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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Celestial Asia Securities Holdings Limited, you should at once hand this circular 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)

**PROPOSED SHARE SUBDIVISION,
CHANGE OF BOARD LOT SIZE
AND
NOTICE OF SPECIAL GENERAL MEETING**

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 27 October 2010 (Wednesday) at 9:30 a.m. is set out on pages 11 to 12 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.

8 October 2010

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EXPECTED TIMETABLE FOR THE SHARE SUBDIVISION

The expected timetable for the implementation of the Share Subdivision is set out below:

2010

Despatch of this circular (including the notice of the SGM)
and the related form of proxy to the Shareholders Friday, 8 October

Latest date and time to return form of
proxy for the SGM 9:30 a.m. on Monday, 25 October

Date and time of the SGM 9:30 a.m. on Wednesday, 27 October

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Subdivision as set out in the section headed “The Share Subdivision” in the letter from the Board contained in this circular.

Effective date of the Share Subdivision Thursday, 28 October

Dealings in Subdivided Shares commence 9:30 a.m. on Thursday, 28 October

Temporary counter for trading in
Subdivided Shares in board lots of 20,000
Subdivided Shares (in the form of existing
certificates) opens 9:30 a.m. on Thursday, 28 October

Original counter for trading in Shares
in board lots of 2,000 Shares
temporarily closes 9:30 a.m. on Thursday, 28 October

Free exchange of existing certificates
for the new certificates for the Subdivided
Shares commences Thursday, 28 October

Original counter for trading in Subdivided
Shares in board lots of 6,000 Subdivided
Shares (only new share certificates
for the Subdivided Shares can be traded
at this counter) reopens 9:30 a.m. on Thursday, 11 November

Parallel trading in the Shares and the
Subdivided Shares (in the form of
existing share certificates and
new share certificates) commences 9:30 a.m. on Thursday, 11 November

Designated broker starts to stand in the market
to provide matching services for the sale and
purchase of odd lots of the Subdivided Shares Thursday, 11 November

Effective date of the change of board lot size Thursday, 11 November

EXPECTED TIMETABLE FOR THE SHARE SUBDIVISION

Temporary counter for trading in board
lots of 20,000 Subdivided Shares
(in the form of existing share
certificates) closes 4:00 p.m. on Wednesday, 1 December

Parallel trading in the Subdivided Shares
(in the form of existing share certificates
and new share certificates) ends 4:00 p.m. on Wednesday, 1 December

Designated broker ceases to stand in the market
to provide matching services for the sale and
purchase of odd lots of the Subdivided Shares Wednesday, 1 December

Free exchange of existing certificates for
the Shares for new certificates for
the Subdivided Shares ends 4:00 p.m. on Monday, 6 December

Note: All times refer to Hong Kong local times and dates 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:

“Announcement”	the announcement made by the Company on 6 October 2010 in respect of the Share Subdivision
“associate(s)”	has the same meaning ascribed in the Listing Rules
“Board”	the board of Directors
“Board Lot Change”	the change of the board lot size from 2,000 existing Shares to 6,000 Subdivided Shares upon the Share Subdivision becoming effective
“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
“Convertible Note”	the convertible note dated 17 February 2009 issued to the controlling shareholder of the Company 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
“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
“Latest Practicable Date”	6 October 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
“SGM”	the special general meeting of the Company to be held on 27 October 2010 at 9:30 a.m. to approve, if thought fit, the Share Subdivision, notice of which is set out on pages 11 to 12 of this circular

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) or the Subdivided Share(s), as the case may be
“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
“Share Subdivision”	the proposed subdivision of each issued and unissued Share into ten (10) Subdivided Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company, upon approval of the Share Subdivision
“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

8 October 2010

To the Shareholders

Dear Sir/Madam,

**PROPOSED SHARE SUBDIVISION,
CHANGE OF BOARD LOT SIZE
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

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

- (a) the Share Subdivision;
- (b) the Board Lot Change; and
- (c) the notice of the SGM at which ordinary resolution will be proposed to approve the Share Subdivision.

LETTER FROM THE BOARD

THE SHARE SUBDIVISION

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$300,000,000 divided into 3,000,000,000 Shares of HK\$0.10 each, of which 287,286,177 Shares have been issued and are fully paid or credited as fully paid.

The Board proposes to subdivide each existing issued and unissued Share of HK\$0.10 of the Company into 10 Subdivided Shares of HK\$0.01 each. Upon the Share Subdivision becoming effective, the authorised share capital of the Company will be HK\$300,000,000 divided into 30,000,000,000 Subdivided Shares, of which 2,872,861,770 Subdivided Shares will be in issue and fully paid or credited as fully paid, assuming that no further Shares are issued or repurchased after the Latest Practicable Date and prior to the Share Subdivision becoming effective.

All Subdivided Shares will rank pari passu with each other in all respects with the Shares in issue prior to the Share Subdivision and the rights attached to the Subdivided Shares will not be affected by the Share Subdivision.

The Share Subdivision is conditional upon:

- (a) the passing by the Shareholders at the SGM of an ordinary resolution approving the Share Subdivision; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares.

BOARD LOT CHANGE

The Shares are currently traded on the Stock Exchange in board lot size of 2,000 Shares. The Board proposes that subject to and upon the Share Subdivision becoming effective, the board lot size be changed from 2,000 Shares to 6,000 Subdivided Shares. The Board Lot Change ensures that the value of each board lot of the Subdivided Shares would be more than HK\$2,000. The Board considers the Board Lot Change to be in the interests of the Company and its Shareholders as a whole.

REASONS FOR THE SHARE SUBDIVISION AND BOARD LOT CHANGE

The proposed Share Subdivision will decrease the nominal value and increase the total number of shares in issue. The Share Subdivision will result in downward adjustment to the trading price of the Shares. The Board believes that the Share Subdivision will decrease the trading spread as well as the volatility of the trading price of the Shares and thus result in the improved liquidity in trading of the Company's Subdivided Shares. Therefore, the Board considers that the Share Subdivision will enable the Company to attract more investors and broaden its Shareholder base. The Board also considers that the Board Lot Change will result in Subdivided Shares being traded in a more reasonable board lot size and value.

LETTER FROM THE BOARD

Save for the expenses to be incurred by the Company in relation to the Share Subdivision, the implementation of the Share Subdivision will not, by itself, alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interest of the Shareholders. The Board considers the Share Subdivision is in the interests of the Company and the Shareholders as a whole.

ARRANGEMENT FOR MATCHING ODD LOTS

In order to alleviate the difficulties arising from the existence of odd lots of the Subdivided Shares as a result of the Share Subdivision and Board Lot Change, the Company has agreed to procure Celestial Securities Limited to stand in the market to provide matching services for the odd lots of Subdivided Shares on best effort basis during the period from 11 November 2010 to 1 December 2010 (both dates inclusive). Shareholders who wish to take advantage of this matching facility either to dispose of their odd lots of Subdivided Shares or to top up to board lots of 6,000 Subdivided Shares, may contact Ms Chan Po Ki Fion of Celestial Securities Limited at 9/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong at telephone number (852) 2587-5257.

Holders of Subdivided Shares in odd lots should note that successful matching of the sale and purchase of odd lots of Subdivided Shares is not guaranteed. The Shareholders are advised to consult their professional advisers if they are in doubt about the above procedures.

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 30,252,000 Share Options have been granted and remained outstanding. Upon full exercise of the subscription rights attaching to the Share Options, a maximum of 30,252,000 new Shares will be issued.

As at the Latest Practicable Date, the outstanding amount of the Convertible Note is HK\$36,743,000 carrying the right to convert into new Share(s) at the adjusted conversion price of HK\$0.833 per conversion share. Upon full conversion of the conversion rights attaching to the Convertible Note, a maximum of 44,109,243 new Shares will be issued.

Implementation of the Share Subdivision 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 Convertible Note's holder 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.

LETTER FROM THE BOARD

LISTING AND DEALING

An application will be made to the Stock Exchange for the listing of and permission to deal in the Subdivided Shares arising from the Share Subdivision. All necessary arrangements have been made and subject to the granting of the listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided 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 Subdivided Shares on the Stock Exchange or such other date as may be 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than Stock Exchange and no such listing permission to deal in is being or is currently proposed to be sought from any other stock exchange.

FREE EXCHANGE OF SHARE CERTIFICATES

Arrangements will be made so that subject to the Share Subdivision becoming effective, the Shareholders can submit their existing share certificates for the Shares to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, in exchange for new share certificates for the Subdivided Shares free of charge during the business hours from 28 October 2010 to 6 December 2010 (both days inclusive). After the expiry of such period, existing certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each existing share certificate cancelled or new share certificate issued (whichever number of share certificates involved is higher).

It is expected that the new share certificates will be available for collection within a period of 10 business days after the submission of the existing share certificates. The new share certificates will be issued in blue colour in order to distinguish them from existing share certificates which are in white colour.

From 2 December 2010 onwards, existing certificates for the Shares will cease to be valid for trading and settlement purpose, but will continue to be good evidence of legal title to the Subdivided Shares on the basis of one Share for ten Subdivided Shares.

TRADING ARRANGEMENT FOR SUBDIVIDED SHARES

Subject to the Share Subdivision, dealings in the Subdivided Shares are expected to commence on Thursday, 28 October 2010. Parallel trading in the Subdivided Shares (in the form of existing share certificates and new share certificates) will be operated from Thursday, 11 November 2010 to Wednesday, 1 December 2010 (both day inclusive). Full details of the expected timetable and trading arrangement of the Shares are set out on pages 1 and 2 of this circular.

LETTER FROM THE BOARD

THE SGM

Set out on pages 11 to 12 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 27 October 2010.

At the SGM, an ordinary resolution for approving the Share Subdivision will be proposed to be considered and, if thought fit, be passed for the approval.

The resolution will be voted by way of poll at the SGM. As no Shareholders have a material interest in the Share Subdivision which is different from that of the other Shareholders, no Shareholder will be required to abstain from voting on the resolution to approve the Share Subdivision.

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 or any adjournment thereof. 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.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the principal place of business in Hong Kong of the Company from the date of this circular to the date of the SGM:

- (a) the memorandum of association and Bye-laws of the Company;
- (b) the Companies Act 1981 of Bermuda;
- (c) the annual reports of the Company for the two years ended 31 December 2009; and
- (d) the interim report of the Company for the six months ended 30 June 2010.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that proposal for the Share Subdivision is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution 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)

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 27 October 2010 (Wednesday) at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution of the Company:

ORDINARY RESOLUTION

“**THAT** conditional on the Listing Committee of the Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the shares of HK\$0.01 each in the issued share capital of the Company, with effect from 9:30 a.m. on the business day next following the day on which this resolution is passed by the shareholders of the Company, each of the issued and unissued share of HK\$0.10 in the share capital of the Company be sub-divided into ten shares of HK\$0.01 each (“Share Subdivision”) so that the authorised share capital of the Company will be HK\$300,000,000 divided into 30,000,000,000 shares of HK\$0.01 each immediately following the Share Subdivision, and any director be and is hereby authorised to sign and execute such documents and do all such acts and things incidental to any of the foregoing as he considers necessary, desirable or expedient in connection with the implementation of or giving effect to any of the foregoing and the transactions contemplated thereunder.”

By order of the Board
Suzanne W S Luke
Company Secretary

Hong Kong, 8 October 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

NOTICE OF THE SGM

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.
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 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.