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CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 1049)

**POSSIBLE MAJOR TRANSACTION
- FORMATION OF A JOINT VENTURE
IN RESPECT OF TD-SCDMA TECHNOLOGY
AND
RESUMPTION OF TRADING**

Reference is made to the announcement of the Company dated 3 July 2007, the Board announces that the JV Agreement was entered into between Improve Fame (a wholly-owned subsidiary of the Company) and CYIT (an Independent Third Party) on 19 July 2007.

Pursuant to the JV Agreement:

- (i) Improve Fame and CYIT agreed to form the JV Company to develop and commercialize the TD-SCDMA Technology in China.
- (ii) CYIT will transfer the TD-SCDMA Technology into the JV Company as its capital contribution. The value of the TD-SCDMA Technology will be determined by a valuation conducted by an independent valuer as agreed by the JV Partners.
- (iii) Improve Fame will, subject to the JV Conditions including the valuation of the TD-SCDMA Technology which should not be less than RMB300 million (approximately HK\$309 million), inject cash for an amount of not less than the valuation of the TD-SCDMA Technology into the JV Company.
- (iv) The JV Company will be owned as to approximately 50% by each of the JV Partners. The actual equity interests of the JV Partners will depend on the valuation of the TD-SCDMA Technology and the actual capital contribution from Improve Fame to the JV Company.

(a) The investment amount from Improve Fame will not be less than RMB300 million (approximately HK\$309 million) pursuant to the JV Agreement. (b) It is initially expected by the JV Partners that the investment amount from Improve Fame will not be less than RMB300 million (approximately HK\$309 million) and not more than RMB500 million (approximately HK\$514.9 million). (c) The amount of capital injection from Improve Fame into the JV Company will depend on the valuation of the TD-SCDMA Technology and the amount has not yet determined as at the date of the announcement. Based on the maximum expected investment amount of RMB500 million (approximately HK\$514.9 million) by the JV Partners, the JV Agreement constitutes a possible major transaction of the Company under Chapter 14 of the Listing Rules. The Company will make a further announcement upon issue of the valuation report and a circular, among other things, details of the transaction will be then sent to the Shareholders as soon as possible.

Trading in the Shares on the Stock Exchange was suspended from 10:00 am on 19 July 2007. The Company has applied to the Stock Exchange for resumption of trading in the Shares from 9:30 am on 20 July 2007.

INTRODUCTION

Reference is made to the announcement of the Company dated 3 July 2007, the Board announces that the JV Agreement was entered into between the JV Partners. The principle terms of the JV Agreement are set out below.

THE JV AGREEMENT

- Date: 19 July 2007
- Parties: (1) CYIT (an Independent Third Party)
(2) Improve Fame (a wholly-owned subsidiary of the Company)
- Establishment of the JV Company: The JV Partners intend to jointly establish the JV Company in China. The JV Company will be owned as to approximately 50% by each of the JV Partners. The actual equity interests of the JV Partners will depend on the valuation of the TD-SCDMA Technology and the actual capital contribution from Improve Fame to the JV Company.
- Business of the JV Company: To develop and commercialize the TD-SCDMA Technology in China.
- Capital contribution: CYIT will transfer the TD-SCDMA Technology into the JV Company as its capital contribution on completion of the JV Agreement. The value of the TD-SCDMA Technology will be determined by a valuation conducted by an independent valuer as agreed by the JV Partners.
- Improve Fame will, subject to the JV Conditions including the valuation of the TD-SCDMA Technology which should not be less than RMB300 million (approximately HK\$309 million), inject cash for an amount of not less than the valuation of the TD-SCDMA Technology into the JV Company. Improve Fame will inject capital into the JV Company in stages according to the capital usage plans as presented and approved at the meetings of the board of directors of the JV Company from time to time. The JV Partners have agreed to take RMB300 million (approximately HK\$309 million) out of the capital contribution as the working capital of the JV Company for the period up to August 2008.
- The Board intends to finance the capital contribution of Improve Fame to the JV Company from internal resources of the Company, bank borrowings or fund raisings, as may be considered appropriate and determined by the Board.
- Save as disclosed above, the Group has no other capital commitment pursuant to the JV Agreement.

JV Conditions: The completion of the JV Agreement is conditional upon, among other things:-

- (1) approvals from relevant government or regulatory authorities in China, if necessary;
- (2) approvals and certificate(s) from the relevant regulatory authorities or authorised authorities in China and Hong Kong (including without limitation, the Stock Exchange and the approval by the Shareholders of the Company at a special general meeting pursuant to the Listing Rules, if necessary);
- (3) a valuation on the TD-SCDMA Technology by an independent valuer as agreed by the JV Partners and the valuation should not be less than RMB300 million (approximately HK\$309 million);
- (4) a due diligence report on the TD-SCDMA Technology prepared by Improve Fame to the satisfaction of the JV Partners; and
- (5) any other warranties as may be requested by the JV Partners.

The JV Conditions are required to be fulfilled on or before 31 October 2007 or such later date as may be agreed between the JV Partners. If the JV Conditions are not fulfilled by such date, the JV Agreement will terminate.

TD-SCDMA TECHNOLOGY AND INFORMATION ON CYIT

TD-SCDMA standard is a home-developed technology for 3G mobile communication in China. Together with the European WCDMA standard and the American CDMA 2000 standard, TD-SCDMA has been approved by the Chinese government to be China's 3G industries standard.

CYIT is a leading fabless semi-conductor technology company with a focus on the TD-SCMA technologies, the technology standard promoted by the Chinese government for the 3G markets in China. CYIT was founded by the Chongqing University of Post and Telecommunications, one of the five key research institutes identified by the Ministry of Post and Telecommunications (the predecessor of the Ministry of Information Industry). CYIT is a pioneer in developing the TD-SCDMA technology standard, technology and applications in China. CYIT had successfully developed the mobile phone baseband chipset that had passed and exceeded various technical testing standards. CYIT also possesses the relevant rights and intellectual property for future development and commercialization of chipsets technology and other 3G applications in China and other countries that would adopt the TD-SCDMA standard. CYIT's group has more than 200 engineers and other collaborates, who are responsible for research and marketing in the 3G handset chipset markets.

INFORMATION ON THE GROUP

The current principal activities of the Group consist of (a) financial services provided via CASH Financial Services Group Limited including online and traditional brokerage of securities, options, futures and leveraged foreign exchange contracts as well as mutual funds and insurance-linked investment products, margin financing, corporate finance, other financial services; (b) retailing of furniture and household items and trendy digital products; (c) provision of online game services, sales of online game auxiliary products and licensing services; and (d) investment holding.

REASONS FOR THE JV AGREEMENT

One of the principal activities of the Group is investment holding. The Group has been continuously looking for new business opportunities, which could broaden the base of the income stream of the Group and enhance the Shareholders' value. The formation of the JV is to develop the core chipset market of the 3G mobile handsets with TD-SCDMA technology in China with an experienced business partner.

China is one of the largest wireless communications market in the world and will adopt the TD-SCDMA standard as the major 3G standard. It is expected that Chinese government will launch 3G mobile services before Beijing Olympics Game in 2008 and there will be a huge demand for 3G handsets, which induces massive business opportunity for the chipset developers. Since TD-SCDMA is a home-developed technology in China, handset manufacturers must procure chipsets from TD-SCDMA chipset developers in order to produce handsets that can be used in China, which will render an enormous market for chipset developers in China.

The JV will extend current TD-SCDMA handset chipset product lines, strengthen current products' functionality and provide diverse product portfolio to customers. Moreover, the JV is building strategic alliances with leading independent design houses and handset manufactures to increase its market share.

The Board believes that the JV provides a good opportunity for the Group to invest in, and benefit from 3G chipset's investment in China. The Board believes that the formation of the JV and the terms of the JV Agreement are on normal commercial terms and such terms are fair and reasonable and in the interests of the Shareholders as a whole.

GENERAL

(a) The investment amount from Improve Fame will not be less than RMB300 million (approximately HK\$309 million) pursuant to the JV Agreement. (b) It is initially expected by the JV Partners that the investment amount from Improve Fame will not be less than RMB300 million (approximately HK\$309 million) and not more than RMB500 million (approximately HK\$514.9 million). (c) The amount of capital injection from Improve Fame into the JV Company will depend on the valuation of the TD-SCDMA Technology and the amount has not yet determined as at the date of the announcement. Based on the maximum expected investment amount of RMB500 million (approximately HK\$514.9 million) by the JV Partners, the JV Agreement constitutes a possible major transaction of the Company under Chapter 14 of the Listing Rules. The Company will make a further announcement upon issue of the valuation report and a circular, among other things, details of the transaction will be then sent to the Shareholders as soon as possible.

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DEFINITIONS

“3G”	a third generation wireless system with the potential to supply large bandwidth, high speed data rates and flexible routing for high quality transmission of multimedia and advanced global roaming
“CYIT”	重慶重郵信科(集團)股份有限公司(translated as Chongqing Chongyou Information Technology (Group) Limited), an Independent Third Party
“Board”	the board of Directors
“CDMA”	code division multiple access, one of the second generation mobile communications, using a “spread spectrum” coding system to mix discrete voice signals together during transmission and then separate the signals at the end of transmission. By assigning a unique correlating code to each transmitter, several simultaneous conversations can share the same frequency allocation
“CDMA 2000”	a 3G wireless system which supports mobile data communications at a speed ranging from 144 Kbps to 2 Mbps
“Company”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda, whose shares are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Improve Fame”	Improve Fame Investments Limited, a wholly-owned subsidiary of the Company
“Independent Third Party”	to the best of the knowledge, information and belief of the Board having made all reasonable enquiry, such company and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“JV”	the joint venture formed by the JV Partners to develop and commercialize the TD-SCDMA Technology
“JV Agreement”	the joint venture agreement dated 19 July 2007 entered into between Improve Fame and CYIT in respect of the JV
“JV Company”	a new joint venture company to be formed by the JV Partners which will be beneficially owned as to approximately 50% by each of the JV Partners. The actual equity interests of the JV Partners will depend on the valuation of the TD-SCDMA Technology and the actual capital contribution from Improve Fame to the JV Company

“JV Conditions”	the conditions of the JV Agreement as set out in the sub-section of “JV Conditions” under the section of “JV Agreement” in this announcement
“JV Partners”	CYIT and Improve Fame, being the parties to the JV Agreement
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange on the Stock Exchange
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TD-SCDMA”	time division synchronous code division multiple access, a mobile telephone standard which combines support for circuit-switched data and packet-switched data from the Internet
“TD-SCDMA Technology”	the technology, intellectual rights and business of TD-SCDMA 3G cellular phone, baseband IC chipsets and related products owned by CYIT
“WCDMA”	wideband code division multiple access, a high speed 3G wireless technology with the capacity to offer higher data speed of up to 2 Mbps for voice, video and image transmission than CDMA
“China”	the People’s Republic of China
“Hong Kong”	the Hong Kong Special Administrative Region of China
“HK\$”	Hong Kong dollar(s), the currency of Hong Kong
“RMB”	Renminbi, the currency of China

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at HK\$1.00 = RMB0.971.

On behalf of the Board
Bankee P Kwan
Chairman

Hong Kong, 19 July 2007

As at the date hereof, the executive directors of the Company are Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Mr Wong Kin Yick Kenneth and Mr Lin Che Chu George, and the independent non-executive directors of the Company are Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.