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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Mobile Telecom Network (Holdings) Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

- (1) PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES;**
- (2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**
- (3) ADOPTION OF NEW SHARE OPTION SCHEME;**
- (4) AMENDMENTS TO ARTICLES OF ASSOCIATION AND ADOPTION OF AMENDED AND RESTATED ARTICLES OF ASSOCIATION; AND**
- (5) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**

**VEDA | CAPITAL**  
**智 略 資 本**

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A letter from the Independent Board Committee is set out on page 32 of this circular. A letter from Veda Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the independent shareholders of the Company, is set out on pages 33 to 40 of this circular.

A notice convening the extraordinary general meeting of the Company (the “EGM”) to be held at 11:00 a.m. on Monday, 25 March 2013 at Suite 1006, 10th Floor, Ocean Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong is set out on pages 53 to 75 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event the proxy shall be deemed to be revoked.

28 February 2013

\* For identification purpose only

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## CHARACTERISTICS OF GEM

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**GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Adoption Date”	the date on which the New Share Option Scheme is adopted by an ordinary resolution of the Shareholders at the EGM
“AGM”	the annual general meeting of the Company held on 2 August 2012 in which the Shareholders had approved, among other matters, the Current General Mandate
“Articles of Association”	the articles of associations of the Company, and “ <b>Article</b> ” shall mean an article thereof
“associates”	have the same meaning as ascribed in the GEM Listing Rules
“Board”	the board of Directors, including all independent non-executive Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Mobile Telecom Network (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM of the Stock Exchange
“Current General Mandate”	the general mandate approved at the AGM to grant to the Directors the power to allot and issue Shares of up to 20% of the issued share capital of the Company on the date of the passing of the relevant ordinary resolution, which was 2 August 2012
“Directors”	the directors of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be convened and held at 11:00 a.m. on Monday, 25 March 2013 at Suite 1006, 10th Floor, Ocean Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong to consider and, if appropriate, to approve the ordinary resolutions contained in the notice of the EGM which are set out on pages 53 to 75 of this circular

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## DEFINITIONS

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“Existing Share Option Scheme”	the existing share option scheme of the Company adopted by the Company on 27 March 2003
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from US\$20,000,000 (divided into 2,000,000,000 Shares) to US\$40,000,000 (divided into 4,000,000,000 Shares) by creating an additional 2,000,000,000 Shares
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the grant of the New General Mandate
“Independent Financial Adviser”	Veda Capital Limited, a corporation licensed to conduct type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the grant of the New General Mandate
“Independent Shareholders”	Shareholder(s) other than the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Latest Practicable Date”	26 February 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“New General Mandate”	the general mandate proposed to be granted to the Directors at the EGM to allot, issue and otherwise deal with additional Shares not exceeding 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution

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## DEFINITIONS

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“New Share Option Scheme”	the new share option scheme which is proposed to be adopted by the Company at the EGM, the principal terms of which are set out in Appendix to this circular
“Option(s)”	option(s) granted or to be granted to Participant(s) to subscribe for Share(s) under the Existing Share Option Scheme or, after its termination, under the New Share Option Scheme
“Participant(s)”	full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary) and any supplier, consultants, agents and advisers or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group eligible for Option(s) under the New Share Option Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Chan Wai Kwong, Peter  
Mr. Siu King Nin, Peter  
Mr. Choi Ho Yan  
Mr. So Haw, Herman

*Independent non-executive Directors:*

Mr. Chiu Wai Piu  
Mr. Cheung Kwan Hung, Anthony  
Mr. Heung Chee Hang, Eric

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

Suite 1006, 10th Floor  
Ocean Centre, Harbour City  
Tsim Sha Tsui  
Kowloon  
Hong Kong

28 February 2013

*To the Shareholders*

Dear Sir or Madam,

- (1) PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES;**
- (2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**
- (3) ADOPTION OF NEW SHARE OPTION SCHEME;**
- (4) AMENDMENTS TO ARTICLES OF ASSOCIATION AND ADOPTION OF AMENDED AND RESTATED ARTICLES OF ASSOCIATION; AND**
- (5) NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### INTRODUCTION

The purpose of this circular is to provide you with the information relating to (i) the proposed grant of the New General Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the proposed grant of the New General Mandate; (iii) the recommendation from the Independent Financial Adviser to the Independent Board

\* For identification purpose only

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## LETTER FROM THE BOARD

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Committee and the Independent Shareholders on the proposed grant of the New General Mandate; (iv) the proposed Increase in Authorised Share Capital; (v) the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme; (vi) the proposed amendments to Articles of Association and the adoption of the amended and restated Articles of Association; and (vii) the notice of EGM in order to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM.

### CURRENT GENERAL MANDATE

At the AGM, Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Current General Mandate to issue not more than 245,282,143 Shares, representing 20% of the aggregate nominal amount of the issued share capital of the Company of 1,226,410,718 Shares as at the date of passing of the resolution.

As at the Latest Practicable Date, the Company had an aggregate of 1,371,388,373 Shares in issue.

From the date of the granting of the Current General Mandate to the Latest Practicable Date, the Current General Mandate had been utilised as to 244,288,000 Shares (including 120,000,000 new Shares which may fall to be allotted and issued upon full exercise of the subscription rights attaching to the 120,000,000 non-listed warrants (the “**Warrants**”) issued by the Company pursuant to the warrant placing agreement dated 15 January 2013 and entered into between the Company and KGI Asia Limited (the “**Warrant Placing**”), representing approximately 99.59% of the aggregate number of Shares which were allotted and issued under the Current General Mandate.

As set out in the announcement of the Company dated 7 December 2012 (the “**First Announcement**”), 124,288,000 Shares were issued under the Current General Mandate as a result of the placing of 124,288,000 Shares under the placing and subscription agreement dated 26 November 2012. As stated in the First Announcement, the net proceeds from the subscription of Shares were approximately HK\$18,800,000 and the Company intended to apply the net proceeds from the subscription of Shares (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. As confirmed by the Company, the Company has used HK\$12,000,000 for the repayment of loan facilities and HK\$6,800,000 as the general working capital of the Group.

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## LETTER FROM THE BOARD

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As set out in the announcement of the Company dated 15 January 2013 (the “**Second Announcement**”), 120,000,000 new Shares may fall to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants pursuant to the Warrant Placing. As stated in the Second Announcement, the net proceeds from the Warrant Placing, after deduction of the Warrant Placing commission and other related expenses, are estimated to be approximately HK\$1,000,000 and will be used for the general working capital of the Group. The Warrant Placing was completed on 31 January 2013 and as confirmed by the Company, the Company has used approximately HK\$1,000,000 as the general working capital of the Group. Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that approximately HK\$20,160,000 will be raised and the net proceeds of approximately HK\$20,140,000 will be used for general working capital of the Group. As at the Latest Practicable Date, none of the holders of the Warrants has exercised the subscription rights attaching to the Warrants.

Accordingly, during the period from the grant of the Current General Mandate to the Latest Practicable Date, only 994,143 Shares remain outstanding under the Current General Mandate, representing only approximately 0.07% of the issued share capital of the Company as at the Latest Practicable Date.

Since the AGM and except for the proposed grant of the New General Mandate herein, the Company has not refreshed its general mandate granted at the AGM.

### **PROPOSED GRANT OF NEW GENERAL MANDATE**

At the EGM, ordinary resolutions will be proposed to the Independent Shareholders that the Directors be granted the New General Mandate to allot and issue Shares not exceeding 20% of the share capital of the Company in issue as at the date of passing the relevant ordinary resolution.

The Company has not refreshed the Current General Mandate since the AGM.

Subject to the passing of the ordinary resolutions for the approval of the New General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the Company would be allowed under the New General Mandate to allot and issue up to 274,277,674 Shares, being 20% of the total number of Shares in issue as at the Latest Practicable Date.

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## **LETTER FROM THE BOARD**

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### **REASONS FOR THE NEW GENERAL MANDATE**

In order to maintain flexibility and provide discretion to the Directors to issue new Shares in the future which is necessary for the Group's funding needs and future business development, the Directors propose to the Independent Shareholders a resolution to grant the New General Mandate such that the Directors can exercise the power of the Company to issue new Shares up to 20% of the issued share capital of the Company as at the date of the EGM.

While the Company at present does not have any concrete plan regarding the utilisation of the New General Mandate to be granted, it is expected that additional capital expenditures may be required for financing the existing principal business of the Group. Should any investment opportunities and/or additional capital expenditure requirements arise that would require the issuance of new Shares and a specific mandate has to be sought, the Directors are uncertain as to whether the requisite approval from Shareholders or Independent Shareholders, as the case may be, could be obtained in a timely manner. In addition, the New General Mandate offers an opportunity for the Directors to capture a favourable equity market condition to raise funds by issuing new Shares when suitable opportunities arise.

In view of the above, the Directors consider the grant of the New General Mandate, which may or may not be utilised, is in the best interests of the Company and the Shareholders as a whole.

### **INCREASE IN AUTHORISED SHARE CAPITAL**

The Company had an authorised share capital of US\$20,000,000 divided into 2,000,000,000 Shares of which 1,371,388,373 Shares were in issue as at the Latest Practicable Date. The Board proposed to increase the authorised share capital of the Company from US\$20,000,000, divided into 2,000,000,000 Shares to US\$40,000,000 divided into 4,000,000,000 Shares by creating an additional 2,000,000,000 new Shares. The new Shares shall rank pari passu with the existing Shares upon issue. The Directors has no present intention of issuing any part of the new Shares.

#### **Reasons for the Increase in Authorised Share Capital**

In order to accommodate future issues of Shares which shall include but not limited to the possible conversions of the outstanding convertible securities of the Company, as well as to provide the Company with greater flexibility to raise fund by allotting and issuing Shares in the future, as and when necessary, the Board proposed the Increase in Authorised Share Capital.

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## **LETTER FROM THE BOARD**

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### **Condition of the Increase in Authorised Share Capital**

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

### **ADOPTION OF THE NEW SHARE OPTION SCHEME**

In light of that the Existing Share Option Scheme will be terminated by March 2013, the Board proposes to adopt the New Share Option Scheme for the Company and to terminate the Existing Share Option Scheme (without prejudice to the rights and benefits of and attached to all those Option(s), if any, granted under the Existing Share Option Scheme which are outstanding) subject to the approval of the Shareholders.

The total issued share capital of the Company as at the Latest Practicable Date is US\$13,713,883.73 divided into 1,371,388,373 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date to the date of the adoption of the New Share Option Scheme, the number of Shares which may fall to be allotted and issued upon exercise in full of New Share Option Scheme would be 137,138,837, representing approximately 10% of the Shares in issue as at the Latest Practicable Date, which is within the overall limit of 30% prescribed under Rule 23.03(3) of the GEM Listing Rules.

### **Existing Share Option Scheme**

The Existing Share Option Scheme has been adopted by the Company on 27 March 2003 under which the Directors may at their discretion grant options to eligible participants to subscribe for Shares in the Company subject to the terms and conditions stipulated in the Existing Share Option Scheme.

As at the Latest Practicable Date, 18,814,126 Options granted under the Existing Share Option Scheme were outstanding.

### **Termination of the Existing Share Option Scheme**

Under the terms of the Existing Share Option Scheme, the Company may at any time by ordinary resolution in general meeting terminate the operation of the Existing Share Option Scheme. It is proposed that the Existing Share Option Scheme is to be terminated upon adoption of the New Share Option Scheme subject to the approval of the Shareholders.

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## LETTER FROM THE BOARD

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Upon termination of the Existing Share Option Scheme, no further Options can be offered thereunder but the provisions of the Existing Share Option Scheme shall remain in all other respects in full force and effect in respect of any Options granted prior to such termination but not yet exercised at the time of termination. The Directors confirm that prior to the EGM, they will not grant any options under the Existing Share Option Scheme.

### **New Share Option Scheme**

The purpose of the New Share Option Scheme is to enable the Company to grant Options to the Participants in order to recognise and motivate the contribution of the employees of the Group and to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economics interest in attaining the long term business objectives of the Group.

The rules of the New Share Option Scheme provide that the Company may specify the Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Participants to acquire proprietary interests in the Company.

Subject to the approval of the New Share Option Scheme by the Shareholders, a resolution will be proposed at the EGM for the Board to grant options under the New Share Option Scheme and any other schemes for the subscription of not more than 10% of the entire issued capital of the Company (excluding, for this purpose, Options which have lapsed in accordance with the terms of any other share option scheme of the Group) as at the date of the passing of the relevant resolution.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but not limited to the exercise price, exercise period and lock-up period (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirement under Chapter 23 of the GEM Listing Rules.

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## LETTER FROM THE BOARD

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### Conditions

The proposed adoption of the New Share Option Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in any Shares which may fall to be issued and allotted by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
- (b) the passing of the necessary resolution to approve and adopt the New Share Option Scheme in the EGM.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the EGM is set out in Appendix to this circular on pages 41 to 52. A copy of the rules of the New Share Option Scheme is available for inspection at the head office and principal place of business of the Company in Hong Kong at Suite 1006, 10th Floor, Ocean Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours from the date hereof up to and including the date of the EGM.

### AMENDMENTS TO ARTICLES OF ASSOCIATION AND ADOPTION OF THE AMENDED AND RESTATED ARTICLES OF ASSOCIATION

The Stock Exchange has amended the GEM Listing Rules relating to, among other things, the articles of association or equivalent constitutional documents of listed issuers and certain amendments to the GEM Listing Rules came into effect on 1 January 2009, 1 January 2012 and 1 April 2012 respectively. Accordingly, the Directors propose to seek the approval of the Shareholders by way of special resolutions for the amendments to Articles of Association and the adoption of amended and restated Articles of Association at the EGM, so as to bring the Articles of Association in line with amendments made to the GEM Listing Rules, as well as to modernise and update the Articles of Association.

The major changes brought about by the proposed amendments to Articles of Association are summarised as follows:

1. all resolutions at general meetings of the Company shall be decided by poll other than resolution which relates purely to a procedural or administrative matter as may be permitted under the GEM Listing Rules to be voted on by a show of hands;

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## LETTER FROM THE BOARD

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2. written resolutions shall not be passed in lieu of a physical board meeting where a Director or substantial shareholder has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material;
3. to no longer permit a Director to disregard 5% interests or less when considering whether the Director has a material interest which would prevent him from forming part of the quorum or voting at board meeting;
4. an annual general meeting shall be called by written notice of not less than 21 clear days and not less than 20 clear business days, any extraordinary general meeting called for the passing of a special resolution shall be called by written notice of not less than 21 clear days and not less than 10 clear business days, all other meetings may be called by written notice of not less than 14 clear days and not less than 10 clear business days;
5. to provide that every Director shall be subject to retirement at least once every three years; and
6. to streamline and consolidate certain articles regarding the voting during general meetings.

The amendments to the existing Articles of Association are set out as below:

- (i) by deleting the existing definition of “Associates” in Article 2(1) in its entirety and replacing it with the following:

““associates” has the meaning attributed to it in the rules of the Designated Stock Exchange.”;

- (ii) by inserting the following new definition in Article 2(1) before the definition of “capital”:

““business day” shall mean a day on which the Designated Stock Exchange generally is open for the business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Designated Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of these Articles be counted as a business day.”;

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## LETTER FROM THE BOARD

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- (iii) by deleting the existing definition of “clearing house” and replacing it with the following:

““clearing house” a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.”;

- (iv) by deleting the existing definition of “ordinary resolution” in Article 2(1) in its entirety and replacing it with the following:

““ordinary resolution” a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Article 59.”;

- (v) by deleting the existing definition of “special resolution” in Article 2(1) in its entirety and replacing it with the following:

““special resolution” a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Article 59.”;

- (vi) by deleting the existing definition of “Subsidiary and Holding Company” in Article 2(1) in its entirety and replacing it with the following:

““Subsidiary and Holding Company” has the meanings attributed to them in the rules of the Designated Stock Exchange.”;

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## LETTER FROM THE BOARD

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(vii) by inserting the following new definition in Article 2(1) before the definition of “year”:

““substantial shareholder” a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the rules of the Designated Stock Exchange from time to time) of the voting power at any general meeting of the Company.”;

(viii) by inserting the following new paragraph (i) in Article 2(2) immediately after the existing Article 2(2)(h):

“(i) Section 8 of the Electronic Transactions Law (2003) of the Cayman Islands, as amended from time to time, shall not apply to these Articles to the extent it imposes obligations or requirements in addition to those set out in these Articles.”;

(ix) **Article 3(2)**

by deleting the existing Article 3(2) in its entirety and replacing it with the following:

“(2) Subject to the Law, the Company’s Memorandum and Articles of Association and, where applicable, the rules of any Designated Stock Exchange and/or any competent regulatory authority, the Company shall have the power to purchase or otherwise acquire its own shares and such power shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it in its absolute discretion thinks fit and any determination by the Board of the manner of purchase shall be deemed authorised by these Articles for purposes of the Law. The Company is hereby authorised to make payments in respect of the purchase of its shares out of capital or out of any other account or fund which can be authorised for this purpose in accordance with the Law.”;

(x) **Article 3(3)**

by deleting the existing Article 3(3) in its entirety and replacing it with the following:

“(3) Subject to compliance with the rules and regulations of the Designated Stock Exchange and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.”;

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## LETTER FROM THE BOARD

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**(xi) Article 6**

by deleting the words “or any share premium account” from the existing Article 6;

**(xii) Article 8(1)**

by deleting the existing Article 8(1) in its entirety and replacing it with the following:

“8. (1) Subject to the provisions of the Law and the Company’s Memorandum and Articles of Association and to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Board may determine.”;

**(xiii) Article 9**

by deleting the following sentence from the existing Article 9:

“Subject to the Law, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its memorandum of association, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine.”;

**(xiv) Article 10(a)**

by deleting the existing Article 10(a) in its entirety and replacing it with the following:

“(a) the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a Member being a corporation, its duly authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two holders present in person or (in the case of a Member being a corporation) its duly authorised representative or by proxy (whatever the number of shares held by them) shall be a quorum; and”;

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## LETTER FROM THE BOARD

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**(xv) Article 10(b)**

by deleting the words “on a poll” after the words “shall be entitled” in Article 10(b), and by deleting the words “; and” and replacing it with “.” in Article 10(b);

**(xvi) Article 10(c)**

by deleting the existing Article 10(c) in its entirety and replacing therewith the words “(c) Intentionally deleted”;

**(xvii) Article 16**

by adding the words “or with the Seal printed thereon” immediately after “under the Seal or a facsimile thereof” in the first sentence of Article 16;

**(xviii) Article 25**

by deleting the word “member” in the second last line of the existing Article 25 and replacing it with the word “Member”;

**(xix) Article 44**

by deleting the words “on every business day” in the second line of the existing Article 44 and replacing it with the words “during business hours” and by deleting the words “Designed Stock Exchange” in last sentence of the existing Article 44 and by replacing it with the word “Designated Stock Exchange”;

**(xx) Article 51**

by deleting the words “an appointed newspaper or any other” from the existing Article 51 and replacing it with the word “any”;

**(xxi) Article 58**

by deleting the word “requisitionst(s)” in the last sentence of the existing Article 58 and replacing it with the word “requisitionist(s)”;

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## LETTER FROM THE BOARD

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### **(xxii) Article 59(1)**

by deleting the existing Article 59(1) in its entirety and replacing therewith the following new Article 59(1):

“59. (1) An annual general meeting shall be called by Notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which the passing of a special resolution is to be considered shall be called by Notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings may be called by Notice of not less than fourteen (14) clear days and not less than ten (10) clear business days but if permitted by the rules of the Designated Stock Exchange, a general meeting may be called by shorter notice, subject to the Law, if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.”;

### **(xxiii) Article 59(2)**

by adding the words “particulars of resolutions to be considered at the meeting and” immediately after the words “The notice shall specify the time and place of the meeting and” in the first sentence of the existing Article 59(2);

### **(xxiv) Article 63**

by adding the words “or (in the case a Member being a corporation) by its duly authorised representative” immediately after “the Members present in person” in the last sentence of the existing Article 63;

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## LETTER FROM THE BOARD

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**(xxv) Article 66**

by deleting the existing Article 66 in its entirety and replacing therewith the following new Articles 66(1) and 66(2):

- “66. (1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman’s duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views.
- (2) Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:
- (a) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

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## LETTER FROM THE BOARD

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- (b) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the Member.”;

### **(xxvi) Article 67**

by deleting the existing Article 67 in its entirety and replacing it with the following new Article 67:

“67. Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”;

### **(xxvii) Article 68**

by deleting the existing Article 68 in its entirety and replacing it with the words “68. Intentionally deleted”;

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## LETTER FROM THE BOARD

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**(xxviii) Article 69**

by deleting the existing Article 69 in its entirety and replacing it with the words “69. Intentionally deleted”;

**(xxix) Article 70**

by deleting the existing Article 70 in its entirety and replacing it with the words “70. Intentionally deleted”;

**(xxx) Article 74**

by deleting the words “joint holder” in the first sentence of the existing Article 74 and replacing it with the words “joint holders” and by adding the word “holder” immediately after the words “the vote of the senior” in the first sentence of the existing Article 74;

**(xxxi) Article 75(1)**

by deleting the existing Article 75(1) in its entirety and replacing it with the following:

“75. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting, as the case may be.”;

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## LETTER FROM THE BOARD

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**(xxxii) Article 76(2)**

by deleting the existing Article 76(2) in its entirety and replacing it with the following:

“(2) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to vote only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”;

**(xxxiii) Article 80**

by deleting the words “or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll an in default the instrument of proxy shall not be treated as valid” from the first sentence of the existing Article 80 and by deleting the words “or on a poll demanded at a meeting or an adjourned meeting” from the second sentence of the existing Article 80;

**(xxxiv) Article 81**

by deleting the words “to demand or join in demanding a poll and” on the fourth line of the existing Article 81;

**(xxxv) Article 82**

by deleting the words “or the taking of the poll,” from the last line of the existing Article 82;

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## LETTER FROM THE BOARD

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**(xxxvi) Article 84(2)**

by deleting the existing Article 84(2) in its entirety and replacing it with the following:

“(2) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.”;

**(xxxvii) Article 86(1)**

by deleting the existing Article 86(1) in its entirety and replacing it with the following:

“86. (1) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There shall be no maximum number of Directors unless otherwise determined from time to time by the Members in general meeting. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association or by a majority of them and thereafter in accordance with Article 84 called for such purpose and who shall hold office for such term as the Members may determine or, in the absence of such determination, in accordance with Article 84 or until their successors are elected or appointed or their office is otherwise vacated.”;

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## LETTER FROM THE BOARD

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**(xxxviii) Article 86(3)**

by deleting the existing Article 86(3) in its entirety and replacing it with the following:

“(3) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.”;

**(xxxix) Article 86(5)**

by deleting the existing Article 86(5) in its entirety and replacing it with the following:

“(5) The Members may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).”;

**(xl) Article 87(1)**

by deleting Article 87(1) in its entirety and replacing it with the following:

“87. (1) Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.”;

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## LETTER FROM THE BOARD

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**(xli) Article 87(2)**

by adding the words “and shall continue to act as a Director throughout the meeting at which he retires” immediately after “A retiring Director shall be eligible for re-election” in the first sentence of the existing Article 87(2) and by deleting the words “Any Director appointed pursuant to Article 86(2) or Article 86(3)” in the last sentence of the existing Article 87(2) and replacing it with “Any Director appointed by the Board pursuant to Article 86(3)”;

**(xlii) Article 88**

by deleting the existing Article 88 in its entirety and replacing it with the following:

“88. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”;

**(xliii) Article 89(1)**

by deleting the words “whereupon the Board resolves to accept such resignation” from the existing Article 89(1);

**(xliv) Article 92**

by deleting the word “we” appearing immediately after “the happening of any event which, if” in the third sentence of the existing Article 92 and replacing it with the word “he”;

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## LETTER FROM THE BOARD

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**(xlv) Article 101**

by deleting the word “whatever” in the fourth line of the existing Article 101 and replacing it with the word “whatsoever”;

**(xlvi) Article 103**

by deleting the existing Article 103 in its entirety and replacing it with the following:

“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or subunderwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

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## LETTER FROM THE BOARD

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- (v) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors or his associate(s) and to employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.
- (2) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”;

**(xlvii) Article 104(4)(iii)**

by deleting the words “(jointly or severally or indirectly or indirectly)” after the words “if any one or more of the Directors hold” and replacing it with the words “(jointly or severally or directly or indirectly)” in the existing Article 104(4)(iii);

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## LETTER FROM THE BOARD

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**(xlviii) Article 115**

by deleting the existing Article 115 in its entirety and replacing it with the following:

“115. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director in writing or verbally (including in person or by telephone) or via electronic mail or by telephone or in such other manner as the Board may from time to time determine whenever he shall be required so to do by any Director.”;

**(xlix) Article 122**

by inserting the following words at the end of the existing Article 122:

“Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.”;

**(i) Article 132(2)**

by deleting the word “Office” from the existing Article 132(2) and replacing it with the words “head office”;

**(ii) Article 145(1)(a)(iv)**

by adding the words “(as defined below)” immediately after the words “Subscription Rights Reserve” in the existing Article 145(1)(a)(iv);

**(iii) Article 145(1)(b)(iv)**

by adding the words “(as defined below)” immediately after the words “Subscription Rights Reserve” in the existing Article 145(1)(b)(iv);

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## LETTER FROM THE BOARD

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**(liii) Article 146**

by deleting the words “The Company” at the beginning of the second sentence of the existing Article 146 and replacing it with the words “Unless otherwise provided by the provisions of these Articles, the Board”;

**(liv) Article 152**

by adding the words “at the same time as the notice of annual general meeting and” immediately after “twenty-one (21) days before the date of the general meeting and” in the existing Article 152;

**(lv) Article 155(1)**

by deleting the words “Members appoint another auditor” at the end of the first sentence of the existing Article 155(1) and replacing it with the words “next annual general meeting”;

**(lvi) Article 155(2)**

by deleting the existing Article 155(2) in its entirety and replacing it with the words “(2) Intentionally deleted”;

**(lvii) Article 158**

by deleting the existing Article 158 in its entirety and replacing it with the following:

“158. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and fix the remuneration of the Auditor so appointed.”;

**(lviii) Article 160**

by deleting the word “act” in the last line of the existing Article 160 and replacing it with the word “fact”;

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## LETTER FROM THE BOARD

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**(lix) Article 161**

by adding the words “or the website of the Designated Stock Exchange,” immediately after the words “by placing it on the Company’s website” in the first sentence of the existing Article 161 and by adding the words “other than by posting it on a website” immediately after the words “The notice of availability may be given to the Member by any of the means set out above” in the second sentence of the existing Article 161;

**(lx) Article 162(a)**

by deleting the word “notice” from the second last line of the existing Article 162(a) and replacing it with the word “Notice”;

**(lxi) Article 162(b)**

by deleting the word “notice” in the second line of the existing Article 162(b) and replacing it with the word “Notice” and by adding the words “or the website of the Designated Stock Exchange,” immediately after the words “placed on the Company’s website”;

**(lxii) Article 163(1)**

by deleting the word “notice” in the sixth line of the existing Article 163(1) and replacing it with the word “Notice”;

**(lxiii) Article 163(2)**

by deleting the word “notice” from the first line of the existing Article 163(2) and replacing it with the word “Notice”;

**(lxiv) Article 163(3)**

by deleting the word “notice” from the second line of the existing Article 163(3) and replacing it with the word “Notice”; and

**(lxv) Article 166(1)**

by deleting the words “a nearly” in the third last line of the existing Article 166(1) and replacing it with the words “as nearly”.

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## LETTER FROM THE BOARD

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The legal adviser to the Company as to Hong Kong laws has confirmed that the proposed amendments to Articles of Association comply with the requirements of the GEM Listing Rules. The legal adviser to the Company as to the Cayman Islands laws has confirmed that the proposed amendments to Articles of Association do not contravene or violate the applicable laws of the Cayman Islands. The Company confirms that there is nothing unusual about the proposed amendments for a Cayman Islands company listed on the Stock Exchange.

Shareholders are advised that the Articles of Association are available only in English and the Chinese translation of the amendments to the Articles of Association provided in the notice of EGM in Chinese is for reference only. In case of any inconsistency, the English version shall prevail.

### **GEM LISTING RULES IMPLICATION**

Pursuant to Rule 17.42A(2)(a) of the GEM Listing Rules, the New General Mandate requires the approval of the Independent Shareholders at the EGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions to approve the New General Mandate at the EGM.

As at the Latest Practicable Date, the Company has no controlling Shareholders and hence Mr. Chan Wai Kwong, Peter, being an executive Director, together with his associates holding 216,072 Shares as at the Latest Practicable Date, are required to abstain from voting in favour of the relevant resolution approving the refreshment of the Current General Mandate at the EGM. To the best knowledge, information and belief of the Directors (other than Mr. Chan Wai Kwong, Peter), having made all reasonable enquiries, Mr. Chan Wai Kwong, Peter and his associates, who are required to abstain from voting in favour of the relevant resolution approving the refreshment of the Current General Mandate at the EGM, have no intention to vote against the relevant resolution approving the refreshment of the Current General Mandate at the EGM. For the other three executive Directors, each of Mr. Siu King Nin, Peter and Mr. Choi Ho Yan holds 3,000,000 Options while Mr. So Haw, Herman holds 1,000,000 Options as at the Latest Practicable Date. If they exercise the rights attached to their respective Options before the date of the EGM, they will become interested in the Shares and will also be required to abstain from voting in favour of the relevant resolutions to approve the refreshment of the Current General Mandate at the EGM. As at the Latest Practicable Date, Mr. Wong Chun Wai, being the chief executive of the Company, held convertible bonds issued by the Company in the principal amount of HK\$4,680,000. If he exercises the conversion rights attached to the convertible bonds before the date of the EGM, he will become interested in the Shares and will also be required to abstain from voting in favour of the relevant resolution to approve the refreshment of the Current General Mandate at the EGM.

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## **LETTER FROM THE BOARD**

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To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the resolutions to be proposed at the EGM and is required to abstain from voting on the resolutions to be proposed at the EGM.

### **EGM**

A notice convening the EGM to be held at 11:00 a.m. on Monday, 25 March 2013 at Suite 1006, 10th Floor, Ocean Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong is set out on pages 53 to 75 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event the proxy shall be deemed to be revoked.

The resolutions proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company after the EGM on the results of the EGM.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprises Mr. Chiu Wai Piu, Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric, all being independent non-executive Directors, has been established to advise the Independent Shareholders on the grant and extension of the New General Mandate.

Veda Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant and extension of the New General Mandate.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular, 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 enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

### RECOMMENDATION

The Directors consider (i) the grant of the New General Mandate; (ii) the proposed Increase in Authorised Share Capital; (iii) the proposed adoption of New Share Option Scheme; and (iv) the proposed amendments to Articles of Association and the adoption of the amended and restated Articles of Association are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders or the Independent Shareholders (as the case may be) to vote in favour of the relevant resolutions to be proposed at the EGM.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the granting and extension of the New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM for approving the grant and extension of the New General Mandate.

### GENERAL

Your attention is drawn to the letter of advice from the Independent Financial Adviser set out on pages 33 to 40 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the grant and extension of the New General Mandate and the letter from the Independent Board Committee set out on page 32 of this circular which contains its recommendation to the Independent Shareholders in relation to the grant and extension of the New General Mandate.

Yours faithfully  
For and on behalf of the Board of  
**Mobile Telecom Network (Holdings) Limited**  
**Choi Ho Yan**  
*Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the proposed grant of the New General Mandate:*



### 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)**

28 February 2013

*To the Independent Shareholders*

Dear Sir or Madam,

#### **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES**

We have been appointed as the Independent Board Committee to consider and advise you on and in connection with the proposed grant of the New General Mandate, details of which are set out in the circular dated 28 February 2013 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from Veda Capital Limited set out on pages 4 to 31 and pages 33 to 40 of the Circular respectively.

Having taken into account the principal factors and reasons considered by Veda Capital Limited, its conclusion and advice, we concur with the view of Veda Capital Limited and consider the terms of the grant of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and the New General Mandate is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the grant of the New General Mandate and the transactions contemplated thereunder.

Yours faithfully,  
the Independent Board Committee

**Mr. Chiu Wai Piu**

*Independent  
non-executive Director*

**Mr. Cheung Kwan Hung,  
Anthony**

*Independent  
non-executive Director*

**Mr. Heung Chee Hang,  
Eric**

*Independent  
non-executive Director*

\* *For identification purpose only*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice in respect of the refreshment of the Current General Mandate from Veda Capital Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.*

**VEDA | CAPITAL**  
**智 略 資 本**

**Veda Capital Limited**  
Suite 3711, 37/F.,  
Tower Two, Times Square,  
1 Matheson Street, Causeway Bay,  
Hong Kong

28 February 2013

*To the Independent Board Committee and the Independent Shareholders  
of Mobile Telecom Network (Holdings) Limited*

Dear Sirs,

### **REFRESHMENT OF GENERAL MANDATE**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the refreshment of the Current General Mandate, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 28 February 2013, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

Pursuant to Rule 17.42A of the GEM Listing Rules, the refreshment of the Current General Mandate requires the approval of the Independent Shareholders at the EGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution approving the refreshment of the Current General Mandate at the EGM. As at the Latest Practicable Date, the Company has no controlling Shareholder and hence Mr. Chan Wai Kwong, Peter, being an executive Director, together with his associates holding 216,072 Shares as at the Latest Practicable Date, are required to abstain from voting in favour of the relevant resolution approving

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the refreshment of the Current General Mandate at the EGM. To the best knowledge, information and belief of the Directors (other than Mr. Chan Wai Kwong, Peter), having made all reasonable enquiries, Mr. Chan Wai Kwong, Peter and his associates, who are required to abstain from voting in favour of the relevant resolution approving the refreshment of the Current General Mandate at the EGM, have no intention to vote against the relevant resolution approving the refreshment of the Current General Mandate at the EGM.

For the other three executive Directors, each of Mr. Siu King Nin, Peter and Mr. Choi Ho Yan holds 3,000,000 Options while Mr. So Haw, Herman holds 1,000,000 Options as at the Latest Practicable Date. If they exercise the rights attached to their respective Options before the date of the EGM, they will become interested in the Shares and will also be required to abstain from voting in favour of the relevant resolution approving the refreshment of the Current General Mandate at the EGM. As at the Latest Practicable Date, Mr. Wong Chun Wai, being the chief executive of the Company, held convertible bonds issued by the Company in the principal amount of HK\$4,680,000. If he exercises the conversion rights attached to the convertible bonds before the date of the EGM, he will become interested in the Shares and will also be required to abstain from voting in favour of the relevant resolution to approve the refreshment of the Current General Mandate at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors namely Mr. Chiu Wai Piu, Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric, has been established to advise the Independent Shareholders on the refreshment of the Current General Mandate. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the refreshment of the Current General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and whether the refreshment of the Current General Mandate is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true at the time when they were made and continue to be true as at the Latest Practicable Date and should there be any material changes to our opinion after the despatch of the Circular and up to the date of the EGM, the Shareholders would be notified as soon as possible.

The Circular, 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 enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular 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 the Circular misleading.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the refreshment of the Current General Mandate and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In assessing the refreshment of the Current General Mandate and in giving our recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

#### **I. Background**

The principal businesses of the Group are development, provision and sales of mobile internet communication telecommunications and related services.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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At the annual general meeting of the Company held on 2 August 2012, the Shareholders approved, among other things, an ordinary resolution to grant the Directors the Current General Mandate to issue not more than 245,282,143 Shares, representing 20% of the aggregate nominal amount of the then issued share capital of the Company of 1,226,410,718 Shares as at the date of the AGM. The Company has not refreshed the Current General Mandate since the AGM.

As set out in the announcement of the Company dated 7 December 2012, 124,288,000 Shares were issued under the Current General Mandate due to the completion of the placing and subscription of 124,288,000 Shares (the “**Shares Placing and Subscription**”) pursuant to the placing and subscription agreement dated 26 November 2012. As noted from the Board Letter, the Company has fully utilised the net proceeds from the Shares Placing and Subscription in the amount of HK\$18,800,000 as to HK\$12,000,000 for the repayment of loan facilities and as to HK\$6,800,000 for the general working capital of the Group respectively.

As set out in the announcement of the Company dated 15 January 2013 in relation to the Warrant Placing, 120,000,000 new Shares may fall to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants pursuant to the warrant placing agreement dated 15 January 2013. As noted from the Board Letter, the Warrant Placing was completed on 31 January 2013 and the Company has fully utilised the net proceeds from the Warrant Placing in the amount of approximately HK\$1,000,000 for the general working capital of the Group. As at the Latest Practicable Date, none of the holders of the Warrants has exercised the subscription rights attaching to the Warrants.

Upon the completion of the Shares Placing and Subscription and the Warrant Placing, approximately 99.59% of the Current General Mandate has been utilised. If the Current General Mandate is not refreshed, the Directors would only be allowed to allot and issue 994,143 Shares from the Latest Practicable Date until the next annual general meeting of the Company.

As at the Latest Practicable Date, the issued share capital of the Company consisted of 1,371,388,373 Shares. Assuming that no Shares would be issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the EGM, the grant of the New General Mandate would allow the Directors to issue, allot and deal with up to 274,277,674 new Shares, representing 20% of the issued share capital of the Company as at the date of the EGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### II. Reasons for the refreshment of Current General Mandate

Given that the Current General Mandate has been nearly fully utilised, in order to maintain financial flexibility and provide discretion to the Directors to issue new Shares in the future to raise further capital to satisfy the funding needs and/or future business development of the Group, the Directors propose to seek approval of Independent Shareholders at the EGM to grant the New General Mandate so that the Directors will be granted the authority to issue, allot and deal with new Shares up to 20% of the issued share capital of the Company as at the date of the EGM.

As noted from the Board Letter, as at the Latest Practicable Date, the Company does not have any concrete plan for raising capital by issuing new Shares upon the refreshment of the Current General Mandate. However, it is expected that additional capital expenditures may be required for financing the existing principal business of the Group. The Directors also considered that while additional capital expenditure requirements arise, the Company can conduct equity financing in a timely manner with the New General Mandate. In addition, the New General Mandate offers an opportunity for the Directors to capture a favourable equity market condition and raise funds by issuing new Shares should suitable investment opportunities arise.

In view of the above, the Directors consider the grant of the New General Mandate, which may or may not be utilised, is in the best interests of the Company and the Shareholders as a whole.

According to the interim report of the Group for the six months ended 30 September 2012 (“**IR 2012**”), the bank and cash balances of the Group was approximately HK\$18,761,000 and the bank borrowings which is on demand or due within a year was approximately HK\$41,904,000. As further noted from the IR 2012, in order to combat with the worldwide financial crisis, the Group plans to seek new opportunities and diversify its dependence on mobile service both in premium services and advertising model associated with existing channels, mobile operators business and mobile application. At the same time, the Group has been concentrating on its investment in human resources particularly in strengthening key businesses in targeted markets.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Given the current financial position of the Group, the Directors are of the view that there is no certainty that such financial position will be adequate for business development and acquisition of appropriate investments that may be identified by the Company in the future. In the event that the Group identifies suitable businesses or investment opportunities and does not have sufficient cash and credit resources on hand, and if it fails to obtain loans on terms which the Directors consider acceptable to the Group or raise funds from the equity market, or it cannot find other alternatives to finance the business development or acquisition of such investment opportunities in a timely manner, the Group may lose its opportunity in an otherwise favourable development/investment.

In view of the above reasons and having considered that the refreshment of the Current General Mandate shall (i) ensure the Company having sufficient general mandate, if so required; (ii) provide an opportunity to improve the capital base and the financial position of the Company; and (iii) provide the Group with financial flexibility to raise equity capital for the Company in a timely manner for business development, potential expansion and/or investment plans in the future, we concur with the Directors that the terms of granting the New General Mandate is in the interests of the Company and the Independent Shareholders as a whole.

### III. Equity fund raising activities in the past twelve months

Set out below is the fund raising activities of the Company during the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
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
15 January 2013	Placing of 120,000,000 warrants with an exercise price of HK\$0.168 per warrant share	Approximately HK\$21,140,000 of which HK\$1,000,000 has been raised from issue of the warrants and HK\$20,140,000, shall be raised from the allotment and, issue of new Shares upon the exercise of the subscription rights attaching to the warrants	Use as general working capital of the Group	HK\$1,000,000 – Used as intended

As confirmed by the Directors, save as disclosed herein, the Company had not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### IV. Other financing alternatives

As advised by the Company, the Board considers that equity financing through the use of a general mandate is an important avenue of resources to the Group as it (i) does not create any interest paying obligations on the Group as in bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the capability to capture any capital raising or prospective investment opportunity as and when it arises. The Board considers that such ability is crucial in a competitive and rapidly changing investment environment and in times of volatile market conditions. As further advised by the Company, other financing alternatives such as debt financing or bank borrowings to fund future business development of the Company shall be taken into consideration subject to lengthy due diligence and negotiations and in appropriate circumstances.

Having considered that (i) debt financing may incur interest burden to the Group; and (ii) the refreshment of the Current General Mandate will provide the Company with an additional financing alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future investment and/or development, including equity issuance, we are of the view that the refreshment of the Current General Mandate is in the interests of the Company and the Independent Shareholders as a whole.

### V. Potential dilution to Independent Shareholders' shareholdings

Set out below is a table showing, for illustrative purpose, (i) the shareholding structure of the Company as at the Latest Practicable Date; and (ii) the shareholding structure of the Company upon full utilisation of the New General Mandate (assuming no Shares will be issued or repurchased during the period from the Latest Practicable Date to the date of the EGM):

Shareholders	As at the Latest Practicable Date		Upon full utilisation of the New General Mandate (assuming no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date and up to the date of EGM)	
	Number of Shares	%	Number of Shares	%
Mr. Chan Wai Kwong, Peter	216,072	0.02	216,072	0.01
Independent Shareholders	1,371,172,301	99.98	1,371,172,301	83.32
Additional Shareholder(s) upon full utilisation of the New General Mandate	–	–	274,277,674	16.67
Total:	<u>1,371,388,373</u>	<u>100.00</u>	<u>1,645,666,047</u>	<u>100.00</u>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated in the table above, the aggregate shareholding of the Independent Shareholders will decrease from approximately 99.98% as at the Latest Practicable Date to approximately 83.32% upon full utilisation of the New General Mandate (assuming no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the EGM). Taking into account that (i) the refreshment of the Current General Mandate will provide an alternative means for the Company to raise capital by allotment and issue of new Shares before the next annual general meeting; (ii) the refreshment of the Current General Mandate offers more flexibility and enables the Company to capture additional funds for further business development as well as for other potential future investments and/or acquisitions as and when such opportunities arise; and (iii) the fact that shareholdings of all the Shareholders will be diluted in proportion to their respective shareholdings upon any utilisation of the New General Mandate, we consider that such potential dilution to the shareholding of existing Shareholders to be acceptable.

### RECOMMENDATION

Having considered the factors and reasons as stated above, we are of the view that the refreshment of the Current General Mandate is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the refreshment of the Current General Mandate to be proposed at the EGM. Independent Shareholders are however advised to take note of the possible dilution effect on their shareholding interests in the Company when and if the New General Mandate is utilised.

Yours faithfully,  
For and on behalf of  
**Veda Capital Limited**  
**Julisa Fong**  
*Managing Director*

*This appendix sets out further information of the New Share Option Scheme and also summarises the rules of the New Share Option Scheme but does not form part of nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:*

**NEW SHARE OPTION SCHEME****Summary of terms**

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved by a resolution of the Shareholders at the EGM, notice of which is set out on pages 53 to 75 of this circular:

***(a) Purpose of the New Share Option Scheme***

The purpose of the New Share Option Scheme is to enable the Company to grant Options to the Participants in order to recognise and motivate the contribution of the Participants to the Group.

***(b) Administration of the New Share Option Scheme***

The New Share Option Scheme shall be subject to the administration by the Directors whose decision shall be final and binding on all parties who may be affected thereby.

***(c) Grant and acceptance of Options***

Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (d) below.

An offer of the grant of an Option shall be made to Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Participant concerned for a period of 28 days from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the New Share Option Scheme.

A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Participant together with the said consideration of HK\$1.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on GEM or an integral multiple thereof.

***(d) Exercise of Options and price of Shares***

An Option may be exercised in whole or in part by the grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall allot and issue the relevant Shares to the grantee (or his legal personal representative(s)) credited as fully paid.

Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividends or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder thereof.

The exercise price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange on the date of grant, which must be a Business Day; and (ii) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the date of grant.

*(e) Maximum number of Shares available for issue*

- (i) Subject to the GEM Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other scheme of the Company must not, in aggregate, exceed 30% of the Shares in issue from time to time (the “**Overall Limit**”). No Options shall be granted under any share option schemes of the Company (including the New Share Option Scheme) if this will result in the Overall Limit being exceeded.
- (ii) Subject to the Overall Limit, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company adopted by the Group must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (iii) Subject to the Overall Limit, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders’ approval (the “**Refreshed Limit**”). Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating the Refreshed Limit. The Company must send a circular to the Shareholders containing such information as required under the GEM Listing Rules.

- (iv) The total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other scheme of the Company must not exceed 30% of the total issued Shares from time to time. Subject to the Overall Limit, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Participants, the number and terms of Options to be granted, the purpose of granting Options to the specified Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the GEM Listing Rules.

***(f) Grant of Options to connected persons or any of their associates***

Any grant of Options to a connected person or its associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). Where Options are proposed to be granted to a connected person who is also a substantial shareholder of the Company or an independent non-executive Director or their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued Shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting. All connected persons of the Company must abstain from voting at such general meeting (except where any connected person intends to vote against the proposed grant provided that his intention to do so has been stated in the Shareholders' circular to be issued as stated below).

A circular must be prepared by the Company explaining the proposed grant, disclosing (i) the number and terms of the Options to be granted; (ii) containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee) on whether or not to vote in favour of the proposed grant; and (iii) containing information relating to any Directors who are trustees of the scheme or have a direct or indirect interest in the trustees.

Any change in the terms of Options granted to a connected person or its associates must be approved by Shareholders in a general meeting.

*(g) Maximum entitlement of each Participant*

The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant or grantee (including exercised and outstanding Options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue at the date of grant (the “**Individual Limit**”). Where it is proposed that any offer is to be made to a Participant (or where appropriate, an existing grantee) which would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the twelve (12)-month period up to and including the relevant date of grant to exceed his, her or its Individual Limit, such offer and any acceptance thereof must be conditional upon Shareholders’ approval in general meeting with such Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant or grantee, the number and terms of Options to be granted (and Options previously granted) to such Participant, the information required under the GEM Listing Rules. The number and terms (including the subscription price) of Options to be granted to such Participant must be fixed before the date on which Shareholders’ approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

*(h) Time of exercise of Options*

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an Option, but in any event no later than 10 years from the date of grant but subject to the early termination of the New Share Option Scheme (the “**Option Period**”).

There is no specified minimum period under the New Share Option Scheme for which an Option must be held or the performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme.

***(i) Restrictions on the time of grant of Options***

Grant of Options may not be made after inside information has come to the knowledge of the Company until such inside information has been announced in accordance with the relevant requirements of the GEM Listing Rules. In particular, no Option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of the Company's quarterly, interim or annual results and (ii) the deadline for the Company to publish its quarterly, interim or annual results announcement and ending on the date of such results announcement.

***(j) Rights are personal to grantees***

An Option is personal to the grantee and shall not be assignable. An Option shall not be sold, transferred, charged, mortgaged, encumbered or created with any interest in favour of any third party.

***(k) Rights on cessation of employment by dismissal***

If the grantee of an Option is an employee of the Group and ceases to be a Participant on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence or other grounds on which an employer would be entitled to terminate his or her employment pursuant to any applicable law, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment.

***(l) Rights on death***

If the grantee of an Option is an employee of the Group and ceases to be a Participant by reason of his or her death before exercising the Options in full and none of the events referred to in paragraph (k) above as ground for termination of his or her Options arises, his or her personal representative(s) may exercise the Option (to the extent not already exercised) within a period of 12 months following the date of death (or such longer period as the Board may determine), failing which it will lapse.

***(m) Rights on cessation of employment for other reasons***

If the grantee of an Option who is an employee of the Group and ceases to be a Participant for any other reason before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and shall not be exercisable, which date shall be the last actual working with the Company or its subsidiary, whether salary is paid in lieu of notice or not.

***(n) Rights on a general offer***

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined in the Hong Kong Codes on Takeovers and Mergers) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the grantee (or his personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

***(o) Rights on winding up***

In the event a notice is given by the Company to its members to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all grantees and any grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price in respect of the relevant Option (such notice to be received by the Company no later than five Business Days prior to the proposed general meeting)) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee credited as fully paid.

***(p) Rights on reconstruction, compromise or arrangement***

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to the grantee on the same date as it despatches the notice to each member or creditor of the Company to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance for the full amount of the subscription price in respect of which the notice is given (such notice to be received by the Company no later than five Business Days prior to the proposed general meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting allot and issue such number of Shares to the grantee credited as fully paid.

***(q) Cancellation of Options***

The Board may at any time cancel any Option granted but not exercised if the grantee so agrees. Any cancellation of Options granted but not exercised and the issuance of new Options to the same grantee may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit referred to in paragraph (e)(ii) above. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

***(r) Effect of alterations to share capital***

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to any Option so far as such Option remains unexercised and/or (ii) the subscription price of any Option and/or (iii) the maximum number of Shares available for subscription and/or; (iv) the method of exercise of the Option as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any grantee certify in writing to be in their opinion fair and reasonable, provided that (i) any such alterations shall be made on the basis that the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before

such event; (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (iii) no such adjustment shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment; and (iv) the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

***(s) Ranking of Shares***

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is exercised and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the date on which the Option is exercised other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

***(t) Duration of the New Share Option Scheme***

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date and expiring at the close of business on the 10th anniversary thereof, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

***(u) Alterations to the terms of the New Share Option Scheme***

- (i) The provisions relating to the matters set out in rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Participants without the prior approval of Shareholders in a general meeting.
- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

- (iii) Any change to the authority of the Directors in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.
- (iv) Any change to the provisions of the New Share Option Scheme as to the certain definitions including but not limited to “Participant” and “Option Period” must be approved by Shareholders in a general meeting.
- (v) Any change to certain provisions of the New Share Option Scheme including but not limited to the provisions relating to alterations to the terms of the New Share Option Scheme, exercise of Options and price of Shares must be approved by Shareholders in a general meeting.

Save as disclosed in the above, the New Share Option Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration. Any alterations to the terms and conditions of the New Share Option Scheme shall also comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

***(v) Conditions of the New Share Option Scheme***

The New Share Option Scheme is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
- (ii) the passing of the necessary resolution to approve and adopt the New Share Option Scheme in general meeting.

***(w) Lapse of Options***

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (k) to (p);
- (iii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (j) by the grantee of the Option in respect of that or any other Option; and
- (iv) save as otherwise determined by the Board, the date on which the grantee being an employee of a member of the Group, ceases to be a Participant by reason of a termination of his employment on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Company and its subsidiaries into disrepute).

***(x) Termination***

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior to such termination.

Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme shall be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

*(y) Miscellaneous*

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the new requirements set out in Chapter 23 of the GEM Listing Rules.

The Company will comply with the relevant statutory requirements and the GEM Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (r) above shall be referred to the decision of the auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final and binding.

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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)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Mobile Telecom Network (Holdings) Limited (the “**Company**”) will be held at 11:00 a.m. on Monday, 25 March 2013 at Suite 1006, 10th Floor, Ocean Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong for the purposes of considering and, if thought fit, passing the following resolutions with or without amendments as resolutions of the Company:

#### ORDINARY RESOLUTIONS

1. “**THAT**

- (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with new shares in the capital of the Company and to make and grant offers, agreements and options (including but not limited to warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which might require shares to be allotted be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make and grant offers, agreements and options (including but not limited to warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which might require shares to be allotted after the end of the Relevant Period;

\* For identification purpose only

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- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to:
- (i) a Rights Issue (as hereinafter defined); or
  - (ii) an issue of shares upon the exercise of subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to the grantees as specified in such scheme or similar arrangement of shares or rights to acquire shares of the Company; or
  - (iii) any issue of shares pursuant to the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes and other securities of the Company which carry rights to subscribe for or are convertible into shares of the Company; or
  - (iv) an issue of shares pursuant to any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the dividend on shares of the Company in accordance with the articles of association of the Company (the “**Articles**”), shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Articles to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

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“**Rights Issue**” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body or any stock exchange applicable to the Company).”

2. “**THAT** the authorised share capital of the Company be increased from US\$20,000,000 divided into 2,000,000,000 ordinary shares of US\$0.01 each (the “**Share(s)**”) to US\$40,000,000 divided into 4,000,000,000 Shares by creating an additional 2,000,000,000 new Shares (the “**Increase in Authorised Share Capital**”) and any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”
3. “**THAT** the existing share option scheme (the “**Existing Share Option Scheme**”) of the Company adopted on 27 March 2003 be and is hereby terminated and conditional upon the Stock Exchange granting the listing of and permission to deal in the Shares falling to be issued pursuant to the new share option scheme (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the Directors be and are hereby authorised to grant options and to allot, issue and deal with Shares pursuant to the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme.”

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### SPECIAL RESOLUTIONS

4. **“THAT** the articles of association (the **“Articles of Association”** and each an **“Article”**) of the Company be amended in the following manner:

(i) by deleting the existing definition of “Associates” in Article 2(1) in its entirety and replacing it with the following:

““associates” has the meaning attributed to it in the rules of the Designated Stock Exchange.”;

(ii) by inserting the following new definition in Article 2(1) before the definition of “capital”:

““business day” shall mean a day on which the Designated Stock Exchange generally is open for the business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Designated Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of these Articles be counted as a business day.”;

(iii) by deleting the existing definition of “clearing house” and replacing it with the following:

““clearing house” a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.”;

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- (iv) by deleting the existing definition of “ordinary resolution” in Article 2(1) in its entirety and replacing it with the following:

““ordinary resolution” a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Article 59.”;

- (v) by deleting the existing definition of “special resolution” in Article 2(1) in its entirety and replacing it with the following:

““special resolution” a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Article 59.”;

- (vi) by deleting the existing definition of “Subsidiary and Holding Company” in Article 2(1) in its entirety and replacing it with the following:

““Subsidiary and Holding Company” has the meanings attributed to them in the rules of the Designated Stock Exchange.”;

- (vii) by inserting the following new definition in Article 2(1) before the definition of “year”:

““substantial shareholder” a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the rules of the Designated Stock Exchange from time to time) of the voting power at any general meeting of the Company.”;

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(viii) by inserting the following new paragraph (i) in Article 2(2) immediately after the existing Article 2(2)(h):

“(i) Section 8 of the Electronic Transactions Law (2003) of the Cayman Islands, as amended from time to time, shall not apply to these Articles to the extent it imposes obligations or requirements in addition to those set out in these Articles.”;

(ix) **Article 3(2)**

by deleting the existing Article 3(2) in its entirety and replacing it with the following:

“(2) Subject to the Law, the Company’s Memorandum and Articles of Association and, where applicable, the rules of any Designated Stock Exchange and/or any competent regulatory authority, the Company shall have the power to purchase or otherwise acquire its own shares and such power shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it in its absolute discretion thinks fit and any determination by the Board of the manner of purchase shall be deemed authorised by these Articles for purposes of the Law. The Company is hereby authorised to make payments in respect of the purchase of its shares out of capital or out of any other account or fund which can be authorised for this purpose in accordance with the Law.”;

(x) **Article 3(3)**

by deleting the existing Article 3(3) in its entirety and replacing it with the following:

“(3) Subject to compliance with the rules and regulations of the Designated Stock Exchange and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.”;

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**(xi) Article 6**

by deleting the words “or any share premium account” from the existing Article 6;

**(xii) Article 8(1)**

by deleting the existing Article 8(1) in its entirety and replacing it with the following:

“8. (1) Subject to the provisions of the Law and the Company’s Memorandum and Articles of Association and to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Board may determine.”;

**(xiii) Article 9**

by deleting the following sentence from the existing Article 9:

“Subject to the Law, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its memorandum of association, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine.”;

**(xiv) Article 10(a)**

by deleting the existing Article 10(a) in its entirety and replacing it with the following:

“(a) the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a Member being a corporation, its duly authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two holders present in person or (in the case of a Member being a corporation) its duly authorised representative or by proxy (whatever the number of shares held by them) shall be a quorum; and”;

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**(xv) Article 10(b)**

by deleting the words “on a poll” after the words “shall be entitled” in Article 10(b), and by deleting the words “; and” and replacing it with “.” in Article 10(b);

**(xvi) Article 10(c)**

by deleting the existing Article 10(c) in its entirety and replacing therewith the words “(c) Intentionally deleted”;

**(xvii) Article 16**

by adding the words “or with the Seal printed thereon” immediately after “under the Seal or a facsimile thereof” in the first sentence of Article 16;

**(xviii) Article 25**

by deleting the word “member” in the second last line of the existing Article 25 and replacing it with the word “Member”;

**(xix) Article 44**

by deleting the words “on every business day” in the second line of the existing Article 44 and replacing it with the words “during business hours” and by deleting the words “Designed Stock Exchange” in last sentence of the existing Article 44 and by replacing it with the word “Designated Stock Exchange”;

**(xx) Article 51**

by deleting the words “an appointed newspaper or any other” from the existing Article 51 and replacing it with the word “any”;

**(xxi) Article 58**

by deleting the word “requisitionst(s)” in the last sentence of the existing Article 58 and replacing it with the word “requisitionist(s)”;

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**(xxii) Article 59(1)**

by deleting the existing Article 59(1) in its entirety and replacing therewith the following new Article 59(1):

“59. (1) An annual general meeting shall be called by Notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which the passing of a special resolution is to be considered shall be called by Notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings may be called by Notice of not less than fourteen (14) clear days and not less than ten (10) clear business days but if permitted by the rules of the Designated Stock Exchange, a general meeting may be called by shorter notice, subject to the Law, if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.”;

**(xxiii) Article 59(2)**

by adding the words “particulars of resolutions to be considered at the meeting and” immediately after the words “The notice shall specify the time and place of the meeting and” in the first sentence of the existing Article 59(2);

**(xxiv) Article 63**

by adding the words “or (in the case a Member being a corporation) by its duly authorised representative” immediately after “the Members present in person” in the last sentence of the existing Article 63;

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**(xxv) Article 66**

by deleting the existing Article 66 in its entirety and replacing therewith the following new Articles 66(1) and 66(2):

- “66. (1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman’s duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views.
- (2) Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:
- (a) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

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- (b) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the Member.”;

### **(xxvi) Article 67**

by deleting the existing Article 67 in its entirety and replacing it with the following new Article 67:

“67. Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”;

### **(xxvii) Article 68**

by deleting the existing Article 68 in its entirety and replacing it with the words “68. Intentionally deleted”;

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**(xxviii) Article 69**

by deleting the existing Article 69 in its entirety and replacing it with the words “69. Intentionally deleted”;

**(xxix) Article 70**

by deleting the existing Article 70 in its entirety and replacing it with the words “70. Intentionally deleted”;

**(xxx) Article 74**

by deleting the words “joint holder” in the first sentence of the existing Article 74 and replacing it with the words “joint holders” and by adding the word “holder” immediately after the words “the vote of the senior” in the first sentence of the existing Article 74;

**(xxxi) Article 75(1)**

by deleting the existing Article 75(1) in its entirety and replacing it with the following:

“75. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting, as the case may be.”;

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**(xxxii) Article 76(2)**

by deleting the existing Article 76(2) in its entirety and replacing it with the following:

“(2) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to vote only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”;

**(xxxiii) Article 80**

by deleting the words “or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid” from the first sentence of the existing Article 80 and by deleting the words “or on a poll demanded at a meeting or an adjourned meeting” from the second sentence of the existing Article 80;

**(xxxiv) Article 81**

by deleting the words “to demand or join in demanding a poll and” on the fourth line of the existing Article 81;

**(xxxv) Article 82**

by deleting the words “or the taking of the poll,” from the last line of the existing Article 82;

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**(xxxvi) Article 84(2)**

by deleting the existing Article 84(2) in its entirety and replacing it with the following:

“(2) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.”;

**(xxxvii) Article 86(1)**

by deleting the existing Article 86(1) in its entirety and replacing it with the following:

“86. (1) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There shall be no maximum number of Directors unless otherwise determined from time to time by the Members in general meeting. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association or by a majority of them and thereafter in accordance with Article 84 called for such purpose and who shall hold office for such term as the Members may determine or, in the absence of such determination, in accordance with Article 84 or until their successors are elected or appointed or their office is otherwise vacated.”;

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**(xxxviii) Article 86(3)**

by deleting the existing Article 86(3) in its entirety and replacing it with the following:

“(3) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.”;

**(xxxix) Article 86(5)**

by deleting the existing Article 86(5) in its entirety and replacing it with the following:

“(5) The Members may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).”;

**(xl) Article 87(1)**

by deleting Article 87(1) in its entirety and replacing it with the following:

“87. (1) Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.”;

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**(xli) Article 87(2)**

by adding the words “and shall continue to act as a Director throughout the meeting at which he retires” immediately after “A retiring Director shall be eligible for re-election” in the first sentence of the existing Article 87(2) and by deleting the words “Any Director appointed pursuant to Article 86(2) or Article 86(3)” in the last sentence of the existing Article 87(2) and replacing it with “Any Director appointed by the Board pursuant to Article 86(3)”;

**(xlii) Article 88**

by deleting the existing Article 88 in its entirety and replacing it with the following:

“88. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”;

**(xliii) Article 89(1)**

by deleting the words “whereupon the Board resolves to accept such resignation” from the existing Article 89(1);

**(xliv) Article 92**

by deleting the word “we” appearing immediately after “the happening of any event which, if” in the third sentence of the existing Article 92 and replacing it with the word “he”;

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**(xlv) Article 101**

by deleting the word “whatever” in the fourth line of the existing Article 101 and replacing it with the word “whatsoever”;

**(xlvi) Article 103**

by deleting the existing Article 103 in its entirety and replacing it with the following:

“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or subunderwriting of the offer;

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- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
  - (v) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors or his associate(s) and to employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.
- (2) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”;

**(xlvii) Article 104(4)(iii)**

by deleting the words “(jointly or severally or indirectly or indirectly)” after the words “if any one or more of the Directors hold” and replacing it with the words “(jointly or severally or directly or indirectly)” in the existing Article 104(4)(iii);

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## NOTICE OF EGM

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**(xlviii) Article 115**

by deleting the existing Article 115 in its entirety and replacing it with the following:

“115. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director in writing or verbally (including in person or by telephone) or via electronic mail or by telephone or in such other manner as the Board may from time to time determine whenever he shall be required so to do by any Director.”;

**(xlix) Article 122**

by inserting the following words at the end of the existing Article 122:

“Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.”;

**(l) Article 132(2)**

by deleting the word “Office” from the existing Article 132(2) and replacing it with the words “head office”;

**(li) Article 145(1)(a)(iv)**

by adding the words “(as defined below)” immediately after the words “Subscription Rights Reserve” in the existing Article 145(1)(a)(iv);

**(lii) Article 145(1)(b)(iv)**

by adding the words “(as defined below)” immediately after the words “Subscription Rights Reserve” in the existing Article 145(1)(b)(iv);

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**(liii) Article 146**

by deleting the words “The Company” at the beginning of the second sentence of the existing Article 146 and replacing it with the words “Unless otherwise provided by the provisions of these Articles, the Board”;

**(liv) Article 152**

by adding the words “at the same time as the notice of annual general meeting and” immediately after “twenty-one (21) days before the date of the general meeting and” in the existing Article 152;

**(lv) Article 155(1)**

by deleting the words “Members appoint another auditor” at the end of the first sentence of the existing Article 155(1) and replacing it with the words “next annual general meeting”;

**(lvi) Article 155(2)**

by deleting the existing Article 155(2) in its entirety and replacing it with the words “(2) Intentionally deleted”;

**(lvii) Article 158**

by deleting the existing Article 158 in its entirety and replacing it with the following:

“158. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and fix the remuneration of the Auditor so appointed.”;

**(lviii) Article 160**

by deleting the word “act” in the last line of the existing Article 160 and replacing it with the word “fact”;

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**(lix) Article 161**

by adding the words “or the website of the Designated Stock Exchange,” immediately after the words “by placing it on the Company’s website” in the first sentence of the existing Article 161 and by adding the words “other than by posting it on a website” immediately after the words “The notice of availability may be given to the Member by any of the means set out above” in the second sentence of the existing Article 161;

**(lx) Article 162(a)**

by deleting the word “notice” from the second last line of the existing Article 162(a) and replacing it with the word “Notice”;

**(lxi) Article 162(b)**

by deleting the word “notice” in the second line of the existing Article 162(b) and replacing it with the word “Notice” and by adding the words “or the website of the Designated Stock Exchange,” immediately after the words “placed on the Company’s website”;

**(lxii) Article 163(1)**

by deleting the word “notice” in the sixth line of the existing Article 163(1) and replacing it with the word “Notice”;

**(lxiii) Article 163(2)**

by deleting the word “notice” from the first line of the existing Article 163(2) and replacing it with the word “Notice”;

**(lxiv) Article 163(3)**

by deleting the word “notice” from the second line of the existing Article 163(3) and replacing it with the word “Notice”; and

**(lxv) Article 166(1)**

by deleting the words “a nearly” in the third last line of the existing Article 166(1) and replacing it with the words “as nearly”.

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5. “**THAT** the amended and restated articles of association of the Company in the form of the document marked “B” and produced to this meeting and for the purpose of identification signed by the chairman of this meeting, which consolidates all of the proposed amendments referred to in Resolution (4) above and all previous amendments made pursuant to resolutions passed by the members of the Company at general meetings be approved and adopted as the amended and restated articles of association of the Company in substitution for and to the exclusion of the existing Articles with immediate effect.”

Yours faithfully  
For and on behalf of the Board of  
**Mobile Telecom Network (Holdings) Limited**  
**Choi Ho Yan**  
*Executive Director*

Hong Kong, 28 February 2013

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Head office and principal place of*

*business in Hong Kong:*  
Suite 1006, 10th Floor  
Ocean Centre, Harbour City  
Tsim Sha Tsui  
Kowloon  
Hong Kong

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## NOTICE OF EGM

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*Notes:*

1. A member entitled to attend and vote at the extraordinary general meeting convened by the above notice is entitled to appoint one or, if he is a holder of more than one share, more proxies to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the extraordinary general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the extraordinary general meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the extraordinary general meeting or any adjournment thereof, should he so wish and in such event, the proxy form shall be deemed to be revoked.
3. In the case of joint holders of shares, any one of such holders may vote at the extraordinary general meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the extraordinary general meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.