
THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

SUPPLEMENTAL CIRCULAR
TO
THE CIRCULAR DATED 16 MAY 2017
REGARDING MAJOR TRANSACTION
IN RELATION TO
DEEMED DISPOSAL OF SHAREHOLDING INTEREST IN
CASH FINANCIAL SERVICES GROUP LIMITED

(1) POSTPONEMENT OF THE SPECIAL GENERAL MEETING
AND
(2) SUPPLEMENTAL NOTICE OF
THE POSTPONED SPECIAL GENERAL MEETING

Capitalised terms used in this cover page shall have the same meanings as those defined in this supplemental circular.

This supplemental circular should be read together with the Circular. Supplemental Proxy Form is also enclosed with this supplemental circular for use at the Postponed SGM.

A supplemental notice convening the Postponed SGM to be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 16 June 2017 (Friday) at 10:00 am is set out on pages 9 to 10 of this supplemental circular. Whether or not you are able to attend the Postponed SGM, please complete and return the enclosed Supplemental Proxy Form 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 Postponed SGM or any adjourned thereof. Completion and return of the Supplemental Proxy Form will not preclude you from attending and voting at the Postponed SGM or any adjourned thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

29 May 2017

* For identification purpose only

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DEFINITIONS

Unless otherwise defined, capitalised terms used in this supplemental circular shall have the same meanings as those defined in the Share Subscription Joint Announcement, Circular and the CB Joint Announcement.

“CB Joint Announcement”	the joint announcement made by the Company and CFSG on 26 May 2017 in respect of, among other things, the Placing and the deemed disposal as a result of the Placing
“Circular”	the circular of the Company dated 16 May 2017 in relation to the Share Subscription and the Deemed Disposal as a result of the Share Subscription
“Latest Practicable Date”	26 May 2017, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information referred to in this supplemental circular
“Original Proxy Form”	the original proxy form for use at the SGM which was despatched to the Shareholders with the Circular on 16 May 2017
“Postponed SGM”	the postponed SGM to be held on 16 June 2017 (Friday) at 10:00 am to consider and approve, among other things, the Deemed Disposal as a result of the Share Subscription, notice of which is set out on pages 9 to 10 of this supplemental circular
“Share Subscription Joint Announcement”	the joint announcement made by the Company and CFSG on 6 April 2017 in respect of, among other things, the Share Subscription and the Deemed Disposal as a result of the Share Subscription
“Supplemental Proxy Form”	the supplemental proxy form for use at the Postponed SGM and being enclosed to this supplemental circular

LETTER FROM THE BOARD



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

Board of Directors:

Executive:

KWAN Pak Hoo Bankee
LAW Ping Wah Bernard
LAW Ka Kin Eugene
KWOK Lai Ling Elaine
NG Hin Sing Derek

Independent non-executive:

LEUNG Ka Kui Johnny
WONG Chuk Yan
CHAN Hak Sin

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business:*

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

29 May 2017

To Shareholders

Dear Sir/Madam,

**SUPPLEMENTAL CIRCULAR
TO
THE CIRCULAR DATED 16 MAY 2017
REGARDING MAJOR TRANSACTION
IN RELATION TO
DEEMED DISPOSAL OF SHAREHOLDING INTEREST IN
CASH FINANCIAL SERVICES GROUP LIMITED**

**(1) POSTPONEMENT OF THE SPECIAL GENERAL MEETING
AND
(2) SUPPLEMENTAL NOTICE OF
THE POSTPONED SPECIAL GENERAL MEETING**

INTRODUCTION

References are made to the Share Subscription Joint Announcement, the Circular and the CB Joint Announcement.

* For identification purpose only

LETTER FROM THE BOARD

Pursuant to Rule 13.73 of the Listing Rules, the Company would like to update the Shareholders of the subsequent development of the additional fund raising of CFSG and the effect of shareholding structure of CFSG, and to inform the Shareholders that the date of the SGM originally scheduled to be held on 1 June 2017 (Thursday) will be postponed to 16 June 2017 (Friday) (being a date falling not less than 10 business days after the issue of this supplemental circular) while the venue and time remain unchanged.

The purpose of this supplemental circular is to provide you with updated information of the additional fund raising of CFSG and the effect of shareholding structure of CFSG, and to give you the supplemental notice of the Postponed SGM and the Supplemental Proxy Form.

This supplemental circular should be read together with the Circular which contains, among other matters, the Share Subscription and the Deemed Disposal as a result of the Share Subscription.

UPDATES ON ADDITIONAL FUND RAISING OF CFSG

The Board refers to the information regarding the expected funding needs for the next 12 months and fund raising opportunities of CFSG as set out on page 10 of the circular of CFSG dated 16 May 2017 relation to the Share Subscription, and wish to update the Shareholders of the subsequent development of the additional fund raising of CFSG relating to the Placing.

Subsequent to the Latest Practicable Date, CFSG and the Placing Agent entered into the Placing Agreement on 26 May 2017 pursuant to which CFSG conditionally agreed to place, through the Placing Agent, on a best efforts basis, the Convertible Bonds with any aggregate principal amount of up to HK\$620,000,000 to not less than six Placees at the initial Conversion Price of HK\$0.31 per CFSG Share. The gross proceeds to be raised from the Placing are estimated to be not less than HK\$620,000,000. The net proceeds (after deducting estimated expenses incurred) to be raised from the Placing are estimated to be not less than HK\$614.6 million. The net proceeds from the Placing will be utilized for general working capital of the CFSG Group, in particular, to further strengthen the CFSG Group's financial services business by providing more funding for its margin financing and underwriting businesses in anticipation of the recent market development and opportunities and for its business expansion. As the Placing is conditional upon fulfillment of certain conditions, the Company could not assure that the Placing could be materialised.

CFSG's expected funding needs for the next 12 months based on the CFSG Board's latest estimates, the key assumptions or factors used to prepare such forecast are as follows:

1. CFSG's expected funding needs for the next 12 months will be to maintain the working capital at a level that will ensure sufficient cash for running the operating activities smoothly. After the Share Subscription and the Placing to be completed in July 2017, about HK\$230 million relating to the Share Subscription and about HK\$614.6 million relating to the Placing shall be available to CFSG, which shall be principally used as to around HK\$430 million for margin financing business; and as to the remaining HK\$414.6 million for general working capital, in particular, to expand and further strengthen the CFSG Group's financial services business by providing more funding for its underwriting businesses.

LETTER FROM THE BOARD

2. The margin book level shall gradually increase from currently HK\$250 million level to HK\$785 million level at July 2018 with an increase of HK\$535 million.
3. Assume the market sentiment shall remain unchanged without abnormal fluctuation, the average HK securities daily trading volume shall be around HK\$70 billion in recent months.
4. The securities market share of CFSG will be increased from about 0.10% (refer to the market share level of March 2017) before the Share Subscription to 0.15% at July 2018.
5. The gross commission rate is at about 15 basis points and rebate ratio at about 50% shall be maintained.
6. The commodities broking business shall has moderate growth comes along with the growth in securities business after the Share Subscription Completion. Monthly brokerage income shall grow gradually from existing HK\$2 million – HK\$3 million level to HK\$5 million – HK\$6 million level at July 2018 accordingly. The average rebate ratio is kept at 60% throughout the period.
7. The other businesses of CFSG shall run as at historical level.
8. Monthly expenditures are based on the average actual amounts incurred during the first 3 months of 2017. Due to the continuing conservative cost control policy, the overall costs structure of CFSG shall be kept in existing level.

The net proceeds from the Share Subscription and the Placing are expected to satisfy CFSG's anticipated funding needs for the next 12 months barring any unforeseen circumstances. However, due to the nature of financial businesses, a larger capital base and more funding may generate more revenue and profits for the CFSG Group and is beneficial to the development and expansion of financial businesses if additional funding can be obtained. CFSG is from time to time in negotiation with potential investors for further fund raising opportunities to support such funding needs. Nevertheless, no definitive terms have been reached nor legally binding agreement has been executed between CFSG and any potential investors as at the Latest Practicable Date. As at the Latest Practicable Date, no other fund raising activities of CFSG are being contemplated.

LETTER FROM THE BOARD

EFFECT ON SHAREHOLDING STRUCTURE OF CFSG

(A) The table below sets out the shareholding structure of CFSG as at the Latest Practicable Date and immediately upon issue of the Conversion Shares upon full conversion of the Convertible Bonds (assuming that there is no other change to the issued share capital of CFSG from the Latest Practicable Date up to the allotment and issue of the Conversion Shares):

	As at the Latest Practicable Date		Immediately upon issue of the Conversion Shares upon full conversion of the Convertible Bonds	
	No. of CFSG Shares	Approximate shareholding %	No. of CFSG Shares	Approximate shareholding %
CIGL	1,667,821,069	40.34	1,667,821,069	27.19
CFSG Director:				
Lo Kwok Hung John	1,255,500	0.03	1,255,500	0.02
The Convertible Bondholders	N/A	N/A	2,000,000,000	32.60
Public CFSG Shareholders	<u>2,465,283,019</u>	<u>59.63</u>	<u>2,465,283,019</u>	<u>40.19</u>
Total	<u><u>4,134,359,588</u></u>	<u><u>100.00</u></u>	<u><u>6,134,359,588</u></u>	<u><u>100.00</u></u>

LETTER FROM THE BOARD

- (B) The following table demonstrates the shareholding structure of CFSG (a) as at the Latest Practicable Date; (b) assuming after issue of the Subscription Shares; and (c) assuming after issue of the Subscription Shares and the Conversion Shares upon full conversion of the Convertible Bonds (assuming that there is no other change to the issued share capital of CFSG from the date of the Latest Practicable Date up to the issue of the Conversion Shares):

	As at the Latest Practicable Date		Assuming after issue of the Subscription Shares		Assuming after issue of the Subscription Shares and the Conversion Shares upon full conversion of the Convertible Bonds	
	No. of CFSG Shares	Approximate shareholding %	No. of CFSG Shares	Approximate shareholding %	No. of CFSG Shares	Approximate shareholding %
CIGL	1,667,821,069	40.34	1,667,821,069	33.62	1,667,821,069	23.96
CFSG Director:						
Lo Kwok Hung John	1,255,500	0.03	1,255,500	0.03	1,255,500	0.02
The Subscriber for the Subscription Shares	-	-	826,000,000	16.65	826,000,000	11.87
Public CFSG Shareholders						
Convertible Bondholders	N/A	N/A	N/A	N/A	2,000,000,000	28.73
Other public Shareholders	2,465,283,019	59.63	2,465,283,019	49.70	2,465,283,019	35.42
Sub-total	2,465,283,019	59.63	2,465,283,019	49.70	4,465,283,019	64.15
Total	4,134,359,588	100.00	4,960,359,588	100.00	6,960,359,588	100.00

Remark: To the best knowledge of the CFSG Directors, none of the Placees and their ultimate beneficial owners will become a substantial shareholder (as defined under the Listing Rules) of CFSG immediately after taking up of the Convertible Bonds on fully converted basis (based on the securities held by such Placees as at the date of subscription of the Convertible Bonds). The Convertible Bondholders are regarded as public CFSG Shareholders under the Listing Rules and the CFSG Shares held by the Convertible Bondholders will be counted as part of the CFSG Shares held by the public.

LETTER FROM THE BOARD

POSTPONEMENT OF THE SGM

As set out in the Circular, the SGM has been scheduled to be held on 1 June 2017 (Thursday) at 10:00 am to approve the Deemed Disposal as a result of the Share Subscription.

In order to comply with the 10 business days' notice requirement under Rule 13.73 of the Listing Rules and for the purpose of issuing this supplemental circular, the SGM will be postponed to 16 June 2017, while the venue and time remains unchanged. The resolution as set out in the notice of the SGM as contained in the Circular remains unchanged.

SUPPLEMENTAL PROXY FORM

Set out on pages 9 to 10 of this supplemental circular is the supplemental notice of the Postponed SGM. The Supplemental Proxy Form for use at the Postponed SGM is enclosed with this supplemental circular.

Whether or not you are able to attend the Postponed SGM, please complete and return the enclosed Supplemental Proxy Form 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 Postponed SGM or any adjourned thereof. Completion and return of the Supplemental Proxy Form will not preclude you from attending and voting at the Postponed SGM or any adjourned thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

For any Shareholder who has already submitted the Original Proxy Form with the Company's principal place of business or the Company's branch share registrar's address in Hong Kong according to the instructions set out in the original notice of the SGM, please note that:

- (i) if no Supplemental Proxy Form is lodged with the Company's branch share registrar in Hong Kong, the Original Proxy Form will be treated as a valid form of proxy lodged by him/her/it if it is correctly completed and signed to attend and vote at the Postponed SGM;
- (ii) if the Supplemental Proxy Form is lodged with the Company's branch share registrar in Hong Kong before the last share registration date as set out below, the Supplemental Proxy Form will revoke and supersede the Original Proxy Form previously lodged by the relevant Shareholder. The Supplemental Proxy Form will be treated as a valid proxy form lodged by the Shareholder if it is correctly completed and signed to attend and vote at the Postponed SGM.

CHANGE OF LAST SHARE REGISTRATION DATE

Due to postponement of the SGM, in order to determine the entitlement of the Shareholders to attend and vote at the Postponed SGM, the last share registration date of the Company for the Postponed SGM will be changed from 25 May 2017 to 12 June 2017. All transfer documents accompanied by the relevant share certificates must be lodged for registration with the branch share registrar of the Company, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 pm on 12 June 2017.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors are of the view that the Deemed Disposal is fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution as set out in the notice of the Postponed SGM.

RESPONSIBILITY STATEMENT

This supplemental 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 supplemental 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 supplemental circular misleading.

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

SUPPLEMENTAL NOTICE OF THE POSTPONED SGM



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

SUPPLEMENTAL NOTICE OF THE POSTPONED SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a postponed special general meeting (“Postponed SGM”) of Celestial Asia Securities Holdings Limited (“Company”) will be held at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong on 16 June 2017 (Friday) at 10:00 am for the purpose of considering and, if thought fit, passing the following resolution of the Company:

ORDINARY RESOLUTION

“**THAT**, the subscription agreement dated 29 March 2017 (“Subscription Agreement”, copy of which has been produced to the SGM and marked “A” and signed by the chairman of the meeting for the purpose of identification) entered into between CASH Financial Services Group Limited (“CFSG”, a non-wholly-owned subsidiary of the Company) and Ever Billion Group Limited (“Subscriber”), whereby CFSG agreed to allot and issue and the Subscriber agreed to subscribe for 826,000,000 new shares in CFSG (“Subscription Shares”) at the subscription price of HK\$0.28 per Subscription Share, subject to the terms and conditions as set out in the Subscription Agreement and described in the circular of the Company dated the same date of this notice, and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and that any one director of the Company be and is hereby authorised to do all such acts and things and execute and deliver all such documents as may be necessary, desirable or expedient to carry out or to give effect to the transactions contemplated under the Subscription Agreement.”

By order of the Board,
Suzanne W S Luke
Company Secretary

Hong Kong, 29 May 2017

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

* *For identification purpose only*

SUPPLEMENTAL NOTICE OF THE POSTPONED SGM

Notes:

1. A member entitled to attend and vote at the Postponed SGM is entitled to appoint one or more proxies to attend and, in the event of a poll, vote on his behalf. A proxy need not be a member of the Company. A supplemental form of proxy (“Supplemental Proxy Form”) is also enclosed for the Postponed SGM.
2. In order to be valid, the Supplemental Proxy Form must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of that power of attorney or other authority, not less than 48 hours before the time for holding the Postponed SGM or any adjournment thereof.
3. In order to qualify for attending and voting at the above meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the branch share registrar of the Company, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 pm on 12 June 2017.