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MOBILE TELECOM NETWORK (HOLDINGS) LIMITED

流動電訊網絡(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8266)

PLACING OF NEW SHARES

Placing Agent



**財華證券
FINET**

Finet Securities Limited

On 4 November 2010, the Company entered into the Placing Agreement with the Placing Agent in relation to the Placing. Pursuant to the Placing Agreement, the Company has conditionally agreed to place, through the Placing Agent on a best-effort basis, up to a maximum of 90,000,000 new Placing Shares to the Placee(s) at HK\$0.2 per Placing Share.

The Placing Shares represent (i) approximately 18.78% of the existing issued share capital of the Company of 479,342,976 Shares; and (ii) approximately 15.81% of the Company's issued share capital of 569,342,976 Shares as enlarged by the allotment and issue of the Placing Shares.

The net proceeds from the Placing (after deducting the placing commission, professional fees and other related expenses payable by the Company) are approximately HK\$17.5 million which are intended to be used for general working capital of the Group.

The Placing is conditional upon the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares under the Placing.

Completion is subject to the satisfaction of the condition precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

* For identification purpose only

THE PLACING AGREEMENT

Date

4 November 2010

Parties

- (1) the Company; and
- (2) the Placing Agent.

The Placing Agent has conditionally agreed to place up to a maximum of 90,000,000 new Placing Shares to the Placees on a best-effort basis and will receive a placing commission of 2% on the gross proceeds of the actual number of Placing Shares being placed by the Placing Agent. The Directors are of the view that the placing commission is fair and reasonable.

Placee

The Placee for all 90,000,000 Placing Shares is Ever Champion Trading Limited (“Ever Champion”), an investment holding company incorporated in the British Virgin Islands. The ultimate beneficial owner of Ever Champion is a substantial shareholder of the holding company of the Placing Agent.

Prior to Completion, Ever Champion is an independent third party of the Company and its associates and the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates. Upon Completion, Ever Champion will be a substantial Shareholder and become a connected person of the Company.

Ever Champion is independent of, and not acting in concert (within the meaning of that expression under the Takeovers Code) with China Oil Resources Group Limited, PetroAsian Energy Holdings Limited or their respective associates or concert parties (within the meaning of that expression under the Takeovers Code). The Placing Agent has also undertaken to the Company to ensure that the Placing will not result in a breach of Rule 31.1 or other applicable provisions of the Takeovers Code.

Placing Shares

The Placing Shares represent (i) approximately 18.78% of the existing issued share capital of the Company of 479,342,976 Shares; and (ii) approximately 15.81% of the Company’s issued share capital of 569,342,976 Shares as enlarged by the allotment and issue of the Placing Shares.

Ranking of the Placing Shares

The Placing Shares will be issued fully paid up and ranking pari passu in all respects with the Shares in issue, including the right to receive all dividend and distributions which may be declared, made or paid after the date of Completion and will be issued free and clear of all liens, encumbrances, equities or other third party rights.

Placing Price

The Placing Price of HK\$0.2 represents (i) a discount of approximately 17.70% to the closing price of HK\$0.2430 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 17.08% to the average closing price of approximately HK\$0.2412 per Share as quoted on the Stock Exchange for the last five consecutive trading days including the Last Trading Day.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent with reference to the recent trading price of the Shares. The Board also considers that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

General Mandate

The Placing Shares will be issued under the General Mandate to allot, issue and deal with the Shares granted to the Directors by a resolution of the then Shareholders passed at the Company's annual general meeting held on 30 July 2010. Under the General Mandate, the Company is authorised to issue 95,868,595 Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. The Placing and the issue of the Placing Shares are not subject to the approval by the Shareholders.

Condition of the Placing

The Placing is conditional upon the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares under the Placing.

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

If the condition is not fulfilled by 26 November 2010 (or such later date as may be agreed by the Company and the Placing Agent), the Placing Agreement shall terminate and none of the parties thereto shall have any claims against the other for any costs and losses (save for any prior breaches of the Placing Agreement) and the Placing shall lapse.

Completion

Completion will take place on a date after the fulfillment of the condition as set out in the Placing Agreement but not later than 30 November 2010 or such other date as may be agreed between the Company and the Placing Agent.

Completion is subject to the satisfaction of the condition precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

OTHER INFORMATION ON THE PLACING

Reasons for the Placing

The Group is principally engaged in development, provision and sales of mobile internet communication telecommunications and related services.

In view of the current market conditions, the Board considers that the Placing represents a good opportunity to raise additional capital for the Company to strengthen the capital base and enhance the liquidity position. The Directors consider that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Use of proceeds

The gross proceeds from the Placing are HK\$18 million. The net proceeds from the Placing (after deducting the placing commission, professional fees and other related expenses payable by the Company) are approximately HK\$17.5 million which are intended to be used for general working capital of the Group. The net proceeds raised per Placing Share are approximately HK\$0.194.

Fund raising activities in the past twelve months

The Company did not have any fund raising activities on any issue of equity securities in the past twelve months prior to the date of this announcement.

Possible effect on shareholding structure

The existing and enlarged shareholding structure of the Company as at the date of this announcement and immediately after Completion (assuming there are no other changes in the issued share capital of the Company) are set out below:

	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Director				
Mr. Chan Wai Kwong, Peter ¹	108,036	0.02	108,036	0.02
Substantial Shareholders				
China Oil Resources Group Limited ²	177,785,861	37.09	177,785,861	31.23
Vodatel Information Limited ³	80,325,696 ⁴	16.76	80,325,696 ⁴	14.11
Ever Champion	0	0.00	90,000,000	15.81
Public Shareholders	<u>221,123,383</u>	<u>46.13</u>	<u>221,123,383</u>	<u>38.83</u>
Total	<u><u>479,342,976</u></u>	<u><u>100.00</u></u>	<u><u>569,342,976</u></u>	<u><u>100.00</u></u>

Notes:

1. Mr. Chan Wai Kwong, Peter is an executive Director.

2. China Oil Resources Group Limited, a company incorporated in the British Virgin Islands with limited liability, is an investment holding company which is directly wholly owned by PetroAsian Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (Stock code: 850).
3. Vodatel Information Limited is a direct and wholly owned subsidiary of VDT Mobile Holdings Limited which is a direct and wholly owned subsidiary of Vodatel Holdings Limited, a direct and wholly owned subsidiary of Vodatel Networks Holdings Limited (“Vodatel”). Vodatel is a company incorporated in Bermuda whose shares are listed on GEM (Stock code: 8033).
4. The figure is based on information in the interim report for the six months ended 30 June 2010 of Vodatel.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Mobile Telecom Network (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the Placing in accordance with the terms and condition of the Placing Agreement
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the then Shareholders at the annual general meeting of the Company held on 30 July 2010 to allot, issue and deal with the Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Last Trading Day”	4 November 2010, being the last trading day for the Shares prior to the release of this announcement
“Placee(s)”	any individuals, institutional investors or other professional investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s) pursuant to the Placing Agreement
“Placing Agent”	Finet Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 2 (dealing in future contracts) regulated activities for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 4 November 2010 and entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$0.2 per Placing Share
“Placing Shares”	up to an aggregate of 90,000,000 new Shares to be allotted and issued under the Placing
“Share(s)”	ordinary share(s) of US\$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
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended from time to time
“%”	per cent.

By order of the Board
Mobile Telecom Network (Holdings) Limited
Li Siu Bun
Company Secretary

Hong Kong, 4 November 2010

As at the date of this announcement, the Board comprises four executive Directors, namely, Dr. Chan Chung (Chairman), Mr. Chan Wai Kwong, Peter, Mr. Siu King Nin, Peter and Mr. Choi Ho Yan; and three independent non-executive Directors, namely, Mr. Chiu Wai Piu, Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the day of its publication and on the Company’s website at www.mtelnet.com.