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CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 1049)

**ANNOUNCEMENT
EXPECTED INCREASE IN NET LOSS
FOR THE YEAR ENDED 31 DECEMBER 2012**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that it is expected that the net loss attributable to the Shareholders for the year ended 31 December 2012 is expected to be increased substantially, as compared to the net loss attributable to the Shareholders for the corresponding year ended 31 December 2011.

The information contained in this announcement is only based on the preliminary review on the management accounts of the Group, which have not been reviewed nor audited by the Company's auditors.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Celestial Asia Securities Holdings Limited ("Company", which together with its subsidiaries, the "Group") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO").

The board of directors of the Company ("Board") wishes to inform the shareholders of the Company ("Shareholders") and potential investors that the net loss attributable to the Shareholders for the year ended 31 December 2012 is expected to be increased substantially, as compared to the net loss attributable to the Shareholders for the corresponding year ended 31 December 2011. The Board considers that such increase was primarily attributable to the provisions for impairment on the carrying amounts of goodwill and online game development costs after taking into consideration the management's expected unsatisfactory performance and the future revenue of the two new games which had been developed over the past years and launched in low profile in 2012. Provisions for impairment were made as the recoverable amounts of our online game business might not be able to fully cover its carrying value.

The information contained in this announcement is only based on the preliminary review on the management accounts of the Group, which have not been reviewed nor audited by the auditors of the Company.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
Bernard Law
*Executive Director &
Chief Financial Officer*

Hong Kong, 8 February 2013

As at the date hereof, the Board comprises:-

Executive directors:

Mr Kwan Pak Hoo Bankee
Dr Chan Yau Ching Bob
Mr Law Ping Wah Bernard
Mr Ng Kung Chit Raymond

Independent non-executive directors:

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