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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)

MAJOR AND CONNECTED TRANSACTION

THE AGREEMENT

On 15 February 2011, the Vendors and Gold Continental entered into the Agreement pursuant to which Gold Continental has agreed to purchase and the Vendors has agreed to sell the Sale Shares for a total consideration of HK\$65,000,000.

The consideration of HK\$65,000,000 for the sale and purchase of the Sale Shares shall be settled by Gold Continental (which shall be shared by the Vendors on a 50:50 basis) in the following manner:

- (a) as to HK\$9,500,000 shall be paid by Gold Continental to the Vendors in cash as the Deposit and part payment of the Consideration on the date of the Agreement;
- (b) as to HK\$20,500,000 shall be paid by Gold Continental to the Vendors in cash at Completion;
- (c) as to HK\$33,000,000 shall be satisfied by Gold Continental procuring the Company to issue the Convertible Bonds to the Vendors at Completion; and
- (d) as to HK\$2,000,000 shall be satisfied by Gold Continental procuring the Company to issue the Warrants to the Vendors at Completion.

The Proposed Acquisition constitutes a major transaction on the part of Best Team under the GEM Listing Rules. The Vendors are interested in approximately 14.75% of the issued share capital of PetroAsian Energy and China Oil Resources, a wholly owned subsidiary of PetroAsian Energy, is interested in approximately 31.23% of the issued share capital of the Company. The Vendors are connected persons of the Company. The Proposed Acquisition also constitutes a non-exempted connected transaction on the part of the Company under the GEM Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements. A circular containing,

* For identification purpose only

among other matters, further details of the Proposed Acquisition, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders, the valuation report on the Yangdong Land, Yangdong Properties, Yangjiang Land and Yangjiang Properties and a notice to convene the EGM will be despatched to the Shareholders in compliance with the GEM Listing Rules.

Reference is made to the announcement of the Company dated 5 January 2011 in respect of the possible acquisition of 45% of the entire issued share capital of Best Team.

On 5 January 2011, the Board announced that Gold Continental entered into the memorandum of understanding with Poon Sum to acquire 45% of the entire issued share capital of Best Team. Upon further negotiation between the relevant parties, Gold Continental entered into the Agreement with the Vendors to acquire the entire issued share capital of Best Team on 15 February 2011.

THE AGREEMENT

Date: 15 February 2011 (after trading hours)

Parties:

- (1) Poon Sum
- (2) Poon Sau Tin
- (3) Gold Continental

The Vendors are interested in approximately 14.75% of the issued share capital of PetroAsian Energy and China Oil Resources, a wholly owned subsidiary of PetroAsian Energy, is interested in approximately 31.23% of the issued share capital of the Company. The Vendors are connected persons of the Company.

Asset to be acquired

Pursuant to the Agreement, the Vendors have agreed to sell and Gold Continental has agreed to acquire the Sale Shares, representing the entire issued share capital of Best Team as at the date of this announcement.

Consideration

The consideration of HK\$65,000,000 for the sale and purchase of the Sale Shares shall be settled by Gold Continental (which shall be shared by the Vendors on a 50:50 basis) in the following manner:

- (a) as to HK\$9,500,000 shall be paid by Gold Continental to the Vendors in cash as the Deposit and part payment of the Consideration on the date of the Agreement;
- (b) as to HK\$20,500,000 shall be paid by Gold Continental to the Vendors in cash at Completion;
- (c) as to HK\$33,000,000 shall be satisfied by Gold Continental procuring the Company to issue the Convertible Bonds to the Vendors at Completion; and
- (d) as to HK\$2,000,000 shall be satisfied by Gold Continental procuring the Company to issue the Warrants to the Vendors at Completion.

The Consideration was determined with reference to the preliminary valuation of the Yangdong Land, Yangdong Properties, Yangjiang Land and Yangjiang Properties as at 16 December 2010 by Savills Valuation and Professional Services Limited, an independent valuer, of RMB185,900,000 (equivalent to approximately HK\$219,362,000). The preliminary valuation adopted for valuation (i) for completed developments, by making reference to the comparable market transaction as available in the relevant markets assuming sales with the benefit of vacant possession; and (ii) for development yet to commence or be completed, by making reference to the comparable market transaction as available in the markets and also have taken into account of the construction costs to be expended to reflect the quality of the completed developments. The Consideration was arrived at after arm's length negotiations between the parties to the Agreement. The Directors consider that the terms and conditions of the Proposed Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The cash portion of the Consideration will be paid by the Group by internal resources of the Group.

Conditions

Completion shall be conditional upon:

- (a) Gold Continental being reasonably satisfied with the results of the due diligence review to be conducted under the Agreement;
- (b) all necessary consents, licences and approvals required to be obtained on the part of the Vendors and Best Team in respect of the Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (c) all necessary consents, licences and approvals required to be obtained on the part of Gold Continental in respect of the Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (d) the passing by the Independent Shareholders at a general meeting of the Company to be convened and held of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the Warrants and the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds and the Warrant Shares upon exercise of the subscription rights attached to the Warrants in accordance with the terms therein;
- (e) the PRC legal opinion (in form and substance satisfactory to Gold Continental) to be issued by a firm of PRC legal advisers acceptable to Gold Continental covering such matters which are relevant to the Agreement and the transactions contemplated thereunder being obtained;
- (f) warranties given by the Vendors remaining true and accurate in all respects;
- (g) warranties given by Gold Continental remaining true and accurate in all respects;
- (h) the valuation report (in form and substance satisfactory to Gold Continental) from a firm of independent professional valuers appointed by Gold Continental showing the valuation of the Yangdong Land, Yangdong Properties, Yangjiang Land and Yangjiang Properties to be not less than RMB185,900,000 (equivalent to approximately HK\$219,362,000) having been obtained;

- (i) completion of the Reorganisation; and
- (j) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares and the Warrant Shares.

Gold Continental may waive condition (a) and (f) above and the Vendors may waive condition (g) above. Conditions (b), (c), (d), (e), (h), (i) and (j) are incapable of being waived. If the conditions have not been fulfilled (or waived by Gold Continental or the Vendors as the case may be) on or before 4:00 p.m. on 31 May 2011, or such later date as the Vendors and Gold Continental may agree, the Agreement shall cease and determine, the Vendors shall within seven (7) Business Days from the cessation and termination of the Agreement refund the Deposit to Gold Continental without interest, and neither party to the Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place at 4:00 p.m. on the date falling on the third Business Day after the fulfilment (or waiver) of the conditions or such other date as may be agreed between the Vendors and Gold Continental.

TERMS OF CONVERTIBLE BONDS

The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Company

Principal amount

HK\$33,000,000

Interest

The Convertible Bonds will not bear any interest.

The Directors consider that a non-interest bearing term on the Convertible Bonds will be to the benefit of the Company. As such, Gold Continental negotiated with the Vendors on such basis and the non-interest bearing term was subsequently agreed by the Vendors.

Maturity

Unless previously redeemed, converted or cancelled pursuant to the terms of the Convertible Bonds, the Company shall redeem the outstanding principal amount of the Convertible Bonds on the maturity date.

Conversion

Provided that (i) any conversion of the Convertible Bonds do not trigger a mandatory offer obligation under the Takeovers Code on the part of the Bondholder which exercised the conversion rights, whether or not such mandatory offer obligation is triggered off by the fact that the number of Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds (if applicable, including any Shares acquired by the parties acting in concert with the Bondholder) represents 30% (or such other percentage as stated in the Takeovers Code in effect from time to time) or more of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code; and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued Shares of the Company at any one time in compliance with the GEM Listing Rules, the Bondholder may convert the whole or part (in multiples of HK\$1,000,000) of the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price from the date of issue of the Convertible Bonds up to the Maturity Date.

Conversion Price

The Conversion Price is HK\$0.242 per Conversion Share subject to the adjustment. The events for the adjustments of the Conversion Price are as follows:

- (a) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
- (b) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, contributed surplus account or capital redemption reserve fund);
- (c) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to holders of the Shares in their capacity as such;
- (d) an offer or grant being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 80% of the market price;
- (e) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share initially receivable for such securities is less than 80% of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 80% of the market price; and
- (f) an issue being made by the Company wholly for cash of Shares at a price per Share less than 80% of the market price.

The Conversion Price represents (i) a premium of approximately 15.24% over the closing price of HK\$0.210 per Share as quoted on the Stock Exchange on 15 February 2011, being the date of the Agreement; (ii) a premium of approximately 13.62% over the average of the closing prices of approximately HK\$0.213 per Share as quoted on the Stock Exchange for the last five trading days up to and including 15 February 2011, being the date of the Agreement; (iii) a premium of approximately 11.01% over the average of the closing prices of approximately HK\$0.218 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 15 February 2011, being the date of the Agreement; and (iv) a premium of approximately 414.89% over the net asset value per Share of HK\$0.047 based on the audited consolidated financial statements of the Group as at 31 March 2010 and the number of Shares in issue as at the date of this announcement.

The Conversion Price was determined by the Vendors and Gold Continental on an arm's length basis with reference to the current market price of the Shares and the net asset value per Share as shown above. The Directors (including the independent non-executive Directors) consider that the Conversion Price is fair and reasonable.

Conversion Shares

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Bonds in the aggregate principal amount of HK\$33,000,000 at the Conversion Price by the Bondholders, the Company will issue an aggregate of 136,363,636 new Shares, representing (i) approximately 23.95% of the existing issued share capital of the Company; (ii) approximately 19.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares; and (iii) approximately 16.92% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Warrant Shares.

The Conversion Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM.

Early redemption

The Company may at any time before the Maturity Date by serving at least ten days' prior written notice on the Bondholder(s) with the total amount proposed to be redeemed from the Bondholder(s) specified therein, redeem the Convertible Bonds (in whole or in part) at 100% of the principal amount of Convertible Bonds.

The Bondholder(s) may at any time after the first anniversary of the date of issue of the Convertible Bonds to the second anniversary of the date of issue of the Convertible Bonds by serving at least three months' prior written notice on the Company with the total amount proposed to be redeemed by the Company specified therein, require the Company to redeem the Convertible Bonds in the aggregate principal amount of not more than HK\$16,500,000 (in whole or in part) at 100% of the principal amount of Convertible Bonds.

The Bondholder(s) may at any time after the second anniversary of the date of issue of the Convertible Bonds to the third anniversary of the date of issue of the Convertible Bonds by serving at least three months' prior written notice on the Company with the total amount proposed to be redeemed by the Company specified therein, require the Company to redeem the Convertible Bonds (in whole or in part) at 100% of the principal amount of Convertible Bonds.

Ranking

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with the then existing issued Shares.

Status of the Convertible Bonds

The Convertible Bonds constitute a direct, general, unconditional and unsecured obligation of the Company and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.

Transferability

With the prior notification to the Company, the Convertible Bonds may be transferred or assigned by the Bondholder(s) to any party other than a connected person of the Company.

Voting rights

The Convertible Bonds do not confer any voting rights at any meetings of the Company.

Application for listing

No application will be made by the Company for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

TERMS OF WARRANTS

The terms of the Warrants have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Company

Number of Warrants

100,000,000 Warrants

Exercise of Warrants

Provided that (i) any exercise of the Warrants do not trigger a mandatory offer obligation under the Takeovers Code on the part of the Warrantholder which exercised the exercise rights, whether or not such mandatory offer obligation is triggered off by the fact that the number of Warrant Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants (if applicable, including any Shares acquired by the parties acting in concert with the Warrantholder) represents 30% or more (or such other percentage as stated in the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code; and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued Shares at any one time in compliance with the GEM Listing Rules, the Warrantholder may exercise the subscription rights attaching to the Warrants at any time after the first anniversary of the date of issue of the Warrants to the date falling on the third anniversary of the date of issue of the Warrants.

Warrant Issue Price

The Warrant Issue Price is HK\$0.02 per Warrant

Warrant Exercise Price

The Warrant Exercise Price is HK\$0.222 per Warrant subject to the adjustment. The events for the adjustments of the Warrant Exercise Price are as follows:

- (a) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
- (b) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, contributed surplus account or capital redemption reserve fund);
- (c) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to holders of the Shares in their capacity as such;
- (d) an offer or grant being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 80% of the market price;
- (e) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share initially receivable for such securities is less than 80% of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 80% of the market price; and
- (f) an issue being made by the Company wholly for cash of Shares at a price per Share less than 80% of the market price.

The Warrant Exercise Price represents (i) a premium of approximately 5.71% over the closing price of HK\$0.210 per Share as quoted on the Stock Exchange on 15 February 2011, being the date of the Agreement; (ii) a premium of approximately 4.23% over the average of the closing prices of approximately HK\$0.213 per Share as quoted on the Stock Exchange for the last five trading days up to and including 15 February 2011, being the date of the Agreement; (iii) a premium of approximately 1.83% over the average of the closing prices of approximately HK\$0.218 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 15 February 2011, being the date of the Agreement; and (iv) a premium of approximately 372.34% over the net asset value per Share of HK\$0.047 based on the audited consolidated financial statements of the Group as at 31 March 2010 and the number of Shares in issue as at the date of this announcement.

The aggregate of the Warrant Issue Price and the Warrant Exercise Price represents (i) a premium of approximately 15.24% over the closing price of HK\$0.210 per Share as quoted on the Stock Exchange on 15 February 2011, being the date of the Agreement; (ii) a premium of approximately 13.62% over the average of the closing prices of approximately HK\$0.213 per Share as quoted on the Stock Exchange for the last five trading days up to and including 15 February 2011, being the date of the Agreement; (iii) a premium of approximately 11.01% over the average of the closing prices of approximately HK\$0.218 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 15 February 2011, being the date of the Agreement; and (iv) a premium of approximately 414.89% over the net asset value per Share of HK\$0.047 based on the audited consolidated financial statements of the Group as at 31 March 2010 and the number of Shares in issue as at the date of this announcement.

The Warrant Issue Price and the Warrant Exercise Price were determined by the Vendors and Gold Continental on an arm's length basis with reference to the current market price of the Shares and the net asset value per Share as shown above. The Directors (including the independent non-executive Directors) consider that the Warrant Issue Price and the Warrant Exercise Price are fair and reasonable.

Warrant Shares

Each Warrant carries the right to subscribe for one Warrant Share.

Assuming there is an immediate exercise in full of the subscription rights attaching to the Warrants at the Warrant Exercise Price by the Warrantholders, the Company will issue an aggregate of 100,000,000 new Shares, representing (i) approximately 17.56% of the existing issued share capital of the Company; (ii) approximately 14.94% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares; and (iii) approximately 12.41% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares and the Conversion Shares.

The Warrant Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM.

Ranking

The Warrants will rank *pari passu* in all respects among themselves. The Warrant Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing issued Shares.

Transferability

With the prior notification to the Company, the Warrants may be transferred or assigned by the Warrantholders to any party other than a connected person of the Company at any time after the first anniversary of the date of issue of the Warrants to the date falling on the third anniversary of the date of issue of the Warrants.

Voting rights

The Warrants do not confer any voting rights at any meetings of the Company.

Application for listing

No application will be made by the Company for the listing of the Warrants. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Warrant Shares.

INFORMATION ON BEST TEAM

Best Team is principally engaged in investment holding. Upon completion of the Reorganisation, Best Team Group would have a combined registered share capital of approximately RMB3,000,000. The direct wholly-owned subsidiary of Best Team shall hold certain equity interests of the two property development projects companies, namely Yangdong Fuli and Yangjiang Yonglian, in the PRC. As at the date of this announcement, Yangdong Properties were under construction and a number of its property units were being pre-sold to customers. Yangjiang Properties have yet to commence construction.

According to the unaudited consolidated financial statements of Best Team Group for the year ended 31 December 2010, which is prepared in accordance with generally accepted accounting principles in Hong Kong, the turnover and the net loss before and after tax and extraordinary items of Best Team Group was approximately HK\$3,548,000, HK\$158,000 and HK\$246,000, respectively. The unaudited net asset value of Best Team Group was approximately HK\$2,610,000 as at 31 December 2010.

According to the unaudited consolidated financial statements of Best Team Group for the year ended 31 December 2009, which is prepared in accordance with generally accepted accounting principles in Hong Kong, the turnover and the net profit before and after tax and extraordinary items of Best Team Group was approximately HK\$3,937,000, HK\$250,000 and HK\$194,000, respectively. The unaudited net asset value of Best Team Group was approximately HK\$1,683,000 as at 31 December 2009.

REASON FOR THE PROPOSED ACQUISITION

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

The Directors have been identifying further investment opportunities in order to diversify its existing business and maximise the return of the Shareholders. The Directors consider that the Proposed Acquisition represents a good opportunity for the Group to tap into the growing PRC property development market and also allow it to diversify its existing businesses. The Group will also identify and invest on possible internet and communication services from time to time with the possible internal and outside source of fund, where it is available.

Based on the above and taking into account the prospects of the Yangdong Properties and the Yanjiang Properties, the Board is of the view that the terms of the Proposed Acquisition are fair and reasonable and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

EFFECTS OF THE PROPOSED ACQUISITION ON SHAREHOLDING STRUCTURE

Set out below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the conversion of the Convertible Bonds in full and prior to the exercise of the Warrants; (iii) immediately after the exercise of the Warrants in full and prior to the conversion of the Convertible Bonds; and (iv) immediately after the conversion of the Convertible Bonds in full and the exercise of the Warrants in full. Shareholders should take note that the analysis under scenario (ii), (iii) and (iv) are shown for illustration purpose only, for the reason that the Vendors and parties acting in concert with them would otherwise hold in aggregate approximately 44.51%, approximately 41.50% and approximately 51.41% of the enlarged issued share capital of the Company in the respective scenario, thus triggering any general offer obligation under the present provisions of the Takeovers Code. However, pursuant to the Agreement, the Vendors will only convert the Convertible Bonds and the Warrants in a manner that will (i) not upset the public float of Shares on the Stock Exchange; and (ii) not trigger any general offer obligation under Rule 26 of the Takeovers Code.

	As at the date of this Announcement		Immediately after the conversion of the Convertible Bonds in full and prior to exercise of the Warrants (Note 1)		Immediately after the exercise of the Warrants in full and prior to conversion of the Convertible Bonds (Note 2)		Immediately after the conversion of the Convertible Bonds in full and the exercise of the Warrants in full (Notes 1 & 2)	
			Number of Shares	Approximate percentage	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
	Director							
Mr. Chan Wai Kwong, Peter	108,036	0.02	108,036	0.02	108,036	0.02	108,036	0.01
Substantial Shareholders								
China Oil Resources	177,785,861	31.23	177,785,861	25.19	177,785,861	26.56	177,785,861	22.07
Vendors	–	–	136,363,636	19.32	100,000,000	14.94	236,363,636	29.34
Sub-total:								
Vendors and parties acting in concert with them	177,785,861	31.23	314,149,497	44.51	277,785,861	41.50	414,149,497	51.41
Vodatel Information Limited	77,709,696	13.65	77,709,696	11.01	77,709,696	11.61	77,709,696	9.64
Ever Champion Trading Limited	90,000,000	15.81	90,000,000	12.75	90,000,000	13.45	90,000,000	11.17
Sub-total	345,495,557	60.69	481,859,193	68.27	445,495,557	66.56	581,859,193	72.22
Public Shareholders	223,739,383	39.29	223,739,383	31.71	223,739,383	33.42	223,739,383	27.77
Total	569,342,976	100.00	705,706,612	100.00	669,342,976	100.00	805,706,612	100.00

Note 1: The numbers are for illustration purpose only. Pursuant to the Agreement, the Vendors will only convert the Convertible Bonds in a manner that will (i) not upset the public float of Shares on the Stock Exchange; and (ii) not trigger any general offer obligation under Rule 26 of the Takeovers Code.

Note 2: The numbers are for illustration purpose only. Pursuant to the Agreement, the Vendors will only convert the Warrants in a manner that will (i) not upset the public float of Shares on the Stock Exchange; and (ii) not trigger any general offer obligation under Rule 26 of the Takeovers Code.

GEM LISTING RULES IMPLICATIONS

The Proposed Acquisition constitutes a major transaction on the part of the Company under the GEM Listing Rules. The Vendors are interested in approximately 14.75% of the issued share capital of PetroAsian Energy and China Oil Resources, a wholly owned subsidiary of PetroAsian Energy, is interested in approximately 31.23% of the issued share capital of the Company. The Vendors are connected persons of the Company. The Proposed Acquisition also constitutes a non-exempted connected transaction on the part of the Company under the GEM Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements. A circular containing, among other matters, further details of the Proposed Acquisition, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders, the valuation report on the Yangdong Land, Yangdong Properties, Yangjiang Land and Yangjiang Properties and a notice to convene the EGM will be despatched to the Shareholders in compliance with the GEM Listing Rules on or before 8 March 2011.

The Proposed Acquisition is subject to, among others, the approval by the Independent Shareholders at the EGM. Each of the Vendors and their respective associates is required to abstain from voting at the EGM to approve the Proposed Acquisition. As at the date of this announcement, the Vendors, China Oil Resources and their respective associates are interested in 177,785,861 Shares.

Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Proposed Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regards.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agreement”	the agreement dated 15 February 2011 and entered into among the Vendors and Gold Continental in relation to the sale and purchase of the Sale Shares
“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Best Team”	Best Team International Investment Limited, a company incorporated in Hong Kong with limited liability
“Best Team Group”	Best Team and its subsidiaries
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds
“China Oil Resources”	China Oil Resources Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Company”	Mobile Telecom Network (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability the issued shares of which are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“Completion Date”	the date of Completion
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the consideration to be satisfied by Gold Continental to the Vendors for the sale and purchase of the Sale Shares
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$33,000,000, to be issued by the Company in favour of the Vendors in accordance with the terms and conditions of the Agreement
“Conversion Price”	the initial conversion price of HK\$0.242 per Conversion Share, subject to adjustments, pursuant to the terms of the Convertible Bonds
“Conversion Shares”	the Shares to be allotted and issued upon the exercise of the conversion rights in respect of the Convertible Bonds

“Deposit”	the refundable deposit and payment of the Consideration in the sum of HK\$9,500,000 payable by Gold Continental to the Vendors on the date of the Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Gold Continental”	Gold Continental Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company and the purchaser of the Sale Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors formed to advise the Independent Shareholders as to the fairness and reasonableness of the Proposed Acquisition
“Independent Shareholders”	Shareholders which are not required to abstain from voting at the general meeting of the Company to approve the Agreement and the transactions contemplated hereunder
“Maturity Date”	the date of maturity of the Convertible Bonds
“PetroAsian Energy”	PetroAsian Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on main board of the Stock Exchange
“PRC”	the People’s Republic of China
“Proposed Acquisition”	the proposed acquisition of the Sale Shares by Gold Continental subject to and upon the terms and conditions of the Agreement
“Reorganisation”	the reorganisation of the Group to be conducted prior to Completion, upon completion of which, Best Team will directly hold the entire registered and paid up capital of Shenzhen Xintaiyi, which will, in turn, hold 25% of the registered and paid up capital of Yangdong Fuli and 66.6% of the registered and paid up capital of Yangjiang Yonglian, such reorganisation shall be conducted in such manner as Gold Continental may approve

“Sale Shares”	2,000 shares of HK\$1.00 each in the share capital of Best Team, which is legally and beneficially owned by the Vendors
“Shenzhen Xintaiyi”	深圳市鑫泰溢投資發展有限公司 (Shenzhen Xintaiyi Investment Development Company Limited#)
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of US\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendors”	Poon Sum and Poon Sau Tin, each being a connected person and the vendors of the Sale Shares
“Warrant Exercise Price”	the initial exercise price of HK\$0.222 per Warrant Share, subject to adjustments, pursuant to the terms of the Warrants
“Warrant Issue Price”	the issue price of HK\$0.02 per Warrant pursuant to the terms of the Agreement
“Warrant Shares”	the Shares to be allotted and issued upon the exercise of the subscription rights in respect of the Warrants
“Warrantholder(s)”	the holder(s) of the Warrants
“Warrants”	100,000,000 non-listed warrants to be issued by the Company at the Warrant Placing Price, each entitles the holder thereof to subscribe for one Warrant Share at the Warrant Exercise Price (subject to adjustment) in accordance with the terms and conditions of the Agreement
“Yangdong Fuli”	陽東富力房地產發展有限公司 (Yangdong Fuli Real Estate Development Company Limited#)
“Yangdong Land”	79 pieces and parcels of land with a total site area of approximately 32,632.70 square metres located at East Zone and West Zone, Yangdong Garden, Yangdong County, Yangjiang City, Guangdong Province, PRC owned by Yangdong Fuli
“Yangdong Properties”	(i) 11 villas for residential use with a total gross floor area of approximately 5,130.46 square metres erected and constructed on the Yangdong Land; and (ii) a residential development with villas, residential units and commercial units with a total gross floor area of approximately 36,844.33 square metres, to be erected and constructed on the Yangdong Land

“Yangjiang Land”	two pieces and parcels of land with a total site area of approximately 16,128 square metres located at Wumaling, Longtao, Jiangcheng District, Yangjiang City, Guangdong Province, PRC owned by Yangjiang Yonglian
“Yangjiang Properties”	a residential development with villa, residential units and commercial units with a total gross floor area of approximately 46,851.84 square metres to be erected and constructed on the Yangjiang Land
“Yangjiang Yonglian”	陽江市永聯房地產開發有限公司 (Yangjiang Yonglian Real Estate Development Company Limited#)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America

The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

By order of the Board
Mobile Telecom Network (Holdings) Limited
Siu King Nin, Peter
Executive Director

Hong Kong, 15 February 2011

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 7 days from the day of its publication and on the Company’s website at www.mtlnet.com.