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**Celestial Asia Securities Holdings Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock code: 1049)**

**DISCLOSEABLE TRANSACTION  
INVOLVING THE ISSUE OF CONSIDERATION SHARES**

**IN RESPECT OF**

**ACQUISITION OF 51% EQUITY INTEREST IN  
A MOBILE DIGITAL ENTERTAINMENT COMPANY**

Reference is made to the announcements of the Company dated 18 September 2010 and 30 December 2010 in respect of, among other things, the entering into of the MOU for the proposed acquisition of a 51% equity interest in a mobile digital entertainment company in the PRC.

The Board is pleased to announce that on 11 January 2011, the Formal Agreement in respect of the Acquisition was entered into, among others, Moli Mobile (a wholly-owned subsidiary of the Company) as the Purchaser and Injoy as the Vendor. Pursuant to the Formal Agreement, Moli Mobile has agreed to acquire a 51% equity interest in Yole Wireless (the holding company for mobile digital entertainment business of the Yole Group in the PRC) at the Consideration of RMB81,600,000 (equivalent to approximately HK\$95,602,560). The Consideration will be settled as to 50% in cash and as to 50% by the issue of the Consideration Shares at the Issue Price of HK\$0.752 per Consideration Share.

The Consideration Shares represent approximately 2.06% of the existing issued share capital of the Company as at the date of this announcement, and approximately 2.02% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration Shares will be issued under the general mandate granted by the Shareholders to the Board on 24 September 2010.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

As the Acquisition exceeds 5% but less than 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Acquisition constitutes a discloseable transaction involving the issue of the Consideration Shares for the Company under the Listing Rules.

## **The Formal Agreement**

**Date:** 11 January 2011

### **Parties:**

**Purchaser:** Moli Mobile Limited, a wholly-owned subsidiary of the Company.

**Vendor:** Injoy Information Technology Co., Limited, an investment holding company, which is beneficially owned as to 20%, 20%, 40% and 20% by Guo Zhen (郭振), He Siyun (何思雲), Wang Aizhi (王愛芝), and Yan Zi (燕子), respectively.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

**Issuer:** Celestial Asia Securities Holdings Limited, the issuer of the Consideration Shares.

**The Guarantors:** Guo Zhen (郭振), He Siyun (何思雲), He Zhonghui (何忠輝), Wang Aizhi (王愛芝), Yan Zi (燕子) and Pan Xiaoxu (潘曉旭).

**Assets to be acquired:** the Sale Shares, representing a 51% equity interest in Yole Wireless, an investment holding company incorporated in Hong Kong and is 100% beneficially owned by the Vendor as at the date of this announcement.

**Consideration:** RMB81,600,000 (equivalent to approximately HK\$95,602,560).

The Consideration shall be satisfied as to 50%, being RMB40,800,000 (equivalent to approximately HK\$47,801,280), by cash and as to 50%, being RMB40,800,000 (equivalent to approximately HK\$47,801,280), by the allotment and issue of the Consideration Shares, credited as fully paid, at an issue price as determined in accordance with the average of the quoted closing

prices of Shares for the five consecutive trading days preceding the date of the Formal Agreement. The Consideration Shares, if less than one board lot size of 6,000 Shares, will not be issued.

According to the terms of the Formal Agreement, the Issue Price was fixed at HK\$0.752 and a total of 63,564,000 Consideration Shares will be issued to satisfy part of the Consideration.

The Consideration Shares represent approximately 2.06% of the issued share capital of the Company as at the date of this announcement, and approximately 2.02% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Consideration Shares will be issued under the general mandate granted by the Shareholders to the Board on 24 September 2010 allowing the Board to issue a maximum of 20% of the issued Shares of the Company on the date of the passing of the resolution, being 559,212,350 Shares. As at the date of this announcement, no Shares have been issued pursuant to such general mandate. After the issue of the Consideration Shares, there will remain 495,648,350 Shares available to be issued under the general mandate.

The Consideration was determined after arm's length negotiation among the parties to the Formal Agreement based on the estimated audited consolidated net profit of the Yole Group for the year ended 31 December 2010 after taking into consideration the future prospects, the Profit Guarantee, the development potential of the Yole Group and the synergy effect for collaboration between the mobile digital entertainment business of the Yole Group and the online game business of the Moli Group. The Issue Price was determined with reference to the prevailing market price of the Shares. The Directors are of the view that the terms of the Acquisition, including the Consideration and the Issue Price, are fair and reasonable.

**Payment terms:**

The Consideration of RMB81,600,000 (equivalent to approximately HK\$95,602,560) shall be paid in the following manners:

- (i) 20% of the cash element of the Consideration, being RMB8,160,000 (equivalent to approximately HK\$9,560,256), will be paid by the Group and deposited into the designated escrow account of the Vendor as deposit upon the signing of the Formal Agreement. The deposit will be released to the Vendor on the Completion Date;

- (ii) 80% of the cash element of the Consideration, being RMB32,640,000 (equivalent to approximately HK\$38,241,024), will be paid by the Group to the Vendor on the Completion Date; and
- (iii) 50% of the Consideration, being RMB40,800,000 (equivalent to approximately HK\$47,801,280), will be paid by the issue and allotment of the Consideration Shares to the Vendor on the Completion Date.

The cash payment will be financed from internal resources of the Company.

**Lockup of the Consideration Shares:**

The Consideration Shares may not be sold, transferred by gift, pledged or otherwise transferred or disposed of prior to the date when the Consideration Shares become vested and unlocked pursuant to the following relevant vesting schedule as set out in the Formal Agreement:-

- (i) if the Profit Guarantee for the year ending 31 December 2011 (as set out in (a) under the sub-section headed “Profit Guarantee” in this section) is attained, 50% of the Consideration Shares shall be vested and unlocked within 5 Business Days after the issue of the audited financial report of Yole Wireless for the year ending 31 December 2011; and
- (ii) if the Profit Guarantee for the year ending 31 December 2012 (as set out in (b) under the sub-section headed “Profit Guarantee” in this section) is attained, 50% of the Consideration Shares shall be vested and unlocked within 5 Business Days after the issue of the audited financial report of Yole Wireless for the year ending 31 December 2012.

**Conditions precedent:**

Completion is conditional upon, among others, the satisfaction of the following conditions:-

- (a) the signing of employment contracts, in content and format to the satisfaction of the Purchaser, by the key employees of the Yole Group (as listed in the Formal Agreement) with You Le and Yu Zhong for a term of not less than 3 years from the Completion Date;
- (b) the presentation of a written report relating to progress of a project of a business line of the Yole Group (as stated in the Formal Agreement) by the Vendor and the Guarantors to the Purchaser;

- (c) the compliance by the Company with the requirements of the Listing Rules, applicable laws and the bye-laws of the Company in respect of the transactions contemplated under the Formal Agreement, and the obtaining of all applicable internal and external approvals, authorisation and consents (if necessary) by the Company;
- (d) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;
- (e) the lawful registration of the ownership rights and rights to use the intellectual properties and other assets (as listed in the Formal Agreement) under the relevant companies of the Yole Group;
- (f) the lawful registration of all relevant business licenses (as listed in the Formal Agreement) under the Yole Group and such business licenses are still in force and effect on the Completion Date;
- (g) the representations and warranties (as stated in the Formal Agreement) remain true, accurate and complete at all times and in all respects;
- (h) the fulfillment of all obligations and undertakings by the Vendor and the Guarantors under the Formal Agreement on or before the Completion Date;
- (i) there has been no adverse change to the business, assets and operation of the Yole Group and there has been no substantial adverse change or undisclosed substantial risks since 31 December 2010;
- (j) the presentation of the audited financial reports of You Le and Yu Zhong for the year ended 31 December 2010 by the Vendor evidencing that the profit after taxation of You Le and Yu Zhong for the year ended 31 December 2010 is not less than RMB18,000,000 (equivalent to approximately HK\$21,088,800);

In the event that the profit after taxation of You Le and Yu Zhong for the year ended 31 December 2010 is less than RMB18,000,000 (equivalent to approximately HK\$21,088,800), the Purchaser reserves the right to demand the Vendor to refund the cash deposit of RMB8,160,000 (equivalent to approximately HK\$9,560,256) paid by the Purchaser to the Vendor as deposit upon the signing of the Formal Agreement;

- (k) the relevant share pledge agreements executed by the existing registered shareholders of You Le in favour of Zhang Zhong Wu You have been recorded in the register of shareholders of You Le and registered with State Administration for Industry and Commerce in the PRC; and
- (l) the relevant share pledge agreements executed by the existing registered shareholders of Yu Zhong in favour of Zhang Zhong Wu You have been recorded in the register of shareholders of Yu Zhong and registered with State Administration for Industry and Commerce in the PRC.

Neither party may waive any of the above conditions, except that the above conditions (a), (b), (f), (i) and (j) may be wholly or partly waived by the Purchaser. If the above conditions have not been fulfilled (or waived wholly or partly by the Purchaser) on or before 31 March 2011 (or such later date as may be agreed among the parties to the Formal Agreement), the Purchaser has the right to defer such date or declare the Formal Agreement to be terminated. If the Formal Agreement is terminated hereunder, the parties to the Formal Agreement shall not be liable to each other save for any antecedent breaches.

**The Completion:**

Completion of the Formal Agreement shall be on the third Business Day after all the conditions have been fulfilled or on such other date as may be agreed among the parties to the Formal Agreement, but in any event no later than 31 March 2011.

**The Profit Guarantee:**

The Vendor and the Guarantors have undertaken to guarantee that:-

- (a) the audited consolidated profit after taxation of You Le and Yu Zhong for the financial year ending 31 December 2011 shall not be less than RMB23,000,000 (equivalent to approximately HK\$26,946,800); and
- (b) the audited consolidated profit after taxation of You Le and Yu Zhong for the financial year ending 31 December 2012 shall not be less than RMB30,000,000 (equivalent to approximately HK\$35,148,000).

The Profit Guarantee will be calculated in accordance with generally accepted accounting principles in Hong Kong.

If the audited consolidated profit after taxation of You Le and Yu Zhong throughout the Guaranteed Period is more than the Profit Guarantee, the Purchaser shall be obliged to pay to the Vendor an amount equals to 30% of the surplus amount within the first month of next accounting period of the related Guaranteed Period.

If the audited consolidated profit after taxation of You Le and Yu Zhong throughout the Guaranteed Period is less than the Profit Guarantee, the shortfall will be made up by the Vendor and/or the Guarantors shall procure the Vendor delivering up an equivalent amount of Consideration Shares within 7 Business Days after the issue of the audited financial report of the related Guaranteed Period for sale in the open market for settlement of the shortfall amount. The amount of the Consideration Shares will be determined in accordance with a specified formula as stipulated in the Formal Agreement, being 8 times of 51% of the net shortfall amount divided by the average quoted closing prices for five consecutive trading days preceding the date of the issue of the audited financial report of the related Guaranteed Period.

If the Consideration Shares delivered by the Vendor are not sufficient to cover the excess of the Profit Guarantee over the actual profit, the Vendor and the Guarantors shall pay the shortfall in cash to the Purchaser, provided that such cash payment by the Vendor and the Guarantors shall not exceed the cash element of the Consideration.

**Undertaking:**

The Vendor and the Guarantors have undertaken that for a period of 18 months from the Completion Date,:-

- (i) they will not dispose of their equity interest in Yole Wireless; and
- (ii) save and except that the Consideration Shares become vested and unlocked (subject to the vesting schedule (as set out in (i) and (ii) under the sub-section headed “Lockup of the Consideration Shares” in this section)), they will not dispose of the Consideration Shares.

## **INFORMATION ABOUT THE GROUP**

The Group is in the business of identifying, investing and developing various innovative business opportunities and to serve as a platform for market access into the PRC for such opportunities. The current principal activities of the Group consist of (a) financial services provided via CASH Financial Services Group Limited (stock code: 510) through the brand name “CASH” 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, money lending and corporate finance; (b) sales of furniture and household items and electrical appliances through the brand name “Pricerite”; (c) provision of online game services, sales of online game auxiliary products and licensing services via the Moli Group through the brand name “Moli”; and (d) investment holding. The Group also aims to identify further business and investment opportunities as a platform for market access into the PRC. For additional information, please visit [www.cash.com.hk](http://www.cash.com.hk)

## **INFORMATION ABOUT THE YOLE GROUP**

The Yole Group has been an important provider of mobile digital entertainment contents for mobile handsets including smart phones in China, since 2008. Its repertoire includes a large number of mobile games and pre-loaded thematic apps. Its database expands to some 20 million mobile phone users in China. The Yole Group also has established business relations with various Chinese telecom companies as a full-service payment gateway.

The unaudited consolidated net profit (before and after taxation) of the Yole Group for the year ended 31 December 2009 were about RMB4.1 million (equivalent to about HK\$4,803,560) and RMB4.0 million (equivalent to about HK\$4,686,400) respectively, and the unaudited consolidated net profit (before and after taxation) of the Yole Group for the year ended 31 December 2008 were both about RMB2.2 million (equivalent to around HK\$2,577,520) respectively. The unaudited net asset value of the Yole Group as at 31 December 2009 and 31 December 2008 were about RMB7.1 million (equivalent to HK\$8,318,360) and RMB5.0 million (equivalent to around HK\$5,858,000).

## **BENEFITS OF THE ACQUISITION**

One of the principal businesses of the Group is online game business under the Moli Group which the Group aims to develop into an integrated multimedia platform. The Acquisition brings tremendous synergies of the Moli Group’s strong online platform with the Yole Group’s mobile expertise for further growth and market penetration in the PRC. Upon the Completion, Moli Group is wellplaced to benefit from the “Convergence of the Three-Networks” namely of the telecom, broadcast TV and internet sectors which is taking place in China. The Moli Group will continue to grow organically and through acquisitions.

The Board believes that the Formal Agreement will serve to provide market access in the mobile entertainment sector, and further opportunities to enhance shareholder value and an opportunity to becoming an integrated multimedia business. The Board considers that the terms of the Formal Agreement are fair and reasonable and the entering into of the Formal Agreement is in the interests of the Company and the Shareholders as a whole.



## GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Acquisition exceeds 5% but less than 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Acquisition therefore constitutes a discloseable transaction involving the issue of the Consideration Shares for the Company under the Listing Rules.

## DEFINITIONS

“Acquisition”	acquisition of the Sale Shares from the Vendor by the Purchaser at the Consideration
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday or a Sunday) on which banks in Hong Kong are generally opened for normal banking business
“Company”	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and whose Shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	the date on which the Completion occurs
“Consideration”	the aggregate consideration in the amount of RMB81,600,000 (equivalent to approximately HK\$95,602,560) payable by the Company to the Vendor for the Acquisition
“Consideration Shares”	63,564,000 Shares to be issued and allotted by the Company to the Vendor at the Issue Price on the Completion Date
“Director(s)”	director(s) of the Company
“Formal Agreement”	a formal sale and purchase agreement dated 11 January 2011 entered into, among others, Moli Mobile and Injoy in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Guaranteed Period”	represents the financial years ending 31 December 2011 and 31 December 2012

“Guarantors”	Guo Zhen (郭振), He Siyun (何思雲), He Zhonghui (何忠輝), Wang Aizhi (王愛芝), Yan Zi (燕子) and Pan Xiaoxu (潘曉旭)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Injoy” or “Vendor”	Injoy Information Technology Co., Limited, a company incorporated in the British Virgin Islands with limited liability, which owns Yole Wireless as to 100% as of the date of the Formal Agreement
“Issue Price”	HK\$0.752 per Consideration Share which is determined in accordance with the average of the quoted closing prices of the Shares for five consecutive trading days preceding the date of the Formal Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Moli Group”	Moli Group Limited, a company incorporated in the British Virgin Islands with limited liability, and is the holding company of the Group’s online game business. It is a wholly-owned subsidiary of the Company
“Moli Mobile” or “Purchaser”	Moli Mobile Limited, a company incorporated in the British Virgin Islands with limited liability. It is a wholly-owned subsidiary of Moli Group and the Group
“MOU”	a non-legally binding memorandum of understanding dated 18 September 2010 entered into between Moli Group and the shareholders of Injoy in relation to the Acquisition
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Profit Guarantee”	the profit guarantee which the Vendor and the Guarantors have undertaken to the Purchaser in respect of the audited consolidated profit after taxation of You Le and Yu Zhong during the Guaranteed Period. Further details are set out in the sub-section headed “Profit Guarantee” under the section headed “The Formal Agreement” in this announcement
“Sale Shares”	5,100 ordinary shares of HK\$1.00 each, representing a 51% equity interest, in Yole Wireless
“Shareholder(s)”	holder(s) of the Share(s)

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yole Wireless”	Yole Wireless Technology (HongKong) Co., Limited, a company incorporated in Hong Kong with limited liability, which is the holding company of the Yole Group
“Yole Group”	Yole Wireless, Zhang Zhong Wu You, You Le and Yu Zhong. The Yole Group is engaged in mobile digital entertainment business in the PRC
“You Le”	廣州悠樂無線科技有限公司 (translated as “Guangzhou You Le (Wireless) Technology Company Limited”), a company established under the laws of the PRC with limited liability, which has entered into a series of contractual arrangements with Zhang Zhong Wu You
“Yu Zhong”	廣州娛眾信息技術有限公司 (translated as “Guangzhou Yu Zhong Information Technology Company Limited”), a company established under the laws of the PRC with limited liability, which has entered into a series of contractual arrangements with Zhang Zhong Wu You
“Zhang Zhong Wu You”	掌中無優(北京)科技有限公司 (translated as “Zhang Zhong Wu You (Beijing) Technology Company Limited”), a company established under the laws of the PRC with limited liability, and is a direct wholly-owned subsidiary of Yole Wireless
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

*Unless otherwise specified in this announcement, amounts denominated in RMB have been translated, for illustration only, into HK\$ at exchange rate of RMB1.00=HK\$1.1716.*

On behalf of the Board  
**Bankee P Kwan**  
*Chairman & CEO*

Hong Kong, 11 January 2011

As at the date hereof, the board of directors of the Company comprises:-

*Executive directors:*

Mr Kwan Pak Hoo Bankee  
Mr Law Ping Wah Bernard  
Mr Ng Kung Chit Raymond

*Independent non-executive directors:*

Mr Leung Ka Kui Johnny  
Mr Wong Chuk Yan  
Dr Chan Hak Sin