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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)

DISCLOSEABLE TRANSACTION

AND

CHANGE OF USE OF PROCEEDS FROM THE OPEN OFFER

DISCLOSEABLE TRANSACTION

On 31 August 2011 (after trading hours), Gold Continental, a wholly owned subsidiary of the Company, entered into the Agreement to acquire the Sale Share and the Sale Loan from the Vendor for a total consideration of HK\$2,731,180.

Completion of the Acquisition took place immediately after the entering into of the Agreement. At completion, the consideration of HK\$2,731,180 was paid by Gold Continental to the Vendor in cash.

The Company now indirectly holds 100% equity interests in the Target Company and the Target Company has become a subsidiary of the Company and its accounts will be consolidated with that of the Group.

The Target Company is committed to purchase the Property under the Formal Agreement. Pursuant to the Formal Agreement, the consideration for the sale and purchase of the Property is HK\$28,800,000 of which HK\$1,500,000 has already been paid by the Target Company to the Property Vendor as deposit. Completion of the Formal Agreement shall take place on 19 September 2011. At completion of the Formal Agreement, the Target Company shall pay the balance of HK\$27,300,000 to the Property Vendor in cash.

The Balance for the purchase of the Property by the Target Company will be financed by the net proceeds from the Open Offer.

As the relevant percentage ratios for the Acquisition calculated under Rule 19.07 of the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules.

* For identification purpose only

CHANGE OF USE OF PROCEEDS FROM THE OPEN OFFER

Reference is made to the Prospectus of the Company dated 25 May 2011 relating to the Open Offer. In conjunction with the Acquisition, the Board announces that the Company has decided to change the use of part of the net proceeds from the Open Offer to finance the acquisition of the Property.

THE AGREEMENT

Date: 31 August 2011 (after trading hours)

Parties:

Purchaser: Gold Continental

Vendor: the Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, Gold Continental has agreed to acquire and the Vendor has agreed to sell the Sale Share and the Sale Loan. The Sale Share represents the entire issued share capital of the Target Company.

Consideration

The consideration for the sale and purchase of the Sale Share and the Sale Loan shall be payable by Gold Continental to the Vendor in cash at completion of the Acquisition (i.e. immediately after the entering into of the Agreement). The consideration was determined after arm's length negotiation with reference to the amount of the Sale Loan (including but not limited to the stamp duty of HK\$1,224,000 of the acquisition of the Property, deposit of HK\$1,500,000 paid by the Target Company for the acquisition of the Property).

Completion

Completion of the Acquisition took place immediately after the entering into of the Agreement. At completion, the consideration of HK\$2,731,180 was paid by Gold Continental to the Vendor in cash. The consideration was financed by internal resources of the Group.

The Company now indirectly holds 100% equity interests in the Target Company and the Target Company has become a subsidiary of the Company and its accounts will be consolidated with that of the Group.

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in Hong Kong on 6 July 2010 and is principally engaged in investment holdings.

According to the audited financial statements of the Target Company from 6 July 2010 (date of incorporation) to 31 July 2011, prepared under the generally accepted accounting principles of Hong Kong, the turnover was nil and the net loss before and after taxation and extraordinary items were HK\$17,180 and HK\$17,180 respectively. As at 31 July 2011, the net liabilities of the Target Company were HK\$17,179.

INFORMATION ON THE FORMAL AGREEMENT

On 21 April 2011, the Property Vendor as vendor and the Target Company as purchaser entered into the Formal Agreement for the sale and purchase of the Property. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Property Vendor is an Independent Third Party.

Pursuant to the Formal Agreement, the consideration for the sale and purchase of the Property is HK\$28,800,000 of which HK\$1,500,000 has already been paid by the Target Company to the Property Vendor as deposit. Completion of the Formal Agreement shall take place on 19 September 2011. At completion of the Formal Agreement, the Target Company shall pay the balance of HK\$27,300,000 (the "**Balance**") to the Property Vendor in cash.

The value of the Property as assessed by an independent valuer is HK\$30,300,000 as of 31 August 2011.

The Balance for the purchase of the Property by the Target Company will be financed by the net proceeds from the Open Offer (as defined below).

CHANGE OF USE OF PROCEEDS FROM THE OPEN OFFER

Reference is made to the prospectus (the "**Prospectus**") of the Company dated 25 May 2011 relating to the open offer (the "**Open Offer**") of 588,567,428 Shares by the Company.

It was stated in the section headed "Reasons for the open offer and use of proceeds" in the Prospectus that the Company intended to use approximately HK\$40 million of the net proceeds from the Open Offer for existing and potential mobile telecommunications related businesses (including the proposed acquisition ("**Proposed Acquisition**") of 70% equity interests in 央廣迅龍(北京)通訊科技有限公 司 (Yangguang Xunlong (Beijing) Communication Technology Company Limited#) ("**Yangguang Xunlong**") under the non-legally binding memorandum of understanding dated 28 February 2011 (the "**MOU**") entered into between a wholly-owned subsidiary of the Company and an Independent Third Party).

The Directors (including the independent non-executive Directors) have decided that approximately HK\$27 million out of the HK\$40 million net proceeds from the Open Offer mentioned above to be used to finance the acquisition of the Property. Please see the section headed "Reasons for the Acquisition and change of use of proceeds from the Open Offer" below for further details.

REASONS FOR THE ACQUISITION AND CHANGE OF USE OF PROCEEDS FROM THE OPEN OFFER

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

As a result of further negotiations with the owner of Yangguang Xunlong, the Directors (including the independent non-executive Directors) estimate that the cash components of the consideration for the acquisition of Yangguang Xunlong (if materialised) will be less than HK\$40 million as the parties to the MOU are in the process of negotiating the terms and condition of the Proposed Acquisition, including the payment methods of the consideration which may be satisfied by cash, allotment and issue of consideration Shares, issue of convertible bonds, issue of promissory note or a combination of any of the above.

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

The Group (including the Target Company) intends to hold the Property after completion of the acquisition of the Property for investment purpose. The Directors (including the independent non-executive Directors) consider that the Acquisition and the acquisition of the Property will provide a good opportunity for the Group to better utilise the unused proceeds from the Open Offer.

For the reasons above, the Directors (including the independent non-executive Directors) consider that the Acquisition and the transactions contemplated under the Agreement have been made on normal commercial terms and that such terms are fair and reasonable and that the Acquisition contemplated under the Agreement and the change of use of proceeds are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios for the Acquisition calculated under Rule 19.07 of the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of the Target Company pursuant to the terms of the Agreement
“Agreement”	the sale and purchase agreement dated 31 August 2011 and entered into between Gold Continental and the Vendor in respect of the Acquisition

“Board”	the board of Directors
“Company”	Mobile Telecom Network (Holdings) Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal agreement dated 21 April 2011 and entered into between the Target Company and the Property Vendor for the sale and purchase of the Property
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Gold Continental”	Gold Continental Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Property”	a residential property located at Flat A, 52/F, Tower 2, Manhattan Hill, No. 1 Po Lun Street, Kowloon
“Property Vendor”	the vendor under the Formal Agreement
“Sale Share”	one share in the Target Company, representing the entire issued share capital of the Target Company
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor which amounted to HK\$2,731,179
“Shareholders”	holders of the issued Shares
“Shares”	ordinary share(s) of US\$0.01 each in issued share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Star Global Industries Limited, a company incorporated in Hong Kong with limited liability
“Vendor”	Mr. Zou Huayu, a PRC citizen
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States of America dollars, the lawful currency of the United States of America

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

Hong Kong, 31 August 2011

[#] *the English transliteration of the Chinese name in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese name.*

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 Director 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 date of its publication and on the Company’s website at www.mtelnet.com.