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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, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CASH 
CELESTIAL ASIA SECURITIES HOLDINGS LIMITED
時富投資集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 1049)

**CONTINUING CONNECTED TRANSACTIONS
– FINANCIAL ASSISTANCE**

AND

NOTICE OF SPECIAL GENERAL MEETING

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

VEDA | CAPITAL
智略資本

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Independent Board Committee containing its advice to the Independent Shareholders in relation to the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies) is set out on page 15 of this circular. A letter from Veda Capital containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder is set out on pages 16 to 24 of this circular.

A notice convening the SGM of Celestial Asia Securities Holdings Limited to be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 31 December 2015 (Thursday) at 10:00 am is set out on pages 32 to 33 of this circular. Whether or not you are able to attend the SGM, 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 no later than 48 hours before the time appointed for the holding of the SGM or any adjourned meeting. Completion and return of a form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

15 December 2015

* For identification purpose only

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DEFINITIONS

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

“Announcement”	the joint announcement made by the Company and CFSG on 24 November 2015 in respect of the entering into of the New Margin Financing Arrangements
“associate(s)”	has the same meaning ascribed in the Listing Rules
“Board”	the board of Directors
“CASH Companies”	Libra Capital Management (HK) Limited and Cashflow Credit Limited and their principal activities are investment holding. The companies are wholly-owned subsidiaries of the Company, and are regarded as connected persons of CFSG (as defined under the Listing Rules)
“Cash Guardian”	Cash Guardian Limited and its principal activity of investment holding. It is a controlled corporation and an associate of Mr Kwan Pak Hoo Bankee (an executive director of the Company and CFSG). It is a substantial shareholder of the Company
“Celestial Securities”	Celestial Securities Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary CFSG, and is a subsidiary of the Company held through CFSG. It is a licensed corporation under the SFO to carry out type 1 (dealing in securities) regulated activity
“CIGL”	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company
“CFSG”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and whose securities are listed on the main board of the Stock Exchange, and is a subsidiary of the Company
“CFSG Group”	CFSG and its subsidiaries
“CFSG SGM”	the special general meeting of CFSG to be held on 31 December 2015 (Thursday) at 9:30 am to approve the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for Mr Kwan and Family Members and the CASH Companies
“Company”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and whose securities are listed on the main board of the Stock Exchange, and is the holding company of CFSG

DEFINITIONS

“Confident Profits Margin Financing Agreement”	the written margin financing agreement dated 23 October 2015 entered into between Celestial Securities and Confident Profits Limited (a wholly-owned subsidiary of the Company) relating to the grant of margin financing facility at an annual cap of up to HK\$30 million for each of the three years ending 31 December 2018, details of which were disclosed in the announcement of CFSG dated 23 October 2015
“Connected Clients”	Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Ms Cheng Pui Lai Majone, Mr Ng Kung Chit Raymond, Mr Lam Man Michael, Mr Law Ka Kin Eugene, Mr Ng Hin Sing Derek, Mr Kwan Pak Leung Horace, Ms Chan Siu Fei Susanna, Cash Guardian, Libra Capital Management (HK) Limited and Cashflow Credit Limited, particulars of which are set out in the section “The New Margin Financing Agreements” in the letter from the Board
“Director(s)”	director(s) of the Company
“Existing Margin Financing Agreement(s)”	the existing margin financing agreement(s) dated 14 December 2012 and/or 27 March 2014 entered into by Celestial Securities with certain Connected Clients, particulars of which are set out in the section of “The Existing Margin Financing Arrangements” in the letter from the Board
“Existing Margin Financing Arrangement(s)”	the existing margin financing facility(ies) extended by Celestial Securities to certain connected client(s) under the Existing Margin Financing Agreements, particulars of which are set out in the section of “The Existing Margin Financing Arrangements” in the letter from the Board
“Group”	the Company and its subsidiaries, including the CFSG Group
“Independent Board Committee”	an independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, which has been established to advise the Independent Shareholders on the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies)

DEFINITIONS

“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a licensed corporation to carry out business in type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies)
“Independent Shareholders”	the Shareholders, other than any Connected Client(s) who are the Shareholder(s) and are interested in the respective New Margin Financing Agreement(s) and the annual caps and the transactions contemplated thereunder, as set out under the heading “The SGM” in section of the “Letter from the Board”
“Latest Practicable Date”	11 December 2015, 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
“Model Code”	the required standards of dealings regarding securities transactions by Directors or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
“Mr Kwan and Family Members”	Mr Kwan Pak Hoo Bankee, and Cash Guardian, Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna (being associate or family members of Mr Kwan Pak Hoo Bankee)
“New Margin Financing Agreement(s)”	the written margin financing agreement(s) all dated 24 November 2015 on same terms and conditions as disclosed in in the section of “The New Margin Financing Agreements” in the letter from the Board between Celestial Securities with each of the Connected Clients relating to the granting of the margin financing facility to each of the Connected Clients
“New Margin Financing Arrangement(s)”	the granting of margin financing facility(ies) by Celestial Securities to the Connected Client(s) pursuant to the New Margin Financing Agreements
“Parties”	the parties to the New Margin Financing Agreements, being Celestial Securities and each of the Connected Clients
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held on 31 December 2015 (Thursday) at 10:00 am to approve the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meanings ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“%”	per cent

LETTER FROM THE BOARD



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

Executive Directors:

KWAN Pak Hoo Bankee
LAW Ping Wah Bernard
LAW Ka Kin Eugene
NG Hin Sing Derek

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

LEUNG Ka Kui Johnny
WONG Chuk Yan
CHAN Hak Sin

Principal place of business:

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

15 December 2015

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS – FINANCIAL ASSISTANCE

INTRODUCTION

Reference is made to the Announcement dated 24 November 2015 in relation to the entering into of the New Margin Financing Agreements on 24 November 2015 by Celestial Securities with each of the Connected Clients.

The Connected Clients (save as CASH Companies) are either existing directors or substantial shareholders of the Group or their respective associates or family members and are connected persons (as defined under the Listing Rules) of the Company. The granting of the New Margin Financing Arrangement to each of the Connected Clients (save as CASH Companies) constitutes continuing connected transaction relating to financial assistance for the Company under Chapter 14A of the Listing Rules.

* For identification purpose only

LETTER FROM THE BOARD

As one or more of the respective applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the margin financing facility on an annual basis under the New Margin Financing Agreement for each of the Connected Clients (save as CASH Companies) exceed 5% and the aggregate amount exceeds HK\$10,000,000, the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies) are subject to, among other things, the independent shareholders' approval at the SGM and annual review requirements under the Listing Rules.

The New Margin Financing Agreement for each of the Connected Clients (save as CASH Companies) is subject to approval by the Independent Shareholders, each by separate resolution, as set out in the notice of the SGM in this circular, and all the resolutions will be taken by poll at the SGM.

The purpose of this circular is to (i) provide the Shareholders with information on the New Margin Financing Agreements and the annual caps for the Connected Clients (save as CASH Companies); (ii) set out the letter from the Independent Board Committee to the Independent Shareholders in respect of the aforesaid New Margin Financing Agreements and the annual caps; (iii) set out the letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in respect of the aforesaid New Margin Financing Agreements and the annual caps; (iv) give a notice to the Shareholders on convening the SGM for approving the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder.

THE NEW MARGIN FINANCING AGREEMENTS

Date: All dated 24 November 2015

Parties: Celestial Securities (a wholly-owned subsidiary of CFSG, and a subsidiary of the Company held through CFSG) (as lender) and each of the Connected Clients (as borrowers).

The Connected Clients are Mr Kwan Pak Hoo Bankee ^(Notes 1 and 3), Mr Law Ping Wah Bernard ^(Note 1) (executive directors of the Company and CFSG), Ms Cheng Pui Lai Majone ^(Note 1), Mr Ng Kung Chit Raymond ^(Note 1), Mr Lam Man Michael ^(Note 2) (executive directors of CFSG), Mr Law Ka Kin Eugene ^(Note 2), Mr Ng Hin Sing Derek ^(Note 1) (executive directors of the Company), Mr Kwan Pak Leung Horace ^(Notes 1 and 3), Ms Chan Siu Fei Susanna ^(Notes 1 and 3), Cash Guardian ^(Note 1) (a controlled corporation and an associate of Mr Kwan Pak Hoo Bankee), Libra Capital Management (HK) Limited ^(Note 1) and Cashflow Credit Limited ^(Note 1) (wholly-owned subsidiaries of the Company, being the substantial shareholder of CFSG).

LETTER FROM THE BOARD

Notes:

- (1) Such Connected Clients have been granted margin financing facility at an annual cap of up to HK\$30 million up to the financial years ending 31 December 2015 under the Existing Margin Financing Arrangements.
- (2) Mr Lam Man Michael and Mr Law Ka Kin Eugene are new executive director of CFSG and the Company respectively as appointed in November 2015. They are new Connected Clients who have not been granted any margin financing facility under the Existing Margin Financing Arrangements.
- (3) Mr Kwan Pak Leung Horace is a director of certain subsidiaries of the Group and is the brother of Mr Kwan Pak Hoo Bankee, and Ms Chan Siu Fei Susanna is the spouse of Mr Kwan Pak Leung Horace and a senior management of the CFSG Group.
- (4) The margin financing facility to be granted to each of the Connected Clients is a stand alone facility. Each of their margin financing facility under the New Margin Financing Arrangement will not be aggregated or aggregated with any margin financing facility of other Connected Clients.

The Connected Clients (save as CASH Companies) are either existing Directors or substantial shareholders of the Group or their respective associates or family members and are connected persons (as defined under the Listing Rules) of the Company. The granting of the New Margin Financing Arrangement to each of the Connected Clients (save as CASH Companies) constitutes continuing connected transaction relating to financial assistance for the Company under Chapter 14A of the Listing Rules.

Services provided: Celestial Securities will extend margin financing facility to each of the Connected Clients under the respective New Margin Financing Arrangement.

The interest rates: The interest rates will be charged at a range from prime rate to 6% above the prime rate per annum for advances made under the New Margin Financing Arrangements, which is subject to change in order to align with the prevailing market practice.

The interest rates charged are determined by reference to the rates offered in the market by other securities brokers for services of similar nature and in any event no more favourable than the rates charged by Celestial Securities to independent third parties for similar services.

The annual caps: The annual caps of the margin financing facility to each of the Connected Clients will be a sum of up to HK\$30 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the three financial years ending 31 December 2018.

LETTER FROM THE BOARD

Basis for determining
the annual caps:

The annual caps of margin financing facility under the New Margin Financing Agreements are the same as under the Existing Margin Financing Agreements.

After discussion with the Connected Clients, they would like to obtain the same annual caps under the Existing Margin Financing Agreements to allow them more flexibility for investment and trading activities.

The annual caps were determined after arm's length negotiation between Celestial Securities and each of the Connected Clients based on (i) the demand of the Connected Clients; (ii) the amount of annual caps under the Existing Margin Financing Agreements; (iii) the existing financial resources and capacity of margin financing facilities of the CFSG Group for granting the margin financing facility(ies) after taking into account the credit assessment, financial strength, past payment records and collateral securities for the facility(ies) of the Connected Clients; (iv) the expected increase in the demand of the Connected Clients for their potential investment activities due to anticipated growth in the stock market in the near future; and (v) the benefit for capturing the securities trading activities of the Connected Clients so as to earn more commission and fees in the usual and ordinary course of the business of the CFSG Group.

The global financial market was unstable and the investment sentiment of the Hong Kong stock market was low for the past two years with average daily turnover of the Hang Seng Index (HSI) of HK\$69.5 billion and HK\$62.65 billion for the year 2014 and 2013 respectively. Following the announcement of Shanghai – Hong Kong Stock Connect for the establishment of mutual stock market access between Mainland China and Hong Kong in late 2014, the average daily turnover of HSI soared to HK\$125.3 billion in the first half of 2015. As disclosed in the 2015 interim report of the Company, the revenue of the Group for the first half of 2015 also increased significantly by 71.3% to HK\$148.2 million when compared to HK\$86.5 million in 2014.

The Board anticipates that with the gradual stabilization in the external market and the forthcoming Shenzhen-Hong Kong Stock Connect scheme, the securities turnover of Hong Kong market will keep going upward with the continuous inflow of capital from Mainland China into Hong Kong. The Board is optimistic about the stock market situation and sentiment in Hong Kong, as well as the fund raising activities including those through initial public offering (IPO) in the near future.

LETTER FROM THE BOARD

Although the proposed annual caps are substantially higher than the historical transactions amounts of some Connected Clients, the Board has taken into consideration (i) the expected growths in the securities market based on the above factors; (ii) the anticipated increase in investment opportunities of the Connected Clients due to the launch of the forthcoming Shenzhen-Hong Kong Stock Connect scheme as mentioned aforesaid; (iii) the New Margin Financing Agreements are renewal of the Existing Margin Financing Agreements with the same annual caps and similar terms; (iv) the benefits of the New Margin Financing Agreements to contribute income to the Group, and proposed to grant the same amount of annual caps of the Existing Margin Financing Agreements to allow a buffer and more flexibility for Celestial Securities to grant the margin financing facility to the Connected Clients in its ordinary and usual course of business with a view to contributing to the revenue and results of the Group.

Duration: Fixed term of three financial years ending 31 December 2018.

Conditions precedent: The New Margin Financing Agreements for each of the Connected Clients are conditional upon satisfaction of the following respective conditions precedent:

- (a) the New Margin Financing Agreement and the annual caps and the transactions contemplated thereunder for each of Mr Kwan and Family Members is subject to the following conditions:
 - (i) the approval by the independent shareholders of CFSG at the CFSG SGM; and
 - (ii) the approval by the Independent Shareholders at the SGM.
- (b) the New Margin Financing Agreement and the annual caps and the transactions contemplated thereunder for each of Mr Law Ping Wah Bernard, Ms Cheng Pui Lai Majone, Mr Ng Kung Chit Raymond, Mr Lam Man Michael, Mr Law Ka Kin Eugene and Mr Ng Hin Sing Derek is subject to the approval by the Independent Shareholders at the SGM.
- (c) the New Margin Financing Agreement and the annual caps and the transactions contemplated thereunder for each of CASH Companies is subject to the approval by the independent shareholders of CFSG at the CFSG SGM.

The New Margin Financing Agreements are not inter-conditional upon each other.

LETTER FROM THE BOARD

Reasons for and benefits of the New Margin Financing Agreements

The Board (including the independent non-executive Directors) considers that the New Margin Financing Arrangements will enable Celestial Securities to continue (a) granting margin financing facilities to the Connected Clients, (b) capturing the securities trading activities of the Connected Clients, and (c) earning income from the Connected Clients in its ordinary course of business and on normal commercial terms.

The Board (including the independent non-executive Directors) considers that (i) the New Margin Financing Arrangements are being provided on normal commercial terms and in the ordinary course of business which will not be more favorable than those available to other independent third party clients; (ii) the terms of the New Margin Financing Agreements are fair and reasonable; and (iii) the provision of the New Margin Financing Arrangements are in the interest of the Company and the Shareholders as a whole.

The Existing Margin Financing Arrangements

The Connected Clients (save as Mr Lam Man Michael and Mr Law Ka Kin Eugene who are newly appointed director of CFSG and the Company respectively) have entered into the Existing Margin Financing Arrangements with Celestial Securities and are currently utilizing the margin financing facilities extended by Celestial Securities at an annual cap of up to HK\$30 million up to the financial year ending 31 December 2015. Details of the Existing Margin Financing Agreements are listed below.

On 14 December 2012, Celestial Securities entered into the margin financing agreements all dated 14 December 2012 with, inter alias, Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Ms Cheng Pui Lai Majone, Mr Ng Kung Chit Raymond, Cash Guardian and CASH Companies. The transactions were disclosed in the announcement and circular of CFSG dated 14 December 2012 and 2 January 2013 respectively, and were approved by the independent shareholders of CFSG at the special general meeting held on 22 January 2013. The transactions were also disclosed in the announcement of the Company dated 21 March 2013.

On 27 March 2014, Celestial Securities entered into the margin financing agreements all dated 27 March 2014 with, inter alias, Mr Ng Hin Sing Derek, Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna. The transactions were disclosed in the joint announcement of the Company and CFSG dated 27 March 2014 and respective circular of the Company and CFSG dated 17 April 2014, and were approved by the independent shareholders of the Company and CFSG at their respective annual general meeting held on 26 May 2014.

LETTER FROM THE BOARD

The historical figures of the margin financing facilities utilized by certain Connected Clients under the Existing Margin Financing Arrangements are listed below:

Name	Year/period	Outstanding amount as at year/period end (HK\$'000)	Maximum outstanding amount during the year/period (HK\$'000)
Mr Kwan Pak Hoo Bankee and associates	Year ended 31 December 2013	–	1,484
	Year ended 31 December 2014	–	259
	Six months ended 30 June 2015	–	2,345
Mr Law Ping Wah Bernard and associates	Year ended 31 December 2013	–	15,955
	Year ended 31 December 2014	–	10,109
	Six months ended 30 June 2015	–	18,036
Ms Cheng Pui Lai Majone and associates	Year ended 31 December 2013	–	16,284
	Year ended 31 December 2014	–	22,545
	Six months ended 30 June 2015	–	26,197
Mr Ng Kung Chit Raymond and associates	Year ended 31 December 2013	–	7,978
	Year ended 31 December 2014	–	6,110
	Six months ended 30 June 2015	–	18,200
Mr Ng Hin Sing Derek and associates	Year ended 31 December 2013	–	–
	Year ended 31 December 2014	–	10,109
	Six months ended 30 June 2015	–	16,546
Mr Kwan Pak Leung Horace and associates	Year ended 31 December 2013	–	3,782
	Year ended 31 December 2014	–	7,779
	Six months ended 30 June 2015	–	24,818
Ms Chan Siu Fei Susanna and associates	Year ended 31 December 2013	–	–
	Year ended 31 December 2014	–	7,582
	Six months ended 30 June 2015	–	16,599
Cash Guardian	Year ended 31 December 2013	–	3,227
	Year ended 31 December 2014	–	840
	Six months ended 30 June 2015	–	4,058
Libra Capital Management (HK) Limited	Year ended 31 December 2013	214	8,623
	Year ended 31 December 2014	–	218
	Six months ended 30 June 2015	941	2,041
Cashflow Credit Limited	Year ended 31 December 2013	–	–
	Year ended 31 December 2014	–	–
	Six months ended 30 June 2015	–	–

LETTER FROM THE BOARD

The Existing Margin Financing Arrangements will expire after 31 December 2015. The Parties entered into the New Margin Financing Agreements with similar terms and conditions of the Existing Margin Financing Agreements for a further term of three years from 1 January 2016 to 31 December 2018.

INFORMATION ON THE CFSG GROUP AND THE GROUP

The current principal activities of the CFSG Group consist of brokerage and financial services business including (a) online and traditional brokerage of securities, margin financing and mutual funds investment products mainly conducted through Celestial Securities as well as futures and options trading conducted through Celestial Commodities, and (b) provision of corporate finance, financial advisory, insurance-linked investment products and asset management services mainly conducted through other members of the Group. For additional information, please visit www.cashon-line.com.

The current principal activities of the the Group consist of (a) the financial services business carried out via the CFSG Group as aforementioned; (b) algorithmic trading business including algorithmic trading and alternative trading; (c) retail management business including sales of furniture and household items and electrical appliances through the chain stores under the brand names of “Pricerite” in Hong Kong and “生活經艷” (translated as Sheng Huo Jing Yan) in the PRC; (d) mobile internet services business including provision of mobile internet (to include content, operations and distribution activities) services and online game (sales of online game auxiliary products and licensing) services; and (e) investment holding. For additional information, please visit www.cash.com.hk.

IMPLICATIONS UNDER THE LISTING RULES

The Connected Clients (save as CASH Companies) are either existing directors or substantial shareholders of the Group or their respective associates or family members and are connected persons (as defined under the Listing Rules) of CASH. The granting of the New Margin Financing Arrangement to each of the Connected Clients (save as CASH Companies) constitutes continuing connected transaction relating to financial assistance for the Company under Chapter 14A of the Listing Rules.

As one or more of the respective applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the margin financing facility on an annual basis under the New Margin Financing Agreement for each of the Connected Clients (save as CASH Companies) exceed 5% and the aggregate amount exceeds HK\$10,000,000, the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies) are subject to, among other things, the Independent Shareholders’ approval at the SGM and annual review requirements under the Listing Rules.

LETTER FROM THE BOARD

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to consider and advise the Independent Shareholders of the terms of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies). Veda Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms and conditions of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies).

THE SGM

Set out on pages 32 to 33 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 10:00 am on 31 December 2015 (Thursday) at which ordinary resolutions will be proposed to be considered and, if thought fit, be passed by the Independent Shareholders for the approval of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies) by poll.

Each of the New Margin Financing Agreement for the Connected Clients (save as CASH Companies) is subject to separate resolution for approval by the Independent Shareholders as set out in the notice of the SGM in this circular, and all the resolutions will be taken by poll at the SGM.

The Connected Client(s) and their respective associates, who are the Shareholder(s) and are interested in their respective New Margin Financing Agreement(s), will abstain from voting on the relevant resolution(s) in approving their respective New Margin Financing Agreement(s) at the SGM. Specifically, (a) Mr Kwan Pak Hoo Bankee and his associates and family members (being Mr Kwan Pak Hoo Bankee, Cash Guardian, Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna) will abstain from voting on the resolutions numbered (i), (viii), (ix) and (x) relating to the New Margin Financing Agreements for Mr Kwan and Family Members; (b) Mr Law Ping Wah Bernard and his associates will abstain from voting on the resolution numbered (ii) relating to his New Margin Financing Agreement.

As at the Latest Practicable Date, (a) Mr Kwan and Family Members, being Mr Kwan Pak Hoo Bankee (held as to 4,260,000 Shares, representing approximately 0.51% of the total issued share capital of the Company), Cash Guardian (held as to 281,767,807 Shares, representing approximately 33.90% of the total issued share capital of the Company), Mr Kwan Pak Leung Horace (held as to 52,804 Shares, representing approximately 0.0064% of the total issued share capital of the Company) and Ms Chan Siu Fei Susanna (held as to 12,000 Shares, representing approximately 0.0014% of the total issued share capital of the Company), whom collectively held 286,092,611 Shares (representing approximately 34.41% of the total issued share capital of the Company), and that they control or are entitled to exercise control in respect of their respective Shares will abstain from voting on the aforesaid resolutions numbered (i), (viii), (ix) and (x) at the SGM; and (b) Mr Law Ping Wah Bernard held as to 27,345,312 Shares (representing approximately 3.29% of the total issued share capital of the Company), and that he controls or is entitled to exercise control in respect of his Shares will abstain from voting on the aforesaid resolution numbered (ii) at the SGM. Save as disclosed, the other Connected Clients or their respective associates did not hold any Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

In addition, as the executive Directors of the Company are Connected Clients and each of them has interests in their respective New Margin Financing Agreement, they had abstained from voting on the relevant board resolution(s) at the relevant board meeting of the Company in approving their respective New Margin Financing Agreement.

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 adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting should you so wish.

RECOMMENDATION

The Directors (including the members of the Independent Board Committee after receiving and considering the advice from the Independent Financial Adviser) are of the opinion that the terms of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies) are fair and reasonable so far as the Independent Shareholders are concerned and the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee after receiving and considering the advice from the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the ordinary resolutions (each by separate resolution) relating to the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder to be proposed at the SGM.

Your attention is also drawn to the letters from the Independent Board Committee and Veda Capital and their respective recommendations set out on page 15 and pages 16 to 24 of this circular, respectively.

ADDITIONAL INFORMATION

Your attention is also drawn to the appendix to this circular.

On behalf of the Board
Bankee P. Kwan
Chairman & CEO

CASH 
CELESTIAL ASIA SECURITIES HOLDINGS LIMITED
時富投資集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 1049)

15 December 2015

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
– FINANCIAL ASSISTANCE**

We refer to the circular dated 15 December 2015 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 New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies) and to advise the Independent Shareholders whether, in our opinion, the terms of the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Veda Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board set out on pages 5 to 14 of the Circular which contains, inter alia, information on the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder and the letter from Veda Capital set out on pages 16 to 24 of the Circular which contains its advice in respect of the terms of the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder.

Having considered the terms and conditions of the aforesaid New Margin Financing Agreements and the annual caps and taken into account the advice of Veda Capital, we consider that the terms of the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder 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 to be proposed at the SGM to approve the aforesaid New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder.

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

* For identification purpose only

LETTER FROM VEDA CAPITAL

The following is the full text of the letter from Veda Capital setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Margin Financing Arrangement, which has been prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Room 1106, 11/F
Wing On Centre
111 Connaught Road Central
Hong Kong

15 December 2015

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS – FINANCIAL ASSISTANCE

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Margin Financing Arrangement, details of which are set out in the circular to the Shareholders dated 15 December 2015 (“Circular”), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 24 November 2015, the Board made the Announcement in relation to the entering into of the New Margin Financing Agreements on 24 November 2015 by Celestial Securities with each of the Connected Clients.

As the Connected Clients (save as CASH Companies) are either existing directors or substantial shareholders of the Group or their respective associates or family members and are connected persons (as defined under the Listing Rules) of the Company. The granting of the New Margin Financing Arrangement to each of the Connected Clients (save as CASH Companies) constitutes continuing connected transaction relating to financial assistance for the Company under Chapter 14A of the Listing Rules.

As one or more of the respective applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the margin financing facility on an annual basis under the New Margin Financing Agreement for each of the Connected Clients (save as CASH Companies) exceed 5% and the aggregate amount exceeds HK\$10,000,000, the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies) are subject to, among other things, the independent shareholders’ approval at the SGM and annual review requirements under the Listing Rules.

LETTER FROM VEDA CAPITAL

The New Margin Financing Agreement for each of the Connected Clients (save as CASH Companies) is subject to approval by the Independent Shareholders, each by separate resolution, as set out in the notice of the SGM in this circular, and all the resolutions will be taken by poll at the SGM.

The Independent Board Committee has been established to consider the terms of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies). We, Veda Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the New Margin Financing Agreements and the annual caps and the transactions contemplated thereunder for the Connected Clients (save as CASH Companies).

As at the Latest Practicable Date, we were not aware of any relationships or interest between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Margin Financing Agreements and the transactions contemplated thereunder. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations on the terms of the New Margin Financing Agreements and the transactions contemplated thereunder. Apart from normal professional fees payable to us in connection with this appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time when they were made and continue to be true as at the date of the SGM. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, 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 statements in the Circular misleading. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company.

LETTER FROM VEDA CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Margin Financing Arrangement, we have taken into consideration the following principal factors and reasons:

1. Background and reasons for the entering into of the New Margin Financing Agreements

The current principal activities of the CFSG Group consist of brokerage and financial services business including (a) online and traditional brokerage of securities, margin financing and mutual funds investment products mainly conducted through Celestial Securities as well as futures and options trading conducted through Celestial Commodities, and (b) provision of corporate finance, financial advisory, insurance-linked investment products and asset management services mainly conducted through other members of the Group.

The current principal activities of the Group consist of (a) the financial services business carried out via the CFSG Group (stock code: 510) that includes online and traditional brokerage of securities, futures and options contracts as well as mutual funds and insurance-linked investment products, margin financing, money lending and corporate finance; (b) sales of furniture and household items and electrical appliances through the chain stores under the brand names of “Pricerite” in Hong Kong and “生活經艷” (translated as Sheng Huo Jing Yan) in the PRC; (c) provision of mobile internet (to include content, operations and distribution activities) services and online game (sales of online game auxiliary products and licensing) services; and (d) investment holding.

On 24 November 2015, Celestial Securities, a non-wholly-owned subsidiary of the Company which is held through CFSG, entered into the New Margin Financing Agreements with each of the Connected Clients pursuant to which the margin financing facility at an annual cap of up to HK\$30 million for the three financial years ending 31 December 2018 (the “Annual Cap”). As advised by the Company, the Annual Cap represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility.

As set out in the Board Letter, the Board considers that the New Margin Financing Arrangements will enable Celestial Securities to continue (a) granting margin financing facilities to the Connected Clients, (b) capturing the securities trading activities of the Connected Clients, and (c) earning income from the Connected Clients in its ordinary course of business and on normal commercial terms.

The Board considers that (i) the New Margin Financing Arrangements are being provided on normal commercial terms and in the ordinary course of business which will not be more favorable than those available to other independent third party clients; (ii) the terms of the New Margin Financing Agreements are fair and reasonable; and (iii) the provision of the New Margin Financing Arrangements are in the interest of the Company and the Shareholders as a whole.

LETTER FROM VEDA CAPITAL

As noted from the Board Letter, the Connected Clients (save as Mr Lam Man Michael and Mr Law Ka Kin Eugene who are newly appointed director of CFSG and the Company respectively) have entered into the Existing Margin Financing Arrangements with Celestial Securities and are currently utilizing the margin financing facilities extended by Celestial Securities at an annual cap of up to HK\$30 million up to the financial year ending 31 December 2015. The Existing Margin Financing Agreements will expire after 31 December 2015. Details of the Existing Margin Financing Agreements are set out in the Board Letter.

Given that the provision of margin financing service is one of the principal businesses of the Group and the nature of the New Margin Financing Arrangement is of the identical nature as facilities granted by the Group to other independent margin clients of the Group, we are of the view that the New Margin Financing Arrangement is in ordinary and usual course of business of the Group.

Concerning the market condition of margin financing, we have conducted the following research and analysis on the prospect of securities market in Hong Kong:

Set out below the historical daily closing points of the Hang Seng Index from 24 November 2014 and up to 24 November 2015 (being the date of the New Margin Financing Agreements) (the “Index Review Period”).



Source: Bloomberg

As illustrated from the graph above, the daily closing points of the Hang Seng Index were highly volatile since March 2015, fluctuating from the peak of 28,443 on 28 April 2015 to the bottom of 20,556 on 29 September 2015 within the Index Review Period. After reaching the bottom of 20,846, the Hang Seng Index rebounded to the range between 22,000 and 25,000 again. We noted that although the Hang Seng Index was volatile in the Index Review Period, there is no obvious pattern or trend that can be interpreted easily. As noted in the HKEx Fact Book 2014, the Hang Seng Index closed the year at 23,605 points, representing an increase of 1.3% from 2013.

LETTER FROM VEDA CAPITAL

Besides, we have also listed out below the total turnover of the Main Board and Growth Enterprise Market (“GEM”) of the Stock Exchange during the period from November 2014 to November 2015 (the “Turnover Review Period”)

	Monthly Turnover <i>(HK\$' million)</i>	Average Daily Turnover <i>(HK\$' million)</i>
2014		
November	1,564,001	78,200
December	2,037,569	97,027
2015		
January	2,046,296	97,443
February	1,241,234	68,957
March	1,984,477	90,203
April	3,801,844	200,097
May	2,948,827	155,201
June	3,143,397	142,882
July	2,773,195	126,054
August	1,979,765	94,275
September	1,642,300	82,115
October	1,592,211	79,611
November	1,580,228	75,249

Source: The Stock Exchange

We observed that at the beginning of the Turnover Review Period, the monthly turnover and average daily turnover in November 2014 was approximately HK\$1,564 billion and approximately HK\$78 billion respectively, the trading activities started expanding since then eight out of twelve months have monthly turnover more than HK\$1,900 billion and average daily turnover more than HK\$90 billion during the Turnover Review Period. During the Turnover Review Period, the monthly turnover reached the highest of HK\$3,801 billion and the average daily turnover surged to HK\$200 billion in April 2015. As further noted from the HKEx Fact Book 2014, total securities market turnover in 2014 was HK\$17,155.73 billion, up 12.4% year on year. The average daily turnover for the overall market in 2014 increased year on year by 11% to HK\$69.46 billion and for the first ten months of 2015, the average daily turnover was HK\$113.5 billion which is an increase of 72% when compared with HK\$65.8 billion for the same period last year.

Furthermore, we noted that the Initial Public Offerings (“IPOs”) in 2014 recorded an amount of HK\$942.72 billion, representing approximately 2.5 times higher than the IPOs equity funds raised in 2013 of HK\$378.86 billion. The total number of newly listed companies has increased from 102 companies in 2013 to 115 companies in 2014.

LETTER FROM VEDA CAPITAL

In addition, on 17 November 2014, the Shanghai-Hong Kong Stock Connect (“SHHK Connect”) programme was launched. The SHHK Connect is a pilot programme that links the stock markets in Shanghai and Hong Kong, under which investors in Hong Kong and Mainland China can trade and settle shares listed on the other market via the exchange and clearing house in their home market. According to the “The Year 2014 in Review” released in 2015 (source: Hong Kong Exchanges and Clearing Limited, <https://www.hkex.com.hk/>) in 2014, the status of Hong Kong as an offshore RMB business centre was further solidified with the launch of SHHK Connect. Since the launch of the SHHK Connect on 17 November 2014, total southbound trading value of HK\$26.0 billion was recorded up to the end of 2014. During this period, the average daily turnover was HK\$929 million under the SHHK Connect.

In light of (i) the sign of growths in the securities market based on the above analysis; (ii) the increase in investment opportunities due to the launch of the SHHK Connect; (iii) the New Margin Financing Agreement is the continuous of the Existing Margin Financing Agreement and (iv) the Existing Margin Financing Agreement brings considerable amount of income to Celestial Securities during the two years ended 31 December 2014 and the six months ended 30 June 2015, we consider that the New Margin Financing Arrangement would provide the Group with an additional opportunity to maximise its interest income, and to broaden its income source when the Connected Clients utilise those margin financing facilities which they are granted. We are therefore of the view that the New Margin Financing Arrangement is in the interests of the Company and the Independent Shareholders as a whole.

2. Principal terms of the Margin Financing Agreements

As advised by the management of the Company, the margin financing facilities under the New Margin Financing Arrangement will be provided to the Connected Clients on normal commercial terms and at commercial rates which are in line with the rates offered to other independent margin clients. Each of the margin financing facilities to be granted under the Margin Financing Agreements is repayable on demand and will be secured by listed securities held by the respective Connected Clients.

As set out in the Board Letter, the interest rate will be charged at a range from prime rate to 6% above the prime rate per annum for advances made under the New Margin Financing Agreements, which is subject to change in order to align with the prevailing market practice. The interest rates charged are determined with reference to the rates offered in the market by other brokers for services of similar nature and in any event no more favourable than the rate charged by Celestial Securities to independent third parties for similar services.

We have reviewed the New Margin Financing Agreement and noted that the maximum interest rate charged to each of the Connected Clients is 6% over the prime rate. We have also reviewed, on a sampling basis, the sample margin financing agreements entered into between CFSG and other independent margin clients. We observed that the maximum interest rate charged to the independent margin clients is 6% over the prime rate.

We have also conducted relevant research and noted that the maximum interest rate of 6% over the prime rate under the New Margin Financing Agreement is comparable to the interest rate offered in the market by other securities brokers for services of similar nature.

LETTER FROM VEDA CAPITAL

We are also given to understand from the management of the Company that the grant of margin facility to clients follows a strict in-house policy in compliance with the rules and regulations of the Securities and Futures Commission, which is applicable to all Connected Clients and independent clients. A thorough credit check will be performed on each client before margin loan facility is granted, including credit assessment on the client's financial strength, repayment ability, past payment history and securities collateral provided. The Risk Management and Credit Control Department of the Company closely monitors the approval of the credit facility to ensure that the interest rates and terms of the margin financing facilities provided to the Connected Clients are on normal commercial terms or on terms no less favourable to the Group than those offered to other independent clients.

We have obtained and reviewed a set of documents regarding the application of credit facility including the credit and risk management policy, application form and assessment forms. We are given to understand from the Company that same policy, application procedures and credit assessment basis are applied to both Connected Clients and other independent margin clients.

Having considered that (i) the interest rate to be charged to the Connected Clients under the New Margin Financing Agreements is at the maximum level of the interest rate range charged to other independent margin clients; and (ii) the Company applies same credit assessment basis to both Connected Clients and other independent margin clients and the Risk Management and Credit Control Department of the Company closely monitors the approval of the credit facility, we are of the opinion that the terms and conditions of the New Margin Financing Agreements are (i) comparable to and no less favourable than those available to independent third parties; (ii) on normal commercial terms; and (iii) fair and reasonable so far as the Independent Shareholders are concerned.

As set out in the Board Letter, the margin financing facility being extended to each of the Connected Clients will be a sum of up to HK\$30 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the three financial years ending 31 December 2018 respectively ("Annual Cap").

As further noted from the Board Letter in relation to the basis for determination of the Annual Cap, the Annual Cap was determined after arm's length negotiation between Celestial Securities and each of the Connected Clients based on (i) the demand of the Connected Clients; (ii) the amount of annual caps under the Existing Margin Financing Agreements; (iii) the existing financial resources and capacity of margin financing facilities of the CFSG Group for granting the margin financing facilities after taken into account the credit assessment, financial strength, past payment records and collateral securities for the facilities of the Connected Clients; (iv) the expected increase in the demand of the Connected Clients for their potential investment activities due to anticipated growth in the stock market in the near future; and (v) the benefit for capturing the securities trading activities of the Connected Clients so as to earn more commission and fees in the usual and ordinary course of the business of the CFSG Group.

After discussion with the Connected Clients, they would like to obtain the same annual cap under the Existing Margin Financing Agreements to allow them more flexibility for investment and trading activities.

LETTER FROM VEDA CAPITAL

On 14 December 2012, Celestial Securities has entered the Existing Margin Financing Agreement with certain connected clients in relation to the provision of the existing margin financing facility for each of the three financial years ending 31 December 2015. The Existing Margin Financing Agreement was approved by the independent shareholders of CFSG at the special general meeting held on 22 January 2013.

On 27 March 2014, Celestial Securities has entered the Existing Margin Financing Agreements with certain connected clients in relation to the provision of the existing margin financing facility for each of the two financial years ending 31 December 2015. The Existing Margin Financing Arrangement was approved by the independent shareholders of the Company at the annual general meeting held on 26 May 2014.

We have reviewed the Existing Margin Financing Agreement and the New Margin Financing Agreement and we noted that, save for the higher interest rate charged under the New Margin Financing Agreement and the granting of margin financing facility to two new Connected Clients who are new executive directors of the Company and CFSG, which are different from the connected clients under the Existing Margin Financing Arrangement, other principal terms of the New Margin Financing Agreement, including but not limited to the amount of annual caps, are essentially identical to those of the Existing Margin Financing Agreements.

Having taken into account of (i) the aforesaid prospects of the securities market in Hong Kong and it is expected that the Connected Clients may increase securities trading and initial public offering activities in future; and (ii) the Annual Cap is same as the Existing Margin Financing Arrangement, we are of the view that the Annual Cap is justifiable.

Given that (i) the New Margin Financing Arrangement is in ordinary and usual course of business of the Group; (ii) the prospect of the financial market in Hong Kong as discussed above; and (iii) the New Margin Financing Arrangement will enable the Company, through CFSG, to capture the potential business opportunities from the Connected Clients and such arrangement will bring revenue to the Group; and (iv) the terms and conditions of the Margin Financing Arrangement are in line with those available to the Existing Margin Clients of CFSG, we are of the view that the New Margin Financing Arrangement and the Annual Cap are fair and reasonable.

LETTER FROM VEDA CAPITAL

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms under the New Margin Financing Agreements are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms and conditions of the New Margin Financing Agreements including the Annual Cap and the transactions contemplated thereunder, are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the relevant resolutions for approving the New Margin Financing Agreements.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

Ms. Julisa Fong is a responsible officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 19 years of experience in investment banking and corporate finance.

1. RESPONSIBILITY STATEMENTS

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 having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) The Company

(a) Long positions in the Shares

Name	Capacity	Personal (Number of Shares)	Corporate interest (Number of Shares)	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	4,260,000	281,767,807*	34.41
Law Ping Wah Bernard	Beneficial owner	27,345,312	–	3.29
		<u>31,605,312</u>	<u>281,767,807</u>	<u>37.70</u>

* The shares were held by Cash Guardian. Mr Kwan Pak Hoo Bankee was deemed to be interested in all these Shares as a result of his interests in Cash Guardian as disclosed in the "Substantial Shareholders" below.

(b) Long positions in the underlying shares – options under share option schemes

Name	Date of grant	Option period	Exercise price per Share (HK\$)	Number of options outstanding	Percentage to issued Shares (%)
Kwan Pak Hoo Bankee	2/9/2014	2/9/2014 – 31/8/2018	0.478	6,480,000	0.77
Law Ping Wah Bernard	2/9/2014	2/9/2014 – 31/8/2018	0.478	6,480,000	0.77
Ng Hin Sing Derek	2/9/2014	2/9/2014 – 31/8/2018	0.478	5,184,000	0.62
				<u>18,144,000</u>	<u>2.16</u>

Notes:

- (1) Mr Kwan Pak Hoo Bankee is also the substantial Shareholder.
- (2) The options are held by the Directors in the capacity of beneficial owners.

(B) Associated corporation (within the meaning of SFO)

CFSG

(a) Long positions in the ordinary shares of HK\$0.02 each

Name	Capacity	Corporate interest (Number of shares)	Shareholding (%)
Kwan Pak Hoo Bankee	Interest in a controlled corporation	<u>1,657,801,069*</u>	<u>40.09</u>

- * The shares were held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by the Company). The Company was beneficially owned as to approximately 34.41% by Mr Kwan Pak Hoo Bankee, details of which were disclosed in the “Substantial Shareholders” below. Pursuant to the SFO, Mr Kwan Pak Hoo Bankee was deemed to be interested in all the shares held by CIGL in CFSG.

(b) Long positions in the underlying shares – options under share option schemes

Name	Date of grant	Option period	Exercise price per share (HK\$)	Number of options outstanding	Percentage to issued Shares (%)
Kwan Pak Hoo Bankee	3/12/2015	3/12/2015 – 31/12/2019	0.315	40,000,000	0.96
Law Ping Wah Bernard	3/12/2015	3/12/2015 – 31/12/2019	0.315	40,000,000	0.96
Law Ka Kin Eugene	3/12/2015	3/12/2015 – 31/12/2019	0.315	20,000,000	0.48
Ng Hin Sing Derek	3/12/2015	3/12/2015 – 31/12/2019	0.315	16,000,000	0.38
				<u>116,000,000</u>	<u>2.78</u>

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive or their associates had any interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Name	Capacity	Number of Shares	Shareholding (%)
Hobart Assets Limited (Notes (1) and (2))	Interest in a controlled corporation	281,767,807	33.89
Cash Guardian (Notes (1) and (2))	Interest in a controlled corporation	281,767,807	33.89
Mr Wang Shui Ming (Note (3))	Beneficial owner, interest in a controlled corporation and other interest	66,568,926	8.00

Notes:

- (1) This refers to the same number of shares held by Cash Guardian, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Mr Kwan. Pursuant to the SFO, Mr Kwan and Hobart Assets Limited were deemed to be interested in the shares held by Cash Guardian.
- (2) Mr Kwan (the Director whose interests are not shown in the above table) was interested and/or deemed be interested in a total of 286,027,807 Shares (34.41%), which were held as to 281,767,807 Shares by Cash Guardian and as to 4,260,000 Shares in his personal name. Detail of his interest is set out in the section "Directors' interests in securities" above.
- (3) The Shares were held as to 19,631,226 in his personal name, as to 31,278,150 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang), and 15,659,550 held by him as nominee under a power of attorney. Pursuant to the SFO, Mr Wang was deemed to be interested in all these Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, no other parties (other than a Director or chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business which competes or may compete with the business of the Group.

5. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)).

6. INTEREST OF DIRECTORS IN THE GROUP'S ASSETS

Since 31 December 2014, the date to which the latest published audited accounts of the Group have been made up, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to, any member of the Group.

7. INTERESTS OF DIRECTORS IN CONTRACTS

The following set out the contract(s) or arrangement(s) subsisting as at the Latest Practicable Date entered into between the Directors and the Group:

- (1) the Existing Margin Financing Agreements entered into between Celestial Securities with certain connected clients, namely Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Ms Cheng Pui Lai Majone, Mr Ng Kung Chit Raymond, Cash Guardian, Libra Capital Management (HK) Limited and Cashflow Credit Limited in relation to the grant of margin financing facility with a sum of up to HK\$30 million for each of the three financial years ending 31 December 2015 at an interest rate ranging from around prime rate to 6% above the prime rate per annum under the Existing Margin Financing Agreements (details as set out in the announcement of the Company dated 21 March 2013);
- (2) the Existing Margin Financing Agreements entered into between Celestial Securities with each of the Connected Clients, namely Mr Ng Hin Sing Derek, Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna in relation to the grant of margin financing facility with a sum of up to HK\$30 million for each of the two financial years ending 31 December 2015 at an interest rate ranging from around prime rate to 3% above the prime rate per annum under the Existing Margin Financing Agreements (details as set out in the circular of the Company dated 17 April 2014); and
- (3) the New Margin Financing Agreements dated 24 November 2015 entered into between Celestial Securities with certain connected clients, namely Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Mr Law Ka Kin Eugene, Mr Ng Hin Sing Derek (executive Directors of the Company), Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna (both are family members of Mr Kwan Pak Hoo Bankee) and Cash Guardian (a controlled corporation of Mr Kwan) in relation to the grant of margin financing facility with a sum of up to HK\$30 million for each of the three financial years ending 31 December 2018 at an interest rate ranging from around prime rate to 6% above the prime rate per annum under the New Margin Financing Arrangements (details as set out in this circular).

Save as disclosed above, the Directors confirm that there is no contract or arrangement subsisting as at the Latest Practicable Date in which a Director was materially interested which was significant in relation to the business of the Group.

8. MATERIAL ADVERSE CHANGE

The Directors have confirmed that, at the Latest Practicable Date, there is no material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited financial statements of the Group were made up.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other company in the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against either the Company or any other company in the Group.

10. EXPERT, QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice which are contained in this circular:

Name	Qualification
Veda Capital	licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO

As at the Latest Practicable Date, Veda Capital was not interested beneficially in the shares in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, Veda Capital did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to the Group or are proposed to be acquired or disposed of by or leased to the Group since 31 December 2014, being the date up to which the latest published audited consolidated accounts of the Company were made up.

As at the Latest Practicable Date, Veda Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and reference to its name and statements in the form and context in which it appears.

11. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong during normal business hours on any day up to the holding of the SGM:

- (a) the New Margin Financing Agreements for the Connected Clients (save as CASH Companies);
- (b) the letter from the Independent Board Committee, the text of which is set out on page 15 of this circular;
- (c) the letter from Veda Capital, the text of which is set out on pages 16 to 24 of this circular; and
- (d) the letter of consent from Veda Capital as referred to in paragraph headed “Expert, qualification and consent” in this appendix.

NOTICE OF THE SGM



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“SGM”) of Celestial Asia Securities Holdings Limited (“Company”) will be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 31 December 2015 (Thursday), at 10:00 am for the purpose of considering and, if thought fit, passing the following resolutions (each as a separate resolution) of the Company:

ORDINARY RESOLUTIONS

“**THAT**, the margin financing agreement dated 24 November 2015 (“New Margin Financing Agreement”) entered into between Celestial Securities Limited (a subsidiary of the Company held through CASH Financial Services Group Limited) with each of the following connected client(s) numbered (i) to (x) (“Connected Client(s)”) in relation to the grant of margin financing facility for a sum of up to HK\$30 million for each of the three financial years ending 31 December 2018 to each of the Connected Clients (“New Margin Financing Arrangement(s)”) and the terms thereof and the transactions contemplated thereunder be and is hereby approved and confirmed and that any one director of the Company or the Company Secretary be and is hereby authorised to sign any agreements or documents and to do such things or make such arrangement(s) as they may think fit to give effect to the New Margin Financing Arrangement(s):

- (i) Mr Kwan Pak Hoo Bankee
- (ii) Mr Law Ping Wah Bernard
- (iii) Ms Cheng Pui Lai Majone
- (iv) Mr Ng Kung Chit Raymond
- (v) Mr Lam Man Michael
- (vi) Mr Law Ka Kin Eugene
- (vii) Mr Ng Hin Sing Derek
- (viii) Mr Kwan Pak Leung Horace
- (ix) Ms Chan Siu Fei Susanna
- (x) Cash Guardian Limited”

By order of the Board
Suzanne W S Luke
Company Secretary

Hong Kong, 15 December 2015

* *For identification purpose only*

NOTICE OF THE SGM

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 SGM is entitled to appoint one or 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 SGM.
2. In order to be valid, the form of proxy must be deposited at the principal place of business of the Company 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 SGM or any adjournment thereof.