

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 1049)

PLACING AND TOP UP OF SHARES

**INTENDED CONVERSION OF CONVERTIBLE NOTE BY CONTROLLING
SHAREHOLDER**

AND

RESUMPTION OF TRADING

The Placing and the Top Up

The Board announces that the Agreement was entered into on 23 July 2010 among the Company, Cash Guardian (the Controlling Shareholder) 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 20,000,000 existing Shares held by Cash Guardian, to Placees at the Placing Price of HK\$2.50 per Placing Share; and
- (ii) Cash Guardian agreed, subject to the Top Up Conditions, to subscribe for the Top Up Shares, being 20,000,000 new Shares at the Top Up Price of HK\$2.50 per Top Up Share.

The 20,000,000 Top Up Shares represents approximately 9.73% of the existing issued share capital of the Company as at the date of this announcement, and approximately 8.87% 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 agree 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 7 June 2010. 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.

Intended Conversion

The Board announces that the Company has been informed by the Controlling Shareholder of the Intended Conversion of the Convertible Note in part in the amount of HK\$6,500,000 after completion of the Top Up. The implementation of the Intended Conversion will entitle the Controlling Shareholder to be issued 6,500,000 new Shares. The Conversion Shares will be issued by specific mandate granted by independent shareholders at the special general meeting of the Company held on 12 February 2009.

As at the date of this announcement, the Controlling Shareholder and its parties acting in concert with it are holding 70,216,512 Shares (approximately 34.17% of the issued share capital of the Company). The aggregate shareholdings percentage of the Controlling Shareholder and parties acting in concert with it will be increased from 31.14% immediately after completion of the Top Up (being the lowest shareholding percentage of the Controlling Shareholder and parties acting in concert with it in the Company in the preceding 12 month-period) to 33.07% immediately after the Intended Conversion. As the Intended Conversion will not increase the voting rights of the Controlling Shareholder and its parties acting in concert by more than 2% from its lowest shareholding percentage of 31.14% in the previous 12 month-period, it will not trigger any obligation to make a general offer under Rule 26 of the Takeovers Code in respect of the Intended Conversion.

Resumption of trading

Trading in the Shares on the Stock Exchange was suspended from 9:30 am on 26 July 2010 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 27 July 2010.

INTRODUCTION

The Board announces that the Agreement was entered into on 23 July 2010. The principal terms of the Agreement are 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:** 20,000,000 existing Shares held by Cash Guardian.
- Placing Price:** HK\$2.50 per Placing Share, being the same price for the Top Up Price.
- The Placing Price for the Placing Shares represents:
- a discount of approximately 7.41% to the closing price of HK\$2.70 per Share as quoted on the Stock Exchange on the Last Trading Day;
 - a discount of approximately 6.99% to 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\$2.688 per Share;
 - a discount of approximately 2.53% to 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\$2.565 per Share; and
 - a discount of 20.63% to the audited net asset value of HK\$3.15 per Share based on the audited net asset value of the Group as at 31 December 2009.
- 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 20,000,000 new Shares.

Top Up Price: HK\$2.50 per Top Up Share, which is same as the Placing Price. The Top Up Price represents:

- a discount of approximately 7.41% to the closing price of HK\$2.70 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a discount of approximately 6.99% to 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\$2.688 per Share;
- a discount of approximately 2.53% to 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\$2.565 per Share; and
- a discount of 20.63% to the audited net asset value of HK\$3.15 per Share based on the audited net asset value of the Group as at 31 December 2009.

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 HK\$50 million and around HK\$49.3 million respectively, representing a net Top Up Price of approximately HK\$2.47 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 7 June 2010 allowing the Board to issue a maximum of 20% of its issued Shares, being 41,101,029 Shares. After the issue of the Placing Shares, there will remain 21,101,029 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 (“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 (in particular, the granting of the Waiver by the Executive under Note 6 on dispensations from Rule 26 cannot be waived by Cash Guardian).

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.

INTENDED CONVERSION

The Company has been informed by the Controlling Shareholder of the Intended Conversion of the Convertible Note in part in the amount of HK\$6,500,000 after completion of the Top Up. The implementation of the Intended Conversion will entitle the Controlling Shareholder to be issued 6,500,000 new Shares. The Conversion Shares will be issued by specific mandate granted by independent shareholders at the special general meeting of the Company held on 12 February 2009.

As at the date of this announcement, the Controlling Shareholder and its parties acting in concert with it are holding 70,216,512 Shares (approximately 34.17% of the issued share capital of the Company). The aggregate shareholdings percentage of the Controlling Shareholder and parties acting in concert with it will be increased from 31.14% immediately after completion of the Top Up (being the lowest shareholding percentage of the Controlling Shareholder and parties acting in concert with it in the Company in the preceding 12 month-period) to 33.07% immediately after the Intended Conversion. As the Intended Conversion will not increase the voting rights of the Controlling Shareholder and its parties acting in concert by more than 2% from its lowest shareholding percentage of 31.14% in the previous 12 month-period, it will not trigger any obligation to make a general offer under Rule 26 of the Takeovers Code in respect of the Intended Conversion.

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 Placing and the issues of the Top Up Shares and the Conversion Shares are as follows:

	As at the date of this announcement		After the Placing		After the Placing and issue of the Top Up Shares		After the Placing, the issues of the the Top Up Shares and the Conversion Shares	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Cash Guardian, and its Associates and its concert parties	70,216,512	34.17	50,216,512	24.44	70,216,512	31.14	76,716,512	33.07
Other Directors	6,861,160	3.34	6,861,160	3.34	6,861,160	3.04	6,861,160	2.96
The Placees <i>(Note)</i>	11,370,000	5.53	31,370,000	15.26	31,370,000	13.91	31,370,000	13.52
Other public Shareholders <i>(Note)</i>	117,057,476	56.96	117,057,476	56.96	117,057,476	51.91	117,057,476	50.45
Total	205,505,148	100.00	205,505,148	100.00	225,505,148	100.00	232,005,148	100.00

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 WITH RESPECT TO THE PLACING AND THE TOP UP 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 34.17% to 24.44% after the Placing and from 24.44% to 31.14% 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.

REASONS OF THE TRANSACTIONS 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, money lending and corporate finance; (b) sales of furniture and household items and electrical appliances; (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. Also, the issue and the terms of the Convertible Note entitling the Controlling Shareholder to exercise its conversion rights have been approved by independent shareholders of the Company at the special general meeting of the Company held on 12 February 2009. The funds from the Intended Conversion will also be used to strengthen the Company's capital base. The Board believes that these transactions 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\$49.3 million shall be used for general working capital of the Group.

FUND RAISING IN THE PAST 12 MONTHS

The Company had no fund raising activity in the past 12 months.

GENERAL

The 20,000,000 Top Up Shares represents approximately 9.73% of the existing issued share capital of the Company as at the date of this announcement, and approximately 8.87% 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 agree 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 7 June 2010. 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 26 July 2010 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 27 July 2010.

DEFINITIONS

“acting in concert”	has the same meaning ascribed in the Takeovers Code
“Agreement”	the placing and top up agreement entered into among the Company, Cash Guardian and the Placing Agent on 23 July 2010 in relation to the Placing and the Top Up
“Associates”	has the same meaning ascribed in the Listing Rules
“Board”	the board of Directors
“Business Day”	a business day is a day on which the Stock Exchange is open for the transaction of business
“Cash Guardian” or “Controlling Shareholder”	Cash Guardian Limited, is currently holding 70,216,512 Shares, representing about 34.17% 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)
“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
“Convertible Note”	the convertible note of principal amount of HK\$43,243,000 carrying the right to convert into new Share(s) at the conversion price of HK\$1.00 per conversion share issued to Cash Guardian on 17 February 2009 as consideration for acquisition of the properties group by the Group (as disclosed in the announcement dated 11 November 2008 and the circular dated 21 January 2009 of the Company)
“Conversion Shares”	the new 6,500,000 Shares to be issued to the Controlling Shareholder upon the Intended Conversion by the specific mandate granted by independent Shareholders at the special general meeting held on 12 February 2009
“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 the Placing Agent and Cash Guardian and parties acting in concert with them
“Intended Conversion”	intended conversion of the Convertible Note in part in the amount of HK\$6,500,000 at the conversion price of HK\$1 per conversion share into a total of new 6,500,000 Shares by the Controlling Shareholder after completion of the Top Up
“Last Trading Day”	23 July 2010, 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”	20,000,000 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\$2.50 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\$2.50 per Top Up Share
“Top Up Share(s)”	20,000,000 new Shares (being the same number of Placing Shares) with aggregate nominal value of HK\$2,000,000 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, 26 July 2010

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, 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 statement in this announcement misleading.

As at the date hereof, the Board comprises:-

Executive directors:

Mr Kwan Pak Hoo Bankee
Mr Law Ping Wah Bernard
Mr Ng Kung Chit Raymond

Independent non-executive directors:

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