
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Celestial Asia Securities Holdings Limited (“Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

**GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES,
APPROVAL FOR REFRESHMENT OF THE SCHEME MANDATE LIMIT OF
CASH FINANCIAL SERVICES GROUP LIMITED,
RE-ELECTION OF THE RETIRING DIRECTORS,
CONTINUING CONNECTED TRANSACTIONS
– FINANCIAL ASSISTANCE
AND
NOTICE OF ANNUAL GENERAL MEETING**

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

VEDA | CAPITAL
智 略 資 本

A notice convening an annual general meeting of the Company to be held at Salon 6, Level III, JW Marriott Hotel Hong Kong, 88 Queensway, Hong Kong on 26 May 2014, Monday, at 10:00 am is set out on pages 48 to 53 of this circular. A letter from Veda Capital (as defined herein) containing its advice to the Independent Board Committee (as defined herein) and the Independent Shareholders (as defined herein) in relation to the Margin Financing Arrangement (as defined herein) is set out on pages 23 to 31 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

17 April 2014

CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	
Introduction	6
A. The Repurchase Mandate	7
B. The Share Issue Mandate	10
C. Refreshment of the CFSG Scheme Mandate Limit	10
D. Re-election of the retiring Directors	12
E. The Margin Financing Arrangement	13
F. The AGM	19
G. Documents available for inspection	19
H. Responsibility statement	20
I. Recommendation	20
Letter from the Independent Board Committee	21
Letter from Veda Capital	23
Appendix I — Details of the retiring Directors proposed to be re-elected at the AGM	32
Appendix II — General information	40
Notice of the AGM	48

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Salon 6, Level III, JW Marriott Hotel Hong Kong, 88 Queensway, Hong Kong on 26 May 2014, Monday, at 10:00 am
“Announcement”	the joint announcement made by the Company and CFSG on 27 March 2014 in respect of, among other things, the Margin Financing Arrangement
“associates”	has the same meaning ascribed in the Listing Rules
“Board”	the board of Directors
“Cash Guardian”	Cash Guardian Limited, a company incorporated in the British Virgin Islands and a company controlled by Mr Kwan Pak Hoo Bankee (an executive director of the Company)
“Celestial Securities”	Celestial Securities Limited, a company incorporated with limited liability in Hong Kong, and is a non-wholly-owned subsidiary of the Company (held through CFSG). It is a licensed corporation under the SFO, which is engaged in type 1 (dealing in securities) regulated activity
“CEO”	the chief executive officer of the Company
“CFSG”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange. It is a non-wholly-owned subsidiary of the Company
“CFSG AGM”	the annual general meeting of CFSG to be held at Salon 6, Level III, JW Marriott Hotel Hong Kong, 88 Queensway, Hong Kong on 26 May 2014, Monday, at 9:30 am
“CFSG Board”	the board of directors of CFSG

DEFINITIONS

“CFSG Director(s)”	the director(s) of CFSG
“CFSG Group”	CFSG and its subsidiaries
“CFSG Options”	share options granted or to be granted by the CFSG Directors under the CFSG Option Scheme
“CFSG Option Scheme”	the share option scheme of CFSG adopted by CFSG Shareholders at its special general meeting held on 22 February 2008 (which took effect on 3 March 2008)
“CFSG Scheme Mandate Limit”	the maximum number of CFSG Shares which may be issued upon the exercise in full of options available to be granted by the CFSG Directors on behalf of CFSG from time to time under the CFSG Option Scheme
“CFSG Shareholders”	shareholders of CFSG
“CFSG Share(s)”	share(s) of HK\$0.02 each in the share capital of CFSG
“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 whose Shares are listed on the main board of the Stock Exchange
“Conditions”	the conditions of the Margin Financing Agreements as set out in the sub-heading of “Duration and terms and conditions” under the heading of “Margin Financing Agreements”
“Connected Clients”	Mr Tsui Wing Cheong Sammy, Mr Ng Hin Sing Derek, Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna, who are either directors of the Group and/or the CFSG Group and/or their respective associates, as more particularly set out in the section “Margin Financing Arrangement” in this circular

DEFINITIONS

“Director(s)”	director(s) of the Company
“Existing Margin Financing Arrangement”	the existing margin financing facility extended by Celestial Securities to certain connected clients under the existing margin financing agreements dated 14 December 2012 as approved by independent shareholders of CFSG on 22 January 2013, particulars of which are set out in the section of “The Existing Margin Financing Arrangement” in this circular
“Group”	the Company and its subsidiaries, including the CFSG Group
“Independent Board Committee”	an independent board committee of the Company comprising the independent non-executive Directors, namely Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin to advise the Independent Shareholders on the Margin Financing Arrangement
“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a licensed corporation to carry out business in type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Margin Financing Arrangement
“Independent Shareholders”	the Shareholders, other than the relevant interested Shareholders and their respective associates required to abstain from voting on their related resolutions approving the Margin Financing Arrangement, as set out under the heading “General” in section of the “Letter from the Board” on pages 17 to 18 of this circular
“Latest Practicable Date”	14 April 2014, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Margin Financing Agreements”	the written margin financing agreements all dated 27 March 2014 on same terms and conditions as disclosed in this circular between Celestial Securities with each of the Connected Clients relating to, subject to the Conditions, the proposed granting of the margin financing facility to each of the Connected Clients
“Margin Financing Arrangement”	the granting of margin financing facility by Celestial Securities to the Connected Clients, subject to the Conditions, pursuant to the Margin Financing Agreements
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan
“Prime Rate”	the prevailing prime lending rate being offered by The Hongkong and Shanghai Banking Corporation Limited
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase Shares during the period up to a maximum of 10% of the issued share capital of the Company as at the date of the passing of the resolution approving the Repurchase Mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with Shares during the period up to a maximum of 20% of the issued share capital of the Company as at the date of the passing of the resolution approving the Share Issue Mandate
“Shareholder(s)”	shareholder(s) of the Company

DEFINITIONS

“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meanings ascribed to it under the Listing Rules
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

Executive Directors

KWAN Pak Hoo Bankee
TSUI Wing Cheong Sammy
LAW Ping Wah Bernard
NG Hin Sing Derek

Registered office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors

LEUNG Ka Kui Johnny
WONG Chuk Yan
CHAN Hak Sin

Principal place of business

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

17 April 2014

To Shareholders

Dear Sir/Madam,

**GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES,
APPROVAL FOR REFRESHMENT OF THE SCHEME MANDATE LIMIT OF
CASH FINANCIAL SERVICES GROUP LIMITED,
RE-ELECTION OF THE RETIRING DIRECTORS,
CONTINUING CONNECTED TRANSACTIONS
– FINANCIAL ASSISTANCE
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with:

- (a) information on the proposal to grant to the Directors the Repurchase Mandate which is required under rule 10.06(1)(a)(iii) of the Listing Rules to be approved by Shareholders by a specific or general approval;

LETTER FROM THE BOARD

- (b) information on the proposal to grant to the Directors the Share Issue Mandate;
- (c) information on the refreshment of the CFSG Scheme Mandate Limit which is required under rules 17.01(4) and 17.03(3) of the Listing Rules to be approved by Shareholders in general meeting;
- (d) information on the re-election of the retiring Directors;
- (e) information on the Margin Financing Arrangement which is required under Chapter 14A of the Listing Rules to be approved by the Independent Shareholders in general meeting; and
- (f) the notice of the AGM at which ordinary resolutions will be proposed to approve, inter alia, the Repurchase Mandate, the Share Issue Mandate, the approval for the refreshment of the CFSG Scheme Mandate Limit, the re-election of the retiring Directors and the Margin Financing Arrangement.

A. THE REPURCHASE MANDATE

At the annual general meeting of the Company held on 27 May 2013, a general mandate was given by the Shareholders to the Directors to exercise the powers of the Company to repurchase Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution. Under the Listing Rules, such general mandate will lapse at the conclusion of the AGM. The Company is proposing an ordinary resolution in the AGM for granting the general mandate to the Directors to repurchase Shares up to 10% of the issued Shares of the Company as at the day of passing the resolution.

This circular statement contains all the information in relation to the Repurchase Mandate required pursuant to the Listing Rules which is set out as follows:

1. Reason for Share Repurchase

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares in the Company on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

LETTER FROM THE BOARD

The exercise of the Repurchase Mandate in full might have a material adverse impact on the working capital and gearing position of the Company as compared with that disclosed in its most recent published audited accounts as at 31 December 2013. However, the Directors will not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

2. Share Capital

As at the Latest Practicable Date, the Company has 554,147,785 Shares in issue and issued share capital of HK\$55,414,778.50.

On that basis and assuming no further Shares will be issued prior to the AGM, the exercise of the Repurchase Mandate in full would result in up to 55,414,778 Shares (representing 10% of the issued share capital of the Company as at the date of passing of the ordinary resolution) representing share capital of HK\$5,541,477.80 being repurchased by the Company. Such Repurchase Mandate, if passed, will continue in force until the conclusion of the next annual general meeting of the Company following the passing of the resolution referred to herein or the revocation of the Repurchase Mandate by an ordinary resolution of the Shareholders.

3. Funding Of Repurchase

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

LETTER FROM THE BOARD

4. Marketing Prices

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2013		
April	0.533	0.380
May	0.490	0.335
June	0.420	0.300
July	0.380	0.280
August	0.380	0.330
September	0.485	0.330
October	0.530	0.420
November	0.480	0.420
December	0.455	0.380
2014		
January	0.520	0.395
February	0.475	0.400
March	0.465	0.410
April (up to the Latest Practicable Date)	0.455	0.425

5. Share Repurchases Made By The Company

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

6. General

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

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

As at the Latest Practicable Date, Cash Guardian, the single largest substantial Shareholder, and the parties acting in concert with it (with the meaning ascribed thereto under the Takeovers Code) and their associates collectively were beneficially interested in 179,645,205 Shares representing approximately 32.42% of the issued share capital of the Company. In the event that the Directors exercised the Repurchase Mandate in full in

LETTER FROM THE BOARD

accordance with the terms of the ordinary resolution to be proposed at the AGM, the interest of the substantial Shareholder and the parties acting in concert with it together with their associates in the Company would be increased to approximately 36.02% of the issued share capital, in which case, such increase may give rise to an obligation of the substantial Shareholder to make a mandatory general offer under rules 26 and 32 of the Takeovers Code. However, the Directors have no intention to exercise the Repurchase Mandate to such an extent that it will trigger the mandatory general offer under rules 26 and 32 of the Takeovers Code. The number of Shares held by the public will still be maintained at above 25% of the total number of Shares in issue in the event of exercise of the Repurchase Mandate in full.

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

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

B. THE SHARE ISSUE MANDATE

At the annual general meeting of the Company held on 27 May 2013, a general mandate was given by the Company to the Directors to exercise the powers of the Company to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution and such general mandate was extended by adding to it the aggregate nominal amount of any Shares repurchased by the Company under the authority to repurchase Shares granted on that date. Such general mandate will also lapse at the conclusion of the AGM.

The Board proposes to seek Shareholder's approval at the AGM to grant to the Directors the Share Issue Mandate. As at the Latest Practicable Date, the Company has an aggregate of 554,147,785 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the Share Issue Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the Company will be allowed under the Share Issue Mandate to issue and allot up to 110,829,557 Shares, being 20% of the total number of Shares in issue as at the Latest Practicable Date. At the AGM, an ordinary resolutions will also be proposed for authorizing an extension of the limit of the Share Issue Mandate so granted by adding to it the number of Shares repurchased by the Company under the Repurchase Mandate, if grant.

C. REFRESHMENT OF THE CFSG SCHEME MANDATE LIMIT

As the Company is the holding company of CFSG, the refreshment of the CFSG Scheme Mandate Limit by CFSG is also required to be simultaneously be approved by the Shareholders pursuant to Rule 17.01(4) of the Listing Rules.

LETTER FROM THE BOARD

Pursuant to rule 17.03(3) of the Listing Rules, the maximum number of CFSG Shares which may be issued upon exercise of all outstanding CFSG Options granted and yet to be exercised under the CFSG Option Scheme and any other share option scheme(s) of CFSG must not exceed 30% of the CFSG Shares in issue from time to time.

Pursuant to rule 17.03(3) of the Listing Rules, the CFSG Scheme Mandate Limit may not exceed 10% of the CFSG Shares in issue as at the date of approval or adoption of that limit by the CFSG Shareholders. The CFSG Scheme Mandate Limit may be refreshed by the CFSG Shareholders in general meeting from time to time.

The CFSG Option Scheme was adopted by CFSG on 22 February 2008 and took effect on 3 March 2008. As at the Latest Practicable Date, 3,877,859,588 CFSG Shares were in issue and a total of 497,000,000 CFSG Options with rights to subscribe up to 497,000,000 CFSG Shares, representing 12.81% of the issued share capital of CFSG as at the Latest Practicable Date, have been granted and remained outstanding since the adoption of the CFSG Option Scheme.

At the last annual general meeting of CFSG held on 27 May 2013, the CFSG Scheme Mandate Limit was refreshed by the CFSG Shareholders and CFSG is allowed to grant options entitling holders thereof to subscribe for up to 387,785,958 CFSG Shares. Since the latest refreshment of the CFSG Scheme Mandate Limit and up to the Latest Practicable Date, a total of 261,000,000 CFSG Options have been granted and the CFSG Scheme Mandate Limit has been utilised as to around 67.3%. None of the 261,000,000 CFSG options granted was exercised, cancelled or lapsed during the period.

Since over 67.3% of the CFSG Scheme Mandate Limit as refreshed in the last annual general meeting of CFSG has been utilised, the refreshment of the CFSG Scheme Mandate Limit at the CFSG AGM will enable the CFSG Board to retain the flexibility to make new grant of options under the CFSG Option Scheme as the CFSG Board may consider appropriate from time to time. It will allow CFSG to attract potential employees to join the Group and to provide incentives to and to retain the existing employees of the Group which is in the interests of the Group.

Assuming no further allotment and issue of CFSG Shares and/or repurchase of CFSG Shares up to the date of the CFSG AGM, the CFSG Scheme Mandate Limit (upon the approval of the refreshment by the CFSG Shareholders at the CFSG AGM) will allow CFSG to grant options entitling holders thereof to subscribe for up to 387,785,958 CFSG Shares, being 10% of the CFSG Shares then in issue as at the date of the CFSG AGM.

The refreshment of the CFSG Scheme Mandate Limit is conditional upon (i) approval by CFSG Shareholders by an ordinary resolution at the CFSG AGM; (ii) approval by the Shareholders, being the holding company of CFSG, by an ordinary resolution at the AGM; and (iii) the Stock Exchange granting approval for the listing of and permission to deal in the CFSG Share(s) to be issued pursuant to the exercise of CFSG Options to be granted under the CFSG Scheme Mandate Limit. CFSG Options previously granted under the share option scheme(s) of CFSG (including those outstanding, cancelled, lapsed in accordance with the scheme(s) or exercised options) will not be counted in the CFSG Scheme Mandate Limit as refreshed.

LETTER FROM THE BOARD

Application will be made to the Stock Exchange by CFSG for the approval of the listing of and permission to deal in the CFSG Shares, representing a maximum of 10% of the CFSG Shares in issue as at the date of the CFSG AGM approving the refreshment of the CFSG Scheme Mandate Limit, which may be issued pursuant to the exercise of the options under the CFSG Option Scheme.

D. RE-ELECTION OF THE RETIRING DIRECTORS

The following Directors shall retire and, being eligible, offer themselves for re-election by ordinary resolutions at the AGM:

- (i) Mr Kwan Pak Hoo Bankee and Mr Law Ping Wah Bernard, being executive Directors, shall retire at least once in every 3 years at the annual general meeting of the Company in accordance with his term of office of directorship;
- (ii) Mr Tsui Wing Cheong Sammy and Mr Ng Hin Sing Derek, being newly appointed executive Directors, shall retire at the annual general meeting of the Company in accordance with the bye-laws of the Company; and
- (iii) Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, being independent non-executive Directors, shall retire at the annual general meeting of the Company in each year in accordance with their terms of office of directorship, and, being eligible, offer themselves for re-election at the AGM. The re-election of each of the independent non-executive Director is subject to a separate resolution as set out in the notice of the AGM in this circular.

Each of Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin has been acting as the independent non-executive Director of the Company for more than nine years. The Board is satisfied that they are all persons of integrity and stature, independent in character and judgment. They have never held any executive or management position in the Group. There is no evidence that the independence of each of them, especially in terms of exercising independent judgment and objective challenges to the management, has been or will be in any way compromised or affected by his length of service to the Board. Furthermore, each of them has confirmed his independence with reference to the factors set out in Rule 3.13 of the Listing Rules respectively. Consequently, the Board recommends the re-election of each of Mr Leung, Mr Wong and Dr Chan as independent non-executive Director at the AGM for another one-year term of office until the conclusion of the next annual general meeting.

Particulars of the Directors proposed to be re-elected at the AGM are set out in Appendix I of this circular.

LETTER FROM THE BOARD

E. THE MARGIN FINANCING ARRANGEMENT

1. Introduction

On 27 March 2014, the Board made the Announcement that, among other things, the proposed Margin Financing Arrangement with each of the Connected Clients.

The Board wishes to seek approvals from the Independent Shareholders for the Margin Financing Arrangement with the Connected Clients at the AGM. Separate resolutions for approving the Margin Financing Arrangement with each of the Connected Clients will be proposed at the AGM. The relevant interested Shareholder(s) and their respective associates will abstain from voting on the resolutions approving their related Margin Financing Agreements at the AGM.

The Independent Board Committee has been established to consider the terms of the Margin Financing Arrangement. Veda Capital has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the terms and conditions of the Margin Financing Arrangement.

2. The Margin Financing Agreements

The terms and conditions of the Margin Financing Agreements are listed below.

Date: All dated 27 March 2014

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

The Connected Clients are Mr Tsui Wing Cheong Sammy *(Notes 1 and 2)*, Mr Ng Hin Sing Derek *(Notes 1 and 2)*, Mr Kwan Pak Leung Horace *(Notes 1 and 3)*, Ms Chan Siu Fei Susanna *(Notes 1 and 3)*.

LETTER FROM THE BOARD

Notes:

- (1) All of the Connected Clients have not been granted margin financing facility under the Existing Margin Financing Arrangement.
- (2) Mr Tsui Wing Cheong Sammy and Mr Ng Hin Sing Derek are new executive directors of the Company as appointed in second half of 2013.
- (3) Mr Kwan Pak Leung Horace is a director of subsidiaries of the CFSG Group and is the brother of Mr Kwan Pak Hoo Bankee, and Ms Chan Siu Fei Susanna is the spouse of Mr Kwan Pak Leung Horace and a senior management of the CFSG Group.
- (4) The margin financing facility to be granted to each of the Connected Clients is a stand alone facility. Each of their margin financing facility under the Margin Financing Arrangement will not be aggregated or aggregated with any margin financing facility under the Existing Margin Financing Arrangement.

As the Connected Clients are either directors of the Group and/or the CFSG Group and/or their respective associates, each of the Connected Clients is a connected person of the Company.

Annual cap of the margin financing facility to be granted:

The margin financing facility being extended to each of the Connected Clients will be a sum of up to HK\$30 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the two financial years ending 31 December 2015.

Basis for determination of the annual cap:

The annual cap of margin financing facility under the Margin Financing Agreements is the same as under the Existing Margin Financing Agreements.

After discussion with the Connected Clients, they would like to obtain the same annual cap under the Existing Margin Financing Agreements to allow them higher flexibility in trading and/or investments of securities in the coming years.

LETTER FROM THE BOARD

The annual cap was determined after arm's length negotiation between Celestial Securities and each of the Connected Clients based on the amount of annual cap under the Existing Margin Financing Agreements after taking into account their respective credit assessment, financial strength, past payment record and collateral securities for the facility, the anticipated securities trading and initial public offering activities of the Connected Clients and the benefit for capturing the securities trading activities of the Connected Clients in the usual and ordinary course of the business of Celestial Securities.

The Board proposes to grant the same amount of annual cap of the Existing Margin Financing Agreements to allow a buffer and more flexibility for Celestial Securities to grant the margin financing facility to the Connected Clients in its ordinary and usual course of business with a view to contributing to the revenue and results of the Group.

Duration, terms and conditions:

Fixed term of each of the two financial years ending on 31 December 2015 (being the same expiry date as the Existing Margin Financing Agreements) and is conditional upon:

- (i) CFSG having obtained approval from its independent shareholders on the Margin Financing Arrangement and the margin financing facility to be extended to each of the Connected Clients at the CFSG AGM to be convened and held in compliance with the Listing Rules; and
- (ii) the Company having obtained approval from the Independent Shareholders on the Margin Financing Arrangement and the margin financing facility to be extended to each of the Connected Clients at the AGM to be convened and held in compliance with the Listing Rules.

If the conditions above are not satisfied on or before 30 June 2014 or such later date as may be agreed between Celestial Securities and the Connected Clients, the Margin Financing Arrangement will not proceed.

LETTER FROM THE BOARD

Other terms:

The margin financing facilities will be provided to the Connected Clients on normal commercial terms and at commercial rates which are in line with the rates offered to other independent margin clients.

The interest rates charged to the Connected Clients are determined by reference to the rates offered in the market by other security brokers for services of similar nature and taking into account the credit assessment results of the respective Connected Clients. The range of the interest rate for margin loan facilities charged will be from around Prime Rate to 3% over the Prime Rate per annum, which is subject to change in order to align with the prevailing market practice.

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

Each of the margin financing facilities is repayable on demand and will be secured by all listed securities held by the Connected Clients in their respective securities accounts maintained in Celestial Securities.

LETTER FROM THE BOARD

3. Reasons for the transaction

The Board considers that the Margin Financing Arrangements will enable Celestial Securities (a) more flexibility to grant such margin financing facilities, (b) to capture the securities trading activities of the Connected Clients, and (c) to earn income from the Connected Clients in its ordinary course of business and on normal commercial terms. Given that the margin financing facilities are being provided on normal commercial terms and in the ordinary course of business, and a written standard procedure of credit check for all margin clients are in place to ensure the terms of margin financing facilities provided to the Connected Clients are no less favourable to the Group than those offered to other independent clients, the Board considers that the terms of the Margin Financing Arrangement are fair and reasonable, and the provision of the Margin Financing Arrangement is in the interest of the Company and the Shareholders as a whole.

4. The Existing Margin Financing Arrangement

The Existing Margin Financing Arrangement are the margin financing facility extended by Celestial Securities to certain connected clients, including the existing Directors and/or substantial Shareholder of the Group and/or CFSG Group, namely, Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard (executive directors of each of the Company and CFSG), Mr Chan Chi Ming Benson and Ms Cheng Pui Lai Majone (executive Directors of CFSG), Cash Guardian (a substantial shareholder of the Company and an associate of Mr Kwan Pak Hoo Bankee), and Libra Capital Management (HK) Limited and Cashflow Credit Limited (being wholly-owned subsidiaries of the Company), for the financial years ending 31 December 2015 under the existing margin financing agreements dated 14 December 2012, as approved by the independent shareholders of CFSG at a special general meeting held on 22 January 2013.

Details of the Existing Margin Financing Arrangement are set out in the announcement of the Company dated 21 March 2013.

5. General

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

LETTER FROM THE BOARD

As the Connected Clients are either directors of the Group and/or the CFSG Group and/or their respective associates, each of the Connected Clients is a connected person of the Company. The granting of the margin financing facilities by Celestial Securities to the Connected Clients under the Margin Financing Arrangement would constitute continuing connected transactions relating to financial assistance for the Company under Chapter 14A of the Listing Rules. As the margin financing facility on an annual basis to be provided to each of the Connected Clients under the Margin Financing Arrangement would exceed 5% of the applicable percentage ratios under the Listing Rules and HK\$10,000,000, the financial assistance contemplated will be subject to the reporting, announcement, the Independent Shareholders' approval requirements and annual review requirements for the Company under the Listing Rules.

The Margin Financing Arrangement with each of the Connected Clients is subject to separate resolution as set out in the notice of the AGM in this circular, and all the resolutions will be taken by poll at the AGM. The relevant interested Shareholder(s) and their respective associates will abstain from voting on the resolutions approving their related Margin Financing Agreements at the AGM. Specifically, Mr Tsui Wing Cheong Sammy and his associates will abstain from voting on the resolution 6(i) approving his related Margin Financing Arrangement; Mr Ng Hin Sing Derek and his associates will abstain from voting on the resolution 6(ii) approving his related Margin Financing Arrangement; Mr Kwan Pak Hoo Bankee (including Cash Guardian), Mr Kwan Pak Leung Horace, Ms Chan Siu Fei Susanna and their respective associates will abstain from voting on the resolutions 6(iii) and (iv) approving the Margin Financing Arrangement with Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna. As at the Latest Practicable Date, Mr Kwan Pak Hoo Bankee and Cash Guardian (his associate) collectively held 179,645,205 Shares (representing approximately 32.42% of the issued Shares), Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna held 31,860 Shares (representing approximately 0.006% of the issued Shares) and 3,375 Shares (representing approximately 0.001% of the issued Shares) respectively. Save as disclosed, Mr Tsui Wing Cheong Sammy and Mr Ng Hin Sing Derek and their respective associates did not hold any Shares as at the Latest Practicable Date. All of the Connected Clients and their respective associates control or are entitled to exercise control over the voting right in respect of their respective Shares. In addition, Mr Kwan Pak Hoo Bankee, Mr Tsui Wing Cheong Sammy and Mr Ng Hin Sing Derek had abstained from voting on the board resolution approving the Margin Financing Arrangement.

The Independent Board Committee has been established to consider the terms of the Margin Financing Arrangement. Veda Capital has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the terms and conditions of the Margin Financing Arrangement.

LETTER FROM THE BOARD

F. THE AGM

Notice of the AGM containing the proposed ordinary resolutions to approve, inter alia, the Repurchase Mandate, the Share Issue Mandate, the approval of the refreshment of the CFSG Scheme Mandate Limit, the re-election of the retiring Directors and the Margin Financing Arrangement is set out on pages 48 to 53 of this circular for your consideration and approval. Save as the resolutions 6(i) to (iv) relating to Margin Financing Arrangement which the relevant interested Shareholders and their respective associates will abstain from voting, there is no abstained voting requirement for the other resolutions at the AGM. All the resolutions will be voted by way of poll at the AGM.

A form of proxy for the AGM is enclosed with this circular. Whether or not you are able to be present at the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by no less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish and in such event, the proxy shall be deemed to be revoked.

G. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong during normal business hours from the date of this circular up to and including the date of the AGM:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the annual report of the Company for the year ended 31 December 2013;
- (c) the Margin Financing Agreements;
- (d) the Existing Margin Financing Agreements;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 21 to 22 of this circular;
- (f) the letter from Veda Capital, the text of which is set out on pages 23 to 31 of this circular; and
- (g) the letter of consent from Veda Capital as referred to in paragraph headed “Expert, qualification and consent” in appendix II.

LETTER FROM THE BOARD

H. 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 herein or this circular misleading.

I. RECOMMENDATION

The Directors believe that the Repurchase Mandate, the Share Issue Mandate, the approval of the refreshment of the CFSG Scheme Mandate Limit and the re-election of the retiring Directors are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant ordinary resolutions at the AGM.

In relation to the Margin Financing Arrangement, the Directors (including all the independent non-executive Directors forming the Independent Board Committee) are of the opinion that the terms of the Margin Financing Arrangement are fair and reasonable so far as the Independent Shareholders are concerned and the Margin Financing Arrangement is in the interests of the Company and the Shareholders as a whole, and the Directors (including all the independent non-executive Directors forming the Independent Board Committee) therefore recommend the Independent Shareholders to vote in favour of the resolutions relating to the Margin Financing Arrangement at the AGM.

Your attention is also drawn to the letters from the Independent Board Committee and Veda Capital and their respective recommendations set out on pages 21 to 31 of this circular.

On behalf of the Board
Bankee P. Kwan
Chairman



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

17 April 2014

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
– FINANCIAL ASSISTANCE**

We refer to the circular dated 17 April 2014 of the Company (“Circular”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed to form an Independent Board Committee to consider the terms of the Margin Financing Arrangement and to advise the Independent Shareholders whether, in our opinion, the terms of the Margin Financing Arrangement are fair and reasonable so far as the Independent Shareholders are concerned and the Margin Financing Arrangement is in the interests of the Company and the Shareholders as a whole. Veda Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Margin Financing Arrangement.

We wish to draw your attention to the letter from the Board set out on pages 6 to 20 of the Circular which contains, inter alia, information on the Margin Financing Arrangement and the letter from Veda Capital set out on pages 23 to 31 of the Circular which contains its advice in respect of the terms of the Margin Financing Arrangement.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of Veda Capital, we consider that the terms of the Margin Financing Arrangement are fair and reasonable so far as the Independent Shareholders are concerned and the Margin Financing Arrangement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the Margin Financing Arrangement.

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

LETTER FROM VEDA CAPITAL

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

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3711, 37/F
Tower II, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

17 April 2014

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS – FINANCIAL ASSISTANCE

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Margin Financing Arrangement, details of which are set out in the circular to the Shareholders dated 17 April 2014 (the “**Circular**”), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 27 March 2014, the Board made the Announcement that, among other things, the proposed Margin Financing Arrangement with each of the Connected Clients in relation to the proposed granting of margin financing facilities by Celestial Securities to the Connected Clients. As the Connected Clients are either directors of the Group and/or the CFSG Group and/or their respective associates, each of the Connected Clients is a connected person of the Company. The granting of the margin financing facilities by Celestial Securities to the Connected Clients under the Margin Financing Arrangement would constitute continuing connected transactions relating to financial assistance for the Company under Chapter 14A of the Listing Rules. As the margin financing facility on an annual basis to be provided to each of the Connected Clients under the Margin Financing Arrangement would exceed 5% of the applicable percentage ratios under the Listing Rules and HK\$10,000,000, the financial assistance contemplated will be subject to the reporting, announcement, the Independent Shareholders’ approval requirements and annual review requirements for the Company under the Listing Rules. The Margin Financing Arrangement with each of the Connected Clients is subject to separate resolution as set out in the notice of the AGM in the Circular, and all the

LETTER FROM VEDA CAPITAL

resolutions will be taken by poll at the AGM. The relevant interested Shareholder(s) and their respective associates will abstain from voting on the resolutions approving their related Margin Financing Agreements at the AGM.

The Independent Board Committee has been established to consider the terms of the Margin Financing Arrangement. We, Veda Capital, have been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the terms and conditions of the Margin Financing Arrangement.

BASIS OF OUR OPINION

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

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

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

On 27 March 2014, Celestial Securities, a non-wholly-owned subsidiary of the Company which is held through CFSG, entered into the Margin Financing Agreements with each of the Connected Clients pursuant to which the margin financing facility being extended to each of the Connected Clients will be a sum of up to HK\$30 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the two financial years ending 31 December 2015.

As set out in the Board Letter, the Board considers that the Margin Financing Arrangements will enable Celestial Securities (a) more flexibility to grant such margin financing facilities, (b) to capture the securities trading activities of the Connected Clients, and (c) to earn income from the Connected Clients in its ordinary course of business and on normal commercial terms. Given that the margin financing facilities are being provided on normal commercial terms and in the ordinary course of business, and a written standard procedure of credit check for all margin clients are in place to ensure the terms of margin financing facilities provided to the Connected Clients are no less favourable to the Group than those offered to other independent clients, the Board considers that the terms of the Margin Financing Arrangement are fair and reasonable, and the provision of the Margin Financing Arrangement is in the interests of the Company and the Shareholders as a whole.

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

LETTER FROM VEDA CAPITAL

Prospect of securities market in Hong Kong

Set out below the historical daily closing points of the Hang Seng Index from 27 March 2013 and up to 27 March 2014 (being the date of the Margin Financing Agreements) (the “**Index Review Period**”):



Source: Bloomberg

As illustrated from the graph above, the daily closing points of the Hang Seng Index were fluctuating, reaching the lowest of approximately 19,813 on 24 June 2013 and highest of approximately 24,039 on 2 December 2013 within the Index Review Period. We noted that the Hang Seng Index has no obvious pattern or trend that can be interpreted easily. Nevertheless, we noted from the HKEx Fact Book 2013 that the Hang Seng Index closed the year at 23,306 points, represented an increase of 3% from 2012.

LETTER FROM VEDA CAPITAL

Besides, we have also listed out below the total turnover of the Main Board and Growth Enterprise Market (“GEM”) of the Stock Exchange during the period from March 2013 to March 2014 (the “Turnover Review Period”):

	Monthly Turnover <i>(HK\$' million)</i>	Average Daily Turnover <i>(HK\$' million)</i>
2013		
March	1,444,855	72,243
April	1,168,537	58,427
May	1,269,913	60,472
June	1,299,891	68,415
July	1,137,065	51,685
August	1,147,288	54,633
September	1,193,848	59,692
October	1,227,371	58,446
November	1,302,854	62,041
December	1,130,842	56,542
2014		
January	1,427,057	67,955
February	1,242,000	65,368
March	1,498,370	71,351

Source: The Stock Exchange

We observed that at the beginning of the Turnover Review Period, the monthly turnover and average daily turnover in March 2013 was HK\$1,444,855 million and HK\$72,243 million respectively, the trading activities started shrinking since then with monthly turnover lower than HK\$1,400 billion and average daily turnover lower than HK\$70 billion. Until January 2014, there was a turnaround in trading activities and the monthly turnover in March 2014 reached the highest of HK\$1,498,370 million and the average daily turnover reached the second highest of HK\$71,351 million. As further noted from the HKEx Fact Book 2013, total securities market turnover in 2013 was HK\$15,264.6 billion, up 15% year-on-year. The average daily turnover for the overall market in 2013 increased year-on-year by 16% to HK\$62.6 billion.

Furthermore, we noted that the Initial Public Offerings (the “IPOs”) was active in 2013. As noted in the annual report of the Stock Exchange that for the year ended 31 December 2013, Initial Public Offerings (the “IPOs”) in Hong Kong has raised HK\$169.0 billion, representing an increase of approximately 88% as compared to 2012. The total number of newly listed companies has increased from 62 companies in 2012 to 110 companies in 2013.

In light of the sign of growths in the securities market based on the above analysis, we consider that the Margin Financing Arrangement would provide the Group with an additional opportunity to maximise its interest income, and to broaden its income source when the

LETTER FROM VEDA CAPITAL

Connected Clients utilise those margin financing facilities which they are granted. We are therefore of the view that the Margin Financing Arrangement is in the interests of the Company and the Independent Shareholders as a whole.

2. Principal terms of the Margin Financing Agreements

As set out in the Board Letter, the margin financing facilities under the Margin Financing Arrangement will be provided to the Connected Clients on normal commercial terms and at commercial rates which are in line with the rates offered to other independent margin clients. Each of the margin financing facilities to be granted under the Margin Financing Agreements is repayable on demand and will be secured by all listed securities held by the respective Connected Clients in their respective securities accounts maintained in Celestial Securities.

As further set out in the Board Letter, the interest rates charged to the Connected Clients are determined by reference to the rates offered in the market by other security brokers for services of similar nature and taking into account the credit assessment results of the respective Connected Clients. As advised by the Company, the range of the interest rate for margin loan facilities charged to other independent margin clients will be from around Prime Rate to 3% over the Prime Rate per annum, which is subject to change in order to align with the prevailing market practice.

We have reviewed the Margin Financing Agreements and noted that the interest rate charged to each of the Connected Clients is 3% over the Prime Rate. We have also reviewed, on a sampling basis, the sample margin financing agreements entered into between CFSG and other independent margin clients. We observed that the maximum interest rate charged to the independent margin clients is 3% over the Prime Rate.

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

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

LETTER FROM VEDA CAPITAL

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

As set out in the Board Letter, the margin financing facility being extended to each of the Connected Clients will be a sum of up to HK\$30 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the two financial years ending 31 December 2014 and 2015 respectively (the “**Annual Cap**”).

As further noted from the Board Letter in relation to the basis for determination of the Annual Cap, the Annual Cap was determined after arm’s length negotiation between Celestial Securities and each of the Connected Clients based on the amount of annual cap under the Existing Margin Financing Agreements to allow higher flexibility in trading and/or investments of securities in the coming years by the Connected Clients after taking into account their respective credit assessment, financial strength, past payment record and collateral securities for the facility, the anticipated securities trading and initial public offering activities of the Connected Clients and the benefit for capturing the securities trading activities of the Connected Clients in the usual and ordinary course of the business of Celestial Securities.

As noted from the Board Letter, all of the Connected Clients have not been granted margin financing facility under the Existing Margin Financing Arrangement. After discussion with the Connected Clients, they would like to obtain the same annual cap under the Existing Margin Financing Agreements to allow them higher flexibility in trading and/or investments of securities in the coming years.

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

LETTER FROM VEDA CAPITAL

We have reviewed the existing margin financing agreements and the Margin Financing Agreements and we noted that, save for the granting of margin financing facility to the Connected Clients which are different from the connected clients under the Existing Margin Financing Arrangement, other principal terms of the Margin Financing Agreements, including but not limited to the amount of annual caps, are essentially identical to those of the existing margin financing agreements.

As noted from a joint news release of the Stock Exchange and London Metal Exchange on 9 January 2014, the Stock Exchange finished in second place among global exchanges in terms of IPO funds raised in 2013, according to data from Dealogic, the securities market of the Stock Exchange has placed in the top five in terms of IPO funds raised for 12 consecutive years since 2002 and the total equity funds raised in the securities market through IPOs increased by approximately 85% last year when compared with a year earlier.

We have also noted on the website of the Stock Exchange and found 16 newly listed companies by way of global offering from 1 January 2014 to the Latest Practicable Date (the “**IPO Comparables**”). Among the IPO Comparables, 12 newly listed companies had been over-subscribed with a highest subscription rate of approximately 3,559.2 times and an average subscription rate of approximately 565.2 times.

Having considered that (i) the IPOs market is hot recently and it is expected that the Connected Clients may increase securities trading and initial public offering activities in future; and (ii) the Annual Cap is same as the Existing Margin Financing Arrangement, we are of the view that the Annual Cap is justifiable.

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

LETTER FROM VEDA CAPITAL

RECOMMENDATION

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

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

Set out below is details of the Directors who will retire at the conclusion of the AGM and will be proposed to be re-elected at the AGM:

Mr Bankee Pak-hoo KWAN

Chairman and Executive Director

- (a) Mr Kwan, aged 54, joined the Board on 9 March 1998.
- (b) Mr Kwan is in charge of the overall business strategy of the Group. He is also a member of the Remuneration Committee of the Company.
- (c) Mr Kwan joined CFSG's board on 11 August 2000. He is the Chairman and an executive director of CFSG and also a member of the remuneration committee of CFSG. Save as herein disclosed, Mr Kwan has not held any other positions with the Company and other members of the Company, and has not held any directorship in listed public company during the three years preceding the Latest Practicable Date.
- (d) Mr Kwan has extensive experience in corporate management, strategic planning, marketing management, financial advisory and banking. An MBA graduate from The Murdoch University of Perth, Australia and a BBA graduate from The Chinese University of Hong Kong, Mr Kwan is also a fellow of the Institute of Financial Accountants, UK, a member of the Hong Kong Securities Institute, a Certified Professional Marketer (HK) and a member of the Hong Kong Institute of Marketing.
- (e) There is no service contract between the Company and Mr Kwan. Mr Kwan is not appointed for a specific term but he is subject to retirement by rotation at least once in every three financial years at each annual general meeting of the Company in accordance with the Company's bye-law and the corporate governance code.
- (f) Mr Kwan is also the substantial Shareholder of the Company. Save as his relationship with Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna as disclosed in this circular, Mr Kwan has no other relationship with any Director, senior management, management Shareholder, substantial Shareholder or controlling Shareholder of the Company.
- (g) Within the meaning of Part XV of the SFO, Mr Kwan has the following interest:
 - (i) personal interest of 2,840,000 Shares;
 - (ii) other interest of 176,805,205 Shares;
 - (iii) personal interest of options with right to subscribe for 4,050,000 Shares at the exercise price of HK\$0.624 each;
 - (iv) other interest of 1,740,634,589 shares in CFSG;

- (v) personal interest of options with rights to subscribe for 39,000,000 shares and 30,000,000 shares in CFSG at the exercise price of HK\$0.093 each and HK\$0.097 each respectively; and
- (vi) Other interest of 3,528,047,334 shares in CASH Retail Management (HK) Limited.
- (h) Mr Kwan is currently entitled to a monthly salary of HK\$111,600, plus year end discretionary bonus which will depend on his working performance.
- (i) Mr Kwan was a director of Celestial (International) Securities & Investment Limited (“CISI”, a company incorporated in Hong Kong and was a then wholly-owned subsidiary of the Company) which was engaged in money lending. In 2003, a winding-up proceedings was made against CISI for an amount of HK\$1,662,598.31 in relation to rental disputes. A winding-up order was made by the court and a liquidator was appointed to wind up CISI. CISI was dissolved by compulsory liquidation on 9 June 2009.
- (j) Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders.

Mr Bernard Ping-wah LAW

Chief Financial Officer and Executive Director

- (a) Mr Law, aged 55, joined the Board on 9 March 1998.
- (b) Mr Law is in charge of the Group’s overall financial and accounting management.
- (c) Mr Law joined the CFSG’s board on 11 August 2000. He is the Chief Financial Officer and an executive director of CFSG. Save as herein disclosed, Mr Law has not held any other positions with the Company and other members of the Company, and has not held any directorship in listed public company during the three years preceding the Latest Practicable Date.
- (d) Mr Law has extensive experience in financial management and accountancy. He graduated from The University of Warwick, UK with a Master Degree of Business Administration. He is a fellow member of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and a member of Hong Kong Securities Institute.
- (e) There is no service contract between the Company and Mr Law. Mr Law is not appointed for a specific term but he is subject to retirement by rotation at least once in every three financial years at each annual general meeting of the Company in accordance with the Company’s bye-laws and the corporate governance code.

- (f) Mr Law has no relationship with any Director, senior management, management Shareholder, substantial Shareholder or controlling Shareholder of the Company.
- (g) Within the meaning of Part XV of the SFO, Mr Law has the following personal interest:
 - (i) personal interest of 18,230,208 Shares;
 - (ii) personal interest of options with right to subscribe for 4,050,000 Shares at the exercise price of HK\$0.624 each;
 - (iii) personal interest of 27,506,160 shares in CFSG; and
 - (iv) personal interest of options with rights to subscribe for 39,000,000 shares and 30,000,000 shares in CFSG at the exercise price of HK\$0.093 each and HK\$0.097 each respectively.
- (h) Mr Law is currently entitled to a monthly salary of HK\$71,910, plus year end discretionary bonus which will depend on his working performance.
- (i) Mr Law was a director of Celestial (International) Securities & Investment Limited (“CISI”, a company incorporated in Hong Kong and was a then wholly-owned subsidiary of the Company) which was engaged in money lending. In 2003, a winding-up proceedings was made against CISI for an amount of HK\$1,662,598.31 in relation to rental disputes. A winding-up order was made by the court and a liquidator was appointed to wind up CISI. CISI was dissolved by compulsory liquidation on 9 June 2009.
- (j) Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders.

Mr Sammy Wing-cheong TSUI

Chief Executive Officer and Executive Director

- (a) Mr Tsui, aged 49, joined the Board on 7 October 2013.
- (b) Mr Tsui is in charge of the overall corporate development and management of the Group.
- (c) Mr Tsui was an executive director and chief executive officer of China Outdoor Media Group Limited (stock code: 254) during the period from 6 April 2011 to 28 September 2013. He is the founder of the Taobao Tianxia Weekly Magazine in Hong Kong and “auto22.com”, an online automobile trading platform owned by New World Cyberbase Limited. He has been the group chief executive officer of BMA Investment Limited, chief operating officer of Sing Tao Magazines Group Limited, chief executive officer of Sing

Tao Publishing Group Limited and publisher of South China Media Limited. He is also a mentor in the Mentorship Program at the Journalism and Media Studies Center of the University of Hong Kong. Save as disclosed above, Mr Tsui has not held any directorship in other listed public company during the three years preceding the Latest Practicable Date.

- (d) Mr Tsui has extensive experience in marketing and management.
- (e) Mr Tsui has entered into a service contract with the Company for a term of two years commencing from 7 October 2013 and will continue thereafter until terminated by three months' notice in writing served by either party on the other. He is also subject to retirement by rotation at least once in every three financial years at each annual general meeting of the Company in accordance with the Company's bye-laws and the corporate governance code.
- (f) Mr Tsui has no relationship with any Director, senior management, management Shareholder, substantial Shareholder or controlling Shareholder of the Company.
- (g) Within the meaning of Part XV of the SFO, Mr Tsui has the following interest:
 - (i) personal interest of options with right to subscribe for 5,500,000 Shares at the exercise price of HK\$0.480 each; and
 - (ii) personal interest of options with right to subscribe for 30,000,000 shares in CFSG at the exercise price of HK\$0.097 each.
- (h) Mr Tsui is currently entitled to a monthly salary of HK\$150,000, plus year end discretionary bonus which will depend on his working performance, as specified in his service contract with the Company.
- (i) Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders.

Mr Derek Hin-sing NG

Executive Director

- (a) Mr Ng, aged 45, joined the Board on 5 August 2013.
- (b) Mr Ng is in charge of the corporate development and management of retail business of the Group.
- (c) Mr Ng has not held any directorship in listed public company during the three years preceding the Latest Practicable Date.

- (d) Mr Ng has extensive experience in the field of retail operation and management. He graduated from Southern Illinois University Carbondale in US with a Master Degree of Business Administration and from Ottawa University in US with a Bachelor Degree of Arts. He is a CERTIFIED FINANCIAL PLANNER^{CM} professional.
- (e) Mr Ng has entered into a service contract with the Company for a term of two years commencing from 5 August 2013 and will continue thereafter until terminated by three months' notice in writing served by either party on the other. He is also subject to retirement by rotation at least once in every three financial years at each annual general meeting of the Company in accordance with the Company's bye-laws and the corporate governance code.
- (f) Mr Ng has no relationship with any Director, senior management, management Shareholder, substantial Shareholder or controlling Shareholder of the Company.
- (g) Within the meaning of Part XV of the SFO, Mr Ng has the following interest:
- (i) personal interest of options with right to subscribe for 2,250,000 Shares at the exercise price of HK\$0.624 each;
 - (ii) personal interest of 66 shares in CFSG; and
 - (iii) personal interest of options with rights to subscribe for 20,000,000 shares and 30,000,000 shares in CFSG at the exercise price of HK\$0.093 each and HK\$0.097 each respectively.
- (h) Mr Ng is currently entitled to a monthly salary of HK\$75,000, plus year end discretionary bonus which will depend on his working performance, as specified in his service contract with the Company.
- (i) Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders.

Mr Johnny Ka-kui LEUNG

Independent non-executive Director

- (a) Mr Leung, aged 56, joined the Board on 25 October 2000.
- (b) Mr Leung is also the chairman of the Audit Committee and the Remuneration Committee of the Company.

- (c) Mr Leung is an independent non-executive director of AMCO United Holding Limited (stock code: 630) and Phoenitron Holdings Limited (stock code: 8066). Save as disclosed above, Mr Leung has not held any directorship in other listed public company during the three years preceding the Latest Practicable Date.
- (d) Mr Leung has extensive experience in the legal field and is the managing partner of a legal firm in Hong Kong. Mr Leung graduated from the University of London with a Bachelor Degree of Laws.
- (e) There is no service contract entered into between the Company and Mr Leung but an appointment letter was signed between the Company and Mr Leung. The term of office of Mr Leung is one year commencing from the date of annual general meeting up to the date of the next annual general meeting. Mr Leung is required to retire, but be eligible for re-election, at each annual general meeting of the Company subsequently to be held for each financial year.
- (f) Mr Leung has no relationship with any Director, senior management, management Shareholder, substantial Shareholder or controlling Shareholder of the Company.
- (g) As at the Latest Practicable Date, Mr Leung was not interested or deemed to be interested in any Shares or underlying shares of the Company within the meaning of Part XV of the SFO.
- (h) Mr Leung was entitled to a director's fee of HK\$150,000 for the year ended 31 December 2013. Mr Leung's remuneration will be recommended and fixed by the Board with reference to the prevailing market rate for similar position.
- (i) Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders.

Mr Chuk-yan WONG

Independent non-executive Director

- (a) Mr Wong, aged 52, joined the Board on 3 June 1998.
- (b) Mr Wong is also a member of the Audit Committee and the Remuneration Committee of the Company.
- (c) Mr Wong has not held any directorship in other listed public company during the three years preceding the Latest Practicable Date.

- (d) Mr Wong has extensive investment management experience in the global financial markets and is a portfolio manager of a large renowned investment counsel in Toronto, Canada and is responsible for the company's equity investments in the Asia Pacific region. Mr Wong graduated from the University of British Columbia, Canada with a Master of Science degree in Business Administration and from The Chinese University of Hong Kong with a Bachelor Degree of Business Administration. Mr Wong is also a Chartered Financial Analyst (CFA) charterholder and a Certified General Accountant of Canada.
- (e) There is no service contract entered into between the Company and Mr Wong but an appointment letter was signed between the Company and Mr Wong. The term of office of Mr Wong is one year commencing from the date of annual general meeting up to the date of the next annual general meeting. Mr Wong is required to retire, but be eligible for re-election, at each annual general meeting of the Company subsequently to be held for each financial year.
- (f) Mr Wong has no relationship with any Director, senior management, management Shareholder, substantial Shareholder or controlling Shareholder of the Company.
- (g) As at the Latest Practicable Date, Mr Wong was not interested or deemed to be interested in any Shares or underlying shares of the Company within the meaning of Part XV of the SFO.
- (h) No director's fee was paid to Mr Wong for the year ended 31 December 2013. Mr Wong's remuneration will be recommended and fixed by the Board with reference to the prevailing market rate for similar position.
- (i) Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders.

Dr Hak-sin CHAN

Independent non-executive Director

- (a) Dr Chan, aged 52, joined the Board on 25 October 2000.
- (b) Dr Chan is also a member of the Audit Committee of the Company.
- (c) Dr Chan has not held any directorship in other listed public company during the three years preceding the Latest Practicable Date.
- (d) Dr Chan has extensive experience in the academia in the US as professor, researcher and consultant in the fields of corporate finance and international marketing. He is an

associate professor in the Department of Marketing and Management at Hang Seng Management College. Dr Chan graduated from the University of Wisconsin-Madison, US with a Doctor of Philosophy degree in Business and a Master Degree in Business Administration and from The Chinese University of Hong Kong with a Bachelor Degree in Business Administration.

- (e) There is no service contract entered into between the Company and Dr Chan but an appointment letter was signed between the Company and Dr Chan. The term of office of Dr Chan is one year commencing from the date of annual general meeting up to the date of the next annual general meeting. Dr Chan is required to retire, but be eligible for re-election, at each annual general meeting of the Company subsequently to be held for each financial year.
- (f) Dr Chan has no relationship with any Director, senior management, management Shareholder, substantial Shareholder or controlling Shareholder of the Company.
- (g) As at the Latest Practicable Date, Dr Chan was not interested or deemed to be interested in any Shares or underlying shares of the Company within the meaning of Part XV of the SFO.
- (h) Dr Chan was entitled to a director's fee of HK\$150,000 for the year ended 31 December 2013. Dr Chan's remuneration will be recommended and fixed by the Board with reference to the prevailing market rate for similar position.
- (i) Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders.

1. DIRECTORS' INTERESTS IN SECURITIES

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

(A) The Company

(a) Long positions in the Shares

Name	Capacity	Number of Shares		
		Personal	Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	2,840,000	176,805,205*	32.42
Law Ping Wah Bernard	Beneficial owner	18,230,208	—	3.29
		<u>21,070,208</u>	<u>176,805,205</u>	<u>35.71</u>

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

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

Name	Date of grant	Option period	Exercise price per Share (HK\$)	Number of options outstanding	Percentage to issued Shares (%)
Kwan Pak Hoo Bankee	11/10/2012	11/10/2012 – 31/10/2014	0.624	4,050,000	0.73
Tsui Wing Cheong Sammy	7/10/2013	7/10/2013 – 31/10/2015	0.480	5,500,000	0.99
Law Ping Wah Bernard	11/10/2012	11/10/2012 – 31/10/2014	0.624	4,050,000	0.73
Ng Hin Sing Derek	11/10/2012	11/10/2012 – 31/10/2014	0.624	2,250,000	0.40
				15,850,000	2.85

Notes:

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

(B) Associated corporation (within the meaning of SFO)*(i) CFSG***(a) Long positions in the ordinary shares of HK\$0.02 each**

Name	Capacity	Number of shares		Shareholding (%)
		Personal	Corporate interest	
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	-	1,740,634,589*	44.88
Law Ping Wah Bernard	Beneficial owner	27,506,160	-	0.70
Ng Hin Sing Derek	Beneficial owner	66	-	0.00
		<u>27,506,226</u>	<u>1,740,634,589</u>	<u>45.58</u>

* The shares were held as to 1,657,801,069 shares by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by the Company), and as to 82,833,520 shares by Cash Guardian. The Company was beneficially owned as to approximately 32.42% by Mr Kwan Pak Hoo Bankee and Cash Guardian was 100% beneficially owned by Mr Kwan Pak Hoo Bankee, details of which were disclosed in the “Substantial Shareholders” below. Pursuant to the SFO, Mr Kwan Pak Hoo Bankee was deemed to be interested in all the shares held by CIGL and Cash Guardian in CFSG.

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

Name	Date of grant	Option period	Exercise price per share (HK\$)	Number of options outstanding	Percentage to issued shares (%)
Kwan Pak Hoo Bankee	11/10/2012	11/10/2012 – 31/10/2014	0.093	39,000,000	1.01
	11/04/2014	11/04/2014 – 31/12/2017	0.097	30,000,000	0.77
Tsui Wing Cheong Sammy	11/04/2014	11/04/2014 – 31/12/2017	0.097	30,000,000	0.77
Law Ping Wah Bernard	11/10/2012	11/10/2012 – 31/10/2014	0.093	39,000,000	1.01
	11/04/2014	11/04/2014 – 31/12/2017	0.097	30,000,000	0.77
Ng Hin Sing Derek	11/10/2012	11/10/2012 – 31/10/2014	0.093	20,000,000	0.52
	11/04/2014	11/04/2014 – 31/12/2017	0.097	30,000,000	0.77
				218,000,000	5.62

Notes:

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

(ii) CASH Retail Management (HK) Limited (a subsidiary of the Group)

Long positions in the ordinary shares of HK\$0.001 each

Name	Capacity	Number of shares	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	3,528,047,334*	90.98

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

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

2. SUBSTANTIAL SHAREHOLDERS

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

Name	Capacity	Number of Shares	Shareholding (%)
Hobart Assets Limited (Note (1))	Interest in a controlled corporation	176,805,205	31.91
Cash Guardian (Note (1))	Interest in a controlled corporation	176,805,205	31.91

Notes:

- (1) This refers to the same number of shares held by Cash Guardian, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Mr Kwan Pak Hoo Bankee. Pursuant to the SFO, Mr Kwan and Hobart Assets Limited were deemed to be interested in the shares held by Cash Guardian.
- (2) Mr Kwan (the Director whose interests are not shown in the above table) was interested and/or deemed be interested in a total of 179,645,205 Shares (32.42%), which were held as to 176,805,205 Shares by Cash Guardian and as to 2,840,000 Shares in his personal name. Detail of his interest is set out in the section “Directors’ interests in securities” above.

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

3. COMPETING INTEREST

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

4. SERVICE CONTRACT

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

5. INTEREST OF DIRECTORS IN THE GROUP’S ASSETS

Since 31 December 2013, the date to which the latest published audited accounts of the Group have been made up, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to, any member of the Group.

6. INTERESTS OF DIRECTORS IN CONTRACTS

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

- (1) the Existing Margin Financing Agreements entered into between Celestial Securities with certain connected clients, namely Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Mr Chan Chi Ming Benson and Ms Cheng Pui Lai Majone, Cash Guardian, Libra Capital Management (HK) Limited and Cashflow Credit Limited in relation to the grant of margin financing facility under the Existing Margin Financing Agreements (details as set out in the announcement of the Company dated 21 March 2013); and
- (2) the Margin Financing Agreements entered into between Celestial Securities with each of the Connected Clients, namely Mr Tsui Wing Cheong Sammy, Mr Ng Hin Sing Derek, Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna in relation to the grant of margin financing facility under the Margin Financing Agreements (details as set out in this circular).

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

7. MATERIAL ADVERSE CHANGE

The Directors have confirmed that, at the Latest Practicable Date, there is no material adverse change in the financial or trading position of the Group since 31 December 2013, the date to which the latest published audited financial statements of the Group were made up.

8. LITIGATION

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

9. EXPERT, QUALIFICATION AND CONSENT

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

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

As at the Latest Practicable Date, Veda Capital has no beneficial interest in the share capital of any member of the Group nor did they have any 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, Veda Capital did not have any interest, either directly or indirectly in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2013, being the date up to which the latest published audited consolidated accounts of the Group were made up.

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

10. MISCELLANEOUS

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



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Celestial Asia Securities Holdings Limited (“Company”) will be held at Salon 6, Level III, JW Marriott Hotel Hong Kong, 88 Queensway, Hong Kong on 26 May 2014, Monday, at 10:00 am for the following purposes:

1. To receive and consider the Financial Statements and the Reports of the Directors and the Auditor for the year ended 31 December 2013.
2. A. To re-elect the following retiring Directors of the Company for the ensuing year:
 - (i) Mr Kwan Pak Hoo Bankee
 - (ii) Mr Law Ping Wah Bernard
 - (iii) Mr Tsui Wing Cheong Sammy
 - (iv) Mr Ng Hin Sing Derek
 - (v) Mr Leung Ka Kui Johnny
 - (vi) Mr Wong Chuk Yan
 - (vii) Dr Chan Hak Sin
- B. To authorise the Directors to fix the Directors’ remuneration.
3. To re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company and to authorise the Directors to fix its remuneration.

NOTICE OF THE AGM

As special businesses, to consider and, if thought fit, to pass the following resolutions, with or without amendments, as ordinary resolutions:

4. A. **“THAT**

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

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

1. the conclusion of the next annual general meeting of the Company;
2. the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and

NOTICE OF THE AGM

3. the revocation or variation of this resolution by an ordinary resolution of the shareholders in general meeting; and

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

B. “THAT

- (a) subject to paragraph B(b), the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on the Stock Exchange or on any other stock exchange on which the shares in the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of The Rules Governing the Listing of Securities on the Stock Exchange or on any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares in the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph B(a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval be limited accordingly; and

NOTICE OF THE AGM

(c) for the purposes of this resolution:

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

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

C. “**THAT** conditional upon resolutions nos. 4A and 4B above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no.4B above be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to resolution no.4A above.”

5. “**THAT** conditional on (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the shares in CASH Financial Services Group Limited (“CFSG”) to be issued pursuant to the exercise of any options (“CFSG Options”) to be granted under the existing share option scheme and any other share option scheme(s) of CFSG, and (b) the directors of CFSG be authorised by the shareholders of CFSG in general meeting, at their absolute discretion, to grant CFSG Options to the extent that the shares in CFSG issuable upon the full exercise of all CFSG Options shall not be more than 10% of the issued share capital of CFSG as at the date of its resolution (“CFSG Scheme Mandate Limit”), the CFSG Scheme Mandate Limit be and is hereby approved.”

NOTICE OF THE AGM

6. “**THAT**, the grant of margin financing facility (“Margin Financing Arrangement”) to each of the following connected clients numbered (i) to (iv) (who are either directors of the Company and its subsidiaries (“Group”) and/or CASH Financial Services Group Limited (a non-wholly-owned subsidiary of the Company) and its subsidiaries and/or their respective associates (collectively referred to as “Connected Clients”)) by the Group of up to HK\$30 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) for each of the two financial years ending 31 December 2015, subject to the terms and conditions of the margin financing agreement(s) all dated 27 March 2014 (“Margin Financing Agreement(s)”) as described in the circular of the Company dated the same date of this notice, and the signing of the Margin Financing Agreement(s) between the Group with each of the Connected Client(s), be and is hereby approved and the directors of the Company be and are hereby authorised to do such things or make such arrangement as they may think fit to give effect to the Margin Financing Arrangement:

- (i) Mr Tsui Wing Cheong Sammy
- (ii) Mr Ng Hin Sing Derek
- (iii) Mr Kwan Pak Leung Horace
- (iv) Ms Chan Siu Fei Susanna”

By order of the Board
Suzanne W S Luke
Company Secretary

Hong Kong, 17 April 2014

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

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

NOTICE OF THE AGM

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. A form of proxy for use at the meeting is enclosed.
2. In order to be valid, the form of proxy must be deposited at the principal place of business of the Company in Hong Kong at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. The biographical details of Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Mr Tsui Wing Cheong Sammy, Mr Ng Hin Sing Derek, Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, being Directors proposed to be re-elected at the forthcoming annual general meeting, are provided in this circular.