

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

SmarTone Telecommunications Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 315)

PROPOSED BONUS ISSUE OF SHARES

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

AND

PROPOSED GENERAL MANDATE TO ISSUE SHARES

The Board is pleased to announce that it has resolved to recommend the Bonus Issue, being a bonus issue of Shares on the basis of one Bonus Share for every existing Share in issue on the Record Date. The Bonus Shares will be credited as fully paid by way of capitalisation of an amount equal to the total par value of the Bonus Shares in the contributed surplus account of the Company. Upon issuance, the Bonus Shares will rank pari passu in all respects with the then existing Shares in issue except that they will not rank for the interim dividend for the six months ended 31 December 2010.

The register of members of the Company will be closed from Friday, 25 March 2011 to Tuesday, 29 March 2011, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the entitlements to the Bonus Issue, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar not later than 4:30 p.m. on Thursday, 24 March 2011.

In order to allow the Bonus Issue and any further issues of Shares, the Board proposes to increase the authorised share capital of the Company from HK\$100,000,000 to HK\$200,000,000 by creating 1,000,000,000 additional Shares.

The Board also propose that a new general mandate to issue Shares be granted in the light of the proposed Bonus Issue.

A circular containing, among other things, further details of (i) the proposed Bonus Issue, (ii) the proposed increase in the authorised share capital of the Company and (iii) the proposed general mandate to issue Shares, together with notice of the SGM, will be despatched to the Shareholders as soon as possible.

PROPOSED BONUS ISSUE

The Board is pleased to announce that it has resolved to recommend the Bonus Issue, being a bonus issue of Shares on the basis of one Share for every existing Share in issue on the Record Date. The Bonus Shares will be credited as fully paid by way of capitalisation of an amount equal to the total par value of the Bonus Shares standing to the credit of the contributed surplus account of the Company. Upon issuance, the Bonus Shares will rank pari passu in all respects with the then existing Shares in issue except that they will not rank for the interim dividend for the six months ended 31 December 2010.

There are 511,618,428 Shares in issue as at the date of this announcement. Assuming that there will be no change in the number of Shares in issue up to (and including) the Record Date, 511,618,428 Bonus Shares will be issued under the Bonus Issue.

Conditions of the Bonus Issue

The Bonus Issue is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders approving the proposed increase in the authorised share capital of the Company;
- (ii) the passing of an ordinary resolution by the Shareholders approving the proposed Bonus Issue; and
- (iii) the Stock Exchange granting listing of, and permission to deal in, the Bonus Shares.

Reasons for the proposed Bonus Issue

Due to the recent surge in the price of the Shares, the trading value per board lot of the Shares has increased substantially. The Directors believe that the Bonus Issue will reduce the trading value per board lot of the Shares, thereby increasing the trading liquidity of the Shares as well as likely to enlarge the Shareholders' base of the Company.

Adjustments to the Share Options

Implementation of the Bonus Issue, under the Scheme Rules, will lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options. The Company will notify holders of the Share Options regarding the adjustments to be made pursuant to the terms and conditions of the Share Options and will notify the Shareholders by way of an announcement. Such adjustments will be certified by the auditor of the Company in accordance with the Scheme Rules. Save for the Share Options, the Company has no outstanding options, warrants or convertible securities to subscribe for any Shares.

Closure of register of members

The register of members of the Company will be closed from Friday, 25 March 2011 to Tuesday, 29 March 2011, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the entitlements to the Bonus Issue, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar not later than 4:30 p.m. on

Thursday, 24 March 2011.

Overseas Shareholders

As at the date of this announcement, the addresses of some of the Shareholders as shown on the register of members of the Company are outside Hong Kong.

If the Directors, after having made enquiry regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges in relation to the proposed issue of Bonus Shares to the Overseas Shareholders, consider the exclusion of any Overseas Shareholders from the Bonus Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, those Overseas Shareholders will not receive any Bonus Shares. Instead the Bonus Shares which those Overseas Shareholders would otherwise receive pursuant to the Bonus Issue will be sold in the market as soon as reasonably practicable after commencement of dealings in the Bonus Shares on the Stock Exchange. Any net proceeds of such sale of any Bonus Shares for each relevant Overseas Shareholder, after deduction of expenses, of HK\$100 or more will be paid in Hong Kong dollars to that Overseas Shareholder by ordinary post at his own risk. If the amount of the net proceeds of such sale, after deduction of expenses, is less than HK\$100, the net proceeds will be retained for the benefit of the Company.

Listing

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

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Shares, of which 511,618,428 Shares are in issue and fully paid. Under the Bonus Issue, the Company will issue 511,618,428 Shares on the assumption that there will be no change in the number of the issued Shares up to (and including) the Record Date. In order to allow the Bonus Issue and any further issues of Shares, the Board proposes to increase the authorised share capital of the Company from HK\$100,000,000 to HK\$200,000,000 by creating 1,000,000,000 additional Shares.

PROPOSED GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 4 November 2010, the Shareholders granted a general mandate to the Directors to issue Shares not exceeding the aggregate of 10% of the issued share capital of the Company as at the date of that annual general meeting and any share capital purchased by the Company. While that general mandate has not lapsed, the Board proposes that, subject to the issue of the Bonus Shares under the proposed Bonus Issue, a new general issue mandate be granted to the Directors to issue Shares not exceeding 20% of the issued share capital of the Company as at the date of the resolution giving such new general issue mandate (and the existing general issue mandate be therefore revoked). Since the issued share capital of the Company will be doubled by the Bonus Issue, the granting of this new general issue mandate will maintain the Directors' ability to issue not exceeding 10% of the

issued share capital of the Company as enlarged by the Bonus Issue. For this purpose, ordinary resolutions will be proposed at the SGM:

- (i) subject to the issue of the Bonus Shares under the proposed Bonus Issue, to give the Directors a new general mandate to issue and otherwise deal with additional Shares not exceeding 20 per cent. (instead of 10 per cent. in the light of the proposed Bonus Issue) of the aggregate nominal amount of the issued share capital of the Company as at the date of the resolution and to revoke the general issue mandate granted to the Directors at the annual general meeting of the Company held on 4 November 2010; and
- (ii) conditional on the passing of the above ordinary resolution to grant the new general issue mandate, to authorise the Directors to exercise the powers to issue and otherwise deal with additional Shares under that new general issue mandate in respect of the aggregate nominal amount of share capital in the Company purchased by the Company.

EXPECTED TIMETABLE

The following is a summary of the events in relation to the proposed Bonus Issue in the form of a timetable:

		2011
Despatch of the circular relating to the proposed Bonus Issue, the proposed increase in the authorised share capital of the Company and the proposed general issue mandate	.....	on or before Friday, 11 March
Last day of dealings in the Shares on a cum-entitlement basis	.....	Tuesday, 22 March
First day of dealings in the Shares on an ex-entitlement basis	.....	Wednesday, 23 March
Latest time for lodging transfers of the Shares for registration in order to qualify for the Bonus Issue	.....	4:30 p.m. on Thursday, 24 March
Closure of register of members of the Company	.....	Friday, 25 March to Tuesday, 29 March (both days inclusive)
Latest date and time to return any form of proxy for the SGM	.....	10:00 a.m. on Sunday, 27 March
Date and time of the SGM	.....	10:00 a.m. on Tuesday, 29 March

Record Date	.....	Tuesday, 29 March
Register of members re-opens	.....	Wednesday, 30 March
Certificates for the Bonus Shares expected to be despatched	.....	On or about Wednesday, 6 April
Dealings in Bonus Shares expected to commence	.....	Friday, 8 April

Note: All references to times are Hong Kong time.

The above timetable is subject to change and to the fulfilment of the conditions of the Bonus Issue. The Company will announce in compliance with the Listing Rules if the above timetable changes.

CIRCULAR

A circular containing, inter alia, further details of (i) the proposed Bonus Issue, (ii) the proposed increase in the authorised share capital of the Company and (iii) the proposed general mandate to issue Shares, together with notice of the SGM, will be despatched to the Shareholders as soon as practicable.

Definitions

“Board”	the board of Directors;
“Bonus Issue”	the proposed bonus issue of Shares on the basis of one Bonus Share for every existing Share in issue on the Record Date;
“Bonus Shares”	new Shares proposed to be issued pursuant to the Bonus Issue;
“Company”	SmarTone Telecommunications Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
“Directors”	directors of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Overseas Shareholders”	Shareholders whose addresses as shown on the register of members of the Company on the Record Date are outside Hong Kong;

“Record Date”	Tuesday, 29 March 2011, being the date by reference to which entitlements to the Bonus Issue will be determined;
“Scheme Rules”	the rules of the share option scheme of the Company adopted by the Shareholders on 15 November 2002;
“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve the proposed increase in the authorised share capital of the Company, the proposed Bonus Issue and the proposed general mandate to issue Shares;
“Share Options”	share options which may from time to time be granted under the share option scheme of the Company adopted by the Shareholders on 15 November 2002;
“Share Registrar”	Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
“Shareholders”	holders of Shares;
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the Board
SmarTone Telecommunications Holdings Limited
Alvin Yau-hing Mak
Company Secretary

Hong Kong, 23 February 2011

As at the date of this announcement, Executive Directors of the Company are Mr. Douglas Li and Mr. Patrick Kai-lung Chan; Non-Executive Directors are Mr. Raymond Ping-luen Kwok, Mr. Wing-yui Cheung, Mr. David Norman Prince, Mr. Wing-chung Yung, Mr. Thomas Hon-wah Siu, Mr. Alfred Wing-kit Tsim and Mr. John Anthony Miller; Independent Non-Executive Directors are Dr. Eric Ka-cheung Li, JP, Mr. Leung-sing Ng, JP, Mr. Xiang-dong Yang and Mr. Eric Fock-kin Gan.