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

- (1) PROPOSED OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE;**
- (2) APPLICATION FOR WHITEWASH WAIVER;**
- (3) PROPOSED CAPITAL REORGANISATION;**
- (4) CLOSURE OF REGISTER OF MEMBERS; AND**
- (5) NOTICE OF THE SGM**

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

**Vinco Capital Limited**

(A wholly-owned subsidiary of Vinco Financial Group Limited)

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

The Open Offer will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Offer Shares and the level of subscription of the excess Offer Shares. In the event that the Open Offer is not fully subscribed, any Offer Shares not taken up by the Qualifying Shareholders will not be issued by the Company and the size of the Open Offer will be reduced accordingly. The legal adviser of the Company (namely Conyers Dill & Pearman) has advised that there is no minimum subscription amount required to be raised by the Open Offer under Bermuda law.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 31 to 32 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 54 of this circular.

A notice convening the SGM to be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 30 January 2019 (Wednesday) at 9:30 am is set out on pages SGM-1 to SGM-3 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 not less 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 and in such event, the instrument appointing a proxy shall be deemed to be revoked.

4 January 2019

* For identification purpose only

CONTENTS

	<i>Pages</i>
Expected timetable	ii
Definitions	1
Letter from the Board	7
Letter from the Independent Board Committee	31
Letter from the Independent Financial Adviser	33
Appendix I – Financial information of the Group	I-1
Appendix II – Unaudited pro forma financial information of the Group	II-1
Appendix III – General information	III-1
Notice of the SGM	SGM-1

EXPECTED TIMETABLE

Set out below is the expected timetable of the Open Offer and the Capital Reorganisation:

Event	(Hong Kong dates and time)
Publication of a reduction notice in relation to the Capital Reduction in Bermuda	Tuesday, 1 January 2019 – Tuesday, 15 January 2019
Expected despatch date of circular with notice and form of proxy for the SGM	Friday, 4 January 2019
Latest time for lodging transfer of Shares to qualify for attendance and voting at the SGM	4:30 pm on Thursday, 24 January 2019
Closure of register of members of the Company for attending the SGM (both dates inclusive)	Friday, 25 January 2019 – Wednesday, 30 January 2019
Latest time for lodging forms of proxy for the purpose of the SGM	9:30 am on Monday, 28 January 2019
Record date for attendance and voting at the SGM	Wednesday, 30 January 2019
Expected date and time of the SGM	9:30 am on Wednesday, 30 January 2019
Announcement of the poll results of the SGM	Wednesday, 30 January 2019
<i>The following events are conditional on the fulfilment of the conditions of the Capital Reorganisation:</i>	
Expected effective date of the Capital Reorganisation	Thursday, 31 January 2019
First day of the free exchange of the Existing Share Certificates for the New Share Certificates for the New Shares	Thursday, 31 January 2019
Dealings in the New Shares commence	9:00 am on Thursday, 31 January 2019
Last day of dealings in Shares on a cum-entitlement basis	Thursday, 31 January 2019
First day of dealings in Shares on an ex-entitlement basis	Friday, 1 February 2019
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:30 pm on Friday, 8 February 2019
Register of members of the Company closes (both dates inclusive)	Monday, 11 February 2019 – Thursday, 14 February 2019

EXPECTED TIMETABLE

Record Date	Thursday, 14 February 2019
Register of members of the Company re-opens	Friday, 15 February 2019
Despatch of the Prospectus Documents	Friday, 15 February 2019
Latest time for acceptance of, and payment of Offer Shares and application for excess Offer Shares	4:00 pm on Friday, 1 March 2019
Announcement of the results of the Open Offer and excess application	Friday, 8 March 2019
Completion of the Open Offer and despatch of share certificates for Offer Shares or/and refund cheques	Monday, 11 March 2019
Dealings in Offer Shares commence	9:00 am on Tuesday, 12 March 2019
Last day for free exchange of the Existing Share Certificates for the New Share Certificates for the New Shares	4:30 pm on Tuesday, 12 March 2019

All times and dates stated above refer to Hong Kong local times and dates unless otherwise specify. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE AND PAYMENT FOR THE OFFER SHARES

The latest time for acceptance and payment for Offer Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning signal:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 1 March 2019. Instead the latest time for acceptance and payment for the Offer Shares and application for excess Offer Shares will be extended to 5:00 pm on the same Business Day; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 pm on Friday, 1 March 2019. Instead the latest time of acceptance and payment for the Offer Shares and application for excess Offer Shares will be rescheduled to 4:00 pm on the following Business Day which does not have either of those warnings in force at any time between 9:00 am and 4:00 pm

If the latest time for acceptance and payment for the Offer Shares and application for excess Offer Shares does not take place on Friday, 1 March 2019, the dates mentioned in the section headed “Expected Timetable” in this circular may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement made by the Company on 29 November 2018 in respect of, among other things, the Open Offer, the Whitewash Waiver and the Capital Reorganisation
“Application Form(s)”	the application form(s) to be used by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Branch Share Registrar”	Tricor Standard Limited, the branch registrars of the Company, and whose principle place of business is situated at 22/F Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Business Day(s)”	a day on which banks are open for business in Hong Kong other than a Saturday, Sunday, public holiday and a day on which a tropical typhoon signal no. 8 or above or a “black rainstorm” warning signal is hoisted in Hong Kong at any time between 9:00 am and 5:00 pm
“Capital Reduction”	the proposed reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Shares such that the par value of each issued Share will be reduced from HK\$0.10 to HK\$0.01
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Capital Reduction and the Diminution and Increase
“CASH Algo Finance Group”	CASH Algo Finance Group International Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company, and its subsidiaries, which are principally engaged in algorithmic trading business
“Cash Guardian”	Cash Guardian Limited, being a company 100% beneficially owned and controlled by Dr Kwan Pak Hoo Bankee (Chairman of the Board, the Director and chief executive officer of the Company)
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“CFSG”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda, whose shares are listed on the main board of the Stock Exchange. It is an associated company of the Company
“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
“Company”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and which Shares are listed on the main board of the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	Cash Guardian and Dr Kwan Pak Hoo Bankee (Chairman of the Board, the Director and chief executive officer of the Company), and as at the Latest Practicable Date, were interested in an aggregate of 286,027,807 Shares, representing approximately 34.41% of the existing issued share capital of the Company
“CRMG”	CRMG Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect 91.07%-owned subsidiary of the Company, and its subsidiaries (including Pricerite Home Limited, TMF Company Limited, SECO Living Company Limited and Galleon Home Limited), which mainly conduct the retail management business in Hong Kong under multi-brand name including “Pricerite”, “TMF”, “SECO” and “Galleon”
“Diminution and Increase”	subject to and conditional upon the Capital Reduction taking effect, the proposed cancellation of all the authorised but unissued share capital of the Company (which shall include the authorised but unissued share capital arising from the Capital Reduction) in its entirety and forthwith upon such cancellation, the proposed increase in the authorised share capital of the Company to HK\$30,000,000 divided into 3,000,000,000 New Shares
“Director(s)”	the director(s) of the Company
“EAF(s)”	application form(s) for excess Offer Shares

DEFINITIONS

“Excluded Shareholders”	those Overseas Shareholders whom the Directors, after making relevant enquiry as required under the Listing Rules, consider their exclusion from the Open Offer to be necessary or expedient on account of either the legal restrictions under the law of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or of his any delegate(s)
“Existing Share Certificate(s)”	the certificates for the existing issued Shares
“Further Announcement”	the announcement made by the Company on 18 December 2018 subsequent to the Announcement in respect of, among other things, the Open Offer, the Whitewash Waiver and the Capital Reorganisation
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, established to give recommendations to the Independent Shareholders on the Open Offer and the Whitewash Waiver
“Independent Financial Adviser” or “Vinco Capital”	Vinco Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer and the Whitewash Waiver
“Independent Shareholder(s)”	the Shareholders other than the Controlling Shareholders and persons acting in concert with any of them, and those who are involved in or interested in the Open Offer and the Whitewash Waiver and required under the Listing Rules and/or Takeovers Code (as the case may be) to abstain from voting at the SGM
“Independent Third Party(ies)”	to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, such persons/companies and the ultimate beneficial owner of such companies are third parties independent of the Company and its connected persons

DEFINITIONS

“Last Trading Day”	28 November 2018, being the last trading day for the Shares on the Stock Exchange prior to the date of the Announcement
“Latest Practicable Date”	2 January 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2019 or such later date as the Board may determine and resolve
“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
“New Share(s)”	the ordinary shares of HK\$0.01 each in the capital of the Company upon the Capital Reorganisation taking effect
“New Share Certificate(s)”	the certificates for the New Shares
“Offer Share(s)”	a maximum of 831,221,677 Shares proposed to be offered to the Qualifying Shareholders under the Open Offer for subscription on the basis of one (1) Offer Share for every one (1) existing Share held on the Record Date and payable in full on acceptance pursuant to the terms and subject to the conditions to be set out in the Prospectus
“Open Offer”	the proposed offer for subscription by the Qualifying Shareholders for the Offer Shares at the Subscription Price on the terms and subject to the conditions precedent set out in the section headed “Conditions of the Open Offer” in this circular and to be set out in the Prospectus
“Option(s)”	share option(s) granted or to be granted by the Board under the share option scheme of the Company
“Overseas Shareholder(s)”	shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are in (a) place(s) outside Hong Kong

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of the Prospectus only, exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus, the Application Form and the EAF in respect of the Offer Shares to be issued by the Company in relation to the Open Offer
“Prospectus Posting Date”	Friday, 15 February 2019 or such later date as may be agreed between the Controlling Shareholders and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company on the Record Date
“Record Date”	14 February 2019, the record date for ascertaining entitlements to the Application Form and the EAFs
“Relevant Period”	the period beginning six months immediately prior to the date of the Announcement and ending on the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for considering and, if thought fit, approving, among others, the Open Offer and the transactions contemplated thereunder, as well as the Whitewash Waiver and the Capital Reorganisation
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company before the Capital Reorganisation becoming effective, or the New Share(s), being ordinary share(s) of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective (as the case may be)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Offer Share at which the Offer Shares are proposed to be offered for subscription

DEFINITIONS

“substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers issued by the SFC
“Whitewash Waiver”	the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of the Controlling Shareholders to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Controlling Shareholders and any parties acting in concert with any of them as a result of the issue of the Offer Shares subject to the terms and conditions as set out in this circular
“Undertakings”	undertakings from the Controlling Shareholders to take up or procure the taking up of Offer Shares as detailed in the section headed “Undertakings by the Controlling Shareholders” of this circular
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	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)

Board of Directors:

Executive:

KWAN Pak Hoo Bankee
LAW Ping Wah Bernard
CHAN Chi Ming Benson
NG Hin Sing Derek

Independent non-executive:

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

4 January 2019

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE
FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE;
(2) APPLICATION FOR WHITEWASH WAIVER; AND
(3) PROPOSED CAPITAL REORGANISATION**

INTRODUCTION

Reference are made to the Announcement and the Further Announcement in relation to, among other things, the Open Offer, the Whitewash Waiver and the Capital Reorganisation.

This circular is to provide you with, among other things, (i) details of the Open Offer, the Whitewash Waiver and the Capital Reorganisation; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Open Offer and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer and the Whitewash Waiver; (iv) other information required pursuant to the Listing Rules and the Takeovers Code in relation to the Open Offer and the Whitewash Waiver; and (v) a notice of the SGM.

* For identification purpose only

LETTER FROM THE BOARD

The Open Offer and the Whitewash Waiver will be subject to the approval by the Independent Shareholders at the SGM by way of poll.

PROPOSED OPEN OFFER

Under the Open Offer, the Company proposed to raise not more than approximately HK\$83.1 million, before expenses (assuming the provisionally allotted Offer Shares have been fully subscribed), details of which are set out as follows:

Issue statistics

Basis of the Open Offer	:	One (1) Offer Share for every one (1) existing Share held by the Qualifying Shareholders on the Record Date
Subscription Price of the Offer Share	:	HK\$0.10 per Offer Share
Number of Shares in issue as at the Latest Practicable Date	:	831,221,677 Shares
Number of Offer Shares	:	Not more than 831,221,677 Offer Shares (assuming no Share will be issued or repurchased by the Company from the Latest Practicable Date up to and including the Record Date)
Aggregate nominal value of the Offer Shares	:	Up to HK\$8,312,216.77 (assuming the Capital Reorganisation becoming effective)
Number of Shares in issue immediately upon completion of the Open Offer	:	Not more than 1,662,443,354 Shares (assuming no Share will be issued or repurchased by the Company from the Latest Practicable Date up to and including the Record Date and the provisionally allotted Offer Shares have been fully subscribed)
Amount to be raised	:	Not more than approximately HK\$83.1 million before deducting related expenses

As at the Latest Practicable Date, there were 34,200,000 outstanding Options, but which are either ineligible for exercise on or before the Record Date or the respective holders of which have undertaken that they will not exercise the subscription rights attached to the Options from the date of the Announcement and up to and including the Record Date. Apart from the above, the Company has no outstanding options, convertible securities or warrants which confer the rights to subscribe for the Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

The Offer Shares to be issued pursuant to the terms of the Open Offer represent not more than 100% of the existing issued share capital of the Company and not more than 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of issue of the Offer Shares).

Non-underwritten basis

The Open Offer will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Offer Shares and the level of subscription of the excess Offer Shares. In the event that the Open Offer is not fully subscribed, any Offer Shares not taken up by the Qualifying Shareholders will not be issued by the Company and the size of the Open Offer will be reduced accordingly. The legal adviser of the Company (namely Conyers Dill & Pearman) has advised that there is no minimum subscription amount required to be raised by the Open Offer under Bermuda law.

The Controlling Shareholders' obligation to make a general offer under the Takeovers Code may be triggered as a result of the acceptance by the Controlling Shareholders and/or the parties acting in concert with any of them of the Offer Shares provisionally allotted to them under the Open Offer when there is an undersubscription of the Open Offer. The Controlling Shareholders have applied to the Executive for the Whitewash Waiver. As disclosed in the paragraph headed "Conditions of the Open Offer" under this section headed "Proposed Open Offer", it is a condition of the Open Offer to have the Executive having granted (and such grant not having been withdrawn) the Whitewash Waiver to the Controlling Shareholders.

Subscription Price

The Subscription Price of the Offer Shares is HK\$0.10 per Offer Share, payable in full upon application of the relevant assured allotment of the Offer Shares. The Subscription Price represents:

- (i) a discount of approximately 45.95% to the closing price of HK\$0.185 per Share as quoted on Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 45.95% to the average of the closing prices of approximately HK\$0.185 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 42.86% to the average of the closing prices of approximately HK\$0.175 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 30.07% to the theoretical ex-rights price of approximately HK\$0.143 per Share calculated based on the closing price of HK\$0.185 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 26.47% to the closing price of HK\$0.136 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

LETTER FROM THE BOARD

- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 22.70% represented by the theoretical diluted price of HK\$0.143 to the benchmarked price of approximately HK\$0.185 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Date of HK\$0.185 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of HK\$0.185 per Share); and
- (vii) a discount of approximately 83.61% to the audited consolidated equity attributable to owners of the Company per Share of approximately HK\$0.61 (based on the latest published audited equity attributable to owners of the Company of HK\$508,123,000 as at 31 December 2017 and 831,221,677 Shares in issue as at the Latest Practicable Date).

The Subscription Price was determined on an arm's length principle by the Company with references to, among other things, the prevailing market price of the Shares, the prevalent unstable financial market conditions, the amount of the intended funding needs for ongoing business development of the Company and having considered the reasons as detailed under the section headed "Reasons for the Open Offer and use of proceeds" in this circular. Given that (i) the Group intends to reduce the debt level of, and provide additional working capital for, its retail management business; (ii) the subscription price was determined by the Directors with reference to the prevailing market price of the Shares prior to and including the Last Trading Day; and (iii) under the Open Offer, each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The view of the Independent Board Committee (comprising Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, all being independent non-executive Directors) has also been set out in the "Letter from the Independent Board Committee" in this circular.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company will send copies of the Prospectus to them for their information only. No Application Form will be sent to the Excluded Shareholders.

To qualify for the Open Offer, a Shareholder must at the close of business on the Record Date:

- (i) be registered as a member of the Company; and
- (ii) not be an Excluded Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

LETTER FROM THE BOARD

In order to be registered as members of the Company on the Record Date, any transfer of the Shares (with the relevant Share certificates) must be lodged with the Branch Share Registrar for registration by 4:30 pm on Friday, 8 February 2019. The address of the Branch Share Registrar, Tricor Standard Limited, is Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Excluded Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than that in Hong Kong (to the extent required under the applicable law).

The Directors will make enquiries pursuant to Rule 13.36(2) of the Listing Rules as to the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange in respect of the issue of the Offer Shares to Overseas Shareholders whose address on the register of members of the Company is in a place outside Hong Kong on the Record Date. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in that jurisdiction, not to offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be extended to such Overseas Shareholders.

The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Prospectus. The Company will send copies of the Prospectus for information only, but will not send any Application Form and EAF, to the Excluded Shareholders.

Overseas Shareholders should note that they may or may not be entitled to the Open Offer, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Basis of allotment

The basis of the provisional allotment shall be one (1) Offer Share for every one (1) existing Share held by the Qualifying Shareholders on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder's allotment should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for. The Directors consider that the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The view of the Independent Board Committee (comprising Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, all being independent non-executive Directors) has also been set out in the "Letter from the Independent Board Committee" in this circular.

Status of the Offer Shares

The Offer Shares, when being allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

There is no securities acquired in pursuance of the Open Offer will be transferred, charged or pledged to any other persons.

LETTER FROM THE BOARD

Closure of register of members of the Company

The register of members of the Company will be closed from Monday, 11 February 2019 to Thursday, 14 February 2019, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during this period.

Certificates of the Offer Shares and refund cheques

Subject to fulfillment of the conditions of the Open Offer, certificates for the fully-paid Offer Shares are expected to be despatched on or before Monday, 11 March 2019 to those entitled thereto by ordinary post at their own risk. If the Open Offer is terminated, refund cheques are expected to be despatched on or before Monday, 11 March 2019 by ordinary post at the respective Shareholders' own risk. Each Qualifying Shareholder will receive one share certificate for all the fully-paid Offer Shares issue to him/her/it.

Application for excess Offer Shares

To ensure that each Qualifying Shareholder will be given equal and fair opportunity to subscribe for the Offer Shares on fair and equitable basis in proportion to their shareholding interest, the Qualifying Shareholders will be entitled to apply for any Offer Share in excess of their respective assured entitlements created by adding together fractions of the Offer Shares, entitlements of the Excluded Shareholders and any Offer Shares which are not taken up by other Qualifying Shareholders in excess of their own entitlements but are not assured of being allocated any excess Offer Shares.

The Open Offer will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Offer Shares and the level of subscription of the excess Offer Shares. The Controlling Shareholders' obligation to make a general offer under the Takeovers Code may be triggered as a result of the acceptance in full by the Controlling Shareholders and/or parties acting in concert with any of them of the Offer Shares provisionally allotted to them under the Open Offer when there is an undersubscription of the maximum of 831,221,677 Offer Shares under the Open Offer. The Controlling Shareholders has applied to the Executive for the Whitewash Waiver and it is a condition of the Open Offer to have the Executive having granted (and such grant not having been withdrawn) the Whitewash Waiver to the Controlling Shareholders.

Apart from the Controlling Shareholders (together with parties acting in concert with any of them), any other Shareholder who applies to take up all or part of his/her/its assured entitlement under the Open Offer or apply for excess Offer Shares under the EAF may also unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive has been obtained. Accordingly, the Open Offer will be made on the term that the Company will provide for Shareholders (except the Controlling Shareholders (together with parties acting in concert with any of them), who will apply for the Whitewash Waiver from the Executive to waive the obligation to make a general offer under the Takeovers Code) to apply on the basis that if the Offer Shares are not fully taken up, the application of any Shareholder (other than the Controlling Shareholders (together with parties acting in concert with any of them)) for his/her/its assured entitlement under the Open Offer or for excess Offer Shares under the EAF will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code.

LETTER FROM THE BOARD

The Directors will allocate the excess Offer Shares (if any) at their discretion on a fair and equitable basis as far as practicable, according to the principle that any excess Offer Shares will be allocated to the Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Offer Shares applied for by all such Qualifying Shareholders, subject to the measures as described above in this paragraph to avoid the abuse of the excess application mechanism and potential obligation to make a general offer under the Takeovers Code upon completion of the Open Offer by any Shareholders (save for the case of the Controlling Shareholders who will apply for the Whitewash Waiver).

No preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Offer Shares should note that there is no guarantee that such odd lots of the Offer Shares will be topped up to create whole board lots pursuant to applications for excess Offer Shares.

In the event that the Board notes unusual patterns of excess Offer Shares application(s) and has reason to believe that any application may have been made with the intention to abuse the above mechanism and/or (save for the case of the Controlling Shareholders who have applied for the Whitewash Waiver) which may trigger any obligation to make a general offer under the Takeovers Code, such application(s) for excess Offer Shares may be rejected and/or scaled down at the sole discretion of the Board.

The Open Offer is not underwritten by any underwriter. Any Offer Shares not taken up by the Qualifying Shareholders will not be issued.

Fractional entitlements

Entitlement to Offer Shares will be rounded down to the nearest whole number and no fractional entitlements or allotments are expected to arise as a result of the Open Offer.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Offer Shares.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer 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 Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second 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.

All necessary arrangements will be made to enable the Offer Shares will be admitted into CCASS.

Stamp duty

Dealings in the Offer Shares in board lots of 6,000 Shares, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

LETTER FROM THE BOARD

No disqualifying transaction

During the period beginning on the date which is six months prior to the date of the Announcement and up to and including the Latest Practicable Date, the Controlling Shareholders or parties acting in concert with any of them, have not dealt in the relevant securities (as defined under Note 4 to Rule 22 under Takeovers Code) of the Company.

Conditions of the Open Offer

The Open Offer is conditional on each of the following conditions being fulfilled:

- (a) the approval by Independent Shareholders (other than those not permitted to vote on the relevant resolutions by the Listing Rules and/or the Takeovers Code) of the Open Offer and the Whitewash Waiver at the SGM;
- (b) the Whitewash Waiver having been granted by the Executive and such Whitewash Waiver not having been subsequently revoked or withdrawn;
- (c) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (d) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus stamped “For Information Only” to the Excluded Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;
- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Shares and the Offer Shares;
- (f) the compliance with and performance of all the undertakings and obligations of all relevant Option holders not to exercise the rights to subscribe for the Shares attached to the Options from the date of the Announcement and up to and including the Record Date;

LETTER FROM THE BOARD

- (g) the compliance with and performance of all the undertakings and obligations of all the Controlling Shareholders not to change the number of Shares they are interested in from the date of the Announcement and up to and including the Record Date and to take up or procure the taking up of Offer Shares in accordance to the Undertakings; and
- (h) (if necessary) compliance with any other requirements under the applicable laws and regulations of Hong Kong and Bermuda.

Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are either in person or by proxy by the Independent Shareholders at the SGM.

In respect of condition (h) above, as at the Latest Practicable Date, the Directors are not aware of any other requirements under the applicable laws and regulations of Hong Kong and Bermuda in relation to the Open Offer which have to be complied with.

The Company shall use all reasonable endeavours to procure the fulfilment of the conditions set out above and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary.

All of the conditions are incapable of being waived. If the conditions above are not satisfied on or before the Long Stop Date, the Open Offer shall be terminated.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The principal activities of the Group consist of (a) retail management business including sales of furniture and household items and electrical appliances through the chain stores under multi-brand names including “Pricerite”, “TMF”, “SECO” and “Galleon” in Hong Kong; (b) general investment holding including algorithmic trading business; and (c) mobile internet services business. For additional information, please visit www.cash.com.hk.

The Board believes that, taking into account the prevalent financial market conditions and economic outlook, it would be in the interest of the Company to raise equity funding via the Open Offer to reduce the debt level of, and as additional working capital for the Group, in particular its retail management business. In addition, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Shareholders (other than the Excluded Shareholders) to participate in the growth of the Company in proportion to their shareholdings.

LETTER FROM THE BOARD

The Company has considered the following fund raising alternatives in comparison to the Open Offer:

Fund raising alternatives	Reason(s) for not adopting the fund raising alternatives
(i) Placing of new Shares	The Board is of the view that placing of new Shares would only be available to certain placees who are not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders.
(ii) Debt financing	The Company considers that favourable terms in relation to debt financing on a timely basis may not be achievable and it will result in additional interest burden, higher gearing ratio of the Group and the Group will be subject to repayment obligations.
(iii) Rights issue	The Company is of the view that rights issue will involve extra administrative work and cost for the trading arrangements in relation to the nil-paid rights sold in rights issue.

After considering the fund raising alternatives mentioned above and taking into account the benefits and cost of each of the alternatives, the Board is of the view that the Open Offer is more cost effective and efficient and beneficial to the Company and the Shareholders as a whole. The view of Independent Board Committee (comprising Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, all being independent non-executive Directors) has also been set out in the “Letter from the Independent Board Committee” in this circular after taking into consideration of the advice from the Independent Financial Adviser.

The Board considers that the Open Offer is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted. Based on the unaudited consolidated net tangible assets, before any adjustment, of the Group attributable to owners of the Company of approximately HK\$341.2 million as at 30 June 2018 as set out in Appendix II to this circular, and assuming that there will be no change to the shareholding structure of the Company from the date hereof upto and including the Record Date and that 831,221,677 Offer Shares (being the maximum of Offer Shares offered under the Open Offer) have been fully subscribed by the Qualifying Shareholders for the estimated net proceeds (after expenses) of approximately HK\$81.0 million, (i) the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company would increase to approximately HK\$422.3 million as at 30 June 2018 upon completion of the Open Offer; and (ii) the unaudited pro forma adjusted consolidated net tangible assets per Share would decrease from approximately HK\$0.41 to approximately HK\$0.25 as at 30 June 2018. The Directors, after taking into account the facts that (a) the Offer Shares are offered for subscription/application under EAFs by the Qualifying Shareholders only; (b) the Subscription Price was determined on an arm’s length principle by the Company with references to, among other things, the prevailing market price per Share which is lower than the unaudited consolidated

LETTER FROM THE BOARD

net tangible assets per Share mentioned above; (c) the proposed application of the net proceeds from the Open Offer for partial repayment of bank loans in relation to the retail management business and for additional working capital of the Group for running the retail management business, leading to improvement of the Group's gearing ratio and strengthening of the Group's financial situation, are of the opinion that the decrease in the unaudited pro forma adjusted consolidated net tangible assets per Share mentioned above is justifiable.

In view of the above, the Directors consider that the terms of the Open Offer and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The view of the Independent Board Committee (comprising Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, all being independent non-executive Directors) has also been set out in the "Letter from the Independent Board Committee" in this circular.

Assuming a minimum of 204,255,724 Offer Shares and a maximum of 831,221,677 Offer Shares will be issued, the estimated gross proceeds of the Open Offer will be from approximately HK\$20.4 million (assuming only the Controlling Shareholders take up the Offer Shares) to approximately HK\$83.1 million (assuming the provisionally allotted Offer Shares have been fully subscribed). The estimated expenses in relation to the Open Offer will amount to approximately HK\$2.1 million and the estimated net proceeds of the Open Offer will be from approximately HK\$18.3 million (assuming only the Controlling Shareholders take up the Offer Shares) to a maximum of approximately HK\$81.0 million (assuming the provisionally allotted Offer Shares have been fully subscribed). The net subscription price per Offer Share is expected to be approximately from HK\$0.090 (assuming only the Controlling Shareholders take up the Offer Shares) to HK\$0.097 (assuming the provisionally allotted Offer Shares have been fully subscribed).

The Group intends to use the net proceeds from the Open Offer up to approximately HK\$81.0 million as to approximately HK\$50.5 million for partial repayment of bank loans in relation to the retail management business and as to approximately HK\$30.5 million for additional working capital of the Group for running the retail management business. As at 30 June 2018, the Group had total outstanding bank loans (due within one year) of approximately HK\$239.6 million and total outstanding bank loans (due after one year) of approximately HK\$36.3 million. The net proceeds from the Open Offer will be utilised in the above priority order and allow the Group to reduce its gearing level and interest burden.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS IMMEDIATELY BEFORE THE LATEST PRACTICABLE DATE

The Company had no fund raising activity in the past 12 months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below depicts the possible shareholding structure of the Company as at the Latest Practicable Date and the possible changes upon completion of the Open Offer (assuming there is no other change in the shareholding structure of the Company between the Latest Practicable Date and completion date of the Open Offer):

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Open Offer (assuming the Offer Shares are fully taken up by all the Qualifying Shareholders under the Open Offer)		Immediately after completion of the Open Offer (assuming none of the Offer Shares are taken up by the Qualifying Shareholders (other than the Controlling Shareholders) under the Open Offer)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Controlling Shareholders (Notes 1 & 2)	286,027,807	34.41	572,055,614	34.41	490,283,531	47.35
Directors of the Company (Note 3)						
– Mr Law Ping Wah Bernard	27,345,312	3.29	54,690,624	3.29	27,345,312	2.64
– Mr Chan Chi Ming Benson	6,310	–	12,620	–	6,310	–
– Mr Ng Hin Sing Derek	–	–	–	–	–	–
Mr Kwan Teng Hin Jeffrey (Note 4)	–	–	–	–	–	–
The Controlling Shareholders and parties acting in concert with any of them	313,379,429	37.70	626,758,858	37.70	517,635,153	49.99
Public Shareholders	517,842,248	62.30	1,035,684,496	62.30	517,842,248	50.01
Total:	831,221,677	100.00	1,662,443,354	100.00	1,035,477,401	100.00

Notes:

- The shareholding of the Controlling Shareholders include the shareholding interests in the Company held by Cash Guardian as to 281,767,807 Shares and Dr Kwan Pak Hoo Bankee in his personal name as to 4,260,000 Shares.

LETTER FROM THE BOARD

2. The total number of Offer Shares to be subscribed by the Controlling Shareholders under Open Offer will be scaled down to a level such that the total number of Shares held by the Controlling Shareholders, together with the parties acting concert with any of them, upon close of the Open Offer shall not be more than 49.99% of the issued share capital of the Company. Accordingly, the Controlling Shareholders will subscribe for a maximum of 286,027,807 Offer Shares provisionally allotted to them under the Open Offer (ie not including excess application(s) for the Offer Shares which may be made by the Controlling Shareholders, if any).
3. Mr Law Ping Wah Bernard, Mr Chan Chi Ming Benson and Mr Ng Hin Sing Derek are parties acting in concert with the Controlling Shareholders by virtue of their capacity as Directors.
4. Mr Kwan Teng Hin Jeffrey is the son of Dr Kwan Pak Hoo Bankee and is a party acting in concert with the Controlling Shareholders by virtue of his close relative relationship with Dr Kwan Pak Hoo Bankee.
5. As at the Latest Practicable Date, save as disclosed above, none of the Directors hold any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company.

The Company will take all appropriate steps to ensure that sufficient public float be maintained upon the completion of the Open Offer in compliance with Rule 8.08(1)(a) of the Listing Rules.

ADJUSTMENT OF EXERCISE PRICE OF THE OPTIONS

As at the Latest Practicable Date, there were 34,200,000 outstanding Options. Apart from the above, the Company had no outstanding options, convertible securities or warrants which confer the right to subscribe for the Shares as at the Latest Practicable Date.

The issuance of the Offer Shares may cause an adjustment to the exercise price and/or number of option shares, which adjustment will be certified by an independent financial adviser of the Company. The Company will inform each of the Option grantees the adjustments when it is confirmed.

Save as disclosed above, there are no outstanding Options or any convertible loan securities of the Company or any capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

UNDERTAKINGS BY THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders, as at the Latest Practicable Date, were interested in an aggregate of 286,027,807 Shares, representing approximately 34.41% of the existing issued share capital of the Company. The Controlling Shareholders have irrevocably undertaken to the Company that, inter alia, (i) they will accept or procure the acceptance of the Offer Shares to be provisionally allotted to them under the Open Offer of up to a maximum of 286,027,807 Offer Shares (being all of the assured entitlement of the Controlling Shareholders under the Open Offer based on the existing shareholding structure of the Company, assuming that there will not be any change to the shareholding structure from the date of the Announcement up to and including the Record Date); and (ii) they may apply for excess Offer Shares under the Open Offer to the extent as allowed under Rule 7.26A of the Listing Rules, provided that (a) the Whitewash Waiver having been granted by the Executive prior to the Prospectus Posting Date and not having been revoked if granted; and (b) the total number of Offer Shares to be subscribed under Open Offer will be scaled down to a level such that total number of Shares held by the Controlling Shareholders, together with the parties acting concert with any of them, upon close of the Open Offer shall not be more than 49.99% of the issued share capital of the Company as enlarged by the Open Offer. Accordingly, pursuant to the Undertakings, (I) the Controlling Shareholders will subscribe for a

LETTER FROM THE BOARD

minimum of 204,255,724 Offer Shares in total pursuant to their assured entitlements under the Open Offer; and (II) the Controlling Shareholders will subscribe for a maximum of 286,027,807 Offer Shares in total pursuant to their assured entitlements under the Open Offer (in both cases not including any Offer Shares which may be applied for by the Controlling Shareholders, if any, under EAF) provided that the Whitewash Waiver having been granted by the Executive prior to the Prospectus Posting Date and not having been revoked if granted.

Depending on the level of acceptance of the Open Offer, the Company will issue a minimum of 204,255,724 Offer Shares and a maximum of 831,221,677 Offer Shares. In the event of oversubscription, the Company will not issue any excess Offer Shares. In the event of undersubscription and assuming that no shareholder (other than the Controlling Shareholders) apply for the Offer Shares, due to the 49.99% scale down mechanism as set out in the above paragraph, (i) in the scenario that a minimum of 204,255,724 Offer Shares and no excess Offer Shares will be issued, the Controlling Shareholders can only subscribe for up to 204,255,724 Offer Shares out of their total assured entitlements of 286,027,807 Offer Shares and cannot apply any excess Offer Shares; and (ii) in the scenario that a maximum of 831,221,677 Offer Shares will be issued and the maximum number of Offer Shares available for excess application will be 545,193,870 Offer Shares (around 32.80% of the enlarged share capital of the Company upon completion of the Open Offer), and the maximum number of Offer Shares that can be applied for by the Controlling Shareholders and the parties acting in concert with any of them under the excess application will be 231,648,196 Offer Shares.

Pursuant to the Listing Rules, the Company is required to announce its annual results for the year ended 31 December 2018 by not later than 31 March 2019 and the Directors must not deal in any securities of the Company during the period of 60 days immediately preceding the publication date of the annual results (“Blackout Period”) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers. Based on the existing expected timetable of the Open Offer as set out in this circular, the offer period will fall within the Blackout Period. The Company will issue a further announcement to inform the Shareholders the commencement of the Blackout Period. In any event, the Controlling Shareholders and the parties acting in concert with any of them, who are also Directors, will comply with the dealing restriction under the Listing Rules and will not apply for excess Offer Shares during the Blackout Period. The Company will disclose if the Controlling Shareholders and the parties acting in concert with it will apply for any excess Offer Shares in the Prospectus.

Save for the Undertakings from the Controlling Shareholders abovementioned, the Company has not received any other irrevocable commitments to accept or reject the Offer Shares.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR THE WHITEWASH WAIVER

As at the Latest Practicable Date, the Controlling Shareholders and parties acting in concert with any of them, were the legal and beneficial owners of a total of 313,379,429 Shares, representing approximately 37.70% of the entire issued share capital of the Company. Assuming (i) there is no change of the number of issued Shares from the Latest Practicable Date up to and including the date of close of the Open Offer; and (ii) none of the Qualifying Shareholders other than the Controlling Shareholders have taken up their entitlements under the Open Offer and/or the excess Offer Shares applied for under the Open Offer, subject to the condition of the Undertakings that the number of Offer Shares to be applied for by the Controlling Shareholders and/or the parties acting in concert with any of them shall not

LETTER FROM THE BOARD

result in the total number of Shares held by the Controlling Shareholders, together with the parties acting in concert with any of them, upon close of the Open Offer being more than 49.99% of the issued share capital of the Company as enlarged by the Open Offer, the interests in the Company held by the Controlling Shareholders, together with the parties acting in concert with any of them, upon the close of the Open Offer will increase from the current level of approximately 37.70% to not more than approximately 49.99% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares. The Controlling Shareholders, together with the parties acting in concert with any of them will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code.

An application has been made by the Controlling Shareholders to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are either in person or by proxy by the Independent Shareholders at the SGM. Save for the Controlling Shareholders and the parties acting in concert with any of them and those who are involved in and/or interested in the Open Offer and the Whitewash Waiver, no Shareholder is required to abstain from voting in favour of the proposed resolution approving the Whitewash Waiver at the SGM. If the Whitewash Waiver is not granted by the Executive, the Open Offer will not proceed.

As at the Latest Practicable Date, the Company did not believe that the Open Offer gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this circular, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of this circular. The Company and the Controlling Shareholders note that the Executive may not grant the Whitewash Waiver if the Open Offer does not comply with other applicable rules and regulations.

INFORMATION ON THE CONTROLLING SHAREHOLDERS

Cash Guardian, being one of the Controlling Shareholders, is a private company incorporated in the British Virgin Islands with limited liability on 18 February 1999. The entire issued share capital of Cash Guardian is beneficially owned by Hobart Assets Limited (a private company incorporated in the British Virgin Islands with limited liability on 2 February 1999), which in turn is 100% beneficially owned by Dr Kwan Pak Hoo Bankee. Dr Kwan Pak Hoo Bankee is the sole director of both Cash Guardian and Hobart Assets Limited. The principal business activity of Cash Guardian is investment holding.

CONTROLLING SHAREHOLDERS' INTENTIONS IN RELATION TO THE GROUP

The Board is pleased to learn that the Controlling Shareholders intend to continue the principal businesses of the Group and that the Controlling Shareholders have no intention to discontinue the employment of any employees of the Group or introduce major changes in the business including redepoly the fixed assets of the Group other than those in its ordinary and usual course of business.

LETTER FROM THE BOARD

PROPOSED CAPITAL REORGANISATION

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$300,000,000 comprising 3,000,000,000 Shares of HK\$0.10 each, of which 831,221,677 Shares have been issued and are fully paid or credited as fully paid.

The Board proposes to implement the Capital Reorganisation which will comprise the following:

- (i) the issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Shares such that the par value of each issued Share will be reduced from HK\$0.10 to HK\$0.01;
- (ii) immediately following the Capital Reduction taking effect, all the authorised but unissued share capital of the Company (which shall include the authorised but unissued share capital arising from the Capital Reduction) will be cancelled in its entirety and forthwith upon such cancellation, the authorised share capital of the Company will be increased to HK\$30,000,000 by the creation of such number of additional New Shares as shall be sufficient to increase the authorised share capital of the Company to HK\$30,000,000 divided into 3,000,000,000 New Shares;
- (iii) the credit arising from the Capital Reduction will be credited to the contributed surplus account of the Company; and
- (iv) the amount standing to the credit of the contributed surplus account will be applied to set off the accumulated losses of the Company and/or be applied in any other manner as may be permitted under the Bye-laws and all applicable laws and rules (including the Listing Rules) as the Board may determine.

The Capital Reorganisation is subject to passing of special resolution(s) by Shareholders. The Capital Reorganisation is not conditional upon the Open Offer and Whitewash Wavier becoming effective.

LETTER FROM THE BOARD

Effect of the Capital Reorganisation

Assuming that no further Shares will be issued and allotted or repurchased prior to the effective date of the Capital Reorganisation, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately upon the Capital Reorganisation taking effect
Nominal or par value	HK\$0.10 each Share	HK\$0.01 each New Share
Amount of the authorised share capital	HK\$300,000,000	HK\$30,000,000
Number of authorised shares	3,000,000,000 Shares	3,000,000,000 New Shares
Number of issued shares	831,221,677 Shares	831,221,677 New Shares
Amount of the issued share capital	HK\$83,122,167.70	HK\$8,312,216.77

As at the Latest Practicable Date, 831,221,677 Shares have been issued and are fully paid or credited as fully paid. Accordingly, assuming that the nominal or par value of each of the Shares will be reduced from HK\$0.10 to HK\$0.01, upon the Capital Reorganisation taking effect, the authorised share capital of the Company will be HK\$30,000,000 divided into 3,000,000,000 New Shares of a nominal or par value of HK\$0.01 each, of which 831,221,677 New Shares are issued and are fully paid or credited as fully paid and the remainder are unissued. The Company's issued and paid up share capital of HK\$83,122,167.70 will be reduced by HK\$74,809,950.93 to HK\$8,312,216.77.

Conditions for the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of a special resolution approving the Capital Reorganisation by the Shareholders at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation;
- (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

As at the Latest Practicable Date, none of the above conditions has been fulfilled. Subject to the above conditions being fulfilled, the Capital Reorganisation is expected to become effective on the next business day immediately following the date of passing of the special resolution approving the Capital Reorganisation.

LETTER FROM THE BOARD

Status of the New Shares

The New Shares shall rank *pari passu* in all respects with each other within the same class and have the same rights and be subject to the restrictions in respect of ordinary shares contained in the Memorandum of Association and Bye-laws of the Company. The Capital Reorganisation will not result in any change in the rights of the Shareholders.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares arising from the Capital Reorganisation.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New 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 New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Board lot size

The existing board lot of 6,000 Shares will remain unchanged upon the Capital Reorganisation taking effect.

Free exchange of share certificates

Subject to the Capital Reorganisation having taken effect, Shareholders may, during business hours from Thursday, 31 January 2019 to Tuesday, 12 March 2019 (both days inclusive), submit their Existing Share Certificates for the Shares (in brown colour) to the Company's Branch Share Registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange for the New Share Certificates for the New Shares (in purple colour) at the expense of the Company.

Thereafter, Existing Share Certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such amount as may from time to time prescribed in the Listing Rules) payable by the Shareholders for each Existing Share Certificate or New Share Certificate, whichever number of certificates is higher.

It is expected that New Share Certificates for New Shares will be available for collection within a period of ten (10) Business Days after the submission of the Existing Share Certificates.

Nevertheless, Existing Share Certificates will continue to be good evidence of legal title and will be valid for delivery, trading and settlement purposes after the Capital Reorganisation has taken effect.

LETTER FROM THE BOARD

Reasons for the Capital Reorganisation

As noted, the credit arising from the Capital Reduction will be credited to the contributed surplus account of the Company and the amount standing to the credit of the contributed surplus account will be applied to set off the accumulated losses of the Company and be applied in any other manner as may be permitted under the Bye-laws and all applicable laws and rules (including the Listing Rules) as the Board may determine.

As at 31 December 2017, the accumulated losses of the Company amounted to HK\$448,981,000, and it is expected that the credit arising from the Capital Reorganisation will reduce the accumulated losses of the Company by HK\$74,809,950.93. The Directors will be more flexible in application of the funds in contributed surplus account to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future.

In addition, the Board considers that the Capital Reorganisation will enable the nominal or par value of the Shares to be reduced from HK\$0.10 to HK\$0.01 each, thus giving greater flexibility to the Company to raise funds, should the Board consider it prudent or advisable to do so, through the issue of New Shares in the future given that the Company is not permitted, pursuant to its Memorandum of Association and Bye-laws, to issue new Shares below their nominal or par value. It is important for Shareholders to note that, at this stage, there can be no assurance that a dividend will be declared or paid in the future, or that the Company will look to raise funds through the issue of New Shares, even if the Capital Reorganisation takes effect.

Save for the expenses to be incurred by the Company in implementing the Capital Reorganisation, the Board considers that the Capital Reorganisation will have no impact on the underlying assets, business operations, management or financial position of the Group or the proportionate interests of the Shareholders in the Company and their respective voting rights. Further, the Capital Reorganisation does not involve the diminution of any liability in respect of any unpaid capital of the Company nor does it involve the repayment to the Shareholders of any paid up capital of the Company. The Board considers that the Capital Reorganisation will not have any material adverse effect on the financial position of the Company.

In view of the above, the Board considers that the Capital Reorganisation is in the interests of the Company and the Shareholders at a whole.

LETTER FROM THE BOARD

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The principal activities of the Group consist of (i) retail management business; (ii) general investment holding including algorithmic trading business; and (iii) mobile internet services business.

Retail management business – CRMG

The Hong Kong economy maintained its upturn momentum in the first half of 2018, recording a vibrant 4.0% growth in GDP with total retail sales in furniture and fixtures rising 6.3%. Nonetheless, the global trade tension at the beginning of the second half of the year has however clouded the retail market prospects. Despite the external uncertainties, the Hong Kong property market was still booming in July 2018, with the total number of sold residential flats (both primary and secondary) rose by 73.29% year-on-year, according to figures in the Land Registry.

During the first half of 2018, CRMG continued to pursue the multi-brand strategy. This enabled CRMG to maximise opportunities arising from the strong demand for home furnishing products as a result of the acceleration in residential property market supply and customers' diverse interests in home furnishing products and services. In the first half of 2018, CRMG recorded a 5.9% increase in revenue, generally in line with the market growth.

Pricerite

The latest Rating and Valuation Department figures indicate that the number of micro apartments is expected to increase by 34%, fuelling growing demand for smart furniture solutions. To strengthen its leading market position, Pricerite launched a new branding campaign that reinforced its brand essence of deep understanding of local living challenges as well as strong connections with customers while spreading the “Small Space • Big Universe” theme further. Pricerite also opened a New Retail Concept Store as an innovative way to bring a novel shopping experience to customers.

Regarding product development, Pricerite continued to deliver home furnishing solutions that optimised space and improved people's quality of life. More smart furniture concepts were introduced to cater for different space management needs and a comprehensive review of household categories was carried out to further enhance the merchandising mix and bring greater value to customers.

TMF

TMF has experienced a transformative year, developing from tailor-made Pricerite furniture service to stand-alone business. In the first half of 2018, SAP Hybris was deployed to process and manage customer orders and fine-tune operation workflows to achieve greater efficiency and facilitate personalised post-sales services. TMF's service differentiation strategy addresses the major pain points of most customers when they employ tailor-made or home renovation services. With our market position as a professional, reliable and caring tailor-made furniture service provider, we are dedicated to delivering personally relevant solutions for every customer.

LETTER FROM THE BOARD

Leveraging such branding, the company further optimised its store network to enhance efficiency. We opened two more shop-in-shops, in Mongkok and Kwai Fong respectively, while two underperforming stores were closed. We also initiated a store revamp project to renovate all shop-in-shops to communicate the company's new image and distinctive tailor-made solutions. In the second half of 2018, we will continue to review our store network and evaluate different options for expansion, including shop-in-shops that leverage Pricerite's growing store network and stand-alone shops to reach fresh customer segments.

SECO

SECO, as in Secure Ecosystem, is a pioneering specialty destination store for quality home goods that add zest to customers' lifestyles while treasuring well-being as the most priceless form of wealth. We seek to provide a variety of solutions to urban health concerns, such as pollution and food safety, with products categorised into Home, Environment, Food, and Personal Care and carefully selected for the well-being of customers and their families and friends.

In the first half of 2018, we opened three stores in Ma On Shan, Tsim Sha Tsui and Tseung Kwan O, all excellent locations for a concept store catering for both families and the young generation. Utilising CRMG's omni-channel strength, SECO's e-shop was launched in July 2018 to better serve the tech-savvy youth sector. SECO will keep augmenting its product mix to bring more items to health-aware customers in line with our emphasis on quality and safety.

Galleon

Galleon is a lifestyle store for homes opening up curated styles from all over the world. The store provides a wide spectrum of home furnishing items and gadgets that reflect the latest and most popular design trends globally. In the first half of 2018, Galleon launched its flagship store in Causeway Bay, with over 30 renowned home furnishing and lifestyle brands from different parts of the globe.

Since the store opened in March 2018, different types of in-store events, such as collaborative exhibitions and workshops with overseas and local brands, have taken place, creating opportunities for greater interaction with customers and enriching their knowledge and appreciation of art and product design. We will continue to leverage our global sourcing capability to bring in curated styles for our customers.

The Group is dedicated to being the innovative home solutions leader for quality home furnishing, lifestyle products and services. With the launch of the SECO and Galleon brands and TMF's brand campaign, we are in a good position to capture a much larger customer base, catering for diverse needs through a wider array of quality products and services. We will continue to explore innovative and personalised product and service offerings.

LETTER FROM THE BOARD

Algorithmic trading business – CASH Algo Finance Group

Building upon its technology-focused heritage, CASH Algo Finance Group has been an Asia pioneer embracing advanced FinTech in investment. In addition to running its existing algorithmic trading strategies, CASH Algo Finance Group also opens up its platform to professional quant traders to access global markets.

CASH Algo Finance Group supports a full lifecycle of investment, including research, development, testing and deployment of trading strategies. Connectivity to global financial markets enables capital allocation, trade execution, and risk management in an efficient manner.

During the year, CASH Algo Finance Group continued to devote resources to research and FinTech development, as well as recruiting experienced practitioners and nurturing young talents for the industry.

Mobile internet services business – Net2Gather

An online game industry report jointly released by China Game Publishers Association Publications Committee (GPC) and Gamma Data (CNG New Game Research) indicated that, in the first half of 2018, Chinese mobile game users reached 459 million, an increase of 5.4%, showing a further declining growth trend mainly due to the high base effect in previous years. In view of the very severe industry competition, the mobile game licensing business in overseas market was suspended in 2017. As extracted from the Company's 2018 interim report, the Group's Mobile Internet Service Business had no revenue recorded and a net loss of HK\$0.3 million for the six months ended 30 June 2018.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors of the Company should note that the Open Offer is conditional, among others, conditions precedent as set out in section headed "Conditions of the Open Offer" in this circular above. Accordingly, the Open Offer may or may not proceed.

Any dealings in the Shares from the date of this circular up to the date on which all the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

LETTER FROM THE BOARD

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendations to the Independent Shareholders in connection with the Open Offer and the Whitewash Waiver. The Independent Financial Adviser has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Open Offer and the Whitewash Waiver, and an announcement has been made upon its appointment.

The Prospectus Documents setting out details of the Open Offer are expected to be despatched to the Qualifying Shareholders on or about Friday, 15 February 2019. The Company will send the Prospectus to the Excluded Shareholders for information only.

THE SGM

Set out on pages SGM-1 to SGM-3 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 am on 30 January 2019 (Wednesday).

At the SGM, two ordinary resolutions for approving the Open Offer and the Whitewash Waiver will be proposed for the Independent Shareholders' approval and one special resolution for approving the Capital Reorganisation will be proposed for the Shareholders' approval. The resolutions will be voted by way of poll at the SGM.

All Directors with shareholding interest in the Company will abstain from voting at the SGM in respect of the resolutions for the Open Offer and the Whitewash Waiver. As at the Latest Practicable Date, the Controlling Shareholders, together with the parties acting in concert with any of them, who are other than Mr Kwan Teng Hin Jeffrey also Directors, was interested in a total of 313,379,429 Shares, representing approximately 37.70% of the entire issued share capital of the Company. The Controlling Shareholders and parties acting in concert with any of them, as well as those who are involved in and/or interested in the Open Offer and the Whitewash Waiver will abstain from voting at the SGM in respect of the resolutions for the Open Offer and the Whitewash Waiver. As no Shareholder has any material interest in the Capital Reorganisation, no Shareholder as at the Latest Practicable Date is required to abstain from voting on the special resolution relating to the Capital Reorganisation to be proposed at the SGM.

Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are either in person or by proxy by the Independent Shareholders at the SGM.

Subject to, among others, the Open Offer, the Whitewash Waiver and the Capital Reorganisation being approved at the SGM and the Whitewash Waiver being granted by the Executive, the Prospectus Documents or the Prospectus, whichever is appropriate, will be dispatched to the Qualifying Shareholders and, for information only, the Excluded Shareholders in due course.

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 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 or any adjourned meeting should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” containing its recommendations to the Independent Shareholders set out on pages 31 to 32 of this circular and the “Letter from the Independent Financial Adviser” containing its advice to the Independent Shareholders and the Independent Board Committee and the principal factors which it has considered in arriving at its advice with regard to the Open Offer and the Whitewash Waiver as set out on pages 33 to 54 of this circular.

Shareholders are advised to read carefully the “Letter from the Independent Board Committee” regarding the Open Offer and the Whitewash Waiver on pages 31 to 32 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 33 to 54 of this circular, considers that the terms of the Open Offer and the Whitewash Waiver are fair and reasonable insofar as the Independent Shareholders are concerned and are in the interests of the Independent Shareholders. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Open Offer and the Whitewash Waiver at the SGM.

The Directors (including the independent non-executive Directors after taking into account of the advice of the Independent Financial Adviser in relation to the Open Offer and the Whitewash Waiver) are of the opinion that the terms of the Open Offer, the Whitewash Waiver and the Capital Reorganisation are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors after taking into account of the advice of the Independent Financial Adviser in relation to the Open Offer and the Whitewash Waiver) recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Open Offer and the Whitewash Waiver and the Shareholders to vote in favour of the special resolution to approve the Capital Reorganisation to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the further information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendations to the Independent Shareholders in relation to the Open Offer and the Whitewash Waiver.



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

4 January 2019

To the Independent Shareholders

Dear Sir or Madam,

**(1) PROPOSED OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE; AND
(2) APPLICATION FOR WHITEWASH WAIVER**

We refer to the circular of the Company to the Shareholders dated 4 January 2019 (“Circular”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as members to constitute the Independent Board Committee and to provide recommendations to the Independent Shareholders in respect of the Open Offer and the transactions contemplated thereunder, and the Whitewash Waiver. Details of the Open Offer and the transactions contemplated thereunder, and the Whitewash Waiver are set out in the “Letter from the Board” contained in the Circular.

Vinco Capital Limited has been appointed as the independent financial adviser to the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Open Offer and the Whitewash Waiver are on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned and whether they are in the interests of the Company and the Shareholders as a whole. Details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the “Letter from the Independent Financial Adviser” contained in the Circular.

Your attention is also drawn to the “Letter from the Board” set out on pages 7 to 30 of the Circular.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as set out in the “Letter from the Independent Financial Adviser” in the Circular, we are of the opinion that the terms of the Open Offer and the transactions contemplated thereunder, and the Whitewash Waiver are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Open Offer and the transactions contemplated thereunder, and the Whitewash Waiver.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the Open Offer and the application of Whitewash Waiver which has been prepared for the purpose of incorporation in this circular:



Vinco Capital Limited
Units 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

4 January 2019

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

Dear Sirs,

**(1) PROPOSED OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE
FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE; AND
(2) APPLICATION FOR WHITEWASH WAIVER**

A. INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in fairness and reasonableness of the terms of the proposed Open Offer and the application for Whitewash Waiver, details of which are set out in the "Letter from the Board" in the circular ("Circular") issued by the Company to the Shareholders dated 4 January 2019 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to the Announcement, in relation to (i) the proposed Open Offer on the basis of one Offer Share for every one existing Share on the Record Date; (ii) application for Whitewash Waiver; and (ii) the proposed capital reorganisation.

1. The Open Offer

On 29 November 2018, the Company announced that it proposes to carry out the Open Offer on the basis of one (1) Offer Share for every one (1) existing Share held on the Record Date. The Open Offer involves the allotment and issue of a maximum of 831,221,677 Offer Shares at a price of HK\$0.10 per Offer Share. The Company proposes to raise not more than approximately HK\$83.1 million under the Open Offer (assuming the provisionally allotted Offer Shares have been fully subscribed).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Under Rule 7.24A of the Listing Rules, the Open Offer must be made conditional on minority shareholders' approval. The Open Offer is conditional, among others, the approval of the Open Offer and the Whitewash Waiver by Independent Shareholders at the SGM and the Whitewash Waiver being granted by the Executive.

2. The application for Whitewash Waiver

As at the Latest Practicable Date, the Controlling Shareholders and parties acting in concert with any of them, are the legal and beneficial owners of a total of 313,379,429 Shares, representing approximately 37.70% of the entire issued share capital of the Company. Assuming (i) there is no change of the number of issued Shares from the Latest Practicable Date up to and including the date of close of the Open Offer; and (ii) none of the Qualifying Shareholders other than the Controlling Shareholders have taken up their entitlements under the Open Offer and/or the excess Offer Shares applied for under the Open Offer, subject to the condition of the Undertakings that the number of Offer Shares to be applied for by the Controlling Shareholders and/or the parties acting in concert with any of them shall not result in the total number of Shares held by the Controlling Shareholders, together with the parties acting in concert with any of them, upon close of the Open Offer being more than 49.99% of the issued share capital of the Company as enlarged by the Open Offer, the interests in the Company held by the Controlling Shareholders, together with the parties acting in concert with any of them, upon the close of the Open Offer will increase from the current level of approximately 37.70% to not more than approximately 49.99% of the issued share capital of the Company as enlarged by the allotment and issued of the Offer Shares.

The Controlling Shareholders, together with the parties acting in concert with any of them will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code.

An application has been made by the Controlling Shareholders to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are either in person or by proxy by the Independent Shareholders at the SGM. Save for the Controlling Shareholders and the parties acting in concert with any of them and those who are involved in and/or interested in the Open Offer and the Whitewash Waiver, no Shareholder is required to abstain from voting in favour of the proposed resolution approving the Whitewash Waiver at the SGM. If the Whitewash Waiver is not granted by the Executive, the Open Offer will not proceed.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin (being all of the three independent non-executive Directors) has been established to make a recommendation to the Independent Shareholders as to whether the Open Offer is, or is not, on normal commercial terms, fair and reasonable, is in the interest of the Company and the Shareholders as a whole and whether to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Open Offer and the Whitewash Waiver. We have been appointed as the Independent Financial Adviser as to advise the Independent Board Committee in respect of the Open Offer and the Whitewash Waiver. In our capacity as the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee as to whether the Open Offer are on normal commercial terms, fair and reasonable, are in the interest of the Company and the Shareholders as a whole and whether to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Open Offer so far as the Independent Shareholders are concerned and such appointment has been approved by the Independent Board Committee.

As at the Latest Practicable Date, we are not connected with the directors, chief executive and substantial shareholders of the Company or their respective associates or any party acting, or presumed to be acting, in concert with any of them and as at the Latest Practicable Date, we did not have shareholding, directly or indirectly, in any of them (if applicable) and any of their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any entities within the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any entities within the Group. We are 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 and Rule 2 of the Takeovers Code to act as the Independent Financial Adviser to the Independent Board Committee in respect of the Open Offer and the Whitewash Waiver. We are eligible to give independent advice and recommendations on the terms of the Open Offer and the Whitewash Waiver and as to whether to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Open Offer and the Whitewash Waiver. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We have not acted as the financial adviser or the independent financial adviser for the Company's other transactions during the past two years.

We are not in the same group as the financial or other professional adviser (including a stockbroker) to:

- (i) the Controlling Shareholders; and
- (ii) the Company, any party acting, or presumed to be acting in concert with the Company; or any company controlled by the Company (collectively, the "Offeree Group").

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We do not have and did not have, a significant connection, financial or otherwise, with the Controlling Shareholders and the Offeree Group, of a kind reasonably likely to create, or to create the perception of, a conflict of interest or reasonably likely to affect the objectivity of our advice as referred to in Rule 2.6 of the Takeovers Code. We are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Open Offer.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate, and complete at the Latest Practicable Date and the Independent Shareholders will be notified of any material changes to such statements, information, opinions and/or representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiries and considerations. We have no reason to doubt that any relevant information have been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinions and recommendations. All Directors have declared in a responsibility statement set out in the Appendix III to the Circular that they jointly and severally accept full responsibility for the accuracy of the information contained in the Circular. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group.

In formulating our opinions, we have not considered the taxation implications on the Qualifying Shareholders arising from the subscription for, holding of or dealing in the Offer Shares or otherwise, since these are particular to their own circumstances. It is emphasised that we will not accept responsibility for any tax effects on, or liabilities of any person resulting from the subscription for, holding of or dealing in of the Offer Shares. In particular, Qualifying Shareholders subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

In formulating our opinions, our opinion is necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date. Should there be any subsequent material changes in such statements, information, opinions, and/or representations during the offer period, the Company will inform the Independent Shareholders as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinions expressed herein which may come to be brought to our attention

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

after the completion of the Open Offer. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to Open Offer, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

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

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the terms of the Open Offer and the Whitewash Waiver, we have considered the following principal factors and reasons set out below:

1. Information on the Group

Principal Business

According to the management of the Company, the principal activities of the Group consist of (a) retail management business including sales of furniture and household items and electrical appliances through the chain stores under multi-brand names including “Pricerite”, “TMF”, “SECO” and “Galleon” in Hong Kong; (b) general investment holding including algorithmic trading business; and (c) mobile internet services business.

With reference to the annual report of the Group for the year ended 31 December 2017 (“Annual Report 2017”), the Group’s revenue generated from the retail management business accounted for of approximately 99.9% of the total revenue for the latest financial year.

The Board believes that, taking into account the prevalent financial market conditions and economic outlook, it would be in the interest of the Company to raise equity funding via the Open Offer to reduce the debt level of, and as additional working capital for the Group, in particular its retail management business. In addition, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Shareholders (other than the Excluded Shareholders) to participate in the growth of the Company in proportion to their shareholdings.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical financial information

Set out below is a summary of the audited consolidated financial results of the Group for the three years ended 31 December 2017 and six months ended 30 June 2018, as extracted from the relevant annual reports and interim report of the Company respectively:

	For the year ended 31 December			For the six months ended
	2015	2016	2017	30 June
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue				
– Retailing	1,390,312	1,440,493	1,332,015	671,621
– Online game services	404	2,562	1,026	–
– Financial services	243,897	–	–	–
	<u>1,634,613</u>	<u>1,443,055</u>	<u>1,333,041</u>	<u>671,621</u>
Profit/(Loss) for the year/ period based on business segments				
– Retailing	32,743	34,475	19,367	(40,850)
– Online game services	(2,269)	(1,996)	(1,936)	(321)
– Financial services	18,368	–	–	–
Unallocated other income and expenses	(22,785)	(16,937)	(213,473)	(45,583)
Profit/(Loss) for the year/ period before taxation	26,057	15,542	(196,042)	(86,754)
Profit/(Loss) for the year/ period	18,205	(59,167)	23,888	(86,754)
				As at
	As at 31 December			30 June
	2015	2016	2017	2018
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	438,212	259,350	527,050	535,362
Current assets	2,614,213	2,260,816	477,718	495,719
Cash and cash equivalents	636,632	629,553	209,031	198,035
Current liabilities	2,149,024	1,747,407	514,558	590,611
Net current assets/(liabilities)	<u>465,189</u>	<u>513,409</u>	<u>(36,840)</u>	<u>(94,892)</u>
Total equity	<u>811,912</u>	<u>755,190</u>	<u>483,561</u>	<u>395,933</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the annual report of the Group for the year ended 31 December 2016 (“Annual Report 2016”), the revenue of the Group decreased by approximately 11.7% from approximately HK\$1,634.6 million for the year ended 31 December 2015 to approximately HK\$1,443.1 million for the year ended 31 December 2016. The Group’s revenue generated from its retailing management business increased by approximately 3.6% from approximately HK\$1,390.3 million for the year ended 31 December 2015 to approximately HK\$1,440.5 million for the year ended 31 December 2016.

From a profit of approximately HK\$18.2 million for the year ended 31 December 2015, the Group recorded a net loss of approximately HK\$59.2 million for the year ended 31 December 2016. According to the Annual Report 2016, the net loss was mainly attributable to the decrease in fair value of its investment property in Hong Kong amounting to approximately HK\$13.6 million. This investment property was subsequently disposed in July 2016 and a gain of HK\$2.6 million was realised. Disregarding the one-off loss amounted from the investment property, the Group recorded an increase in profit for its retailing management business from approximately HK\$32.7 million for the year ended 31 December 2015 to approximately HK\$34.5 million for the year ended 31 December 2016.

With reference to the Annual Report 2017, the Group’s revenue decreased from approximately HK\$1,443.1 million for the year ended 31 December 2016 to approximately HK\$1,333.0 million for the year ended 31 December 2017. The Group recorded a total unallocated expenses of approximately HK\$213.5 million which were mainly attributable to the impairment loss recognised on interests in an associate of approximately HK\$125.8 million. The impairment loss was a result of CFSG, having been a subsidiary of the Company during the previous year until 20 June 2017, became an associate of the Group due to dilution of shareholding interests of the Company in CFSG upon issue of subscription shares by CFSG.

The Group recorded a net profit of approximately HK\$23.9 million for the year ended 31 December 2017 as compared to a net loss of approximately HK\$59.2 million for the year ended 31 December 2016. According to the Annual Report 2017, the net profit was mainly attributable to the deemed disposal of CFSG, resulting CFSG to cease as a subsidiary of the Group and the Group to record a gain of approximately HK\$262.6 million.

The Group’s cash and cash equivalents decreased from approximately HK\$629.6 million as at 31 December 2016 to approximately HK\$209.0 million as a result of the deemed disposal of shares in the Group’s interests in CFSG and CFSG’s cash and cash equivalents were no longer consolidated in the Group’s cash and cash equivalents as at 31 December 2017. As at 31 December 2017, the Group recorded net current liabilities of approximately HK\$36.8 million which was mainly attributable to the decrease in current assets from approximately HK\$2,260.8 million as at 31 December 2016 to approximately HK\$477.7 million as at 31 December 2017 as a result of the deemed disposal of shares in the Group’s interests in CFSG and CFSG’s current assets which had been included in the Group’s total bank balances as at 31 December 2016 were no longer consolidated in its total bank balances as at 31 December 2017. As at 30 June 2018, the Group recorded net current liabilities of approximately HK\$94.9 million which was mainly attributable to the increase in outstanding borrowings of approximately HK\$80.7 million as a result of increase in working capital required for its operation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

By taking into account of the Group's audited results disclosed in the annual reports, we noted that the retail management business segment had been profitable for the three years ended 31 December 2017. We further noted that the Group recorded a segment loss for the retail management business for the six months ended 30 June 2018 of approximately HK\$40.9 million mainly resulted by increase of advertising expense and rental cost of outlets and increase of staff cost. As the Company intends to allocate the net proceeds from the Open Offer for partial repayment of bank loans in relation to the retail management business, being partial repayment of approximately HK\$187.3 million in the coming 12 months ("Outstanding Loans") and to utilize as working capital for running the retail management business, we consider that the Open Offer would improve the financial position and operation of the Group.

2. Background of and Reasons for the Open Offer

Reasons for the Open Offer and use of proceeds

The net proceeds from the Open Offer after deducting related expenses are estimated to be upto approximately HK\$81.0 million. It is intended that out of the net proceeds, (i) upto approximately HK\$50.5 million for partial repayment of bank loans in relation to the retail management business; and (ii) upto approximately HK\$30.5 million for additional working capital of the Group for running the retail management business.

As stated above, the cash level of the Group as at 30 November 2018 was approximately HK\$189.4 million. According to the management of the Group, although the cash level is enough to maintain the estimated general working capital of the Group for the next 12 months, as at 30 November 2018, the Company will need to repay the Outstanding Loans of approximately HK\$187.3 million in the coming 12 months. Accordingly, we are of the view that the Group has funding needs to repay the Outstanding Loans and maintain the operation of the Group for the next 12 months.

We concur with the Director's view that the Group is in need to raise funds to repay the Outstanding Loans. Assuming the Open Offer will proceed, the Group will be able to allocate upto approximately HK\$50.5 million for partial repayment of bank loans in relation to the retail management business, being partial repayment of the Outstanding Loans. Having recorded net liabilities of approximately HK\$36.8 million for the year ended 31 December 2017, the Open Offer would reduce the Group's liabilities and the Directors believe the possibility of able to turnaround the net current liabilities financial position of the Group.

As mentioned above, the Group intends to allocate approximately HK\$30.5 million from the Open Offer for the additional working capital of the Group for running the retail management business. With assumptions according to the management of the Group, if the cash balance of approximately HK\$189.4 million was utilised for full repayment of the Outstanding Loans of approximately HK\$187.3 million, the Group would have approximately HK\$2.1 million left for the general working capital outflow for the coming 12 months. According to the management of the Group, the Group will not have a sufficient working capital for the next 12 months after the full repayment of the Outstanding Loans. With assumptions according to the management of the Group, if the cash balance of approximately HK\$189.4 million together with the intended allocation of approximately HK\$50.5 million from the Open Offer were utilised for full repayment of the Outstanding Loans of approximately HK\$187.3 million, the Group would have HK\$52.6 million left for the general

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

working capital outflow for the coming 12 months. According to the management of the Group, although the Group will have sufficient working capital for the next 12 months after taking into account of full repayment of Outstanding Loans, the Group recorded accounts payables of approximately HK\$215.7 million as at 30 October 2018 arising from retailing business, out of which approximately HK\$132.0 million of the accounts payables is due within 60 days. Therefore, the Group does not believe that it is in the interest of the Group to fully repay the Outstanding Loans.

According to the management of the Group, the Group intends to allocate approximately HK\$50.5 million from the Open Offer for the for partial repayment of the Outstanding Loans to reduce the Group's liabilities and approximately HK\$30.5 million from the Open Offer to strengthen the estimated general working capital outflow for the coming 12 months. Having considered the cash level of the Group of approximately HK\$189.4 million as at 30 November 2018 and reviewed the Group's working capital expense breakdown for the year ending 31 December 2018, we are of the view and concur with the view of the Directors that the conduct of the Open Offer is in the interests of the Company and the Shareholders as a whole.

For those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer. Assuming none of the Offer Shares are taken up by the Qualifying Shareholders (other than the Controlling Shareholders) under the Open Offer, the shareholding interests of the existing public Shareholders in the Company will be diluted by a maximum of approximately 19.7%.

With reference to the fact that (i) the Offer Shares are offered for subscription/application under EAFs by the Qualifying Shareholders only; (ii) according to the management of the Group, the Subscription Price was determined on an arm's length principle by the Company with references to, among other things, the prevailing market price per Share which is lower than the unaudited consolidated net tangible assets per Share of approximately HK\$0.25; (iii) the proposed application of the net proceeds from the Open Offer for partial repayment of bank loans in relation to the retail management business, being partial repayment of the Outstanding Loans due in one year and for additional working capital of the Group for running the retail management business, leading to improvement of the Group's gearing ratio and strengthening of the Group's financial situation, we are of the view that it is in the interest of the Qualifying Shareholders to proceed with the Open Offer as it offers all Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Fund raising alternatives

As advised by the Directors, the Board has considered alternative means of fund raising before resolving to the Open Offer, including (i) placing of new Shares; (ii) debt financing; and (iii) rights issue. Regarding placing of new shares, the Directors are of the view that placing of new Shares would only be available to certain placees who are not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders. Regarding debt financing, the Directors consider that favourable terms in relation to debt financing on a timely basis may not be achievable and it will result in additional interest burden, higher gearing ratio of the Group and the Group will be subject to repayment obligations. Regarding rights issue, the Directors are of the view that rights issue will involve extra administrative work, time and cost for the trading arrangements in relation to the nil-paid rights sold in rights issue.

After considering the fund raising alternatives mentioned above and taking into account the pros and cons as well as costs of each of the alternatives, the Board is of the view that the Open Offer is more cost effective and efficient and beneficial to the Company and the Shareholders as a whole. With reference to the fund raising alternatives considered by the Board, we took into account that although placing of new Shares may raise a similar net proceed as the proposed Open Offer, the Open Offer allows all existing Shareholders being Qualifying Shareholders to have the opportunity to subscribe for the Shares without potentially diluting the shareholding of the existing Shareholders. In addition, having reviewed various correspondences made between the Company and the banks in relation to negotiations in debt financing, we noted the potential cost indicated by the respective interest rates proposed by each of the banks and the additional finance costs that would be incurred when compared to the Open Offer. Having reviewed the expense breakdown of the Company in the scenario of a rights issue, we noted the additional time and cost will be incurred in trading of the rights during the offer period should the Company choose to raise fund by a rights issue when compared to the Open Offer.

After taking into account the benefits and potential cost of each of the alternatives, we are of the view and concur with the view of the Directors that placing of new Shares would only be available to certain placees who are not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders. We are of the view and concur with the view of the management of the Company that the Open Offer allows the Group to reduce its gearing level and interest burden at a more cost effective and beneficial method.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Principal terms of the Open Offer

Subject to the Capital Reorganisation becoming effective, the Company proposes to raise not more than approximately HK\$83.1 million (before expenses) by way of Open Offer of a maximum of 831,221,677 Offer Shares at the Subscription Price of HK\$0.10 per Offer Share on the basis of one (1) Offer Share for every one (1) existing Share held on the Record Date. The details are set out as follows:

Issue statistics

Basis of the Open Offer:	One (1) Offer Share for every one (1) existing Share held by the Qualifying Shareholders on the Record Date
Subscription Price of the Open Offer:	HK\$0.10 per Offer Share
Number of Shares in issue as at the Latest Practicable Date:	831,221,677 Shares
Number of Offer Shares:	Not more than 831,221,677 Shares (assuming no Share will be issued or repurchased by the Company from the Latest Practicable Date up to and including the Record Date)
Aggregate nominal value of the Offer Shares:	Up to HK\$8,312,216.77 (assuming the Capital Reorganisation becoming effective)
Number of issued shares of the Company upon completion of the Open Offer:	Not more than 1,662,443,354 Shares (assuming no Share will be issued or repurchased by the Company from the Latest Practicable Date up to and including the Record Date and the provisionally allotted Offer Shares have been fully subscribed)
Amount to be raised:	Not more than approximately HK\$83.1 million before deducting related expenses

As at the Latest Practicable Date, there were 34,200,000 outstanding Options, but which are either ineligible for exercise on or before the Record Date or the respective holders of which have undertaken that they will not exercise the subscription rights attached to the Options from the date of the Announcement and up to and including the Record Date. Apart from the above, the Company has no outstanding options, convertible securities or warrants which confer the rights to subscribe for the Shares as at the Latest Practicable Date.

The Offer Shares to be issued pursuant to the terms of the Open Offer represent not more than 100% of the existing issued share capital of the Company and not more than 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of issue of the Offer Shares.)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Non-underwritten basis

The Open Offer will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Offer Shares and the level of subscription of the excess Offer Shares. In the event that the Open Offer is not fully subscribed, any Offer Shares not taken up by the Qualifying Shareholders will not be issued by the Company and the size of the Open Offer will be reduced accordingly. The legal adviser of the Company (namely Conyers Dill & Pearman) has advised that there is no minimum subscription amount required to be raised by the Open Offer under Bermuda law.

The Controlling Shareholders' obligation to make a general offer under the Takeovers Code may be triggered as a result of the acceptance by the Controlling Shareholders and/or the parties acting in concert with any of them of the Offer Shares provisionally allotted to them under the Open Offer when there is an undersubscription of the Open Offer. The Controlling Shareholders have applied to the Executive for the Whitewash Waiver. As disclosed in the paragraph headed "Conditions of the Open Offer" under the section headed "Proposed Open Offer", it is a condition of the Open Offer to have the Executive having granted (and such grant not having been withdrawn) the Whitewash Waiver to the Controlling Shareholders.

Having considered that the Open Offer will proceed on a non-underwritten basis and no underwritten commission will be payable by the Company, the lower additional cost of the Open Offer would be in the interests of the Company and the Independent Shareholders.

Subscription Price

The Subscription Price of the Offer Shares is HK\$0.10 per Offer Share, payable in full upon application of the relevant assured allotment of Offer Shares. The Subscription Price represents:

- (i) a discount of approximately 45.95% to the closing price of HK\$0.185 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 45.95% to the average closing prices of approximately HK\$0.185 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

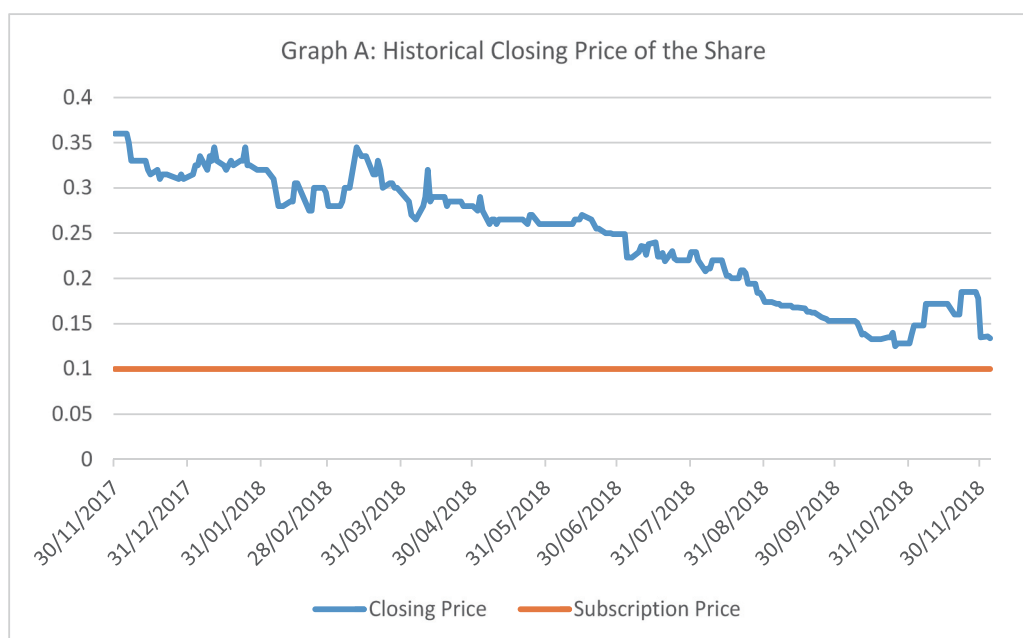
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) a discount of approximately 42.86% to the average of the closing prices of approximately HK\$0.175 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 30.07% to the theoretical ex-rights price of approximately HK\$0.143 per Share calculated based on the closing price of HK\$0.185 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 26.47% to the closing price of HK\$0.136 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 22.70% represented by the theoretical diluted price of HK\$0.143 to the benchmarked price of approximately HK\$0.185 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of HK\$0.185 per Share); and
- (vii) a discount of approximately 83.61% to the audited consolidated equity attributable to owners of the Company per Share of approximately HK\$0.61 (based on the latest published audited equity attributable to owners of the Company of HK\$508,123,000 as at 31 December 2017 and 831,221,677 Shares in issue as at the Latest Practicable Date).

As stated in the Letter from the Board, the Subscription Price was determined on an arm's length principle by the Company with reference to, among other things, the prevailing market price of the Shares, the prevalent unstable financial market conditions, the amount of the intended funding needs for ongoing business development of the Company and having considered the reasons as detailed under the section headed "Reasons for the Open Offer and use of proceeds" in the Circular.

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the closing prices and the trading liquidity of the Shares for the period from 30 November 2017, being the 12-month period prior to the date of the Announcement, up to and including the Last Trading Day ("Review Period"), being approximately one year prior to the date of the Announcement. We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices prior to the Announcement and such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the share price before the Announcement represent a fair market value of the Company the Shareholders expected, while that after the Announcement, the value may have taken into account the potential upside of the Open Offer which may distort the analysis. The chart low illustrates the daily closing price of the Shares ("Closing Price") versus the Subscription Price of HK\$0.10 per Offer Share during the Review Period:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



Source: the website of the Stock Exchange

	Total volume of the Shares traded	Number of trading days	Average daily volume (Shares)	Number of issued Shares as at end of the month (Shares)	Approximately % of average daily trading volume to the then total number of issued Shares as at end of the month
2017					
December	8,446,041	20	422,302	831,221,677	0.05%
2018					
January	10,094,912	22	458,860	831,221,677	0.06%
February	4,172,068	18	231,782	831,221,677	0.03%
March	10,203,642	21	485,888	831,221,677	0.06%
April	8,621,914	19	453,785	831,221,677	0.05%
May	5,556,432	21	264,592	831,221,677	0.03%
June	1,647,925	20	82,396	831,221,677	0.01%
July	1,754,724	21	83,558	831,221,677	0.01%
August	5,832,797	23	253,600	831,221,677	0.03%
September	7,095,910	19	373,469	831,221,677	0.04%
October	2,124,163	21	101,151	831,221,677	0.01%
November	4,912,313	22	223,287	831,221,677	0.03%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the above chart, we note that the Closing Price shows a general downward trend throughout the Review Period. During the Review Period, the highest Closing Price was HK\$0.360 recorded on 30 November 2017 and the lowest HK\$0.125 recorded on 25 October 2018. The Subscription Price of HK\$0.10 represents a discount of approximately 72.2% to the highest Closing Price during the Review Period and a discount of approximately 20.0% to the lowest Closing Price during the Review Period. The average Closing Price of the Review Period was approximately HK\$0.246, which means the Subscription Price has a discount of approximately 59.3% over the average Closing Price during the Review Period.

In order to determine whether the Subscription Price at a discount would be attractive to the Qualifying Shareholders to participate in the Open Offer, we noted as shown in the table above, the highest average daily volume was approximately 10.2 million Shares in March 2018, representing approximately 0.06% of the total number of Shares as at Latest Practicable Date. We notice that the trading liquidity of the Shares were very thin during the Review Period, with all months less than 0.1% to the then total number of issued Shares as at the end of their respective month. With reference to the thin trading liquidity of the Shares during the Review Period and the basis of one Offer Share for every existing share of the Open Offer, Qualifying Shareholders who select to take up in full the respective assured entitlements under the Open Offer would double its number of Shares. We anticipate that the Qualifying Shareholders may have difficulties in selling a significant number of Shares in the open market if the same trading pattern of the Shares persists during and after the completion of the Open Offer without exerting a downward pressure on the market price of the Shares. We are therefore of the view that the Subscription Price at a discount would provide greater opportunity for the Qualifying Shareholders to recoup the investment costs should they choose to realise them in due course. Therefore, the Subscription Price at a discount would be attractive to the Qualifying Shareholders to participate in the Open Offer.

Comparison to other open offers

In order to assess the fairness and reasonableness of the Subscription Price, we exhaustively reviewed announcements made by companies within approximately twenty-four months prior to the Announcement based on the criteria of (i) being listed on the Main Board; (ii) announcement of proposed open offer; and (iii) with application of whitewash waiver. We have identified four proposed open offers with whitewash waiver application (the “Comparables”) on the Stock Exchange.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We noted that the business activities of the Comparables may not be directly comparable to the business activities carried out by the Group. We also noted that the terms of the open offers announced by the Comparables may not be directly comparable to the terms of the Open Offer announced by the Group due to the differences in business activities and performances. However, as information for the Shareholders' general reference, we consider the Comparables to be fair and reasonable.

Date of Announcement	Company	Stock Code	Premium/(Discount) of the subscription price to the closing price on the last trading day (Approximately %)
20-Apr-2017	i-Cable Communications Limited	1097	(65.67)
9-Aug-2017	Royale Furniture Holdings Limited	1198	(9.00)
23-Nov-2017	China Nuclear Energy Technology Corporation Limited	611	3.03
27-Sep-2018	Greens Holdings Ltd	1318	(96.50)
		Maximum	3.03
		Minimum	(96.50)
		Average	(42.04)
	The Company	1049	(45.95)

Based on the above table, we noted that the subscription prices to the closing price on the last trading day prior to the announcements of the Comparables ranged from a premium of approximately 3.03% to a discount of approximately 96.50%, with an average at discount of approximately 42.04%. The discount of the Subscription Price of the Open Offer to the closing price on the Last Trading Day is approximately 45.95%, which is within the range of the Comparables and close to the average discount of the Comparables.

Taking into consideration that, (i) the Subscription Price of the Open Offer has a discount of 59.3% over the average Closing Price during the Review Period; (ii) the trading liquidity of the Shares were very thin during the Review Period and the Subscription Price at a discount may enhance the attractiveness of the Shares among the thin trading liquidity (iii) the Subscription Price is within range of the Comparables and close to the average discount of the Comparables; (iv) a review period of approximately twenty-four months prior to the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Announcement to be exhaustive for a representation of proposed open offers with whitewash waiver application in the recent market; and (v) the Directors are of the view that the discount of the Subscription Price to the recent market price of the Share is necessary to encourage the Qualifying Shareholders to participate the Open Offer, we are of the view that the setting of the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

Potential dilution effect on the interests of the Independent Shareholders

The table below depicts the possible shareholding structure of the Company as at the Latest Practicable Date and the possible changes upon completion of the Open Offer (assuming there is no other change in the shareholding structure of the Company between the Latest Practicable Date and completion date of the Open Offer):

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Open Offer (assuming the Offer Shares are fully taken up by all the Qualifying Shareholders under the Open Offer)		Immediately after completion of the Open Offer (assuming none of the Offer Shares are taken up by the Qualifying Shareholders (other than the Controlling Shareholders) under the Open Offer)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Controlling Shareholders (Notes 1 & 2)	286,027,807	34.41	572,055,614	34.41	490,283,531	47.35
Directors of the Company (Note 3)						
– Mr Law Ping Wah Bernard	27,345,312	3.29	54,690,624	3.29	27,345,312	2.64
– Mr Chan Chi Ming Benson	6,310	–	12,620	–	6,310	–
– Mr Ng Hin Sing Derek	–	–	–	–	–	–
Mr Kwan Teng Hin Jeffrey (Note 4)	–	–	–	–	–	–
The Controlling Shareholders and parties acting in concert with any of them	313,379,429	37.70	626,758,858	37.70	517,635,153	49.99
Public Shareholders	517,842,248	62.30	1,035,684,496	62.30	517,842,248	50.01
Total:	831,221,677	100.00	1,662,443,354	100.00	1,035,477,401	100.00

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. The shareholding of the Controlling Shareholders include the shareholding interests in the Company held by Cash Guardian as to 281,767,807 Shares and Dr Kwan Pak Hoo Bankee in his personal name as to 4,260,000 Shares.
2. The total number of Offer Shares to be subscribed by the Controlling Shareholders under Open Offer will be scaled down to a level such that the total number of Shares held by the Controlling Shareholders, together with the parties acting concert with any of them, upon close of the Open Offer shall not be more than 49.99% of the issued share capital of the Company. Accordingly, the Controlling Shareholders will subscribe for a maximum of 286,027,807 Offer Shares provisionally allotted to them under the Open Offer (ie not including excess application(s) for the Offer Shares which may be made by the Controlling Shareholders, if any).
3. Mr Law Ping Wah Bernard, Mr Chan Chi Ming Benson and Mr Ng Hin Seng Derek are parties acting in concert with the Controlling Shareholders by virtue of their capacity as Directors.
4. Mr Kwan Teng Hin Jeffrey is the son of Dr Kwan Pak Hoo Bankee and he is a party acting in concert with the Controlling Shareholders by virtue of his close relative relationship with Dr Kwan Pak Hoo Bankee.
5. As at the Latest Practicable Date, save as disclosed above, none of the Directors hold any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company.

Upon completion of the Open Offer, Qualifying Shareholders who elect to subscribe for their assured entitlements in full under the Open Offer will retain their current proportionate shareholding in the Company. Qualifying Shareholders who do not elect to subscribe for their assured entitlements in full under the Open Offer will be diluted after completion of the Open Offer.

In the case that none of the Qualifying Shareholders have taken up their respective entitlements under the Open Offer, assuming all Option holders undertake not to exercise the Options before the Record Date being one of the conditions of the Open Offer, shareholding interests of the public Shareholders will decrease from approximately 62.30% as at the Latest Practicable Date to approximately 50.01% immediately upon completion of the Open Offer, representing a possible dilution of approximately 19.7% in their shareholding interests arising from the Open Offer.

Application for excess Offer Shares

According to the management of the Company, to ensure that each Qualifying Shareholder will be given equal and fair opportunity to subscribe for the Offer Shares on fair and equity basis in proportion to their shareholding interest, the Qualifying Shareholders will be entitled to apply for any Offer Share in excess of their respective assured entitlements created by adding together fractions of the Offer Shares, entitlements of the Excluded Shareholders and any Offer Shares which are not taken up by other Qualifying Shareholders in excess of their own entitlements but are not assured of being allocated any Offer Shares.

Taking into account (i) all Qualifying Shareholders are offered an equal opportunity to participate in the Open Offer; (ii) the net current liabilities financial position of the group as mentioned in the section headed “Reasons for the Open Offer and use of proceeds”; (iii) the funding needs of the Group in the coming 12 months also stated under the section headed “Reasons for the Open Offer and use of proceeds”; and (iv) the opportunity to apply for any

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Offer Share in excess by Qualifying Shareholders would reduce the amount of possible dilution assuming some of the Qualifying Shareholders have not taken up their respective entitlements under the Open Offer, we are of the view that allowing for application for excess Offer Shares is justifiable.

4. Financial effects of the Open Offer

According to the unaudited pro forma financial information of the Group set out in Appendix II to the Circular, the unaudited consolidated net tangible assets, before any adjustments, of the Group attributable to owners of the Company was approximately HK\$341.2 million as at 30 June 2018.

Net tangible assets

Assuming all Option holders undertake not to exercise the Options before the Record Date being one of the conditions of the Open Offer and no other issue of Shares on or before the Record Date, (i) the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company would increase to approximately HK\$422.3 million as at 30 June 2018 upon completion of the Open Offer; and (ii) the unaudited pro forma adjusted consolidated net tangible assets per Share would decrease from approximately HK\$0.41 to approximately HK\$0.25 as at 30 June 2018.

Liquidity

According to the Annual Report 2017, as at 31 December 2017, the cash and cash equivalents of the Group was approximately HK\$209.0 million and the Group had current assets of approximately HK\$477.7 million, current liabilities of approximately HK\$514.6 million. Accordingly, the current ratio of the Group (being the current assets of the Group divided by the current liabilities of the Group) as at 31 December 2017 was approximately 0.93. Immediately upon completion of the Open Offer, the cash and cash equivalents of the Group is expected to increase by the expected net proceeds from the Open Offer of approximately HK\$81.0 million.

The current ratio of the Group will be increased from approximately 0.93 to approximately 1.09. As such, the current ratio and the liquidity of the Group will be improved upon the completion of the Open Offer.

Gearing Ratio

According to the Annual Report 2017, as at 31 December 2017, the gearing ratio of the Group (being the ratio of interest bearing borrowings of the Group divided by the total equity) was approximately 0.40. Upon completion of the Open Offer, the equity attributable to owners of Company would be enlarged by the expected net proceeds from the Open Offer of approximately HK\$81.0 million.

The gearing ratio of the Group will be improved from approximately 0.40 to approximately 0.35. As such the gearing ratio of the Group is expected to improve upon completion of the Open Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Although the unaudited pro forma adjusted consolidated net tangible assets value per Share will decrease, the Open Offer will improve (i) the liquidity position of the Group represented by current ratio; and (ii) the gearing ratio of the Group. Hence, we are of the view that the Open Offer are in the interests of the Company and the Shareholders as a whole.

Shareholders should note that the aforesaid analyses are for illustrative purpose only and do not purport to represent the financial position of the Group upon completion of the Open Offer and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of (i) the financial position of the Company as at 30 June 2018 or any future date; or (ii) the net tangible assets per Share of the Company as at 30 June 2018 or any future date.

5. Whitewash waiver

As at the Latest Practicable Date, the Controlling Shareholders and parties acting in concert with any of them, are the legal and beneficial owners of a total of 313,379,429 Shares, representing approximately 37.70% of the entire issued share capital of the Company. Assuming (i) there is no change of the number of issued Shares from the date of this letter up to and including the date of close of the Open Offer; and (ii) none of the Qualifying Shareholders other than the Controlling Shareholders have taken up their entitlements under the Open Offer and/or the excess Offer Shares applied for under the Open Offer, subject to the condition of the Undertakings that the number of Offer Shares to be applied for by the Controlling Shareholders and/or parties acting in concert with any of them shall not result in the total number of Shares held by the Controlling Shareholders, together with the parties acting in concert with any of them, upon close of the Open Offer being more than 49.99% of the issued share capital of the Company as enlarged by the Open Offer, the interests in the Company held by the Controlling Shareholders, together with the parties acting in concert with any of them, upon the close of the Open Offer will increase from the current level of approximately 37.70% to not more than approximately 49.99% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares. In the absence of the Whitewash Waiver, the Controlling Shareholders, together with the parties acting in concert with any of them, will be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code.

An application has been made by the Controlling Shareholders to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Open Offer and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are either in person or by proxy by the Independent Shareholders at the SGM. Save for the Controlling Shareholders and the parties acting in concert with any of them and those who are involved in and/or interested in the Open Offer and the Whitewash Waiver, no Shareholder is required to abstain from voting in favour of the proposed resolution approving the Whitewash Waiver at the SGM. If the Whitewash Waiver is not granted by the Executive, the Open Offer will not proceed.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our analysis of the benefits and terms of the Open Offer in this letter, we consider that the Open Offer is in the interests of the Company and the Independent Shareholders. If the Whitewash Waiver is not approved by the Independent Shareholders at the SGM, the Open Offer will not proceed and the Company will lose all the benefits that are expected to be brought by the completion of the Open Offer, i.e. to turnaround the net current liabilities of the financial position of the Group and support the general working capital of the Group. Accordingly, we are of the view that for the purposes of implementing the Open Offer, the approval of the Whitewash Waiver by the Independent Shareholders at the SGM is in the interests of the Company and the Independent Shareholders.

D. RECOMMENDATION

Having taken into consideration of the following principal factors and reasons regarding the major terms of the Open Offer and the application of Whitewash waiver including:

- (i) the proceeds from the Open Offer for partial repayments of bank loans in relation to the retail management business, being partial repayment of the Outstanding Loans may reduce the liabilities of the Group and the Directors believe the possibility of able to turnaround the net current liabilities of the Group as stated under section headed “Reasons for the Open Offer and use of proceeds” above in this letter;
- (ii) taking into account the benefits and cost of each of the alternatives, the Open Offer represents an appropriate means for fund raising to strengthen its balance sheet without facing the increasing interest expense and minimise the cost of fund raising as stated under the paragraph headed “Fund raising alternatives” above in this letter;
- (iii) the Qualifying Shareholders who intend to participate in the Open Offer might have difficulty to realise their investment after the Open Offer if the same trading pattern, that is thin trading liquidity, persists without exerting a downward pressure on the market price of the Shares, therefore investment cost of Shares is a relevant factor in assessing whether the Open Offer would be attractive to the Qualifying Shareholders, and the Subscription Price at a discount would be attractive to the Qualifying Shareholders to participate in the Open Offer as stated under the paragraph headed “Subscription Price” above in this letter;
- (iv) the Open Offer will proceed on a non-underwritten basis and no underwritten commission will be payable by the Company, lowering additional costs of the Open Offer; and
- (v) the Open Offer is conducted on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportionate interests in the Company and allows the Qualifying Shareholders to participate in the future growth of the Company, and the maximum dilution effect only occur when the Qualifying Shareholders do not subscribe for their proportionate Offer Shares,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

we are of the view that the terms of the Open Offer are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Open offer.

The Open Offer is conditional upon the approval of the Whitewash Waiver. If the Whitewash Waiver is not approved, the Open Offer will not proceed. Having taken into account our recommendation on the Open Offer above, we consider the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolution to approve the Whitewash Waiver to be proposed at the SGM.

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

Note: Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

1. FINANCIAL INFORMATION

Details of the published financial information of the Group for each of the three years ended 31 December 2015, 2016 and 2017 and six months ended 30 June 2018 were disclosed in the following documents which have been published on the websites of the Stock Exchange (*www.hkexnews.hk*) and the Company (*www.cash.com.hk*).

- Annual report of the Company for the year ended 31 December 2015 (pages 68 to 162) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0422/LTN20160422630.pdf>);
- Annual report of the Company for the year ended 31 December 2016 (pages 70 to 162) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0504/LTN20170504954.pdf>);
- Annual report of the Company for the year ended 31 December 2017 (pages 74 to 168) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0426/LTN20180426529.pdf>);
- Interim report of the Company for the six months ended 30 June 2018 (pages 1 to 19) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0913/LTN20180913606.pdf>).

During 2017, there was a deemed disposal while CFSG ceased as a subsidiary of the Group and became an associate of the Group. Due to this deemed disposal of CFSG, the Group recorded a gain of approximately HK\$262.6 million. An impairment loss on CFSG amounted to HK\$125.8 million was then recognised due to the decrease of market value of CFSG at the year end. Other than these, no other items of income or expense which are material for each of the aforesaid years and period. The Company's auditor, Deloitte Touche Tohmatsu, has not issued any qualified opinion on the Group's financial statements for the three years ended 31 December 2015, 2016 and 2017 respectively.

The Company did not declare any dividend for each of the year ended 31 December 2015, 2016, 2017 and for the six months ended 30 June 2018.

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

The following is a summary of the consolidated financial information of the Group for each of the three years ended 31 December 2015, 2016 and 2017 and six months ended 30 June 2018, as extracted from the relevant annual reports and interim report of the Company respectively:

	Year ended 31 December			Six months ended	
	2015	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Restated)	(Restated)		(Unaudited)	(Unaudited)
				(Restated)	
Continuing operations					
Revenue	1,373,930	1,443,055	1,333,041	633,968	671,621
Cost of inventories	(791,344)	(821,073)	(748,200)	(348,862)	(372,779)
Other income	6,060	8,294	10,503	4,009	3,988
Other gains and losses	55,108	74,427	14,459	1,308	(1,120)
Salaries allowances and related benefits	(187,570)	(213,468)	(243,648)	(131,529)	(125,975)
Other operating, administrative and selling expenses	(406,310)	(443,092)	(403,573)	(185,434)	(227,129)
Depreciation of property and equipment	(30,072)	(26,100)	(22,841)	(11,076)	(13,058)
Finance costs	(7,145)	(6,501)	(7,085)	(4,136)	(4,757)
Profit (loss) before loss arising from an associate and taxation	12,657	15,542	(67,344)	(41,752)	(69,209)
Share of loss of an associate	–	–	(2,938)	(109)	(17,545)
Impairment loss recognized on interest in an associate	–	–	(125,760)	–	–
Profit (loss) before taxation	12,657	15,542	(196,042)	(41,861)	(86,754)
Income tax expense	(6,197)	(6,597)	(3,715)	(1,200)	–
Profit (loss) for the year from continuing operations	6,460	8,945	(199,757)	(43,061)	(86,754)
Discontinued operation					
Gain on deemed disposal of financial services operation	–	–	262,615	262,615	–
Profit (loss) for the year from discontinued operation	11,745	(68,112)	(38,970)	(38,970)	–
Profit (loss) for the year	18,205	(59,167)	23,888	180,584	(86,754)

	Year ended 31 December			Six months ended	
	2015	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	(Unaudited)
	(Restated)	(Restated)		(Restated)	
Other comprehensive (expense) income for the year, net of income tax					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(5,179)	1,591	(941)	(208)	(168)
Reclassification of translation reserve upon loss of control of a subsidiary	–	–	552	552	–
Share of other comprehensive income of an associate	–	–	276	(57)	–
	<u>–</u>	<u>–</u>	<u>276</u>	<u>(57)</u>	<u>–</u>
	<u>(5,179)</u>	<u>1,591</u>	<u>(113)</u>	<u>287</u>	<u>(168)</u>
Total comprehensive income (expense) for the year	<u>13,026</u>	<u>(57,576)</u>	<u>23,775</u>	<u>180,871</u>	<u>(86,922)</u>
Profit (loss) for the year attributable to:					
Owners of the Company					
– from continuing operations	9,819	6,428	(201,220)	(43,742)	(83,106)
– from discontinued operation	5,410	(37,567)	246,702	246,702	–
	<u>15,229</u>	<u>(31,139)</u>	<u>45,482</u>	<u>202,960</u>	<u>(83,106)</u>
Non-controlling interests					
– from continuing operations	2,137	2,517	1,463	681	(3,648)
– from discontinued operation	839	(30,545)	(23,057)	(23,057)	–
	<u>2,976</u>	<u>(28,028)</u>	<u>(21,594)</u>	<u>(22,376)</u>	<u>(3,648)</u>
	<u>18,205</u>	<u>(59,167)</u>	<u>23,888</u>	<u>180,584</u>	<u>(86,754)</u>
Total comprehensive income (expense) for the year attributable to:					
Owners of the Company	12,245	(28,833)	45,369	204,028	(83,274)
Non-controlling interests	781	(28,743)	(21,594)	(23,157)	(3,648)
	<u>13,026</u>	<u>(57,576)</u>	<u>23,775</u>	<u>180,871</u>	<u>(86,922)</u>

	Year ended 31 December			Six months ended	
	2015	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Restated)	(Restated)		(Unaudited)	(Unaudited)
				(Restated)	
Earnings (loss) per share					
From continuing and discontinued operations					
– Basic (HK cents)	2.03	(3.75)	5.47	24.4	(10.0)
– Diluted (HK cents)	<u>2.00</u>	<u>(3.74)</u>	<u>5.47</u>	<u>24.4</u>	<u>(10.0)</u>
From continuing operations					
– Basic (HK cents)	1.30	0.77	(24.21)	(5.3)	(10.0)
– Diluted (HK cents)	<u>1.30</u>	<u>0.77</u>	<u>(24.21)</u>	<u>(5.3)</u>	<u>(10.0)</u>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 November 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

Bank borrowings

The Group had total outstanding borrowings of approximately HK\$213.8 million, comprising of (i) secured and guaranteed borrowings of approximately HK\$65.2 million and secured and guaranteed trust receipt loans of approximately HK\$69.2 million; (ii) secured and unguaranteed obligations under finance leases of approximately HK\$1.9 million; and (iii) unsecured and guaranteed borrowings of approximately HK\$77.5 million, comprising unsecured and guaranteed bank borrowings of approximately HK\$12.0 million and unsecured and guaranteed trust receipt loans of approximately HK\$65.5 million. The aforesaid guarantees were granted by the Company and/or its subsidiaries.

Pledge of assets

Trust receipts loan in aggregate of approximately HK\$69.2 million and bank borrowings of approximately HK\$65.2 million were secured by pledged bank deposits of the Group.

The Group also had outstanding obligations under finance leases of approximately HK\$1.9 million as at 30 November 2018, which were secured by motor vehicles of the Group and unguaranteed.

As at 30 November 2018, bank deposits of the Group were pledged to a bank for facilities which have not been drawn.

Contingent liabilities

As at 30 November 2018, the Group had no litigations/claims as stated in the paragraph headed “Litigation” in Appendix III to this circular. Accordingly, the Group had no contingent liabilities as at 30 November 2018.

Disclaimers

Save as aforesaid, and apart from intra-group liabilities, the Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts and loans, other loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantee or contingent liabilities, at the close of business on 30 November 2018.

The Board has confirmed that, save as disclosed above, there has not been any material change in the indebtedness or contingent liabilities of the Group since 30 November 2018.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources, including banking facilities and other borrowings available to the Group, its internally generated funds and the net proceeds from the Open Offer, the working capital available to the Group is sufficient for the Group’s requirements for at least 12 months from the date of publication of this circular.

4. MATERIAL CHANGES

As at the Latest Practicable Date, the Directors confirm that, save for the loss of approximately HK\$86.8 million as disclosed in the interim report for the six months ended 30 June 2018, there has not been any material change in the financial and trading position or outlook of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group were made up, and up to and including the Latest Practicable Date.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (“Unaudited Pro Forma Financial Information”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Open Offer on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Open Offer had taken place on 30 June 2018.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2018, as extracted from the published interim report of the Company for the six months ended 30 June 2018, and is adjusted for the effect of the Open Offer as if the Open Offer had taken place on 30 June 2018.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2018 or at any future dates immediately after the completion of the Open Offer.

	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2018	Estimated net proceeds from the Open Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Open Offer as at 30 June 2018
	<i>HK\$'000</i> <i>(Note 1)</i>	<i>HK\$'000</i> <i>(Note 2)</i>	<i>HK\$'000</i> <i>(Note 3)</i>
Based on minimum number of 204,255,724 Offer Shares to be issued	<u>341,240</u>	<u>18,326</u>	<u>359,566</u>
Based on maximum number of 831,221,677 Offer Shares to be issued	<u>341,240</u>	<u>81,022</u>	<u>422,262</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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Unaudited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 30 June 2018 before the completion of the Open Offer (<i>Note 4</i>)	<u><u>0.41</u></u>
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company immediately after completion of the Open Offer (<i>Note 5</i>)	
Based on 204,255,724 Offer Shares to be issued	<u><u>0.35</u></u>
Based on 831,221,677 Offer Shares to be issued	<u><u>0.25</u></u>

Notes:

- (1) The amount of approximately HK\$341,240,000 is determined based on the unaudited consolidated net assets of the Group attributable to owners of the Company of HK\$424,143,000 as at 30 June 2018, with adjustments to exclude goodwill and intangible assets of approximately HK\$39,443,000 and HK\$43,460,000 respectively as at 30 June 2018, extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2018 included in the interim report of the Company for the six months ended 30 June 2018 issued on 27 August 2018.
- (2) The Controlling Shareholders, as at the date of this circular, are interested in an aggregate of 286,027,807 Shares and the Controlling Shareholders have undertaken to accept up to the maximum of 286,027,807 Offer Shares. The total number of Offer Shares to be subscribed by the Controlling Shareholders will be scaled down to a level such that total number of Shares held by the Controlling Shareholders, together with the parties acting in concert with any of them, shall not be more than 49.99% of the enlarged issued share capital of the Company upon the completion of the Open Offer. Accordingly, the Controlling Shareholders together with the parties acting in concert with any of them will subscribe for a minimum of 204,255,724 Offer Shares.

The estimated net proceeds from the Open Offer of approximately HK\$18,326,000 are based on 204,255,724 Offer Shares to be issued, assuming only the Controlling Shareholders together with the parties acting in concert with any of them take up the Offer Shares at the Subscription Price of HK\$0.1 per Offer Share, and after deduction of the estimated related expenses, including among others, financial advisory fee and other professional fees, which are directly attributable to the Open Offer, of approximately HK\$2,100,000, without taking into account of any Shares which may be issued pursuant to the share option scheme or general mandate, or any Shares which may be repurchased pursuant to the general mandate.

The estimated net proceeds from the Open Offer of approximately HK\$81,022,000 are based on 831,221,677 Offer Shares to be issued, assuming the Offer Shares are fully subscribed, at the Subscription Price of HK\$0.1 per Offer Share and after deduction of the estimated related expenses, including among others, financial advisory fee and other professional fees, which are directly attributable to the Open Offer, of approximately HK\$2,100,000, without taking into account of any Shares which may be issued pursuant to the share option scheme or general mandate, or any Shares which may be repurchased pursuant to the general mandate.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Open Offer represents the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2018 plus the estimated net proceeds from the Open Offer as set out in Note 2 above.
- (4) The calculation of the unaudited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 30 June 2018 before the completion of the Open Offer is based on the unaudited consolidated net tangible assets of the HK\$341,240,000 as set out in Note 1 above divided by 831,221,677 Shares as at 30 June 2018.
- (5) Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 30 June 2018 immediately after completion of the Open Offer is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Open Offer of approximately HK\$359,566,000 or HK\$422,262,000 set out in Note 3 above, divided by 1,035,477,401 Shares or 1,662,443,354 Shares which represents
 - (i) 831,221,677 Shares in issue as at 30 June 2018; and
 - (ii) 204,255,724 Offer Shares to be issued, assuming only the Controlling Shareholders take up the Offer Shares pursuant to the Open Offer, or 831,221,677 Offer Shares to be issued, assuming the Offer Shares are fully subscribed pursuant to the Open Offer, without taking into account of any shares which may be issued pursuant to the share option scheme or general mandate, or any shares which may be repurchased pursuant to the general mandate.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2018.

The following is the text of the report dated 4 January 2019, prepared for the sale purpose of inclusion in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the Unaudited Pro Forma Financial Information of the Group.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

Deloitte.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Celestial Asia Securities Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Celestial Asia Securities Holdings Limited (“Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (“Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2018 and related notes as set out on pages II-1 to II-3 the circular issued by the Company dated 4 January 2019 (“Circular”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages II-1 to II-3 the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed open offer (“Open Offer”) on the basis of one Open Offer Share (as defined in the Circular) for one existing share held on Record Date (as defined in the Circular) at a subscription price of HK\$0.1 per Open Offer Share on the Group’s financial position as at 30 June 2018 as if the proposed Open Offer had taken place at 30 June 2018. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s condensed consolidated financial statements for the six months ended 30 June 2018, on which no auditor’s or review report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information of the Group has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
4 January 2019

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, 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 in this circular misleading.

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following completion of the Open Offer and Capital Reorganisation (assuming no further issue of Shares from the Latest Practicable Date up to completion of the Open Offer and Capital Reorganisation) was and will be as follows:

As at the Latest Practicable Date

		<i>HK\$</i>
<i>Authorised:</i>		
<u>3,000,000,000</u>	Shares of HK\$0.10 each	<u>300,000,000.00</u>
<i>Issued and fully paid:</i>		
<u>831,221,677</u>	Shares of HK\$0.10 each	<u>83,122,167.70</u>

Immediately after completion of the Open Offer and Capital Reorganisation

HK\$

Authorised:

<u>3,000,000,000</u>	Shares of HK\$0.01 each	<u>30,000,000.00</u>
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Maximum number of Offer Shares to be issued:

<u>831,221,677</u>	Shares of HK\$0.01 each	<u>8,312,216.77</u>
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Issued and fully paid:

<u>831,221,677</u>	Shares of HK\$0.01 each	<u>8,312,216.77</u>
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Maximum number of Shares in issue immediately upon completion of the Open Offer and Capital Reorganisation:

<u>1,662,443,354</u>	Shares of HK\$0.01 each	<u>16,624,433.54</u>
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All of the Offer Shares to be issued will rank pari passu in all respects with all the Shares in issue as at the date of allotment and issue of the Offer Shares including rights to dividends, voting and return of capital. The Offer Shares to be issued will be listed on the Stock Exchange.

As at the Latest Practicable Date, there were 34,200,000 outstanding Options. Save as disclosed, the Company had no outstanding options, convertible securities, warrants or derivatives in issue which confer any right to subscribe for, convert or exchange into Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Offer Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are/will be waived or agreed to be waived.

The number of Shares in issue as at 31 December 2017, being the date to which the latest audited financial statements of the Company were made up, was 831,221,677. No Shares had been issued since 31 December 2017 until the Latest Practicable Date.

3. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price of Shares (HK\$)
31 May 2018	0.260
29 June 2018	0.249
31 July 2018	0.229
31 August 2018	0.174
28 September 2018	0.153
31 October 2018	0.128
28 November 2018 (Last Trading Day)	0.185
30 November 2018	0.135
31 December 2018	0.138
2 January 2019 (Latest Practicable Date)	0.136

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.270 on 15 June 2018 and HK\$0.125 on 25 October 2018 respectively.

4. DISCLOSURE OF INTERESTS

(a) Interests of the Directors and chief executive in the Shares or securities of the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or 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 were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

A. The Company

- (i) Long positions in the ordinary Shares of HK\$0.10 each

Name of Director	Capacity/nature of interest	Number of Shares interested		Approximate percentage of the existing issued share capital of the Company (%)
		Personal	Corporate interest	
Kwan Pak Hoo Bankee	Beneficial owner and interested in a controlled corporation	4,260,000	281,767,807*	34.41
Law Ping Wah Bernard	Beneficial owner	27,345,312	–	3.29
Chan Chi Ming Benson	Beneficial owner	6,310	–	–

* The Shares were held by Cash Guardian (which was 100% beneficially owned by Dr Kwan Pak Hoo Bankee). Dr 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 item (c) below.

(ii) Long positions in the underlying shares

Name	Date of grant	Exercise period	HK\$	Number of	Percentage to
				Options held as at the Latest Practicable Date	issued shares as at the Latest Practicable Date
					(%)
Kwan Pak Hoo Bankee	18/12/2015	18/12/2015 – 31/12/2019	0.460	8,000,000	0.96
Law Ping Wah Bernard	18/12/2015	18/12/2015 – 31/12/2019	0.460	4,800,000	0.57
Ng Hin Sing Derek	18/12/2015	18/12/2015 – 31/12/2019	0.460	4,800,000	0.57
Kwan Teng Hin Jeffrey (Note)	18/12/2015	18/12/2015 – 31/12/2019	0.460	4,800,000	0.57

Note: Mr Kwan Teng Hin Jeffrey is not a Director. He is the son of Dr Kwan Pak Hoo Bankee and is a party acting in concert with the Controlling Shareholders by virtue of his close relative relationship with Dr Kwan Pak Hoo Bankee.

B. Associated corporation (within the meaning of SFO)*CFSG*

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

Name of Director	Capacity/nature of interest	Number of shares interested		Approximate percentage of the existing issued share capital of CFSG (%)
		Personal	Corporate interest	
Kwan Pak Hoo Bankee	Interest in a controlled corporation	–	1,667,821,069*	33.65
Chan Chi Ming Benson	Beneficial owner	10,924,000	–	0.22

* *The shares were held by Celestial Investment Group Limited, 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 Dr Kwan Pak Hoo Bankee, details of which were disclosed in the item (c) below. Pursuant to the SFO, Dr Kwan Pak Hoo Bankee was deemed to be interested in all the shares held by Celestial Investment Group Limited in CFSG.*

(ii) Long positions in the underlying shares

Name	Date of grant	Exercise period	HK\$	Number of options held as at the Latest Practicable Date	Percentage to issued shares as at the Latest Practicable Date
					(%)
Kwan Pak Hoo Bankee	3/12/2015	3/12/2015 – 31/12/2019	0.315	40,000,000	0.80
	31/8/2017	1/1/2018 – 31/12/2020	0.253	49,000,000	0.98
Law Ping Wah Bernard	3/12/2015	3/12/2015 – 31/12/2019	0.315	40,000,000	0.80
	31/8/2017	1/1/2018 – 31/12/2020	0.253	49,000,000	0.98
Chan Chi Ming Benson	31/8/2017	1/1/2018 – 31/12/2020	0.253	49,000,000	0.98
Ng Hin Sing Derek	3/12/2015	3/12/2015 – 31/12/2019	0.315	16,000,000	0.32

As at the Latest Practicable Date,

- (i) Pursuant to the Undertakings given by the Controlling Shareholders, details of which as set out in the section headed “Undertakings by the Controlling Shareholders”, the Controlling Shareholders intended to accept the Offer Shares, in respect of their own beneficial shareholdings in the Company; and
- (ii) Mr Law Ping Wah Bernard and Mr Chan Chi Ming Benson, being executive Directors, intended to accept the Offer Shares, in respect of their own beneficial shareholdings in the Company.

(b) Dealings of Directors and chief executive in the Shares or securities of the Company

There were no dealings of Shares by the Directors during the Relevant Period.

(c) Interests of the substantial Shareholders in the Shares or securities of the Company

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no persons (other than the Directors or chief executive of the Company) who had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, 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 held any option in respect of such capital:

Name	Capacity/nature of interest	Number of Shares interested	Approximate percentage of the existing issued share capital of the Company (%)
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	77,404,926	9.31

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 Dr Kwan Pak Hoo Bankee. Pursuant to the SFO, Dr Kwan Pak Hoo Bankee and Hobart Assets Limited were deemed to be interested in the Shares held by Cash Guardian.
- (2) Dr Kwan Pak Hoo Bankee (a Director whose interests is 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 item 4(a) above.
- (3) The Shares were held as to 19,631,226 in his personal name, as to 42,114,150 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang Shui Ming), and 15,659,550 held by him as nominee under a power of attorney. Pursuant to the SFO, Mr Wang Shui Ming was deemed to be interested in all these Shares.

(d) Interests in Cash Guardian

As at the Latest Practicable Date, save as Dr Kwan Pak Hoo Bankee's 100%-owned beneficial interest in Cash Guardian as disclosed in the above paragraph headed "4(a) Interests of the Directors and chief executive in the Shares or securities of the Company" in this Appendix:

- (i) none of the Company or any of the Directors was interested in any shares, convertible securities, warrants, options or derivatives in respect of the shares of Cash Guardian; and
- (ii) none of the Company and the Directors had owned or controlled, or had dealt for value in, any shares or any convertible securities, warrants, options or derivatives in respect of the shares of Cash Guardian during the Relevant Period.

(e) Dealings and interest of the Controlling Shareholders and parties acting in concert with any of them in the Shares or securities of the Company

As at the Latest Practicable Date, neither the Controlling Shareholders nor any parties acting in concert with any of them:

- (a) save for the Shares and the Options as set out in the above paragraph headed "4(a) Interests of the Directors and chief executive in the Shares or securities of the Company" in this Appendix, owns, controls or has direction over any Shares and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) has received any irrevocable commitment to vote for or against the Open Offer and/or the Whitewash Waiver;
- (c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) save for the Undertakings given by the Controlling Shareholders, details of which as set out in the paragraph headed "Undertakings by the Controlling Shareholders" in the Letter from the Board in this circular, has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Open Offer and/or the Whitewash Waiver, with any other persons;
- (e) save that the Open Offer is conditional upon obtaining of the Whitewash Waiver by the Controlling Shareholders as set out in the paragraph headed "Undertakings by the Controlling Shareholders" in the Letter from the Board in this circular, has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Open Offer and/or the Whitewash Waiver;

- (f) has dealt in any securities of the Company during the Relevant Period; or
- (g) has entered into any derivative in respect of the securities in the Company which are outstanding.

5. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

- (a) Save as disclosed in the paragraph headed “4. DISCLOSURE OF INTERESTS” in this Appendix, during the Relevant Period, none of the Directors had owned or controlled, or had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.
- (b) During the Relevant Period,
 - (i) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code had owned or controlled, or had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
 - (ii) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
 - (iii) none of the Company nor any Directors had borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company, save for any borrowed shares which have been either on-lent or sold.

6. OTHER ARRANGEMENTS RELATING TO THE OPEN OFFER

As at the Latest Practicable Date, save for the Undertakings given by the Controlling Shareholders, details of which as set out in the paragraph headed “Undertakings by the Controlling Shareholders” in the Letter from the Board in this circular, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate”, and any other person.

7. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Open Offer and the Whitewash Waiver;
- (b) save that the Open Offer is conditional upon obtaining of the Whitewash Waiver by the Controlling Shareholders as set out in the paragraph headed “Undertakings by the Controlling Shareholders” in the Letter from the Board in this circular, there was no agreement or arrangement between any Director and any other person which was conditional or dependent upon the outcome of the Open Offer and the Whitewash Waiver or otherwise connected with the Open Offer and the Whitewash Waiver; and
- (c) save for the Undertakings given by the Controlling Shareholders, details of which as set out in the section headed “Undertakings by the Controlling Shareholders” in the Letter from the Board in this circular, there was no material contract entered into by Cash Guardian in which any Director had a material personal interest.

8. SERVICE CONTRACTS OF DIRECTORS

Mr Ng Hin Sing Derek, an executive Director, has entered into a service agreement with the Company for a term of two years with effect from 5 August 2013 and shall be terminated by three months’ prior notice in writing served by either party on the other. The service agreement would be renewable automatically for successive terms of two years upon expiry of the then current term of the appointment. The service agreement has since been renewed twice. Mr Ng is subject to the retirement by rotation and re-election pursuant to the bye-laws of the Company. He is currently entitled to receive a monthly salary of HK\$95,000 and is subject to payment of variable pay as may be determined by, and at the discretion of, the Board from time to time.

Mr Chan Chi Ming Benson, an executive Director, has entered into a service agreement with the Company for a term of three years with effect from 16 March 2018 and shall be terminated by three months’ prior notice in writing served by either party on the other. The service agreement would be renewable automatically for successive terms of three years upon expiry of the current term of the appointment. Mr Chan is subject to the retirement by rotation and re-election pursuant to the bye-laws of the Company. He is currently entitled to receive a monthly salary of HK\$75,000 and is subject to payment of variable pay as may be determined by, and at the discretion of, the Board from time to time.

Mr Chan Chi Ming Benson, an executive director of CFSG (being the associated company of the Company), has entered into a service agreement with the Company for a term of three years with effect from 25 July 2017 and shall be terminated by three months’ prior notice in writing served by either party on the other. The service agreement would be renewable automatically for successive terms of three years upon expiry of the current term of the appointment. Mr Chan is subject to the retirement by rotation and re-election pursuant to the bye-laws of CFSG. He is currently entitled to receive a monthly salary of HK\$165,000 and is subject to payment of variable pay as may be determined by, and at the discretion of, the board from time to time.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any of its subsidiaries or associated companies in force which:

- (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the commencement of the offer period;
- (b) are continuous contracts with a notice period of 12 months or more;
- (c) are fixed term contracts with more than 12 months to run irrespective of the notice period; or
- (d) is not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other company in the Group was 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. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE OPEN OFFER

Registered office of the Company	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
Principal share registrar and transfer office	Conyers Corporate Services (Bermuda) Limited 2 Church Street Hamilton HM 11 Bermuda
Branch share registrar and transfer office in Hong Kong	Tricor Standard Limited 22/F Hopewell Centre 183 Queen's Road East Hong Kong

Authorised representatives	<p>Kwan Pak Hoo Bankee</p> <p>Law Ping Wah Bernard (alternate: Luke Wing Sheung Suzanne, <i>a fellow of the Institute of Chartered Secretaries and Administrators</i>)</p> <p>The addresses of Dr Kwan, Mr Law and Ms Luke are 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong.</p>
Company secretary	<p>Luke Wing Sheung Suzanne, <i>a fellow of the Institute of Chartered Secretaries and Administrators</i></p>
Audit committee	<p>Leung Ka Kui Johnny <i>(chairman of the audit committee)</i> Wong Chuk Yan Chan Hak Sin</p>
Remuneration committee	<p>Leung Ka Kui Johnny <i>(chairman of the remuneration committee)</i> Wong Chuk Yan Kwan Pak Hoo Bankee</p>
Auditors	<p>Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F One Pacific Place 88 Queensway Hong Kong</p>
Independent Financial Adviser	<p>Vinco Capital Limited Unit 4909–4910, 49/F The Center 99 Queen’s Road Central Hong Kong</p>
Financial Adviser to the Controlling Shareholders	<p>Celestial Capital Limited 21/F Low Block Grand Millennium Plaza 181 Queen’s Road Central Hong Kong</p>

Principal bankers

China Construction Bank (Asia) Corporation
Limited
28/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

Chong Hing Bank Limited
Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong

CTBC Bank Co. Ltd.
28/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Industrial and Commercial Bank of China (Asia)
Limited
34/F, ICBC Tower
3 Garden Road
Central
Hong Kong

Nanyang Commercial Bank, Limited
151 Des Voeux Road Central
Hong Kong

OCBC Wing Hang Bank, Limited
161 Queen's Road Central
Hong Kong

Shanghai Commercial Bank Limited
Shanghai Commercial Bank Tower
12 Queen's Road Central
Hong Kong

The Hong Kong and Shanghai Banking Corporation
Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

	CMB Wing Lung Bank Limited CMB Wing Lung Bank Building 45 Des Voeux Road Central Hong Kong
Legal advisors (as to Hong Kong law)	Sidley Austin Level 39, Two International Finance Centre 8 Finance Street Central Hong Kong
Legal advisors (as to Bermuda law)	Conyers Dill & Pearman 29 th Floor, One Exchange Square 8 Connaught Place Central Hong Kong

11. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Name	Address
<i>Executive Directors</i>	
Dr KWAN Pak Hoo Bankee (Chairman and CEO)	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Mr LAW Ping Wah Bernard (Executive Director)	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Mr CHAN Chi Ming Benson (Executive Director)	21/F Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Mr NG Hin Sing Derek (Executive Director)	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong

Independent Non-executive Directors

Mr LEUNG Ka Kui Johnny	16/F, The Chinese Bank Building 61 Des Voeux Road Central Hong Kong
Mr WONG Chuk Yan	1-11 Burkebrook Place East York Ontario Canada M4G 0A4
Dr CHAN Hak Sin	Department of Marketing and Management Hang Seng Management College Shatin New Territories Hong Kong

Senior Management

Mr LEUNG Siu Pong James	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Prof. CHAN Kwok Hung Hilton	506, 5/F, 12 Science Park West Avenue Hong Kong Science Park New Territories Hong Kong
Dr MA Ka Chun Alfred	506, 5/F, 12 Science Park West Avenue Hong Kong Science Park New Territories Hong Kong
Mr LI Shing Wai Lewis	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Ms LUKE Wing Sheung Suzanne	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong

Mr TAM Ting Pong Boris	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Ms LEUNG Pui Kwan Amy	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Mr CHICK Wing Kwong Tobjorn	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong
Ms LAW Chiu Mei Carrie	28/F Manhattan Place 23 Wang Tai Road Kowloon Bay Hong Kong

12. MATERIAL CONTRACTS

The following contracts are contracts that are or may be material, not being contracts entered into during the ordinary course of business, and have been entered into by the Group within two years preceding the date of the Announcement:

- (a) the termination agreement dated 29 March 2017 entered into among CIGL, Ever Billion Group Limited (“Ever Billion”) and the Company in relation to the termination of the sale and purchase agreement dated 8 September 2016 relating to the sale and purchase of 1,500,000,000 shares in CFSG;
- (b) the conditional share subscription agreement dated 29 March 2017 entered into between CFSG (a non-wholly-owned subsidiary of the Company as at the date of the conditional share subscription agreement) and Ever Billion in relation to the subscription of 826,000,000 new shares in CFSG at subscription price of HK\$0.28 per share; and
- (c) the placing agreement dated 26 May 2017 entered into between CFSG (a non-wholly-owned subsidiary of the Company as at the date of the placing agreement) and the placing agent in relation to the placing of the convertible bonds with an aggregate principal amount of up to HK\$620,000,000 at the initial conversion price of HK\$0.31 per share in CFSG.

13. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Vinco Capital	A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu and Vinco Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of their reports or letters or their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu and Vinco Capital does not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu and Vinco Capital does not have any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017, being the date up to which the latest published audited consolidated accounts of the Company was made up.

14. MISCELLANEOUS

- (a) The registered office of Cash Guardian is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (b) The address of Dr Kwan Pak Hoo Bankee is at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong.
- (c) The address of Mr Kwan Teng Hin Jeffrey is at 21/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.
- (d) The registered office of Hobart Assets Limited is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town Tortola, VG1110, British Virgin Islands.
- (e) The English text of this circular shall prevail over the Chinese text.

15. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, printing and translation costs, registration fees, legal and accountancy charges and other fees are estimated to be approximately HK\$2.1 million and will be payable by the Company.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 am to 5:00 pm (other than Saturdays, Sundays and public holidays) 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; (ii) on the website of the SFC (*www.sfc.hk*); and (iii) on the website of the Company (*www.cash.com.hk*) during the period from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Undertakings;
- (c) the annual reports of the Company for the two years ended 31 December 2016 and 2017;
- (d) the interim report of the Company for the six months ended 30 June 2018;
- (e) the letter from the Board to the Shareholders, the text of which is set out from pages 7 to 30 of this circular;
- (f) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 31 to 32 of this circular;
- (g) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 33 to 54 of this circular;
- (h) the assurance report on unaudited pro forma financial information of the Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this circular;
- (i) the service contracts referred to in the paragraph headed “Services Contracts of Directors” in this Appendix;
- (j) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix;
- (k) the written consent referred to in the paragraph headed “Qualifications and Consents of Experts” 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 30 January 2019 (Wednesday) at 9:30 am for the purpose of considering and, if thought fit, passing the following resolutions (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular (“Circular”) of the Company dated 4 January 2019:

ORDINARY RESOLUTIONS

1. **“THAT** subject to the satisfaction of the conditions of the Open Offer (as defined below) as set out on pages 14 to 15 of the Circular:
 - (a) the Open Offer on the basis of one (1) Offer Share for every one (1) existing Share (“Open Offer”) to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date (other than those shareholders (“Excluded Shareholders”) with registered addresses outside Hong Kong whom the Directors, after making relevant enquires, consider their exclusion from the Open Offer to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) at the subscription price of HK\$0.10 per Offer Share and the transactions contemplated thereunder on the terms and conditions set out in the Circular, be and are hereby approved;
 - (b) the Directors be and are hereby authorised to allot and issue the Offer Shares pursuant to or in connection with the Open Offer notwithstanding the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to the Excluded Shareholders as they may deem necessary, desirable or expedient having regard to any restrictions or obligations under the bye-laws of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong;
 - (c) any one or more Directors be and are hereby authorised to sign or execute such documents and do all such acts and things in connection with the allotment and issue of the Offer Shares, the implementation of the Open Offer, to give effect to or in connection with the Open Offer, or any transaction contemplated thereunder.”

* *For identification purpose only*

NOTICE OF THE SGM

2. **“THAT** the terms of the waiver (“Whitewash Waiver”) granted or to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission to the Controlling Shareholders and parties acting in concert with any of them pursuant to Note 1 on the Dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers from an obligation to make a general mandatory offer for all the issued shares of the Company (other than those owned or agreed to be acquired by the Controlling Shareholders and parties acting in concert with any of them) as a result of the subscription of the Offer Shares be and are hereby approved and any one or more Directors be and are hereby authorised to do all such things and acts and execute all documents which they consider necessary, desirable or expedient to implement or to give effect to any matters relating to the Whitewash Waiver.”

SPECIAL RESOLUTION

3. **“THAT** subject to and conditional upon (i) the listing committee of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) granting the listing of, and permission to deal in, the New Shares (as defined below); (ii) compliance with the requirements of section 46(2) of the Companies Act 1981 of Bermuda in respect of the Capital Reduction (as defined below); and (iii) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required to effect the Capital Reorganisation (as defined below), with effect from the first business day immediately following the date on which this resolution is passed:
- (a) the issued share capital of the Company be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Shares such that the par value of each issued Share will be reduced from HK\$0.10 to HK\$0.01 (“New Shares”) (“Capital Reduction”);
 - (b) subject to and immediately upon the Capital Reduction taking effect, all the authorised but unissued share capital of the Company (which shall include the authorised but unissued share capital arising from the Capital Reduction) be cancelled in its entirety and forthwith upon such cancellation, the authorised share capital of the Company be increased to HK\$30,000,000 by the creation of such number of additional New Shares as shall be sufficient to increase the authorised share capital of the Company to HK\$30,000,000 divided into 3,000,000,000 New Shares (“Diminution and Increase”, together with the Capital Reduction, the “Capital Reorganisation”);
 - (c) the credit arising from the Capital Reduction be credited to the contributed surplus account of the Company;
 - (d) the amount standing to the credit of the contributed surplus account of the Company be applied to set off the accumulated losses of the Company and/or be applied in any other manner as may be permitted under the bye-laws of the Company and all applicable laws and rules (including the Listing Rules) as the Board may determine; and

NOTICE OF THE SGM

- (e) the Directors be hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under the common seal of the Company where applicable, as they may consider necessary or expedient to give effect to or in connection with the implementation of the Capital Reorganisation comprising the Capital Reduction and the Diminution and Increase.”

By order of the Board
Suzanne W S Luke
Company Secretary

Hong Kong, 4 January 2019

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 vote on his behalf. A proxy needs not be a member of the Company. A form of proxy for the SGM is also enclosed.
2. In order to be valid, the form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, 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 SGM or any adjournment thereof.
3. In order to qualify for attending and voting at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the branch share registrar of the Company, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 pm on 24 January 2019.