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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)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



信達國際證券有限公司
CINDA INTERNATIONAL SECURITIES LIMITED

On 26 November 2012 (after trading hours), the Company entered into the conditional Placing and Subscription Agreement with the Placing Agent and the Subscriber for the Placing of up to an aggregate of 124,288,000 existing Placing Shares to the Placees at the Placing Price of HK\$0.155 per Placing Share and the Subscription of up to 124,288,000 new Subscription Shares by the Subscriber at the Subscription Price of HK\$0.155 per Subscription Share.

The Placing Shares represent, in aggregate, (i) approximately 9.97% of the existing issued share capital of the Company; and (ii) approximately 9.06% of the issued share capital of the Company as enlarged by the Subscription.

The maximum gross proceeds and net proceeds (after deducting the commission of the Placing Agent and other expenses incurred in the Placing and the Subscription) from the Subscription are expected to be HK\$19,264,640 and approximately HK\$18,800,000, respectively. The Company intends to apply the net proceeds from the Subscription (i) as to HK\$12,000,000 for the repayment of loan facilities; and (ii) as to HK\$6,800,000 as the general working capital of the Group.

Further announcement will be made by the Company upon completion of the Placing and the Subscription.

* For identification purpose only

THE PLACING AND SUBSCRIPTION AGREEMENT

Date	:	26 November 2012 (after trading hours)
Issuer	:	The Company
Placing Agent	:	Cinda International Securities Limited, an Independent Third Party
Subscriber	:	China Oil Resources Group Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder (as defined under the GEM Listing Rules) of the Company

The Placing Agent has been appointed to place the Placing Shares on a best effort basis and will receive a placing commission of one per cent. (1%) on the gross proceeds of the Placing and all reasonable costs, fees and expenses in relation to the preparation and completion of the Placing and Subscription Agreement. The placing commission was arrived at after arm's length negotiations between the Company, the Subscriber and the Placing Agent.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owners is an Independent Third Party.

Pursuant to the Placing and Subscription Agreement, the Subscriber agreed to place, through the Placing Agent, up to 124,288,000 Placing Shares to the Placees at a price of HK\$0.155 per Placing Share and the Subscriber will subscribe the Subscription Shares at a price of HK\$0.155 per Subscription Share. Details of the Placing and the Subscription are set out below.

1. Placing

Placees

The Placing Shares will be placed on a best effort basis to not less than six Placees which with their ultimate beneficial owners(s) will be Independent Third Parties.

It is expected that none of the Placees will become substantial Shareholder immediately after the Placing.

Placing Shares

The 124,288,000 Placing Shares represent, in aggregate, (i) approximately 9.97% of the existing issued share capital of the Company; and (ii) approximately 9.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares as a result of the Subscription.

The Placing Shares rank pari passu among themselves and with the other Shares in issue as at the date of this announcement.

Placing Price

The Placing Price of HK\$0.155 per Placing Share represents:

- (i) a discount of approximately 10.40% to the closing price of HK\$0.173 per Share as quoted on the Stock Exchange on 23 November 2012, being the last trading day immediately before the entering into of the Placing and Subscription Agreement; and
- (ii) a discount of approximately 10.92% to the average closing price of approximately HK\$0.174 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing and Subscription Agreement.

The Placing Price was arrived at after arm's length negotiations among the Company, the Subscriber and the Placing Agent with reference to the prevailing market prices of the Shares. The Directors consider that the Placing Price and the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The net Placing Price, after deduction of the relevant expenses, is approximately HK\$0.151 per Placing Share.

Placing commission

The Company shall pay to the Placing Agent the placing commission of one per cent. (1%) on the gross proceeds of the Placing and all reasonable costs, fees and expenses in relation to the preparation and completion of the Placing and Subscription Agreement.

Completion of the Placing

The Placing is unconditional and completion of the Placing will take place on 27 November 2012 (or such other date as may be agreed by the Subscriber and the Placing Agent).

2. Subscription

Subscription Shares

Up to 124,288,000 Subscription Shares, which is equivalent to the number of Placing Shares to be placed under the Placing, will be subscribed by the Subscriber under the Placing and Subscription Agreement and represent, in aggregate, (i) approximately 9.97% of the existing issued share capital of the Company; and (ii) approximately 9.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares as a result of the Subscription.

The Subscription Shares will rank pari passu among themselves and with the other Shares in issue as at the date of the allotment and issue of the Subscription Shares.

General mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 245,282,143 Shares. As at the date of this announcement, (i) no portion of the General Mandate was utilised; (ii) the Company has not allotted and issued any Shares pursuant to the General Mandate; and (iii) the General Mandate is sufficient for the allotment and issue of the Subscription Shares. The Company has not repurchased any Shares within the last 30 days prior to the date of this announcement.

Subscription Price

The Subscription Price of HK\$0.155 per Subscription Share represents:

- (i) a discount of approximately 10.40% to the closing price of HK\$0.173 per Share as quoted on the Stock Exchange on 23 November 2012, being the last trading day immediately before the entering into of the Placing and Subscription Agreement; and
- (ii) a discount of approximately 10.92% to the average closing price of approximately HK\$0.174 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing and Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations among the Company, the Subscriber and the Placing Agent with reference to the prevailing market prices. The Directors consider that the Subscription Price and the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$0.151 per Subscription Share.

Conditions precedent

The Subscription is conditional upon the followings:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Subscription Shares; and
- (ii) the completion of the Placing pursuant to the Placing and Subscription Agreement.

In the event that the conditions of the Subscription are not fulfilled on or before 7 December 2012 (or such other date as may be agreed between the parties to the Placing and Subscription Agreement), all rights, obligations and liabilities of the parties to the Placing and Subscription Agreement in relation to the Subscription shall cease and determine and neither the Company and the Subscriber shall have any claim against any other in respect of the Subscription save for rights and remedies accrued prior to such termination.

Completion of the Subscription

Completion of the Subscription will take place on the next Business Day (or such other date as may be agreed by the parties to the Placing and Subscription Agreement) after the conditions of the Subscription have been fulfilled. The Subscription shall be completed on or before 10 December 2012, being 14 days from the date of the Placing and Subscription Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the GEM Listing Rules and require compliance with all the relevant requirements under Chapter 20 of the GEM Listing Rules, including but not limited to the issue of a separate announcement and approval by the independent Shareholders.

Force majeure

The Placing Agent may, in its absolute opinion, after consultation with the Company, terminate the Placing and Subscription Agreement by notice in writing to the Company at any time up to 10:00 a.m. on the Placing Completion Date if:

- (1) there is any introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group; or
- (2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Subscriber or the Company or the Placing Agent to proceed with the Placing; or
- (3) there is any material breach of the warranties, representations and undertakings given by the Company and/or the Subscriber in the Placing and Subscription Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (4) there is any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or

- (5) any statement contained in this announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the absolute opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

Upon termination of the Placing and Subscription Agreement pursuant to the above mentioned force majeure factors, all liabilities of the parties thereto shall cease and no party of the Placing and Subscription Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing and Subscription Agreement save for any antecedent breach of any obligation under the Placing and Subscription Agreement.

Application for listing

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

Further announcement will be made by the Company upon completion of the Placing and the Subscription.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Group is principally engaged in development, provision and sale of mobile internet communication telecommunications and related services and trading of electronic parts and components in relation to display modules and touch panel modules, and provision of professional solution with engineering services to meet individual customer needs. The Directors have considered various ways of raising funds to develop its businesses and consider that the Placing and the Subscription represent a suitable opportunity to raise capital for the Company and enlarge the equity and Shareholder base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the terms of the Placing and the Subscription (including but not limited to the Placing Price, the Subscription Price and the placing agent commission of one per cent. (1%)) are fair and reasonable based on the current market conditions, and the Placing and the Subscription are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The maximum gross proceeds and net proceeds (after deducting the placing agent commission and other expenses incurred in the Placing and the Subscription) from the Subscription are expected to be HK\$19,264,640 and approximately HK\$18,800,000, respectively. The Company intends to use the net proceeds from the Subscription (i) as to HK\$12,000,000 for the repayment of loan facilities; and (ii) as to HK\$6,800,000 as the general working capital of the Group.

The net proceeds being raised per Share upon completion of the Placing and the Subscription will be approximately HK\$0.151 per Share.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has no fund raising activities in the past 12 months immediately preceding the date of this announcement.

CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Placing and the Subscription are as follows:

Shareholders	Existing shareholding (as at the date of this announcement)		Shareholding immediately after the Placing but before the Subscription		Shareholding immediately after the Placing and the Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Subscriber	355,571,722	28.51%	231,283,722	18.54%	355,571,722	25.93%
Vodatel Information Limited	155,419,392	12.46%	155,419,392	12.46%	155,419,392	11.33%
Public shareholders						
The Placees	–	–	124,288,000	9.97%	124,288,000	9.06%
Other public shareholders	736,109,259	59.03%	736,109,259	59.03%	736,109,259	53.68%
Total	<u>1,247,100,373</u>	<u>100.00%</u>	<u>1,247,100,373</u>	<u>100.00%</u>	<u>1,371,388,373</u>	<u>100.00%</u>

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being Saturday, Sunday or public holidays) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Mobile Telecom Network (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with Shares at the annual general meeting of the Company held on 2 August 2012

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, 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 of the Company in accordance with the GEM Listing Rules
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Placees”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing and Subscription Agreement
“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agent to the Placees pursuant to the Placing and Subscription Agreement
“Placing Agent”	Cinda International Securities Limited, the placing agent and a licensed corporation to carry out regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) in Hong Kong
“Placing and Subscription Agreement”	the agreement dated 26 November 2012 and entered into among the Company, the Placing Agent and the Subscriber in respect of the Placing and the Subscription
“Placing Completion Date”	27 November 2012, or such other date as the Subscriber and the Placing Agent shall agree
“Placing Price”	the placing price of HK\$0.155 per Placing Share
“Placing Shares”	up to an aggregate of 124,288,000 existing Shares to be placed by the Placing Agent on behalf of the Subscriber under the Placing
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	China Oil Resources Group Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder (as defined under the GEM Listing Rules) of the Company
“Subscription”	the subscription of the Subscription Shares by the Subscriber at the Subscription Price pursuant to the Placing and Subscription Agreement
“Subscription Price”	HK\$0.155 per Subscription Share
“Subscription Shares”	up to 124,288,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the terms and conditions of the Placing and Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Mobile Telecom Network (Holdings) Limited
Choi Ho Yan
Executive Director

Hong Kong, 26 November 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 of the Company 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.