee was deemed to be interested in all these shares as a result of his interests in the Company through Cash Guardian as disclosed in the “substantial Shareholders” below.

(ii) *Netfield (BVI), a subsidiary of the Company*

Long positions in the underlying shares

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 Netfield (BVI) as representing 10% of the issued share capital in Netfield (BVI) for a cash consideration of HK\$12 million. The option is exercisable during the 12-month period immediately before and after the securities of Netfield (BVI) or its holding company become listed on any recognised stock exchange, in whole or in part, by Mr Lin.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive or their Associates had any interests and 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) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and any options in respect of such capital, or were otherwise notified to the Company and recorded in the register required to be kept under section 336 of the SFO were as follows:

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Shareholding (%)</b>
Jeffnet Inc ( <i>Note</i> )	Trustee of a discretionary trust	66,398,512	36.78
Cash Guardian ( <i>Note</i> )	Beneficial owner	66,398,512	36.78

*Note:* This refers to the same number of Shares held by Cash Guardian (which is 100% beneficially owned by Jeffnet Inc). Jeffnet Inc 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 Inc were deemed to be interested in the Shares held by Cash Guardian.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, no other parties (other than a Director or chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and any options in respect of such capital, or were otherwise notified to the Company and recorded in the register required to be kept under section 336 of the SFO.

#### **4. 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.

#### **5. 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 terminable by the employer within one year without payment of compensation (other than statutory compensation)).

#### **6. LITIGATION**

##### **Company and subsidiaries**

- (a) During the year ended 31 December 2005, Theodore J Marr (“Marr”) filed a cross-summons with the California court in the United States of America against the Company and others alleging breaches of fiduciary duties and/or fraudulent conveyances. Marr’s claims in the cross-summons against the Company included US\$900,000 (equivalent to approximately HK\$7,020,000) arising out of an employment contract between Marr and ILUX Corporation (“ILUX”), a subsidiary of the Company, US\$15,000,000 (equivalent to approximately HK\$117,000,000) arising out of the dissolution of ILUX, exemplary and punitive damages of not less than US\$5,000,000 (equivalent to approximately HK\$39,000,000) in respect of each of Marr’s causes of action against cross-complainants, and interest. In August 2006, the Company made an application to the California court for the breach of fiduciary duties cause of action against the Company to be dismissed on the ground that Marr lacks standing to assert this cause of action, and in September 2006 the California court dismissed the breach of fiduciary duty claim against the Company. No court decision has been rendered yet in respect of Marr’s other causes of action against the Company. The hearing of the Company’s application for summary judgment for a dismissal of the fraudulent transfer and constructive fraudulent transfer causes of action (the remaining causes of action) by the California court has been fixed to take place on 18 December 2008 and the trial of the same is scheduled to take place on 26 January 2009. In the opinion of the Directors, the potential liability arisen from the case is remote.

- (b) On 11 May 2006, Hallmark Cards, Incorporated (“Petitioner”) filed a petition for a winding-up order against Cosmos Global Limited (“CGL”), a subsidiary of the Company, under which the Petitioner claimed that CGL was indebted to the Petitioner for a sum of US\$41,591.23 (equivalent to approximately HK\$324,000) and interest accrued thereon. A winding-up order was made by a master of the High Court on 2 August 2006. Provisional liquidator has been appointed by the court to manage the affairs of CGL on the same date and CGL is now in the process of liquidation.
- (c) In 2003, Ka Chee Company Limited instituted a winding-up proceedings against Celestial (International) Securities & Investment Limited (“CISI”), a subsidiary of the Company, for an amount of HK\$1,662,598. A winding-up order was made by the court, the liquidator has been appointed to wind-up CISI, and the winding-up procedure is still in progress.

Save as disclosed above, neither the Company nor any other company in the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against either the Company or any other company in the Group.

## 7. MISCELLANEOUS

- (a) The qualified accountant of the Company is Mr Yuen Pak Lau Raymond, *a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants.*
- (b) The secretary of the Company is Ms Luke Wing Sheung Suzanne, *a fellow member of The Institute of Chartered Secretaries and Administrators.*
- (c) The head office and the principal place of business of the Company in Hong Kong are at 21/F The Center, 99 Queen’s Road Central, Hong Kong. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (d) The principal share registrars and transfer office of the Company in Bermuda are The Bank of Bermuda Limited at The Bank of Bermuda Building, 6 Front Street, Hamilton HM 11, Bermuda. The branch share registrars and transfer office of the Company in Hong Kong are Tricor Standard Limited at 26/F Tesbury Centre, 28 Queen’s Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text.