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CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 1049)

**TERMINATION
OF
POSSIBLE MAJOR TRANSACTION
- FORMATION OF A JOINT VENTURE
IN RESPECT OF TD-SCDMA TECHNOLOGY**

Reference is made to the Announcements regarding the possible major transaction of the Company in relation to the formation of the JV for TD-SCDMA Technology.

As the JV Conditions have not been fulfilled on or before the Longstop Date, the Board announces that the JV was terminated on 31 December 2007 pursuant to the JV Agreement and the Supplemental Agreement.

Reference is made to the announcements issued by Celestial Asia Securities Holdings Limited (“Company”) dated 19 July 2007, 9 August 2007 and 26 October 2007 regarding the possible major transaction of the Company in relation to the formation of the JV for TD-SCDMA Technology (“Announcements”). Terms used herein shall have the same meanings as defined in the Announcements unless the context otherwise requires.

Background

It was announced in the Announcements that the JV Partners intended to form the JV Company to develop and commercialise the TD-SCDMA Technology in China subject to the terms and conditions of the JV Agreement. The completion of the JV Agreement is conditional on the fulfilment of the JV Conditions and the Longstop Date for the fulfilment of the JV Conditions was deferred to 31 December 2007 (as disclosed in the announcement dated 26 October 2007).

Termination of the JV

As the JV Conditions, including the valuation of the TD-SCDMA as required to be mutually agreed by the JV Partners, have not been fulfilled on or before the Longstop Date (i.e. 31 December 2007), the Board announces that the JV was terminated on 31 December 2007 pursuant to the JV Agreement and the Supplemental Agreement.

The JV Partners were negotiating the possibilities of further extension of the Longstop Date recently. It has been mutually confirmed by the JV Partners on 11 January 2008 that the Longstop Date will not be further extended, but they may discuss amongst themselves the cooperation opportunities in the future.

Pursuant to the JV Agreement, each of duties and obligations of the JV Partners under the JV have been released upon termination. The Board considers that the termination of the JV will not have any material adverse impact on the business operation and financial position of the Company.

By Order of the Board
Suzanne Luke
Company Secretary

Hong Kong, 14 January 2008

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