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CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

PROPOSALS FOR

BONUS ISSUE OF SHARES,

REFRESHMENT OF GENERAL MANDATE TO ISSUE NEW SHARES
AND REPURCHASE SHARES AND THE EXTENSION MANDATE,

REFRESHMENT OF THE SCHEME MANDATE LIMIT

AND

REDUCTION OF SHARE PREMIUM ACCOUNT

Proposed Bonus Issue

The Board proposes a bonus issue to the Qualifying Shareholders on the basis of one (1) Bonus Share for every five (5) existing Shares held on the Record Date. The Bonus Issue will be credited as fully paid at par by way of capitalisation of an amount in the share premium account of the Company.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares. The Bonus Shares, upon issued, will rank pari passu with the Shares then existing in all respects.

Proposed New Issue Mandate, New Repurchase Mandate, Extension Mandate and the refreshment of the Scheme Mandate Limit

The Board also proposes to the Shareholders the grant of the New Issue Mandate, the New Repurchase Mandate, the Extension Mandate and the refreshment of the Scheme Mandate Limit such that the Board will be provided with a higher limit of authority and greater flexibility to deal in the Shares and to grant options as and when the Board considers appropriate in order to cope with the future business development of the Company.

Proposed Reduction of Share Premium

The Board further proposes the Reduction of Share Premium by an amount of HK\$200,000,000.00 and to transfer such amount to the contributed surplus account of the Company such that the Board would be more flexible in the use of funds as and when the Board considers appropriate.

General

The Proposals are conditional upon, among other things, the Shareholders' approval at the SGM. The New Issue Mandate and the Extension Mandate are proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, are subject to the approval by the Independent Shareholders at the SGM pursuant to rule 13.36(4) of the Listing Rules.

The Circular containing, inter alia, further details of the Proposals, the letters from the Independent Board Committee and the Independent Financial Adviser, together with the notice of the SGM, will be despatched to the Shareholders on 2 September 2010.

PROPOSED BONUS ISSUE

The Board proposes a bonus issue to the Qualifying Shareholders on the basis of one (1) Bonus Share for every five (5) existing Shares held on the Record Date, subject to the conditions detailed below.

Based on the 225,505,148 Shares in issue as at the date of this announcement and assuming the Intended Conversion will take place and all outstanding Share Options will be exercised on or before the latest lodging time, and no further Convertible Note will be converted and no further Shares will be issued or purchased before the Record Date, a maximum of 52,923,029 Bonus Shares will be issued under the Bonus Issue. The Bonus Shares will be credited as fully paid at par by way of capitalisation of an amount of not more than HK\$5,292,302.90 in the share premium account of the Company.

Conditions of the Bonus Issue

The Bonus Issue is conditional upon:-

- (i) the approval of the Bonus Issue by the Shareholders at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares; and
- (iii) compliance with the relevant legal procedures and requirements under the applicable laws of Bermuda and the bye-laws of the Company to effect the Bonus Issue.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares.

Record Date and closure of Register of Members

The Bonus Shares will be issued to the Qualifying Shareholders. Arrangement for the Excluded Overseas Shareholders is elaborated in the Circular. The Register of Members will be closed from 22 September 2010 (Wednesday) to 24 September 2010 (Friday) (both days inclusive) during which no transfer of Shares will be registered, in order to determine the entitlement of the Shareholders under the Bonus Issue. Shareholders are reminded that in order to qualify for the Bonus Issue, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Share Registrar, Tricor Standard Limited at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 pm on 21 September 2010 (Tuesday). In order for the holders of the Share Options and the Convertible Note to be qualified for the Bonus Issue, they must lodge the Share Option's exercise notice and/or Convertible Note's conversion form together with a remittance in cash for the amount of the exercise/conversion price for the respective Shares no later than 4:00 pm on 21 September 2010 (Tuesday).

Reasons for the Bonus Issue

In recognition of the continual support of the Shareholders, the Board decides to propose the Bonus Issue. In addition, the Directors believe that the Bonus Issue will enhance the liquidity of the Shares in the market and thereby enlarging the Shareholder and capital base.

Status of the Bonus Shares and fractional entitlements

The Bonus Shares, upon issue, will rank pari passu with the Shares then existing in all respects, including the entitlement of receiving dividends and other distributions the record date for which is on or after the date of allotment and issue of those Bonus Shares. Fractional entitlements to the Bonus Shares will not be allotted to the Shareholders and will be aggregated and sold for the benefit of the Company.

Adjustments to the Share Options and Convertible Note

Implementation of the Bonus Issue will lead to adjustments to the exercise prices and number of option shares, and to the conversion price and number of conversion shares. The Company will inform each of the Share Option grantees and the Controlling Shareholder regarding the adjustments to be made pursuant to the respective terms and conditions of the Share Options and the Convertible Note. Such adjustments will be certified by an independent financial adviser of the Company.

Save as disclosed above, the Company has no other outstanding Share Options or convertible securities to subscribe for any Share.

Certificates for Bonus Shares

It is expected that certificates for the Bonus Shares will be posted on or before 28 September 2010 after all the conditions of the Bonus Issue have been fulfilled at the risk of the Shareholders entitled thereto to their respective addresses shown on the Register of Members on the Record Date. Subject to the granting of listing of, and permission to deal in, the Bonus Shares on the Stock Exchange, the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Bonus Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Dealings in the Bonus Shares are expected to commence on 30 September 2010.

Expected timetable for the Bonus Issue

2010

Despatch of the Circular and the notice of the SGM	Thursday, 2 September 2010
Last day of dealings in the Shares on a cum-entitlement basis	Friday, 17 September
First day of dealings in the Shares on an ex-entitlement basis	Monday, 20 September
Latest time for lodging the Share Option's exercise form and the Convertible Note's conversion form together with a remittance in cash for the amount of the exercise / conversion price for the respective Shares in order to be qualified for the Bonus Issue	4:00 pm on Tuesday, 21 September
Latest time for lodging transfers of the Shares for registration in order to qualify for the Bonus Issue	4:30 pm on Tuesday, 21 September
Closure of Register of Members	Wednesday, 22 September to Friday, 24 September (both days inclusive)
Latest date and time to return form of proxy for the SGM	9:30 am, Wednesday, 22 September
Date and time of the SGM	9:30 am, Friday, 24 September
Record Date	Friday, 24 September
Register of Members re-opens	Monday, 27 September
Certificates for the Bonus Shares expected to be despatched	Tuesday, 28 September
Dealings in Bonus Shares commence	Thursday, 30 September

Note: All times refer to Hong Kong local time.

Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

PROPOSED NEW ISSUE MANDATE, NEW REPURCHASE MANDATE, THE EXTENSION MANDATE AND THE REFRESHMENT OF THE SCHEME MANDATE LIMIT

In view of the utilization of almost half of the current issue mandate as at the date of this announcement, and the increase of issued share capital of the Company after the top up placing completed in August 2010 and the Intended Conversion and the Bonus Issue, the Directors also propose to seek the approval of Shareholders at the SGM for, among other things, the grant of the New Issue Mandate, the New Repurchase Mandate, the Extension Mandate and the refreshment of the Scheme Mandate Limit. The grant of such new mandates will provide the Board with a higher limit of authority and greater flexibility to issue Shares and to grant options as and when the Board considers appropriate in order to cope with the future business development of the Company.

Since the New Issue Mandate and the Extension Mandate are proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, are subject to the approval by the Independent Shareholders at the SGM pursuant to rule 13.36(4) of the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders of the New Issue Mandate and the Extension Mandate. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders of the New Issue Mandate and the Extension Mandate.

Details of the New Issue Mandate, the New Repurchase Mandate, the Extension Mandate, the refreshment of the Scheme Mandate Limit, the letters from the Independent Board Committee and the Independent Financial Advise and the relevant resolutions to be proposed at the SGM are set out in the Circular.

PROPOSED REDUCTION OF SHARE PREMIUM

The Board also proposes to reduce the share premium account of the Company by an amount of HK\$200,000,000.00 and to transfer such amount to the contributed surplus account of the Company where it may be utilised as the Board considers appropriate (including to set off the accumulated losses of the Company) in accordance with the bye-laws of the Company and all applicable laws. The transfer of amount to the contributed surplus account will give the Company more flexibility for the use of funds such as for payment of dividends to Shareholders as and when the Board thinks fit.

GENERAL

The Proposals are conditional upon, among other things, the Shareholders' approval at the SGM. The New Issue Mandate and the Extension Mandate are proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, are subject to the approval by the Independent Shareholders at the SGM pursuant to rule 13.36(4) of the Listing Rules.

The Circular containing, inter alia, further details of the Proposals, the letters from the Independent Board Committee and the Independent Financial Adviser, together with the notice of the SGM, will be despatched to the Shareholders on 2 September 2010.

DEFINITIONS

“Board”	the board of Directors
“Bonus Issue”	the proposed issue of Bonus Shares to the Qualifying Shareholders on the basis of one (1) Bonus Share for every five (5) existing Shares and the transactions contemplated thereunder, including the capitalisation of amount from the share premium account of the Company for the Bonus Shares and the issue and allotment of the Bonus Shares by the Board
“Bonus Share(s)”	new Share(s) of not more than 52,923,029 Shares proposed to be allotted and issued pursuant to the Bonus Issue
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	circular containing, inter alia, further details of the Proposals, the letters from the Independent Board Committee and the Independent Financial Adviser, together with the notice of the SGM, to be be despatched to the Shareholders on 2 September 2010
“Company”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and whose Shares are listed on the main board of the Stock Exchange
“Controlling Shareholder”	Cash Guardian Limited, a company incorporated in the British Virgin Islands and the controlling Shareholder who is currently holding 70,216,512 Shares, representing about 31.14% of the existing issued share capital of the Company
“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 (subject to adjustment) issued to the Controlling Shareholder 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)
“Director(s)”	director(s) of the Company
“Excluded Overseas Shareholder(s)”	Shareholder(s) whose addresses as shown on the Register of Members on the Record Date are outside Hong Kong and whom the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to extend the Bonus Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

“Extension Mandate”	the proposed extension of the New Issue Mandate to the effect that any Shares repurchased under the New Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the New Issue Mandate
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an 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 to advise the Independent Shareholders on the New Issue Mandate and the Extension Mandate
“Independent Financial Adviser”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	the Shareholders other than the Controlling Shareholder and its associates
“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 as disclosed in the Company’s announcement dated 26 July 2010
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Issue Mandate”	the general mandate proposed to be sought at the SGM to authorize the Directors to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company, including the Bonus Shares subject to the approval of the Bonus Issue by the Shareholders at the SGM, as at the date of approval of the mandate

“New Repurchase Mandate”	the new general mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase up to a maximum of 10% of the issued share capital of the Company, including the Bonus Shares subject to the approval of the Bonus Issue by the Shareholders at the SGM, as at the date of passing of the relevant resolution granting such mandate
“Qualifying Shareholder(s)”	Shareholder(s) other than the Excluded Overseas Shareholders, who are entitled to the Bonus Issue
“Proposals”	the proposals for the Bonus Issue, the New Issue Mandate, the New Repurchase Mandate, the Extension Mandate, the refreshment of the Scheme Mandate Limit and the Reduction of Share Premium to be put forward for approval by the Shareholders at the SGM
“Record Date”	24 September 2010, being the record date for determination of entitlements to the Bonus Issue
“Reduction of Share Premium”	the proposed reduction of an amount of HK\$200,000,000.00 standing in the credit of the share premium account of the Company as at the date of passing of the relevant special resolution at the SGM
“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon the exercise in full of options available to be granted by the Directors on behalf of the Company from time to time under the share option scheme, which is proposed to be refreshed at the SGM by the Shareholders, allowing the Directors to grant options not exceeding 10% of the Shares in issue, including the Bonus Shares subject to the approval of the Bonus Issue by the Shareholders at the SGM, as at the date of refreshment of that limit
“Share Option(s)”	share option(s) granted by the Company to the directors and/or employees of the Group under the share option scheme of the Company adopted on 19 February 2002
“Shareholder(s)”	holder(s) of the Share(s), including the Independent Shareholders
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“SGM”	the special general meeting of the Company to be convened to approve, if thought fit, the Proposals

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“HK\$”

Hong Kong dollar(s), the lawful currency of Hong Kong

On behalf of the Board

Bankee P Kwan
Chairman & CEO

Hong Kong, 31 August 2010

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