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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)

VERY SUBSTANTIAL ACQUISITION AND RESUMPTION OF TRADING

THE AGREEMENT

On 22 February 2012 (after the trading hours of the Stock Exchange) (as supplemented by the supplemental agreement dated 15 March 2012), the Vendors and the Purchaser entered into the Agreement pursuant to which the Purchaser has agreed to purchase and the Vendors have agreed to sell the Sale Shares for a total consideration of HK\$39,000,000.

The consideration of HK\$39,000,000 for the sale and purchase of the Sale Shares shall be settled by the Purchaser (which shall be shared by the Vendors on as 80% by the First Vendor and 20% by the Second Vendor) in the following manner:

- (a) as to HK\$10,400,000 shall be paid by the Purchaser to the Vendors by cashier order(s) issued by a licensed bank(s) in Hong Kong and made payable to the Vendors or as the Vendors may direct at Completion;
- (b) as to HK\$11,700,000 shall be paid by the Purchaser by procuring the Company to issue to the Vendors the First Bonds at Completion;
- (c) as to HK\$11,700,000 shall be paid by the Purchaser by procuring the Company to issue to the Vendors the Second Bonds at Completion; and
- (d) the balance of HK\$5,200,000 shall be satisfied by the Purchaser by procuring the Company to issue the Promissory Notes to the Vendors at Completion.

* For identification purpose only

As one or more of the relevant percentage ratios applicable to the Company exceeds 100%, the Proposed Acquisition constitutes a very substantial acquisition for the Company under the GEM Listing Rules. A circular containing, among other matters, (i) further details of the Proposed Acquisition; (ii) the accountants' report on the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; and (iv) a notice to convene the EGM will be despatched to the Shareholders in compliance with the GEM Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on 23 February 2012 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 16 March 2012.

THE AGREEMENT

Date: 22 February 2012 (after trading hours of the Stock Exchange) (as supplemented by the supplemental agreement dated 15 March 2012)

Parties: (1) the Purchaser as purchaser
(2) the Vendors as vendors

Save as to the First Vendor being (i) a holder of 12,500,888 shares in the issued share capital of PetroAsian Energy, representing approximately 0.30% of the issued share capital of PetroAsian Energy; and (ii) a holder of 57% of the issued share capital of Lee Shing Mining Company Limited, an associated company of PetroAsian Energy (which PetroAsian Energy is a holder of 43% of its issued share capital); and (iii) the Second Vendor being a legal representative of a PRC subsidiary of Lee Shing Mining Company Limited, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors is a third party independent of the Company and connected persons of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors does not have any prior business relationship with the Company and connected persons of the Company.

ASSET TO BE ACQUIRED

Pursuant to the Agreement, the Vendors have agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing 75% of the issued share capital of the Target Company as at the date of this announcement.

CONSIDERATION

The consideration of HK\$39,000,000 for the sale and purchase of the Sale Shares shall be settled by the Purchaser (which shall be shared by the Vendors on as 80% by the First Vendor and 20% by the Second Vendor) in the following manner:

(a) as to HK\$10,400,000 shall be paid by the Purchaser to the Vendors by cashier order(s) issued by a licensed bank(s) in Hong Kong and made payable to the Vendors or as the Vendors may direct at Completion;

- (b) as to HK\$11,700,000 shall be paid by the Purchaser by procuring the Company to issue to the Vendors the First Bonds at Completion;
- (c) as to HK\$11,700,000 shall be paid by the Purchaser by procuring the Company to issue to the Vendors the Second Bonds at Completion; and
- (d) the balance of HK\$5,200,000 shall be satisfied by the Purchaser by procuring the Company to issue the Promissory Notes to the Vendors at Completion.

The Consideration was determined with reference to (i) financial position, business outlook and future prospect of the Target Group; (ii) the profitability of the Target Group; and (iii) a profits earnings ratio of 6.5 on the guaranteed profits under the Profit Guarantee. The profits earnings ratio of 6.5 was determined with reference to other available market comparable in the similar industry with the Target Group. 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 consideration will be paid by the Purchaser by internal resources of the Group and/or loan financing.

Under the Agreement, the Vendors have undertaken to and covenanted with the Purchaser that forthwith upon Completion, they shall deposit with the Purchaser the certificate(s) of the Convertible Bonds and the Promissory Notes, and will only be released to the Vendors upon the payment in full of, the Shortfall Amount.

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

First Bonds

HK\$9,360,000 and HK\$2,340,000

Second Bonds

HK\$9,360,000 and HK\$2,340,000

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, the Purchaser negotiated with the Vendors on such basis and the non-interest bearing term was subsequently agreed by the Vendors.

Maturity

The Convertible Bonds have a fixed term of three years. Unless previously 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 (collectively, the “**Conversion Restrictions**”), 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 during the Conversion Period.

Conversion Period

First Bonds

The First Bonds shall be convertible by the Bondholder from the date falling six months from the date of issue of the First Bonds up to the Maturity Date.

Second Bonds

The Second Bonds shall be convertible by the Bondholder from the date falling on the first anniversary from the date of issue of the Second Bonds up to the Maturity Date.

Mandatory conversion

At any time during the Conversion Period, if on any day the average of the closing prices per Share as quoted on the Stock Exchange for the preceding 20 consecutive trading days exceeds 120% of the Conversion Price, to the extent the Bondholder complies with the Conversion Restrictions, the Company may within three days after the such day by serving at least ten days' prior written notice on the Bondholder with the total amount proposed to be converted by the Bondholder specified therein and the Bondholder shall convert such amount of the Convertible Bonds to Conversion Shares.

Conversion Price

The Conversion Price is HK\$0.25 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) the closing price of HK\$0.25 per Share as quoted on the Stock Exchange on 22 February 2012, being the date of the Agreement; and
- (ii) the average of the closing prices of approximately HK\$0.25 per Share as quoted on the Stock Exchange for the last five trading days up to and including 22 February 2012, being the date of the Agreement.

The Conversion Price was determined by the Vendors and the Purchaser on an arm's length basis with reference, among others, to the prevailing market price of the Shares, the financial performance of the Group and the current market conditions. 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\$23,400,000 at the Conversion Price by the Bondholders, the Company will issue an aggregate of 93,600,000 new Shares, representing (i) approximately 7.94% of the existing issued share capital of the Company; and (ii) approximately 7.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

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

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

Upon the payment in full of the Shortfall Amount and 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.

PROMISSORY NOTES

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

Issuer

The Company

Principal amount

HK\$4,160,000 and HK\$1,040,000

Interest

The Promissory Notes do not carry any interest.

Maturity

A fixed term of 90 days from the date of issue of the Promissory Notes.

Early repayment

The Company could, at its option, repay each of the Promissory Notes in whole or in part in multiples of HK\$1,000,000 by giving a prior written notice to the Vendors, commencing on the date of the Promissory Notes up to the date immediately prior to the maturity date of the Promissory Notes. There will not be any premium or discount to the payment obligations under the Promissory Notes for any early repayment.

Assignment

The Promissory Notes may not be transferred or assigned by the holders of the Promissory Notes.

CONDITIONS

Completion shall be conditional upon:

- (a) the Purchaser 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 the Target Company 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 the Purchaser 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 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, the Promissory Notes and the Option Convertible Bonds and the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attached to the Convertible Bonds and the Option Conversion Shares upon the exercise of the conversion rights attached to the Option Convertible Bonds and the exercise of each of the Options in accordance with the terms of the Agreement;
- (e) warranties given by the Vendors under the Agreement remaining true and accurate in all respects;
- (f) warranties given by the Purchaser under the Agreement remaining true and accurate in all respects; and
- (g) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares and the Option Conversion Shares.

The Purchaser may waive conditions (a) and (e) above and the Vendors may waive condition (f) above. Conditions (b), (c), (d) and (g) are incapable of being waived. If the conditions have not been fulfilled (or waived by the Purchaser or the Vendors as the case may be) on or before 4:00 p.m. on 31 May 2012, or such later date as the Vendors and the Purchaser may agree, the Agreement shall cease and determine 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 the Purchaser.

CALL OPTIONS

Upon Completion, each of the Vendors shall enter into an option deed with the Purchaser, pursuant to which each of the Vendors has granted a right for the Purchaser to call upon the sale of 400,000 Target Shares and 100,000 Target Shares. The 500,000 Target Shares exercisable under the Options together represent 25% of the issued share capital of the Target Company as at the date of this announcement.

The Options granted by each of the Vendors can only be exercised once in relation to the entire number of the Target Shares forming the subject matters of such Options. The exercise of the Options granted by the Vendors are not inter-conditional upon each other.

Option premium and exercise price

No option premium is payable upon the grant of the Options. The Options are exercisable from 1 July 2013 to 3 July 2013. The exercise price for the 400,000 Target Shares payable by the Purchaser to the First Vendor shall be calculated as follows:

$$A = B \times 20\% \times 6.5$$

where

A is the option exercise price payable by the Purchaser to the First Vendor

B is the audited consolidated net profits after tax and any extraordinary or exceptional items of the Target Group for the financial year ending 31 March 2013

The exercise price for the 100,000 Target Shares payable by the Purchaser to the Second Vendor shall be calculated as follows:

$$C = D \times 5\% \times 6.5$$

where

C is the option exercise price payable by the Purchaser to the Second Vendor

D is the audited consolidated net profits after tax and any extraordinary or exceptional items of the Target Group for the financial year ending 31 March 2013

The exercise price for the Options shall be satisfied by the Purchaser in the following manner:

- (a) as to 40% of the exercise price be paid by the Purchaser to each of the Vendors in cash at completion of each exercise of the Options; and
- (b) as to 60% of the exercise price be paid by the Purchaser to each of the Vendors at completion of each exercise of the Options by procuring the Company to issue to each of the Vendors the Option Convertible Bonds.

The exercise price for the Options was determined with reference to a profits earnings ratio of 6.5. The profits earnings ratio of 6.5 was determined with reference to other available market comparable in the similar industry of the Target Group. The exercise price for the Options was arrived at after arm's length negotiations between the parties to the Agreement. The Directors consider that the terms and conditions of the Options to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Terms of Option Convertible Bonds

The terms of the Option 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

The maximum principal amount of the Option Convertible Bonds will be HK\$50,200,000. The principal amount of the Option Convertible Bonds to be issued may not reach the maximum principal amount of the Option Convertible Bonds.

Interest

The Option Convertible Bonds will not bear any interest.

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

Maturity

The Option Convertible Bonds have a fixed term of three years. Unless previously converted or cancelled pursuant to the terms of the Option Convertible Bonds, the Company shall redeem the outstanding principal amount of the Option Convertible Bonds on the Option Maturity Date.

Conversion

Provided that the Conversion Restrictions have been complied with, the Bondholder may convert the whole or part (in multiples of HK\$1,000,000) of the principal amount of the Option Convertible Bonds into Option Conversion Shares at the Option Conversion Price during the Option Conversion Period.

Option Conversion Period

The Option Convertible Bonds shall be convertible by the Bondholder from the date of issue of the Option Convertible Bonds up to the Option Maturity Date.

Mandatory conversion

At any time during the Option Conversion Period, if on any day the average of the closing prices per Share as quoted on the Stock Exchange for the preceding 20 consecutive trading days exceeds 120% of the Option Conversion Price, to the extent the Bondholder complies with the Conversion Restrictions, the Company may within three days after the such day by serving at least ten days' prior written notice on the Bondholder with the total amount proposed to be converted by the Bondholder specified therein and the Bondholder shall convert such amount of the Option Convertible Bonds to Option Conversion Shares.

Option Conversion Price

The Option Conversion Price is HK\$0.25 per Option Conversion Share subject to the adjustment. The events for the adjustments of the Option 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 Option Conversion Price represents:

- (i) the closing price of HK\$0.25 per Share as quoted on the Stock Exchange on 22 February 2012, being the date of the Agreement; and
- (ii) the average of the closing prices of approximately HK\$0.25 per Share as quoted on the Stock Exchange for the last five trading days up to and including 22 February 2012, being the date of the Agreement.

The Option Conversion Price was determined by the Vendors and the Purchaser on an arm's length basis with reference, among others, to the prevailing market price of the Shares, the financial performance of the Group and the current market conditions. The Directors (including the independent non-executive Directors) consider that the Option Conversion Price is fair and reasonable.

Option Conversion Shares

Assuming there is an immediate exercise in full of the conversion rights attaching to the maximum principal amount of the Option Convertible Bonds in the aggregate principal amount of HK\$50,200,000 at the Option Conversion Price by the Bondholders, the Company will issue an aggregate of 200,800,000 new Shares, representing (i) approximately 17.04% of the existing issued share capital of the Company; and (ii) approximately 14.56% of the issued share capital of the Company as enlarged by the allotment and issue of the maximum number of the Option Conversion Shares.

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

Ranking

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

Status of the Option Convertible Bonds

The Option 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 Option 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 Option 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 Option Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Option Conversion Shares.

PROFIT GUARANTEE

Under the Agreement, the Vendors have irrevocably warranted and guaranteed to the Purchaser that the audited consolidated net profits after tax and any extraordinary or exceptional items of the Target Group will not be less than HK\$8,000,000 for each of the three financial years ending 31 March 2013, 31 March 2014 and 31 March 2015 (the “**Profit Guarantee**”). If the actual audited consolidated net profits after tax and any extraordinary or exceptional items of the Target Group is less than HK\$8,000,000, then the Vendors shall pay to the Purchaser in cash for the shortfall on a dollar to dollar basis.

The guaranteed profit of HK\$8,000,000 was determined with reference to the unaudited consolidated net profit before taxation and extraordinary items of the Target Group of approximately HK\$8,151,000 for the ten months ended 31 January 2012.

As (i) the Company acquire 75% of the issued share capital of the Target Company, the Vendors should only pay HK\$0.75 for every dollar of the shortfall of the guaranteed profit. The payment for the shortfall on a dollar to dollar basis by the Vendors represents a premium; (ii) the Profit Guarantee will last for three financial years; and (iii) the Profit Guarantee is not the sole determining factor for the Group to enter into the Proposed Acquisition, other factors, including but not limited to, the reason as set out in the section headed “Reason for the Proposed Acquisition” were also considered by the Group, the Directors (including the independent non-executive Directors) consider that such terms of the Profit Guarantee is fair and reasonable, and in the interests of the Company and its shareholders as a whole.

CURRENT ASSETS RECOVERABILITY GUARANTEE

Under the Agreement, the Vendors had irrevocably warranted and guaranteed to the Purchaser that the entire amount of the Net Current Assets (which comprises of inventories, trade debtors and bills receivable, other debtors, deposits, amount due from directors and amount due from a related company) will be recoverable in full by the Target Group before the date falling 90 days after the Completion Date. If the Net Current Assets is not recovered in full by the Target Group before the date falling 90 days after the Completion Date, then the Vendors shall pay to the Purchaser in cash for the Shortfall Amount on a dollar to dollar basis on the date falling 90 days after the Completion Date.

If the Shortfall Amount is less than or equal to HK\$5,200,000, the Vendors shall satisfy the payment of the Shortfall Amount by offsetting such amount against the principal amount of the Promissory Notes.

If the Shortfall Amount is more than HK\$5,200,000, the Vendors shall satisfy the payment of the Shortfall Amount by:

- (a) offsetting HK\$5,200,000 of the Shortfall Amount against the principal amount of the Promissory Notes; and
- (b) offsetting the amount exceeding HK\$5,200,000 against the principal amount of the Convertible Bonds.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability. The Target Group is principally engaged in trading of electronic parts and components in relation to display modules and touch panel modules. Also, the Target Group provides professional solution with engineering services to meet individual customer needs.

According to the audited consolidated financial statements of the Target Company for the year ended 31 March 2010, which was prepared in accordance with Hong Kong Financial Reporting Standards, the turnover of the Target Group was approximately HK\$288,613,000 and the net profit before and after taxation and extraordinary items of the Target Group was approximately HK\$877,000 and approximately HK\$735,000 respectively.

According to the audited consolidated financial statements of the Target Company for the year ended 31 March 2011, which was prepared in accordance with Hong Kong Financial Reporting Standards, the turnover of the Target Group was approximately HK\$363,298,000 and the net profit before and after taxation and extraordinary items of the Target Group was approximately HK\$1,990,000 and approximately HK\$1,652,000 respectively. The net asset value of the Target Group was approximately HK\$5,002,000 as at 31 March 2011.

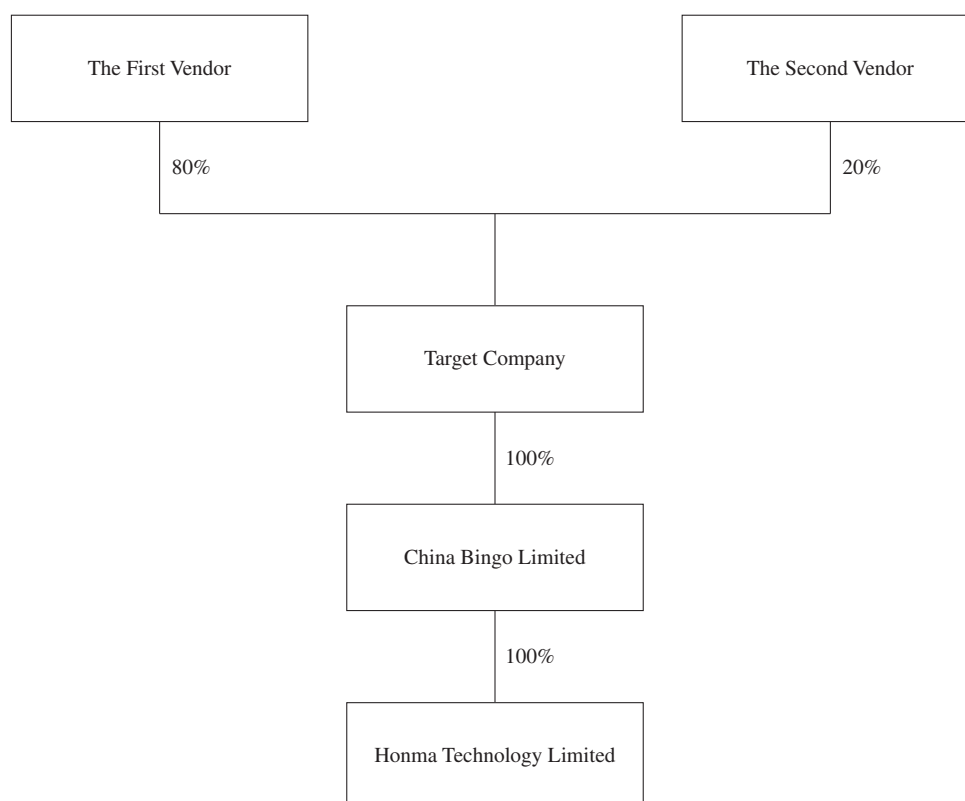
According to the unaudited consolidated financial statements of the Target Company for the ten months ended 31 January 2012, which was prepared in accordance with Hong Kong Financial Reporting Standards, the turnover of the Target Group was approximately HK\$311,165,000 and the net profit before taxation and extraordinary items of the Target Group was approximately HK\$8,151,000. The net asset value of the Target Group was approximately HK\$5,136,000 as at 31 January 2012.

Upon Completion, the Company will hold 75% of the issued share capital of the Target Company and the Target Company will become a subsidiary of the Company.

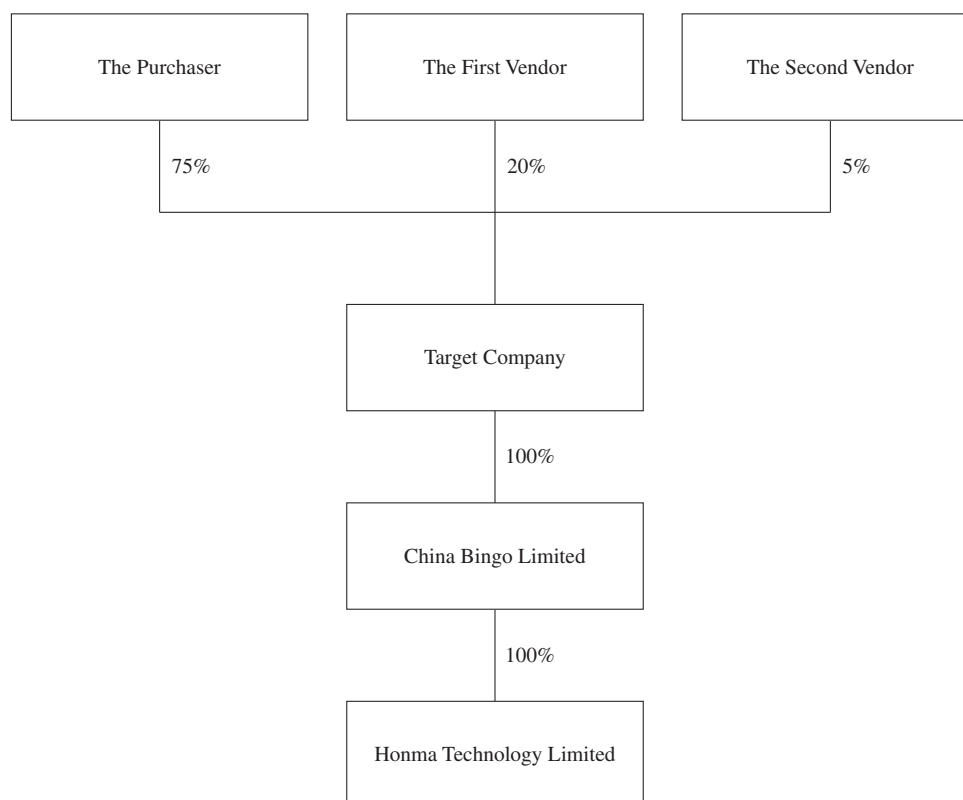
Group structure

The following charts show the group structure of Target Group as at the date of this announcement and immediately after Completion:

As at the date of this announcement



Immediately after Completion



REASON FOR THE PROPOSED ACQUISITION

The Group is engaged in development, provision and sale of mobile internet communication telecommunications and related services and the sale and production of liquid crystal display and touch-screen panels.

The Directors have been identifying further investment opportunities in order to diversify its existing business through horizontal integration and maximise the return of the Shareholders. As the electronic parts traded by the Target Group are used by the existing liquid crystal display and touch-screen panel production operations of the Group, the acquisition of the Target Group will ensure a stable and consistent supply of such electronic parts at a competitive price for the existing liquid crystal display and touch-screen panel production. Also, integrating with the professional product solutions for display modules and touch panel modules provided by the Target Group will enhance the competitiveness and bargaining power of the Group's liquid crystal display and touch-screen panel production and as a result has the ability to sell at a higher price and/or higher margins. The Directors consider that the Proposed Acquisition will generate good return to the Group.

Based on the above, 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) after Completion and assuming the conversion of the Convertible Bonds in full and none of the Option Convertible Bonds having been converted; and (iii) after Completion and assuming the conversion of the Convertible Bonds and the Option Convertible Bonds in full.

	As at the date of this Announcement		After Completion and assuming the conversion of the Convertible Bonds in full and none of the Option Convertible Bonds having been converted <i>(Note)</i>		After Completion and assuming the conversion of the Convertible Bonds and the Option Convertible Bonds in full <i>(Note)</i>	
	<i>Number of Shares</i>	<i>Approximate percentage</i>	<i>Number of Shares</i>	<i>Approximate percentage</i>	<i>Number of Shares</i>	<i>Approximate percentage</i>
Shareholders						
<i>China Oil Resources Group Limited and parties acting in concert with it</i>						
China Oil Resources Group Limited	355,571,722	30.18%	355,571,722	27.96%	355,571,722	24.15%
The First Vendor	–	–	74,880,000	5.89%	235,520,000	15.99%
The Second Vendor	–	–	18,720,000	1.47%	58,880,000	4.00%
<i>Sub-total</i>	<u>355,571,722</u>	<u>30.18%</u>	<u>449,171,722</u>	<u>35.32%</u>	<u>649,971,722</u>	<u>44.14%</u>
Vodatel Information Limited	155,419,392	13.19%	155,419,392	12.22%	155,419,392	10.55%
Sub-total	<u>510,991,114</u>	<u>43.37%</u>	<u>604,591,114</u>	<u>47.54%</u>	<u>805,391,114</u>	<u>54.69%</u>
Public Shareholders	667,143,742	56.63%	667,143,742	52.46%	667,143,742	45.31%
Total	<u>1,178,134,856</u>	<u>100%</u>	<u>1,271,734,856</u>	<u>100%</u>	<u>1,472,534,856</u>	<u>100%</u>

Note:

For illustration purposes only. China Oil Resources Group Limited, the First Vendor and the Second Vendor are deemed to be acting in concert with each other, and pursuant to the terms of the Convertible Bonds and the Option Convertible Bonds, any conversion of the Convertible Bonds or the Option Convertible Bonds will not trigger a mandatory offer obligation under the Takeovers Code on the part of the Bondholder which exercised the conversion rights. A group of person acting in concert, holding 30% or more of the voting rights of company can only acquire further voting rights within a band of 2% above the greater of 30% or its lowest percentage holding of voting rights in the previous 12 month period without incurring an obligation to make a general offer.

GEM LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios applicable to the Company exceeds 100%, the Proposed Acquisition constitutes a very substantial acquisition for the Company under the GEM Listing Rules.

As additional time is required for the preparation of the circular, in particular the preparation of the accountant's report on the Target Group and the unaudited pro forma financial information of the Enlarged Group, the circular containing, among other matters, (i) further details of the Proposed Acquisition; (ii) the accountants' report on the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; and (iv) a notice to convene the EGM will be despatched to the Shareholders in compliance with the GEM Listing Rules on or before 30 April 2012.

The Proposed Acquisition and the exercise of each of the Options are subject to, among others, the approval by the Shareholders at the EGM. To the best of the knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting in the EGM to approve the Proposed Acquisition and the exercise of each of the Options according to the GEM Listing Rules.

GENERAL

The Group is now in the preliminary negotiations with a third party independent of the Company and connected persons of the Company for a possible acquisition of another investment. Such possible acquisition, if materialises, may constitute a notifiable transaction on the part the Company under the GEM Listing Rules. As at the date of this announcement, no binding terms regarding such possible acquisition have been agreed upon by the parties and no binding agreement has been entered into between the relevant parties. Further announcement will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on 23 February 2012 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 16 March 2012.

DEFINITIONS

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

“Agreement”	the agreement dated 22 February 2012 (as supplemented by the supplemental agreement dated 15 March 2012) and entered into among the Vendors and the Purchaser in relation to the sale and purchase of the Sale Shares
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds or the Option Convertible Bonds, as the case may be
“Business Day”	a day other than a Saturday, Sunday or public holiday on which banks in Hong Kong are generally open for business throughout their normal business hours
“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 the Purchaser to the Vendors for the sale and purchase of the Sale Shares
“Conversion Period”	the conversion period of the First Bonds or the Second Bonds, as the case may be
“Conversion Price”	the initial conversion price of HK\$0.25 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
“Convertible Bonds”	the First Bonds and the Second Bonds
“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, the exercise of each of the Options and the transactions contemplated thereunder
“Encumbrance”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-purchase, or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Enlarged Group”	the Group as enlarged by the Proposed Acquisition
“First Bonds”	the convertible bonds in the principal amount of HK\$9,360,000 and HK\$2,340,000, to be issued by the Company in favour of the First Vendor and the Second Vendor respectively in accordance with the terms and conditions of the Agreement
“First Vendor”	Chan Wan Kim
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Maturity Date”	the date of maturity of the Convertible Bonds, being the date falling on the third anniversary of the date of issue of the Convertible Bonds
“Net Current Assets”	the current assets of the Target Group less (i) cash and bank balances and (ii) prepayments, as shown in the unaudited consolidated statement of financial position of the Target Company as at 31 January 2012
“Options”	the options granted by each of the Vendors to the Purchaser as contemplated under the Option Deeds
“Option Deeds”	(i) the option deed entered into between the First Vendor and the Purchaser in relation to the grant of right to the Purchaser to call upon the sale of 400,000 Target Shares; and (ii) the option deed entered into between the Second Vendor and the Purchaser in relation to the grant of right to the Purchaser to call upon the sale of 100,000 Target Shares
“Option Conversion Period”	the conversion period of the Option Convertible Bonds
“Option Conversion Price”	the initial conversion price of HK\$0.25 per Option Conversion Share, subject to adjustments, pursuant to the terms of the Option Convertible Bonds
“Option Conversion Shares”	the Shares to be allotted and issued upon the exercise of the conversion rights in respect of the Option Convertible Bonds
“Option Convertible Bonds”	the convertible bonds to be issued by the Company in favour of the Vendors in accordance with the terms and conditions of the Agreement
“Option Maturity Date”	the date of maturity of the Option Convertible Bonds, being the date falling on the third anniversary of the date of issue of the Option 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 (Stock code: 850)
“PRC”	the People’s Republic of China

“Promissory Notes”	the promissory notes to be issued by the Company to the First Vendor and the Second Vendor in the principal amounts of HK\$4,160,000 and HK\$1,040,000 respectively and with a maturity date on the date falling 90 days after the Completion Date
“Proposed Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser subject to and upon the terms and conditions of the Agreement
“Purchaser”	Golden Kingtex Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability
“Sale Shares”	1,500,000 Target Shares, which is legally and beneficially owned as to 1,200,000 Target Shares by the First Vendor and as to 300,000 Target Shares by the Second Vendor
“Second Bonds”	the convertible bonds in the principal amount of HK\$9,360,000 and HK\$2,340,000, to be issued by the Company in favour of the First Vendor and the Second Vendor respectively accordance with the terms and conditions of the Agreement
“Second Vendor”	Wong Chun Wai
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of US\$0.01 each in the share capital of the Company
“Shortfall Amount”	the amount of the Net Current Assets not recovered in full by the Target Group before the date falling 90 days after the Completion Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	ETC Technology Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and its subsidiaries

“Target Shares”	shares of HK\$1.00 each in the share capital of the Target Company
“Vendors”	the First Vendor and the Second Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the Board
Mobile Telecom Network (Holdings) Limited
Chan Chung
Chairman

Hong Kong, 15 March 2012

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