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If you have sold or transferred all your shares in Celestial Asia Securities Holdings Limited, you should at once hand this circular and the accompanying form of proxy 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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CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

**PROPOSALS FOR
BONUS ISSUE OF SHARES,
REFRESHMENT OF GENERAL MANDATES TO ISSUE NEW SHARES
AND REPURCHASE SHARES AND THE EXTENSION MANDATE,
REFRESHMENT OF THE SCHEME MANDATE LIMIT,
REDUCTION OF SHARE PREMIUM ACCOUNT
AND
NOTICE OF SPECIAL GENERAL MEETING**

**The Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

VINCO 
Grand Vinco Capital Limited

A wholly-owned subsidiary of Vinco Financial Group Limited

A notice convening a special general meeting of Celestial Asia Securities Holdings Limited to be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 24 September 2010 (Friday) at 9:30 a.m. is set out on pages 30 to 34 of this circular. A letter from Vinco Capital (as defined herein) containing its advice to the Independent Board Committee (as defined herein) and the Independent Shareholders (as defined herein) in relation to the Refreshment of Issue Mandate (as defined herein) and the Extension Mandate (as defined herein) is set out on pages 22 to 29 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and return of a form of proxy will not preclude you from attending and voting at the meeting should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

2 September 2010

CONTENTS

| | <i>Pages</i> |
|--|--------------|
| Expected timetable for the Bonus Issue | 1 |
| Definitions | 2 |
| Letter from the Board | 6 |
| Introduction | 6 |
| The Bonus Issue | 7 |
| The refreshment of Issue Mandate and the Extension Mandate | 11 |
| Grant of the New Repurchase Mandate | 13 |
| The refreshment of the Scheme Mandate Limit | 16 |
| Reduction of Share Premium | 18 |
| The SGM | 19 |
| Responsibility statement | 20 |
| Recommendation | 20 |
| Letter from the Independent Board Committee in relation to proposals for the refreshment of Issue Mandate and the Extension Mandate | 21 |
| Letter from Vinco Capital in relation to proposals for the refreshment of Issue Mandate and the Extension Mandate | 22 |
| Notice of the SGM | 30 |

EXPECTED TIMETABLE FOR THE BONUS ISSUE

The expected timetable for the Bonus Issue is set out below:

2010

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| 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 p.m. on Tuesday, 21 September |
| Latest time for lodging transfers of the Shares for registration in order to be qualified for the Bonus Issue | 4:30 p.m. 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 a.m. on Wednesday, 22 September |
| Date and time of the SGM | 9:30 a.m. on 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 in this circular.

Dates or deadlines specified in this circular 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.

DEFINITIONS

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

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| “AGM” | the 2010 annual general meeting of the Company held on 7 June 2010 |
| “Announcement” | the announcement made by the Company on 31 August 2010 in respect of the Proposals |
| “associate(s)” | has the same meaning ascribed in the Listing Rules |
| “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 |
| “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” or “Cash Guardian” | Cash Guardian Limited, who is holding 70,216,512 Shares, representing about 31.14% of the existing issued share capital of the Company as at the Latest Practicable Date. Cash Guardian is a Controlling Shareholder of the Company, and a company controlled by Mr Kwan Pak Hoo Bankee (the Chairman 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) |

DEFINITIONS

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| “Current Issue Mandate” | the general mandate to issue up to 41,101,029 new Shares granted by the Shareholders to the Directors at the AGM held on 7 June 2010, representing 20% of the then issued share capital of the Company |
| “Director(s)” | director(s) of the Company |
| “Excluded Overseas Shareholder(s)” | Overseas Shareholder(s) in respect of 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 PRC |
| “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 Refreshment of Issue Mandate and the Extension Mandate |
| “Independent Financial Adviser” or “Vinco Capital” | Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), 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 |

DEFINITIONS

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| “Latest Practicable Date” | 27 August 2010, 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 |
| “New Issue Mandate” | the general mandate proposed to be sought at the SGM to authorise 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 |
| “Overseas Shareholder(s)” | Shareholder(s) whose addresses as shown on the Register of Members on the Record Date are outside Hong Kong |
| “PRC” | The People’s Republic of China |
| “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 |
| “Qualifying Shareholder(s)” | Shareholder(s) other than the Excluded Overseas Shareholders, who are entitled to the Bonus Issue |
| “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 |
| “Refreshment of Issue Mandate” | the proposed refreshment of the Current Issue Mandate and grant of the New Issue Mandate |
| “Register of Members” | the register of members of the Company |

DEFINITIONS

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| “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 Shareholder, 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 |
| “Share Option Scheme” | the existing share option scheme of the Company adopted by the Shareholders at the special general meeting held on 19 February 2002 and is currently the only share option scheme of the Company |
| “Share Registrar” | Tricor Standard Limited, branch share registrar of the Company in Hong Kong at 26/F Tesbury Centre, 28 Queen’s Road East, Hong Kong |
| “SGM” | the special general meeting of the Company to be held on 24 September 2010 at 9:30 a.m. to approve, if thought fit, the Proposals, notice of which is set out on pages 30 to 34 of this circular |
| “Share(s)” | share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s), including the Independent Shareholders |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | Hong Kong Code on Takeovers and Mergers |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “%” | per cent |



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

Board of Directors:

Executive Directors:

KWAN Pak Hoo Bankee
LAW Ping Wah Bernard
NG Kung Chit Raymond

Independent non-executive Directors:

LEUNG Ka Kui Johnny
WONG Chuk Yan
CHAN Hak Sin

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

***Head office and principal place
of business:***

28/F Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

2 September 2010

To the Shareholders

Dear Sir/Madam,

**PROPOSALS FOR
BONUS ISSUE OF SHARES,
REFRESHMENT OF GENERAL MANDATES TO ISSUE NEW SHARES
AND REPURCHASE SHARES AND THE EXTENSION MANDATE,
REFRESHMENT OF THE SCHEME MANDATE LIMIT,
REDUCTION OF SHARE PREMIUM ACCOUNT
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information relating to the Proposals as proposed by the Board in the Announcement for:

- (a) the Bonus Issue;
- (b) the Refreshment of Issue Mandate and the Extension Mandate which are required under rule 13.36(4) of the Listing Rules to be approved by the Independent Shareholders;

LETTER FROM THE BOARD

- (c) the grant of the New Repurchase Mandate to the Directors which is required under rule 10.06(1)(a)(iii) of the Listing Rules to be approved by the Shareholders by a specific or general approval;
- (d) the refreshment of the Scheme Mandate Limit which is required under rule 17.03(3) of the Listing Rules to be approved by the Shareholders in general meeting;
- (e) the Reduction of Share Premium; and
- (f) the notice of the SGM at which (i) ordinary resolutions will be proposed to approve, inter alia, the Bonus Issue, the Refreshment of Issue Mandate, the grant of New Repurchase Mandate, the Extension Mandate and the refreshment of the Scheme Mandate Limit; and (ii) a special resolution will be proposed to approve the Reduction of Share Premium.

At the SGM, the Controlling Shareholder and its associates will be abstained from voting on the resolutions nos. 2A and 2C to approve the Refreshment of Issue Mandate and the Extension Mandate respectively as required under rule 13.36(4)(a) of the Listing Rules. There is no abstinence requirement for the Controlling Shareholder and its associates for all other resolutions at the SGM.

THE BONUS ISSUE

Basis of Bonus Issue

Reference is made to the Announcement and subject to the conditions as set out under the heading “Conditions of the Bonus Issue” below, the Bonus Issue is proposed to be made on the basis of one (1) Bonus Share for every five (5) existing Shares held on the Record Date by the Qualifying Shareholders. The Bonus Shares will be issued and credited as fully paid at par.

As at the Latest Practicable Date, the Company has 225,505,148 Shares in issue. The Company has been informed by the Controlling Shareholder of the Intended Conversion. Assuming that:

- i) the Intended Conversion will not take place and no further Shares will be issued or purchased before the Record Date, a total of 45,101,029 Bonus Shares will be issued under the Bonus Issue; and
- ii) the Intended Conversion will take place and all outstanding Share Options will be exercised on or before the latest lodging time, and assuming no further Convertible Note will be converted and no further Shares will be issued or purchased before the Record Date, the issued share capital of the Company will be increased to 264,615,148 Shares as at the Record Date. Accordingly, a maximum of 52,923,029 Bonus Shares will be issued under the Bonus Issue.

LETTER FROM THE BOARD

On that basis, the Bonus Shares to be issued pursuant to the Bonus Issue will therefore be not more than 52,923,029 Bonus Shares. It is proposed that the Directors be authorised to capitalise a sum of not more than HK\$5,292,302.90 being part of the amount standing to the credit of the share premium account of the Company and to apply such sum in paying up in full at par the Bonus Shares.

The exact total number of Bonus Shares to be issued under the Bonus Issue will not be capable of determination until the Record Date. The Company will make an announcement when the number of Bonus Shares to be issued is determined.

Conditions of the Bonus Issue

The completion of 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. No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

Record Date and closure of Register of Members

The Bonus Shares will be issued to the Qualifying Shareholders. Arrangement for the Excluded Overseas Shareholders are further elaborated below under the heading “Excluded Overseas Shareholders”. 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 p.m. on 21 September 2010 (Tuesday). In order for the holders of the Share Options and/or 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 p.m. on 21 September 2010 (Tuesday).

LETTER FROM THE BOARD

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.

Excluded Overseas Shareholders

As at the Latest Practicable Date, according to the Register of Members, there were a total of 18 Overseas Shareholders whose registered addresses in 10 jurisdictions, namely, Australia, the PRC, Macau, the United Kingdom, Singapore, the United States, France, Spain, Malaysia and Taiwan, holding in aggregate of less than 0.001% of the issued share capital of the Company. Pursuant to rule 13.36(2)(a) of the Listing Rules, the Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the extension of the Bonus Issue to such Overseas Shareholders.

The Company has obtained advices from legal advisers in the PRC, Macau, the United Kingdom, Singapore, the United States, Spain and Taiwan that no regulatory compliance is required to be made in these jurisdictions for the Company to extend the Bonus Issue to the Overseas Shareholders who resided in these jurisdictions. Accordingly, the Bonus Issue will be extended to the Overseas Shareholders in these jurisdictions.

The Company has obtained advices from legal advisers in Australia, France and Malaysia that the grant of the Bonus Issue to Overseas Shareholders in these jurisdictions would or might, in the absence of compliance with relevant local legal and regulatory, registration, information disclosure obligation, or other special formalities, be unlawful or impracticable. Upon the enquiry, the Directors are of view that compliance with the relevant requirements in these jurisdictions could be costly and time-consuming, and therefore inexpedient to do so. Accordingly, in view of the time and legal costs involved for compliance with these requirements and the very minimal size of shareholdings of the Overseas Shareholders in these jurisdictions, the Directors have determined that it would be necessary or expedient to exclude the Overseas Shareholders in Australia, France and Malaysia from the Bonus Issue. The Company will therefore send the circular, for information only, to the Overseas Shareholders in Australia, France and Malaysia.

Arrangement will be made for the Bonus Shares which would otherwise have been issued to the Excluded Overseas Shareholders to be sold in the market as soon as practicable after dealings commences. Any net proceeds of such sale, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the relevant Excluded Overseas Shareholders, by ordinary post at their own risk, unless the amount falling to be distributed to any such person less than HK\$100 in which case it will be retained for the benefit of the Company.

LETTER FROM THE BOARD

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 exercise prices of the Share Options and conversion price of the Convertible Note

As at the Latest Practicable Date, a total of 32,610,000 Share Options have been granted and remained outstanding. Upon full exercise of the subscription rights attaching to the Share Options, a maximum of 32,610,000 new Shares will be issued.

As at the Latest Practicable Date, the Convertible Note in the principal amount of HK\$43,243,000 has been issued. Upon full conversion of the conversion rights attaching to the Convertible Note, a maximum of 43,243,000 new Shares will be issued.

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's 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 respectively. 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 the 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. Each Shareholder will receive one share certificate for the Bonus Shares entitled. 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.

LETTER FROM THE BOARD

Intended Conversion of the Convertible Note

Reference is made to the Company's announcement dated 26 July 2010 in relation to, inter alia, the Intended Conversion of the Convertible Note by the Controlling Shareholder in part in the amount of HK\$6,500,000. Assuming the Intended Conversion is implemented before Record Date, a total of 6,500,000 new Shares will be issued and allotted to the Controlling Shareholder on or before the Record Date pursuant to the specific mandate granted by independent shareholders at the special general meeting of the Company held on 12 February 2009.

Save as the Intended Conversion, the Controlling Shareholder has indicated that it does not have intention to convert the remaining Convertible Note in the amount of HK\$36,743,000 on or before the Record Date.

THE REFRESHMENT OF ISSUE MANDATE AND THE EXTENSION MANDATE

At the AGM held on 7 June 2010, the Shareholders passed, among other things, the ordinary resolution to grant to the Directors the Current Issue Mandate to allot up to 41,101,029 Shares, representing 20% of the then issued share capital of the Company.

During the period from the grant of the Current Issue Mandate to the Latest Practicable Date, the Current Issue Mandate had been utilised as to 20,000,000 Shares (approximately 48.66% of the Current Issue Mandate of 41,101,029 Shares) following the completion of the top up placing of 20,000,000 new Shares (as set out in the announcement of the Company dated 26 July 2010). The top up placing has been completed on 5 August 2010. The net proceeds of HK\$49.3 million raised from the utilisation of such mandate have been used as general working capital of the Group.

Almost half of the Current Issue Mandate has been utilised at as the Latest Practicable Date, and the total number of issued share capital of the Company has been increased by 20,000,000 Shares to 225,505,148 Shares on completion of the top up placing on 5 August 2010 and will be further increased after the Intended Conversion and Bonus Issue taking effect. The Directors, therefore, propose to seek the approval of the Independent Shareholders at the SGM for the granting of the New Issue Mandate to provide the Company with a higher limit and greater flexibility to raise further funds and/or implement equity financing for its future business development.

Such fund raising activities are less costly and time-consuming than by way of rights issue or open offer, and do not incur any interest paying obligations on the Group as compared with bank financing. The Board considers that the New Issue Mandate is therefore in the interests of the Company and the Independent Shareholders as a whole.

Subject to the passing of the resolution for the Refreshment of Issue Mandate, the Directors will be authorised to allot and issue up to the number of Shares which represents 20% 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 the relevant resolution pursuant to the New Issue Mandate.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has 225,505,148 Shares in issue. Assuming that:

- i) the Intended Conversion and the Bonus Issue will not take place and no further Shares will be issued or purchased before the SGM, the Directors will be authorised to allot and issue up to a maximum of 45,101,029 Shares pursuant to the New Issue Mandate; and
- ii) the Intended Conversion and the Bonus Issue will take place and all outstanding Share Options will be exercised on or before the SGM, and assuming no further Convertible Note will be converted and no further Shares will be issued or purchased before the SGM, the issued share capital of the Company will be increased to 317,538,177 Shares after the Bonus Issue taking effect. Accordingly, the Directors will be authorised to allot and issue up to a maximum of 63,507,635 Shares pursuant to the New Issue Mandate.

On that basis, the Directors will be authorised to allot and issue a total of not more than 63,507,635 Shares pursuant to the New Issue Mandate.

In addition, the Directors also propose the Extension Mandate that any Shares repurchased under the New Repurchase Mandate (representing up to 10% of the issued Shares as at the date of passing the relevant resolution, as elaborated under the heading “Grant of the New Repurchase Mandate” below) will be added to the total number of Shares which may be allotted and issued under the New Issue Mandate.

The New Issue Mandate and the Extension Mandate are proposed to the Shareholders prior to the Company’s next annual general meeting and therefore, under rule 13.36(4) of the Listing Rules, the Refreshment of Issue Mandate and the Extension Mandate will be subject to the Independent Shareholders’ approval at the SGM. The Controlling Shareholder and its associates are required to abstain from voting in favour of the relevant ordinary resolutions to approve the Refreshment of Issue Mandate and the Extension Mandate respectively. The Independent Board Committee, comprising Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, all being the independent non-executive Directors, has been formed to consider the Refreshment of Issue Mandate and the Extension Mandate. Vinco Capital has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of Issue Mandate and the Extension Mandate. The text of the letter from the Independent Board Committee is set out on page 21 of this circular and the text of the letter from Vinco Capital containing its advice is set out on pages 22 to 29 of this circular.

The New Issue Mandate will, if granted, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next general meeting is required to be held; or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

LETTER FROM THE BOARD

GRANT OF THE NEW REPURCHASE MANDATE

At the AGM held on 7 June 2010, the Shareholders passed, among other things, the ordinary resolution to grant to the Directors a general mandate to repurchase up to 20,550,514 Shares on the Stock Exchange, representing 10% of the then issued share capital of the Company.

The general mandate shall be effective until whichever is the earlier of:

1. the conclusion of the next annual general meeting of the Company;
2. the expiration of the period within which the next annual general of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or
3. the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

The Company is proposing an ordinary resolution at the SGM for granting the New Repurchase Mandate to the Directors following the Bonus Issue, which allow the Directors to repurchase Shares up to 10% of the issued Shares of the Company as at the day of passing the relevant resolution, including the Bonus Shares subject to the approval of the Bonus Issue by the Shareholders at the SGM.

The following is an explanatory statement which contains all the necessary information in relation to the New Repurchase Mandate required pursuant to the Listing Rules.

1. Reason for share repurchase

Due to the increase of issued share capital of the Company after the AGM as set out under the heading “The Refreshment of Issue Mandate and the Extension Mandate” in this section on page 11 of this circular, the Directors believe that it is in the best interests of the Company and the Shareholders to obtain higher limit of general authority from the Shareholders to enable the Directors to repurchase Shares in the Company on the market, depending on market conditions and funding arrangements at the time. The New Repurchase Mandate will lead to an enhancement of the net value of the Company and its assets and/or its earnings per share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

The exercise of the Repurchase Mandate in full will not have a material adverse impact on the working capital and gearing position of the Company as compared with that disclosed in its most recent published audited accounts as at 31 December 2009. However, the Directors will not propose to exercise the New Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

LETTER FROM THE BOARD

2. Share capital

Subject to the passing of the resolution for the grant of New Repurchase Mandate, the exercise of the New Repurchase Mandate in full would result in up to the number of Shares, which represents 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 the relevant resolution, being repurchased by the Company pursuant to the New Repurchase Mandate.

As at the Latest Practicable Date, the Company has 225,505,148 Shares in issue and issued share capital of HK\$22,550,514.80. Assuming that:

- i) the Intended Conversion and the Bonus Issue will not take place and no further Shares will be issued or purchased before the SGM, the exercise of the New Repurchase Mandate in full would result in up to 22,550,514 Shares being repurchased by the Company pursuant to the New Repurchase Mandate; and
- ii) the Intended Conversion and the Bonus Issue will take place and all outstanding Share Options will be exercised on or before the SGM, and assuming no further Convertible Note will be converted and no further Shares will be issued or purchased before the SGM, the issued share capital of the Company will be increased to 317,538,177 Shares after the Bonus Issue taking effect. Accordingly, the exercise of the New Repurchase Mandate in full would result in up to 31,753,817 Shares being repurchased by the Company pursuant to the New Repurchase Mandate.

On that basis, the exercise of the New Repurchase Mandate in full would result in a total of not more than 31,753,817 Shares being repurchased by the Company pursuant to the New Repurchase Mandate. Such New Repurchase Mandate, if passed, will continue in force until the conclusion of the next annual general meeting of the Company following the passing of the resolution referred to herein or the revocation of the New Repurchase Mandate by an ordinary resolution of the Shareholders.

3. Funding of repurchase

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the applicable laws of Bermuda. The Directors propose that the repurchase of Shares under the New Repurchase Mandate will be financed from the Company's internal resources.

LETTER FROM THE BOARD

4. Marketing prices

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months were as follows:

| | Highest <i>HK\$</i> | Lowest <i>HK\$</i> |
|--|-------------------------------|------------------------------|
| 2009 | | |
| August | 2.260 | 1.650 |
| September | 1.830 | 1.600 |
| October | 1.660 | 1.510 |
| November | 1.800 | 1.400 |
| December | 1.880 | 1.330 |
| 2010 | | |
| January | 2.130 | 1.310 |
| February | 1.990 | 1.650 |
| March | 1.930 | 1.690 |
| April | 1.780 | 1.620 |
| May | 1.790 | 1.500 |
| June | 2.410 | 1.520 |
| July | 3.020 | 2.000 |
| August (up to the Latest Practicable Date) | 4.500 | 2.560 |

5. Share repurchases made by the Company

During the previous 6 months prior to the date of this circular, the Company had not repurchased, sold or redeemed any of the listed securities of the Company.

6. General

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the New Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

If as a result of a share repurchase a Shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code.

As at the Latest Practicable Date, the Controlling Shareholder, together with its associates collectively were beneficially interested in 70,216,512 Shares representing approximately 31.14% of the issued share capital of the Company. Assuming the Intended Conversion taking place (which will result in the issue of 6,500,000 new Shares to the Controlling Shareholder) and the approval of the Bonus Issue by the Shareholders (which will result in the issue of 15,343,302 Bonus Shares to the Controlling Shareholder),

LETTER FROM THE BOARD

the Controlling Shareholder and its associates will be beneficially interested in 92,059,814 Shares representing approximately 33.07% of the issued share capital of the Company after the Shareholders approving the Bonus Issue at the SGM.

In the event that the Directors exercised the New Repurchase Mandate in full in accordance with the terms of the ordinary resolution to be proposed at the SGM, the interest of the Controlling Shareholder, together with its associates, in the Company would be increased to approximately 36.74% of the issued share capital, in which case, such increase may give rise to an obligation of the Controlling Shareholder to make a mandatory general offer under rules 26 and 32 of the Takeovers Code. However, the Directors have no intention to exercise the New Repurchase Mandate to such an extent that it will trigger the mandatory general offer under rules 26 and 32 of the Takeovers Code. The number of Shares held by the public will still be maintained at above 25% of the total number of Shares in issue in the event of exercise of the New Repurchase Mandate in full.

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates has any present intention, in the event that the New Repurchase Mandate is approved by Shareholders, to sell Shares to the Company or its subsidiaries.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the New Repurchase Mandate is approved by Shareholders.

THE REFRESHMENT OF THE SCHEME MANDATE LIMIT

The Share Option Scheme was adopted by the Company on 19 February 2002. At the AGM held on 7 June 2010, the Company had refreshed the Scheme Mandate Limit which allowed the Company to grant a maximum of 20,550,514 options based on 10% of the Shares in issue as at the date of passing the resolution. Since the latest refreshment of the Scheme Mandate Limit and up to the Latest Practicable Date, no options have been granted, exercised, cancelled or lapsed and the Scheme Mandate Limit has not been utilised.

As at the Latest Practicable Date, 225,505,148 Shares were in issue and options to subscribe up to 32,610,000 Shares, representing 14.46% of the issued share capital of the Company as at the Latest Practicable Date, have been granted and remained outstanding since the adoption of the Share Option Scheme.

Pursuant to rule 17.03(3) of the Listing Rules, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the Shares in issue from time to time. Pursuant to rule 17.03(3) of the Listing Rules, the Scheme Mandate Limit may not exceed 10% of the Shares in issue as at the date of approval or adoption of that limit by Shareholders. The Scheme Mandate Limit may be refreshed by Shareholders in general meeting from time to time.

LETTER FROM THE BOARD

Although the Scheme Mandate Limit has not been utilised at as the Latest Practicable Date, the issued share capital of the Company has been/will be increased after the AGM (as set out under the heading “The Refreshment of Issue Mandate and the Extension Mandate” in this section on page 11 of this circular). The Board proposes to refresh the Scheme Mandate Limit following the approval of the Bonus Issue by the Shareholders. The refreshment will allow the Board greater flexibility to make new grant of options under the Share Option Scheme as the Board may consider appropriate from time to time. It will enable the Company to attract potential employees to join the Group and to provide incentives to and to retain the existing employees of the Group which is in the interests of the Company and the Shareholders as a whole.

Subject to the passing of the resolution for the refreshment of the Scheme Mandate Limit, the Board will be allowed to grant further options entitling holders thereof to subscribe for up to the number of Shares which represents 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 passing the relevant resolution.

As at the Latest Practicable Date, the Company has 225,505,148 Shares in issue. Assuming that:

- i) the Intended Conversion and the Bonus Issue will not take place and no further Shares will be issued or purchased before the SGM, the Directors will be allowed to grant up to a maximum of 22,550,514 options pursuant to the Scheme Mandate Limit; and
- ii) the Intended Conversion and the Bonus Issue will take place and all outstanding Share Options will be exercised on or before the SGM, and assuming no further Convertible Note will be converted and no further Shares will be issued or purchased before the SGM, the issued share capital of the Company will be increased to 317,538,177 Shares after the Bonus Issue taking effect. Accordingly, the Directors will be allowed to grant up to a maximum of 31,753,817 options pursuant to the Scheme Mandate Limit.

On that basis, the Directors will be allowed to grant a total of not more than 31,753,817 options pursuant to the Scheme Mandate Limit as refreshed.

On the same assumption, the Directors expect that the grant of options in full under the refreshed Scheme Mandate Limit hereof will not cause the Shares to be issued upon the full exercise of the then outstanding options granted and available to be granted under the Share Option Scheme to be in excess of 30% of the Shares in issue from time to time.

The refreshment of the Scheme Mandate Limit is conditional upon (i) passing of an ordinary resolution approving the refreshment of the Scheme Mandate Limit by the Shareholders at the SGM; and (ii) the Stock Exchange granting approval for the listing of, and permission to deal in, the option Share(s) to be issued pursuant to the exercise of options to be granted under the Scheme Mandate Limit. Options previously granted under

LETTER FROM THE BOARD

the share option scheme(s) of the Company (including those outstanding, cancelled, lapsed in accordance with the scheme(s) or exercised options) will not be counted in the Scheme Mandate Limit as refreshed.

Application will be made to the Stock Exchange by the Company for the approval of the listing of, and permission to deal in, the Shares, representing a maximum of 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 passing the relevant resolution, which may be issued pursuant to the exercise of the options under the Share Option Scheme.

REDUCTION OF SHARE PREMIUM

The Board 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 by-laws of the Company and all applicable laws. The proposed Reduction of Share Premium is in compliance with all applicable laws and regulations as well as the constitutional documents of the Company.

Reasons for Reduction of Share Premium

According to section 40(2) of the Companies Act 1981 of Bermuda, the share premium account of the Company is restricted to limited use by the Company, for instance, inter alia, paying up unissued Shares as fully paid bonus Shares and writing off expenses for issue of Shares. Whereas the contributed surplus account of the Company is a distributable reserve which is available to be applied by the Company in a more general manner as the Board may think fit, including but not limited to, payment of dividends to Shareholders and elimination of accumulated losses.

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 considers appropriate.

Conditions for Reduction of Share Premium

The proposed Reduction of Share Premium is conditional upon:

- pursuant to section 46(2) of the Companies Act 1981 of Bermuda:
 - (i) the publication of a notice in Bermuda for the Reduction of Share Premium being a date not more than 30 days and not less than 15 days before the date on which the Reduction of Share Premium is to have effect; and
 - (ii) the Directors having satisfied that on the date the Reduction of Share Premium is to be effected, there are no reasonable grounds for believing that the Company is, or after such reduction would be, unable to pay its liabilities as they become due; and

LETTER FROM THE BOARD

- the passing of a special resolution by the Shareholders at the SGM approving the Reduction of Share Premium.

Subject to all conditions being fulfilled, the Reduction of Share Premium will take effect on the date of SGM approving the relevant special resolution.

THE SGM

Set out on pages 30 to 34 of this circular is a notice convening the SGM to be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong at 9:30 a.m. on 24 September 2010.

At the SGM, the following resolutions will be proposed to be considered and, if thought fit, be passed for the approval:

Ordinary resolutions:

- (1) the Bonus Issue;
- (2A) the Refreshment of Issue Mandate;
- (2B) the grant of the New Repurchase Mandate;
- (2C) the refreshment of the Extension Mandate;
- (3) the refreshment of the Scheme Mandate Limit; and

Special resolution:

- (4) the Reduction of Share Premium.

Save as resolution no. 2C which is conditional upon resolutions nos. 2A and 2B being passed, all the other resolutions are independent and not inter-conditional on other resolutions. All the resolutions will be voted by way of poll at the SGM. The Controlling Shareholder and its associates are required to abstain from voting in favour of the ordinary resolutions nos. 2A and 2C for the approval of the Refreshment of Issue Mandate and the Extension Mandate respectively at the SGM pursuant to rule 13.36(4)(a) of the Listing Rules. To the best of the knowledge of the Directors, the Controlling Shareholder and its associates do not have any intention to vote against the said ordinary resolutions for the approval of the Refreshment of Issue Mandate and the Extension Mandate. There is no abstinence requirement for the Controlling Shareholder and its associates for all other resolutions at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, 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.

RECOMMENDATION

The Independent Board Committee, comprising Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, all being the independent non-executive Directors, has been formed to consider the Refreshment of Issue Mandate and the Extension Mandate. Vinco Capital has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of Issue Mandate and the Extension Mandate.

The Directors (including all the independent non-executive Directors forming the Independent Board Committee) are of the opinion that the Refreshment of Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and therefore recommend the Independent Shareholders to vote in favour of the ordinary resolutions relating to the Refreshment of Issue Mandate and the Extension Mandate at the SGM.

Your attention is also drawn to the letters from the Independent Board Committee and Vinco Capital and their respective recommendations set out on pages 21 to 29 of this circular.

In addition, the Directors consider that proposals for the Bonus Issue, the grant of New Repurchase Mandate, the refreshment of Scheme Mandate Limit and the Reduction of Share Premium are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions at the SGM.

Yours faithfully,
On behalf of the Board
Bankee P Kwan
Chairman & CEO



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

2 September 2010

To the Independent Shareholders

Dear Sir/Madam,

**PROPOSALS FOR THE REFRESHMENT OF
ISSUE MANDATE AND THE EXTENSION MANDATE**

We refer to the circular dated 2 September 2010 of the Company (“Circular”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed to form an Independent Board Committee to consider the terms of the Refreshment of Issue Mandate and the Extension Mandate, and to advise the Independent Shareholders whether, in our opinion, the Refreshment of Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Vinco Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Refreshment of Issue Mandate and the Extension Mandate.

We wish to draw your attention to the letter from the Board set out on pages 6 to 20 of the Circular which contains, inter alia, information on the Refreshment of Issue Mandate and the Extension Mandate, and the letter from Vinco Capital set out on pages 22 to 29 of the Circular which contains its advice in respect of the terms of the Refreshment of Issue Mandate and the Extension Mandate.

Having taken into account the advice of Vinco Capital, we consider that the Refreshment of Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions above to be proposed at the SGM to approve the Refreshment of Issue Mandate and the Extension Mandate respectively.

Yours faithfully
Independent Board Committee
Leung Ka Kui Johnny
Wong Chuk Yan
Chan Hak Sin
Independent non-executive Directors

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the Refreshment of Issue Mandate and the Extension Mandate, which has been prepared for the purpose of incorporation in this circular:



Grand Vinco Capital Limited

Units 4909–4910, 49/F, The Center
99 Queen's Road Central, Hong Kong

2 September 2010

*To the Independent Board Committee and the Independent Shareholders of
Celestial Asia Securities Holdings Limited*

Dear Sirs,

PROPOSALS FOR THE REFRESHMENT OF ISSUE MANDATE AND THE EXTENSION MANDATE

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Refreshment of Issue Mandate and the Extension Mandate, details of which are set out in the circular ("Circular") issued by the Company to the Shareholders dated 2 September 2010 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

At the AGM held on 7 June 2010, the Shareholders passed, among other things, the ordinary resolution to grant to the Directors the Current Issue Mandate to allot up to 41,101,029 Shares, representing 20% of the then issued share capital of the Company.

On 26 July 2010, the Company announced a top up placing of 20,000,000 new Shares. The top up placing has been completed on 5 August 2010 and 20,000,000 new Shares were issued under the Current Issue Mandate, representing approximately 48.66% of the Current Issue Mandate. As at the Latest Practicable Date, the Current Issue Mandate was utilised as to 20,000,000 Shares, the Current Issue Mandate would only be allowed to allot and issue up to 21,101,029 Shares representing approximately 9.36% of the issued share capital of the Company as at the Latest Practicable Date. In order to allow for flexibility to raise further capital through the issue of new Shares and provide funds for general working capital and future business development, the Board proposes to the Refreshment of Issue Mandate to allow the Directors to issue and allot new Shares of not exceeding 20% of the issued share capital of the Company at the date of SGM.

LETTER FROM VINCO CAPITAL

In accordance with rule 13.36(4)(a) of the Listing Rules, the Refreshment of Issue Mandate and the Extension Mandate requires the approval of the Independent Shareholders by way of poll at the SGM, at which any controlling Shareholders and their associates, or where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executives of the Company and their respective associates shall abstain from voting in favour of the resolution approving the Refreshment of Issue Mandate.

Cash Guardian, being the Controlling Shareholder of the Company, together with its associates collectively were beneficially interested in 70,216,512 Shares representing approximately 31.14% of the issued share capital of the Company as at the Latest Practicable Date. Cash Guardian is the Controlling Shareholder of the Company, Cash Guardian together with its associates are required to abstain from voting in favour of the resolution to approve the Refreshment of Issue Mandate and the Extension Mandate at the SGM.

The Independent Board Committee, comprising Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the Refreshment of Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and whether the Refreshment of Issue Mandate and Extension Mandate are in the interests of the Company and the Independent Shareholders as a whole.

BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been withheld or omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

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

LETTER FROM VINCO CAPITAL

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Refreshment of Issue Mandate and the Extension Mandate, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Refreshment of Issue Mandate and the Extension Mandate and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of Issue Mandate and the Extension Mandate, we have considered the principal factors and reasons set out below:

Background of and reasons for the Refreshment of Issue Mandate and the Extension Mandate

Background

At the AGM of the Company held on 7 June 2010, the Shareholders approved, among others, an ordinary resolution to approve the Current Issue Mandate which enable the Directors to allot and issue up to 41,101,029 Shares (being 20% of the entire issued share capital of the Company as at the date of passing the resolution).

According to the announcement of the Company dated 26 July 2010, the Company and the placing agent entered into a placing agreement pursuant to which 20,000,000 Shares were issued under the Current Issue Mandate upon completion of such top up placing on 5 August 2010. Accordingly, approximately 48.66% of the Current Issue Mandate has been utilised. Upon completion of the top up placing, the total number of issued shares of the Company has been increased to 225,505,148 Shares and will be further increased after the Intended Conversion and Bonus Issue taking effect. In order to maintain the financial flexibility to raise further capital and/or implement equity financing for future business developments of the Company, the Directors proposed to seek the approval of the Independent Shareholders at the SGM for the Refreshment of Issue Mandate and the Extension Mandate.

LETTER FROM VINCO CAPITAL

As at the Latest Practicable Date, the Company has 225,505,148 Shares in issue. Assuming that:

- i) the Intended Conversion and the Bonus Issue will not take place and no further Shares will be issued or purchased before the SGM, the Directors will be authorised to allot and issue up to a maximum of 45,101,029 Shares pursuant to the New Issue Mandate and to repurchase up to 22,550,514 Shares under the New Repurchase Mandate; and
- ii) the Intended Conversion and the Bonus Issue will take place and all outstanding Share Options will be exercised on or before the SGM, and assuming no further Convertible Note will be converted and no further Shares will be issued or purchased before the SGM, the issued share capital of the Company will be increased to 317,538,177 Shares after the Bonus Issue taking effect. Accordingly, the Directors will be authorised to allot and issue up to a maximum of 63,507,635 Shares pursuant to the New Issue Mandate and to repurchase up to 31,753,817 Shares under the New Repurchase Mandate,

which respectively representing 20% and 10% of the issued share capital of the Company as at the date of the SGM. The New Issue Mandate is proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, under the Listing Rules, the New Issue Mandate will be subject to the Independent Shareholders' approval by way of poll at the SGM.

Fund raising activities in the past twelve months

The table set out below summarises the information relating to the Company's fund raising activities in the past twelve months immediately prior to the Latest Practicable Date:

| Date of announcement | Transaction | Net proceeds | | |
|----------------------|--|------------------------|--------------------------------------|------------------------|
| | | raised (approximately) | Intended use of proceeds | Actual use of proceeds |
| 26 July 2010 | Placing of 20,000,000 Top Up Shares at the placing price of HK\$2.50 | HK\$49.3 million | General working capital of the Group | Used as intended |

Save as disclosed above, the Directors confirmed that the Company has not conducted any other fund raising activities during the 12 months immediately prior to the Latest Practicable Date. As such, we are of the view that the actual use of proceeds was in line with the intended use of proceeds as stated in the announcement of the abovementioned fund raising activity.

As stated in the 2009 audited annual report of the Group, cash and cash equivalents of approximately HK\$278.99 million and HK\$573.25 million interest-bearing bank borrowings are observed as at 31 December 2009. As noted from the table above, the Group has fully utilised the net proceeds from the abovementioned fund raising activity as at the Latest Practicable Date.

LETTER FROM VINCO CAPITAL

The Directors confirmed that the existing cash resources of the Group are sufficient for it to conduct its daily operations and the Group has sufficient working capital to meet its present requirements. However, the Directors cannot preclude the possibilities that additional funding may still be needed for investment development as well as other opportunities arise in the future. In the event the Company identifies a suitable investment opportunity but does not have sufficient financial resources on hand, or is unable to obtain loan financing on acceptable terms, or cannot find other alternatives to finance the acquisition of such investment opportunity in a timely manner, the Company may lose its opportunities in an otherwise favourable investment and a favorable opportunity to expand its business portfolio. Also, the Directors confirmed that they have considered the possibility of seeking a specific mandate when specific project is identified. However, the Directors considered that timely decision making is critical to grasp opportunities arising from the prevailing market condition. As such, they considered granting of specific mandate which is subject to the approval of the Independent Shareholders may be posed as a hindrance to the Group to grasp the opportunities in a timely manner. In view of the above, we consider that it is reasonable for the Directors to propose the grant of New Issue Mandate at the SGM in order to provide the Company with necessary financing flexibility to raise additional funds through the issue of new Shares for its future business development as and when an opportunity arises.

In view of the foregoing, we concur with the Directors' view that the Refreshment of Issue Mandate and the Extension Mandate are fair and reasonable to the Company and are in the interests of the Company and the Independent Shareholders as a whole.

Financing flexibility

The Directors believed that the Refreshment of Issue Mandate and the Extension Mandate will provide the Company with higher limit and greater flexibility to raise further funds and/or implement equity financing for its future business development.

We consider that the Refreshment of Issue Mandate and the Extension Mandate could enhance the financing flexibility of the Company to raise capital and to strengthen the capital base of the Group, if and when required, by way of issue of new Shares. In addition, the Directors consider that if investment or acquisition opportunities arise, decisions may have to be made within a limited period of time. The Refreshment of Issue Mandate and the Extension Mandate would provide the Group with the maximum flexibility as allowed under the Listing Rules to allot and issue new Shares through placing of Shares as consideration for funding such potential investments and/or acquisitions in the future as and when such opportunities arise. The increased amount of capital which may be raised under the Refreshment of Issue Mandate and the Extension Mandate will provide more options of financing to the Group when assessing and negotiating potential acquisitions in a timely manner.

LETTER FROM VINCO CAPITAL

In view of the foregoing and the next annual general meeting will not be convened until around June 2011 (which is about ten months away from the Latest Practicable Date), we concur with the Directors' view that the refreshment of Issue Mandate is fair and reasonable to the Company and is in the interests of the Company and the Independent Shareholders as a whole.

Other financing alternatives

As advised by the Directors, apart from equity financing, the Directors will also consider other financing methods such as bank financing and debt financing so as to meet its financing requirements arising from any future development of the Group, depending on the financial position, capital structure and cost of funding of the Group as well as the prevailing market condition. Bank financing and debt financing will usually incur interest burden on the Group and may be subject to, including but not limited to, lengthy due diligence and negotiations with the banks. As for the other forms of pro rata equity financing methods such as rights issue or open offer, most would result in substantial costs including but not limited to legal costs and underwriting commissions and the Company may not be able to procure favourable terms in commercial underwriting. Accordingly, the Directors consider that the proposed refreshment of the Issue Mandate may provide an alternative to fund any possible business development or investment opportunities of the Group. Further, the Directors confirmed that they would exercise due and careful consideration when choosing the financing method available to the Group and would adopt the method which serves the best interest of the Group. Accordingly, we thus concur with the Directors' view that the Refreshment of Issue Mandate and the Extension Mandate are in the interest of the Company and the Independent Shareholders as a whole.

Potential dilution to shareholding of the Independent Shareholders

Set out below are tables illustrating the shareholdings of the Company as at the Latest Practicable Date and showing the potential dilution effect on the shareholdings of the Shareholders:

Scenario I:

| | As at the Latest Practicable Date | | After the New Issue Mandate and the Extension Mandate (assuming no other Shares are issued or repurchased by the Company after the Latest Practicable Date up to the date of the SGM) utilised in full | |
|---|--|----------------|---|----------------|
| Cash Guardian and its associates | 70,216,512 | 31.14% | 70,216,512 | 25.94% |
| Other Directors | 6,861,160 | 3.04% | 6,861,160 | 2.54% |
| Public Shareholders | | | | |
| — Shares that may be issued under the New Issue Mandate and the Extension Mandate | 0 | 0.00% | 45,101,029 | 16.67% |
| — Other public Shareholders | <u>148,427,476</u> | <u>65.82%</u> | <u>148,427,476</u> | <u>54.85%</u> |
| | <u>225,505,148</u> | <u>100.00%</u> | <u>270,606,177</u> | <u>100.00%</u> |

LETTER FROM VINCO CAPITAL

The above figures were calculated on the assumption that (i) the Intended Conversion and the Bonus Issue will not take place; (ii) no further Shares will be issued or purchased by the Company after the Latest Practicable Date and up to the date of the SGM; and (iii) upon full utilisation of the New Issue Mandate, 45,101,029 new Shares will be issued, representing 20% of the entire issued capital of the Company as at the Latest Practicable Date, and approximately 16.67% of the issued share capital of the Company as enlarged by the Shares issued under the New Issue Mandate. The aggregate shareholding of the other public Shareholders will decrease from approximately 65.82% to approximately 54.85% upon full utilisation of the New Issue Mandate.

Scenario II:

| | As at the Latest Practicable Date | | After the Intended Conversion and exercise of all outstanding options | | After the Bonus Issue | | After the New Issue Mandate and the Extension Mandate (assuming no other Shares are issued or repurchased by the Company after the Latest Practicable Date up to the date of the SGM) utilised in full | |
|--|--------------------------------------|----------------|--|----------------|-----------------------|----------------|---|----------------|
| Cash Guardian and its associates | 70,216,512 | 31.14% | 80,516,512 | 30.43% | 96,619,814 | 30.43% | 96,619,814 | 25.35% |
| Other Directors | 6,861,160 | 3.04% | 12,661,160 | 4.78% | 15,193,392 | 4.78% | 15,193,392 | 3.99% |
| Public Shareholders | | | | | | | | |
| — Shares that may be issued under the New Issue Mandate and the Extension Mandate | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 63,507,635 | 16.67% |
| — Other public Shareholders | <u>148,427,476</u> | <u>65.82%</u> | <u>171,437,476</u> | <u>64.79%</u> | <u>205,724,971</u> | <u>64.79%</u> | <u>205,724,971</u> | <u>53.99%</u> |
| | <u>225,505,148</u> | <u>100.00%</u> | <u>264,615,148</u> | <u>100.00%</u> | <u>317,538,177</u> | <u>100.00%</u> | <u>381,045,812</u> | <u>100.00%</u> |

The above figures were calculated on the assumption that (i) the Intended Conversion and the Bonus Issue will take place; (ii) all outstanding Share Options will be exercised on or before the SGM; (iii) no further Convertible Note will be converted; (iv) no further Shares will be issued or purchased by the Company after the Latest Practicable Date and up to the date of the SGM; and (v) upon full utilisation of the New Issue Mandate, 63,507,635 new Shares will be issued, representing 20% of the entire issued capital of the Company after Bonus Issue taking effect, and approximately 16.67% of the issued share capital of the Company as enlarged by the Shares issued under the New Issue Mandate. The aggregate shareholding of the other public Shareholders will decrease from approximately 65.82% to approximately 53.99% upon full utilisation of the New Issue Mandate.

For both scenarios, we have taken into account that (i) the Refreshment of Issue Mandate and the Extension Mandate will provide an alternative to increase the amount of capital; (ii) the Refreshment of Issue Mandate and the Extension Mandate will provide more financing alternatives to the Group for potential investment and/or business development when such opportunities arise and; (iii) the fact that the shareholding of all the Shareholders will be diluted proportionally according to their respective shareholdings

LETTER FROM VINCO CAPITAL

upon any utilisation of the New Issue Mandate and the Extension Mandate, we consider such potential maximum dilution to shareholdings of the Independent Shareholders to be justifiable.

CONCLUSION

Having taken into consideration the above principal factors and reasons, we are of the view that the Refreshment of Issue Mandate and the Extension Mandate are fair and reasonable, so far as the Independent Shareholders are concerned and that the Refreshment of the Issue Mandate and the Extension Mandate are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Refreshment of Issue Mandate and the Extension Mandate.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting of Celestial Asia Securities Holdings Limited (“Company”) will be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 24 September 2010 (Friday) at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT**, conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) granting the listing of, and permission to deal in, the Bonus Shares (as hereinafter defined):
 - (a) upon the recommendation of the directors of the Company, a sum of not more than HK\$5,292,302.90 being part of the amount standing to the credit of the share premium account of the Company, or such larger sum as may be necessary to give effect to the bonus issue of shares pursuant to this resolution, be capitalised and accordingly the directors of the Company be and are hereby authorised and directed to apply such sum in paying up in full at par not more than 52,923,029 unissued shares (“Bonus Shares”) of HK\$0.10 each in the capital of the Company, and that such Bonus Shares shall be issued, allotted and distributed, credited as fully paid up, to and amongst those shareholders whose names appear on the register of members of the Company on 24 September 2010 (“Record Date”) on the basis of one (1) Bonus Share for every five (5) existing issued shares of HK\$0.10 each in the capital of the Company held by them respectively on the Record Date;
 - (b) the Bonus Shares to be issued and allotted pursuant to this resolution shall be subject to the memorandum and bye-laws of the Company and shall rank pari passu in all respects with the shares of HK\$0.10 each in the capital of the Company in issue on the Record Date, except that they will not rank for the bonus issue of shares mentioned in this resolution; and
 - (c) the directors of the Company be authorised to do all acts and things as may be necessary and expedient in connection with the allotment and issue of the Bonus Shares, including, but not limited to, determining the amount to be capitalised out of the share premium account of the Company and the number of Bonus Shares to be issued, allotted and distributed in the manner referred to in paragraph (a) of this resolution.”

NOTICE OF THE SGM

2. A. “THAT

- (a) subject to paragraph A(c), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph A(a) shall authorise the directors of the Company during the Relevant Period (as defined hereinafter) to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the approval in paragraph A(a), otherwise than pursuant to a Rights Issue (as hereinafter defined) or any option scheme or similar arrangement for the time being adopted for the grant or issue to participants of the Company, its subsidiaries, and its ultimate holding company (if any) which is also listed on the Stock Exchange and its subsidiaries, of shares or right to acquire shares in the Company shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue (including the Bonus Shares, if the issue of Bonus Shares is approved by the shareholders as set out in the resolution numbered (1) above) as at the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- 1. the conclusion of the next annual general meeting of the Company;
- 2. the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
- 3. the revocation or variation of this resolution by an ordinary resolution of the shareholders in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

NOTICE OF THE SGM

B. “THAT

(a) subject to paragraph B(b), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on the Stock Exchange or on any other stock exchange on which the shares in the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of The Rules Governing the Listing of Securities on the Stock Exchange or on any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares in the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph B(a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue (including the Bonus Shares, if the issue of Bonus Shares is approved by the shareholders as set out in the resolution numbered (1) above) as at the date of the passing of this resolution and the said approval be limited accordingly; and

(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

1. the conclusion of the next annual general meeting of the Company;
2. the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
3. the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

C. “**THAT** conditional upon resolutions nos. 2A and 2B above being passed, the general mandate granted to the directors of the Company pursuant to paragraph (c) of resolution no. 2A above be and it is hereby extended by the addition to the aggregate nominal amount of the shares of HK\$0.10 each in the capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased or agreed to be purchased by the Company pursuant to or in accordance with the authority granted under paragraph (b) of resolution no. 2B above.”

NOTICE OF THE SGM

3. “**THAT** conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the shares in the Company to be issued pursuant to the exercise of any options (“Options”) to be granted under the existing share option scheme and any other share option scheme(s) of the Company, the directors be and are hereby authorised, at their absolute discretion, to grant Options to the extent that the shares in the Company issuable upon the full exercise of all Options shall not be more than 10% of the issued share capital of the Company (including the Bonus Shares, if the issue of Bonus Shares is approved by the shareholders as set out in the resolution numbered (1) above) as at the date of this resolution.”

SPECIAL RESOLUTION

4. “**THAT**, conditional upon the compliance with section 46(2) of the Companies Act 1981 of Bermuda and with effect from the date of passing of this resolution, the share premium account of the Company as at the date of this resolution be reduced by an amount of HK\$200,000,000.00 and such amount be transferred to the contributed surplus account of the Company where it may be utilised (including to set off the accumulated losses of the Company) in accordance with the bye-laws of the Company and all applicable laws and the directors of the Company be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem fit or appropriate in order to effect and implement the foregoing.”

By order of the Board
Suzanne W S Luke
Company Secretary

Hong Kong, 2 September 2010

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*
28/F Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or, if he is holder of more than one share, more proxies to attend and, in the event of a poll, vote on his behalf. A proxy need not be a member of the Company. A form of proxy is also enclosed for the meeting.

NOTICE OF THE SGM

2. In order to be valid, the form of proxy must be deposited at the principal place of business of the Company in Hong Kong at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power of attorney or other authority, not less than 48 hours before the time for holding the special general meeting or any adjournment thereof.
3. The register of members of the Company 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 Shares. Shareholders are reminded that in order to qualify for the Bonus Shares, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Hong Kong share registrar of the Company, Tricor Standard Limited at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 21 September 2010 (Tuesday).