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**CELESTIAL ASIA SECURITIES HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

(Stock code: 1049)

**PLACING AND TOP UP OF SHARES**

**AND**

**RESUMPTION OF TRADING**

The Board announces that the Agreement was entered into on 5 August 2009 among the Company, Cash Guardian (the controlling Shareholder of the Company) and the Placing Agent.

Pursuant to the Agreement,:

- (i) the Placing Agent agreed, on a best-efforts basis, to procure the placing of the Placing Shares, being 25,000,000 existing Shares held by Cash Guardian, to Placees at the Placing Price of HK\$2.00 per Placing Share; and
- (ii) Cash Guardian agreed, subject to the Top Up Conditions, to subscribe for the Top Up Shares, being 25,000,000 new Shares at the Top Up Price of HK\$2.00 per Top Up Share.

The 25,000,000 Top Up Shares represents approximately 13.9% of the existing issued share capital of the Company as at the date of this announcement, and approximately 12.2% of the issued share capital of the Company as enlarged by the Top Up Shares.

The Placing is unconditional and will be completed within 2 Business Days immediately after the resumption of trading in Shares, or any other date as Cash Guardian and the Placing Agent may mutually agree. The Top Up is conditional and will be completed within 2 Business Days from the fulfilment of the Top Up Conditions, or any other date as the Company and Cash Guardian may mutually agreed and in any event within 14 days after the date of the Agreement. The Top Up Shares will be issued under the general mandate granted by the Shareholders to the Board on 18 June 2009. The Placing and the Top Up and the issue of the Top Up Shares are not subject to approval by Shareholders.

Application will be made by Cash Guardian to the Executive for a waiver from the general offer obligation that may otherwise arise under Rule 26.1 of the Takeovers Code as a result of the Placing and the Top Up.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Top Up Shares to be issued.

Trading in the Shares on the Stock Exchange was suspended from 9:30 am on 6 August 2009 at the request of the Company. The Company has applied to the Stock Exchange for resumption of trading in the Shares from 9:30 am on 7 August 2009.

## **INTRODUCTION**

The Board announces that the Agreement was entered into on 5 August 2009. The principle terms of the Agreement is set out below.

## **THE AGREEMENT**

Pursuant to the Agreement:

- (a) the Placing Agent agreed, on a best effort basis, to procure the Placing, being the placing of the Placing Shares to Placees at the Placing Price; and
- (b) Cash Guardian agreed for the Top Up, being the subscription for the Top Up Shares at the Top Up Price.

### **The Placing**

**Seller:** Cash Guardian, the controlling Shareholder of the Company.

**Placing Agent:** Celestial Securities Limited, being a corporation licensed under SFO to conduct types 1 and 3 regulated activities under SFO, and a non-wholly owned subsidiary of the Company.

The Placees and their respective ultimate beneficial owners are independent of and not acting in concert with the Placing Agent and Cash Guardian and parties acting in concert with them.

**Placees:** Not less than six placees who are Independent Third Parties, all of whom are independent professional, institutional and/or individual investors.

**Placing Shares:** 25,000,000 existing Shares held by Cash Guardian.

Placing Price: HK\$2.00 per Placing Share, being the same price for the Top Up Price.

The Placing Price for the Placing Shares represents:

- a discount of approximately 7.0% to the closing price of HK\$2.15 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 4.9% over the average of the closing prices as quoted on the Stock Exchange for the last 5 consecutive trading days ended on the Last Trading Day, being approximately HK\$1.906 per Share;
- a premium of approximately 10.9% over the average of the closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days ended on the Last Trading Day, being approximately HK\$1.803 per Share; and
- a premium of 39.9% over the audited net asset value of HK\$1.43 per Share based on the audited net asset value of the Group as at 31 December 2008.

The Placing Price for the Placing Shares is determined after arm's length negotiation among the Company, Cash Guardian and the Placing Agent with reference to the recent market Share prices under the prevailing market conditions. The Board is of the view that the Placing Price is fair and reasonable to the Company and the Shareholders as a whole.

Conditions: The Placing is unconditional.

Completion: Within 2 Business Days immediately after the resumption of trading in Shares, or any other date as Cash Guardian and the Placing Agent may mutually agree and in any event within 14 days after the date of the Agreement.

Placing commission: 1.25% on the aggregate placing amount received for the Placing Shares and shall be borne by the Company.

### **The Top Up**

Issuer: The Company

Subscriber: Cash Guardian

Top Up Shares: The same number of shares of the Placing Shares, being 25,000,000 new Shares.

Top Up Price: HK\$2.00 per Top Up Share, which is same as the Placing Price. The Top Up Price represents:

- a discount of approximately 7.0% to the closing price of HK\$2.15 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 4.9% over the average of the closing prices as quoted on the Stock Exchange for the last 5 consecutive trading days ended on the Last Trading Day, being approximately HK\$1.906 per Share;
- a premium of approximately 10.9% over the average of the closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days ended on the Last Trading Day, being approximately HK\$1.803 per Share; and
- a premium of 39.9% over the audited net asset value of HK\$1.43 per Share based on the audited net asset value of the Group as at 31 December 2008.

The Top Up Price is the same as the Placing Price which was determined after arm's length negotiation among the Company, Cash Guardian and the Placing Agent with reference to the recent market Share prices under the prevailing market conditions. The Board is of the view that the Top Up Price is fair and reasonable to the Company and the Shareholders as a whole.

Proceeds: The gross and net proceeds of the Top Up will be around HK\$50 million and HK\$49.4 million, representing a net Top Up Price of approximately HK\$1.975 per Top Up Share.

Ranking of the Top Up Shares: The Top Up Shares, when issued and fully paid, will rank pari passu in all respects with the then existing Shares at the date of allotment.

Mandate to issue Top Up Shares: The Top Up Shares will be issued under the general mandate of the Company granted to the Board on 18 June 2009 allowing the Board to issue a maximum of 20% of its issued Shares, being 36,101,029 Shares. After the issue of the Placing Shares, there will remain 11,101,029 additional Shares allowed to be issued under the general mandate.

Top Up Conditions: The Top Up is conditional upon:

- (a) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in the Top Up Shares;
- (b) the completion of the Placing;
- (c) the Executive having granted a waiver from the obligation to make a general offer under Rule 26 of the Takeovers Code to make a general offer by Cash Guardian as a result of the Top Up; and
- (d) any other requirement under the Listing Rules and the Takeovers Code.

None of the above Top Up Conditions are waivable.

Completion: Within 2 Business Days from the fulfilment of the Top Up Conditions, or any other date as the Company and Cash Guardian may mutually agree and in any event within 14 days after the date of the Agreement.

## SHAREHOLDING STRUCTURE

The shareholding structures of the Company (based on information received by the Company and to the best knowledge of the Directors, and notified pursuant to Part XV of the SFO as at the date of this announcement) before, and after the issue of the Top Up Shares are as follows:

	As at the date of this announcement		After issue of the Placing Shares		After issue of the Placing Shares and the Top Up Shares	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Cash Guardian, and its Associates and its concert parties	66,398,512	36.78	41,398,512	22.93	66,398,512	32.31
Other Directors	7,014,060	3.89	7,014,060	3.89	7,014,060	3.41
The Placees <i>(Note)</i>	16,328,780	9.05	41,328,780	22.90	41,328,780	20.11
Other public Shareholders <i>(Note)</i>	90,763,796	50.28	90,763,796	50.28	90,763,796	44.17
<b>Total</b>	<b>180,505,148</b>	<b>100.00</b>	<b>180,505,148</b>	<b>100.00</b>	<b>205,505,148</b>	<b>100.00</b>

*Note: The Company is not aware that any Placees will become a substantial Shareholder of the Company under the Listing Rules after the issue of the Placing Shares or Top Up Shares. The Placees are regarded as public Shareholders under the Listing Rules and the Shares held by the Placees will be counted as part of the Shares held by the public.*

## **IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WAIVER**

As there will be changes in the aggregate percentage shareholdings in respect of Cash Guardian and parties acting in concert with it from 36.78% to 22.93% after the Placing and from 22.93% to 32.31% after the Top Up (namely an increase from below 30% to 30% or more), Cash Guardian and parties acting in concert with it would be obliged to make a general offer for all the other issued Shares other those owned by Cash Guardian and parties acting in concert with it under Rule 26.1 of the Takeovers Code. Application for a waiver from the obligation to make a general offer under Rule 26 of the Takeovers Code will be made by Cash Guardian to the Executive pursuant to Note 6 on dispensation from Rule 26 of the Takeovers Code.

## **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; (c) provision of online game services, sales of online game auxiliary products and licensing services; and (d) investment holding.

The Board believes that it would be in the interest of the Company to raise equity funding via the Placing and the Top Up to strengthen the Company's capital base and to enhance its financial position and net assets base for long-term growth. The Board believes that the Placing and the Top Up are beneficial to the business of the Group and is in the interest of the Company and the Shareholders as a whole. The net proceeds from the Placing and the Top Up of around HK\$49.4 million shall be used for general working capital of the Group.

## **FUND RAISING IN THE PAST 12 MONTHS**

Save as the proceeds of HK\$43,243,000 from the issue of a convertible note by the Company on 17 February 2009 (as announced by the Company on 11 November 2008), which had been used as consideration for acquisition of three properties in Hong Kong and the PRC, the Company had no fund raising activity in the past 12 months.

## **GENERAL**

The 25,000,000 Top Up Shares represents approximately 13.9% of the existing issued share capital of the Company as at the date of this announcement, and approximately 12.2% of the issued share capital of the Company as enlarged by the Top Up Shares.

The Placing is unconditional and will be completed within 2 Business Days immediately after the resumption of trading in Shares, or any other date as Cash Guardian and the Placing Agent may mutually agree. The Top Up is conditional and will be completed within 2 Business Days from the fulfilment of the Top Up Conditions, or any other date as the Company and Cash Guardian may mutually agreed and in any event within 14 days after the date of the Agreement. The Top Up Shares will be issued under the general mandate granted by the Shareholders to the Board on 18 June 2009. The Placing and the Top Up and the issue of the Top Up Shares are not subject to approval by Shareholders.

Application will be made by Cash Guardian to the Executive for a waiver from the general offer obligation that may otherwise arise under Rule 26.1 of the Takeovers Code as a result of the Placing and the Top Up.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Top Up Shares to be issued.

Trading in the Shares on the Stock Exchange was suspended from 9:30 am on 6 August 2009 at the request of the Company. The Company has applied to the Stock Exchange for resumption of trading in the Shares from 9:30 am on 7 August 2009.

## **DEFINITIONS**

“Agreement”	the placing and top up agreement entered into among the Company, Cash Guardian and the Placing Agent on 5 August 2009 in relation to the Placing and the Top Up
“Associates”	has the same meaning ascribed in the Listing Rules
“Business Day”	a business day is a day on which the Stock Exchange is open for the transaction of business
“Cash Guardian”	Cash Guardian Limited, is currently holding 66,398,512 Shares, representing about 36.78% of the existing issued share capital of the Company. Cash Guardian is a controlling Shareholder of the Company, and a company controlled by Mr Kwan Pak Hoo Bankee (the Chairman of the Company)
“Board”	the board of Directors
“CFSG”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda, whose shares are listed on the Main Board of the Stock Exchange, and is a non-wholly-owned subsidiary of the Company
“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
“Directors”	the directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	to the best of the knowledge, information and belief of the Board having made all reasonable enquiry, such company(ies) or person(s) and their respective ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company and not being party acting in concert (as defined under the Takeovers Code) with Cash Guardian
“Last Trading Day”	5 August 2009, being the last trading day for the Shares prior to the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares at the Placing Price pursuant to the Agreement
“Placing Shares”	25,000,000 existing Shares held by Cash Guardian and to be placed under the Agreement
“Placees”	the placees of the Placing Shares to be placed by the Placing Agent under the Placing pursuant to the Agreement, which are all Independent Third Parties
“Placing Agent”	Celestial Securities Limited, being a corporation licensed under SFO to conduct types 1 and 3 regulated activities under SFO, and a wholly-owned subsidiary of CFSG and a non-wholly-owned subsidiary of the Company
“Placing Price”	HK\$2.00 per Placing Share
“SFC”	the Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholders of the Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Top Up”	the subscription of the Top Up Shares at the Top Up Price pursuant to the Agreement
“Top Up Conditions”	the conditions of the Top Up as set out in the item of “Top Up Conditions” under the sub-section of “Top Up” under the section of “Agreement” in this announcement



“Top Up Price”	HK\$2.00 per Top Up Share
“Top Up Share(s)”	25,000,000 new Shares (being the same number of Placing Shares) with aggregate nominal value of HK\$2,500,000 to be subscribed by Cash Guardian under the Top Up
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the currency of Hong Kong

On behalf of the Board  
**Bankee P Kwan**  
Chairman

Hong Kong, 6 August 2009

As at the date hereof, the Board comprises:-

*Executive directors:*

Mr Kwan Pak Hoo Bankee  
Mr Lin Che Chu George  
Mr Law Ping Wah Bernard

*Independent non-executive directors:*

Mr Leung Ka Kui Johnny  
Mr Wong Chuk Yan  
Dr Chan Hak Sin

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