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CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)
(Stock Code #1049)

CANCELLATION OF MAJOR TRANSACTION INVESTMENT IN A BEIJING PROPERTY INTEREST BY THE PROPOSED ACQUISITION OF RAINBOW DAY INVESTMENTS LIMITED

The Board announces that on 24 May 2004, the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Cancellation Agreement with the Vendor by which it is agreed that the Agreement relating to the proposed Acquisition shall be cancelled from the date of the Cancellation Agreement without any compensation payable to each other.

Reference is made to three announcements of Celestial Asia Securities Holdings Limited ("Company") dated 19 December 2003, 7 January 2004 and 20 January 2004 respectively ("Announcements") in respect of the proposed Acquisition of Rainbow Day and a circular dispatched to the shareholders of the Company on 21 January 2004. Terms used herein shall have the same meanings as defined in the Announcements unless otherwise stated.

The Vendor and the Purchaser have entered into a cancellation agreement on 24 May 2004 ("Cancellation Agreement") pursuant to which the Agreement would be cancelled and both the Vendor and the Purchaser shall be released from their respective obligations under the Agreement from the date of the Cancellation Agreement. Under the Cancellation Agreement, no compensation shall be payable by either the Vendor or the Purchaser in respect of the aforesaid cancellation and no claim whatsoever shall be made by either party against each other in respect of the Agreement. The Vendor and the Purchaser mutually agreed to cancel the Acquisition since the Property has not been transferred from the Lessor Company to Rainbow Day on or before the scheduled completion date.

The Board confirms that no money whether in the form of deposit or otherwise has been paid by the Purchaser to the Vendor and no Consideration Shares have been issued to the Vendor pursuant to the Agreement.

By order of the Board
Joan Elmond O K Kwok
Company Secretary

The Directors as at the date hereof are Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Mr Wong Kin Yick Kenneth, Mr Miao Wen Hao Felix, Dr Chan Yau Ching Bob, Ms Kwok Oi Kuen Joan Elmond, Mr Law Ka Kin Eugene, Mr Li Yuen Cheuk Thomas, Dr Chan Hak Sin, Mr Leung Ka Kui Johnny and Mr Wong Chuk Yan.

Hong Kong, 24 May 2004