Foray into China

Globalization

潤 迅 通 信 國 際 有 限 公 司

China Motion Telecom International Limited

(Incorporated in Bermuda with limited liability)

Stock Code：989

Annual Report 2009/10

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

TING Pang Wan, Raymond *(Chairman)*
WU Chi Chiu *(Vice Chairman and Chief Executive Officer)*
FAN Wei *(Deputy Chief Executive Officer)*

Independent Non-executive Directors

SIN Ka Man
HUANG An Guo
WONG Fei Tat

BOARD COMMITTEES

Audit Committee

SIN Ka Man *(Chairman)*
HUANG An Guo
WONG Fei Tat

Remuneration Committee

SIN Ka Man *(Chairman)*
HUANG An Guo
WONG Fei Tat
FAN Wei

Nomination Committee

WU Chi Chiu *(Chairman)*
SIN Ka Man
HUANG An Guo

COMPANY SECRETARY

CHAN Siu Mei

LEGAL ADVISORS

Deacons
So Keung Yip & Sin, Solicitors & Notaries

AUDITOR

Mazars CPA Limited
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2604-08, 26th Floor
Harbour Centre
25 Harbour Road
Wanchai
Hong Kong
Tel : (852) 2209 2888
Fax : (852) 2209 1888
Website : http://www.chinamotion.com

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Abacus Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

China Construction Bank Corporation Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

989

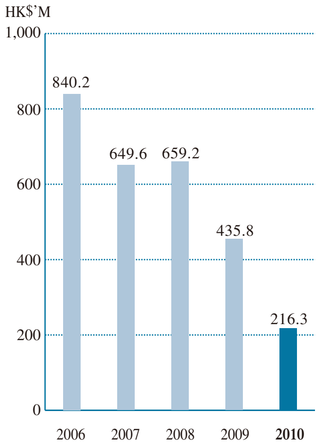
FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 March				
	2010	2009	2008	2007	2006
Turnover[1] (HK$ million)	**216.3**	435.8	659.2	649.6	840.2
Gross profit[1] (HK$ million)	**83.2**	101.8	144.9	144.2	122.7
Profit (loss) for the year from continuing operations (HK$ million)	**28.2**	(53.9)[2]	26.9	49.6	(195.5)
Profit (loss) for the year from discontinued operations (HK$ million)	**8.0**	207.0[2]	14.6	22.2	(33.0)
Profit (loss) for the year[1] (HK$ million)	**36.2**	153.1	41.5	71.8	(228.5)
Earnings (losses) per share[1] (HK cents)	**1.30**	6.19	1.8	5.3	(38.3)
Total assets (HK$ million)	**469.7**	462.6	455.6	400.6	460.8
Total liabilities (HK$ million)	**55.0**	71.7	236.1	228.4	408.1
Net assets (HK$ million)	**414.7**	390.9	219.5	172.2	52.7
Net assets value per share (HK$)	**0.15**	0.14	0.09	0.07	0.10
Working capital ratio	**3.11**	3.25	0.72	0.56	0.57
Long-term debt to equity	**N/A**	0.01	0.16	0.14	0.72

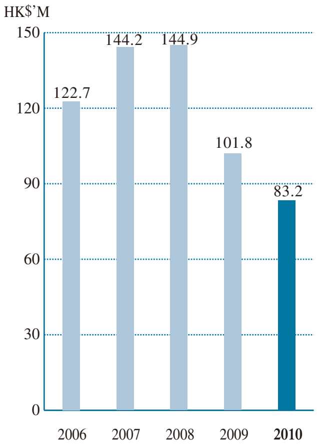
(1) The information represents the continuing and discontinued operations.

(2) The figures for the year ended 31 March 2009 were re-classified to reflect the disposal of businesses in year 2010.

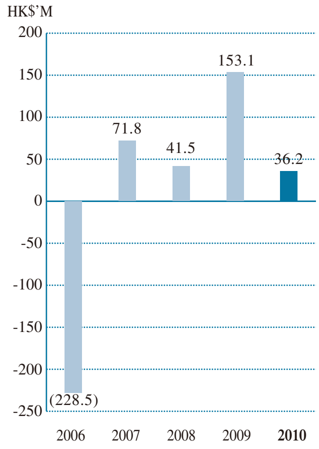
TURNOVER



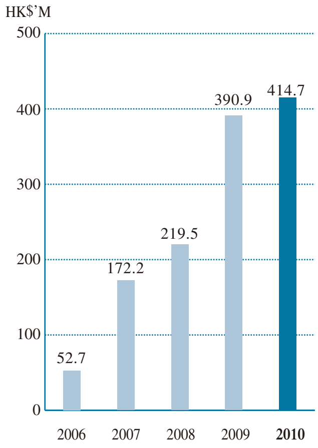
GROSS PROFIT



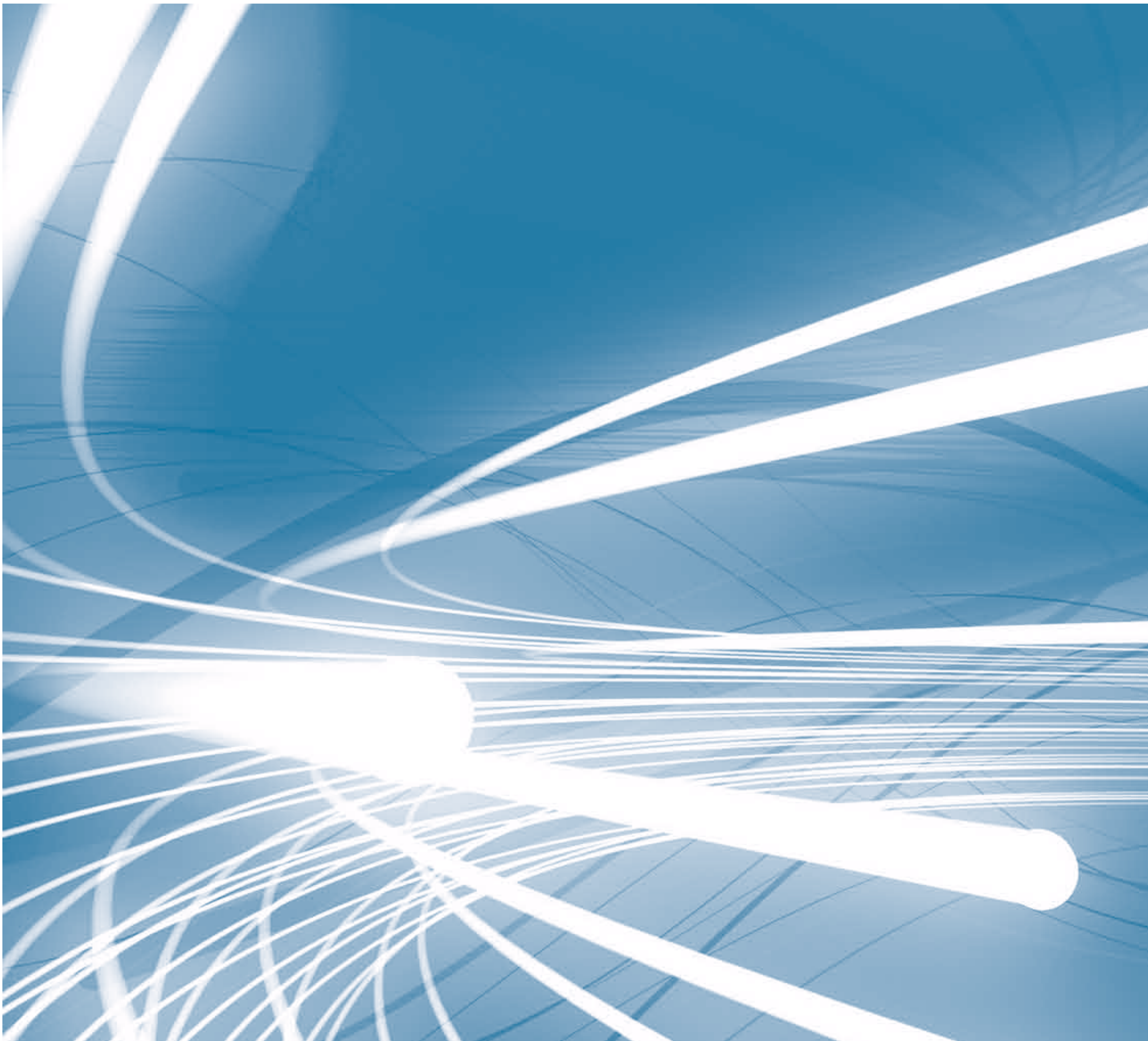
PROFIT (LOSS) FOR THE YEAR



NET ASSETS



Chairman's Statement



Chairman's Statement

Dear Shareholders,

On behalf of China Motion Telecom International Limited (the "Company') and its subsidiaries (collectively, the "Group"), I am pleased to present to shareholders the annual results of the Group for the year ended 31 March 2010.

The restructuring effort that the Company initiated two years ago began to take shape during the year. Following a comprehensive review of all businesses, management executed bold strategic and operational adjustments to reinforce the Company's position in key market segments. The vigilant efforts optimising the allocation of the Company's resources included the de-merger of the wholesale and retail IDD and the fixed line telecom network businesses. The successful disposal clearly demonstrated our desires to both improve the operation efficiency and to focus on high margin business. Coupled with the newly acquired Shanghai-based retail sales and management services business, I am pleased to report a net profit after tax of HK$28,240,000 from continuing operations during the fiscal year compared to a loss in the last corresponding year.

Despite the improvement in operation efficiency, the aftermath of the global financial crisis continued to present immense pressure to the Group as it faced unprecedented challenges during the fiscal year 2009-10. The Hong Kong telecommunication and retail landscape has undergone fundamental changes and remained extremely competitive. The increased popularity of 3G PDA devices and data services, which the Company did not offer, increased the stickiness of mobile subscribers and substantially reduced the addressable churn market. This plus the softness in the local retail market, negatively impacted our businesses and became a drag to the Company's profitability. As a result, we will continue to be prudent in assessing our existing Hong Kong business portfolio and will make the adjustment where necessary to streamline and improve the operations.

In comparison, the China market fueled by strong growth, scalable potential and higher profit margins remained far more promising. The global financial turmoil also makes international equity market look relatively inexpensive and presents a golden opportunity for expansion in the overseas market. To achieve robust targets, we have realigned our corporate strategy and resources to exploit the potential markets globally. We are cognizant that the market conditions for the telecom business remain extremely competitive; however we are equally confident that we are well-positioned to diversify into new market segments and regain our growth momentum in the ever changing market environment.

Lastly, I would like to thank all our employees for their diligence and contributions during the year. With the support of all our staff and strategic partners, we are committed to create value for shareholders by building a profitable and sustainable business in the future.

Ting Pang Wan, Raymond
Chairman

Hong Kong, 8 July 2010

Management Discussion and Analysis

RESULTS AND OPERATIONS REVIEW

Despite the global financial crisis in late 2008 that continued to negatively impact the business during the year, the Group made substantial progress in its restructuring of business and managed to turn into a net profit of HK$28,240,000 from continuing operations, compared to a net loss of HK$53,953,000 a year earlier which was re-classified to reflect the divested businesses during the year.

During the year, the Group recorded a turnover of HK$216,276,000; this represented 50% below the last corresponding year which included the divested IDD wholesale business. Excluding the divested businesses during the past two years, the Group's turnover was HK$211,682,000 from continuing operations, an increase of 10% versus the year before. Gross margin improved to 39% from 36% in the preceding year, primarily due to both higher margin from the newly acquired Shanghai business and the exit of the low margin international telecommunications services business. During the year, the Group recorded a net profit after tax of HK$36,240,000, down from HK$153,060,000 in the prior year, which included a substantial amount of gain from divesting the IDD wholesale business.

The Group continued its effort in restructuring and to streamline its businesses, which resulted in the divestiture of the prepaid calling card, fixed line telecom network and 0050 IDD retail voice businesses. The divestitures were completed during the year and resulted in a net gain of HK$17,495,000. As part of the Group's strategic move to gain a presence in China, it acquired a Shanghai-based retail sales and management services business during the year contributing a healthy operating profit to the Group.

Mobile Communications Services

CMMobile

Mobile Communications Services segment continued to be a major profit contributor of the Group. Turnover for the segment during the year under review, which includes both the Mobile Virtual Network Operators ("MVNO") and the two-way trunked radio businesses, declined 6% to HK$99,799,000. The segment accounted for 46% of Group's turnover or 47% of Group's turnover from continuing operations. Operating profit declined 28% to HK$6,408,000 when compared to the last corresponding year. These results reflected the aftermath of the financial industry meltdown that had impacted the customers and the increased competitive environment, both of which continued to drive the pricing downward and erode profit margin.

RESULTS AND OPERATIONS REVIEW (continued)

Mobile Communications Services (continued)

潤迅1卡2號 During the year, MVNO's turnover reached HK$92,501,000, a decline of 5% versus last year. Gross margin declined 5% point to 35% and operating profit lowered to HK$8,245,000, a decrease of 33% when compared to a year before.

During the year, MVNO was aggressively targeting new market segments and managed to raise its net post-paid subscribers by 9%. However, this increase was more than offset by a number of factors that negatively impacted the business. The most significant was the financial turmoil in late 2008 that accelerated the customers moving their operations into China, a factor that reduced cross border travel by business executives for local manufacturers and multinational corporations. This had a profound negative impact on usage and churn of MVNO's "dual number single SIM" mobile service. Second, major mobile operators were stepping up their marketing efforts with aggressive advertising, heavily discounted services and subsidised mobile devices, which resulted in driving the average selling price downward. Third, the increasing popularity of high-end PDA devices and the 3G data services, which the Group was unable to offer, increased the stickiness of the mobile services and reduced the overall addressable churn market.

Despite the challenging market conditions, the Group is stepping up its investment and marketing effort to address some of the issues. It is actively working with its partners to evaluate various options, one of which includes upgrading its offering to include 3G voice and mobile data service to strengthen its leading position in the cross border communications services. These potential enhanced services when available will allow the Group to compete more effectively by improving the quality of service and broadening of offerings to meet the growing demand in the cross border mobile data communications.

The trunked radio business is one of the few two-way radio licensed operators in Hong Kong. The Group through co-operation with its partner in Shenzhen, China maintains a cross border two-way radio services to companies in the transportation industry. With its solid customer base from the non-profit organisation, logistics, transportation and airlines industries, the Group's current analogue infrastructure is unable to offer the enhanced value-added services and applications demanded by the customers. The Group is exploring various strategic options to offer its customer the latest digital two-way radio services in the future. During the year under review, turnover for the business dropped 16% from last year to HK$7,298,000. Gross profit margin improved to 31% from 24% reflecting a mix of lower handset sales. The business also incurred an operating loss of HK$1,142,000, 11% more than the prior year.

Distribution and Retail Sales and Management Services

In the year under review, turnover for the segment increased by 27% to HK$112,884,000 which reflected the divestiture of prepaid calling card business and the addition of Shanghai-based retail sales and management services business. The distribution and retail segment accounted for 52% of the Group's turnover or 53% of the Group's turnover from continuing operations. Gross profit and margin improved from HK$29,845,000 and 33% in the prior year to HK$49,206,000 and 44% respectively. The increase was attributed to the strong contribution from the Shanghai-based operation that the Group acquired in July 2009. Excluding the one-time gain from the sale of the prepaid calling card business and the loss of disposal on investment, the Group has substantially reduced the segment's operating loss to HK$2,108,000 from HK$18,786,000 in the previous year.

In July 2009, the Group completed the acquisition of the Shanghai-based retail sales and management services business and took over an operation that consisted primarily of retail, enterprise and distribution business. It became one of the major turnover and profit contributors of the Group. Turnover for the operation reached HK$65,795,000 during the year. Gross margin maintained at 50% with an operating profit of HK$14,368,000. The Shanghai business in the past had undergone substantial changes in its strategic direction, moving from a traditional retail operation where margin was made through sales of handsets and services to a service-based operation where income was received for services performed on behalf of mobile operators. The change raised its profit margin substantially and provided stability to its on-going income stream. At the end of the year under review, the Shanghai unit operated 30 stores, up from the 27 earlier in the year, on behalf of one of the national mobile operators in China and maintained a group of authorised resellers that distributed a range of telecom and value-added services to consumers and enterprise customers.

CM Concept, an operator of a chain of retail stores in the Hong Kong, continued to under-perform in the telecom retail market. Turnover for the business dropped to HK$45,518,000, representing 14% decline from the year before. Gross margin dropped from 39% to 34% reflecting a higher mix of handset turnover. The business continued as a drag to the Group's operating profit with an operating loss of HK$15,845,000, which was 8% higher than the year before.

As the economy continued to pick up during the year primarily due to the visitors from Mainland China, local consumer retail market remained relatively sluggish. In addition, the telecom market had undergone some fundamental changes with the increasing popularity of high end PDA devices. The long period commitment required by mobile network operators for subsidising the high end PDA devices had substantially reduced the overall addressable churn market. The number of successful porting of mobile number, according to Office of Telecommunications Authority, has declined by more than 19% during the year. This shift reduced our dealer service business substantially and thus our income received from mobile operators. As a result, the handset and dealer service plan sold were down 7% and 48% respectively. As the business continued to deteriorate, the Group had adopted various measures to reduce the exposure and to improve its efficiency of operation. It is consolidating its retail operations and attempting to broaden its product and service portfolio offered in order to improve the productivity. At the end of the year under review, there were a total of 18 CM Concept retail shops, down from 19 from a year ago.

During the year, the Group had divested the local prepaid calling card business which consisted of IDD and mobile prepaid calling card services. The disposal resulted in a gain of HK$8,669,000 for the Group. The divestiture allowed the Group's MVNO business increased flexibility to broaden its channel capability.

PROSPECTS

The recent turmoil of Europe's debt situation, the increasing Government's interference into the frothy China real estate market and the political pressure from the United States on China's Yuan appreciation will inevitably pose a threat to the recovery of the market and negatively impact our business in the foreseeable future. In the past two years, the Group has made appropriate responses to the changes and crafted a new strategy that has begun to take shape. The divestiture of the fixed line telecom network

PROSPECTS (continued)

and the IDD wholesale and retail businesses have provided the Group with the necessary capital and resources to accelerate the transformation and take advantage of the market conditions. The Group will continue its effort to critically assess its existing business portfolio and make the adjustments where necessary to streamline its operations and focus on higher margin and faster growing businesses.

With the issuance of 3G telecom licenses in early 2009, China telecom operators have been making significant investment in building a new generation of infrastructure, and this massive fiscal stimulus has created an enormous business opportunities for their partners in the telecom and related industries. The recent proposed convergence across China telecommunications, Internet and television broadcasting networks will further fuel the growth for years to come. The acquisition of the Shanghai-based retail sales and management services business was the Group's first step in taking advantage of and participation in this fast growing telecom and value-added services in China. With its long established presence and reputation in the cross border and international communications space, the Group is well positioned to exploit the vast business opportunities that arise. As the Group continues to fine tune its business direction, it will actively explore investment opportunities to strengthen and expand its business portfolio beyond Hong Kong in the future.

BUSINESSES DISPOSAL AND ACQUISITION

During the year, the Group completed the disposal of certain businesses, including long distance call services and retail sales of international calling cards, fixed network services as well as maintenance services and telecommunication related services, which resulted in net proceeds of approximately HK$10,787,000 and disposal gain of approximately HK$17,495,000 in total (the "Businesses Disposal"). Details of the Businesses Disposal were disclosed in 2009/10 interim results announcement and 2009/10 interim report.

Besides, the Group completed the acquisition of a Shanghai-based retail sales and management services business at a consideration of HK$127,000,000, of which HK$67,100,000 was satisfied by taking over certain properties of the Group on a dollar for dollar basis and the remaining balance was paid by cash (the "Acquisition"). Details of the Acquisition were disclosed in the announcements dated 1 June 2009 and 14 July 2009 and the circular dated 22 June 2009 as well as the directors' report of this annual report.

FINANCIAL POSITION

As at 31 March 2010, the Group's bank balances and cash substantially held in HKD currency amounted to approximately HK$103,591,000 *(2009: HK$167,017,000)*. Obligations under finance leases made in HKD currency at fixed interest rate amounted to approximately HK$122,000 *(2009: HK$451,000)*. The Group's obligations under finance leases are repayable monthly and the last monthly installment will be in March 2011. The gearing ratio of total borrowings as a percentage of the total capital and reserves attributable to equity holders of the Company was approximately 0.03% *(2009: 0.12%)*.

Following the completion of the Businesses Disposal and the Acquisition, there was net cash outflow of approximately HK$43,796,000.

It is anticipated that the Group's bank balance and cash as at 31 March 2010, together with the stable rental income will be sufficient to fund its operations. As at 31 March 2010, the Group had no banking facilities.

SHARE CAPITAL

As at 31 March 2010, the Company had 2,820,500,000 shares in issue with total shareholders' fund of the Group amounting to approximately HK$408,862,000 *(2009: HK$384,446,000)*.

FINANCIAL GUARANTEES

As at 31 March 2010, the Group had contingent liabilities amounting to approximately HK$9,067,000 *(2009: HK$18,748,000)* in respect of guarantees given to third parties against non-performance of contractual obligations by subsidiaries and former subsidiaries.

CHARGE ON ASSETS

As at 31 March 2010, the Group did not have any charge on its assets *(2009: HK$220,370,000)*.

EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES

The majority of the Group's transactions, assets and liabilities is denominated in Hong Kong dollars and Renminbi. The Group is exposed to the fluctuations in Renminbi as certain receipts and payments are settled by Renminbi. However, the management will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2010, the Group had 479 full-time staff. Total staff costs (including directors' emoluments) incurred by both continued and discontinued operations for the year amounted to approximately HK$59,802,000 *(2009: HK$65,180,000)*. The Group's remuneration policy is in line with prevailing market practice on performance of individual staff. In addition to salaries, the Group also offers other benefits to its staff, including discretionary bonus, training allowance and provident fund.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Ting Pang Wan, Raymond, aged 37, was appointed as executive director of the Company in October 2006 and became the Chairman of the Group in November 2006. Mr. Ting also holds directorship in a subsidiary of the Company. Mr. Ting has over 15 years of experience in property development and investments in the People's Republic of China (the "PRC"). He is currently the sole shareholder and director of LT International Holdings Limited which was established by Mr. Ting's father and other business partners and is a holding company with subsidiaries principally engaged in property development and investments in Guangzhou, Shanghai and Beijing, the PRC and investment in securities since 1991. Mr. Ting studied Economics and International Relation in Beloit College in the United States of America from 1992 to 1994. He is responsible for the business development and overall strategic planning of the Group.

Mr. Wu Chi Chiu, aged 47, was appointed as executive director of the Company in February 2006 and as Vice Chairman and Chief Executive Officer of the Group in March 2006. Mr. Wu is also a member and the Chairman of Nomination Committee and holds directorships in various subsidiaries of the Company. Mr. Wu is an experienced investor in local property and equity investment market. He has over 14 years of experience in the field of property investment and development in Hong Kong and securities investment in local equity market. Mr. Wu had been an independent non-executive director of Sustainable Forest Holdings Limited (formerly known as Bright Prosperous Holdings Limited), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from August 2007 to August 2008. Mr. Wu holds a Bachelor of Science degree from the University of Toronto. He is responsible for business management of the Group.

Ms. Fan Wei, aged 54, was appointed as executive director of the Company in February 2006 and is the Deputy Chief Executive Officer of the Group. Ms. Fan is also a member of Remuneration Committee and holds directorships in various subsidiaries of the Company. Ms. Fan has substantial experience in the media industry. She had been a director of Sky Dragon Digital Television and Movies Limited from October 2005 to June 2010. Ms. Fan had also been an executive director of Code Agriculture (Holdings) Limited (formerly known as China Chief Cable TV Group Limited), a company listed on the Growth Enterprise Market of the Stock Exchange from February 2005 to July 2006. She was the deputy general manager of ATV Enterprises Limited from 2000 to 2003 and responsible for TV content distribution. Ms. Fan possesses a Master degree in Business Administration from the Murdoch University in Australia.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sin Ka Man, aged 43, was appointed as independent non-executive director of the Company in September 2009. Mr. Sin is also a member and the Chairman of Audit Committee and Remuneration Committee and a member of Nomination Committee. Mr. Sin has over 18 years of professional experience in auditing, accounting and financial management for both private and listed corporations. Mr. Sin is currently a vice-president of Huayu Expressway Group Limited and is responsible for the accounting and financial management. Mr. Sin is an independent non-executive director of each of Chinese People Holdings Company Limited, LeRoi Holdings Limited and Xtep International Holdings Limited, companies listed on the Main Board of the Stock Exchange, and Sino Haijing Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange. Mr. Sin holds a Bachelor degree in Social Sciences from the University of Hong Kong, a Master degree in Finance from the University of Strathclyde in the United Kingdom and a Master degree in Accounting from Curtin University of Technology in Australia. He is an associate member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a certified practising accountant of the CPA Australia.

Mr. Huang An Guo, aged 56, was appointed as independent non-executive director of the Company in February 2006 and was the Chairman of the Group from April 2006 to November 2006. Mr. Huang is also a member of Audit Committee, Remuneration Committee and Nomination Committee. Mr. Huang has substantial experience in the advertising industry. He is an experienced project coordinator in the field of public relation for media business. Mr. Huang currently is a director of Shanghai Jin Li Advertising Company Limited and China Digital Broadcasting Company Limited. Mr. Huang graduated from Shanghai Fudan University.

Ms. Wong Fei Tat, aged 35, was appointed as independent non-executive director of the Company in February 2006. Ms. Wong is also a member of Audit Committee and Remuneration Committee. Ms. Wong has over 14 years of experience in the accounting field. She holds a Bachelor degree in Commerce from the University of Sydney and a postgraduate diploma in Corporate Administration and a Master degree in Corporate Governance from the Hong Kong Polytechnic University. Ms. Wong is an associate member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Chartered Secretaries and is a certified practising accountant of the CPA Australia.

The board of directors of the Company (the "Board") is pleased to submit its report together with the audited financial statements of the Group for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding. During the year, its subsidiaries were principally engaged in provision of mobile communications services and distribution and retail sales and management services comprising Shanghai-based retail sales and management services acquired in July 2009. The Group was also engaged in provision of long distance call services and retail sales of international calling cards as well as retail IDD services which were discontinued in April 2009 and July 2009 respectively. The principal activities and other particulars of its subsidiaries are set out in note 38 to the financial statements.

Details of the analysis of the performance of the Group for the year by operating segments are set out in note 8 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2010 are set out in the consolidated income statement on page 39.

The Board does not recommend the payment of any dividend for the year ended 31 March 2010 *(2009: 0.71 HK cents per share)*.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 31 to the financial statements.

DONATION

Charitable and other donations made by the Group during the year amounted to HK$10,000.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2010 calculated under the Companies Act 1981 of Bermuda amounted to approximately HK$326,605,000 subject to restrictions as set out in note 31 to the financial statements.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of the movements in investment properties and property, plant and equipment of the Group during the year are set out in notes 16 and 17 to the financial statements respectively.

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of the movements in share capital, share options and warrants of the Company during the year are set out in notes 28, 29 and 30 to the financial statements respectively.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and there is no restriction against such rights under the laws of Bermuda.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 March 2010.

DIRECTORS

The directors of the Company who held office during the year and up to the date of this report were:

Executive Directors
Mr. TING Pang Wan, Raymond, *Chairman*
Mr. WU Chi Chiu, *Vice Chairman and Chief Executive Officer*
Ms. FAN Wei, *Deputy Chief Executive Officer*

Independent Non-executive Directors

Mr. SIN Ka Man	*(appointed on 23 September 2009)*
Mr. HUANG An Guo	
Ms. WONG Fei Tat	
Mr. LO Chi Ho, William	*(retired on 23 September 2009)*

In accordance with bye-law 86(1) of the Bye-laws of the Company, Mr. Ting Pang Wan, Raymond, Mr. Wu Chi Chiu and Ms. Fan Wei shall retire from office as directors by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received from each of the independent non-executive directors an annual confirmation as regards their independence to the Company pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company considers all the independent non-executive directors are independent.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of directors are set out on pages 13 and 14.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting have a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed under the section of "Connected Transactions/Continuing Connected Transactions" described hereunder, no other contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries or any of its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors were interested in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group during the year.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2010, the directors and chief executive of the Company or their respective associates had the following interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such director or chief executive was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules, to be notified to the Company and the Stock Exchange:

(a) Interests in shares of the Company

Name of director	Nature of interest	Position	No. of ordinary shares held	Approximate percentage of shareholding
Mr. TING Pang Wan, Raymond	Corporate *(Note)*	Long	1,555,000,000	55.13%

Note: The corporate interest of Mr. Ting Pang Wan, Raymond is beneficially owned by Marvel Bonus Holdings Limited ("Marvel Bonus"), the entire issued share capital of which is owned as to 50% by Integrated Asset Management (Asia) Limited ("Integrated Asset") and as to the remaining 50% by Shanghai Assets (BVI) Limited ("Shanghai Assets"). Shanghai Assets is wholly and beneficially owned by Mr. Ting. Mr. Ting is therefore deemed to be interested in the 1,555,000,000 shares held by Marvel Bonus. Mr. Ting is also a director of Marvel Bonus and a director of Shanghai Assets.

(b) Interests in share options of the Company

Name of director	Nature of interest	Position	No. of share options held	Approximate percentage of issued shares
Mr. WU Chi Chiu	Personal *(Note)*	Long	20,000,000	0.71%
Ms. FAN Wei	Personal *(Note)*	Long	20,000,000	0.71%

Note: The share options were granted under the share option scheme adopted by the Company on 6 September 2002 with scheme limit refreshed on 23 September 2009 to subscribe for shares of the Company during the year, further details of which are set out in the section of "Share Option Scheme" below.

(c) Interests in shares of associated corporation of the Company

Name of director	Name of associated corporation	Relationship with the Company	Nature of interest	Position	No. of share held	Approximate percentage of shareholding
Mr. TING Pang Wan, Raymond	Marvel Bonus	Holding company of the Company	Corporate *(Note)*	Long	1	50.00%

Note: The corporate interest of Mr. Ting Pang Wan, Raymond in Marvel Bonus is beneficially owned by Shanghai Assets. Shanghai Assets is wholly and beneficially owned by Mr. Ting. Mr. Ting is therefore deemed to be interested in the 1 share held by Shanghai Assets in Marvel Bonus.

All interests disclosed above represent long positions.

Save as disclosed above, as at 31 March 2010, none of the directors, chief executive of the Company or their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such director or chief executive was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed herein, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors, nor chief executive of the Company, or any of their spouses or children under the age of 18 had any interests in, or had been granted, any rights to subscribe for any securities in or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2010, so far as being known to the directors and chief executive of the Company, the following parties (other than the directors and chief executive of the Company) had or were deemed to have the following interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company:

SUBSTANTIAL SHAREHOLDERS (continued)

Name of shareholder	Nature of interest	Position	No. of ordinary shares held	Approximate percentage of shareholding
Mr. YAM Tak Cheung	Corporate *(Notes)*	Long	1,555,000,000	55.13%
Integrated Asset	Corporate *(Notes)*	Long	1,555,000,000	55.13%
Shanghai Assets	Corporate *(Notes)*	Long	1,555,000,000	55.13%
Marvel Bonus	Beneficial owner	Long	1,555,000,000	55.13%

Notes:

(1) Marvel Bonus is owned as to 50% by Integrated Asset and as to the remaining 50% by Shanghai Assets. Integrated Asset and Shanghai Assets are therefore deemed to be interested in the 1,555,000,000 shares held by Marvel Bonus. Integrated Asset is in turn wholly and beneficially owned by Mr. Yam Tak Cheung. Mr. Yam is therefore also deemed to be interested in the 1,555,000,000 shares held by Marvel Bonus.

(2) The interests disclosed represent the same interests as the corporate interest of Mr. Ting Pang Wan, Raymond as disclosed under the section of "Directors' Interests in Securities" above.

Save as disclosed above, the Company has not been notified of any persons who, as at 31 March 2010, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company.

SHARE OPTION SCHEME

Pursuant to the share option scheme of the Company adopted on 6 September 2002 with scheme limit refreshed on 23 September 2009 (the "Share Option Scheme"), the directors of the Company may at its discretion grant share options to any employee; directors (including executive and non-executive) or chief executive of any member of the Group or of any affiliate; or any supplier, sales agent, customer, joint venture partner, accountant or legal adviser of, or business development and technological consultant to, any member of the Group; or any substantial shareholder of the Company or of its subsidiaries who, in the opinion of the Board, has made or will make contributions which are or may be beneficial to the Group.

During the year, the movements in the share options under the Share Option Scheme are as follows:

Grantee	Outstanding as at 1 April 2009	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding as at 31 March 2010	Date of grant	Exercise period	Exercise price per share option HK$	Closing price immediately before the date of grant HK$	Weighted average closing price immediately before the date of exercise HK$	Approximate percentage of issued shares
	Number of share options										
Directors:											
Wu Chi Chiu	–	12,000,000	–	–	12,000,000	10/08/2009	10/08/2009 – 09/08/2019	0.182	0.176	N/A	0.43%
	–	8,000,000	–	–	8,000,000	29/09/2009	29/09/2009 – 28/09/2019	0.160	0.155	N/A	0.28%
	–	20,000,000	–	–	20,000,000						0.71%
Fan Wei	–	12,000,000	–	–	12,000,000	10/08/2009	10/08/2009 – 09/08/2019	0.182	0.176	N/A	0.43%
	–	8,000,000	–	–	8,000,000	29/09/2009	29/09/2009 – 28/09/2019	0.160	0.155	N/A	0.28%
	–	20,000,000	–	–	20,000,000						0.71%
Sub-total	–	40,000,000	–	–	40,000,000						1.42%
Employees and Others:	–	26,000,000	–	–	26,000,000	10/08/2009	10/08/2009 – 09/08/2019	0.182	0.176	N/A	0.92%
	–	17,000,000	–	–	17,000,000	29/09/2009	29/09/2009 – 28/09/2019	0.160	0.155	N/A	0.60%
Sub-total	–	43,000,000	–	–	43,000,000						1.52%
Total	–	83,000,000	–	–	83,000,000						2.94%

There was no vesting period for the share options granted during the year.

No share options were exercised, lapsed or cancelled during the year.

SHARE OPTION SCHEME (continued)

Summary of the Share Option Scheme is as follows:

1) **Purpose**

The purpose of the scheme is to recognise and acknowledge the contributions or potential contributions made or to be made by the qualified persons to the Group, to motivate the qualified persons to optimise their performance and efficiency for the benefit of the Group, and to maintain or attract business relationship with the qualified persons whose contributions are or may be beneficial to the growth of the Group.

2) **Participants**

The Board may at its discretion grant options to the following qualified persons:

(a) any part-time or full-time employee or officer of any member of the Group or any affiliate (as defined under the scheme) or of any substantial shareholder of any member of the Group; or

(b) director (including executive and non-executive) or chief executive of any member of the Group or of any affiliate (as defined under the scheme); or

(c) any supplier, sales agent, customer, joint venture partner, accountant or legal adviser of, or business development and technological consultant to, any member of the Group; or

(d) any substantial shareholder of the Company or of the subsidiaries

who, in the opinion of the Board, has made or will make contributions which are or may be beneficial to the Group as a whole.

3) **Total number of shares available for issue**

Following the refreshment of scheme limit approved by shareholders at the annual general meeting held on 23 September 2009, the maximum number of shares in respect of which options may be granted under the scheme and any other schemes of the Company (excluding options lapsed under the schemes) shall not in aggregate exceed 10% of total number of shares in issue as at the date of refreshment of scheme limit on 23 September 2009, i.e. 282,050,000 shares.

As at 31 March 2010, the total number of shares available for issue under the scheme and any other schemes of the Company was 249,050,000 shares, representing 8.83% of the existing issued share capital of the Company.

4) **Maximum entitlement of each participant**

The total number of shares issued and to be issued upon exercise of options granted to each qualified person (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares then in issue unless separately approved by shareholders in general meeting in the manner as prescribed in the Listing Rules.

Any grant of options to a director, chief executive or substantial shareholder of the Company or to any of their respective associates must be approved by independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee of such options). In addition, any grant of options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates which will result in the shares issued or to be issued more than 0.1% of the total issued shares and with an aggregate value (based on the closing price of the shares at the date of grant) in excess of HK$5,000,000 within any 12-month period is subject to approval by the shareholders of the Company in general meeting.

5) **Option period**

The period during which an option may be exercised in accordance with the terms of the scheme shall be the period set out in the relevant offer letter provided that such period must expire no later than the tenth anniversary of the date on which an option is offered.

6) **Minimum period for which an option must be held before it can vest**

Subject to the terms of offer letter, there shall be no general performance target or minimum holding period to the vesting or exercise of options.

7) **Payment on acceptance of option**

A remittance of HK$1.00 to be paid as consideration for the grant of an option within 21 days from the date on which the option is offered.

8) **Subscription price**

The subscription price in relation to each option shall be a price notified by the Board to the respective qualified person as set out in offer letter. Such price shall be the highest of

(a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is offered; or
(b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an option is offered; or
(c) the nominal value of the shares.

9) **Life**

The scheme shall be valid and effective for a period of 10 years commencing from the adoption date of the scheme, i.e. 6 September 2002, and expiring on the tenth anniversary of the adoption date.

SHARE OPTION SCHEME (continued)

Value of share options

Pursuant to Rule 17.08 of the Listing Rules, the value of the share options granted during the year set out hereunder will be expensed through the Group's income statement. The Group recognised an equity-settled share-based payment of approximately HK$6,896,000 *(2009: Nil)* during the year.

Equity-settled share-based payment transactions

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the Binomial option pricing model (the "Model"), taking into account the terms and conditions of the transactions, other than conditions linked to the price of the shares of the Company ("market conditions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the year(s) in which the vesting conditions are to be fulfilled, ending on the date on which the relevant employees become fully entitled to the award. During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, with a corresponding adjustment to the reserve within equity.

The estimated fair values of share options granted by the Company were measured on the dates of grant by using the Model. The Model is one of the commonly used models to estimate the fair value of a share option. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of a share option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option. The inputs into the Model were as follows:

	Date of grant	
	10 August 2009	**29 September 2009**
Closing share price at the date of grant	HK$0.182	HK$0.160
Exercise price	HK$0.182	HK$0.160
Risk free rate *(Note a)*	2.65%	2.35%
Expected life of option *(Note b)*	1-3 years	1-3 years
Expected volatility *(Note c)*	96.53%	96.61%
Expected dividend yields *(Note d)*	3.90%	4.44%

Notes:

(a) The risk-free rates are assumed to be the effective yields on Hong Kong Exchange Fund Notes of similar maturities as expected tenors of the share options at the date of grant;

(b) The grantees have rights to exercise the respective share options at any time during the remaining time to maturity from the date after the share options have been vested and before the expiration of the relevant share options;

(c) The historical annualised volatilities of 96.53% and 96.61% are deemed to be appropriate estimates to serve as the expected volatilities of the shares of the Company as of 10 August 2009 and 29 September 2009 respectively and are assumed to be constant and prevailing;

(d) The dividend yields of 3.90% and 4.44% are deemed to be appropriate estimates to serve as the expected dividend yields of the shares of the Company as of 10 August 2009 and 29 September 2009 respectively and are assumed to be constant and prevailing.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

CONNECTED TRANSACTIONS / CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had entered into the following transactions with connected parties:

(a) On 1 June 2009, China Motion Holdings Limited ("CMH"), a wholly-owned subsidiary of the Company, Mr. Ting Pang Wan, Raymond, a director and the Chairman of the Company, and Mr. Yam Tak Cheung (both being connected person of the Group) (collectively, the "Sale Shares Vendors"), and Jackie Industries Limited, China Motion Properties Limited, Best Class International Limited and World Sheen Properties Limited (collectively, the "CM Properties Group"), all being wholly-owned subsidiaries of the Company, entered into a conditional sale and purchase agreement (the "Acquisition Agreement") in relation to the acquisition of all the entire issued share capital in Victory Marker Limited ("Victory Marker") and the assignment of loans due by Victory Marker and its subsidiaries ("Victory Marker Group") for an aggregate consideration of HK$127,000,000 (the "Acquisition Consideration"). The Victory Marker Group is principally engaged in the provision of retail sales and management services and the wholesale of Shanghai Mobile's mobile SIM cards in Shanghai.

CONNECTED TRANSACTIONS / CONTINUING CONNECTED TRANSACTIONS (continued)

Pursuant to the Acquisition Agreement, the CM Properties Group as vendors and the Sale Shares Vendors as purchasers entered into a conditional sale and purchase agreement (the "Properties Agreement") on 1 June 2009 for the sale of certain properties of the Group situated at Room 2601, 2604-08 on 26th Floor and car parking spaces nos. 85 and 86 on Basement 2 of Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong (the "Properties") at a consideration of HK$67,100,000 which sum shall be set-off against part of the Acquisition Consideration on a dollar for dollar basis.

Pursuant to the Acquisition Agreement, the Sale Shares Vendors jointly and severally represented, warranted and undertook that the audited consolidated net profit after tax of the Victory Marker Group for the year commencing 1 July 2009 and ending 30 June 2010 (the "Actual Profit") would not be less than HK$12,700,000. If the Actual Profit is less than HK$12,700,000, the Sale Shares Vendors shall jointly and severally indemnify the Group an amount calculated: (HK$12,700,000 – Actual Profit) x 10. Such audited accounts of the Victory Marker Group for the year commencing 1 July 2009 and ending 30 June 2010 shall be completed on or before 30 September 2010.

The said transactions constituted the major transactions under the Listing Rules and also connected transactions as Marvel Bonus, the controlling shareholder of the Company, is beneficially and equally owned by the Sale Shares Vendors, through their respective wholly-owned investment companies. The said transactions were approved by the independent shareholders of the Company at the special general meeting held on 14 July 2009 and completion took place on 17 July 2009. Details of the transactions were disclosed in the announcements dated 1 June 2009 and 14 July 2009 and the circular dated 22 June 2009 respectively.

(b) The Properties disposed by CM Properties Group under the Properties Agreement are currently used by the Group as its head office and principal place of business in Hong Kong. The Group would continue to occupy the Properties under the tenancy agreement dated 17 July 2009 (the "Tenancy Agreement") entered into between the nominee of the Sale Shares Vendors as landlord and CMH as tenant for a term of three years at HK$315,000 per month, exclusive of government rent and rates, management fees and other outgoings. The Tenancy Agreement constituted a continuing connected transaction pursuant to the Listing Rules as Marvel Bonus, the controlling shareholder of the Company, is beneficially and equally owned by the Sale Shares Vendors, through their respective wholly-owned investment companies. The said transaction was subject to the reporting and announcement requirements but was exempt from independent shareholders' approval. Details of the Tenancy Agreement were disclosed in the announcements dated 1 June 2009 and 14 July 2009 and the circular dated 22 June 2009 respectively.

Certain related party transactions as disclosed in note 35 to the financial statements also constituted exempt continuing connected transactions of the Company which were not subject to announcement and reporting requirements pursuant to the Listing Rules. However, the directors, including independent non-executive directors, of the Company have reviewed such exempt continuing connected transactions and confirmed that the transactions have been entered into by the Group:

(i) in the ordinary and usual course of business of the Group;
(ii) on normal commercial terms or on terms no less favourable to the Group than the terms available to or from (as appropriate) independent third parties; and
(iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in interests of the shareholders of the Company as a whole.

The auditor of the Company has reviewed the continuing connected transactions incurred during the year and confirmed that:

(i) the transactions had received the approval of the Board;
(ii) the transactions were entered into in accordance with the pricing policies of the Group for those transactions involving provision of goods and services by the Group;
(iii) the transactions were entered into in accordance with the relevant agreements governing the transactions; and
(iv) the transaction required to be announced did not exceed the cap disclosed in the previous announcement.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year ended 31 March 2010 attributable to the Group's major customers and suppliers are as follows:

Sales	
The largest customer	27%
Five largest customers combined	38%
Purchases	
The largest supplier	21%
Five largest suppliers combined	64%

At no time during the year, did the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the auditor of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters. The Group's final results for the year ended 31 March 2010 have been reviewed by the Audit Committee and agreed by the Group's external auditor.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules as at the date of the report and the latest practicable date prior to the issue of this annual report.

CHANGES OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information on directors of the Company are as follows:

(a) Ms. Fan Wei, an executive director of the Company, resigned as a director of Sky Dragon Digital Television and Movies Limited in June 2010.

(b) Changes in directors' emoluments during the year are set out in note 11 to the financial statements.

AUDITOR

The financial statements for the year ended 31 March 2010 were audited by Mazars CPA Limited who would retire at the conclusion of the forthcoming annual general meeting and being eligible, offer itself for re-appointment. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Mazars CPA Limited as auditor of the Company.

On behalf of the Board

TING Pang Wan, Raymond
Director

Hong Kong, 8 July 2010

The Board is committed to maintaining a good corporate governance practices and has therefore reviewed the corporate governance practices of the Company with the adoption and improvement of various procedures and documentation which are detailed in this report.

STATEMENT OF COMPLIANCE

In the opinion of the Board, the Company has applied the principles in and has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the year ended 31 March 2010, except that under code provision E.1.2, Mr. Ting Pang Wan, Raymond, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 23 September 2009 due to other business commitments.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules on 21 July 2009 to replace its own Code for Securities Transactions by Directors adopted on 20 July 2005 (the "Code") as the Company's code of conduct for dealings in securities of the Company by directors. All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard as set out in the Model Code and the Code during the year.

THE BOARD

During the year and as at the date of this report, the Board comprised the following directors:

Executive Directors
Mr. TING Pang Wan, Raymond, *Chairman*
Mr. WU Chi Chiu, *Vice Chairman and Chief Executive Officer*
Ms. FAN Wei, *Deputy Chief Executive Officer*

Independent Non-executive Directors

Mr. SIN Ka Man	*(appointed on 23 September 2009)*
Mr. HUANG An Guo	
Ms. WONG Fei Tat	
Mr. Lo Chi Ho, William	*(retired on 23 September 2009)*

During the year, the Board at all times complied with the requirements of Rules 3.10(1) and (2) of the Listing Rules for sufficient number and appropriate professional qualifications of independent non-executive directors. As at the date of this report, the Board comprised six directors, three of whom were independent non-executive directors, representing half of the Board. Two of the independent non-executive directors possessed appropriate professional accounting qualifications and expertise. The brief biographical details of the directors are set out on pages 13 and 14.

THE BOARD (continued)

The Board has received from each of the independent non-executive directors an annual confirmation as regards their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors were independent.

To the best knowledge of the directors, there was no relationship (including financial, business, family or other material relationship) among members of the Board and in particular, between the chairman and the chief executive officer.

The Company has arranged appropriate insurance cover in respect of legal actions against its directors.

The Board is responsible for setting the strategic goals of the Company, providing high-level guidance and for oversight of the management of the Company and direction of its business strategy, with the ultimate aim to maximise the shareholder value and long-term success of the Company while the management is responsible for management and administrative functions on running day-to-day operations of the Company within the authority delegated by the Board. Matters reserved for the Board to consider are mainly the overall strategy of the Group, annual and interim results, major acquisitions and disposals, major capital investments, material contracts and transactions, appointment of directors as well as other significant operational and financial matters. In addition, the Board has also established Board committees and has delegated to these committees various responsibilities set out in their respective terms of reference.

The Board held eight full Board meetings, four of which were the regular ones held at approximately quarterly intervals, during the year ended 31 March 2010. The attendance of each director is as follows:

	Number of meetings attended/ Eligible to attend
Mr. TING Pang Wan, Raymond	6/8
Mr. WU Chi Chiu	8/8
Ms. FAN Wei	8/8
Mr. SIN Ka Man *(appointed on 23 September 2009)*	3/3
Mr. HUANG An Guo	8/8
Ms. WONG Fei Tat	8/8
Mr. LO Chi Ho, William *(retired on 23 September 2009)*	0/5

There were ten additional Board meetings held and attended by certain executive directors for normal course of business and for matters under the authorisation by the full Board during the year. Apart from the said meetings, matters requiring Board approval were arranged by means of circulation of written resolutions of all Board members.

All businesses transacted at the Board meetings and by written resolutions were well-documented. Minutes of the Board meetings and written resolutions are taken by the company secretary and are available to all directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman and the chief executive officer of the Company are Mr. Ting Pang Wan, Raymond and Mr. Wu Chi Chiu respectively. The roles of the chairman and the chief executive officer are segregated and performed by the two separate individuals.

The chairman is responsible for the leadership of the Board to ensure the Board to function effectively and to successfully discharge its overall responsibilities for the activities of the Group while the chief executive officer is responsible for running the business and implementation of the strategies of the Group in achieving the overall objectives within the authority delegated by the Board. Their respective roles and responsibilities have been defined and set out in writing which have been approved by the Board.

NON-EXECUTIVE DIRECTORS

As at the date of this report, there were three non-executive directors, all of whom were independent. During the year, all the independent non-executive directors were appointed for a fixed term of one year, except that Mr. Sin Ka Man who was appointed during the year for an initial term from 23 September 2009 to 31 March 2010, and shall be subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Company's Bye-laws.

BOARD COMMITTEES

The Board has established three Board committees, including Remuneration Committee, Nomination Committee and Audit Committee to help with the discharge of its responsibilities.

Remuneration Committee

The Board has established a Remuneration Committee since June 2000. Subsequent to the resignation of Mr. Lo Chi Ho, William as a member and the chairman of Remuneration Committee on 23 September 2009, Mr. Sin Ka Man was appointed as a member and the chairman of the Remuneration Committee. As at the date of this report, the Remuneration Committee comprised all the independent non-executive directors, namely Mr. Sin Ka Man, Mr. Huang An Guo and Ms. Wong Fei Tat, and an executive director, namely Ms. Fan Wei, as members. Mr. Sin Ka Man was the chairman of the Remuneration Committee.

BOARD COMMITTEES (continued)

Remuneration Committee (continued)

The main duties of the Remuneration Committee are to formulate and review the Group's remuneration policy, to structure for the remuneration of the directors and senior management and to administer and oversee share option scheme of the Company. No director or any of his/her associates is involved in deciding his/her own remuneration. The terms of reference of the Remuneration Committee setting out its role and responsibilities are available on the Company's website.

The Board adopted a remuneration policy in June 2007 to provide guidelines for structuring all remuneration of directors and senior management. The remuneration policy was reviewed annually by the Board and the Remuneration Committee. The directors' remuneration packages are determined with reference to their experience, responsibilities, workload and time devoted to the Group and the prevailing market conditions. The main components include director's fee, basic salary, benefits in kind, retirement benefits and participation in the share option scheme of the Company. Details of directors' and senior management's emoluments for the year ended 31 March 2010 are disclosed in note 11 to the financial statements.

The Remuneration Committee held five meetings during the year ended 31 March 2010. The attendance of each member is set out as follows:

	Number of meetings attended/ Eligible to attend
Mr. SIN Ka Man *(Chairman) (appointed on 23 September 2009)*	3/3
Mr. HUANG An Guo	5/5
Ms. WONG Fei Tat	5/5
Ms. FAN Wei	4/5
Mr. LO Chi Ho, William *(Chairman) (resigned on 23 September 2009)*	0/2

The work performed by the Remuneration Committee during the year is summarised as follows:
(a) To review the remuneration policy and structure of all directors and senior management;
(b) To review or consider the remuneration packages of all directors and senior management;
(c) To review the renewal of term of appointment of all independent non-executive directors; and
(d) To administer and oversee the share option scheme of the Company.

Nomination Committee

The Board has established a Nomination Committee on 20 July 2005. Subsequent to the resignation of Mr. Lo Chi Ho, William as a member of Nomination Committee on 23 September 2009, Mr. Sin Ka Man was appointed as a member of Nomination Committee. As at the date of this report, the Nomination Committee comprised an executive director, namely Mr. Wu Chi Chiu, and two independent non-executive directors, namely Mr. Sin Ka Man and Mr. Huang An Guo, as members. Mr. Wu Chi Chiu was the chairman of the Nomination Committee.

The main duties of the Nomination Committee are to formulate and implement nomination policy, to review the structure, size and composition of the Board, to identify individuals suitably qualified to become Board members and to assess the independence of the independent non-executive directors. The terms of reference of the Nomination Committee setting out its role and responsibilities are available on the Company's website.

The Board adopted a nomination policy in June 2007 to provide guidelines for effective functioning in the course of director's nomination process. The policy sets out the selection procedures and evaluation criteria for selecting and recommending the candidates for directorship. The Committee will first consider the needs of the Board in respect of its structure, size and composition, identify potential candidates by considering their personal ethics, integrity, skills, professional knowledge and experience and time commitment and then develop a short list of potential appointees for recommendation to the Board.

The Nomination Committee held one meeting during the year ended 31 March 2010. The attendance of each member is set out as follows:

	Number of meetings attended/ Eligible to attend
Mr. WU Chi Chiu *(Chairman)*	1/1
Mr. SIN Ka Man *(appointed on 23 September 2009)*	0/0
Mr. HUANG An Guo	1/1
Mr. LO Chi Ho, William *(resigned on 23 September 2009)*	0/1

The work performed by the Nomination Committee during the year is summarised as follows:

(a) To nominate the incumbent directors for re-election;

(b) To nominate the replacement for the retiring director;

(c) To review the structure, size and composition of the Board;

(d) To review the nomination policy;

(e) To assess the independence of the independent non-executive directors; and

(f) To evaluate the performance of the Board.

BOARD COMMITTEES (continued)

Audit Committee

The Board has established an Audit Committee since 26 September 1996. Subsequent to the resignation of Mr. Lo Chi Ho, William as a member and the chairman of Audit Committee on 23 September 2009, Mr. Sin Ka Man was appointed as a member and the chairman of the Audit Committee. As at the date of this report, the Audit Committee comprised all the independent non-executive directors, namely Mr. Sin Ka Man, Mr. Huang An Guo and Ms. Wong Fei Tat, as members. Two of the Committee members possessed appropriate professional accounting qualifications and expertise. Mr. Sin Ka Man was the chairman of the Audit Committee.

The main duties of Audit Committee are to review and monitor the financial reporting, to review the Company's financial and internal control, accounting policies and practices with the management and the auditor and to consider the appointment and resignation of the auditor and the auditor's remuneration. The terms of reference of the Audit Committee setting out its role and responsibilities are available on the Company's website.

The Audit Committee held two meetings during the year ended 31 March 2010. The attendance of each member is set out as follows:

	Number of meetings attended/ Eligible to attend
Mr. SIN Ka Man *(Chairman) (appointed on 23 September 2009)*	1/1
Mr. HUANG An Guo	2/2
Ms. WONG Fei Tat	2/2
Mr. LO Chi Ho, William *(Chairman) (resigned on 23 September 2009)*	0/1

The work performed by the Audit Committee during the year is summarised as follows:

(a) To review the annual results for year ended 31 March 2009 and the interim results for six months ended 30 September 2009 and the reports from external auditor, management representation letters and management's response in relation thereto;

(b) To recommend and/or approve re-appointment of the external auditor and its remuneration;

(c) To review the effectiveness of internal control system of the Group;

(d) To review the accounting policies and practices of the Group; and

(e) To review the connected transactions and the continuing connected transactions incurred during the year ended 31 March 2009 and six months ended 30 September 2009.

AUDITOR'S REMUNERATION

For the year ended 31 March 2010, the auditor's remuneration paid and payable in respect of the audit services and other non-audit services, including tax and consultancy services, provided by the auditor to the Group amounted to HK$1,200,000 and HK$707,000 respectively.

FINANCIAL REPORTING

The directors of the Company are responsible for monitoring the preparation of financial statements of the Group which give a true and fair view, and are prepared in accordance with the relevant statutory requirements and applicable accounting standards in force, and are published in a timely manner. The directors of the Company are also responsible for selecting appropriate accounting policies and have applied them consistently, ensuring timely adoption of Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards. The directors of the Company acknowledge their responsibility for preparing the financial statements of the Company and report that the Company has announced its annual and interim results in a timely manner after the end of the relevant period, as laid down in the Listing Rules.

The statement of the auditor of the Company about its reporting responsibilities is set out in the "Independent Auditor's Report" on pages 37 and 38 to this annual report.

INTERNAL CONTROL

The Board is responsible for overseeing the Group's internal control system and ensuring that a sound and effective internal control system is maintained. The Board is also responsible for approving and reviewing internal control policy while the responsibility of day-to-day management of operational risks and implementation of mitigation measures lies with the management.

The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and management rather than elimination of risks associated with its business activities. The processes to identify and manage key risks to the achievement of the Group's strategic objectives are an integral part of the internal control environment. Such processes include strategic planning, proper segregation of duties and functions of the respective operational departments of the Group, the regular monitoring and reviewing of performance, and control over capital expenditure.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the internal control manual when there are changes to business environment or regulatory guidelines.

INTERNAL CONTROL (continued)

The Board has conducted an annual review of the effectiveness of its internal control system covering all material controls, including financial, operational and compliance as well as risk management. Besides, the Group has also engaged Mazars CPA Limited (the "External Auditor") to conduct review and make recommendations for the improvement and strengthening of the internal control system.

The review by the External Auditor is conducted with reference to the principles outlined in Internal Control and Risk Management – A Basic Framework issued by the Hong Kong Institute of Certified Public Accountants. The assessment covers the major internal controls and measures, including financial, operational and compliance as well as risk management. Any material non-compliance or failures in internal controls maintained by the Group's management and relevant recommendations for improvements are reported to the Audit Committee.

Based on the evaluations made by the External Auditor, the Audit Committee and the Board considered that the key areas of the Group's internal control system are reasonably implemented with room for improvement. The Group shall use its best endeavour to implement the recommendations made by the External Auditor in order to further improve the internal control system.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

General meetings of the Company provides a communication channel between the shareholders and the Board that the shareholders of the Company are encouraged to participate in the Company's annual general meeting and any other meetings for any enquiries about the Company's performance.

The Company also maintains a website at *www.chinamotion.com* to disseminate information and updates on the Company's business developments and operations, financial information, corporate governance practices and other shareholders information to shareholders as well as investors.

By order of the Board

Wu Chi Chiu
Director

Hong Kong, 8 July 2010

MAZARS CPA LIMITED
瑪澤 會計師事務所有限公司
42nd Floor, Central Plaza,
18 Harbour Road, Wan Chai, Hong Kong
香港灣仔港灣道18號中環廣場42樓

To the members of
China Motion Telecom International Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Motion Telecom International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 99, which comprise the consolidated and the Company's statement of financial position as at 31 March 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 March 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Mazars CPA Limited
Certified Public Accountants
Hong Kong
8 July 2010

Chan Wai Man
Practising Certificate number: P02487

Consolidated Income Statement

Year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Continuing operations			
Turnover	6	211,682	192,636
Cost of sales and services		(128,703)	(123,559)
Gross profit		82,979	69,077
Other revenue	6	13,002	9,916
Other net income	7	9,521	4,425
Gain on disposal of subsidiaries		8,393	–
Distribution costs		(2,813)	(4,362)
Administrative expenses		(100,496)	(88,454)
Change in fair value of investment properties		22,400	(43,900)
Finance costs	9	(24)	(1,322)
Profit (loss) before taxation	10	32,962	(54,620)
Taxation	12	(4,722)	667
Profit (loss) for the year from continuing operations		28,240	(53,953)
Discontinued operations			
Profit from discontinued operations	13	8,000	207,013
Profit for the year		36,240	153,060
Profit (loss) attributable to:			
Equity holders of the Company			
– continuing operations		28,870	(53,290)
– discontinued operations		8,000	207,013
	14, 31(a)	36,870	153,723
Non-controlling interests			
– continuing operations		(630)	(663)
– discontinued operations		–	–
	31(a)	(630)	(663)
		36,240	153,060
Dividend		–	20,026
Earnings (losses) per share	15		
From continuing operations			
– Basic and diluted		1.02 HK cents	(2.15) HK cents
From discontinued operations			
– Basic and diluted		0.28 HK cents	8.34 HK cents

Consolidated Statement of Comprehensive Income

Year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
Profit for the year	**36,240**	153,060
Other comprehensive loss for the year		
Exchange difference on translation of foreign operations	**(14)**	(1,397)
Total comprehensive income for the year	**36,226**	151,663
Total comprehensive income (loss) attributable to:		
Equity holders of the Company		
– continuing operations	**28,855**	(54,761)
– discontinued operations	**8,000**	207,013
	36,855	152,252
Non-controlling interests		
– continuing operations	**(629)**	(589)
– discontinued operations	**–**	–
	(629)	(589)
	36,226	151,663

Statements of Financial Position

As at 31 March 2010

	Note	Group 2010 HK$'000	Group 2009 HK$'000	Company 2010 HK$'000	Company 2009 HK$'000
ASSETS AND LIABILITIES					
Non-current assets					
Investment properties	16	178,000	155,600	–	–
Property, plant and equipment	17	6,707	12,775	140	292
Goodwill	18	119,756	–	–	–
Interests in subsidiaries	19	–	–	389,964	344,376
Interests in associates	20	–	–	–	–
Premium for land lease	21	2,371	59,875	–	–
Other non-current assets	22	3,130	3,815	–	–
Deferred tax assets	27	1,233	1,888	–	–
		311,197	233,953	390,104	344,668
Current assets					
Inventories	23	8,051	4,447	–	–
Trade and other receivables	24	46,865	57,187	143	5,109
Bank balances and cash		103,591	167,017	491	1,364
		158,507	228,651	634	6,473
Current liabilities					
Trade and other payables	25	46,756	68,275	95	728
Obligations under finance leases	26	122	309	–	–
Taxation		4,050	1,690	–	–
		50,928	70,274	95	728
Net current assets		107,579	158,377	539	5,745
Total assets less current liabilities		418,776	392,330	390,643	350,413
Non-current liabilities					
Obligations under finance leases	26	–	142	–	–
Deferred tax liabilities	27	4,036	1,235	–	–
		4,036	1,377	–	–
NET ASSETS		414,740	390,953	390,643	350,413

Statements of Financial Position

As at 31 March 2010

		Group		Company	
		2010	2009	2010	2009
	Note	HK$'000	HK$'000	HK$'000	HK$'000
CAPITAL AND RESERVES					
Issued capital	28	28,205	28,205	28,205	28,205
Reserves	31	380,657	356,241	362,438	322,208
Total capital and reserves attributable to equity holders of the Company		408,862	384,446	390,643	350,413
Non-controlling interests	31	5,878	6,507	–	–
TOTAL EQUITY		414,740	390,953	390,643	350,413

Approved and authorised for issue by the Board of Directors on 8 July 2010

TING Pang Wan, Raymond
Director

WU Chi Chiu
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2010

	Reserves attributable to equity holders of the Company													
	Issued capital HK$'000	Share premium HK$'000	Reserves on consolidation HK$'000	Properties revaluation reserve HK$'000	Exchange reserve HK$'000	Capital redemption reserve HK$'000	Enterprise expansion reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Capital reserve HK$'000	Accumulated (losses) profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total capital and reserve HK$'000
At 1 April 2008	23,505	20,342	4,900	9,294	7,136	450	77,623	216,587	–	1,000	(148,395)	188,937	7,096	219,538
Exchange difference	–	–	–	–	(1,471)	–	–	–	–	–	–	(1,471)	74	(1,397)
Profit for the year	–	–	–	–	–	–	–	–	–	–	153,723	153,723	(663)	153,060
Total comprehensive income	–	–	–	–	(1,471)	–	–	–	–	–	153,723	152,252	(589)	151,663
Reserve realised upon disposal of subsidiaries	–	–	–	–	11	–	–	–	–	–	–	11	–	11
Issue of shares	4,700	15,041	–	–	–	–	–	–	–	–	–	15,041	–	19,741
At 31 March 2009	28,205	35,383	4,900	9,294	5,676	450	77,623	216,587	–	1,000	5,328	356,241	6,507	390,953
At 1 April 2009	28,205	35,383	4,900	9,294	5,676	450	77,623	216,587	–	1,000	5,328	356,241	6,507	390,953
Exchange difference	–	–	–	–	(15)	–	–	–	–	–	–	(15)	1	(14)
Profit for the year	–	–	–	–	–	–	–	–	–	–	36,870	36,870	(630)	36,240
Total comprehensive income	–	–	–	–	(15)	–	–	–	–	–	36,870	36,855	(629)	36,226
Reserve realised upon disposal of subsidiaries	–	–	–	–	691	–	(12,189)	–	–	–	12,189	691	–	691
Dividend paid	–	–	–	–	–	–	–	(6,000)	–	–	(14,026)	(20,026)	–	(20,026)
Grant of share options	–	–	–	–	–	–	–	–	6,896	–	–	6,896	–	6,896
Release upon expiry	–	–	–	–	–	–	–	–	–	(1,000)	1,000	–	–	–
At 31 March 2010	28,205	35,383	4,900	9,294	6,352	450	65,434	210,587	6,896	–	41,361	380,657	5,878	414,740

Consolidated Statement of Cash Flows

Year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
OPERATING ACTIVITIES			
Cash generated from operations	32	4,011	1,706
Interest received		773	1,045
Finance charges on obligations under finance leases		(24)	(78)
Income tax paid		(2,996)	(5,953)
Interest paid		–	(1,323)
Net cash from (used in) operating activities		1,764	(4,603)
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		118	125
Net proceeds from disposal of investment properties/premium for land lease and buildings		–	16,041
Purchase of property, plant and equipment		(3,857)	(2,497)
Net proceeds on acquisition of subsidiaries	33	(53,794)	–
Net proceeds from disposal of subsidiaries	34	9,698	159,027
Net proceeds from deemed disposal of shares in a subsidiary		3,000	–
Net cash (used in) from investing activities		(44,835)	172,696
FINANCING ACTIVITIES			
New bank borrowings		–	18,074
Repayment of bank borrowings		–	(81,944)
Repayment of obligations under finance leases		(329)	(650)
Additions of obligations under finance leases		–	6,006
Placement of shares		–	19,741
Dividend paid to shareholders		(20,026)	–
Decrease in pledged bank deposits		–	748
Net cash used in financing activities		(20,355)	(38,025)
Net (decrease) increase in cash and cash equivalents		(63,426)	130,068
Cash and cash equivalents at beginning of year		167,017	36,949
Cash and cash equivalents at end of year, represented by bank balances and cash		103,591	167,017

1. GENERAL INFORMATION

China Motion Telecom International Limited (the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in the provision of mobile communications services and distribution and retail sales and management services. The Company is a limited liability company incorporated in Bermuda and the shares of which are listed on The Stock Exchange of Hong Kong Limited. The directors regard the ultimate holding company as at 31 March 2010 to be Marvel Bonus Holdings Limited, a company incorporated in British Virgin Islands. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In the current year, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are effective for the Group's accounting period beginning on 1 April 2009.

HKFRSs (Amendments)	Improvements to HKFRSs (2008)
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 (Revised) & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKAS 1 (Revised): ***Presentation of Financial Statements***

HKAS 1 (Revised) requires transactions with owners to be presented separately from all other income and expenses in a revised statement of changes in equity. The revised standard however allows non-owner changes in equity to be shown in a single statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). The Group has elected to prepare two statements. In addition, the revised standard requires that when comparative information is restated or reclassified, a statement of financial position as at the beginning of the comparative period, in addition to the statements of financial position as at the end of the current period and the comparative period, should be presented. Since the Group and the Company did not restate comparative information during the year, this new requirement has no impact on the financial statements.

HKFRS 8: ***Operating Segments***

The standard, replacing HKAS 14: *Segment Reporting*, requires segment information to be reported based on internal information used by management to evaluate the performance of operating segments and allocate resources to those segments. Adoption of this standard did not have any effect on the Group's results of operations or financial position. The Group has determined that its operating segments are substantially the same as the business segments previously identified under HKAS 14.

The application of the other new HKFRSs had no material effect on how the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented.

Impact of new and revised HKFRSs not yet effective

HKFRSs (Amendments)	Improvements to HKFRSs (2008) *(Note a)*
HKFRSs (Amendments)	Improvements to HKFRSs (2009) *(Note b)*
HKAS 27 (Revised)	Consolidated and Separate Financial Statements *(Note c)*
HKFRS 3 (Revised)	Business Combinations *(Note c)*

Notes:

a. Amendments to HKFRS 5 effective for annual periods beginning on or after 1 July 2009.
b. Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010 as appropriate.
c. Effective for annual periods beginning on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The Group is in the process of making an assessment of the impact of these new HKFRSs and anticipates that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group and the Company.

3. PRINCIPAL ACCOUNTING POLICIES

Basic of preparation

The measurement basis used in the preparation of the financial statements is historical cost, except for investment properties, which have been measured at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 31 March each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceased.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from equity holders of the parent. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

The gain or loss arising from the retirement or disposal of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the assets and is taken to profit or loss.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum. Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis and depreciated separately.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Buildings	2%
Furniture, fixtures and office equipment	20%
Telecommunications equipment	20%
Leasehold improvements	Over the unexpired term of leases
Motor vehicles	30%

Assets held under finance leases are depreciated over the shorter of their expected useful lives and the term of the leases.

Investment properties

Investment properties are land and/or building that are held by owner or lessee under finance lease, either to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use and properties that are held under operating lease, which satisfy the definition of investment property and carrying at fair value.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. Gain or loss on disposal of investment properties is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss upon disposal.

The fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss.

Premium for land lease

Premium for land lease is up-front payments to acquire fixed term interests in lessee-occupied land. The premium is stated at cost and is amortised over the period of the lease on a straight-line basis to profit or loss.

Subsidiaries

A subsidiary is an entity, in which the Company, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of each of the investments in subsidiaries is reduced to its recoverable amount on an individual basis. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The Group's investments in associates are accounted for under the equity method of accounting. The consolidated income statement includes the Group's share of the post-acquisition results of the associates for the year. The consolidated statement of financial position includes the Group's share of the net assets of the associates and also goodwill. The Group discontinues recognising its share of further losses when the Group's share of losses of the associates equals or exceeds the carrying amount of its interest in the associates, as the Group has no obligations in respect of the associates. For this purpose, the Group's interests in the associates are the carrying amount of the investment under the equity method together with the Group's long term interests that in substance form part of the Group's net investments in the associates.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's statement of financial position, investment in associates is stated at cost less impairment loss determined on individual basis. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary and associate. Goodwill on acquisition of subsidiary is recognised as a separate asset. Goodwill on acquisitions of associates is included in interests in associates. Goodwill is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition of businesses or associates at the date of acquisition, after reassessment, is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis. A financial asset is derecognised when the Group's contractual rights to future cash flows from the financial asset expire or when the Group transfers the financial asset and the Group has transferred all the risks and rewards of ownership of the financial asset. A financial liability is derecognised only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be immaterial. In such case, the loans and receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the year to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

Impairment of financial assets

Financial assets are assessed whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial assets' original effective interest rate. Such impairment loss is reversed in subsequent periods through income statement when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

The Group's financial liabilities include trade and other payables, and obligations under finance leases. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer of the contract to make specified payments to reimburse the holder of the contract for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract is initially recognised as deferred income within trade and other payable at fair value (being the transaction price, unless the fair value can otherwise be reliably estimated). Subsequently, it is measured at the higher of the amount initially recognised, less accumulated amortisation, and the amount of the provision, if any, that is required to settle the commitment at the end of the reporting period.

Derecognition for financial instruments

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards to ownership of the financial assets. On derecognition of a financial assets, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases.

(i) International telecommunications services and mobile communications services income are recognised upon the rendering of services.

(ii) Revenue from the sale of telecommunications products is recognised on the transfer of ownership, which generally coincides with the time of delivery.

(iii) Commission income is recognised in accordance with the terms of agency agreements which is generally when the agency services are rendered.

(iv) Management services income is recognised when the services are rendered.

(v) Trunked radio services income are recognised when the services are rendered.

(vi) Repair and maintenance services income from service agreements is recognised on an accrual basis when the service is performed.

(vii) Rental and leasing revenue is recognised on a straight-line basis over the period of the respective leases.

(viii) Interest income is recognised as the interest accrues using the effective interest method to the net carrying amount of the financial asset.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Foreign currency translation

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

On consolidation, the results and financial position of all the Group entities that have a functional currency different from the presentation currency (the "foreign operations") are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the end of the reporting period;

(b) income and expenses for each income statement are translated at average exchange rates; and

(c) all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity and recognised in profit or loss when the gain or loss on disposal is recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment of non financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether its property, plant and equipment, investments in associates, other non-current assets and premium for land leases have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, except where the relevant asset is carried at valuation in which case the impairment loss is treated as a revaluation decrease.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses is recognised as income immediately, except where the relevant asset is carried at valuation, in which case the reversal of impairment loss is treated as a revaluation increase.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rental receivable under operating leases are credited to profit or loss on a straight-line basis over the term of the relevant lease.

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Lease incentives are recognised in profit or loss as an integral part of the net consideration agreed for the use of the leased asset.

Employee benefits

Defined contribution plans

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

For members of the MPF Scheme, the Group contributes the lower of HK$1,000 or 5% of relevant monthly payroll costs to the MPF Scheme, which contribution is matched by the employees.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefits schemes operated by the government. The subsidiaries are required to contribute a specified percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Long service payment

The Group's net obligation in respect of long service payment under the Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefit.

Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Related parties

A party is related to the Group if

(a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; or has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(b) the party is an associate of the Group;

(c) the party is a joint venture in which the Group is a venturer;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are currently evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Apart from information disclosed elsewhere in these financial statements, the following summarise estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year.

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of the accounts receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required.

Useful lives and impairment of property, plant and equipment

The directors evaluate the residual value and useful lives of property, plant and equipment on an annual basis, through careful consideration with regards to expected usage, wear-and-tear and potential technical obsolescence to usage of the assets.

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the directors have to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of the estimates used to calculate the recoverable amount are given in note 18 to the financial statements.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial Risk Management

The Group's major financial instruments include trade and other receivables, trade and other payables, obligations under finance leases and cash and cash equivalents. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Foreign exchange risk

The Group operates mainly in Hong Kong and the People's Republic of China (the "PRC") and majority of transactions are dominated in HK$ and Renminbi ("RMB"). Therefore, the Group is exposed to foreign exchange risk arising from these currency exposures. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB. At 31 March 2010, if RMB had weakened/strengthened by 5% against HK$, the impact on the Group's results is not significant. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) *Cash flow and fair value interest rate risk*

The Group's exposure to changes in interest rates is mainly attributable to its bank deposits. The Group's income and operating cash flow are substantially independent of changes in market interest rates. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Credit risk

As at 31 March 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group's credit risk is primarily attributable to trade or other receivables. At the end of the reporting period, the Group has concentration of credit risk as the trade receivables from the five largest customers represented 38% *(2009: 21%)* of the total trade receivables, while 27% *(2009: 7%)* of the total trade receivables were due from the largest single customer. The exposures to these credit risks are monitored on an ongoing basis.

Liquidity risk

The Group manages liquidity risk by maintaining adequate bank deposits and cash, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk is under continuous monitoring by management. Reports with the liquidity requirement are provided to management for review periodically. Management will raise bank borrowings whenever necessary.

The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table which are based on the contractual undiscounted payments, are as follows:

5. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Financial Risk Management (continued)

Liquidity risk (continued)

	At 31 March 2010		
	Within 1 year or on demand HK$'000	More than 1 year but within 2 years HK$'000	Total HK$'000
Non-derivative financial liabilities			
Obligations under finance leases	126	–	126
Trade payables	13,602	–	13,602
Deposits received, accruals and other payables	33,154	–	33,154
Total	46,882	–	46,882

	At 31 March 2009		
	Within 1 year or on demand HK$'000	More than 1 year but within 2 years HK$'000	Total HK$'000
Non-derivative financial liabilities			
Obligations under finance leases	335	147	482
Trade payables	36,194	–	36,194
Deposits received, accruals and other payables	32,069	12	32,081
Total	68,598	159	68,757

Fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows:

The carrying value of trade and other receivables (net of allowance for doubtful debts) and trade and other payables is a reasonable approximate of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(b) Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debts which include obligations under finance leases, cash and cash equivalents, and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained profits.

The directors of the Company review the capital structure on an annual basis. As a part of this review, the directors of the Company consider the cost of capital and other sources of funds.

The Group aims at maintaining the following debt to equity ratios of not more than 50%. The debt to equity ratios as at 31 March 2010 and 2009 are as follows:

	2010 **HK$'000**	2009 HK$'000
Total debt *(Note a)*	**122**	451
Less: bank balances and cash	**(103,591)**	(167,017)
Net debt	**N/A**	N/A
Equity *(Note b)*	**408,862**	384,446
Net debt to equity ratio	**N/A**	N/A
Total debt to equity ratio	**0.03%**	0.12%

Notes:

(a) Debt comprises current and non-current obligations under finance leases as detailed in note 26 to the financial statements.

(b) Equity represents all capital and reserves attributable to equity holders of the Company.

6. TURNOVER AND REVENUE

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 38 to the financial statements.

The Group's turnover and revenue recognised by category are as follows:

	2010 HK$'000	2009 HK$'000
Sale of telecommunications equipments and products	43,299	67,855
Commission income	45,815	20,195
Mobile communications services income	90,350	94,824
Retail sales and management services income	25,201	–
Trunked radio services income	6,447	6,734
Repair and maintenance services income	570	3,028
Turnover	211,682	192,636
Rental income	7,341	7,019
Interest income	773	1,031
Others	4,888	1,866
Other revenue	13,002	9,916
Revenue	224,684	202,552

7. OTHER NET INCOME

	2010 HK$'000	2009 HK$'000
Allowance for doubtful debts written back	561	752
Gain on disposal of investment properties/ premium for land lease and buildings	5,895	3,332
Gain on deemed disposal of shares in a subsidiary	3,000	–
Reversal of impairment loss on property, plant and equipment	–	249
Reversal of impairment loss on other non-current assets	30	–
Sundry income	35	92
	9,521	4,425

8. SEGMENT INFORMATION

Segment information is presented in respect of the Group's operating segments.

Operating segments

The Group's principal activities comprise the following main operating segments:

	Operating segments	Nature of business activities	Place of operation
1	Mobile communications services	Provision of mobile communications services, provision of maintenance and accounts management services to telecommunications operators, and provision of trunked radio services	Hong Kong/PRC
2	Distribution and retail sales and management services	Retail sales of telecommunications related equipments and products, provision of maintenance and repair services, provision for mobile service subscription service to mobile operators and provision of retail sales and management services	Hong Kong/PRC
3	Others	Other businesses	Hong Kong

8. SEGMENT INFORMATION (continued)

Operating segments (continued)

For the year ended 31 March 2010	Continuing operations				Discontinued operations		
	Mobile communi-cations services HK$'000	Distribution and retail sales and management services HK$'000	Others HK$'000	Total HK$'000	International telecommuni-cations services HK$'000	Inter-segment elimination HK$'000	Group HK$'000
Turnover							
Revenue from external customers	99,799	111,883	–	211,682	4,594	–	216,276
Inter-segment revenue	–	1,001	–	1,001	–	(1,001)	–
Segment turnover	99,799	112,884	–	212,683	4,594	(1,001)	216,276
Segment results	6,408	(2,108)	19,520	23,820	(1,102)	–	22,718
Interest income				773	–	–	773
Finance costs				(24)	–	–	(24)
Gain on disposal of subsidiaries				8,393	9,102	–	17,495
Profit before taxation				32,962	8,000	–	40,962
Taxation				(4,722)	–	–	(4,722)
Profit for the year				28,240	8,000	–	36,240
Assets							
Segment assets	16,536	156,993	192,438	365,967	–	–	365,967
Unallocated assets				103,737	–	–	103,737
Total assets				469,704	–	–	469,704
Liabilities							
Segment liabilities	21,948	18,086	6,722	46,756	–	–	46,756
Unallocated liabilities				8,208	–	–	8,208
Total liabilities				54,964	–	–	54,964
Other information							
Capital expenditure	285	3,058	2,223	5,566	–	–	5,566
Depreciation	1,053	1,169	899	3,121	272	–	3,393
Amortisation							
– Premium for land lease	–	–	574	574	–	–	574
– Intangible assets	–	–	–	–	–	–	–
Significant non-cash expenses (other than depreciation and amortisation)							
– Operating segment	1,034	(34)	595	1,595	94	–	1,689
– Unallocated items				–	–	–	–

For the year ended 31 March 2009	Continuing operations: Mobile communications services HK$'000	Continuing operations: Distribution and retail sales and management services HK$'000	Continuing operations: Others HK$'000	Continuing operations: Total HK$'000	Discontinued operations: International telecommunications services HK$'000	Inter-segment elimination HK$'000	Group HK$'000
Turnover							
Revenue from external customers	105,870	86,766	–	192,636	243,181	–	435,817
Inter-segment revenue	–	2,471	–	2,471	9,878	(12,349)	–
Segment turnover	105,870	89,237	–	195,107	253,059	(12,349)	435,817
Segment results	8,904	(18,786)	(44,447)	(54,329)	1,559	–	(52,770)
Interest income				1,031	14	–	1,045
Finance costs				(1,322)	(79)	–	(1,401)
Gain on disposal of subsidiaries				–	212,932	–	212,932
(Loss) profit before taxation				(54,620)	214,426	–	159,806
Taxation				667	(7,413)	–	(6,746)
(Loss) profit for the year				(53,953)	207,013	–	153,060
Assets							
Segment assets	25,906	22,346	241,253	289,505	6,082	–	295,587
Unallocated assets				167,017	–	–	167,017
Total assets				456,522	6,082	–	462,604
Liabilities							
Segment liabilities	40,843	17,205	4,654	62,702	5,572	–	68,274
Unallocated liabilities				3,377	–	–	3,377
Total liabilities				66,079	5,572	–	71,651
Other information							
Capital expenditure	746	346	184	1,276	1,221	–	2,497
Depreciation	1,284	1,677	1,325	4,286	3,972	–	8,258
Amortisation							
– Premium for land lease	–	–	1,648	1,648	–	–	1,648
– Intangible assets	–	1,581	–	1,581	–	–	1,581
Significant non-cash expenses (other than depreciation and amortisation)							
– Operating segment	927	878	1,109	2,914	538	–	3,452
– Unallocated items				4,089	–	–	4,089

9. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Interest on bank and other borrowings		
Wholly repayable within five years	–	951
Not wholly repayable within five years	–	317
Finance charges on obligations under finance leases	24	54
	24	1,322

10. PROFIT (LOSS) BEFORE TAXATION

This is stated after charging (crediting):

	2010 HK$'000	2009 HK$'000
Staff costs (include directors' emoluments):		
Salaries, wages and other benefits	49,235	47,328
Contributions to defined contribution plans	3,219	1,100
Share-based payment	6,896	–
	59,350	48,428
Auditor's remuneration	1,200	1,020
Cost of inventories	37,551	33,686
Depreciation	3,121	4,286
Amortisation		
Premium for land lease	574	1,648
Intangible assets	–	1,581
Operating lease charges		
Telecommunications equipment	2,142	3,564
Premises	22,055	18,679
Allowance for doubtful trade and other receivables	1,553	6,080
Impairment loss		
Intangible assets	–	318
Other non-current assets	–	100
Provision of inventories (written-back) written-down	(151)	239
Rental income from investment properties less direct outgoings of HK$Nil *(2009: HK$Nil)*	(7,341)	(7,019)
Loss on disposal of property, plant and equipment	140	153

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The aggregate amounts of emoluments received or receivable by the Company's directors are as follows:

2010	Directors' fees HK$'000	Salaries, allowances and benefits in kinds HK$'000	Discretionary bonus HK$'000	Share-based payment HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors:						
Ting Pang Wan, Raymond	–	2,052	–	–	12	2,064
Wu Chi Chiu	–	1,148	720	1,752	12	3,632
Fan Wei	–	1,123	360	1,752	12	3,247
Non-executive directors:						
Lo Chi Ho, William* *(Note a)*	48	–	–	–	–	48
Huang An Guo*	100	–	–	–	–	100
Sin Ka Man* *(Note b)*	52	–	–	–	–	52
Wong Fei Tat*	100	–	–	–	–	100
	300	4,323	1,080	3,504	36	9,243
2009						
Executive directors:						
Ting Pang Wan, Raymond	–	2,110	–	–	12	2,122
Wu Chi Chiu	–	1,107	680	–	12	1,799
Fan Wei	–	1,039	680	–	12	1,731
Non-executive directors:						
Lo Chi Ho, William* *(Note a)*	100	–	–	–	–	100
Huang An Guo*	100	–	–	–	–	100
Wong Fei Tat*	100	–	–	–	–	100
	300	4,256	1,360	–	36	5,952

* Independent non-executive directors

Notes:

(a) Retired on 23 September 2009
(b) Appointed on 23 September 2009

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

No directors have waived emoluments in respect of the years ended 31 March 2010 and 2009.

The five individuals whose emoluments were the highest in the Group for the year include three directors *(2009: three)* whose emoluments are reflected in the analysis presented above. Details of the emoluments of the remaining two individuals *(2009: two)* are as follows:

	2010 HK$'000	2009 HK$'000
Salaries, allowances and benefits in kinds	1,113	1,388
Discretionary bonus	60	998
Share-based payment	2,126	–
Retirement scheme contributions	24	24
	3,323	2,410

The emoluments were paid to individuals as follows:

Emoluments band	**Number of individuals**	
	2010	2009
HK$1,000,001 to HK$1,500,000	–	2
HK$1,500,001 to HK$2,000,000	2	–
	2	2

12. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising in or derived from Hong Kong for the year.

PRC Enterprise income tax has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the PRC.

The major components of income tax charges are:

	Note	2010 HK$'000	2009 HK$'000
Continuing operations			
Current tax			
Hong Kong Profits Tax			
Current year		95	–
Over provision in prior years		–	(14)
PRC Enterprise Income Tax			
Current year		3,506	–
Over provision in prior years		(2,335)	–
		1,266	(14)
Deferred taxation			
Origination and reversal of temporary difference		2,774	2,835
Utilisation (benefit) of tax losses recognised		682	(3,488)
	27	3,456	(653)
Tax charge (credit) from continuing operations		4,722	(667)
Discontinued operations			
Current tax			
Overseas Profits Tax			
Current year		–	2,354
Under provision in prior years		–	5,059
Tax charge from discontinued operations	13	–	7,413
Total tax charge for the year		4,722	6,746

12. TAXATION (continued)

Reconciliation of tax expense

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the relevant tax rate applicable to profit (loss) of the consolidated companies as follows:

	2010 HK$'000	2009 HK$'000
Profit (loss) before taxation		
Continuing operations	**32,962**	(54,620)
Discontinued operations	**8,000**	214,426
	40,962	159,806
Income tax at domestic tax rates applicable to profits in the respective countries	**6,759**	26,368
Non-deductible expenses	**3,619**	16,351
Tax exempt revenue	**(6,459)**	(44,643)
Utilisation of previously unrecognised tax losses	**(3,009)**	(2,969)
Tax effect of unused tax losses not recognised	**3,258**	4,170
Over provision in prior years	**(2,335)**	(14)
Under provision in prior years	**–**	5,059
Unrecognised temporary differences	**535**	2,410
Utilisation of previously unrecognised temporary differences	**(2,282)**	(691)
Effect on overseas tax rates differences	**1,180**	1,358
Recognition of previously unrecognised deferred tax assets	**–**	(3,488)
Recognition of previously unrecognised temporary differences	**2,774**	2,835
Utilisation of previously recognised deferred tax assets	**682**	–
Tax charge for the year	**4,722**	6,746

The relevant applicable tax rate was 16.5% *(2009: 16.5%)*.

13. DISCONTINUED OPERATIONS

On 20 July 2009, ChinaMotion NetCom Holdings Limited, ("CMNHL") a wholly-owned subsidiary of the Company, as vendor, and the Company, as guarantor, entered into a sale and purchase agreement with CITIC 1616 Holdings Limited, as purchaser, to dispose of the entire issued share capital of CM Tel (HK) Limited ("CM Tel"), a wholly-owned subsidiary of the Company, at a cash consideration of HK$10,000,000 (subject to adjustments). The disposal was completed on 31 July 2009.

During the year ended 31 March 2009, CMNHL entered into a sale and purchase agreement with CITIC 1616 Holdings Limited to dispose of the entire issued share capital of ChinaMotion NetCom Limited ("CMNL"), a wholly-owned subsidiary of the Company. Accordingly, the results of CMNL and CM Tel are classified as discontinued operations in 2009.

Details of the assets and liabilities disposed of are disclosed in note 34. The results of the discontinued operations for the year up to the date of disposal and the prior year are summarised as follows:

	Note	2010 HK$'000	2009 HK$'000
Profit from discontinued operations			
Turnover		4,594	243,181
Cost of sales and services		(4,358)	(210,459)
Other revenue		232	1,325
Other net income		–	730
Distribution costs		(46)	(1,271)
Administrative expenses		(1,524)	(31,933)
Finance costs	(a)	–	(79)
(Loss) profit before taxation	(b)	(1,102)	1,494
Taxation	12	–	(7,413)
Loss for the year from discontinued operations		(1,102)	(5,919)
Gain on disposal of discontinued operations	34	9,102	212,932
Profit from discontinued operations		8,000	207,013

13. DISCONTINUED OPERATIONS (continued)

Notes:

		2010 HK$'000	2009 HK$'000
(a)	**Finance costs**		
	Interest on bank and other borrowings		
	Wholly repayable within five years	–	55
	Finance charges on obligations under finance leases	–	24
		–	79
(b)	**(Loss) profit before taxation**		
	This is stated after charging (crediting):		
	Staff costs (include directors' emoluments)		
	Salaries, wages and other benefits	433	16,158
	Contributions to defined contribution plans	19	594
		452	16,752
	Auditor's remuneration		
	Current year	–	803
	Over provision in prior years	–	(116)
		–	687
	Depreciation	272	3,972
	Operating lease charges		
	Telecommunications equipment	1,293	11,719
	Premises	–	7,184
	Allowance for doubtful trade and other receivables	77	521
	Loss on disposal of property, plant and equipment	17	54
	Allowance for doubtful debts written back	–	(112)
(c)	**An analysis of the cash flows of the discontinued operations is as follows:**		
	Net cash used in operating activities	(353)	(12,352)
	Net cash used in investing activities	–	(1,221)
	Net cash from financing activities	–	1,507
	Net decrease in cash and cash equivalents	(353)	(12,066)

14. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of profit of HK$53,360,000 *(2009: profit of HK$132,577,000)*.

15. EARNINGS (LOSSES) PER SHARE

The calculation of basic earnings (losses) per share is based on the profit (loss) attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year ended 31 March 2010.

	2010	2009
Weighted average number of shares in issue	**2,820,500,000**	2,483,112,603
Profit (loss) from continuing operations attributable to equity holders of the Company (HK$'000)	**28,870**	(53,290)
Basic earnings (losses) per share from continuing operations attributable to equity holders of the Company (HK cents)	**1.02**	(2.15)
Profit from discontinued operations attributable to equity holders of the Company (HK$'000)	**8,000**	207,013
Basic earnings per share from discontinued operations attributable to equity holders of the Company (HK cents)	**0.28**	8.34
Profit attributable to equity holders of the Company (HK$'000)	**36,870**	153,723
Basic earnings per share attributable to equity holders of the Company (HK cents)	**1.30**	6.19

Diluted earnings per share for the year ended 31 March 2010 and 2009 are the same as the basic earnings per share as the conversion of potential ordinary shares to ordinary shares would have anti-dilutive effect.

16. INVESTMENT PROPERTIES

	Group	
	2010	2009
	HK$'000	HK$'000
At fair value		
At beginning of year	**155,600**	204,814
Disposals	**–**	(5,314)
Change in fair value	**22,400**	(43,900)
At the end of the reporting period	**178,000**	155,600

Investment properties of the Group are situated in Hong Kong and are held under the medium term lease.

The investment properties were valued at open market value by independent, professional qualified valuers, Prudential Surveyors International Ltd., as at 31 March 2010.

There were no investment properties pledged to secure banking facilities granted to the Group at the end of the reporting period.

As at 31 March 2009, the Group's investment properties with an aggregate carrying value of HK$155,600,000 were pledged to secure banking facilities granted to the Group.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Telecom-munications equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 March 2009						
At beginning of year	8,045	5,060	19,163	1,576	1,878	35,722
Additions	–	809	972	256	460	2,497
Impairment reversed	–	–	249	–	–	249
Disposals	(2,966)	(65)	(267)	–	–	(3,298)
Depreciation	(184)	(1,557)	(4,612)	(979)	(926)	(8,258)
Exchange differences	–	(10)	69	3	–	62
Disposal of subsidiaries	–	(1,344)	(12,814)	(28)	(13)	(14,199)
At the end of the reporting period	4,895	2,893	2,760	828	1,399	12,775
Reconciliation of carrying amount – year ended 31 March 2010						
At beginning of year	4,895	2,893	2,760	828	1,399	12,775
Additions	–	1,616	96	911	1,234	3,857
Acquisition of subsidiaries	–	429	–	244	1,036	1,709
Disposals	(4,275)	(124)	(204)	(431)	(28)	(5,062)
Depreciation	(56)	(885)	(985)	(565)	(902)	(3,393)
Exchange differences	–	9	–	–	(82)	(73)
Disposal of subsidiaries	–	(1,592)	(704)	–	(810)	(3,106)
At the end of the reporting period	564	2,346	963	987	1,847	6,707
At 1 April 2009						
Cost	5,524	36,851	409,221	31,862	7,693	491,151
Accumulated depreciation and impairment losses	(629)	(33,958)	(406,461)	(31,034)	(6,294)	(478,376)
	4,895	2,893	2,760	828	1,399	12,775
At 31 March 2010						
Cost	841	14,347	47,727	14,797	4,383	82,095
Accumulated depreciation and impairment losses	(277)	(12,001)	(46,764)	(13,810)	(2,536)	(75,388)
	564	2,346	963	987	1,847	6,707

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of the Group's property, plant and equipment includes an amount of HK$49,000 *(2009: HK$411,000)* in respect of assets held under finance leases.

There were no property, plant and equipment pledged to secure banking facilities granted to the Group at the end of the reporting period.

As at 31 March 2009, property, plant and equipment with an aggregate net book value of HK$4,895,000 were pledged to secure banking facilities granted to the Group.

Company	**Motor vehicle** HK$'000
Reconciliation of carrying amount – year ended 31 March 2009	
At beginning of year	445
Depreciation	(153)
At the end of the reporting period	292
Reconciliation of carrying amount – year ended 31 March 2010	
At beginning of year	**292**
Depreciation	**(152)**
At the end of the reporting period	**140**
At 1 April 2009	
Cost	509
Accumulated depreciation	(217)
	292
At 31 March 2010	
Cost	**509**
Accumulated depreciation	**(369)**
	140

18. GOODWILL

	Group	
	2010	2009
	HK$'000	HK$'000
Reconciliation of carrying amount		
At beginning of year	**–**	–
Additions	**119,756**	–
At the end of the reporting period	**119,756**	–
Cost	**119,756**	–
Accumulated impairment losses	**–**	–
	119,756	–

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to the operating segment as follows:

	2010	2009
	HK$'000	HK$'000
Provision of retail sales and management services in Shanghai	**119,756**	–

The recoverable amounts of the CGU are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and budgeted gross margin and revenue during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGU operate. Budgeted gross margin and revenue are based on past practices and expectations on market development.

The Group prepares cash flow projections derived from the most recent financial budgets, which covered for a period of 3 years, approved by management and discount rate of approximately 8% was used for the cash flow projections at 31 March 2010. Cash flows beyond 3 years period have been extrapolated using zero growth rate per annum. Management believes that any reasonably foreseeable changes in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

19. INTERESTS IN SUBSIDIARIES

	Company	
	2010	2009
	HK$'000	HK$'000
Unlisted shares, at cost	**113,115**	113,115
Impairment loss	**(113,115)**	(113,115)
	–	–
Due from subsidiaries	**1,290,580**	1,301,774
Allowance for doubtful debts	**(706,127)**	(769,655)
	584,453	532,119
Due to subsidiaries	**(194,489)**	(187,743)
	389,964	344,376

The amounts due from (to) subsidiaries are unsecured, interest-free and have no fixed term of repayment but repayment is not expected to be within twelve months from the end of the reporting period. In the opinion of the directors of the Company, the carrying amounts of the amounts due from (to) subsidiaries at the end of the reporting period approximate their fair values.

Particulars of the Company's principal subsidiaries at the end of the reporting period, which in the opinion of the directors principally affect the results for the year or form a substantial portion of the net assets, are set out in note 38 to the financial statements.

20. INTERESTS IN ASSOCIATES

		Group	
		2010	2009
	Note	**HK$'000**	HK$'000
Share of net assets		**5,662**	5,530
Impairment loss		**(5,662)**	(5,530)
		–	–
Goodwill on acquisition	(a)	**–**	–
		–	–

Note:

(a) **Goodwill on acquisition**

	Goodwill
	HK$'000
Goodwill on acquisition	
At 1 April 2009 and 31 March 2010	107,045
Accumulated amortisation and impairment losses	
At 1 April 2009 and 31 March 2010	107,045
Carrying value	
At 31 March 2010	–
At 31 March 2009	–

Particulars of the Group's principal associate at the end of the reporting period are as follows:

Name	Place of incorporation/ operation	Particulars of registered capital	Proportion of ownership interests *Indirectly held*	Principal activity
China Motion Netcom Services Co. Ltd*	PRC	RMB30,000,000	22.5%	Provision of VoIP related services in the PRC

* The associate is an unlisted corporate entity and is not audited by Mazars CPA Limited.

Summary of financial information of associates is as follows:

	2010 HK$'000	2009 HK$'000
Non-current assets	7,897	8,575
Current assets	173,883	186,938
Non-current liabilities	–	–
Current liabilities	(156,614)	(172,839)
Revenue	6,332	8,359
Loss for the year	(550)	(3,006)

21. PREMIUM FOR LAND LEASE

	Group	
	2010	2009
	HK$'000	HK$'000
At beginning of year	**59,875**	65,952
Disposals	**(56,930)**	(4,429)
Amortisation	**(574)**	(1,648)
	2,371	59,875

The Group's leasehold land is situated in Hong Kong and is held under long term lease.

The cost of premium for land lease is amortised over the lease period. The amount to be amortised within the next twelve months after the end of the reporting period amounts to HK$75,000 *(2009: HK$1,554,000)*.

There were no premium for land lease pledged to secure banking facilities granted to the Group at the end of the reporting period.

As at 31 March 2009, premium for land lease with an aggregate net book value of HK$59,875,000 were pledged to secure banking facilities granted to the Group.

22. OTHER NON-CURRENT ASSETS

	Group	
	2010	2009
	HK$'000	HK$'000
Club debenture	**3,130**	3,815

23. INVENTORIES

	Group	
	2010	2009
	HK$'000	HK$'000
Finished goods	8,051	4,447

24. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2010	2009	2010	2009
	Note	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables	(a)				
Trade receivables from third parties		48,977	40,104	–	–
Allowance for doubtful debts	(b)	(17,394)	(18,296)	–	–
		31,583	21,808	–	–
Other receivables					
Deposits, prepayments and other receivables	(c)	15,282	35,370	143	5,109
Due from associates		–	9	–	–
		15,282	35,379	143	5,109
		46,865	57,187	143	5,109

Notes:

(a) Trade receivables

The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30-60 days. The carrying amount of the amounts due approximates their fair values.

24. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

The ageing analysis of the trade receivables (net of allowance for doubtful debts) as at the end of the reporting period is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
0 – 30 days	**17,722**	8,826
31 – 60 days	**4,115**	2,682
61 – 90 days	**2,711**	1,637
Over 90 days	**7,035**	8,663
	31,583	21,808

(b) Allowance for doubtful debts

	Group	
	2010	2009
	HK$'000	HK$'000
Balance at beginning of year	**18,296**	49,532
Increase in allowance	**371**	1,608
Amount recovered	**(104)**	(442)
Amount written off	**(932)**	(2,978)
Disposal of subsidiaries	**(237)**	(29,424)
	17,394	18,296

Included in the Group's trade receivable balance are debtors with a carrying amount of HK$23,839,000 *(2009: HK$13,408,000)*, which are past due at the end of the reporting period for which the Group has not impaired as there has not been a significant change in credit quality and the directors consider that the amounts are recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 30-60 days *(2009: 30-60 days)*.

(c) Included in deposits, prepayment and other receivables are deferred consideration receivables of HK$300,000 for disposal of a subsidiary.

25. TRADE AND OTHER PAYABLES

		Group		Company	
		2010	2009	**2010**	2009
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Trade payables	(a)	**13,602**	36,194	**–**	–
Other payables					
Accrued charges and other creditors		**28,428**	19,049	**95**	728
Advance subscription fees received		**1,307**	9,284	**–**	–
Deposits received		**2,718**	3,024	**–**	–
Due to associates	(b)	**701**	724	**–**	–
		33,154	32,081	**95**	728
		46,756	68,275	**95**	728

Notes:

(a) Trade payables

The ageing analysis of trade payables as at the end of the reporting period is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
0 – 30 days	**7,294**	6,123
31 – 60 days	**2,320**	4,710
61 – 90 days	**2,174**	1,985
Over 90 days	**1,814**	23,376
	13,602	36,194

(b) Due to associates

The amounts due are unsecured, interest-free and have no fixed term of repayment. The carrying amount of the amounts due approximates their fair values.

26. OBLIGATIONS UNDER FINANCE LEASES

Group	Minimum lease payments		Present value of minimum lease payments	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable:				
Within one year	**126**	335	**122**	309
In the second to fifth years inclusive	**–**	147	**–**	142
	126	482	**122**	451
Future finance charges	**(4)**	(31)	**–**	–
Present value of lease obligations	**122**	451	**122**	451

The average lease term is one year. The effective interest rate of the finance lease obligations is 8.24% *(2009: 11.26%)*.

27. DEFERRED TAXATION

The movement for the year in the Group's net deferred tax position is as follows:

	Note	Group	
		2010	2009
		HK$'000	HK$'000
At beginning of year		**653**	–
Income statement (charge) credit	12	**(3,456)**	653
At the end of the reporting period		**(2,803)**	653

Recognised deferred tax assets (liabilities)

	Group			
	2010		2009	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
Depreciation allowance	**–**	**(5,609)**	–	(2,835)
Tax losses	**2,806**	**–**	3,488	–
Deferred tax assets (liabilities)	**2,806**	**(5,609)**	3,488	(2,835)
Offset deferred tax (liabilities) assets	**(1,573)**	**1,573**	(1,600)	1,600
Net tax assets (liabilities)	**1,233**	**(4,036)**	1,888	(1,235)

Deferred income tax assets and liabilities are set off when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Unrecognised deferred tax assets arising from

	Group	
	2010	2009
	HK$'000	HK$'000
Deductible temporary differences	**14,444**	12,658
Tax losses	**676,207**	782,826
At the end of the reporting period	**690,651**	795,484

The Group has not recognised deferred tax assets in respect of tax losses and deductible temporary differences as it is not probable that future taxable profits against which these losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

28. ISSUED CAPITAL

	2010		2009	
	No. of shares	HK$'000	No. of shares	HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	78,000,000,000	780,000	78,000,000,000	780,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At 1 April 2009 and 2008	2,820,500,000	28,205	2,350,475,573	23,505
Share issued upon placement *(Note)*	–	–	470,024,427	4,700
At 31 March 2010 and 2009	2,820,500,000	28,205	2,820,500,000	28,205

Note:

On 19 December 2008, 470,024,427 shares was placed at HK$0.042 per placing share with at least six independent investors under the general mandate granted to the directors pursuant to the resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 20 August 2008.

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company adopted a share option scheme on 6 September 2002 as incentive to grant options to eligible employees including executive directors to subscribe for the shares of the Company under the terms and conditions stipulated therein.

A summary of the share option scheme is disclosed under the section of "Share Option Scheme" of the Directors' Report on pages 22 to 23.

The movements in the share options under the share option scheme during the year were as follows:

Grantee	Number of share options: Outstanding as at 1 April 2009	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding as at 31 March 2010	Date of grant	Exercise period	Exercise price per share option HK$	Weighted average share price HK$
Directors:									
Wu Chi Chiu	–	12,000,000	–	–	12,000,000	10/08/2009	10/08/2009 – 09/08/2019	0.182	N/A
	–	8,000,000	–	–	8,000,000	29/09/2009	29/09/2009 – 28/09/2019	0.160	N/A
	–	20,000,000	–	–	20,000,000				
Fan Wei	–	12,000,000	–	–	12,000,000	10/08/2009	10/08/2009 – 09/08/2019	0.182	N/A
	–	8,000,000	–	–	8,000,000	29/09/2009	29/09/2009 – 28/09/2019	0.160	N/A
	–	20,000,000	–	–	20,000,000				
Sub-total	–	40,000,000	–	–	40,000,000				
Employees and Others:	–	26,000,000	–	–	26,000,000	10/08/2009	10/08/2009 – 09/08/2019	0.182	N/A
	–	17,000,000	–	–	17,000,000	29/09/2009	29/09/2009 – 28/09/2019	0.160	N/A
Sub-total	–	43,000,000	–	–	43,000,000				
Total	–	83,000,000	–	–	83,000,000				

30. WARRANTS

The Company entered into a subscription agreement on 10 January 2008 with an independent third party in relation to an issue of 460,000,000 units of unlisted warrants at a consideration of HK$1,000,000. On 23 January 2008, the 460,000,000,000 units of unlisted warrants were issued by the Company. The warrants rank pari passu in all respects among themselves. Each warrant carries the rights to subscribe for one new share at subscription price per new share at any time during a period of 24 months commencing from the date of issue of the warrants. The placement of 470,024,427 shares as disclosed note 28 has resulted in adjustment to the subscription price from HK$0.345 per new share to HK$0.337 per new share with effect upon completion of the placement. The new shares upon full exercise of the subscription rights attaching to the warrants will rank pari passu in all respects with the shares in issue on the date of issue. Up to the date of expiry on 22 January 2010, no subscription right had been exercised by the warrant holder and the warrants lapsed.

31. CAPITAL AND RESERVES

(a) Group

	Reserves attributable to equity holders of the Company													
	Issued capital HK$'000	Share premium HK$'000	Reserves on consolidation HK$'000	Properties revaluation reserve HK$'000	Exchange reserve HK$'000	Capital redemption reserve HK$'000	Enterprise expansion reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Capital reserve HK$'000	Accumulated (losses) profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total capital and reserve HK$'000
At 1 April 2008	23,505	20,342	4,900	9,294	7,136	450	77,623	216,587	–	1,000	(148,395)	188,937	7,096	219,538
Exchange difference	–	–	–	–	(1,471)	–	–	–	–	–	–	(1,471)	74	(1,397)
Profit for the year	–	–	–	–	–	–	–	–	–	–	153,723	153,723	(663)	153,060
Total comprehensive income	–	–	–	–	(1,471)	–	–	–	–	–	153,723	152,252	(589)	151,663
Reserve realised upon disposal of subsidiaries	–	–	–	–	11	–	–	–	–	–	–	11	–	11
Issue of shares	4,700	15,041	–	–	–	–	–	–	–	–	–	15,041	–	19,741
At 31 March 2009	28,205	35,383	4,900	9,294	5,676	450	77,623	216,587	–	1,000	5,328	356,241	6,507	390,953
At 1 April 2009	28,205	35,383	4,900	9,294	5,676	450	77,623	216,587	–	1,000	5,328	356,241	6,507	390,953
Exchange difference	–	–	–	–	(15)	–	–	–	–	–	–	(15)	1	(14)
Profit for the year	–	–	–	–	–	–	–	–	–	–	36,870	36,870	(630)	36,240
Total comprehensive income	–	–	–	–	(15)	–	–	–	–	–	36,870	36,855	(629)	36,226
Reserve realised upon disposal of subsidiaries	–	–	–	–	691	–	(12,189)	–	–	–	12,189	691	–	691
Dividend paid	–	–	–	–	–	–	–	(6,000)	–	–	(14,026)	(20,026)	–	(20,026)
Grant of share options	–	–	–	–	–	–	–	–	6,896	–	–	6,896	–	6,896
Release upon expiry	–	–	–	–	–	–	–	–	–	(1,000)	1,000	–	–	–
At 31 March 2010	28,205	35,383	4,900	9,294	6,352	450	65,434	210,587	6,896	–	41,361	380,657	5,878	414,740

(b) Company

	Issued capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Capital reserve HK$'000	Accumulated (losses) profits HK$'000	Total HK$'000	Total capital and reserves HK$'000
		Reserves							
At 1 April 2008	23,505	20,342	450	269,441	–	1,000	(116,643)	174,590	198,095
Issue of shares	4,700	15,041	–	–	–	–	–	15,041	19,741
Profit for the year	–	–	–	–	–	–	132,577	132,577	132,577
At 31 March 2009	28,205	35,383	450	269,441	–	1,000	15,934	322,208	350,413
At 1 April 2009	28,205	35,383	450	269,441	–	1,000	15,934	322,208	350,413
Dividend paid	–	–	–	(6,000)	–	–	(14,026)	(20,026)	(20,026)
Grant of share options	–	–	–	–	6,896	–	–	6,896	6,896
Release upon expiry	–	–	–	–	–	(1,000)	1,000	–	–
Profit for the year	–	–	–	–	–	–	53,360	53,360	53,360
At 31 March 2010	28,205	35,383	450	263,441	6,896	–	56,268	362,438	390,643

Share premium and capital redemption reserve

The application of the share premium account and the capital redemption reserve is governed by the Companies Act 1981 of Bermuda.

Properties revaluation reserve

When an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated profits.

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and is dealt with in accordance with the accounting policies adopted for foreign currency translation.

31. CAPITAL AND RESERVES (continued)

Enterprise expansion reserve

Enterprise expansion reserve represents a PRC statutory reserve set up by the operating subsidiaries in the PRC. Upon approval by the relevant PRC authorities, the enterprise expansion reserve may be used for increasing the registered capital of the relevant subsidiaries in the PRC.

Contributed surplus

The contributed surplus of the Company arose from the capital reduction in May 2006, which consists of share capital reduction and cancellation of the entire amount of the share premium account of the Company as at 31 March 2005. Under the Companies Act 1981 of Bermuda (as amended), a company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in the notes to the financial statements.

32. CASH GENERATED FROM OPERATIONS

	2010 HK$'000	2009 HK$'000
Profit (loss) before taxation		
Continuing operations	32,962	(54,620)
Discontinued operations	8,000	214,426
	40,962	159,806
Interest expenses	–	1,323
Finance charges on obligations under finance leases	24	78
Interest income	(773)	(1,045)
Depreciation	3,393	8,258
Amortisation on premium for land lease	574	1,648
Amortisation on intangible assets	–	1,581
Change in fair value of investment properties	(22,400)	43,900
Impairment loss on intangible assets	–	318
Impairment loss on other non-currents assets	–	100
Allowance for doubtful trade and other receivables	1,630	6,601
Allowance for doubtful debts written back	(561)	(864)
Reversal of impairment loss on other non-current assets	(30)	–
Reversal of impairment loss on property, plant and equipment	–	(249)
Loss on disposal of property, plant and equipment	157	207
Gain on disposal of investment properties, premium for land lease and buildings	(5,895)	(3,332)
Property, plant and equipment written off	512	–
Gain on disposal of subsidiaries	(17,495)	(212,932)
Gain on deemed disposal of shares in a subsidiary	(3,000)	–
Provision for inventories (written-back) written down	(151)	239
Equity settled share-based payment	6,896	–
Exchange difference arising on translation	58	(1,459)
(Increase) decrease in inventories	(1,054)	2,115
Decrease (increase) in trade and other receivables	22,278	(15,684)
(Decrease) increase in trade and other payables	(21,114)	11,097
Cash generated from operations	4,011	1,706

33. ACQUISITION OF SUBSIDIARIES

On 1 June 2009, the Group entered into a conditional sale and purchase agreement with Mr. Ting Pang Wan, Raymond, the Chairman of the Company, and Mr. Yam Tak Cheung (both being the connected person of the Group) for the acquisition of the entire issued shares of Victory Marker Limited whose subsidiaries were engaged in provision of retail sales and management services in Shanghai and the assignment of loans due by Victory Marker Limited and its subsidiaries at the consideration of HK$127,000,000, of which HK$67,100,000 was satisfied by taking over certain properties of the Group on a dollar for dollar basis pursuant to a conditional sale and purchase agreement dated 1 June 2009 and the remaining balance was paid by cash (the "Acquisition"). The Acquisition and disposal of properties were both completed in July 2009.

The fair value of the identifiable assets and liabilities of the business as at the date of acquisition and their carrying value determined in accordance with HKFRS immediately before combination are as follows:

	Carrying value and fair value HK$'000
Property, plant and equipment	1,709
Cash and cash equivalents	6,106
Trade and other receivables	19,112
Inventories	2,711
Trade and other payables	(18,304)
Tax payable	(4,090)
	7,244
Goodwill arising on acquisition	119,756
Total consideration	127,000
Consideration	
Cash paid	59,900
Disposal of premium for land lease and buildings	67,100
	127,000
Net cash acquired from the subsidiaries	6,106
Cash paid	(59,900)
Net cash outflow	(53,794)

Since acquisition, the acquired business has contributed HK$65,795,000 and HK$10,880,000 to the revenue and profit of the Group respectively.

If the business combinations effected during the year had been taken place at the beginning of the year, the revenue and profit attributable to the Group would have been HK$80,426,000 and HK$10,969,000 respectively.

Goodwill is attributable to the acquired workforces, the profitability and customers relationship synergies expected to arise from the acquired subsidiaries.

34. DISPOSAL OF SUBSIDIARIES

	2010 HK$'000
Continuing operations	
Net liabilities disposed of:	
Property, plant and equipment	2,391
Other non-current assets	715
Inventories	312
Trade and other receivables	1,639
Cash and cash equivalents	376
Trade and other payables	(12,417)
Reserves	691
	(6,293)
Gain on disposal of subsidiaries	8,393
	2,100
Satisfied by:	
Net consideration received	2,100
Net cash inflow arising on disposal:	
Net consideration received, net of related costs	2,100
Less: Cash and cash equivalents disposed of	(376)
	1,724

34. DISPOSAL OF SUBSIDIARIES (continued)

	Note	2010 HK$'000
Discontinued operations		
Net liabilities disposed of:		
Property, plant and equipment		715
Trade and other receivables		4,739
Cash and cash equivalents		413
Trade and other payables		(6,282)
		(415)
Gain on disposal of subsidiaries	13	9,102
		8,687
Satisfied by:		
Net consideration received		8,570
Deferred consideration receivables		300
Less: Costs related to disposal		(183)
		8,687
Net cash inflow arising on disposal:		
Net consideration received, net of related costs		8,387
Less: Cash and cash equivalents disposed of		(413)
		7,974

35. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions in the ordinary course of the Group's business.

	2010 HK$'000	2009 HK$'000
Expenses		
(i) Key management personnel		
Compensation for key management personnel, including amount paid to the Company's directors and certain of the highest paid employees, as disclosed in note 11, is as follows		
– Salaries, allowances and benefit in kinds	8,462	9,731
– Discretionary bonus	1,219	2,446
– Share-based payment	6,580	–
– Retirement scheme contributions	108	186
	16,369	12,363
(ii) Associate of controlling shareholders of the Company		
Rental expenses paid	2,677	–
(iii) Non-controlling shareholders of subsidiaries		
Service fees paid	2,011	1,587
(iv) Non-controlling shareholders of subsidiaries		
Service fees income received	(325)	(40)

36. COMMITMENTS

(a) Commitments under operating leases – the Group as lessee

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	2010 HK$'000	2009 HK$'000
In respect of leased properties, including transmission sites:		
Within one year	**16,098**	10,615
In the second to fifth years inclusive	**14,962**	7,792
After five years	**4,226**	5,560
	35,286	23,967
In respect of leased lines:		
Within one year	**370**	888
In the second to fifth years inclusive	**59**	2,400
After five years	**–**	2,400
	429	5,688

(b) Commitments under operating leases – the Group as lessor

At the end of the reporting period, the Group had future aggregate minimum lease income under non-cancellable operating leases, which are receivable as follows:

	2010 HK$'000	2009 HK$'000
Within one year	**7,788**	4,352
In the second to fifth years inclusive	**11,793**	–
	19,581	4,352

37. FINANCIAL GUARANTEES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees in respect of banking facilities of subsidiaries and former subsidiaries	**–**	–	**785**	157,211
Guarantees given to third parties against non-performance of contractual obligations by subsidiaries and former subsidiaries	**9,067**	18,748	**6,950**	14,950

38. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries are as follows:

Name	Country/place of incorporation/ operation and kind of legal entity in the PRC	Particulars of issued share capital/ registered capital	Percentage of effective equity interests held[1]	Principal activities
China Motion Data System Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Property holding
China Motion Holdings Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	Investment holding
China Motion Properties Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Property holding
China Motion Telecom (HK) Limited	Hong Kong	1,000,000 ordinary shares of HK$1 each	95%	Provision of mobile communications services

38. PRINCIPAL SUBSIDIARIES (continued)

Name	Country/place of incorporation/ operation and kind of legal entity in the PRC	Particulars of issued share capital/ registered capital	Percentage of effective equity interests held[1]	Principal activities
China Motion United Telecom Limited	Hong Kong	66,800,000 ordinary shares of HK$1 each	70%	Investment holding and provision of roaming trunked radio services
CM Concept (HK) Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Retail business
Jackie Industries Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Property holding
Sheen Metro Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Property holding
Shenzhen Motion Mobile Telecom Services Co., Ltd	PRC, equity joint venture	Paid-up capital US$12,000,000 Registered capital US$29,000,000	90%	Provision of GSM-related services to telecommunications operator in the PRC
Townlink Limited	Hong Kong	2,000,000 ordinary shares of HK$1 each	70%	Provision of telecommunications services and the sale of mobile transceivers and related accessories
Victory Marker Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Investment holding

Name	Country/place of incorporation/ operation and kind of legal entity in the PRC	Particulars of issued share capital/ registered capital	Percentage of effective equity interests held[1]	Principal activities
World Sheen Properties Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Property holding
上海錦瀚銀通通信產品銷售有限公司	PRC, wholly foreign-owned enterprise	Paid-up capital RMB500,000 Registered capital RMB700,000	100%	Provision of distribution sales and management services
上海潤迅概念通信產品連鎖銷售有限公司	PRC	Paid-up capital RMB30,000,000 Registered capital RMB30,000,000	100%	Provision of retail sales and management services
上海宏億通信產品銷售有限公司	PRC	Paid-up capital RMB500,000 Registered capital RMB500,000	100%	Provision of distribution sales and management services

1 All interests are held indirectly by the Company except for China Motion Holdings Limited which is directly owned by the Company.

The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

39. COMPARATIVE FIGURES

During the year, the Group disposed of its international telecommunications services business. Accordingly, the operating segment of international telecommunications services was classified as discontinued operations and the comparative information of this segment was re-classified from continuing operations to discontinued operations.

Schedule of Principal Properties

Particulars of principal properties held by the Group at 31 March 2010 are as follows:

INVESTMENT PROPERTIES

	Address	Lot No.	Category of the lease	Use	Percentage held by the Group
1.	20th Floor of Towers I, II and III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon	A total of 40,505/728,680th shares in New Kowloon Inland Lot No. 6115 The properties have a total gross floor area of approximately 41,843 sq. ft. and a total saleable area of approximately 33,278 sq. ft.	Medium-term lease	Commercial	100%
2.	Car parking spaces Nos. A1 to A14 on 1P Floor, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon	A total of 14/728,680th shares in New Kowloon Inland Lot No. 6115	Medium-term lease	Commercial	100%

Quest for diversification

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