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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
AND
CHANGE IN USE OF PROCEEDS OF THE PLACING**

EGM

The Board is pleased to announce that the resolution to approve the Agreement and the transactions contemplated thereunder was duly passed by the Shareholders by way of poll at the EGM.

CHANGE IN USE OF PROCEEDS OF THE PLACING

The Board announces that it has resolved to change the use of the net proceeds of the Placing.

Reference is made to the circular of the Company dated 29 April 2011 (the “**Circular**”) in relation to the Proposed Acquisition and the announcement of the Company dated 4 November 2010 (the “**Announcement**”) in relation to the placing (the “**Placing**”) of Shares. Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular unless otherwise specified herein.

RESULTS OF EGM

The extraordinary general meeting (the “**EGM**”) of the Company was held at 11:00 a.m. on 18 May 2011 to consider the resolution (the “**Resolution**”) to approve the Agreement and the transactions contemplated thereunder. As at the date of the EGM, the total number of Shares in issue was 588,567,428.

The Vendors are interested in approximately 12.89% of the issued share capital of PetroAsian Energy and China Oil Resources, a wholly owned subsidiary of PetroAsian Energy, is interested in approximately 30.21% of the issued share capital of the Company. The Vendors are connected persons of the Company. Each of the Vendors and their respective associates is required to abstain from voting at the EGM to approve the Proposed Acquisition.

* *For identification purpose only*

The Board confirmed that each of the Vendors and their respective associates has abstained from voting in the EGM. As at the date of the EGM, as China Oil Resources holds 177,785,861 Shares and the Vendors and their other associates do not hold any Share, the Vendors, China Oil Resources and their respective associates are interested in 177,785,861 Shares. As at the date of the EGM, other than China Oil Resources, there is no other Shareholder who has a material interests in the Proposed Acquisition and is required to abstain from voting at the EGM. Accordingly, a total of 410,781,567 Shares were held by the Shareholders who were entitled to attend and vote for or against the Resolution to the EGM. There was no Share entitling the holder to attend and vote only against the Resolution at the EGM.

At the EGM, the Resolution was voted by way of poll. The Board is pleased to announce that as more than 50% of the votes were cast in favour of the Resolution, the Resolution was duly passed by the Shareholders as an ordinary resolution of the Company at the EGM. The voting results were as follows:

Resolution	Number of Votes (%)	
	For	Against
To approve the Agreement and the transactions contemplated thereunder	135,540,452 (100%)	0 (0%)

Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong, was appointed as the scrutineer for the vote-taking at the EGM.

CHANGE IN USE OF PROCEEDS OF THE PLACING

The Board announces that it has resolved to change the use of the net proceeds (the "**Placing Proceeds**") raised from the Placing.

The Placing Proceeds as disclosed in the Announcement of approximately HK\$17.5 million was intended to be used for general working capital of the Group.

The Directors intend to diversify the existing business of the Group and consider that the Proposed Acquisition represents a good opportunity for the Group to tap into the growing PRC property development market. Having considered other source of funding, the Board has resolved to change the application of the entire amount of the Placing Proceeds of approximately HK\$17.5 million to be used for the payment of the part consideration of the Proposed Acquisition.

The Board confirms that apart from the change in the use of Placing Proceeds as stated above, there is no other change in relation to the Placing.

The Directors (including the independent non-executive Directors) consider that the change in the use of the Placing Proceeds is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

Hong Kong, 18 May 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, 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 enquiries, 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 Announcement” page for at least seven days from the day of its publication and on the Company’s website at www.mtelnet.com.