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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)

**PROPOSED CAPITAL REDUCTION
AND
PROPOSED CHANGE OF COMPANY NAME**

PROPOSED CAPITAL REDUCTION

The Board intends to put forward the following proposal relating to the Capital Reduction in the following manner:

- (i) the paid-up capital of each of the issued Existing Shares will be reduced from US\$0.01 to US\$0.001 per share by cancelling paid-up capital of US\$0.009 per share by way of a reduction of capital, so as to form ordinary shares with par value of US\$0.001 each;
- (ii) the credit arising from the Capital Reduction be applied towards cancelling the accumulated deficit of the Company as at the effective date of the Capital Reduction (if any) with the balance (if any) to be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the articles of association of the Company and all applicable laws; and
- (iii) immediately following the Capital Reduction, each of the authorised but unissued ordinary shares with par value of US\$0.01 each be subdivided into ten (10) unissued ordinary shares with par value of US\$0.001 each, and such shares shall rank pari passu in all respects with each other and have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

The Capital Reduction is conditional upon the conditions contained in the section headed “Conditions of the Capital Reduction” in this announcement.

* For identification purpose only

PROPOSED CHANGE OF COMPANY NAME

The Board announces that it proposes to change the English name of the Company from “Mobile Telecom Network (Holdings) Limited” to “Gold Tat Group International Limited” and to adopt “金達集團國際有限公司” as the dual foreign name of the Company to replace “流動電訊網絡(控股)有限公司” which has been used for identification purposes only.

A circular containing, among other matters, details of the Capital Reduction and the proposed Change of Name, together with a notice of EGM and the related proxy form, will be sent to the Shareholders as soon as practicable.

PROPOSED CAPITAL REDUCTION

As at the date of this announcement, the authorised share capital of the Company is US\$40,000,000 divided into 4,000,000,000 Existing Shares, of which 1,645,388,373 Existing Shares have been issued and are fully paid or credited as fully paid. The Board proposes the Capital Reduction to be implemented in the following manner:

- (i) the paid-up capital of each of the issued Existing Shares will be reduced from US\$0.01 to US\$0.001 per share by cancelling paid-up capital of US\$0.009 per share by way of a reduction of capital, so as to form ordinary shares with par value of US\$0.001 each;
- (ii) the credit arising from the Capital Reduction be applied towards cancelling the accumulated deficit of the Company as at the effective date of the Capital Reduction (if any) with the balance (if any) to be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the articles of association of the Company and all applicable laws; and
- (iii) immediately following the Capital Reduction, each of the authorised but unissued ordinary shares with par value of US\$0.01 each be subdivided into ten (10) unissued ordinary shares with par value of US\$0.001 each, and such shares shall rank pari passu in all respects with each other and have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

For the avoidance of doubt, the authorised share capital of the Company after the effective date of the Capital Reduction will be US\$40,000,000 divided into 40,000,000,000 New Shares.

The size of each board lot of the New Shares will remain the same as that of the Existing Shares, being 16,000 shares per board lot. The New Shares will rank pari passu in all respects with each other.

As at the date of this announcement, 1,645,388,373 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming that the paid-up capital of each of the 1,645,388,373 issued Existing Shares will be reduced from US\$0.01 to US\$0.001 per share by cancelling paid-up capital of US\$0.009 per share by way of a reduction of capital, so as to form ordinary shares with par value of US\$0.001 each, the Company’s existing issued share capital of US\$16,453,883.73 will be reduced by US\$14,808,495.357 to US\$1,645,388.373.

As at the date of this announcement, the Company has (i) outstanding Share Options granted to Eligible Participants to subscribe for an aggregate of 117,301,821 Existing Shares at a weighted average exercise price of HK\$0.148 each; (ii) outstanding Warrants which allow the holders of the Warrants to subscribe for 268,000,000 Existing Shares at a weighted average exercise price of HK\$0.158 each; and (iii) outstanding Convertible Bonds which allow the holders of the Convertible Bonds to convert into 296,053,987 Existing Shares at a weighted average conversion price of HK\$0.191 each. Assuming that all of these outstanding Share Options, Warrants and Convertible Bonds will be exercised and converted in full prior to the effective date of the Capital Reduction, an additional 681,355,808 Existing Shares will be in issue and an additional credit of US\$6,132,202 will arise from the Capital Reduction. Such credit, if so arise, will be applied towards cancelling the accumulated deficit of the Company as at the effective date of the Capital Reduction (if any) with the balance (if any) to be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the Directors as a distributable reserve in accordance with the articles of association of the Company and all applicable laws. Details of the adjustments (if any) to (i) the exercise prices of the Share Options and Warrants; and (ii) the conversion prices of the Convertible Bonds as a result of the Capital Reduction will be dealt with in the circular to be despatched to the Shareholders.

Reasons for and Effects of the Capital Reduction

The Board considers that the proposed Capital Reduction will enable the nominal value of the Existing Shares of the Company to be reduced from US\$0.01 each to US\$0.001 each. In addition, the credit arising from the Capital Reduction will be applied towards cancelling the accumulated deficit of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated loss of the Group. The balance of credit (if any) will be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the Directors as a distributable reserve and will facilitate payment of dividends as and when the Directors consider it appropriate in the future.

Save for applying the credit sum arising from the Capital Reduction towards cancelling the accumulated deficit of the Company and the expenses to be incurred in relation to the Capital Reduction, the Directors consider that the Capital Reduction will have no effect on the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders in the Company.

The Board considers that it is in the best interest of the Company and its Shareholders as a whole to implement the Capital Reduction.

Conditions of the Capital Reduction

The Capital Reduction is conditional on the following conditions being fulfilled:

- (i) the Shareholders' approval by way of special resolution at the EGM of the Company to be convened to approve, among other things, the Capital Reduction;
- (ii) approval of the Capital Reduction by the Court;

- (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (iv) registration by the Registrar of Companies in the Cayman Islands of the order of the Court and the minute approved by the Court containing the particulars required under the Companies Law; and
- (v) the GEM Listing Committee granting the listing of, and permission to deal in, the New Shares arising from the Capital Reduction.

The Capital Reduction will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reduction at the EGM, the legal advisors to the Company (as to the Cayman Islands Law) will apply to the Court for hearing dates to confirm the Capital Reduction and a preliminary timetable will be announced as soon as the Court hearing dates are confirmed.

Listing and Dealings

Application will be made to the GEM Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reduction.

The New Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Free exchange of Certificates for New Shares

As the Court hearing dates have yet to be fixed, the effective date of the Capital Reduction is not ascertainable at present. Should the Capital Reduction become effective, Shareholders may submit existing certificates for the Existing Shares to 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 for exchange, at the expense of the Company, within one month from the effective date of the Capital Reduction, for certificates for the New Shares. Details of such free exchange of share certificates will be announced as soon as the effective date of the Capital Reduction is ascertained.

All existing certificates of the Existing Shares will continue to be evidence of entitlement to such Existing Shares and be valid for delivery, transfer and settlement purpose.

PROPOSED CHANGE OF COMPANY NAME

The Board announces that it proposes to change the English name of the Company from “Mobile Telecom Network (Holdings) Limited” to “Gold Tat Group International Limited” and to adopt “金達集團國際有限公司” as the dual foreign name of the Company to replace “流動電訊網絡(控股)有限公司” which has been used for identification purposes only, subject to the conditions set out below being fulfilled.

Conditions

The Change of Name will be subject to the following conditions:

1. the passing of a special resolution by the Shareholders at the EGM to approve the Change of Name; and
2. the Registrar of Companies in the Cayman Islands granting approval for the use of the proposed new name and dual foreign name by the Company.

Reasons for the Change of Name

The Group is engaged in mobile application and data solution; trading of electronic parts and components in relation to display modules and touch panel modules, and provision of professional solution with engineering services; property development; and property investment. The Board considers that the Change of Name can more accurately reflect the principal activities of the Group and provide the Company with a fresh corporate image and identity. The Board is of the opinion that the Change of Name will clearly benefit the Company’s business development and is in the best interests of the Company and the Shareholders as a whole.

Effects of the Change of Name

The Change of Name will take effect from the date of entry of the new name and new dual foreign name on the register maintained by the Registrar of Companies in the Cayman Islands. The Company will then carry out all necessary filing procedures with the Companies Registry in Hong Kong.

The Change of Name will not affect any rights of the Shareholders or the Company’s daily business operation and its financial position.

All existing share certificates of the Company in issue bearing the present name of the Company shall, after the Change of Name becoming effective, continue to be evidence of title to the Shares and will continue to be valid for trading, settlement, registration and delivery for the same number of Shares in the new name of the Company. As such, no arrangement will be made for the exchange of the existing share certificates of the Company for the new share certificates bearing the Company’s new name as a result of the Change of Name.

Once the Change of Name has become effective, any new share certificates of the Company will be issued only in the new name of the Company and the securities of the Company will be traded on the Stock Exchange in the new name.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other matters, the Capital Reduction and the Change of Name. A circular containing, among other matters, details of the Capital Reduction and the proposed Change of Name, together with a notice of EGM and the related proxy form, will be sent to the Shareholders as soon as practicable.

The Company will make further announcement as and when appropriate on the results of the EGM, the effective dates of the Capital Reduction and the Change of Name and the new stock short name of the Company.

As no Shareholders have a material interest in the Capital Reduction and the Change of Name, no Shareholders will be required to abstain from voting on the resolutions to approve the Capital Reduction and the Change of Name.

DEFINITIONS

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

“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the share capital of the Company by cancelling the issued and paid up share capital to the extent of US\$0.009 on each of the issued Existing Shares, thereby reducing the nominal value of all the issued Existing Shares from US\$0.01 each to US\$0.001 each
“CCASS”	the Central Clearing and Settlement System operated by HKSCC
“Change of Name”	the proposed change of name of the Company from “Mobile Telecom Network (Holdings) Limited” to “Gold Tat Group International Limited” and the adoption of “金達集團國際有限公司” as the dual foreign name of the Company to replace “流動電訊網絡(控股)有限公司” which has been used for identification purposes only
“Company”	Mobile Telecom Network (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on GEM
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961), as consolidated and revised of the Cayman Islands

“Convertible Bonds”	202,453,987 and 93,600,000 non-listed convertible bonds issued by the Company on 3 June 2011 and 10 October 2012 respectively which entitle the holders thereof to convert into Existing Shares at the price of HK\$0.163 and HK\$0.250 (subject to adjustment) at any time during the conversion period
“Court”	The Grand Court of the Cayman Islands
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to approve, among other matters, the Capital Reduction and the Change of Name
“Eligible Participants”	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
“Existing Share(s)”	ordinary shares with par value of US\$0.01 each of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“New Share(s)”	ordinary share(s) with par value of US\$0.001 each in the capital of the Company immediately after the effective date of the Capital Reduction
“Shareholder(s)”	the holder(s) of the (i) Existing Share(s) or (ii) New Share(s) upon completion of the Capital Reduction as the case may be
“Share(s)”	Existing Share(s) or New Share(s) as the case may be
“Share Options”	share options granted under the pre-IPO share option scheme, share option scheme and new share option scheme adopted by the Company on 27 March 2003, 27 March 2003 and 25 March 2013 respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Warrants”	120,000,000 and 148,000,000 non-listed warrants issued by the Company on 31 January 2013 and 3 June 2011 respectively which entitle the holders thereof to subscribe for Existing Shares at the price of HK\$0.168 and HK\$0.150 (subject to adjustment) at any time during a period commencing from the date of issue of the Warrants to the date of expiry
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

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

Hong Kong, 16 July 2013

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Chan Wai Kwong, Peter, Mr. Choi Ho Yan and Mr. So Haw, Herman; and three independent non-executive Directors, namely, Mr. Chiu Wai Piu, Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the day of its publication and on the Company’s website at www.mtelnet.com.