

A photograph of a field of dandelions with many seed heads blowing away in the wind. The scene is captured in a soft, slightly blurred style, with a color palette dominated by greens and yellows. The dandelion seed heads are scattered across the frame, some in sharp focus and others blurred, creating a sense of movement and lightness.

潤 迅 通 信 國 際 有 限 公 司

**China Motion Telecom International Limited**

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號：989

*Interim Report*  
**2012/13**  
中期報告

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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

TING Pang Wan, Raymond (*Chairman*)  
WU Chi Chiu (*Vice Chairman and  
Chief Executive Officer*)  
JI Zuguang (*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  
JI Zuguang

#### Nomination Committee

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

### COMPANY SECRETARY

CHAN Siu Mei

### LEGAL ADVISOR

Angela Ho & Associates

### 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

Unit 3101, Level 31, Tower 1  
Enterprise Square Five  
38 Wang Chiu Road  
Kowloon Bay  
Hong Kong  
Tel : (852) 2209 2888  
Fax : (852) 2209 1888  
Website: <http://www.chinamotion.com>

### PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited  
26 Burnaby Street  
Hamilton HM 11  
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



# Condensed Consolidated Income Statement

For the six months ended 30 September 2012

The board of directors (the “Board”) of China Motion Telecom International Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2012 together with the comparative figures as follows:

	Note	Six months ended 30 September	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000 (Restated)
<b>Turnover</b>	4	88,095	89,255
Cost of sales and services		(52,507)	(53,907)
<b>Gross profit</b>		<b>35,588</b>	<b>35,348</b>
Other revenue	4	5,187	6,511
Other net income		2	2,833
Distribution costs		(1,431)	(1,537)
Administrative expenses		(35,504)	(46,888)
Impairment of goodwill	10	(6,622)	–
<b>Loss before taxation</b>	5	<b>(2,780)</b>	<b>(3,733)</b>
Taxation	6	(695)	(1,008)
<b>Loss for the period</b>		<b>(3,475)</b>	<b>(4,741)</b>
<b>(Loss) profit attributable to:</b>			
Shareholders of the Company		(3,633)	(4,519)
Non-controlling interests		158	(222)
		<b>(3,475)</b>	<b>(4,741)</b>
<b>Loss per share</b>	8		
– Basic and diluted		<b>(0.13) HK cents</b>	<b>(0.16) HK cents</b>

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2012

	Six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
<b>Loss for the period</b>	(3,475)	(4,741)
<b>Other comprehensive income for the period</b>		
Exchange difference on translation of foreign operations	42	780
<b>Total comprehensive loss for the period</b>	<u>(3,433)</u>	<u>(3,961)</u>
<b>Total comprehensive (loss) income attributable to:</b>		
Shareholders of the Company	(3,591)	(3,737)
Non-controlling interests	158	(224)
	<u>(3,433)</u>	<u>(3,961)</u>

## Condensed Consolidated Statement of Financial Position

As at 30 September 2012

	Note	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties		225,000	227,800
Property, plant and equipment	9	3,788	3,913
Goodwill	10	22,495	29,117
Interests in associates		–	–
Other non-current assets		3,130	3,130
Deferred tax assets		1,233	1,233
		<u>255,646</u>	<u>265,193</u>
<b>Current assets</b>			
Inventories		7,432	7,966
Trade and other receivables	11	26,207	26,745
Bank balances and cash		106,739	102,684
		<u>140,378</u>	<u>137,395</u>
<b>Current liabilities</b>			
Trade and other payables	12	33,155	36,515
Taxation		311	82
		<u>33,466</u>	<u>36,597</u>
<b>Net current assets</b>		<u>106,912</u>	<u>100,798</u>
<b>Total assets less current liabilities</b>		<u>362,558</u>	<u>365,991</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		4,462	4,462
<b>NET ASSETS</b>		<u>358,096</u>	<u>361,529</u>

# Condensed Consolidated Statement of Financial Position

As at 30 September 2012

	Note	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
<b>CAPITAL AND RESERVES</b>			
Issued capital	13	28,205	28,205
Reserves		323,770	327,361
<b>Total capital and reserves attributable to shareholders of the Company</b>		<b>351,975</b>	<b>355,566</b>
<b>Non-controlling interests</b>		<b>6,121</b>	<b>5,963</b>
<b>TOTAL EQUITY</b>		<b>358,096</b>	<b>361,529</b>

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012

	Reserves attributable to shareholders of the Company						Total equity (Unaudited) HK\$'000						
	Issued capital (Unaudited) HK\$'000	Non-distributable capital reserves (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Accumulated (losses) profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000							
Balance at 1 April 2012	28,205	129,535	210,587	(12,761)	327,361	5,963	361,529						
Exchange difference	-	42	-	-	42	-	42						
Disposal of property	-	(551)	-	551	-	-	-						
(Loss) profit for the period	-	-	-	(3,633)	(3,633)	158	(3,475)						
Total comprehensive income (loss)	-	(509)	-	(3,082)	(3,591)	158	(3,433)						
Balance at 30 September 2012	28,205	129,026	210,587	(15,843)	323,770	6,121	358,096						
Balance at 1 April 2011	28,205	128,440	210,587	30,304	369,331	6,221	403,757						
Exchange difference	-	782	-	-	782	(2)	780						
Loss for the period	-	-	-	(4,519)	(4,519)	(222)	(4,741)						
Total comprehensive income (loss)	-	782	-	(4,519)	(3,737)	(224)	(3,961)						
Balance at 30 September 2011	28,205	129,222	210,587	25,785	365,594	5,997	399,796						



## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2012

	Six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Net cash from (used in) operating activities	2,152	(14,421)
Net cash inflow from investing activities	1,903	2,568
Net increase (decrease) in cash and cash equivalents	4,055	(11,853)
Cash and cash equivalents at 1 April	102,684	104,760
Cash and cash equivalents at 30 September	106,739	92,907
<b>Analysis of balances of cash and cash equivalents:</b>		
Bank balances and cash	106,739	92,907

# Notes to the Condensed Consolidated Financial Statements

## 1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2012.

## 2. PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value, as appropriate.

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements of the Group for the year ended 31 March 2012, except for the adoption of the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and Interpretations (the “HKFRSs”) described below.

In the current interim period, the Group has applied, for the first time, the following amendments issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 April 2012.

HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets
----------------------	--------------------------------------------

The application of the above had no material effect on the results and financial positions of the Group for the current or prior accounting periods.

The Group has not early adopted the new standards, amendments to standard and interpretations, which have been issued but are not effective for the financial year beginning on 1 April 2012.

The directors are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group’s consolidated financial statements.

## Notes to the Condensed Consolidated Financial Statements

## 3. SEGMENT INFORMATION

The Group is principally engaged in the provision of mobile communications services and retail sales and management services.

An analysis of the Group's turnover and results for the period by operating segments is as follows:

For six months ended 30 September 2012	Mobile communications services (Unaudited) HK\$'000	Retail sales and management services (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Group (Unaudited) HK\$'000
<b>Segment turnover</b>				
Revenue from external customers	48,304	39,791	–	88,095
<b>Segment results</b>	2,937	1,866	(1,499)	3,304
Interest income				538
Impairment of goodwill	–	(6,622)	–	(6,622)
<b>Loss before taxation</b>				(2,780)
Taxation				(695)
<b>Loss for the period</b>				(3,475)

For six months ended 30 September 2011 (Restated)	Mobile communications services (Unaudited) HK\$'000	Retail sales and management services (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Group (Unaudited) HK\$'000
Segment turnover				
Revenue from external customers	48,145	41,110	–	89,255
Segment results	(4,527)	2,895	(2,432)	(4,064)
Interest income				331
Loss before taxation				(3,733)
Taxation				(1,008)
Loss for the period				(4,741)

#### 4. TURNOVER AND REVENUE

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

	Six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000 (Restated)
Sale of telecommunications equipment and products	16,057	8,173
Commission income	1,164	1,307
Mobile communications services income	46,840	46,797
Retail sales and management services income	24,034	32,978
<b>Turnover</b>	<b>88,095</b>	<b>89,255</b>
Rental income	3,499	3,560
Interest income	538	331
Others	1,150	2,620
<b>Other revenue</b>	<b>5,187</b>	<b>6,511</b>
<b>Total revenue</b>	<b>93,282</b>	<b>95,766</b>

## Notes to the Condensed Consolidated Financial Statements

## 5. LOSS BEFORE TAXATION

This is stated after charging (crediting):

	Six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Crediting:		
Rental income from investment properties less direct outgoings of HK\$Nil (2011: HK\$Nil)	(3,499)	(3,560)
Gain on disposal of prepaid premium for land lease and buildings	–	(2,609)
Charging:		
Staff costs (include directors' emoluments)	24,742	23,717
Cost of inventories	19,886	9,054
Depreciation	938	930
Amortisation on prepaid premium for land lease	–	4
Operating lease charges		
Telecommunications equipment	734	775
Premises	5,066	6,339
Allowance for doubtful trade and other receivables	78	9,641
Write-down of inventories	–	2
Loss on disposal of property, plant and equipment	1	89
Loss on disposal of investment property	83	–



## 6. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for both periods as the Group has no assessable profits arising in Hong Kong or taxable profits were wholly absorbed by estimated tax losses brought forward.

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 component of income tax charge is:

	Six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Current tax		
PRC Enterprise Income Tax	695	1,008
Total tax charge for the period	<u>695</u>	<u>1,008</u>

## 7. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2012 (2011: Nil).

## Notes to the Condensed Consolidated Financial Statements

## 8. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

		Six months ended 30 September	
		2012 (Unaudited)	2011 (Unaudited)
<b>A.</b>	<b>Number of shares:</b>		
	Weighted average number of ordinary shares for the purpose of basic loss per share	2,820,500,000	2,820,500,000
	Effect of dilutive potential ordinary shares:		
	Share options issued by the Company	—	—
	Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>2,820,500,000</u>	<u>2,820,500,000</u>
<b>B.</b>	<b>Loss for operations:</b>		
	Loss attributable to shareholders of the Company (HK\$'000)	<u>(3,633)</u>	<u>(4,519)</u>

Diluted loss per share for the six months ended 30 September 2012 and 2011 are the same as the basic loss per share because the conversion of potential ordinary shares would have anti-dilutive effect.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2012, the Group invested approximately HK\$814,000 (2011: HK\$1,579,000) on property, plant and equipment.

During the six months ended 30 September 2012, the Group disposed of property, plant and equipment with net carrying amount of HK\$1,000 (2011: HK\$497,000).

## 10. GOODWILL

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Reconciliation of carrying amount		
At beginning of period/year	29,117	80,585
Impairment loss	(6,622)	(51,468)
At the end of the reporting period	22,495	29,117
Cost	119,756	119,756
Accumulated impairment losses	(97,261)	(90,639)
	22,495	29,117

**Impairment tests for cash-generating units (“CGU”) containing goodwill**

Goodwill is allocated to the Group’s CGU identified according to the operating segment as follows:

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Provision of retail sales and management services in Shanghai	22,495	29,117

As at 30 September 2012, the directors of the Company assessed the recoverable amount of the CGU of the retail sales and management services in Shanghai (the “Shanghai Operation”) with reference to the revised cash flow projection and its declining operating results and determined that goodwill associated with the CGU was impaired by HK\$6,622,000 (31 March 2012: HK\$51,468,000).

The recoverable amounts of the CGU are determined from value in use calculations. The key assumptions for the value in use calculations are consistent with those adopted as at 31 March 2012.

## Notes to the Condensed Consolidated Financial Statements

## 10. GOODWILL (continued)

The Group prepares cash flow projections derived from the latest revised financial budgets, which covered a period of 3 years, approved by management and applies a discount rate of approximately 17.77% (31 March 2012: 17.77%) per annum for the cash flow projections at the end of the reporting period. The Group adopts a growth rate of 2% (31 March 2012: 2%) per annum for the extrapolation of cash flows beyond the 3 years period. The major factor contributing to the impairment is the fact that the highly penetrated Shanghai telecommunications market had forced the Shanghai telecommunications operator to adjust its marketing strategy. Accordingly, the post-paid handset bundled services of the Shanghai Operation was suspended and shifted to the prepaid bundle services during the period. It is anticipated that it will have a negative impact on the overall subscriber acquisition and thus the income derived by the Shanghai Operation. Under the consideration of the above, the financial budgets have been revised with the decrease of forecast sales and declining results.

## 11. TRADE AND OTHER RECEIVABLES

	Note	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
<b>Trade receivables</b>			
Trade receivables from third parties		19,112	18,436
Allowance for doubtful debts	(a)	(464)	(519)
		<u>18,648</u>	<u>17,917</u>
<b>Other receivables</b>			
Deposits, prepayments and other receivables		16,885	18,154
Allowance for doubtful debts	(b)	(9,326)	(9,326)
		<u>7,559</u>	<u>8,828</u>
		<u>26,207</u>	<u>26,745</u>

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 to 90 days. The carrying amount of the amounts due approximates their fair values.

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

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
0 – 30 days	9,929	12,170
31 – 60 days	4,284	4,589
61 – 90 days	3,494	1,007
Over 90 days	941	151
	<u>18,648</u>	<u>17,917</u>

Notes:

(a) Allowance for doubtful debts – Trade receivables

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Balance at beginning of period/year	519	809
Increase in allowance	78	–
Amount recovered	–	(290)
Amount written off	(133)	–
	<u>464</u>	<u>519</u>

Included in the Group's trade receivables balance are debtors with a carrying amount of HK\$5,719,000 (31 March 2012: HK\$2,555,000) 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 30-120 days (31 March 2012: 30-120 days).



## Notes to the Condensed Consolidated Financial Statements

## 11. TRADE AND OTHER RECEIVABLES (continued)

*Notes: (continued)*

## (b) Allowance for doubtful debts – Other receivables

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Balance at beginning of period/year	9,326	170
Increase in allowance	–	9,326
Amount written off	–	(170)
	<u>9,326</u>	<u>9,326</u>

## 12. TRADE AND OTHER PAYABLES

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
<b>Trade payables</b>	<u>5,530</u>	<u>6,343</u>
<b>Other payables</b>		
Accrued charges and other creditors	18,892	21,607
Advance subscription fees received	5,681	5,474
Deposits received	3,052	3,091
	<u>27,625</u>	<u>30,172</u>
	<u>33,155</u>	<u>36,515</u>

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

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
0 – 30 days	3,519	4,118
31 – 60 days	1,468	1,865
61 – 90 days	212	113
Over 90 days	331	247
	<u>5,530</u>	<u>6,343</u>

### 13. ISSUED CAPITAL

	30 September 2012 Number of shares		31 March 2012 Number of shares	
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Audited) HK\$'000	(Audited) HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<u>78,000,000,000</u>	<u>780,000</u>	<u>78,000,000,000</u>	<u>780,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<u>2,820,500,000</u>	<u>28,205</u>	<u>2,820,500,000</u>	<u>28,205</u>

## Notes to the Condensed Consolidated Financial Statements

## 14. RELATED PARTY TRANSACTIONS

The Group had the following material related party transactions during the period, which were carried out in the normal course of business and on terms arranged by or between the parties concerned:

		Six months ended 30 September	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
(i)	<b>Key management personnel</b>		
	Compensation for key management personnel, including amount paid to the Company's directors and certain of the highest paid employees is as follows:		
	– Salaries, allowances and benefit in kinds	4,024	3,934
	– Retirement scheme contributions	50	42
		4,074	3,976
(ii)	<b>Associate of controlling shareholder of the Company</b>		
	Rental expenses paid	–	620
		–	620

## 15. 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:

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
In respect of leased properties:		
Within one year	4,848	6,064
In the second to fifth years inclusive	374	1,682
	<u>5,222</u>	<u>7,746</u>
In respect of leased lines:		
Within one year	399	450
In the second to fifth years inclusive	81	144
	<u>480</u>	<u>594</u>

## (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:

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Within one year	<u>309</u>	<u>4,137</u>

## Notes to the Condensed Consolidated Financial Statements

### 16. COMPARATIVE FIGURES

Conforming to current period's presentation, service income of mobile communications services segment of HK\$1,850,000 that was included in other revenue has been reclassified under turnover. The revised presentation reflects more appropriately the nature of these items. These reclassifications have no effect on the reported financial position, results or cash flows of the Group.



# Report on Review of Interim Financial Information

**MAZARS CPA LIMITED**

瑪澤會計師事務所有限公司

42<sup>nd</sup> Floor, Central Plaza,  
18 Harbour Road, Wanchai, Hong Kong  
香港灣仔港灣道 18 號中環廣場 42 樓

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

## INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 22, which comprises the condensed consolidated statement of financial position of China Motion Telecom International Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 September 2012 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Report on Review of Interim Financial Information

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

#### **Mazars CPA Limited**

*Certified Public Accountants*

Hong Kong

27 November 2012

#### **Chan Chi Ming Andy**

Practising Certificate number: P05132

# Management Discussion and Analysis

## RESULTS AND OPERATIONS REVIEW

The telecommunications landscape continues to evolve rapidly with the introduction of 4G LTE mobile services by all operators in Hong Kong and the increasing penetration of the use of mobile communications applications. These rapid changes in the industry coupled with the economic uncertainty from China slowdown had presented multiple challenges to the Group. During the period under review, the total turnover decreased 1.3% to HK\$88,095,000 as compared to the restated turnover of HK\$89,255,000 in the same period last year. The gross profit was ahead by HK\$240,000 from the restated gross profit of HK\$35,348,000 of last period to HK\$35,588,000 as the Group continued its effort to improve its gross profit margin during the period. For the period under review, net loss after tax for the Group was HK\$3,475,000 as compared to HK\$4,741,000 in the last corresponding period. Excluding the impairment loss on goodwill of HK\$6,622,000 for the Shanghai retail sales and management services (the “Shanghai Operation”), the Group actually recorded a net profit after tax of HK\$3,147,000 for the period.

### Mobile Communications Services

The mobile communications services segment comprised of a licensed Mobile Virtual Network Operator (“MVNO”) business in Hong Kong which operates a mobile service under the brand “CM Mobile”. Turnover for the segment, which accounted for 54.8% of the Group’s total turnover, essentially flat at HK\$48,304,000 as compared to the restated turnover of HK\$48,145,000 in last period. Gross profit rose 5.8% to HK\$18,843,000 from the restated gross profit of HK\$17,802,000 in last period. The increase was largely due to the reclassification of certain revenues and gross profit to reflect the increasing importance of marketing services. During the period, MVNO business recorded an operating profit of HK\$3,158,000 as compared to an operating loss of HK\$4,379,000, which included a one-off allowance of HK\$9,097,000 made for doubtful debt last period.

## Management Discussion and Analysis

### Mobile Communications Services (continued)

MVNO business continued to face difficulties in the extremely competitive market particularly in the data access services and mobile communications applications. First and foremost was the rapid growth of alternative means of communications via social networking applications had reduced the usage of the traditional voice and short message services. This was particularly apparent in the cross border communications when the tariffs were higher and customers were taking advantages of the flat rate unlimited data services offered for voice and messaging. Voice minutes usage declined by more than 9% compared to last period but was partially offset by the increase use of data service. Second, the launching of the popular smart phone devices in the market place continued to affect the decision to which services the customers subscribed to. The inability of MVNO to offer certain popular handset models and the heavy subsidies on some of these devices continued to negatively impact the MVNO performance during the period. As the customers continue to fundamentally change their usage habit, MVNO business has begun to shift its strategy to focus on expanding its cross border channel capability and data services to meet the growing demand for the international travelers. These new initiatives allowed MVNO business to expand into some new market segments and to maintain the total number of subscribers during the period.

The mobile telecommunications landscape continues to evolve but the pace has quickened in the past few months with all mobile operators in Hong Kong launching the 4G LTE services. The adoption of the super high speed data services and the demand of the popular 4G LTE handsets by the consumers have reached an all-time high in such a small market like Hong Kong. The Group believes that to maintain competitive in its offerings, MVNO business must substantially invest in a new mobile network platform and additional value-added services. In consideration of such substantial investment coupled with continual price erosion and escalating operating expenses, the Group does not believe the future business outlook justifies the return on investment necessary to enhance the shareholders' value. After weighing its various strategic options and given the opportunity presented, the Group decided to divest the entire MVNO business after the period.

### Retail Sales and Management Services

The Shanghai Operation continued to face the uncertainty in the changing market landscape and strategy deployed by the Shanghai telecommunications operator. Turnover for the Shanghai Operation during the period was HK\$39,791,000, represented 45.2% of the group's total turnover and a decline of 3.2% from HK\$41,110,000 in the last corresponding period. The gross profit dropped 4.5% to HK\$16,744,000 as compared to HK\$17,535,000 in the last corresponding period with a gross profit margin dropping 100 basis point to 42%. The decline was largely attributed to a higher portion of turnover from handset sales which commanded a lower gross margin and the reduction in the number of retail stores managed from 27 last period to 24 by end of September 2012 as a result of shop relocation and changes in use of lands requested by Shanghai Government. During the period, the Shanghai Operation reported a net profit after tax of HK\$1,620,000 as compared to HK\$2,253,000 from the same period last year. The decline in net profit led to the decision by the Group to make an immediate impairment of goodwill in this period.

The highly penetrated Shanghai telecommunications market had forced the Shanghai telecommunications operator to adjust its marketing strategy accordingly to support the acquisition of 3G subscribers. During the period, the post-paid handset bundled services was discontinued and the effort had been shifted instead to all prepaid bundle services which required customers to pay a substantial upfront fee. This will greatly impact the overall subscriber acquisition and thus income derived by the Shanghai Operation. In response to the changes, the Shanghai Operation is reviewing its operation cost to align itself to the slowdown and impact of the changes. It is also working with the Shanghai telecommunications operator to establish new shops and restructure the overall management services in order to broaden the 3G products and services that may be offered to the customers through the retail network.

## Management Discussion and Analysis

### PROSPECTS

The slowdown in China economy and the implementation of Quantitative Easing pose significant risk to the Group's business operating plan. The telecommunications business operates in such a highly competitive environment that always results in price concession. This together with the escalating operating costs and the need for capital expenditure pose high threats to the profitability and viability of the existing business in the long term.

Despite the difficult market environment and competitive landscape, the Group believes the scale of the market and the increasing relax in regulatory framework in China still unveil a potential opportunity that could not be ignored. The convergence across telecommunications, internet and television broadcasting networks in China is still in its infancy and would present various investment opportunities that the Group could participate in. The Group will continue to take the appropriate steps to align its investment with objectives and review its business portfolio where it is appropriate to increase its shareholder value.

### LAPSE OF PLACING AGREEMENT

On 24 May 2012, the Company entered into a placing agreement with a placing agent for placing of a maximum of 564,100,000 new shares of the Company, representing 20% of the Company's existing issued share capital and approximately 16.67% of the Company's then issued share capital as enlarged by the placing, on a best effort basis, to not fewer than six independent placees at the placing price of HK\$0.10 per share. Such placing price represented a premium of approximately 9.89% to the closing price of HK\$0.091 per share as quoted on the Stock Exchange on the date of the agreement. The maximum aggregate nominal value of the placing shares under the placing would be HK\$5,641,000. The maximum net proceeds raised upon completion of the placing would be approximately HK\$0.097 per placing share and HK\$54,890,000 in aggregate. The placing was conditional upon, among other things, the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of, and permission to deal in, the placing shares.

Due to the uncertainties of the financial market, it was informed by the placing agent that the placing had not been successful on or before 31 October 2012, being the expiry date of the placing period for the fulfillment of the conditions in the placing agreement, and accordingly the placing agreement had lapsed and become null and void and the placing would not proceed. The Directors were of the view that the lapse of the Placing Agreement has no material adverse impact on the operation and financial position of the Company as a whole. Details of the placing and the lapse of placing agreement were disclosed in the announcements dated 24 May 2012 and 31 October 2012 respectively.



## DISPOSAL OF PROPERTY

The Group completed the disposal of a premise with fair value of HK\$2,800,000 as at 31 March 2012 at a price of HK\$2,750,000 in September 2012. Such disposal generated a loss of HK\$83,000 and a net cash inflow of HK\$2,717,000 during the period.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group has consistently maintained sufficient working capital. As at 30 September 2012, the Group had current assets of HK\$140,378,000 (*31 March 2012: HK\$137,395,000*), including cash and bank balances and time deposits in an aggregate of HK\$106,739,000 (*31 March 2012: HK\$102,684,000*). The Group's current liabilities as at 30 September 2012 were HK\$33,466,000 (*31 March 2012: HK\$36,597,000*). The liquidity ratio of the Group as at 30 September 2012 remained healthy at 4.19 times (*31 March 2012: 3.75 times*).

As at 30 September 2012, the Group has no outstanding loans or borrowings from banks or financial institutions (*31 March 2012: Nil*). The Group has no gearing as at 30 September 2012 (*31 March 2012: Nil*).

## SHARE CAPITAL

As at 30 September 2012, the Company had 2,820,500,000 shares in issue with total shareholders' fund of the Group amounting to approximately HK\$351,975,000 (*31 March 2012: HK\$355,566,000*).

## FINANCIAL GUARANTEES

As at 30 September 2012, the Group did not have any contingent liabilities (*31 March 2012: Nil*).

## CHARGE ON ASSETS

As at 30 September 2012, the Group did not have any charge on its assets (*31 March 2012: Nil*).



## Management Discussion and Analysis

### EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES

The majority of the Group's transactions, assets and liabilities are 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 30 September 2012, the Group had 349 full-time staff. Total staff costs (including directors' emoluments) for the period amounted to approximately HK\$24,742,000 (2011: HK\$23,717,000). The Group's remuneration policy is in line with prevailing market practice and 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.

**DIRECTORS' INTERESTS IN SECURITIES**

As at 30 September 2012, 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 as recorded in the register required to be kept pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (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%
Mr. JI Zuguang	Personal	Long	1,300,000	0.05%

*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.

## Other Information

### DIRECTORS' INTERESTS IN SECURITIES (continued)

#### (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 <i>(Note)</i>	Long	20,000,000	0.71%
Mr. JI Zuguang	Personal <i>(Note)</i>	Long	15,000,000	0.53%

*Note:* The share options were granted to subscribe for shares of the Company under the share option scheme adopted by the Company on 6 September 2002 with scheme limit refreshed on 23 September 2009 but terminated on 5 September 2012, details of which are set out in the section of "Share Option Schemes" 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 <i>(Note)</i>	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 30 September 2012, none of the directors, chief executive of the Company nor their respective associates had or were deemed to have 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 as recorded in the register required to be kept pursuant to Section 352 of the SFO, 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 period 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 rights during the period.

## **SUBSTANTIAL SHAREHOLDERS**

As at 30 September 2012, 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 as 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:

## Other Information

### SUBSTANTIAL SHAREHOLDERS (continued)

Name of shareholder	Nature of interest	Position	No. of ordinary shares held	Approximate percentage of shareholding
Mr. YAM Tak Cheung	Corporate <i>(Notes)</i>	Long	1,555,000,000	55.13%
Integrated Asset	Corporate <i>(Notes)</i>	Long	1,555,000,000	55.13%
Shanghai Assets	Corporate <i>(Notes)</i>	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 30 September 2012, 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 as 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 SCHEMES

The share option scheme of the Company adopted on 6 September 2002 with scheme limit refreshed on 23 September 2009, which was due to expire on 6 September 2012 (the “2002 Share Option Scheme”) was terminated and for replacement, a new share option scheme (the “2012 Share Option Scheme”) was adopted by the shareholders of the Company at the annual general meeting held on 5 September 2012.

Upon termination of the 2002 Share Option Scheme, no further share options would be granted by the Company under the 2002 Share Option Scheme but the share options granted and not yet exercised thereunder would however remain valid and exercisable and are bound by the terms therein.

The purpose of the 2012 Share Option Scheme is to recognise and acknowledge the contributions or potential contributions made or to be made by the eligible participants to the Group or its invested entity, to motivate the eligible participants to optimise their performance and efficiency for the benefit of the Group or its invested entity, and to maintain or attract business relationship with the eligible participants whose contributions are or may be beneficial to the growth of the Group or its invested entity. The 2012 Share Option Scheme will be valid and effective for 10 years from the date of adoption, i.e. 5 September 2012. There were no share options granted by the Company under the 2012 Share Option Scheme since its adoption.

## Other Information

## SHARE OPTION SCHEMES (continued)

During the period, the movement in the share options under the 2002 Share Option Scheme is as follows:

Grantee	Number of share options				Outstanding and exercisable as at 30 September 2012	Date of grant	Exercise period	Exercise price per share option HK\$	Closing price immediately before the date of grant HK\$	Approximate percentage of issued shares
	Outstanding and exercisable as at 1 April 2012	Granted during the period	Exercised during the period	Cancelled/lapsed during the period						
<b>Directors:</b>										
Mr. Wu Chi Chiu	12,000,000	-	-	-	12,000,000	10/08/2009	10/08/2009 – 09/08/2019	0.182	0.176	0.43%
	8,000,000	-	-	-	8,000,000	29/09/2009	29/09/2009 – 28/09/2019	0.160	0.155	0.28%
	20,000,000	-	-	-	20,000,000					0.71%
Mr. Ji Zuguang (Note)	9,000,000	-	-	-	9,000,000	10/08/2009	10/08/2009 – 09/08/2019	0.182	0.176	0.32%
	6,000,000	-	-	-	6,000,000	29/09/2009	29/09/2009 – 28/09/2019	0.160	0.155	0.21%
	15,000,000	-	-	-	15,000,000					0.53%
Sub-total	35,000,000	-	-	-	35,000,000					1.24%
Employees:										
	15,800,000	-	-	-	15,800,000	10/08/2009	10/08/2009 – 09/08/2019	0.182	0.176	0.56%
	10,200,000	-	-	-	10,200,000	29/09/2009	29/09/2009 – 28/09/2019	0.160	0.155	0.36%
Sub-total	26,000,000	-	-	-	26,000,000					0.92%
Total	61,000,000	-	-	-	61,000,000					2.16%

Note: Mr. Ji Zuguang was appointed as a director of the Company on 5 September 2012.

There was no vesting period for the share options granted.

No share options were granted, exercised, cancelled or lapsed under the 2002 Share Option Scheme and the 2012 Share Option Scheme during the period.



## 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 internal controls and financial reporting matters. The Group's interim results for the six months ended 30 September 2012 have been reviewed by the Audit Committee and agreed by the Group's external auditor.

## 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 six months ended 30 September 2012.

## CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has applied the principles in and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the period, 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 5 September 2012 due to other business commitments.

## CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules on 21 July 2009 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 during the period.

## Other Information

### CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of directors subsequent to the publication of the 2011/12 annual report in June 2012 are set out below:

- (a) Ms. Zhou Lijuan resigned as an executive director of the Company and a member of Remuneration Committee on 5 September 2012.
- (b) Mr. Ji Zuguang (“Mr. Ji”) was appointed as an executive director of the Company and the Deputy Chief Executive Officer of the Group on 5 September 2012. Mr. Ji was also appointed as a member of Remuneration Committee and a director of various subsidiaries of the Company on 5 September 2012.

Mr. Ji has years of experience in property development industry and around 7 years of experience in secured financing industry in the People’s Republic of China. From 1992 to 2000, he had served as secretary and engineer of the Shanghai Postal, Telephone and Communication Bureau (上海市郵電管理局). Since 2000, Mr. Ji has been the deputy general manager of LT International Holdings Limited and is mainly responsible for the overall operation of property development projects. He has also been an executive director of Credit China Holdings Limited (“Credit China”) (Stock Code: 8207), a company listed on the Growth Enterprise Market of the Stock Exchange since 4 January 2010. Mr. Ji graduated from the Party School of the Central Committee of C.P.C (中共中央黨校) in 1992 majoring in Economic Management. He received a Master degree in Advanced Business Management from the Nanyang Technological University of Singapore in 2006.

As at the date of this report, Mr. Ji did not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company for the purpose of the Listing Rules. He is entitled to receive a monthly income of HK\$90,000 (including rental reimbursement, if any), subject to annual review.

- (c) Mr. Ting Pang Wan, Raymond, an executive director of the Company and the Chairman of the Board, was appointed as an executive director and the chairman of the board of Credit China on 6 September 2012 and 4 October 2012 respectively.

## SUBSEQUENT EVENT

### Proposed Disposal of Mobile Communications Services

On 27 November 2012, the Group entered into a conditional sale and purchase agreement with an independent third party, pursuant to which ChinaMotion InfoServices Limited (“CMInfo”), an indirect non wholly-owned subsidiary of the Company, and China Motion Holdings Limited (“CMH”, together with CMInfo collectively the “Seller”), the direct wholly-owned subsidiary of the Company, conditionally agreed to sell and the purchaser conditionally agreed to purchase (i) the existing issued shares of China Motion Telecom (HK) Limited (“CMTHK”), an indirect non wholly-owned subsidiary of the Company, which is principally engaged in the provision of mobile communications services, (the “CMTHK Shares”) and (ii) the capitalised shares of CMTHK, being the shares of CMTHK to be issued in respect of the capitalisation of the shareholders’ loans owing by CMTHK to the Seller at an issue price of HK\$1 per capitalised share at the closing (the “CMTHK Capitalised Shares”) for the consideration of HK\$45,000,000 (subject to adjustments) under the terms and conditions as set out in the said agreement (the “Disposal”). Both the CMTHK Shares and the CMTHK Capitalised Shares would represent 100% of the issued share capital of CMTHK at the closing. Closing of the Disposal shall take place as soon as practicable after the fulfillment or waiver (as the case may be) of the conditions precedent to the closing, but in no event later than 31 January 2013.

It is considered that in view of the severe market competition, the Company is not optimistic in the forthcoming years without substantial capital investment for upgrading the network and platform to sustain the mobile communications business; and that the Disposal (i) provides the Group with a good opportunity to realise a reasonable gain with considerable less business risk; and (ii) enables the Group to focus its resources in other business opportunities that could provide a higher return on investment to the shareholders.

The net proceeds from the Disposal, after deducting expenses attributable to the Disposal of approximately HK\$4.5 million, are estimated to be approximately HK\$40.5 million. The Company intends to apply such net proceeds as general working capital of the Group and to fund future investment opportunities for expansion of the Group.

## Other Information

### SUBSEQUENT EVENT (continued)

#### Proposed Disposal of Mobile Communications Services (continued)

The Disposal which constitutes a major transaction for the Company under the Listing Rules is subject to the approval of majority shareholders of the Company. Marvel Bonus which is beneficially interested in 1,555,000,000 shares, representing approximately 55.13% of the issued share capital of the Company, had given a written shareholder's approval to the Disposal and therefore no shareholders' meeting would be held to approve the Disposal pursuant to the Listing Rules. A circular containing details of the Disposal, financial information of the Group and other information required under the Listing Rules would be despatched to the shareholders in due course.

Details of the Disposal were disclosed in the announcement dated 27 November 2012.

### OTHER DISCLOSURE

The directors of the Company are not aware of any material changes from the information disclosed in the annual report of the Company for the year ended 31 March 2012, other than those disclosed in this report.

### BOARD OF DIRECTORS

As at the date of this report, the executive directors are Mr. Ting Pang Wan, Raymond, Mr. Wu Chi Chiu and Mr. Ji Zuguang and the independent non-executive directors are Mr. Sin Ka Man, Mr. Huang An Guo and Ms. Wong Fei Tat.

By order of the Board  
**Ting Pang Wan, Raymond**  
*Chairman*

Hong Kong, 27 November 2012

潤迅通信國際有限公司  
**China Motion Telecom International Limited**

Unit 3101, Level 31, Tower 1, Enterprise Square Five,  
38 Wang Chiu Road, Kowloon Bay, Hong Kong  
香港九龍灣宏照道38號企業廣場五期第一座31樓3101室  
Tel 電話: (852) 2209 2888 Fax 傳真: (852) 2209 1888  
[www.chinamotion.com](http://www.chinamotion.com)

