
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Stock Exchange of Hong Kong Limited (“Stock Exchange”) takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims 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 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)

GENERAL MANDATE TO REPURCHASE SHARES**AND****REFRESH OF THE SCHEME MANDATE LIMIT**

This circular includes particulars given in compliance with The Rules Governing the Listing of Securities on the Stock Exchange for the purpose of giving information with regard to the Company. The directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, 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 statement herein misleading.

A notice convening an annual general meeting of the Company to be held at 10:00 am on Monday, 5 May 2003 is set out in the 2002 annual report of the Company. Whether or not you are able to attend the meeting, please complete and return the form of proxy enclosed with the 2002 annual report of the Company 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 a form of proxy will not preclude you from attending and voting at the meeting should you so wish.

31 March 2003

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 4, Level III, JW Marriot Hotel, 88 Queensway, Hong Kong on Monday, 5 May 2003 at 10:00 am
“Annual Report”	the 2002 annual report of the Company
“Board”	the board of Directors
“Company”	Celestial Asia Securities Holdings Limited, a company incorporated in Bermuda with limited liability and whose securities are listed on the Stock Exchange
“Directors”	directors of the Company
“Latest Practicable Date”	26 March 2003, 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
“Repurchase Mandate”	a general mandate to repurchase its fully paid up shares
“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon the exercise in full of options available to be granted by the Directors on behalf of the Company from time to time under the Share Option Scheme and any other share option scheme(s) of the Company
“Share Option Scheme”	the existing share option scheme of the Company adopted by the Shareholders at the special general meeting held on 19 February 2002
“Shareholders”	shareholders of the Company
“Share(s)”	share(s) of \$0.10 each in the share capital of the Company

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“\$”	Hong Kong dollar(s)

LETTER FORM THE BOARD



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors

KWAN Pak Hoo Bankee
LAW Ping Wah Bernard
CHAN Yau Ching Bob
KWOK Oi Kuen Joan Elmond
LAW Ka Kin Eugene
LI Yuen Cheuk Thomas

Independent Non-executive Directors

WONG Chuk Yan
CHAN Hak Sin
LEUNG Ka Kui Johnny

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business

21/F The Center
99 Queen's Road Central
Hong Kong

31 March 2003

To shareholders

Dear Sir/Madam,

GENERAL MANDATE TO REPURCHASE SHARES

AND

REFRESH OF THE SCHEME MANDATE LIMIT

It was proposed to grant to the Directors the Repurchase Mandate. It was also proposed to refresh the Scheme Mandate Limit by a separate ordinary resolution at the AGM. Pursuant to the Listing Rules, the Repurchase Mandate and the refreshing of the Scheme Mandate Limit have to be granted and approved by Shareholders by a specific or general approval.

The purpose of this circular is to provide you with details regarding the ordinary resolutions to be proposed at the forthcoming AGM to approve, inter alia, the Repurchase Mandate and the refresh of the Scheme Mandate Limit.

LETTER FROM THE BOARD

A. REPURCHASE MANDATE

This explanatory 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 Shares 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.

The exercise of the Repurchase Mandate in full will not 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 2002.

2. Share Capital

As at the Latest Practicable Date, the Company has 305,483,827 Shares in issue and issued share capital of HK\$30,548,382.70.

On that basis and assuming no further Shares will be issued prior to the AGM, the Company may purchase a maximum of 10% of the issued share capital of the Company as at the date of the AGM and the exercise of the Repurchase Mandate in full would result in up to 30,548,382 Shares representing share capital of HK\$3,054,838.20 being repurchased by the Company during the period prior to 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 FORM 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>
2002		
March	1.860	1.140
April	1.400	1.210
May	2.700	1.250
June	1.990	0.980
July	1.800	0.900
August	1.050	0.580
September	0.660	0.470
October	0.510	0.455
November	0.510	0.380
December	0.470	0.360
2003		
January	0.470	0.320
February	0.380	0.315
March (up to the Latest Practicable Date)	0.355	0.300

5. Shares 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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the substantial Shareholders and the Directors, together with their associates, were beneficially interested in 167,646,151 Shares representing approximately 54.88% of the issued share capital of the Company. In the event that the Directors exercised the Repurchase Mandate in full in accordance with the terms of the ordinary resolution to be proposed at the AGM, the interest of the substantial Shareholders and the Directors, together with their associates, in the Company would be increased to approximately 60.98% of the issued share capital, in which case, the number of Shares held by the public will be maintained at above 25%. The Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of repurchase made pursuant to the Repurchase Mandate should the Repurchase Mandate be exercised 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 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 Shareholders.

B. REFRESH OF THE SCHEME MANDATE LIMIT

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

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

As at the Latest Practicable Date, 305,483,827 Shares were in issue and option to subscribe up to 29,600,000 Shares, representing 9.70% of the issued share capital of the Company as at the Latest Practicable Date, have been granted and remained outstanding under the Share Option Scheme and other share option scheme(s) of the Company. Since the adoption of the Share Option Scheme up to the Latest Practicable Date, options to subscribe up to 22,100,000 Shares have been granted, of which 100,000 share options were lapsed. Save as disclosed, no options granted under the Share Option Scheme have been exercised, cancelled or lapsed.

On that basis and assuming no further allotment and issue of Shares and/or repurchase of Shares up to the date of the AGM, upon the approval of the refresh of the Scheme Mandate Limit by Shareholders in the AGM, the Scheme Mandate Limit (as refreshed) will allow the Company to grant options entitling holders thereof to subscribe for up to 30,548,382 Shares, being 10% of the Shares then in issue as at the AGM.

LETTER FROM THE BOARD

On the same assumption, the Directors expect that the grant of options in full under the refreshed Scheme Mandate Limit hereof will not cause the Shares to be issued upon the full exercise of the then outstanding options granted and available to be granted under the Share Option Scheme or any other share option scheme(s) of the Company to be in excess of 30% of the Shares in issue from time to time.

Application will be made to the Stock Exchange by the Company for the approval of the listing of and permission to deal in the Shares, representing a maximum of 10% of the Shares in issue as at the date of the AGM approving the refresh of the Scheme Mandate Limit, which may be issued pursuant to the exercise of the options under the Share Option Scheme and any other share option scheme(s) of the Company.

C. AGM

Notice of the AGM containing the proposed resolutions to approve, inter alia, the Repurchase Mandate and the refresh of the Scheme Mandate Limit is set out on the Annual Report for your consideration and approval.

A form of proxy for the AGM is enclosed with the Annual Report. Whether or not you intend 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 a form of proxy will not preclude you from attending and voting at the meeting should you so wish.

D RECOMMENDATION

The Directors believe that the Repurchase Mandate and the refresh of the Scheme Mandate Limit are in the interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions at the AGM.

On behalf of the Board
Bankee P Kwan
Chairman & CEO