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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)

MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that on 19 July 2011, Golden Kingtex, a wholly owned subsidiary of the Company, as purchaser, entered into the MOU with Mr. Li, Mr. Jiang, the Grantor and the Target Company in relation to the Proposed Acquisition, the Proposed Grant and the Proposed Subscription.

On the same date, Mr. Ke entered into the Guarantee pursuant to which Mr. Ke has agreed to guarantee in favour of Golden Kingtex the due performance by the Target Company of all the obligations expressed to be imposed on or assumed by it under the MOU and undertaken to indemnify and keep effectively indemnified Golden Kingtex against all liabilities, losses, damages, costs and expenses stipulated under the MOU.

The Target Company is an investment holding company. As at the date of this announcement, the Target Company owns all the registered and paid up capital of the PRC Company. The PRC Company is principally engaged in technology development, design, manufacturing and selling of liquid crystal display modules.

This announcement is made in accordance with Rule 17.10 of the GEM Listing Rules.

The Board wishes to emphasize that no binding agreement in relation to the Proposed Acquisition, the Proposed Grant and the Proposed Subscription has been entered into as at the date of this announcement. As the Proposed Acquisition, the Proposed Grant and the Proposed Subscription may or may not be entered into, investors and Shareholders are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Proposed Acquisition, the Proposed Grant and the Proposed Subscription will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

* For identification purpose only

THE MOU

Date: 19 July 2011

Parties: Mr. Li (as one of the Vendors)

Mr. Jiang (as one of the Vendors)

Grantor (as grantor)

Golden Kingtex (as purchaser)

Target Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Vendors, the Grantor and the Target Company is a third party independent of the Company and its connected persons.

Major terms of the MOU

Under the MOU, it is proposed that:

- (1) Golden Kingtex shall acquire the Sale Shares from the Vendors. The Sale Shares represent 20% of the entire issued share capital of the Target Company;
- (2) the Grantor shall grant the Option to Golden Kingtex, pursuant to which Golden Kingtex has the right to request the Grantor to sell the Option Shares to Golden Kingtex; and
- (3) the Target Company shall allot and issue and Golden Kingtex shall subscribe the Subscription Shares.

The Parties will proceed to negotiate for the Formal Agreement on or before the date falling 90 days from the date of the MOU (or such later date as the Parties may agree).

Consideration

The consideration for the Proposed Acquisition shall be further decided by the Vendors and Golden Kingtex with reference to the net asset value of the Target Group. The consideration for the Proposed Acquisition shall be settled by Golden Kingtex by procuring the Company to allot and issue new Shares.

The consideration for the Proposed Grant shall be HK\$1.00 and will be settled by Golden Kingtex by cash whereas the consideration for the Proposed Exercise shall be not less than HK\$1,100,000. The consideration for the Proposed Exercise and the payment method will be further negotiated by the Grantor and Golden Kingtex.

The consideration for the Proposed Subscription shall be further decided by the Target Company and Golden Kingtex with reference to the net asset value of the Target Group. The consideration for the Proposed Subscription shall be settled by Golden Kingtex by cash.

Deposit

Within seven days after the signing of the MOU, Golden Kingtex shall pay the Deposit to the Target Company by way of a cashier order drawn against a licensed bank in Hong Kong and made payable to the Target Company or any other method to be agreed between Golden Kingtex and the Target Company for the subscription of the Subscription Shares.

In the event that the Parties fail to enter into the Formal Agreement on or before the date falling 90 days from the date of the MOU (or such later date as the Parties may agree), the Deposit will be returned by the Target Company to Golden Kingtex.

The MOU does not constitute any legally-binding commitment in respect of the Proposed Acquisition, the Proposed Grant and the Proposed Subscription. The Proposed Acquisition, the Proposed Grant and the Proposed Subscription will be subject to the execution and completion of the Formal Agreement to be further negotiated by the Parties.

The Proposed Acquisition, the Proposed Grant and the Proposed Subscription, if entered into based on the terms as disclosed in this announcement, will constitute a notifiable transaction on the part of the Company pursuant to the GEM Listing Rules.

Further announcement in respect of the Proposed Acquisition, the Proposed Grant and the Proposed Subscription will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

THE GUARANTEE

Date: 19 July 2011

Party: Mr. Ke (as guarantor)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Ke is a third party independent of the Company and its connected persons.

Pursuant to the Guarantee, Mr. Ke has agreed to guarantee in favour of Golden Kingtex the due performance by the Target Company of all the obligations expressed to be imposed on or assumed by it under the MOU and undertaken to indemnify and keep effectively indemnified Golden Kingtex against all liabilities, losses, damages, costs and expenses stipulated under the MOU.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company.

As at the date of this announcement, the Target Company owns all the registered and paid up capital of PRC Company. PRC Company is principally engaged in technology development, design, manufacturing and selling of liquid crystal display modules.

REASONS FOR THE PROPOSED ACQUISITION, THE PROPOSED GRANT AND THE PROPOSED SUBSCRIPTION

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

The Directors have been identifying further investments opportunities in order to diversify its existing business and maximise the return of the Shareholders. The Directors consider that the Proposed Acquisition, the Proposed Grant and the Proposed Subscription represent a good opportunity for the Group to enter into the growing PRC liquid crystal display modules market and also allow it to diversify its existing business.

This announcement is made in accordance with Rule 17.10 of the GEM Listing Rules.

The Board wishes to emphasis that no binding agreement in relation to the Proposed Acquisition, the Proposed Grant and the Proposed Subscription has been entered into as at the date of this announcement. As the Proposed Acquisition, the Proposed Grant and the Proposed Subscription may or may not be entered into, investors and Shareholders are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Proposed Acquisition, the Proposed Grant and the Proposed Subscription will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Deposit”	HK\$2,000,000 as refundable deposit for the subscription of the Subscription Shares
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal legally-binding agreement which may or may not be entered into by the Parties in relation to the Proposed Acquisition, the Proposed Grant and the Proposed Subscription
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Golden Kingtex”	Golden Kingtex Limited, a company incorporated in the British Virgin Islands with limited liability

“Grantor”	Mr. Ke Li Xiong, the grantor under the MOU
“Group”	the Company and its subsidiaries
“Guarantee”	the deed of personal guarantee dated 19 July 2011 entered into by Mr. Ke in favour of Golden Kingtex
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“MOU”	the non-legally binding memorandum of understanding dated 19 July 2011 entered into between the Parties setting out the basic understanding in relation to the Proposed Acquisition, the Proposed Grant and the Proposed Subscription
“Mr. Jiang”	Mr. Jiang Heng Liang, one of the Vendors
“Mr. Ke”	Mr. Ke Li Zhi, the guarantor of the Guarantee
“Mr. Li”	Mr. Li Jian Hong, one of the Vendors
“Option”	the option granted by the Grantor to Golden Kingtex as contemplated under the MOU
“Option Shares”	1,100,000 shares of HK\$1.00 each in the share capital of the Target Company to be acquired from the Grantor by Golden Kingtex pursuant to the exercise of the Option
“Parties”	the parties to the MOU, namely Mr. Li, Mr. Jiang, the Grantor, Golden Kingtex and the Target Company
“PRC”	the People’s Republic of China
“PRC Company”	郴州駿峰微電子有限公司 (Chenzhou Jun Feng Microelectronic Company Limited [#]), a company established in the PRC with limited liability
“Proposed Acquisition”	the proposed acquisition of the Sale Shares by Golden Kingtex as contemplated under the MOU
“Proposed Exercise”	the proposed exercise of the Option by Golden Kingtex to acquire the Option Shares as contemplated under the MOU
“Proposed Grant”	the proposed grant of the Option by the Grantor to Golden Kingtex as contemplated under the MOU
“Proposed Subscription”	the proposed subscription of the Subscription Shares by Golden Kingtex as contemplated under the MOU

“Sale Shares”	1,000,000 shares of HK\$1.00 each in the share capital of the Target Company, of which 500,000 shares and 500,000 shares are legally and beneficially owned by Mr. Jiang and Mr. Li respectively
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of US\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	1,000,000 new shares of HK\$1.00 each in the share capital of the Target Company
“Target Company”	Jun Feng Enterprise (HK) Limited (駿峰企業(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and PRC Company
“Vendors”	Mr. Li and Mr. Jiang, the vendors under the MOU
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
Li Siu Bun
Company secretary

Hong Kong, 19 July 2011

As at the date of this announcement, the Board comprises five executive Directors, namely, Dr. Chan Chung (Chairman), Mr. Chan Wai Kwong, Peter, Mr. Siu King Nin, Peter, Mr. Choi Ho Yan and Mr. So Haw, Herman; 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.