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If you have sold or transferred all your shares in Celestial Asia Securities Holdings Limited, you should at once hand this circular 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

(Incorporated in Bermuda with limited liability)

(Stock code #1049)

DISCLOSEABLE TRANSACTION:

DEEMED DISPOSAL

25 April 2005

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DEFINITIONS

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

“Agreement”	the placing agreement dated 4 April 2005 and entered into between Pricerite and the Placing Agent in relation to the Placing
“Announcement”	the joint announcement made by the Company and Pricerite on 4 April 2005 in respect of, among other things, the Placing
“Associates”	has the same meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“CFSG”	CASH Financial Services Group Limited, a company incorporated in Bermuda with limited liability and which shares are listed on the GEM and is a non-wholly owned subsidiary of the Company
“Company”	Celestial Asia Securities Holdings Limited, a company incorporated in Bermuda with limited liability and which securities are listed on the main board of the Stock Exchange
“Deemed Disposal”	the issue of the Placing Shares by Pricerite upon completion of the Placing which will result in a reduction of the shareholding interest of the Group in Pricerite by 13.57% immediately after the Placing though Pricerite will remain as a subsidiary of the Company, which is regarded as a deemed disposal of the Company under the Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries, including Pricerite and CFSG and their respective subsidiaries
“Latest Practicable Date”	21 April 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares by the Placing Agent on a best effort basis pursuant to the Agreement
“Placing Agent”	Celestial Securities Limited, being a corporation licensed under SFO to conduct types 1 and 3 regulated activities under SFO, and a non-wholly owned subsidiary of the Company
“Placing Price”	\$0.30 per Placing Share
“Placing Share(s)”	a total of 223,000,000 new Pricerite Shares having been arranged to be conditionally placed by the Placing Agent on a best effort basis under the Agreement
“Pricerite”	Pricerite Group Limited, a company incorporated in Bermuda with limited liability and which securities are listed on the main board of the Stock Exchange and is a non-wholly owned subsidiary of the Company
“Pricerite Board”	the board of Pricerite Directors
“Pricerite Director(s)”	the director(s) of Pricerite
“Pricerite Group”	Pricerite and its subsidiaries
“Pricerite SGM”	a special general meeting of the Pricerite Shareholders convened to be held on 13 May 2005 for approving the Placing, the issue of the Placing Shares and the Share Capital Increase
“Pricerite Share(s)”	ordinary share(s) of \$0.02 each in Pricerite
“Pricerite Shareholders”	holders of Pricerite Shares
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share Capital Increase”	the proposed increase of the authorized share capital of Pricerite from \$15,000,000 to \$30,000,000 by the creation of additional 750,000,000 new Pricerite Shares
“Shareholders”	holders of Shares
“Share(s)”	ordinary share(s) of \$0.10 each in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	the 83,000,000 new Pricerite Shares having been issued by Pricerite at an issue price of \$0.28 each as announced by Pricerite on 24 March 2005
“\$”	Hong Kong dollar(s)

LETTER FROM THE BOARD



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code #1049)

Board of Directors:

Executive:

KWAN Pak Hoo Bankee
LAW Ping Wah Bernard
WONG Kin Yick Kenneth
MIAO Wen Hao Felix
KWOK Oi Kuen Joan Elmond
LI Yuen Cheuk Thomas

Independent Non-executive:

CHAN Hak Sin
LEUNG Ka Kui Johnny
WONG Chuk Yan

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

25 April 2005

To Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION: DEEMED DISPOSAL

INTRODUCTION

By the Announcement, the Board and the Pricerite Board jointly announced that the Agreement was entered into between Pricerite and the Placing Agent in relation to the Placing.

The Placing is a Deemed Disposal and constitutes a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to provide the Shareholders with further information on the Deemed Disposal and other information in compliance with the requirements of the Listing Rules.

LETTER FROM THE BOARD

THE AGREEMENT

- Date : 4 April 2005
- Issuer : Pricerite Group Limited, a non-wholly owned subsidiary of the Company
- Placing Agent : Celestial Securities Limited, being a corporation licensed under SFO to conduct types 1 and 3 regulated activities under SFO, and a non-wholly owned subsidiary of the Company
- Places : The Placing Agent has procured more than 10 places (please refer to the paragraph headed “The Placing Agent and the places” below for more details)
- Placing Shares : A total of 223,000,000 new Pricerite Shares having been arranged to be conditionally placed on a best effort basis by the Placing Agent, which represent approximately 29.75% of the existing issued share capital of Pricerite (including the Subscription Shares), and approximately 22.93% of the issued share capital of Pricerite as enlarged thereby
- Ranking of the Placing Shares : The Placing Shares, when issued and fully paid, will rank pari passu in all respects with the then existing Pricerite Shares as at the date of allotment
- Placing Price : \$0.30 per Placing Share, determined on an arm’s length basis between Pricerite and the Placing Agent with reference to the prevailing market prices of Pricerite Shares before the conclusion of the Agreement, being:
- about 31.03% discount to the closing price of \$0.435 per Pricerite Share on 31 March 2005 (the last trading date prior to the suspension of the trading in the Pricerite Shares on 1 April 2005);

LETTER FROM THE BOARD

- about 26.65% discount to the average closing price of about \$0.409 per Pricerite Share based on the closing prices as quoted on the Stock Exchange for the 5 trading days ended on 31 March 2005;
- about 15.73% discount to the average closing price of about \$0.356 per Pricerite Share based on the closing prices as quoted on the Stock Exchange for the 10 trading days ended on 31 March 2005;
- about 43.40% discount to the closing price of \$0.530 per Pricerite Share on the Latest Practicable Date

The net price of each Placing Share is approximately \$0.295 and the Pricerite Board is of the view that the Placing Price is fair and reasonable to Pricerite and the Pricerite Shareholders as a whole

- Conditions of the Placing : The Placing is conditional upon, inter alia,:
- (a) the approval by the Pricerite Shareholders of the Placing, the issue of the Placing Shares and the Share Capital Increase in Pricerite SGM; and
 - (b) the approval of the listing of and permission to deal in the Placing Shares by the Listing Committee of the Stock Exchange

If the conditions of the Placing are not fulfilled by 31 May 2005 (or such later date as may be agreed by the parties to the Agreement), the Agreement shall lapse

LETTER FROM THE BOARD

- Placing commission : The Placing Agent is entitled to receive from Pricerite at completion of the Placing a placing commission of 1.25% (a normal placing commission rate in market) on the aggregate placing amount received for the Placing Shares placed by the Placing Agent
- Completion : Completion shall take place on the third business day following the fulfilment of all the conditions of the Placing or any other date as Pricerite and the Placing Agent may mutually agree

THE PLACING AGENT AND THE PLACEES

The Placing Agent is a licensed corporation under SFO and its principal business is dealing and trading in securities and is a non-wholly owned subsidiary of the Company. As announced by Pricerite on 8 April 2005, the Placing Agent has conditionally arranged to place the Placing Shares to more than 10 placees. To the best knowledge of the Directors, those placees procured by the Placing Agent are not connected persons of the Company as defined in the Listing Rules. In addition, it was also announced by Pricerite that, to the best knowledge of the Pricerite Directors, the placees who will hold 5% or more in the enlarged issued share capital of Pricerite immediately upon completion of the Placing based on the enlarged issued share capital of 972,692,812 Pricerite Shares are as follows:-

Name of placees	Number of Placing Shares
Chan Kwong Yin William	60,000,000
Chan Koung Nam	60,000,000
	<u>120,000,000</u>

- * The placees were procured by the Placing Agent or its sub-agents, all of which are licensed corporation under SFO to conduct type 1 activity. To the best knowledge of the Directors, the placees are not connected persons of the Company as defined in the Listing Rules, and they currently do not have any business relationship with the Group (save for in the ordinary course of business of the Group).

LETTER FROM THE BOARD

REASON FOR THE PLACING AND USE OF PROCEEDS OF THE PLACING

As mentioned in the Announcement, the Pricerite Board is always prepared to capture suitable opportunities to broaden its shareholders base and capital base and to raise funds for it to finance the potential investment opportunities. In view of the recent favourable share performance of Pricerite, after the market closed on 31 March 2005, the Pricerite Board decided that Pricerite should capture such market opportunity and raise additional capital to finance its retail business expansion plan by placing of new Pricerite Shares. The Pricerite Board has considered various ways of raising funds and considered that the Placing via placing agent represents the most convenient, quickest and best available option to raise such a size of new capital for the Pricerite Group while broadening the shareholder base and the capital base of Pricerite. The Pricerite Board discussed with the Placing Agent and then negotiated and concluded the terms of the Placing. The Placing Agent was able to identify the interests of some potential investors after the trading hours on 31 March 2005. The Placing was resolved by the Pricerite Board to be proceeded on late 31 March 2005.

Pricerite intends to use the net proceeds (net of placing commission, announcement fee and other professional fee for around \$1.2 million) from the Placing in the amount of approximately \$65.7 million (based on the 223,000,000 Placing Shares having been arranged to be conditionally placed by the Placing Agent) for the expansion of the retail business of the Pricerite Group in Eastern China, Southern China and Northern China and as general working capital for the Pricerite Group. The Pricerite Board will review and consider any potential investment opportunities from time to time in order to expand the development of the retail business of the Pricerite Group, but the Pricerite Group currently has no concrete plans or has identified any targets for material acquisition.

Based on the unaudited consolidated balance sheet of the Pricerite Group as at 30 June 2004 as adjusted by the net proceeds from the rights issue in September 2004 and the issue of the 83 million subscription shares in April 2005, the Deemed Disposal will not have a material impact to the financial position of the Group. As a result of the Deemed Disposal, the interest of the public shareholders in Pricerite will be increased which will result in the dilution of the Group's interest in Pricerite, and a reduction of consolidated net asset value by an immaterial amount upon completion of the Placing.

Having considered that (i) the terms of the Placing have been determined on an arm's length basis by Pricerite and the Placing Agent with reference to the prevailing market conditions before the conclusion of the Agreement, and (ii) Pricerite, a non-wholly owned subsidiary of the Company, will raise funds for the expansion of the retail business of the Pricerite Group and as general working capital for the Pricerite Group upon completion of the Placing, the Directors consider that the Deemed Disposal is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING IN PRICERITE FOLLOWING COMPLETION OF THE ISSUE OF THE PLACING SHARES

Pricerite Shareholders	As at the Latest Practicable Date Number of Pricerite Shares		Immediately after the issue of the Placing Shares Number of Pricerite Shares	
	%	%	%	%
The Group	443,572,587	59.17	443,572,587	45.60
Other Pricerite Director ⁽¹⁾	3,000,000	0.40	3,000,000	0.31
The placees	–	–	223,000,000	22.93
Public	303,120,225	40.43	303,120,225	31.16
	749,692,812	100.00	972,692,812	100.00

- (1) The Pricerite Shares are held by an Associate of Mr Kwan Pak Hoo Bankee, the chairman of both the Company and Pricerite.

FINANCIAL INFORMATION ON PRICERITE

The audited consolidated net losses before and after taxation, minority interest and extraordinary items of the Pricerite Group for the year ended 31 December 2002 were both \$96.9 million and those for the year ended 31 December 2003 were both \$29.9 million. The unaudited consolidated net losses before and after taxation, minority interest and extraordinary items of the Pricerite Group for the six months ended 30 June 2004 were both \$19.9 million. The unaudited consolidated net assets of the Pricerite Group as at 30 June 2004 were approximately \$167.4 million.

GENERAL

The principal activities of the Group consist of (i) financial services provided via CFSG and its subsidiaries including online and traditional brokerage of securities, options, futures and leveraged foreign exchange contracts as well as mutual funds and insurance-linked investment products and their trading services, margin financing, corporate finance and other financial services; (ii) retailing of furniture and household items via Pricerite Group; (iii) investment holding including property investment; (iv) brand management.

LETTER FROM THE BOARD

Should the 223,000,000 Placing Shares be issued by Pricerite, the shareholding interest of the Group in Pricerite will be reduced by 13.57% from 59.17% to 45.60% after the Placing, though Pricerite will remain as a subsidiary of the Company since the Group will continue to control the composition of the board of Pricerite as well as its management and decision making. The Placing is regarded as a deemed disposal and constitutes a discloseable transaction for the Company under the Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the appendix to this circular.

On behalf of the Board
Bankee P Kwan
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules 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.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests or 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) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

A. The Company

1. Long positions in the Shares

Name	Capacity	Number of shares		Shareholding (%)
		Personal	Other interest	
Kwan Pak Hoo Bankee	Founder of a discretionary trust	-	164,028,376*	37.49
Law Ping Wah Bernard	Beneficial owner	5,096,200	-	1.16
Kwok Oi Kuen Joan Elmond	Beneficial owner	2,700,000	-	0.62
Li Yuen Cheuk Thomas	Beneficial owner	2,501,875	-	0.57
		<u>10,298,075</u>	<u>164,028,376</u>	<u>39.84</u>

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

2. *Long positions in the underlying Shares – options under share option schemes*

Name	Date of grant	Exercise period	Exercise price per Share (\$)	Number of options outstanding	Percentage to issued Shares (%)
Kwan Pak Hoo Bankee	2/12/2003	2/12/2003 – 30/11/2005	0.502	3,000,000	0.69
Law Ping Wah Bernard	2/12/2003	2/12/2003 – 30/11/2005	0.502	3,000,000	0.69
Wong Kin Yick Kenneth	2/12/2003	2/12/2003 – 30/11/2005	0.502	1,000,000	0.23
Miao Wen Hao Felix	2/12/2003	2/12/2003 – 30/11/2005	0.502	1,000,000	0.23
Kwok Oi Kuen Joan Elmond	2/12/2003	2/12/2003 – 30/11/2005	0.502	3,000,000	0.69
Li Yuen Cheuk Thomas	2/12/2003	2/12/2003 – 30/11/2005	0.502	1,000,000	0.23
				<u>12,000,000</u>	<u>2.76</u>

B. **Associated corporations (within the meaning of the SFO)**

1. *CFSG*

(a) *Long positions in the shares*

Name	Capacity	Number of shares		Shareholding (%)
		Personal	Other interest	
Kwan Pak Hoo Bankee	Founder of a discretionary trust	–	397,827,434*	52.73
Wong Kin Yick Kenneth	Beneficial owner	1,620,000	–	0.21
		<u>1,620,000</u>	<u>397,827,434</u>	<u>52.94</u>

* The shares were held as to 11,000,000 shares by Cash Guardian and as to 386,827,434 shares by Celestial Investment Group Limited (“CIGL”), a wholly-owned subsidiary of the Company. Mr Kwan was deemed to be interested in all these shares as a result of his interests in the Company through Cash Guardian as disclosed in the section headed “Substantial Shareholders” below.

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

Name	Date of grant	Exercise period	Exercise price	Number of options	Percentage to issued
			per Share	outstanding	Shares
			(\$)		(%)
Kwan Pak Hoo Bankee	2/12/2003	2/12/2003 – 30/11/2005	0.34	3,185,000	0.42
Law Ping Wah Bernard	2/12/2003	2/12/2003 – 30/11/2005	0.34	3,185,000	0.42
Wong Kin Yick Kenneth	2/12/2003	2/12/2003 – 30/11/2005	0.34	3,185,000	0.42
Miao Wen Hao Felix	2/12/2003	2/12/2003 – 30/11/2005	0.34	3,185,000	0.42
Kwok Oi Kuen Joan Elmond	2/12/2003	2/12/2003 – 30/11/2005	0.34	3,185,000	0.42
Li Yuen Cheuk Thomas	2/12/2003	2/12/2003 – 30/11/2005	0.34	3,185,000	0.42
				<u>19,110,000</u>	<u>2.52</u>

2. *Pricerite*(a) *Long positions in the shares*

Name	Capacity	Number of shares	
		Other interest	Shareholding (%)
Kwan Pak Hoo Bankee	Founder of a discretionary trust	<u>446,572,587*</u>	<u>59.57</u>

* The shares were held as to 3,000,000 shares by Cash Guardian and as to 443,572,587 shares by CIGL and its subsidiaries. Mr Kwan was deemed to be interested in all these shares as a result of his interests in the Company through 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	Exercise period	Exercise price per Share (\$)	Number of options outstanding	Percentage to issued Shares (%)
Miao Wen Hao Felix	2/12/2003	1/12/2004 – 30/11/2005	0.316	2,833,333	0.38
Li Yuen Cheuk Thomas	2/12/2003	1/12/2004 – 30/11/2005	0.316	2,833,333	0.38
				<u>5,666,666</u>	<u>0.76</u>

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive or their associates had any personal, family, corporate or other beneficial interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, 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 as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Capacity	Number of Shares	Shareholding (%)
Jeffnet Inc (<i>Note 1</i>)	Trustee of a discretionary trust	164,028,376	37.49
Cash Guardian (<i>Note 1</i>)	Beneficial owner	164,028,376	37.49
Mr Al-Rashid, Abdulrahman Saad (“Mr Al-Rashid”) (<i>Note 2</i>)	Interest in a controlled corporation	72,000,000	16.46
Abdulrahman Saad Al-Rashid & Sons Company Limited (“ARTAR”) (<i>Note 2</i>)	Beneficial owner	72,000,000	16.46

Notes:

- (1) This refers to the same number of Shares held by Cash Guardian (which is 100% beneficially owned by Jeffnet Inc (“Jeffnet”). Jeffnet held these shares as trustee of The Jeffnet Unit Trust, units of which were held by a discretionary trust established for the benefit of the family members of Mr Kwan Pak Hoo Bankee. Pursuant to the SFO, Mr Kwan and Jeffnet were deemed to be interested in the Shares held by Cash Guardian.
- (2) This refers to the same number of Shares were held by ARTAR, which was a 45% owned controlled corporation of Mr Al-Rashid. Pursuant to the SFO, Mr Al-Rashid was deemed to be interested in the Shares held by ARTAR.

Save as disclosed above, as at the Latest Practicable Date, no other parties were recorded in the register required by the SFO to be kept as having an interest of 5% or more of the issued share capital of the Company.

4. SERVICE CONTRACT

No Director has a service contract with the Company in respect of his/her service to the Company in the capacity of a Director which is not expiring or determinable by the Company within one year without payment of compensation other than statutory compensation.

5. LITIGATION

Cheung Yiu Wing (“Cheung”), a director and a shareholder of King Pacific International Holdings Limited (“KPI”), filed a statement of claim for \$60,500,000 against the Company on 18 January 2000 claiming that the Company had orally agreed to purchase from Cheung 50 million shares in KPI at a price of \$1.90 per share. Cheung claimed against the Company for, inter alia, damages. The Board confirmed that no discussion had been made between the Company and Cheung in relation to any purchase or intention to purchase of the said shares as claimed and no agreement in whatever nature, oral or written, had ever been entered into between the Company and Cheung. The Board is of the view that message from the Company might have been misconceived and the claim of Cheung is not valid. The trial in June 2004 was over but, as at the Latest Practicable Date, the judgment has not yet been delivered.

Save as disclosed above, 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.

6. MISCELLANEOUS

- (a) The qualified accountant of the Company is Mr Cheng Man Pan Ben, *CPA*.
- (b) The joint secretaries of the Company are Ms Kwok Oi Kuen Joan Elmond, *FCIS* and Ms Luke Wing Sheung Suzanne, *ACIS*.
- (c) The head office and the principal place of business of the Company in Hong Kong is at 21/F The Center, 99 Queen's Road Central, Hong Kong. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (d) The principal share registrars and transfer office of the Company in Bermuda is The Bank of Bermuda Limited at The Bank of Bermuda Building, 6 Front Street, Hamilton HM 11, Bermuda. The branch share registrars and transfer office of the Company in Hong Kong is Standard Registrars Limited at G/F Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text.