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**CELESTIAL ASIA SECURITIES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 1049)

**ISSUE OF A CONVERTIBLE NOTE**

**UNUSUAL PRICE MOVEMENT**

**AND**

**RESUMPTION OF TRADING**

The Board is pleased to announce that, ARTAR (a fundamental long term value investor), in their recognition of the fundamental and long term value of the Company and CFSG, would have invested, in total, approximately US\$17,000,000 (equivalent to approximately HK\$132,600,000) in the Group by (1) subscription of the Convertible Note for US\$12,000,000 (equivalent to approximately HK\$93,600,000) as detailed below; (2) acquiring shares of CFSG to take their ownership to 7.98% of CFSG (as announced by CFSG on 10 and 13 June 2011 respectively); and (3) subscription of 30,000,000 Shares in the Company during the recent placing exercise for HK\$15,300,000 (as announced by the Company on 7 June 2011).

**The Subscription Agreement**

In relation to the subscription of the Convertible Note for US\$12,000,000 (equivalent to approximately HK\$93,600,000), the Board details that, on 14 June 2011, the Company has entered into the Subscription Agreement with ARTAR, pursuant to the Subscription Agreement, and subject to the Conditions, the Company has agreed to issue and ARTAR has agreed to subscribe the Convertible Note.

The Convertible Note shall, at Completion, be issued by the Company in the principal amount of US\$12,000,000 (equivalent to approximately HK\$93,600,000) with the Conversion Price of HK\$0.50 per Conversion Share. Upon full conversion of the Convertible Note, a maximum of approximately 187,200,000 new Shares will be issued. The Conversion Shares represent about 5.2% and 4.9% respectively of the Company's existing issued share capital and that enlarged by the issue of the Conversion Shares. The Conversion Shares will be issued under the special mandate to be sought at the SGM.

The issue of the Convertible Note is conditional upon, inter alia, the approval of the Shareholders at the SGM. A circular containing, among other things, the details of the Subscription Agreement and the notice of the SGM will be despatched to the Shareholders as soon as practicable.

### **Unusual Price Movement**

The Board has noted the recent decrease in the price of the Shares on 13 June 2011 and wishes to state that the Board is not aware of any reasons for such decrease, which the Board believes does not reflect the fundamental strength and soundness of the operations of the Company.

The Board further confirms that, save as to the transactions as disclosed in this announcement and the announcements issued by the Company dated 7 to 13 June 2011 respectively, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09(1) of the Listing Rules, which is or may be of a price-sensitive nature.

### **Resumption of Trading**

Trading in the Shares on the Stock Exchange was suspended from 10:09 am on 13 June 2011 at the request of the Company. The Company has applied to the Stock Exchange for resumption of trading in the Shares from 9:00 am on 15 June 2011.

## **INTRODUCTION**

The Board is pleased to announce that, ARTAR (a fundamental long term value investor), in their recognition of the fundamental and long term value of the Company and CFSG, would have invested, in total, approximately US\$17,000,000 (equivalent to approximately HK\$132,600,000) in the Group by (1) subscription of the Convertible Note for US\$12,000,000 (equivalent to approximately HK\$93,600,000); (2) acquiring shares of CFSG to take their ownership to 7.98% of CFSG (as announced by CFSG on 10 and 13 June 2011 respectively); and (3) subscription of 30,000,000 Shares in the Company during the recent placing exercise for HK\$15,300,000 (as announced by the Company on 7 June 2011).

In relation to the subscription of the Convertible Note for US\$12,000,000 (equivalent to approximately HK\$93,600,000), the Board details that, on 14 June 2011, the Company has entered into the Subscription Agreement with ARTAR, pursuant to the Subscription Agreement, and subject to the Conditions, the Company has agreed to issue and ARTAR has agreed to subscribe the Convertible Note.

The details of the Subscription Agreement are described below:-

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

14 June 2011

### **Parties**

Issuer : the Company

Subscriber : ARTAR, the Independent Third Party, which is not a connected person of the Company (as defined under the Listing Rules)

### **The Conditions**

The issue of the Convertible Note is conditional upon, amongst other things,-

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares;
- (b) the approval of the Subscription Agreement and the transactions contemplated thereunder by the Shareholders at the SGM; and
- (c) all necessary approvals, authorizations, consents, agreements or other permissions of any kind, from or by all relevant governmental or regulatory authorities, agencies or bodies, or any other third party (including banks and/or relevant regulatory authorities of the relevant jurisdictions (if required), required for the implementation of the transactions contemplated under the Subscription Agreement being obtained and maintained.

The Conditions are required to be fulfilled on or before 31 August 2011 or such later date as may be agreed between the Company and the Subscriber. If the Conditions are not fulfilled by such date, the Subscription Agreement will terminate without any causes of damages against each of the Parties.

### **The Completion**

The Subscription Agreement shall be completed within 2 business days (or any extended period as agreed by the Company) after the Subscription Agreement becoming unconditional.

## **THE CONVERTIBLE NOTE**

The principal terms of the Convertible Note to be issued are set out below:-

### **Principal terms**

Consideration: US\$12,000,000 (equivalent to approximately HK\$93,600,000) in cash.

Principal amount: US\$12,000,000 (equivalent to approximately HK\$93,600,000).

Conversion Price: HK\$0.50 per Conversion Share.

The Conversion Price was determined on an arm's length basis between the Company and the Subscriber, being:

- a premium of approximately 42.9% over the closing price per Share of HK\$0.35 per Share as quoted on the Stock Exchange immediately preceding the suspension of trading in the morning session on 13 June 2011, being the date of the Subscription Agreement;
- a premium of approximately 2.3% over the average closing price per Share of approximately HK\$0.489 per Share as quoted on the Stock Exchange in the five consecutive trading days up to and including 10 June 2011, being the trading day immediately before the date of the Subscription Agreement;
- a premium of approximately 0.3% over the average closing price per Share of approximately HK\$0.499 per Share as quoted on the Stock Exchange in the ten consecutive trading days up to and including 10 June 2011, being the trading day immediately before the date of the Subscription Agreement; and
- a premium of 201.2% over the audited net asset value of HK\$0.166 per Share, based on the audited net asset value attributable to the Shareholders of the Company as at 31 December 2010.

The Conversion Price may be adjusted upon occurrence of events for (i) share consolidation, (ii) share subdivision, (iii) capitalisation of profits or reserves, (iv) capital distributions in cash or specie, (v) rights issues, (vi) issue of any securities which are convertible or exchangeable into Shares for cash at an effective price which is less than 90% of the market price at the date of announcement of terms of issue of such securities, (vii) the effective price of Shares receivable from the rights of conversion, exchange or subscription of such securities are modified to be less than 90% of the market price at the date of announcement of the proposed modification, (viii) issue of Shares at a price which is less than 90% of the market price at the date of the announcement of the terms of such issue, (ix) issue Shares for the acquisition of assets at an effective price which is less than 90% of the market price at the date of the announcement of the terms of such issue, and will in any event not be adjusted below the par value of a Share. The adjustment, when it takes place, will in appropriate circumstances be reviewed by approved merchant bank or financial adviser or auditor of the Company, and will be disclosed in the relevant announcement or annual report (as consider appropriate) of the Company.

The Conversion Price was determined with reference to the recent market closing prices of the Shares. The Board is of the opinion that the Conversion Price is fair and reasonable and in the interests of the Company and Shareholders as a whole.

- Interest rate: 4% per annum on the outstanding principal amount of the Convertible Note.
- Repayment right: at the discretion of the Company at any time after the expiry of 3 months from the date of issue of the Convertible Note but prior to the maturity date (as described below).
- Conversion right: at the discretion of any of the Company or the Subscriber.
- Conversion period: commencing any time after the expiry of 6 months from the issue date of Convertible Note and ending on the maturity date (as described below).
- Maturity date: 31 December 2014, or any other date mutually agreed between the Company and the Subscriber, on which all outstanding principal amount of the Convertible Note shall be fully repaid.
- Transferability: the Convertible Note will be transferable with the consent of the Company only to persons who are not connected person of the Company (as defined under the Listing Rules) (save for the 100%-owned companies of the Subscriber which shall not require the consent of the Company).

### **Conversion Shares to be issued upon conversion**

The Conversion Shares to be issued upon conversion of the Convertible Note will rank pari passu in all respects with the Shares then in issue at the relevant dates of conversion. There is no pre-emptive right for the Conversion Shares nor are there other restriction which applies to the subsequent sale of such Conversion Shares under the terms of the Convertible Note.

Assuming that the Convertible Note is converted at the Conversion Price, a maximum of approximately 187,200,000 Conversion Shares, representing approximately 5.2% of the existing issued share capital of the Company, and approximately 4.9% of the issued share capital of the Company, as enlarged by the issue of the Conversion Shares, will be issued by the Company.

The Conversion Shares will be issued under the special mandate to be sought at the SGM.

### **Voting rights of the holder of the Convertible Note**

The holder of the Convertible Note will not have any right to vote at the general meetings of the Company by virtue of it being the holder of the Convertible Note.

### **Listing of the Convertible Note**

No listing of the Convertible Note will be sought on the Stock Exchange or any other stock exchange. However, the Company will apply for the listing on the Stock Exchange of the Conversion Shares issuable upon the conversion of the Convertible Note.

## SHAREHOLDING STRUCTURE

Currently, the Company has the Existing Convertible Note in issue. The shareholding structures of the Company (based on information received by the Company and to the best knowledge of the Board, and notified pursuant to Part XV of the Securities and Futures Ordinance as at the date of this announcement) before and after the full conversion of the Conversion Note and the Existing Convertible Note are as follows:

	As at the date of this announcement		Upon full conversion of the Convertible Note		Upon full conversion of the Convertible Note and the Existing Convertible Note	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Cash Guardian Limited	1,130,682,171	31.14	1,130,682,171	29.62	1,361,690,570	33.63
Mr Kwan Pak Hoo Bankee	3,600,000	0.10	3,600,000	0.09	3,600,000	0.09
Cash Guardian Limited and parties acting in concert with it	1,134,282,171	31.24	1,134,282,171	29.71	1,365,290,570	33.72
Mr Law Ping Wah Bernard	107,408,720	2.96	107,408,720	2.81	107,408,720	2.65
Other Director	3,745,200	0.10	3,745,200	0.10	3,745,200	0.09
Public Shareholders (including the Subscriber) ( <i>Note</i> )	2,385,593,710	65.70	2,572,793,710	67.38	2,572,793,710	63.54
Total	3,631,029,801	100.00	3,818,229,801	100.00	4,049,238,200	100.00

*Note: The Subscriber is regarded as public Shareholders under the Listing Rules and the Shares held by the Subscriber will be counted as part of the Shares held by the public.*

## INFORMATION OF THE SUBSCRIBER

The Subscriber is a member of the ARTAR Group with major presence in Saudia Arabia and owned by a Middle Eastern family interest ([www.artar.com.sa](http://www.artar.com.sa)). The ARTAR Group is internationally recognized as an investment institution and their investments include contracting, real estate, trading, industrial, food catering, agriculture, banking, health care and investment in real estate, equities, bonds and private placements. They are fundamental long term value investors.

## REASON FOR THE ISSUE OF THE CONVERTIBLE NOTE

The current principal activities of the Group consist of (a) provision of mobile internet (to include content, operations and distribution activities) services and online game (sales of online game auxiliary products and licensing) services; (b) financial services provided via CFSG 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; (c) sales of furniture and household items and electrical appliances; and (d) investment holding. For additional information, please visit [www.cash.com.hk](http://www.cash.com.hk).

The proposed issue of the Convertible Note provides an opportunity to the Company to raise fund to strengthen the capital base and to enhance its financial position and net assets base for long-term development and growth. ARTAR noted recent volatility in the share prices of the Company and CFSG for reasons unknown to the management and considers it as a good opportunity to make a further investment in the Group. The injection of funds into the Group by the Subscriber in the form of the Convertible Note provides the long-term support to the Group. The gross and net proceeds from the Convertible Note of both HK\$93.6 million shall be used for general working capital of the Group and for development and expansion of our mobile internet business in the PRC. The Directors are of the view that the terms of the Convertible Note are on normal commercial terms, and are fair and reasonable, and the issue of the Convertible Note is in the interests of the Company and the Shareholders as a whole.

## FUND RAISING IN THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities in the past 12 months:-

Date of announcement	Transaction	Net proceeds raised ( <i>approximately</i> )	Intended use of proceeds	Actual use of proceeds
26 July 2010	Top up placing of 20,000,000 top up Shares at the price of HK\$2.50 each	HK\$49.3 million	For general working capital of the Group	Used as intended
1 April 2011	Top up placing of 100,000,000 top up Shares at the price of HK\$0.50 each	HK\$48.5 million	For general working capital of the Group including the development of Moli's online game business and its newly developed cross-platform mobile internet business in the PRC	Used as intended
7 June 2011	Top up placing of 208,000,000 top up Shares at the price of HK\$0.51 each	HK\$102.9 million	For general working capital of the Group and to further develop the integrated end-to-end mobile internet platform of Moli's online game business in the PRC.	Not yet utilised

## **GENERAL**

An 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 Conversion Shares.

The issue of the Convertible Note is conditional upon, inter alia, the approval of the Shareholders at the SGM. A circular containing, among other things, the details of the Subscription Agreement and the notice of the SGM will be despatched to the Shareholders as soon as practicable. At the SGM, resolutions will be proposed to consider and, if thought fit, to approve the Subscription Agreement including specific mandate for issue of the Conversion Shares, and the transactions as contemplated thereunder.

## **UNUSUAL PRICE MOVEMENT**

The Board has noted the decrease in the price of the Shares on 13 June 2011 and wishes to state that the Board is not aware of any reasons for such decrease, which the Board believes does not reflect the fundamental strength and soundness of operations of the Company.

The Board further confirms that, save as the transactions as disclosed in this announcement and the announcements dated 7 to 13 June 2011 respectively of the Company, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09(1) of the Listing Rules, which is or may be of a price-sensitive nature.

**Shareholders and other investors are advised to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended from 10:09 am on 13 June 2011 at the request of the Company. The Company has applied to the Stock Exchange for resumption of trading in the Shares from 9:00 am on 15 June 2011.

## **DEFINITIONS**

“Associates”	has the same meaning ascribed in the Listing Rules
“Board”	the board of directors of the Company
“Cash Guardian”	Cash Guardian Limited, is a controlling shareholder of the Company, and a company controlled by Mr Kwan Pak Hoo Bankee (the Chairman and CEO of the Company and the chairman of CFSG)



“CFSG”	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda, whose shares are listed on the main board of the Stock Exchange. It is currently beneficially owned as to 41.55% equity interests by the Company and is an associated company of the Company
“Company”	Celestial Asia Securities Holdings Limited (stock code: 1049) (name to be changed to Net2Gather (China) Holdings Limited), a company incorporated in Bermuda with limited liability and whose securities are listed on the main board of the Stock Exchange
“Completion”	completion of the Subscription Agreement, as particularly described in the sub-section of “The Completion” under the section of “The Subscription Agreement” in this announcement
“Conditions”	the conditions of the Subscription Agreement as set out in the sub-section of “The Conditions” under the section of “The Subscription Agreement” in this announcement
“Conversion Price”	HK\$0.50 per Conversion Share, being the initial conversion price of the Convertible Note. The Conversion Price is subject to adjustment upon occurrence of certain events as set out in the sub-section of “The Conversion Price” under the section of “The Convertible Note” in this announcement
“Conversion Share(s)”	the new Shares issuable upon the conversion of any part of the Convertible Note
“Convertible Note”	the proposed convertible note of US\$12,000,000 (equivalent to approximately HK\$93,600,000) to be issued to the Subscriber at the Completion
“Director(s)”	director(s) of the Company
“Existing Convertible Note”	the existing convertible note issued by the Company to Cash Guardian on 17 February 2009 in the outstanding principal amount of HK\$19,243,000 as at the date of this announcement
“Group”	the Company, its subsidiaries and associated companies
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	to the best of the knowledge, information and belief of the Board having made all reasonable enquiry, such company(ies) or person(s) and their respective ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong
“SGM”	the special general meeting of the Company to be held to approve the Subscription Agreement including the special mandate for the issue of the Conversion Shares and the transactions as contemplated thereunder
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber” or “ARTAR”	Abdulrahman Saad Al-Rashid & Sons Company Limited, the Independent Third Party, which is not a connected person of the Company as defined under the Listing Rules. The Subscriber is currently a significant shareholder of CFSG, holding an aggregate of 7.98% of the existing issued share capital of CFSG
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Subscriber on 14 June 2011 in relation to the proposed subscription of the Convertible Note, subject to the Conditions
“HK\$”	Hong Kong dollar(s), the currency of Hong Kong

*Unless otherwise specified in this announcement, amounts denominated in US\$ have been translated, for illustration only, into HK\$ at exchange rate of US\$1.00=HK\$7.78.*

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

Hong Kong, 14 June 2011

As at the date hereof, the Directors of the Company are:-

*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