

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.*



## **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 NON-LISTED WARRANTS**

**Placing Agent**



#### **THE WARRANT PLACING AGREEMENT**

On 15 January 2013 (after trading hours), the Company entered into the Warrant Placing Agreement with the Placing Agent in connection with the Warrant Placing, pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, up to 120,000,000 Warrants conferring rights to subscribe for 120,000,000 Warrant Shares at the Warrant Exercise Price of HK\$0.168 per Warrant Share (subject to adjustment) to not less than six (6) Warrant Placees who and their respective ultimate beneficial owners are Independent Third Parties. Each Warrant carries the right to subscribe for one (1) Warrant Share.

The Warrants are to be placed at a Warrant Placing Price of HK\$0.01 per Warrant. The Warrant Placing is conditional upon several conditions as set out in the paragraph headed “Conditions of the Warrant Placing” in the section headed “The Warrant Placing Agreement” in this announcement.

The Warrant Shares to be issued upon exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate.

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

\* For identification purpose only

# **THE WARRANT PLACING AGREEMENT**

## **Date**

15 January 2013 (after trading hours)

## **Issuer**

The Company

## **Placing Agent**

KGI Asia Limited is an Independent Third Party. The Placing Agent will charge the Company a placing commission of HK\$50,000 plus any other out-of-pocket charges and expenses incurred by the Placing Agent in relation to the Warrant Placing. The Warrant Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the market rate. The Directors consider that the terms of the Warrant Placing, including the Warrant Placing commission, are fair and reasonable based on the current market conditions and the Warrant Placing is in the interests of the Company and the Shareholders as a whole.

## **Warrant Places**

The Warrant will be placed on a best effort basis to not less than six places (institutional or private investor) and who and whose ultimate beneficial owners are Independent Third Parties.

## **Number of Warrants**

120,000,000 Warrants

## **Warrant Placing Price**

The Warrant Placing Price is HK\$0.01 per Warrant

## **Warrant Exercise Price**

HK\$0.168 per Warrant Share (subject to adjustment)

The aggregate of the Warrant Placing Price of HK\$0.01 per Warrant and the Warrant Exercise Price of HK\$0.168 per Warrant Share, i.e. HK\$0.178, represents: (i) a premium of approximately 5.95% over the closing price of HK\$0.168 per Share quoted on the Stock Exchange on the Last Trading Day, and (ii) a premium of approximately 5.95% over the average of the closing prices of approximately HK\$0.168 per Share for the last five trading days for the Shares up to and including the Last Trading Day.

The Warrant Exercise Price of HK\$0.168 per Warrant Share represents: (i) the closing price of HK\$0.168 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average of the closing prices of approximately HK\$0.168 per Share for the last five trading days for the Shares up to and including the Last Trading Day.

Both the Warrant Placing Price and the Warrant Exercise Price are determined based on negotiations on arm's length basis between the Company and the Placing Agent with reference to the current market sentiment and the historical Share price. The Directors consider that both the Warrant Placing Price and the Warrant Exercise Price are fair and reasonable.

### **Information of the Warrants**

The Warrants will be issued to the Warrant Placees upon completion of the Warrant Placing in registered form and constituted by a deed poll. The Warrants will rank *pari passu* in all respects among themselves.

Each Warrant carries the right to subscribe for one (1) Warrant Share at the Warrant Exercise Price and is issued at the Warrant Placing Price.

The subscription rights attaching to the Warrants may be exercised at any time during a period of three (3) years commencing from the date immediately after the date of issue of the Warrants. The Warrant Shares, when fully paid and allotted, will rank *pari passu* in all respects with the then existing issued Shares of the Company.

Assuming all the Warrants are placed, a total of 120,000,000 Warrants are proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 120,000,000 Warrant Shares will be issued, representing (i) approximately 8.75% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares upon full exercise of the subscription rights attaching to the Warrants.

### **Transferability**

The Warrants are transferable in integral multiples of 1,000,000 Warrants. In the event of a transfer of the Warrants to a connected person (as defined in the GEM Listing Rules) of the Company, prior approval from the Company and the Stock Exchange will be obtained. The Company undertakes to comply with the relevant GEM Listing Rules and to make necessary announcement(s), where appropriate, if and when any of the Warrant Placees make any transfer of the Warrants to other parties requiring disclosure.

### **Completion**

Completion shall take place on the third Business Day following the satisfaction of the conditions set out below (or such other date to be agreed by the parties).

## Termination of the Warrant Placing Agreement

The Warrant Placing Agreement contains provisions entitling the Placing Agent shall have the right in its reasonable discretion to terminate the Warrant Placing Agreement by notice in writing to the Company at any time prior to 9:00 a.m. on the Warrant Placing Completion Date if:

- (i) there develops, occurs or comes into force:
  - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the reasonable opinion of the Placing Agent and in its reasonable discretion may materially and adversely affect the business or financial condition or prospects of the Group as a whole; or
  - (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which, in the reasonable opinion of the Placing Agent and in its reasonable discretion will, or may be expected to, have a material adverse effect on the Warrant Placing; or
  - (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the reasonable opinion of the Placing Agent and in its reasonable discretion has or may have a material adverse effect on the Warrant Placing; or
- (ii) any breach of any of the representations, warranties and undertakings in the Warrant Placing Agreement which in the sole opinion of the Placing Agent and in its reasonable discretion is material in the context of the Warrant Placing, comes to the knowledge of the Placing Agent or there has been a breach by the Company of any other provision of the Warrant Placing Agreement which in the reasonable opinion of the Placing Agent and in its reasonable discretion is material in the context of the Warrant Placing; or
- (iii) there is any adverse change in the business or in the financial or trading position of the Group taken as a whole which being unaware of by the Placing Agent and in the reasonable opinion of the Placing Agent and in its reasonable discretion is material in the context of the Warrant Placing; or

then and in any such case, the Placing Agent may, in its reasonable discretion, terminate the Warrant Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 9:00 a.m. on the Warrant Placing Completion Date.

If the Warrant Placing Agreement is so terminated, all obligations of each party under the Warrant Placing Agreement shall cease and determine and neither party shall have any claim against the other party in respect of any matter arising out of or in connection with the Warrant Placing Agreement except for any antecedent breach of any obligation mentioned in the Warrant Placing Agreement and the payment obligation of the Company to the Placing Agent under the Warrant Placing Agreement.

## **Conditions Precedent of the Warrant Placing**

Completion of the Warrant Placing Agreement is conditional on, among the other matters, the fulfillment of the following conditions precedent on or before the Long Stop Date (or such later time and date as the Placing Agent and the Company shall agree in writing):

- (a) (if required) the Listing Committee shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Warrant Placees shall reasonably object and the satisfaction of such conditions; and
- (b) the Listing Committee shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Warrant Placees shall reasonably object) the listing of, and permission to deal in, the Warrant Shares which fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants.

The Company undertakes to and in favour of the Placing Agent to exercise its best endeavours to procure the fulfilment of the conditions specified above, including without limitation, by making all necessary applications forthwith upon the signing of the Warrant Placing Agreement and the timely supply of information to the Stock Exchange and other relevant governmental or regulatory authorities.

In the event that the above conditions are not fulfilled by the Long Stop Date or such later date as may be agreed between the Company and the Placing Agent in writing, the Warrant Placing Agreement will lapse and become null and void and the parties shall be released from all obligations hereunder, save the liabilities for any antecedent breaches thereof.

## **Voting rights for the holders of the Warrants**

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

## **Rights of the holders of the Warrants on the liquidation of the Company**

If the Company is wound up during the subscription period of the Warrants, all subscription rights attaching to the Warrants which have not been exercised shall lapse, save for in the event of a voluntary winding-up, the holders of the Warrants shall be entitled within six weeks after the passing of such a resolution approving the winding-up to exercise the subscription rights attaching to the Warrants in accordance with the terms and conditions of the Warrants.

## **General Mandate to issue the Warrant Shares**

The Warrant Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 2 August 2012 subject to the limit of 245,282,143 Shares (representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date). The 120,000,000 Warrant Shares, to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants, will utilise about 48.92% of the General Mandate.

As at the date of this announcement, the Company has allotted and issued 124,288,000 Shares pursuant to the General Mandate. The remaining balance of 120,994,143 Shares under the existing General Mandate is sufficient for the proposed allotment and issue of the Warrant Shares upon exercise of the subscription rights attaching to the Warrants. The Company has not repurchased any Shares within the last 30 days prior to the date of this Announcement.

In the event that following any adjustments of the Warrant Exercise Price made in accordance with the terms and conditions endorsed on the Warrant certificate (as the same may from time to time be modified), the number of the new Shares (the “**Excess New Shares**”) which may fall to be allotted and issued pursuant to the exercise of the subscription rights attached to the Warrants will exceed the authorisation under the General Mandate, the Company shall: (i) promptly and in any event within three days after the effective date of such adjustments of the Warrant Exercise Price made in accordance with the terms and conditions endorsed on the Warrant certificate (as the same may from time to time be modified), give notice to the Warrant holders that the Warrant Exercise Price has been so adjusted in accordance with the terms and conditions of the Instrument; (ii) convene and hold as soon as reasonably practicable and in any event, within 30 days from the date of the notification as mentioned in paragraph (i) above (the “**Approval Period**”), an extraordinary general meeting (the “**EGM**”) of the Shareholders to approve the grant of a specific mandate (the “**Specific Mandate**”) to the Directors to allot and issue the Excess New Shares; (iii) apply to the Stock Exchange for the approval of the listing of and permission to deal in, the Excess New Shares as soon as reasonably practicable and in any event within three days from the date of the notice of the EGM; and (iv) procure that the listing of and permission to deal in, the Excess New Shares be granted by the Stock Exchange within the Approval Period. In the event that the last date of the Approval Period shall fall on a date beyond the subscription period of the Warrants, such subscription period shall be extended by the corresponding number of days by which such last date of the Approval Period shall fall beyond such subscription period.

## **Application for listing**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

## **REASONS FOR THE WARRANT PLACING**

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 Board have considered various ways of raising funds to develop its businesses and consider that the Warrant Placing represent a suitable opportunity to raise capital for the Company. In addition, the Warrants are not interest bearing and the Warrant Placing will not be resulted in any immediate dilution effect on the shareholding of the existing Shareholders. In addition to the net proceeds that will be raised upon completion of the Warrant Placing, further capital will be raised upon the exercise of the subscription rights attaching to the Warrants by the holder of such Warrants during the subscription period.

In view of the immediate inflow of approximately HK\$1.2 million upon completion of the Warrant Placing, coupled with the potential inflow of further capital upon the exercise of the subscription rights attaching to the Warrants, the Directors are of the view that the Warrant Placing provides a good opportunity to strengthen the Company's financial position and in the event that the Warrant Placees fully exercise their subscription rights attaching to the Warrants, funds received may cater for future needs for its general working capital.

In view of the above, the Board considers that the terms of the Warrant Placing are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

The gross proceeds of the Warrant Placing will amount to approximately HK\$1.2 million. The net proceeds from the Warrant Placing, after the deduction of the Warrant Placing commission and other related expenses, are estimated to be approximately HK\$1.0 million, representing a net issue price of approximately HK\$0.83 per Warrant. The Directors intend to apply the net proceeds as general working capital of the Group.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected approximately HK\$20.16 million will be raised. The net proceeds of approximately HK\$20.14 million (with a net subscription price of approximately HK\$0.168 per Warrant) will be used for general working capital of the Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Warrant Shares to be issued upon the exercise of all Warrants, when aggregated with all other equity securities which remain to be issued on exercise of all other subscription rights, will not exceed 20% of the issued share capital of the Company.

## FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Event	Net proceeds (approx.)	Intended use of proceeds	Actual use of proceeds
26 November 2012	Placing of 124,288,000 new shares at HK\$0.155 per share	HK\$18,800,000	Repayment of loan facilities and as general working capital of the Group	Used as intended

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

### Changes in shareholding structure of the Company

Assuming there being no other changes in the share capital of the Company, the changes of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon exercise of the subscription rights attaching to the Warrants in full are as follows:

Shareholders	At the date of this announcement		Upon exercise of the subscription rights attached to the Warrants in full	
	<i>No. of Shares</i>	<i>Approximate percentage</i>	<i>No. of Shares</i>	<i>Approximate percentage</i>
China Oil Resources Group Limited	355,571,722	25.93%	355,571,722	23.84%
Vodatel Information Limited	155,419,392	11.33%	155,419,392	10.42%
The Warrant Placees	–	–	120,000,000	8.05%
Other public Shareholders	860,397,259	62.74%	860,397,259	57.69%
Total	<u>1,371,388,373</u>	<u>100.00%</u>	<u>1,491,388,373</u>	<u>100.00%</u>

## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, a Sunday and a public holiday) on which licensed 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 whose issued Shares are listed on GEM
“Director(s)”	director(s) 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, pursuant to which a maximum of 120,994,143 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) which is/are not connected person(s) (as defined under the GEM Listing Rules) of the Company and is independent of the Company and its connected persons (as defined under the GEM Listing Rules)
“Instrument”	a separate instrument to be executed by the Company by way of a deed poll containing terms of the Warrants, including the adjustment mechanisms of the initial subscription price for Shares
“Last Trading Day”	14 January 2013, being the last trading day for the Shares before the issue of this announcement.
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing

“Long Stop Date”	on or before 5:00 p.m. on 31 January 2013 or such later date as may be agreed between the Company and the Placing Agent
“Placing Agent”	KGI Asia Limited, the placing agent and a licensed corporation to carry out Type 1 (dealing in Securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) in Hong Kong
“Share(s)”	ordinary issued share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrant(s)”	120,000,000 non-listed warrants to be issued by the Company at the Warrant Placing Price, each entitles the holder thereof to subscribe for one (1) Warrant Share at the Warrant Exercise Price (subject to adjustment) at any time during a period of three (3) years commencing from the date of issue of the Warrants
“Warrant Exercise Price”	an initial exercise price of HK\$0.168 per Warrant Share (subject to adjustment) at which holder of the Warrants may subscribe for the Warrant Share(s)
“Warrant Placee(s)”	any individual(s), institutional or other professional investor(s), who are Independent Third Parties, procured by the Placing Agent to subscribe for any of the Warrants pursuant to the Warrant Placing Agreement
“Warrant Placing”	the placing, on a best effort basis, of up to 120,000,000 Warrants pursuant to the terms of the Warrant Placing Agreement
“Warrant Placing Agreement”	the conditional placing agreement dated 15 January 2013 and entered into between the Company and the Placing Agent in relation to the Warrant Placing
“Warrant Placing Completion Date”	the third Business Day following the date on which the conditions precedent set out in the Warrant Placing Agreement are fulfilled
“Warrant Placing Price”	HK\$0.01, being the issue price per Warrant payable in full on application under the Warrant Placing Agreement

“Warrant Share(s)”	up to 120,000,000 new Shares to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
“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, 15 January 2013

*As at the date of this announcement, the Board comprises four executive Directors, namely, 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](http://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](http://www.mtelnet.com).*