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MOBILE TELECOM NETWORK (HOLDINGS) LIMITED

流動電訊網絡（控股）有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8266)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



On 30 August 2013 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to place the Placing Shares to not less than six Placées at a price of HK\$0.179 per Placing Share on a best efforts basis.

The Placing Shares represent approximately 10.00% of the existing issued share capital of the Company and approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.179 per Placing Share represents:

- (i) a discount of approximately 4.79% to the closing price of HK\$0.188 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 4.28% to the average of the closing prices per Share of HK\$0.187 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

* For identification purpose only

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Placing Shares are to be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 12 August 2013.

The net proceeds of the Placing, after deduction of the placing commission and other related expenses, will be approximately HK\$28.0 million which are intended to be used for general working capital of the Group and for any potential investment opportunities in the future.

Shareholders and potential investors should note that Placing Completion is subject to fulfillment of the condition under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date 30 August 2013

Parties

The Company: Mobile Telecom Network (Holdings) Limited

Placing Agent: SBI E2-Capital Financial Services Limited, an Independent Third Party, being the placing agent

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares will be placed to not less than six Placees who and whose ultimate beneficial owners (i) are not connected persons of the Company; and (ii) independent of and not connected nor acting in concert (as defined in the Takeovers Code) with the Company or any members of the Group, their respective directors, chief executives or substantial shareholders or any of their respective associates.

Number of Placing Shares

Pursuant to the Placing Agreement, the Placing Agent agreed to procure, on a best effort basis, not less than six Placees to subscribe for up to 164,528,000 Placing Shares at the Placing Price, representing approximately 10.00% of the issued share capital of the Company as at the date of this announcement and approximately 9.09% of the Company's enlarged issued share capital immediately after the Placing Completion. The aggregate nominal value of the Placing Shares is US\$1,645,280.

Placing price

The Placing Price of HK\$0.179 per Placing Share represents:

- (i) a discount of approximately 4.79% to the closing price of HK\$0.188 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 4.28% to the average of the closing prices of approximately HK\$0.187 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Placing commission

The Company shall pay the Placing Agent upon Placing Completion a placing commission of 4.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed by the Placing Agent.

The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent.

Condition precedent

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

The Placing Agreement shall automatically cease and terminate if the above condition remain unfulfilled within 30 days from the date of the Placing Agreement or such later date as may be agreed between the Company and the Placing Agent in writing and in such event either party shall have no claim against each other, save for any antecedent breach arising prior to such termination.

Placing Completion

The Placing Completion shall take place within five business days after the Placing Agreement having become unconditional or such other date as the Company and the Placing Agent may mutually agree in writing.

Ranking of the Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the Shares in issue on the date of Placing Completion save that the Placing Shares shall not be entitled to any dividends and distributions declared by the Company the record date for entitlement of which shall fall on a date before the date of the Placing Completion.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Termination

The Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date of Placing Completion, there occurs:

- (i) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (ii) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iii) any material breach of any of the representations and warranties in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Placing Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (iv) any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

General Mandate to issue the Placing Shares

The Placing Shares will be issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 12 August 2013. The Directors were authorised to allot and issue up to 329,077,674 Shares pursuant to the General Mandate. As at the date of this announcement, the Directors have not issued any Shares under the General Mandate. The Placing Shares will be issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to any approval by the Shareholders.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
26 November 2012	Placing of existing Shares and subscription of new Shares under the general mandate	Approximately HK\$18,800,000	(i) HK\$12,000,000 for the repayment of loan facilities; and (ii) HK\$6,800,000 as the general working capital of the Group	Used as intended
15 January 2013	Placing of up to 120,000,000 warrants conferring rights to subscribe for 120,000,000 warrant shares at the warrant exercise price of HK\$0.168 per warrant share (subject to adjustment)	Approximately HK\$1,000,000 from the placing of warrants and approximately HK\$20,140,000 (base on a net subscription price of HK\$0.168 per warrant share) upon full exercise of the subscription rights attaching to the warrants	As general working capital of the Group	As to HK\$1,000,000 used as intended and the remaining balance yet to be received upon full exercise of the subscription rights attaching to the warrants
18 February 2013	Placing of bonds in up to 20 tranches with an aggregate principal amount of up to HK\$100,000,000	Approximately HK\$96,350,000	As general working capital of the Group	As to HK\$19,300,000 used as intended. The placing of bonds of the remaining balances has expired on 18 August 2013
5 June 2013	Placing of existing Shares and subscription of new Shares under the general mandate	Approximately HK\$22,750,000	(i) HK\$20,000,000 for the proposed acquisition of 70% equity interests in Best Worldwide Corporation Limited; and (ii) HK\$2,750,000 as the general working capital of the Group	(i) HK\$20,000,000 used as a refundable deposit for the proposed acquisition of 70% equity interests in Best Worldwide Corporation Limited; and (ii) HK\$2,750,000 used as intended
29 August 2013	Placing of bonds in up to 16 tranches with an aggregate principal amount of up to HK\$80,000,000	Approximately HK\$77,200,000	As general working capital of the Group	The whole amount yet to be received upon the 16 tranches of placing

Save for the fund raising activities disclosed above, the Company had not carried out any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in development, provision and sale of mobile internet communication telecommunications and related services and trading of electronic parts and components in relation to display modules and touch panel modules. The Directors have considered various ways of raising funds to develop its businesses and consider that the Placing represent a suitable opportunity to raise capital for the Company and enlarge the equity and Shareholder base of the Company thereby increasing the liquidity of the Shares as well as to strengthen the financial position of the Group.

Assuming the Placing becomes unconditional, the aggregate gross proceeds of the Placing will be approximately HK\$29.5 million and the net proceeds will be approximately HK\$28.0 million after deducting all related expenses (including professional advisors fees and printing costs). The net proceeds from the Placing are intended to be used for general working capital of the Group and for any potential investment opportunities in the future. As at the date of this announcement, the Group does not have any concrete investment plan. The net price to be raised per Share from Placing will be approximately HK\$0.170 per Share.

Based on the above, the Directors consider that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and its Shareholders as a whole.

EFFECTS ON SHAREHOLDING

The shareholding structure of the Company as at the date of this announcement and immediately after the Placing Completion is as follows:

	As at the date of this announcement		Immediately after Placing Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Shareholders				
<i>Substantial Shareholders</i>				
China Oil Resources Group Limited	355,571,722	21.61	355,571,722	19.65
<i>Public Shareholders</i>				
Placees	–	–	164,528,000	9.09
Other Public Shareholders	<u>1,289,816,651</u>	<u>78.39</u>	<u>1,289,816,651</u>	<u>71.26</u>
Total:	<u><u>1,645,388,373</u></u>	<u><u>100.00</u></u>	<u><u>1,809,916,373</u></u>	<u><u>100.00</u></u>

DEFINITIONS

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

“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Mobile Telecom Network (Holdings) Limited, a limited liability company incorporated in the Cayman Islands and the issued Shares of which are listed on GEM
“connected persons”	has the meanings as ascribed thereto under the GEM Listing Rules

“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 12 August 2013
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Last Trading Day”	30 August 2013, being the last trading day for the Shares immediately prior to the issue of this announcement
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Placees”	Institutional, professional and/or individual investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best efforts basis, of up to 164,528,000 new Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	SBI E2-Capital Financial Services Limited, a licensed corporation to carry out Type 1, Type 4 and Type 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 30 August 2013 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Completion”	completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“Placing Price”	HK\$0.179 per Placing Share
“Placing Shares”	up to 164,528,000 new Shares to be placed under the Placing

“Share(s)”	ordinary share(s) of US\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 30 August 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 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.