THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Mobile Telecom Network (Holdings) Limited (the "Company"), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

This circular appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

M Tel

MOBILE TELECOM NETWORK (HOLDINGS) LIMITED

流動電訊網絡(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8266)

MAJOR AND CONNECTED TRANSACTION

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

廣發融資(香港)有限公司
GF Capital (Hong Kong) Limited

A letter from the independent committee (the "**Independent Board Committee**") of the board of directors of the Company is set out on pages 33 and 34 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at Suite 1006, 10/F., Ocean Centre, Harbour City, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 18 May 2011 at 11:00 a.m. is set out on pages 228 to 230 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting if you so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and the Company's website at http://www.mtelnet.com.

* *For identification purpose only*

29 April 2011

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

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

"Agreement"	the agreement dated 15 February 2011 and entered into among the Vendors and Gold Continental in relation to the sale and purchase of the Sale Shares
"associates"	has the meaning ascribed to it in the GEM Listing Rules
"Best Team"	Best Team International Investment Limited, a company incorporated in Hong Kong with limited liability
"Best Team Group"	Best Team and its subsidiaries
"Board"	the board of Directors
"Bondholder(s)"	the holder(s) of the Convertible Bonds
"Business Day"	a day other than a Saturday, Sunday or public holiday on which banks are generally open for business during their normal business hours
"China Oil Resources"	China Oil Resources Group Limited, a company incorporated in the British Virgin Islands with limited liability
"Company"	Mobile Telecom Network (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
"Completion Date"	the date of Completion
"connected person"	has the meaning ascribed to it in the GEM Listing Rules
"Consideration"	the consideration to be satisfied by Gold Continental to the Vendors for the sale and purchase of the Sale Shares

"Conversion Price"	the initial conversion price of HK$0.242 per Conversion Share, subject to adjustments, pursuant to the terms of the Convertible Bonds
"Conversion Shares"	the Shares to be allotted and issued upon the exercise of the conversion rights in respect of the Convertible Bonds
"Convertible Bonds"	the convertible bonds in the principal amount of HK$33,000,000, to be issued by the Company in favour of the Vendors in accordance with the terms and conditions of the Agreement
"Deposit"	the refundable deposit and payment of the Consideration in the sum of HK$9,500,000 payable by Gold Continental to the Vendors on the date of the Agreement
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held and convened on Wednesday, 18 May 2011 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by the Proposed Acquisition
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM

"GF Capital"	GF Capital (Hong Kong) Limited, a corporation licensed to carry on type 6 (advising on corporate finance) of the regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the Proposed Acquisition
"Gold Continental"	Gold Continental Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company and the purchaser of the Sale Shares
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors formed to advise the Independent Shareholders as to the fairness and reasonableness of the Proposed Acquisition
"Independent Shareholders"	Shareholders which are not required to abstain from voting at the general meeting of the Company to approve the Agreement and the transactions contemplated hereunder
"Latest Practicable Date"	26 April 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Maturity Date"	the date of maturity of the Convertible Bonds
"Open Offer"	the proposed issue of not less than 588,567,428 new shares and not more than 592,147,428 new shares by way of open offer to the qualifying shareholders, the details of which are set out in the announcement of the Company dated 4 April 2011

"PetroAsian Energy"	PetroAsian Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
"PRC"	the People's Republic of China
"Proposed Acquisition"	the proposed acquisition of the Sale Shares by Gold Continental subject to and upon the terms and conditions of the Agreement
"Reorganisation"	the reorganisation of the Best Team Group to be conducted prior to Completion, upon completion of which, Best Team will directly hold the entire registered and paid up capital of Shenzhen Xintaiyi, which will, in turn, hold 25% of the registered and paid up capital of Yangdong Fuli and 66.66% of the registered and paid up capital of Yangjiang Yonglian, such reorganisation shall be conduction in such manner as Gold Continental may approve
"Sale Shares"	2,000 shares of HK$1.00 each in the share capital of Best Team, which is legally and beneficially owned by the Vendors
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholders"	holders of the Shares
"Shares"	ordinary shares of US$0.01 each in the issued share capital of the Company
"Shenzhen Xintaiyi"	深圳市鑫泰溢投資發展有限公司 (Shenzhen Xintaiyi Investment Development Company Limited#)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers

"Vendors"	Poon Sum and Poon Sau Tin, each being a connected person and the vendors of the Sale Shares
"Warrant Exercise Price"	the initial exercise price of HK$0.222 per Warrant Share, subject to adjustments, pursuant to the terms of the Warrants
"Warrantholder(s)"	the holder(s) of the Warrants
"Warrant Issue Price"	the issue price of HK$0.02 per Warrant pursuant to the terms of the Agreement
"Warrants"	100,000,000 non-listed warrants to be issued by the Company at the Warrant Issue Price, each entitles the holder thereof to subscribe for one Warrant Share at the Warrant Exercise Price (subject to adjustment) in accordance with the terms and conditions of the Agreement
"Warrant Shares"	the Shares to be allotted and issued upon the exercise of the subscription rights in respect of the Warrants
"Yangdong Fuli"	陽東富力房地產發展有限公司 (Yangdong Fuli Real Estate Development Company Limited#)
"Yangdong Land"	77 parcels of land with a total site area of approximately 31,823.60 square metres located at East Zone and West Zone, Yangdong Garden, Yangdong County, Yangjiang City, Guangdong Province, PRC owned by Yangdong Fuli
"Yangdong Properties"	(i) 11 villas for residential use with a total gross floor area of approximately 5,142.08 square metres erected and constructed on the Yangdong Land; and (ii) a residential development with villas, residential units and commercial units with a total gross floor area of approximately 36,128.73 square metres, to be erected and constructed on the Yangdong Land

"Yangjiang Land"	2 parcels of land with a total site area of approximately 16,128.00 square metres located at Wumaling, Longtao, Jiangcheng District, Yangjiang City, Guangdong Province, PRC owned by Yangjiang Yonglian
"Yangjiang Properties"	a residential development with villas, residential units and commercial units with a total gross floor area of approximately 46,851.84 square metres to be erected and constructed on the Yangjiang Land
"Yangjiang Yonglian"	陽江市永聯房地產開發有限公司 (Yangjiang Yonglian Real Estate Development Company Limited#)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollars, the lawful currency of the United States of America

The English translation of Chinese names or words in this circular, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

MOBILE TELECOM NETWORK (HOLDINGS) LIMITED
流動電訊網絡(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8266)

Executive Directors:
Dr. Chan Chung *(Chairman)*
Mr. Chan Wai Kwong, Peter
Mr. Siu King Nin, Peter
Mr. Choi Ho Yan

Independent non-executive Directors:
Mr. Chiu Wai Piu
Mr. Cheung Kwan Hung, Anthony
Mr. Heung Chee Hang, Eric

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Room 2516, 25th Floor
North Tower, Concordina Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong

29 April 2011

To the Shareholders

Dear Sir or Madam

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 15 February 2011 in which the Board announced that on 15 February 2011, the Vendors and Gold Continental entered into the Agreement pursuant to which Gold Continental has agreed to purchase and the Vendors has agreed to sell the Sale Shares for a total consideration of HK$65,000,000.

* *For identification purpose only*

The Proposed Acquisition constitutes a major transaction on the part of the Company under the GEM Listing Rules. The Vendors are interested in approximately 12.89% of the issued share capital of PetroAsian Energy and China Oil Resources, a wholly owned subsidiary of PetroAsian Energy, is interested in approximately 30.21% of the issued share capital of the Company. The Vendors are connected persons of the Company. The Proposed Acquisition also constitutes a non-exempted connected transaction on the part of the Company under the GEM Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements.

The purpose of this circular is to provide you with further information regarding the Proposed Acquisition and to seek approval from the Shareholders for the Proposed Acquisition and the transactions contemplated thereunder.

THE AGREEMENT

Date:

15 February 2011 (after trading hours)

Parties:

(1) Poon Sum

(2) Poon Sau Tin

(3) Gold Continental

The Vendors are interested in approximately 12.89% of the issued share capital of PetroAsian Energy and China Oil Resources, a wholly owned subsidiary of PetroAsian Energy, is interested in approximately 30.21% of the issued share capital of the Company. The Vendors are connected persons of the Company.

Asset to be acquired

Pursuant to the Agreement, the Vendors have agreed to sell and Gold Continental has agreed to acquire the Sale Shares, representing the entire issued share capital of Best Team as at the Latest Practicable Date.

Consideration

The consideration of HK$65,000,000 for the sale and purchase of the Sale Shares shall be settled by Gold Continental (which shall be shared by the Vendors on a 50:50 basis) in the following manner:

(a) as to HK$9,500,000 shall be paid by Gold Continental to the Vendors in cash as the Deposit and part payment of the Consideration on the date of the Agreement;

(b) as to HK$20,500,000 shall be paid by Gold Continental to the Vendors in cash at Completion;

(c) as to HK$33,000,000 shall be satisfied by Gold Continental procuring the Company to issue the Convertible Bonds to the Vendors at Completion; and

(d) as to HK$2,000,000 shall be satisfied by Gold Continental procuring the Company to issue the Warrants to the Vendors at Completion.

The Consideration was determined with reference to the attributable value of Yangdong Fuli and Yangjiang Yonglian pursuant to the valuation of the Yangdong Land, Yangdong Properties, Yangjiang Land and Yangjiang Properties as at 21 March 2011 by Savills Valuation and Professional Services Limited, an independent valuer, of RMB188,200,000 (equivalent to approximately HK$222,076,000). No valuation was allocated to Yangdong Land, whereas for Yangdong Properties and Yangjiang Land, the valuation was RMB162,200,000 (equivalent to approximately HK$191,396,000) and RMB26,000,000 (equivalent to approximately HK$30,680,000) respectively. Based on the valuation and the 25% and the 66.66% attributable interest of Best Team in Yangdong Fuli and Yangjiang Yonglian respectively, the attributable value of the Yangdong Fuli and Yangjiang Yonglian to Best Team is RMB40,550,000 (equivalent to approximately HK$47,849,000) and RMB17,332,000 (equivalent to approximately HK$20,452,000) respectively upon completion of the Reorganisation. The valuation adopted for valuation (i) for completed developments, by making reference to the comparable market transaction as available in the relevant markets assuming sales with the benefit of vacant possession; and (ii) for development yet to commence or be completed, by making reference to the comparable market transaction as available in the markets and also have taken into account of the construction costs to be expended to reflect the quality of the completed developments. The Consideration was arrived at after arm's length negotiations between the parties to the Agreement. The Directors consider that the terms and conditions of the Proposed Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The cash portion of the Consideration will be paid by the Group by internal resources of the Group.

Conditions

Completion shall be conditional upon:

(a) Gold Continental being reasonably satisfied with the results of the due diligence review to be conducted under the Agreement;

(b) all necessary consents, licences and approvals required to be obtained on the part of the Vendors and Best Team in respect of the Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;

(c) all necessary consents, licences and approvals required to be obtained on the part of Gold Continental in respect of the Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;

(d) the passing by the Independent Shareholders at a general meeting of the Company to be convened and held of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the Warrants and the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds and the Warrant Shares upon exercise of the subscription rights attached to the Warrants in accordance with the terms therein;

(e) the PRC legal opinion (in form and substance satisfactory to Gold Continental) to be issued by a firm of PRC legal advisers acceptable to Gold Continental covering such matters which are relevant to the Agreement and the transactions contemplated thereunder being obtained;

(f) warranties given by the Vendors remaining true and accurate in all respects;

(g) warranties given by Gold Continental remaining true and accurate in all respects;

(h) the valuation report (in form and substance satisfactory to Gold Continental) from a firm of independent professional valuers appointed by Gold Continental showing the valuation of the Yangdong Land, Yangdong Properties, Yangjiang Land and Yangjiang Properties to be not less than RMB185,900,000 (equivalent to approximately HK$219,362,000) having been obtained;

(i) completion of the Reorganisation; and

(j) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares and the Warrant Shares.

Gold Continental may waive condition (a) and (f) above and the Vendors may waive condition (g) above. Conditions (b), (c), (d), (e), (h), (i) and (j) are incapable of being waived. If the conditions have not been fulfilled (or waived by Gold Continental or the Vendors as the case may be) on or before 4:00 p.m. on 31 May 2011, or such later date as the Vendors and Gold Continental may agree, the Agreement shall cease and determine, the Vendors shall within seven (7) Business Days from the cessation and termination of the Agreement refund the Deposit to Gold Continental without interest, and neither party to the Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place at 4:00 p.m. on the date falling on the third Business Day after the fulfillment (or waiver) of the conditions or such other date as may be agreed between the Vendors and Gold Continental.

TERMS OF CONVERTIBLE BONDS

The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Company

Principal amount

HK$33,000,000

Interest

The Convertible Bonds will not bear any interest.

The Directors consider that a non-interest bearing term on the Convertible Bonds will be to the benefit of the Company. As such, Gold Continental negotiated with the Vendors on such basis and the non-interest bearing term was subsequently agreed by the Vendors.

Maturity

The Convertible Bonds have a fixed term of three years. Unless previously redeemed, converted or cancelled pursuant to the terms of the Convertible Bonds, the Company shall redeem the outstanding principal amount of the Convertible Bonds on the maturity date.

Conversion

Provided that (i) any conversion of the Convertible Bonds do not trigger a mandatory offer obligation under the Takeovers Code on the part of the Bondholder which exercised the conversion rights, whether or not such mandatory offer obligation is triggered off by the fact that the number of Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds (if applicable, including any Shares acquired by the parties acting in concert with the Bondholder) represents 30% (or such other percentage as stated in the Takeovers Code in effect from time to time) or more of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code; and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued Shares of the Company at any one time in compliance with the GEM Listing Rules, the Bondholder may convert the whole or part (in multiples of HK$1,000,000) of the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price from the date of issue of the Convertible Bonds up to the Maturity Date.

Conversion Price

The Conversion Price is HK$0.242 per Conversion Share subject to the adjustment. The events for the adjustments of the Conversion Price are as follows:

(a) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;

(b) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, contributed surplus account or capital redemption reserve fund);

(c) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to holders of the Shares in their capacity as such;

(d) an offer or grant being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 80% of the market price;

(e) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share initially receivable for such securities is less than 80% of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 80% of the market price; and

(f) an issue being made by the Company wholly for cash of Shares at a price per Share less than 80% of the market price.

For the avoidance of doubt, upon completion of the Open Offer, the Conversion Price will be adjusted accordingly.

The Conversion Price represents (i) a premium of approximately 15.24% over the closing price of HK$0.210 per Share as quoted on the Stock Exchange on 15 February 2011, being the date of the Agreement; (ii) a premium of approximately 13.62% over the average of the closing prices of approximately HK$0.213 per Share as quoted on the Stock Exchange for the last five trading days up to and including 15 February 2011, being the date of the Agreement; (iii) a premium of approximately 11.01% over the average of the closing prices of approximately HK$0.218 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 15 February 2011, being the date of the Agreement; (iv) a premium of approximately 1.26% over the closing price of HK$0.239 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and (v) a premium of approximately 426.09% over the net asset value per Share of HK$0.046 based on the audited consolidated financial statements of the Group as at 31 March 2010 and the number of Shares in issue as at the Latest Practicable Date.

The Conversion Price was determined by the Vendors and Gold Continental on an arm's length basis with reference to the current market price of the Shares and the net asset value per Share as shown above. The Directors (including the independent non-executive Directors) consider that the Conversion Price is fair and reasonable.

Conversion Shares

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Bonds in the aggregate principal amount of HK$33,000,000 at the Conversion Price by the Bondholders, the Company will issue an aggregate of 136,363,636 new Shares, representing (i) approximately 23.17% of the existing issued share capital of the Company; (ii) approximately 18.81% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares; and (iii) approximately 16.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Warrant Shares.

The Conversion Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM.

Early redemption

The Company may at any time before the Maturity Date by serving at least ten days' prior written notice on the Bondholder(s) with the total amount proposed to be redeemed from the Bondholder(s) specified therein, redeem the Convertible Bonds (in whole or in part) at 100% of the principal amount of Convertible Bonds.

The Bondholder(s) may at any time after the first anniversary of the date of issue of the Convertible Bonds to the second anniversary of the date of issue of the Convertible Bonds by serving at least three months' prior written notice on the Company with the total amount proposed to be redeemed by the Company specified therein, require the Company to redeem the Convertible Bonds in the aggregate principal amount of not more than HK$16,500,000 (in whole or in part) at 100% of the principal amount of Convertible Bonds.

The Bondholder(s) may at any time after the second anniversary of the date of issue of the Convertible Bonds to the third anniversary of the date of issue of the Convertible Bonds by serving at least three months' prior written notice on the Company with the total amount proposed to be redeemed by the Company specified therein, require the Company to redeem the Convertible Bonds (in whole or in part) at 100% of the principal amount of Convertible Bonds.

Ranking

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with the then existing issued Shares.

Status of the Convertible Bonds

The Convertible Bonds constitute a direct, general, unconditional and unsecured obligation of the Company and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.

Transferability

With the prior notification to the Company, the Convertible Bonds may be transferred or assigned by the Bondholder(s) to any party other than a connected person of the Company.

Voting rights

The Convertible Bonds do not confer any voting rights at any meetings of the Company.

Application for listing

No application will be made by the Company for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

TERMS OF WARRANTS

The terms of the Warrants have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Company

Number of Warrants

100,000,000 Warrants

Exercise of Warrants

Provided that (i) any exercise of the Warrants do not trigger a mandatory offer obligation under the Takeovers Code on the part of the Warrantholder which exercised the exercise rights, whether or not such mandatory offer obligation is triggered off by the fact that the number of Warrant Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants (if applicable, including any Shares acquired by the parties acting in concert with the Warrantholder) represents 30% or more (or such other percentage as stated in the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code; and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued Shares at any one time in compliance with the GEM Listing Rules, the Warrantholder may exercise the subscription rights attaching to the Warrants at any time after the first anniversary of the date of issue of the Warrants to the date falling on the third anniversary of the date of issue of the Warrants. The Warrants shall expire on the third anniversary of the date of issue of the Warrants.

Warrant Issue Price

The Warrant Issue Price is HK$0.02 per Warrant

Warrant Exercise Price

The Warrant Exercise Price is HK$0.222 per Warrant subject to the adjustment. The events for the adjustments of the Warrant Exercise Price are as follows:

(a) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;

(b) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, contributed surplus account or capital redemption reserve fund);

(c) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to holders of the Shares in their capacity as such;

(d) an offer or grant being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 80% of the market price;

(e) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share initially receivable for such securities is less than 80% of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 80% of the market price; and

(f) an issue being made by the Company wholly for cash of Shares at a price per Share less than 80% of the market price.

For the avoidance of doubt, upon completion of the Open Offer, the Warrant Exercise Price will be adjusted accordingly.

The Warrant Exercise Price represents (i) a premium of approximately 5.71% over the closing price of HK$0.210 per Share as quoted on the Stock Exchange on 15 February 2011, being the date of the Agreement; (ii) a premium of approximately 4.23% over the average of the closing prices of approximately HK$0.213 per Share as quoted on the Stock Exchange for the last five trading days up to and including 15 February 2011, being the date of the Agreement; (iii) a premium of approximately 1.83% over the average of the closing prices of approximately HK$0.218 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 15 February 2011, being the date of the Agreement; (iv) a discount of approximately 7.11% to the closing price of HK$0.239 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and (v) a premium of approximately 382.61% over the net asset value per Share of HK$0.046 based on the audited consolidated financial statements of the Group as at 31 March 2010 and the number of Shares in issue as at the Latest Practicable Date.

The aggregate of the Warrant Issue Price and the Warrant Exercise Price represents (i) a premium of approximately 15.24% over the closing price of HK$0.210 per Share as quoted on the Stock Exchange on 15 February 2011, being the date of the Agreement; (ii) a premium of approximately 13.62% over the average of the closing prices of approximately HK$0.213 per Share as quoted on the Stock Exchange for the last five trading days up to and including 15 February 2011, being the date of the Agreement; (iii) a premium of approximately 11.01% over the average of the closing prices of approximately HK$0.218 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 15 February 2011, being the date of the Agreement; (iv) a premium of approximately 1.26% over the closing price of HK$0.239 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and (v) a premium of approximately 426.09% over the net asset value per Share of HK$0.046 based on the audited consolidated financial statements of the Group as at 31 March 2010 and the number of Shares in issue as at the Latest Practicable Date.

The Warrant Issue Price and the Warrant Exercise Price were determined by the Vendors and Gold Continental on an arm's length basis with reference to the current market price of the Shares and the net asset value per Share as shown above. The Directors (including the independent non-executive Directors) consider that the Warrant Issue Price and the Warrant Exercise Price are fair and reasonable.

Warrant Shares

Each Warrant carries the right to subscribe for one Warrant Share.

Assuming there is an immediate exercise in full of the subscription rights attaching to the Warrants at the Warrant Exercise Price by the Warrantholders, the Company will issue an aggregate of 100,000,000 new Shares, representing (i) approximately 16.99% of the existing issued share capital of the Company; (ii) approximately 14.52% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares; and (iii) approximately 12.12% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares and the Conversion Shares.

The Warrant Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM.

Ranking

The Warrants will rank pari passu in all respects among themselves. The Warrant Shares, when allotted and issued, will rank pari passu in all respects with the then existing issued Shares.

Transferability

With the prior notification to the Company, the Warrants may be transferred or assigned by the Warrantholders to any party other than a connected person of the Company at any time after the first anniversary of the date of issue of the Warrants to the date falling on the third anniversary of the date of issue of the Warrants.

Voting rights

The Warrants do not confer any voting rights at any meetings of the Company.

Application for listing

No application will be made by the Company for the listing of the Warrants. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Warrant Shares.

INFORMATION ON THE BEST TEAM GROUP

Best Team was incorporated on 25 October 2007 and is principally engaged in investment holding. As at the Latest Practicable Date, Best Team has an issued share capital of HK$2,000. Shenzhen Xintaiyi, the direct wholly owned subsidiary of Best Team, was established on 17 November 2009 and is principally engaged in investment holding. Shenzhen Xintaiyi has a registered capital of RMB1,000,000 as at the Latest Practicable Date. As at the Latest Practicable Date, the Reorganisation has been completed, upon completion of the Reorganisation, Yangdong Fuli and Yangjiang Yonglian has been accounted for as an associate and a subsidiary of Best Team respectively. Shenzhen Xintaiyi holds 25% and 66.66% of the equity interests of Yangdong Fuli and Yangjiang Yonglian respectively, being two property development projects companies in the PRC. Best Team and Shenzhen Xintaiyi are investment holding companies and do not have any other operation besides holding the 66.66% interests and 25% interests in Yangjiang Yonglian and Yangdong Fuli respectively as at the date hereof.

Yangdong Fuli was established on 15 November 2007 and is principally engaged in property development. As at the Latest Practicable Date, the registered capital of Yangdong Fuli is RMB1,000,000 and is owned as to 50% by 洪劍鋒 (Hong Jian Feng#), as to 25% by Shenzhen Xintaiyi, as to 15% by 李宏巧 (Li Hong Qiao#) and as to 10% by 吳錦堂 (Wu Jin Tang#). To the best of the Directors' knowledge information and belief having made all reasonable enquiry, each of the holders of the equity interests in Yangdong Fuli (other than Shenzhen Xintaiyi) is a third party independent of the Company and its connected persons.

Yangjiang Yonglian was established on 22 April 2010 and is principally engaged in property development. As at the Latest Practicable Date, the registered capital of Yangjiang Yonglian is RMB1,000,000 and is owned as to 66.66% by Shenzhen Xintaiyi and as to 33.34% by 莫輝 (Mo Hui#). To the best of the Directors' knowledge information and belief having made all reasonable enquiry, 莫輝 (Mo Hui#) is a third party independent of the Company and its connected persons. As at the Latest Practicable Date, Yangdong Properties were under construction and a number of its property units were being pre-sold to customers. Yangjiang Properties have yet to commence construction. Yangdong Fuli and Yangjiang Yonglian have obtained the land use rights for Yangdong Land and Yangjiang Land respectively. Yangdong Land has 77 parcels of land with separate land use rights certificates held by Yangdong Fuli. Yangjiang Land has 2 parcels of land with separate land use rights certificates held by Yangjiang Yonglian.

In the property development industry in the PRC, the developer will be required to obtain the state-owned land use rights certificates, construction land planning permit, planning permit for construction project, commencement permit for construction project and pre-sale permit. For the 77 parcels of land owned by Yangdong Fuli, 77 state-owned land use rights certificates, 76 construction land planning permits, 56 planning permits for construction project, 26 commencement permits for construction project and 26 pre-sale permits has been obtained. The permits yet to be obtained were mainly due to the different stages of construction progress of each parcel of land owned by Yangdong Fuli. Yangdong Fuli will depend on the actual construction progress and will apply for the respective permits as and when appropriate. For Yangjiang Yonglian, the two state-owned land use rights certificates have been obtained for the two parcels of land owned by Yangjiang Yonglian. Yangjiang Yonglian has not obtained or applied for construction land planning permit, planning permit for construction project, commencement permit for construction works and pre-sale permit.

As at the Latest Practicable Date, there was no permit of the Best Team Group for the property development business which is pending for formal approval. There are no legal restrictions or limitation of the Best Team Group in performing its business in the PRC.

As the Vendors have been the beneficial owners of Best Team, Shenzhen Xintaiyi, Yangdong Fuli and Yangjiang Yonglian since their respective date of the incorporation or establishment, there are no original purchase costs by the Vendors of their interests in such companies.

According to the audited consolidated financial statements of the Best Team Group for the year ended 31 December 2010, which is prepared in accordance with generally accepted accounting principles in Hong Kong, the turnover and the net loss before and after tax and extraordinary items of the Best Team Group was approximately HK$0, HK$156,000 and HK$156,000, respectively. The audited net asset value of the Best Team Group was approximately HK$27,265,000 as at 31 December 2010.

According to the audited consolidated financial statements of the Best Team Group for the year ended 31 December 2009, which is prepared in accordance with generally accepted accounting principles in Hong Kong, the turnover and the net loss before and after tax and extraordinary items of the Best Team Group was approximately HK$0, HK$16,000 and HK$16,000, respectively. The audited net asset value of the Best Team Group was approximately HK$1,084,000 as at 31 December 2009. Other than the Yangdong Land and the Yangjiang Land and other assets held for normal business operation, such as cash and bank balances, trade and other receivables and fixed assets like motor vehicles, Yangdong Fuli and Yangjiang Yonglian had no other significant assets as at the Latest Practicable Date. Other than the development of the Yangdong Land, Yangdong Fuli and Yangjiang Yonglian had no other operating activities as at the Latest Practicable Date.

According to the audited financial statements of Best Team for each of the three years ended 31 December 2010, which is prepared in accordance with generally accepted accounting principles in Hong Kong, the financial information of Best Team is as follows:

	31 December		
	2010	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	–	–	–
Loss attributable to shareholders	(28)	(14)	(21)

According to the audited financial statements of Shenzhen Xintaiyi for period from the date of its establishment to 31 December 2009 and the year ended 31 December 2010, which is prepared in accordance with generally accepted accounting principles in Hong Kong, the financial information of Shenzhen Xintaiyi is as follows:

	31 December	
	2010	**2009**
	RMB'000	*RMB'000*
Revenue	–	–
Loss attributable to shareholders	(42)	(2)

According to the audited financial statements of Yangdong Fuli for each of the three years ended 31 December 2010, which is prepared in accordance with generally accepted accounting principles in Hong Kong, the financial information of Yangdong Fuli is as follows:

	31 December		
	2010	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	12,026	13,935	–
Profit/(loss) attributable to shareholders	(590)	719	(656)
Total assets	166,633	30,141	12,085
Net asset value	86,142	1,063	344

According to the audited financial statements of Yangjiang Yonglian for the period from its date of establishment to 31 December 2010, which is prepared in accordance with generally accepted accounting principles in Hong Kong, the financial information of Yangjiang Yonglian is as follows:

	31 December 2010 *RMB'000*
Revenue	–
Loss attributable to shareholders	(68)
Total assets	6,496
Net asset value	932

RISK FACTORS

(i) PRC tax authorities may challenge the basis on which the Best Team Group calculates land appreciation tax obligations;

(ii) The Best Team Group may be subject to penalties and the Best Team Group's land may be repossessed by the PRC government if the Best Team Group does not comply with the terms of its land grant contracts;

(iii) As property development business is capital intensive in nature, the Best Team Group may not be able to obtain adequate funding on commercially reasonable terms for property development of (a) the Yangjiang Properties which have yet to commence construction and (b) the Yangdong Properties which were under construction;

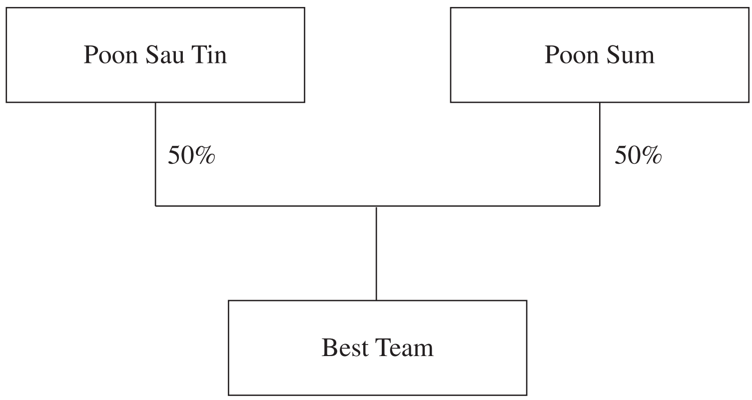
(iv) PRC government policies, regulations and measures or other restrictions intended to discourage speculation in the property market may adversely affect the Best Team Group's business; and

(v) The Best Team Group may not be able to successfully complete projects that the Best Team Group is currently developing, or plan to develop, in a timely manner or at all.

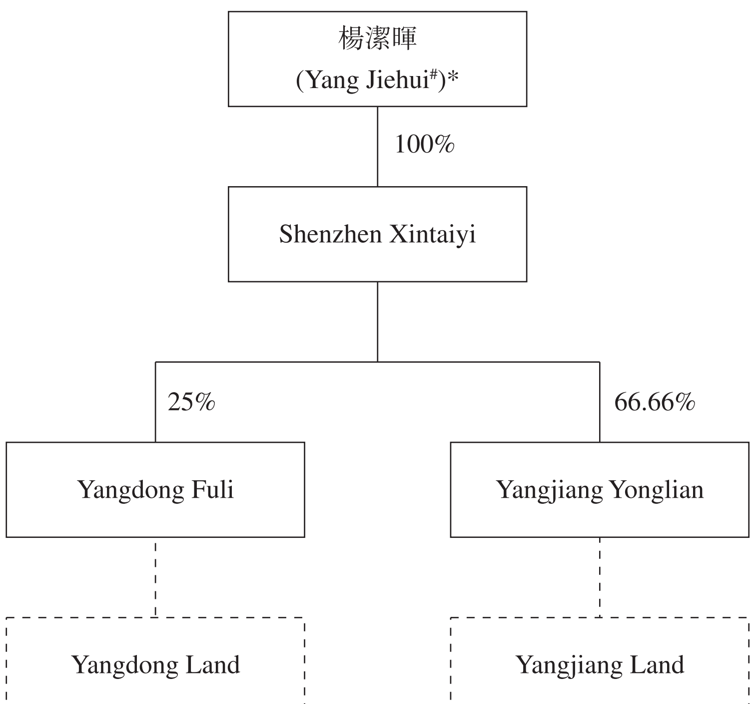
Group structure

Immediately prior to completion of the Reorganisation

The shareholding structure of the Best Team Group immediately prior to completion of the Reorganisation is as follows:



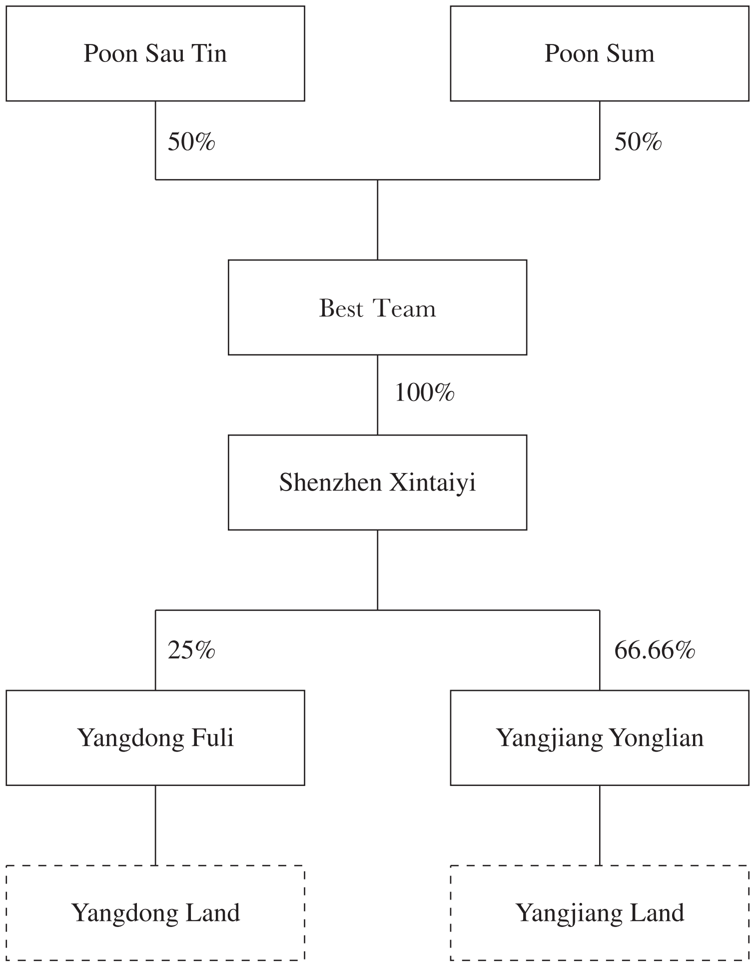
The shareholding structure of Shenzhen Xintaiyi, Yangdong Fuli and Yangjiang Yonglian immediately prior to completion of the Reorganisation is as follows:



* *Each of Poon Sau Tin and Poon Sum is the beneficial owner of 50% and 50% of the equity interests in Shenzhen Xintaiyi respectively. 楊潔暉 (Yang Jiehui#) is a trustee holding entire the equity interests in Shenzhen Xintaiyi on trust for Poon Sau Tin and Poon Sum.*

As at the Latest Practicable Date and upon completion of the Reorganisation

The shareholding structure of the Best Team Group as at the Latest Practicable Date and after completion of the Reorganisation is as follows:



MANAGEMENT DISCUSSION AND ANALYSIS OF THE BEST TEAM GROUP

Business

During the year ended 31 December 2008 and 31 December 2009, the Best Team Group did not conducted any business activity. During the year ended 31 December 2010, the Best Team Group owned two and parcels of land located at Wumaling, Longtao, Jiangcheng District, Yangjiang City, Guangdong Province, PRC which is planned to be developed into villas, commercial and residential units for sale purpose. The Best Team Group, through the investment in an associate, owned 77 parcels of land located at East Zone and West Zone, Yangdong Garden, Yangdong County, Yangjiang City, Guangdong Province, PRC, of which 11 villas for residential use have been erected and constructed in West Zone and the East Zone and portion of West Zone is planned to be developed into villas, commercial and residential units for sale purpose. Details are set out in Appendix IV to this circular.

Results

For the three years ended 31 December 2008, 31 December 2009 and 31 December 2010, the Best Team Group did not record any turnover. The Best Team Group recorded an audited combined loss for the year of approximately HK$21,000, HK$16,000 and HK$156,000 in the three years ended 31 December 2008, 31 December 2009 and 31 December 2010, respectively, which was mainly generated from the general and administrative costs. The total shareholders' equity and the net asset value of the Best Team Group amounted to approximately HK$27,265,000 as at 31 December 2010.

Financial resources and liquidity

The Best Team Group relied principally on advances from the Vendors to fund its acquisition of lands and operations and the amount advanced was interest-free, unsecured and repayable on demand. The liquidity ratio on 31 December 2008, 31 December 2009 and 31 December 2010 was 0.004 time, 6.561 time and 1.265 time, respectively.

	Year ended 31 December		
	2008	**2009**	**2010**
	HK$	*HK$*	*HK$*
Net cash used in operating activities	(9,450)	(7,158)	(975,471)
Net cash generated from investing activities	137	1,138,086	331,318
Net cash generated from/ (used in) financing activities	9,450	147,330	(76,626)

Material investments, acquisitions and disposals

As at 31 December 2008, 31 December 2009 and 31 December 2010, the Best Team Group was not holding any material investment other than the aforesaid lands. During the three years ended 31 December 2008, 31 December 2009 and 31 December 2010, the Best Team Group did not have any material acquisitions or disposals.

Save of section titled Information on the Best Team Group, the Vendors in order to cater for the Proposed Acquisition, completed a reorganisation pursuant to which the Vendors have transferred their relevant equity interests in Shenzhen Xintaiyi on 22 March 2011 at RMB1,000,000 consideration to form the Best Team Group.

Charge of assets

As at 31 December 2008, 31 December 2009 and 31 December 2010, the Best Team Group has not taken any charge over its assets.

Contingent liabilities

The Best Team Group did not have any contingent liabilities as at 31 December 2008, 31 December 2009 and 31 December 2010.

Capital commitments

The Best Team Group had no contractual capital expenditure commitments as at 31 December 2008, 31 December 2009 and 31 December 2010.

Employee remuneration

As at 31 December 2008 and 31 December 2009, the Best Team Group did not have any employee. As at 31 December 2010, the Best Team Group employs a total of about 4 employees in the PRC. All employees are remunerated based on industry practice and in accordance with the prevailing employment law. Other staff benefits for eligible employees include housing allowances, retirement benefits and bonuses.

Foreign currency risk

As at 31 December 2008, 31 December 2009 and 31 December 2010, the management considers that the Best Team Group is not exposed to significant foreign currency risks as majority of its operations and businesses are transacted and denominated in RMB.

Gearing ratio

As at 31 December 2008, 31 December 2009 and 31 December 2010, the Best Team Group did not have any outstanding loans and borrowings. Gearing ratio (calculated by non-current liabilities divided by total equity) was not applicable.

REASON FOR THE PROPOSED ACQUISITION

The Group is engaged in development, provision and sale of mobile internet communication and telecommunications, and related services.

The Proposed Acquisition will not result in a change of control of the Company.

The Company has not made any agreement, arrangement, understanding, intention or negotiation about any disposal or termination or scaling down the existing business of development, provision and sale of mobile internet communication and telecommunication, and related services and acquisition of any new business or assets in a material aspect, save for the announcement issued on 28 February 2011.

The property development business is new to the Group without the previous experience. The Group will retain the existing property development and management personnel of the target companies and further recruit the appropriate staff for the Group.

The Directors have been identifying further investment opportunities in order to diversify its existing business and maximise the return of the Shareholders. The Directors consider that the Proposed Acquisition represents a good opportunity for the Group to tap into the growing PRC property development market and also allow it to diversify its existing businesses. The Group will also identify and invest on possible internet and communication services from time to time with the possible internal and outside source of fund, where it is available.

Based on the above and taking into account the prospects of the Yangdong Properties and the Yangjiang Properties, the Board is of the view that the terms of the Proposed Acquisition are fair and reasonable and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS ON THE GROUP

Assets and liabilities

Upon Completion, according to the unaudited pro forma statement of assets and liabilities, the amounts of goodwill, properties under development and deferred tax liabilities will be increased by approximately HK$26,568,000, approximately HK$23,676,000 and approximately HK$9,721,000 respectively, cash and deposits with banks will be decreased by HK$30,000,000.

Earnings

Upon Completion, Best Team will become an indirect wholly owned subsidiary of the Company and its results will be wholly attributable to the owners of the Company.

PROSPECTS OF THE ENLARGED GROUP

With the global economic environment still unstable and uncertainties on the PRC government policies, adjustment of property sector in the PRC remains possible. Nevertheless, with the continuing optimistic outlook of the PRC macro-economy, stable increase in resident income, speedy development of urbanisation, the Group is optimistic about the PRC property market prospect.

The Enlarged Group will be interested in the entire issued share capital of Best Team. It will provide the Group with access of funds from the sale of the property units from the development of the Yangdong Properties. The Directors expect that the development of the Yangdong Properties and the Yangjiang Properties will provide the Group with a steady income source in the coming years.

The Enlarged Group will continue with its existing development, provision and sale of mobile internet communication and telecommunications, and related services. To tap into the property development business, the Group expects to improve in its overall profitability. The Group believes that such strategic move will create greater value for its shareholders.

In view of the continuation of our existing business, it can be referred to the latest memorandum of understanding, dated 28 February 2011, entered into between the wholly owned subsidiary of the Company and an independent third party regarding the possible acquisition of 70% of the entire registered and paid up capital of 央廣迅龍（北京）通訊科技有限公司 (Yangguang Xunlong (Beijing) Communication Technology Company Limited#) ("Yangguang Xunlong"). Yangguang Xunlong is engaged in the provision of high quality financial news produced by China National Radio via mobile networks directly to mobile phone handhelds.

The Company will continue to explore suitable target(s) for possible acquisition and/or cooperation opportunities so as to enhance its profitability. However, it is imperative to point out that the proposed acquisition of Yangguang Xunlong may or may not proceed depending on, but not limited to the results of a due diligence on Yangguang Xunlong, the price negotiations and/or other relevant factors.

EFFECTS OF THE PROPOSED ACQUISITION ON SHAREHOLDING STRUCTURE

Set out below is a summary of the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the conversion of the Convertible Bonds in full and prior to the exercise of the Warrants; (iii) immediately after the exercise of the Warrants in full and prior to the conversion of the Convertible Bonds; and (iv) immediately after the conversion of the Convertible Bonds in full and the exercise of the Warrants in full. Shareholders should take note that the analysis under scenario (ii), (iii) and (iv) are shown for illustration purpose only, for the reason that the Vendors and parties acting in concert with them would otherwise hold in aggregate approximately 43.34%, approximately 40.34% and approximately 50.21% of the enlarged issued share capital of the Company in the respective scenario, thus triggering any general offer obligation under the present provisions of the Takeovers Code. However, pursuant to the Agreement, the Vendors will only convert the Convertible Bonds and the Warrants in a manner that will (i) meet the minimum public float requirement as set out in the GEM Listing Rules; and (ii) not trigger any general offer obligation under Rule 26 of the Takeovers Code.

	As at the Latest Practicable Date		Immediately after the conversion of the Convertible Bonds in full and prior to exercise of the Warrants *(Note 1)*		Immediately after the exercise of the Warrants in full and prior to conversion of the Convertible Bonds *(Note 2)*		Immediately after the conversion of the Convertible Bonds in full and the exercise of the Warrants in full *(Notes 1 & 2)*	
	Number of Shares	*Approximate percentage*	*Number of Shares*	*Approximate percentage*	*Number of Shares*	*Approximate percentage*	*Number of Shares*	*Approximate percentage*
Directors								
Dr. Chan Chung	19,224,452	3.27	19,224,452	2.65	19,224,452	2.79	19,224,452	2.33
Mr. Chan Wai Kwong, Peter	108,036	0.02	108,036	0.01	108,036	0.02	108,036	0.01
Sub-total	19,332,488	3.29	19,332,488	2.66	19,332,488	2.81	19,332,488	2.34
Substantial Shareholders								
China Oil Resources	177,785,861	30.21	177,785,861	24.53	177,785,861	25.82	177,785,861	21.56
Vendors	–	–	136,363,636	18.81	100,000,000	14.52	236,363,636	28.65
Sub-total:								
Vendors and parties acting in concert with them	177,785,861	30.21	314,149,497	43.34	277,785,861	40.34	414,149,497	50.21
Vodatel Information Limited	77,709,696	13.20	77,709,696	10.72	77,709,696	11.29	77,709,696	9.42
Ever Champion Trading Limited	48,776,000	8.29	48,776,000	6.73	48,776,000	7.08	48,776,000	5.91
Sub-total	304,271,557	51.70	440,635,193	60.79	404,271,557	58.71	540,635,193	65.54
Public Shareholders	264,963,383	45.01	264,963,383	36.55	264,963,383	38.48	264,963,383	32.12
Total	588,567,428	100.00	724,931,064	100.00	688,567,428	100.00	824,931,064	100.00

Note 1: The numbers are for illustration purpose only. Pursuant to the Agreement, the Vendors will only convert the Convertible Bonds in a manner that will (i) not upset the public float of Shares on the Stock Exchange; and (ii) not trigger any general offer obligation under Rule 26 of the Takeovers Code.

Note 2: The numbers are for illustration purpose only. Pursuant to the Agreement, the Vendors will only convert the Warrants in a manner that will (i) meet the minimum public float requirement as set out in the GEM Listing Rules; and (ii) not trigger any general offer obligation under Rule 26 of the Takeovers Code.

GEM LISTING RULES IMPLICATIONS

The Proposed Acquisition constitutes a major transaction on the part of the Company under the GEM Listing Rules. The Vendors are interested in approximately 12.89% of the issued share capital of PetroAsian Energy and China Oil Resources, a wholly owned subsidiary of PetroAsian Energy, is interested in approximately 30.21% of the issued share capital of the Company. The Vendors are connected persons of the Company. The Proposed Acquisition also constitutes a non-exempted connected transaction on the part of the Company under the GEM Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements.

The Proposed Acquisition is subject to, among others, the approval by the Independent Shareholders at the EGM. No Director has any material interest in the Proposed Acquisition and has abstained from voting at the board meeting to approve the Proposed Acquisition. Each of the Vendors and their respective associates is required to abstain from voting at the EGM to approve the Proposed Acquisition. As at the Latest Practicable Date, as China Oil Resources holds 177,785,861 Shares and the Vendors and their other associates do not hold any Share, the Vendors, China Oil Resources and their respective associates are interested in 177,785,861 Shares. As at the Latest Practicable Date, other than China Oil Resources there is no other Shareholder who has a material interests in the Proposed Acquisition and is required to abstain from voting at the EGM.

INDEPENDENT BOARD COMMITTEE

Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Proposed Acquisition. GF Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

Set out on pages 228 to 230 is a notice convening the EGM to be held at Suite 1006, 10/F., Ocean Centre, Harbour City, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 18 May 2011 at 11:00 a.m. at which relevant resolution(s) will be proposed to the Shareholders to consider and, if thought fit, approve the Proposed Acquisition.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

RECOMMENDATION

The Board considers that the terms of the Proposed Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution as set out in the notice of EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board
Mobile Telecom Network (Holdings) Limited
Siu King Nin, Peter
Executive Director

MOBILE TELECOM NETWORK (HOLDINGS) LIMITED
流動電訊網絡(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8266)

29 April 2011

To the Independent Shareholders

Dear Sir or Madam

MAJOR AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 29 April 2011 (the "**Circular**") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you the terms of the Agreement whether such terms are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

GF Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether (i) the Agreement was entered into on normal commercial terms; and (ii) the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned, whether such terms are in the interests of the Company and the Independent Shareholders as a whole.

Details of the advice of GF Capital, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 35 to 65 of the Circular.

* *For identification purpose only*

Your attention is also drawn to the letter from the Board set out on pages 7 to 32 of the Circular and the additional information set out in the appendices of the Circular.

Having considered the terms of the Agreement and the advice of GF Capital, we are of the opinion that (i) the Agreement was entered into on normal commercial terms; and (ii) the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. We therefore recommend that you vote in favour of the resolution to be proposed at the EGM to approve the Proposed Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee of
Mobile Telecom Network (Holdings) Limited

Chiu Wai Piu	**Cheung Kwan Hung, Anthony**	**Heung Chee Hang, Eric**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of a letter of advice from GF Capital, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the Proposed Acquisition and the transaction contemplated thereunder.

廣發融資（香港）有限公司
GF Capital (Hong Kong) Limited
Suites 2301-2305 & 2313, COSCO Tower
183 Queen's Road Central, Hong Kong

29 April 2011

To the Independent Board Committee and
the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Proposed Acquisition, particulars of which are set out in the letter from the Board (the "Letter from the Board") of this circular to the Shareholders dated 29 April 2011 (the "Circular") and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the Letter from the Board, on 15 February 2011, Gold Continental (a wholly owned subsidiary of the Company) and the Vendors (being connected persons of the Company) entered into the Agreement pursuant to which Gold Continental has agreed to purchase the Sale Shares from the Vendors for a total consideration of HK$65,000,000. The Proposed Acquisition constitutes a major and connected transaction of the Company under the GEM Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Group and the terms of the Proposed Acquisition, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Best Team Group, Shenzhen Xintaiyi, Yangdong Fuli, Yangjiang Yonglian, Yangdong Land, Yangdong Properties, Yangjiang Land, Yangjiang Properties, and their respective associates nor have we carried out any independent verification of the information supplied.

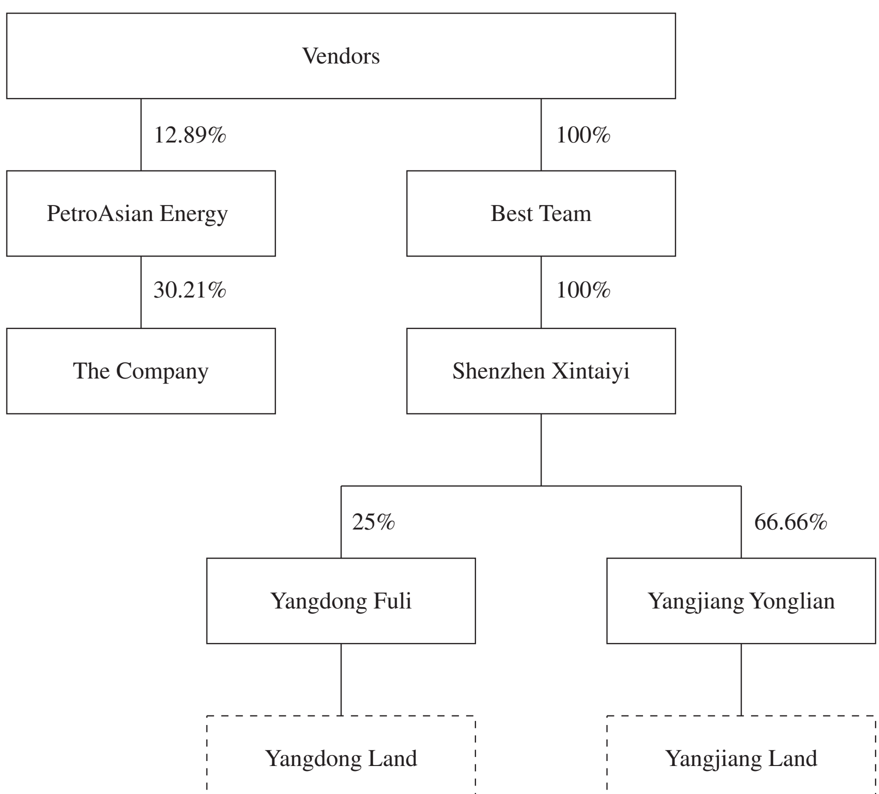
PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Proposed Acquisition, we have considered the following principal factors and reasons:

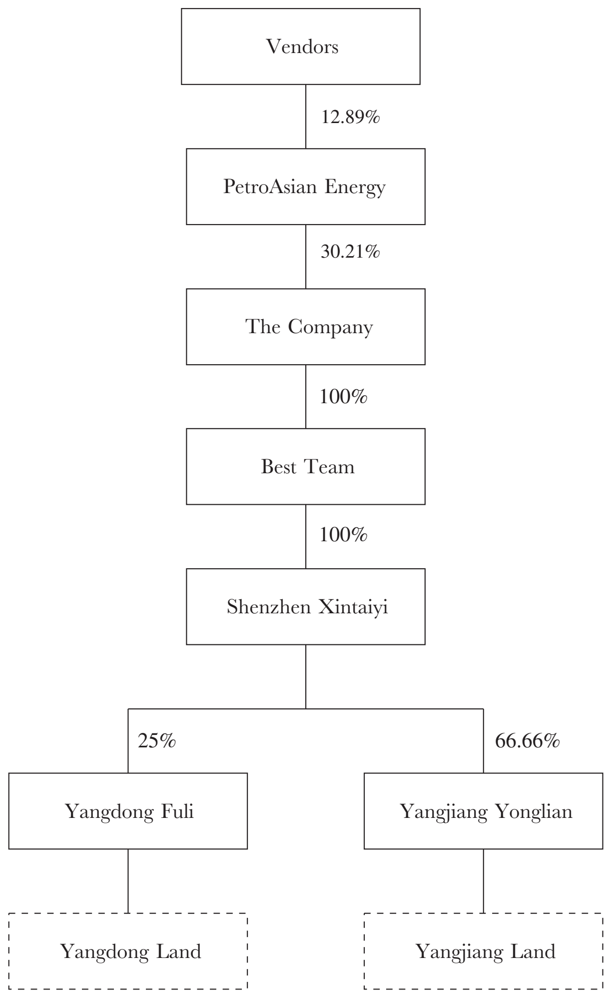
1. Background of and reasons for the Proposed Acquisition

We summarise below the shareholding structure of Best Team, which is the target to be acquired by the Group pursuant to the Proposed Acquisition:

Immediately after completion of the Reorganisation but before Completion



Upon Completion



(i) Financial performance of Best Team

As set out in the Letter from the Board, Best Team shall upon completion of the Reorganisation indirectly hold certain equity interests of the two property development projects companies, namely Yangdong Fuli and Yangjiang Yonglian, in the PRC. Set out below is some audited financial information of the Best Team Group for the three preceding financial years:

	Year ended 31 December		
	2008	**2009**	**2010**
	HK$'	*HK$'*	*HK$'*
Turnover	–	–	–
Combined loss attributable to equity holders	(20,613)	(15,770)	(129,522)
Net assets/(liabilities)	(36,663)	1,083,545	27,264,784

As illustrated in the above table, for the three years ended 31 December 2010, Best Team recorded (i) zero sales turnover and (ii) combined loss on a consecutive basis, the latter of which was mainly generated from the general and administrative costs. However, according to note to appendix II to the Circular and information provided by the Directors, Yangdong Fuli (another member of the Best Team Group) managed to attain (i) sales turnover of HK$15,841,755 and HK$13,920,824 respectively for each of the two years ended 31 December 2010 and (ii) net profit of HK$817,571 for the year ended 31 December 2009.

As at the Latest Practicable Date, Yangdong Properties were under construction, whereas Yangjiang Properties have yet to commence construction. Upon enquiry, we understand from the Directors that as to not less than six of Yangdong Properties' villas (representing a total gross floor area of not less than about 3,089 sq.m.) and a portion of Yangdong Properties (representing a total gross floor area of about 14,028 sq.m.) were pre-sold at an aggregate consideration of RMB14,780,000 and RMB55,612,340 to a total of not less than six independent customers, who were ethnic high net-worth citizens or expatriate working in Yangjiang City who finds high-end residential housing affordable (thereby actually receiving total cash proceeds of RMB5,690,040 so far as deposit).

According to the relevant valuation report as set out in appendix IV to the Circular, and as elaborated by the Directors, we summarise the particulars of two property development projects under the Best Team Group as follows:

Location	**Pre-sale date**	**Completion date (expected)**	**Site area**	**Gross floor area planned for sale**	**Total development cost expended up to 21 March 2011**	**Outstanding cost to completion (as at 21 March 2011**	**Estimated capital value when completed**
			(sq.m.) *(approximate)*	*(sq.m.)* *(approximate)*	*(RMB)*	*(RMB)*	*(RMB)*
East Zone and West Zone, Yangdong Garden, Yangdong County, Yangjiang City, Guangdong Province, PRC	2009	June 2012	(1) 5,233 sq.m. (2) 26,591 sq.m.	(1) 5,142 sq.m. held for sale (11 villas) (2) 36,129 sq.m. under development (villas, residential and commercial)	(2) 44,788,307	(2) 10,210,000 (exclusive of marketing and finance costs)	(1) 28,800,000 held for sale (2) 133,400,000 under development
Wumaling, Longtao, Jiangcheng District, Yangjiang City, Guangdong Province, PRC	2011 (expected)	December 2012	16,128 sq.m.	46,852 sq.m. for future development (residential, villas, commercial, car parks)	7,983,880	62,294,120	26,000,000 for future development
TOTAL							188,200,000

Based on the table above, we note that as to 5,142 sq.m. (representing about 6% of the planned total gross floor area of the aggregate of (1) Yangdong Properties and (2) Yangjiang Properties) of villas has been held for sale at 21 March 2011. In other words, as to 82,981 sq.m. (representing an overriding majority of about 94% of the planned total gross floor area of the aggregate of (1) Yangdong Properties and (2) Yangjiang Properties is (1) under development or (2) for future development (residential and commercial) of up to an expected total of (1) 1.25 year and (2) 1.75 year respectively.

(ii) Industry overview of the real estate market in Yangjiang City, Guangdong Province, the PRC

At present, Yangjiang City is a third-tier city located in the Guangdong Province, the PRC. Yangjiang City is famous to be acclaimed as "the base of scissor industry" in the PRC. Set out below are the economic statistics extracted from the Yangjiang Statistics Bureau:

	2005	**2006**	**2007**	**2008**	**2009**	**CAGR**
Nominal GDP *(RMB billion)*	29.5	34.7	39.6	49.8	51.9	**12.0%**
GDP per capita *(RMB)*	11,801	14,000	16,878	20,479	21,842	**13.1%**
Investment in real estate development *(RMB billion)*	1.3	1.5	1.7	2.1	3.3	**20.5%**

Source：*中國陽江統計署官網* *(http://www.yangjiang.gov.cn/)*

As set out in the above table, there has been double-digit growth in the GDP, GDP per capita and investment in real estate property development in the Yangjiang City. During the years under review, the CAGR of the investment in real estate development of the Yangjiang City (20.5%) outpaced that of the PRC as a whole (18.1%). In addition, as disclosed in the annual statistics reports of Yangjiang Statistic Bureau for 2008 and 2009, it is one of the plans of the Yangjiang government to accelerate the urbanisation, which is expected to further fuel the growth of the real estate market of the Yangjiang City. The continuous growth in annual GDP and GDP per capita in Yangjiang City is expected to have positive effects to the future growth of the real estate market of Yangjiang City.

(iii) Reasons for the Proposed Acquisition

The Group is engaged in development, provision and sales of mobile internet communication telecommunications and related services.

It comes to our attention that the property development interests to be acquired under the Proposed Acquisition are a brand new business segment when compared with the existing business of the Company. In this connection, we have been explained by the Directors that they have been identifying further investment opportunities in order to diversify its existing business and maximise the return of the Shareholders. The Directors consider that the Proposed Acquisition represents an opportunity for the Group to tap into the growing PRC property development market and also allow it to diversify its existing businesses. On balance, we concur with the Directors' belief, taking into account that such proposed diversification is arrived at after taking into consideration that:

(1) although Yangjiang Properties have yet to commence construction, Yangdong Fuli (another member of the Best Team Group) managed to attain (i) sales turnover of HK$15,841,755 and HK$13,920,824 respectively for each of the two years ended 31 December 2010 and (ii) net profit of HK$817,571 for the year ended 31 December 2009, and has successfully pre-sold a number of its property units of the property development project to independent customers at an aggregate consideration of RMB14,780,000 and RMB55,612,340 so far up to 21 March 2011;

(2) by contrast, the Company's existing mobile internet communication telecommunications business itself has been loss-making for the most recent financial year and for the most recent third quarterly period, details of which are as follows:

	Year ended 31 March 2010 *HK$'000*	Nine months ended 31 December 2010 *HK$'000*
Turnover	**18,134**	**16,698**
Operating (loss)	(1,327)	(2,706)
Share of profit of an associate	656	525
(Loss) attributable to Shareholders	**(679)**	**(2,225)**
Dividend	Nil	Nil
Net assets (excluding non-controlling interests)	26,885	42,851

(3) although the Company does not have substantial management expertise in the new business, the Company is planning to hire staff with relevant experience in managing the new business. A shortlist of three persons has been complied whereas all three of them have around 3-5 years of relevant experience in the property development industry in the PRC. Whilst the Company has not yet decided who to hire yet, the Company intends to hire at least one of them before Completion and that it will review, from time to time, if any new personnel(s) would be required.; and

The Group will also identify and invest in possible internet and communication services from time to time with the possible internal and outside source of fund, where it is available. To this end, we note that a wholly-owned subsidiary of the Company (as purchaser) entered into a non-legally binding memorandum of understanding on 28 February 2011 with Mr. Lin Xinxian (as vendor) in relation to the proposed acquisition of 70% of the entire registered and paid up capital of 央廣迅龍(北京)通訊科技有限公司 (Yangguang Xunlong (Beijing) Communication Technology Company Limited), which is principally engaged in the provision of high quality financial news produced by Broadcasting Corporation of China via mobile networks directly to mobile phone handhelds.

2. Terms of the Proposed Acquisition

(i) Consideration

As set out in the Letter from the Board, the Consideration was determined with reference to the attributable value of Yangdong Fuli and Yangjiang Yonglian pursuant to the valuation of Yangdong Land, Yangdong Properties, Yangjiang Land and Yangjiang Properties as at 21 March 2011 by Savills Valuation and Professional Services Limited (the "Valuer"), an independent valuer, of RMB188,200,000 (approximately HK$222,076,000). We summarise the breakdown of such valuation figure as follows:

	Valuation (on 100% basis)	Attributable interests	Attributable valuation
Yangdong Land and Yangdong Properties	RMB162,200,000	25%	RMB40,550,000
Yangjiang Land and Yangjiang Properties	RMB26,000,000	66.66%	RMB17,332,000
TOTAL	**RMB188,200,000**		**RMB57,882,000 (HK$68,301,000)**
The Consideration			HK$65,000,000

We have discussed with the Valuer on the valuation approach. The valuation adopted for valuation (i) for completed developments, is by making reference to the comparable market transaction as available in the relevant markets assuming sales with the benefit of vacant possession; and (ii) for development yet to commence or be completed, is by making reference to the comparable market transaction as available in the markets and also have taken into account of the construction costs to be expended to reflect the quality of the completed developments. We are confimed by the Valuer that such valuation approach is generally in line with market practice of valuing tangible assets such as land and buildings.

We have obtained market comparable data from each of the Valuer and 陽江市房地產管理局 (Yangjiang City Housing Authority) (www.yjfg.cn). Upon comparison, we note that the valuation level as assessed by the Valuer of

(1a) RMB5,601 per sq. m. (for 11 villas held for sale), as derived by the valuation level as assessed by the Valuer of RMB28.8 million over a total gross floor area of 5,142 sq.m.,

(1b) RMB3,692 per sq. m. (for property held under development), as derived by the valuation level as assessed by the Valuer of RMB133.4 million over a total gross floor area of 36,129 sq.m., and

(2) RMB555 per sq. m. (for land held for future development), as derived by the valuation level as assessed by the Valuer of RMB26.0 million over a total gross floor area of 46,852 sq.m.

as represented by (1) Yangdong Land, Yangdong Properties and (2) Yangjiang Land and Yangjiang Properties was comparable to the actual market prices transacted in the Yangjiang City of

(1a) approximately RMB4,785 per sq. m. (representing the actual pre-sold consideration for not less than six villas of Yangdong Properties of an aggregate of RMB14,780,000 over a total gross floor area of not less than about 3,089 sq.m. from 2009 to 21 March 2011),

(1b) between approximately RMB3,471 per sq. m. to RMB3,720 per sq. m. (representing the actual average market prices for all pre-sold residential/ commercial units from 1 January 2010 to 4 January 2011), and

(2) approximately RMB548 per sq. m. (representing an actual transacted market price of bare land in January 2011).

Upon comparison, we note that the Consideration of HK$65,000,000 is approximately 4.8% lower than the attributable valuation of the aggregate of Yangdong Land, Yangdong Properties, Yangjiang Land and Yangjiang Properties of HK$68,301,000. Based on such discount, and taking into account the earning potential of Yangjiang Land held for future development (representing the excess of

(i) the then market selling price (as estimated at between approximately RMB3,471 per sq. m. to RMB3,720 per sq. m. based on the actual average market prices for all pre-sold residential/commercial units from 1 January 2010 to 4 January 2011 in the Yangjiang City); over

(ii) the then total development costs (as estimated at approximately RMB1,522 per sq. m. based on the actual total development costs (exclusive of marketing and finance costs) of Yangdong Properties of RMB54,998,307 over a total of 36,129 sq.m. under development),

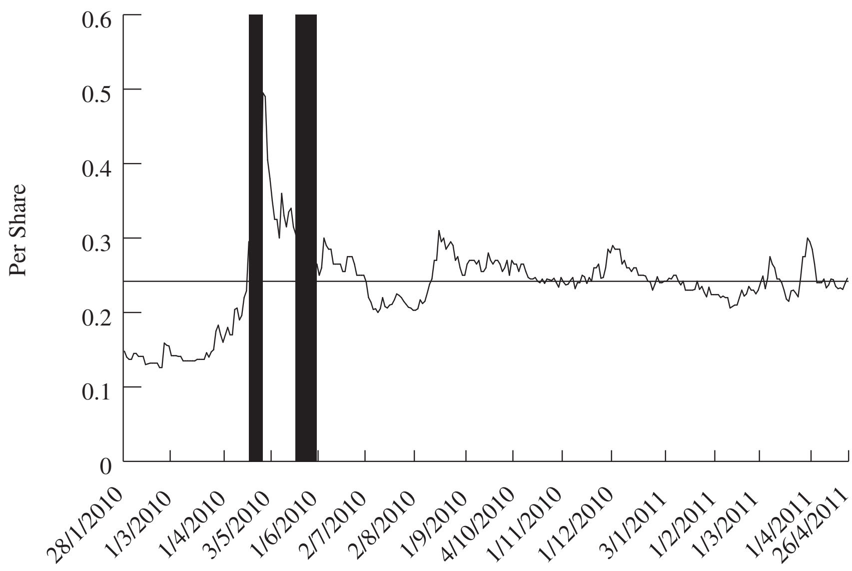
we are of the view that the Consideration level is acceptable subject to the risk factors to be discussed in the ensuing section.

(ii) Conversion Price and Warrant Exercise Price

As set out in the Letter from the Board, each of (a) the Conversion Price and (b) the Warrant Issue Price and the Warrant Exercise Price was determined by the Vendors and Gold Continental on an arm's length basis with reference to the current market price of the Shares and the net asset value per Share.

For the purpose of comparing (a) the Conversion Price and (b) the aggregate of the Warrant Issue Price and the Warrant Exercise Price with the market price of the Shares, we plot the closing price level of the Shares traded on the Stock Exchange from 28 January 2010 (being 250th day preceding 15 February 2011 (being the date of the Agreement)) to 15 February 2011 (being the date of the Agreement) and further up to the Latest Practicable Date (the "Review Period") as follows:

Share price performance



Source: Bloomberg

During the Review Period, the closing price of the Shares ranged from the lowest of HK$0.126 per Share recorded on 22 and 23 February 2010 to the highest of HK$0.495 per Share recorded on 28 April 2010. Each of (a) the Conversion Price and (b) the aggregate of the Warrant Issue Price and the Warrant Exercise Price represents a premium of approximately 92.1% over the said lowest closing price per Share (and a discount of approximately 51.1% to the said highest closing price per Share) during the Review Period.

Upon review, we note that the trading of Shares was suspended from 2:30 p.m. on 20 April 2010 to 27 April 2010, pending the publication of the joint announcement dated 27 April 2010 relating to the change in controlling Shareholder and mandatory conditional cash offers (the "Offers"). We note from the above graph that during the early part of the Review Period which was preceding the announcement of the Offers, the Shares were traded mostly within the range of roughly HK$0.1 to HK$0.2 per Share. Immediately after the resumption of trading of the Shares on 28 April 2010, the closing price of the Company advanced up to HK$0.495 per Share. We consider such substantial increase in the closing price of the Shares might reflect the market response to the Offers. Subsequently, the closing prices per Share fell sharply within a month back to about HK$0.25 per Share, which was the prevailing level immediately preceding the announcement of the Offers.

Further, we note that trading of Shares was suspended from 9:30 a.m. on 24 May 2010 to 31 May 2010, pending the publication of an announcement dated 31 May 2010 relating to the Company's "profit warning". Thereafter, the closing prices per Share stabilised within a range of roughly HK$0.2 to HK$0.3 per Share from June 2010 up to the Latest Practicable Date.

During the Review Period up to 15 February 2011 (being the date of the Agreement), the actual closing price per Share recorded during 119 days out of a total of 250 trading days was lower than (a) the Conversion Price and (b) the aggregate of the Warrant Issue Price and the Warrant Exercise Price (representing approximately 47.6% of the said period).

The table below summarises the premium/(discount) of (a) the Conversion Price and (b) the aggregate of the Warrant Issue Price and the Warrant Exercise Price of HK$0.242 per Share over/(to) closing market prices per Share and net asset value per Share:

		(Closing) price per Share	Premium/(Discount) of (a) the Conversion Price and (b) the aggregate of the Warrant Issue Price and the Warrant Exercise Price over/(to) (closing) price per Share
(i)	On the date of the Agreement	HK$0.210	15.2%
(ii)	Average for the last five trading days up to the date of the Agreement	HK$0.213	13.6%
(iii)	Average for the last 10 trading days up to the date of the Agreement	HK$0.218	11.0%
(iv)	Average for the last 30 trading days up to the date of the Agreement	HK$0.230	5.2%
(v)	Average for the last 60 trading days up to the date of the Agreement	HK$0.244	(0.8%)
(vi)	Average for the last 90 trading days up to the date of the Agreement	HK$0.244	(0.8%)
(vii)	Average for the last 180 trading days up to the date of the Agreement	HK$0.248	(2.4%)
(viii)	Average for the last 250 trading days up to the date of the Agreement	HK$0.234	3.4%
(ix)	On the Latest Practicable Date	HK$0.239	1.26%
(x)	Unaudited consolidated net asset value per Share (based on the net assets (excluding non-controlling interests) of approximately HK$42,851,000 as at 31 December 2010 and the number of Shares in issue of 569,342,976 as at the date of the Agreement)	HK$0.075	222.7%

As illustrated in the above table, each of (a) the Conversion Price and (b) the aggregate of the Warrant Issue Price and the Warrant Exercise Price represents a range of premium of approximately 15.2% to discount of approximately 2.4% to (average) closing price per Share under a series of time spectrum.

- *Industry Comparables*

In order to assess (a) the Conversion Price and (b) the aggregate of the Warrant Issue Price and the Warrant Exercise Price with respect to industry peers' pricing level, we have identified five comparable companies listed on the Stock Exchange (the "Industry Comparables") engaging in provision of mobile data solutions or mobile value-added services similar to that of the Company (which together are considered as an exhaustive list to the best of our knowledge and hence we consider the Industry Comparables are fair and representative samples) with reference to a combined list of companies (as generated by Bloomberg, infocast and ETnet), details of which are set out below:

Name	Ticker	Principal business	Market Capitalisation[1] *(HK$' million)*	Net profit attributable to shareholders[2] *(HK$' million)*	P/E *(times)*	Net asset value[2] *(HK$' million)*	P/B *(times)*
Tencent Holdings Ltd	700 HK Equity	Provision of internet and mobile value-added services and online advertising services	371,685.9	6,083.7	61.1	18,384.8	20.2
Champion Technology Holdings Ltd	92 HK Equity	Sale of general system product; provision of service; software licensing, lease of system product, investment in telecommunication network, e-commerce project; strategic investment in advanced technology product development companies	946.1	88.6	10.7	7,062.3	0.1
Palmpay China Holdings Ltd	8047 HK Equity	Provision of mobile payment gateway services in the PRC	252.5	13.8	18.3	422.0	0.6
Prosten Technology	8026 HK Equity	Provision of solution integration services and wireless mobile value add service	189.0	(6.8)	N/A	94.7	2.0
Zheda Lande Scitech Ltd	8106 HK Equity	Provision of telecommunication solutions, trading of hardware and computer software, provision of telecommunication value-added services and investment holding	124.8	(7.2)	N/A	93.4	1.3
			Median =		***18.3***		***1.3***
			Mean =		***30.0***		***4.9***
			Maximum =		***61.1***		***20.2***
			Minimum =		***10.7***		***0.1***
(a) Conversion Price or (b) the aggregate of the Warrant Issue Price and the Warrant Exercise Price (of HK$0.242 per Share)	8266 HK Equity	Development, provision and sales of mobile internet communication, telecommunications and related services	137.8	(0.7)	N/A	42.9	3.2

Source: Bloomberg, infocast and ETnet and www.hkex.com.hk

Note:

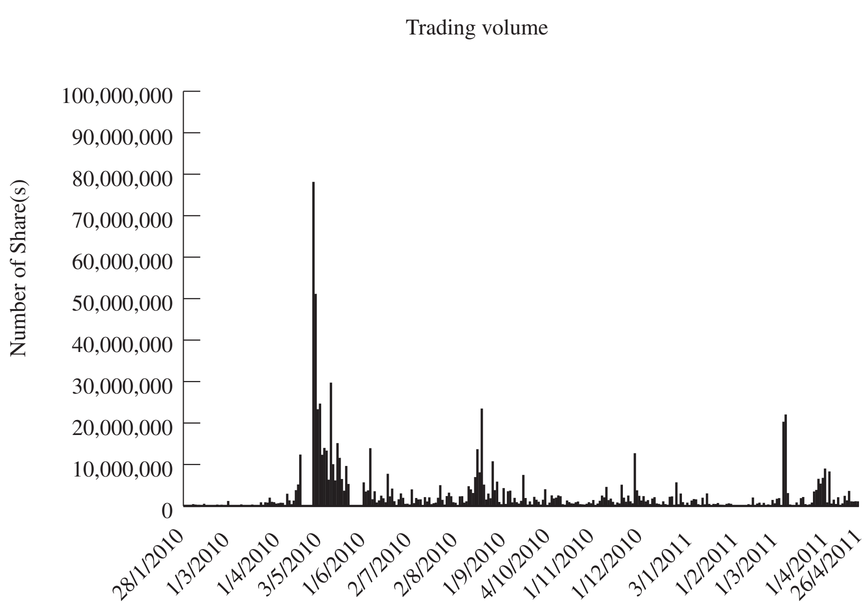
1. Based on the latest closing share price as published by 15 February 2011 (being the date of the Agreement)

2. Based on the latest financial data (net profit/net asset value) as published in the respective annual/interim reports by 15 February 2011 (being the date of the Agreement)

As the Company was loss-making for the latest full financial year ended 31 March 2010, it would not be applicable for us to assess (a) the Conversion Price and (b) the aggregate of the Warrant Issue Price and the Warrant Exercise Price by means of the price/earnings multiple approach. Upon alternative comparison, the price/book multiple represented by each of (a) the Conversion Price and (b) the aggregate of the Warrant Issue Price and the Warrant Exercise Price of approximately 3.2 times is within the range of the Industry Comparables from about 0.1 times to about 20.2 times, and is higher than the median of the Industry Comparables of about 1.3 times.

From the perspective of industry peers' comparison, we consider that each of (a) the Conversion Price and (b) the aggregate of the Warrant Issue Price and the Warrant Exercise Price are acceptable so far as the Independent Shareholders are concerned, after taking into further account of the substantial amount of (a) 136,363,636 and (b) 100,000,000 new Shares issuable upon possible exercise in full of (a) the conversion rights attaching to the Convertible Bonds and (b) the subscription rights attaching to the Warrants (representing approximately (a) 23.95% and (b) 17.56% of the issued share capital of the Company as at the date of the Agreement), with particular reference to the liquidity of Shares recorded during the Review Period (with daily turnover of about 2,783,756 Shares up to 15 February 2011 (being the date of the Agreement), representing only about 0.49% of a total of 569,342,976 Shares in issue as at the date of the Agreement).

For graphical presentation of the liquidity of Shares, we plot the trading volume of the Shares traded during the Review Period as follows:



Source: Bloomberg

- *Convertible Comparables*

In order to assess the Convertible Bonds with respect to similar instruments issued in the market, we have identified 15 companies listed on the Stock Exchange (the "CB Comparables") which proposed to issue convertible bonds/notes during the 1-month period prior to 15 February 2011 (being the date of the Agreement), based on published announcements on the website of the Stock Exchange. We have reviewed and tabulated below the (discount)/premium represented by the conversion prices of the respective convertible bonds/notes proposed to be issued by the CB Comparables (to)/over (i) their respective closing price as at the last trading day and (ii) their respective average closing price for the last 10 consecutive trading days, both prior to their respective announcement on the proposed issue:

Date of announcement	Company	Stock Code	Principal	Coupon rate	Maturity	(Discount)/premium (to)/over the closing price on the last trading day (or the date of the Agreement)	(Discount)/premium (to)/over the average closing price for the last 10 trading days up to the last trading day (or the date of the Agreement)
			(HK$ million)	*(%)*	*(year)*	*(%)*	*(%)*
15-Feb-11	TLT Lottotainment Group Limited	8022	60.0	0.0	2	16.7	10.0
11-Feb-11	eForce Holdings Limited	943	200.0	5.0	3	(36.2)	(20.6)
11-Feb-11	eForce Holdings Limited	943	300.0	2.0	4	(56.9)	(46.4)
9-Feb-11	China Star Entertainment Limited	326	650.0	8.0	5	9.6	3.9
8-Feb-11	China Solar Energy Holdings Limited	155	40.7	0.0	5	(5.9)	(0.9)
2-Feb-11	Fulbond Holdings Limited	1041	500.0	0.0	5	(19.1)	(13.7)
1-Feb-11	China Daye Non-Ferrous Metals Mining Limited	661	1,003.8	0.0	5	(15.3)	(14.7)
31-Jan-11	China Shipping Development Company Limited	1138	4,590.0	1.8[1]	6	≥ higher of (1) average of A-share price for 20 trading day or (2) average trading A-share price for last day	≥ higher of (1) average of A-share price for 20 trading day or (2) average trading A-share price for last day
31-Jan-11	Hanny Holdings Limited	275	300.0	2.0	2	14.8[2] (or (77.1)[3])	13.3[2] (or (77.3)[3])
31-Jan-11	China Golden Development Holdings Limited	162	94.5	1.5	3	(42.0)	(38.7)
30-Jan-11	Hao Tian Resources Group Limited	474	575.0	2.0	5	0.0	5.5

Date of announcement	Company	Stock Code	Principal	Coupon rate	Maturity	(Discount)/premium (to)/over the closing price on the last trading day (or the date of the Agreement)	(Discount)/premium (to)/over the average closing price for the last 10 trading days up to the last trading day (or the date of the Agreement)
			(HK$ million)	*(%)*	*(year)*	*(%)*	*(%)*
26-Jan-11	L.K. Technology Holdings Limited	558	145.0	equivalent to dividend entitled by ordinary shares	∞	(9.4)	(7.1)
25-Jan-11	Guojin Resources Holdings Limited	630	105.0	equivalent to dividend entitled by ordinary shares	5	(24.5)	(25.1)
25-Jan-11	New Times Energy Corporation Limited	166	up to 160.0	9.0	2	(3.7)(1st 4 mth) (or 7.0(subsequent))	(7.0)(1st 4 mth) (or 3.4(subsequent))
19-Jan-11	Birmingham International Holdings Limited	2309	321.5-1,371.2	equivalent to dividend entitled by ordinary shares	∞	1.5	4.2
19-Jan-11	Mascotte Holdings Limited	136	up to 1,600.0	5.0	3	6.4	17.6
	Median =			***2.0***	***5***	***(5.9)***	***(7.0)***
	Mean =			***2.9***	***4[4]***	***(10.9)***	***(8.0)***
	Maximum =			***9.0***	***∞***	***16.7***	***17.6***
	Minimum =			***0.0***	***2***	***(56.9)***	***(46.4)***
15-Feb-11	the Company	8266	33	0	3	15.2	11.0

Note:

1. Based on the mid-point of the announced range from 0.5% to 3.0% per annum

2. If the rights issue does not become unconditional or does not proceed at the time of issue of the convertible notes

3. If the rights issue has become unconditional at the time of issue of the convertible notes

4. Perpetual (∞) maturity data is disregarded when arriving at the mean data

Upon comparison, we note that the tenor of the Conversion Bonds of three years is shorter than the median and the mean of the CB Comparables of approximately five years and four years respectively, and hence represents a relatively less long-term funding to the Company. In addition, despite the tenor of the Conversion Bonds is within the range of the CB Comparables from two years to perpetual years, we note that the Conversion Bonds are subject to early redemption at the discretion of the Bondholder(s) (i) as to not more than 50% (representing HK$16,500,000) from the first anniversary to the second anniversary of the date of issue; and (ii) as to up to 100% from the second anniversary to the third anniversary of the date of issue. Solely based on the foregoing, we consider that the terms of the Conversion Bonds are not attractive to the Company as issuer. However, taking into an overall account from a wider perspective of CB Comparables' comparison that:

(1) the premium of approximately 15.2% as represented by the Conversion Price over the closing price of HK$0.210 per Share on the last trading day up to the date of the Agreement is higher than the median and the mean of the CB Comparables of discount of approximately 5.9% and 10.9% respectively;

(2) the premium of approximately 11.0% as represented by the Conversion Price over the average closing price of HK$0.218 per Share on the last 10 trading days up to the date of the Agreement is higher than the median and the mean of the CB Comparables of discount of approximately 7.0% and 8.0% respectively; and

(3) the zero coupon rate of the Conversion Bonds is lower than the median and the mean of the CB Comparables of approximately 2.0% and 2.9% respectively and is at the low end of the range,

we consider that the terms of the Conversion Bonds are, on balance, acceptable so far as the Independent Shareholders are concerned. We also consider the above Convertible Comparables are fair and representative samples. In any event, the Independent Shareholders should note that the business nature, financial positions and use of proceeds of the underlying companies issuing the comparable bonds/notes are different from those of the Company. Further, the principal amounts of the CB Comparables are different from that of the Convertible Bonds.

- *Warrant Comparables*

In order to assess the Warrant with respect to similar instruments issued in the market, we have identified 11 companies listed on the Stock Exchange (the "Warrant Comparables") which proposed to issue warrant (excluding bonus issue) during the 2-month period prior to 15 February 2011 (being the date of the Agreement), based on published announcements on the website of the Stock Exchange. We have reviewed and tabulated below the (discount)/premium represented by the conversion prices of the respective convertible bonds/notes proposed to be issued by the CB Comparables (to)/over (i) their respective closing price as at the last trading day and (ii) their respective average closing price for the last 10 consecutive trading days, both prior to their respective announcement on the proposed issue:

Date of announcement	Company name (Stock code)	Year(s) to maturity	Gross amount raised immediately upon issue of warrant	Gross amount to be raised upon possible full exercise of subscription rights attached to warrant	Premium/ (discount) of the aggregate of the issue price and subscription price over/(to) closing price on last trading day up to the date of relevant announcement/ agreement	Premium/ (discount) of the aggregate of the issue price and subscription price over/(to) average closing price on the last 5 consecutive trading days up to the date of relevant announcement/ agreement	Annualised premium/ (discount) of the aggregate of the issue price and subscription price over/(to) closing price on last trading day up to the date of relevant announcement/ agreement	Annualised premium/ (discount) of the aggregate of the issue price and subscription price over/(to) average closing price on the last 5 consecutive trading days up to the date of relevant announcement/ agreement
			(HK$ million)	*(HK$ million)*	*(%)*	*(%)*	*(%)*	*(%)*
		(1)	(2)	(3)	(4)	(5)	(6) = (4)/(1)	(7) = (5)/(1)
28-Jan-11	CVM Minerals Limited (705)	1	0.8	44.3	3.8	8.7	3.8	8.7
26-Jan-11	L.K. Technology Holdings Limited (558)	2.5	0.0	80.0	13.2	16.2	5.3	6.5
20-Jan-11	Tanrich Financial Holdings Limited (812)	1	2.0	100.0	15.9	14.3	15.9	14.3
14-Jan-11	Qunxing Paper Holdings Company Limited (3868)	1	10.3	609.4	3.9	6.1	3.9	6.1
12-Jan-11	China Oriental Culture Group Limited (2371)	2	6.0	102.0	7.1	8.4	3.6	4.2
10-Jan-11	Regent Manner International Holdings Limited (1997)	1	0.3	54.0	6.1	1.9	6.1	1.9
30-Dec-10	Seamless Green China (Holdings) Limited (8150)	3	1.4	22.7	0.0	9.4	0.0	3.1
30-Dec-10	China Vanguard Group Limited (8156)	1	0.0	5.0	0.0	(2.3)	0.0	(2.3)

Date of announcement	Company name (Stock code)	Year(s) to maturity	Gross amount raised immediately upon issue of warrant *(HK$ million)*	Gross amount to be raised upon possible full exercise of subscription rights attached to warrant *(HK$ million)*	Premium/ (discount) of the aggregate of the issue price and subscription price over/(to) closing price on last trading day up to the date of relevant announcement/ agreement *(%)*	Premium/ (discount) of the aggregate of the issue price and subscription price over/(to) average closing price on the last 5 consecutive trading days up to the date of relevant announcement/ agreement *(%)*	Annualised premium/ (discount) of the aggregate of the issue price and subscription price over/(to) closing price on last trading day up to the date of relevant announcement/ agreement *(%)*	Annualised premium/ (discount) of the aggregate of the issue price and subscription price over/(to) average closing price on the last 5 consecutive trading days up to the date of relevant announcement/ agreement *(%)*
		(1)	(2)	(3)	(4)	(5)	(6) = (4)/(1)	(7) = (5)/(1)
28-Dec-10	Tiangong International Company Limited (826)	2	0.8	168.0	9.9	8.9	4.9	4.4
23-Dec-10	Tack Hsin Holdings Limited(611)	3	0.0	120.0	(61.7)	(64.1)	(20.6)	(21.4)
17-Dec-10	SW Kingsway Capital Holdings Limited(188)	1	0.0	17.8	10.0	1.3	10.0	1.3
	Median	1.0			6.1	8.4	3.9	4.2
	Mean	1.7			0.7	0.8	3.0	2.4
	Maximum	3.0			15.9	16.2	15.9	14.3
	Minimum	1.0			(61.7)	(64.1)	(20.6)	(21.4)
15-Feb-11	The Company	3.0[1]	2.0	22.2	15.2	13.6	5.1	4.5

Note:

1. the Warrantholder may exercise the subscription rights attaching to the Warrants at any time after the first anniversary of the date of issue of the Warrants to the date falling on the third anniversary of the date of issue of the Warrants

Upon comparison, we note that

(1) the annualised premium of the aggregate of the Warrant Issue Price and the Warrant Exercise Price of approximately 5.1% over the closing price on last trading day up to the date of relevant announcement/agreement is higher than the median and the mean of the Warrant Comparables of approximately 3.9% and 3.0% respectively;

(2) the annualised premium of the aggregate of the Warrant Issue Price and the Warrant Exercise Price of approximately 4.5% over the average closing price on the last 5 consecutive trading days up to the date of relevant announcement/agreement is higher than the median and the mean of the Warrant Comparables of approximately 4.2% and 2.4% respectively;

(3) the (un-annualised) premium of the aggregate of the Warrant Issue Price and the Warrant Exercise Price of approximately 15.2% over the closing price on last trading day up to the date of relevant announcement/agreement is higher than the median and the mean of the Warrant Comparables of approximately 6.1% and 0.7% respectively;

(4) the (un-annualised) premium of the aggregate of the Warrant Issue Price and the Warrant Exercise Price of approximately 13.6% over the closing price on last 5 consecutive trading days up to the date of relevant announcement/agreement is higher than the median and the mean of the Warrant Comparables of approximately 8.4% to 0.8%; and

(5) the tenor of the Warrant of three years (subject to no exercise thereof possible until after the first anniversary of the date of issue) is longer than the median of the Warrant Comparables of approximately one year, and hence represents a relatively longer-term fund raising opportunity to the Company,

we consider that the terms of the Warrant are acceptable so far as the Independent Shareholders are concerned. We also consider the above Warrant Comparables are fair and representative samples. In any event, the Independent Shareholders should note that the business nature, financial positions and use of proceeds of the underlying companies issuing the comparable warrants are different from those of the Company. Further, the principal amounts of the Warrant Comparables are different from that of the Warrant.

3. Financial effects of the Proposed Acquisition on the Group

(i) Cashflow

- *Impact from the settlement of the Consideration*

As set out in the Letter from the Board, the consideration of HK$65,000,000 for the sale and purchase of the Sale Shares shall be settled by Gold Continental (which shall be shared by the Vendors on a 50:50 basis) in the following manner:

(a) as to HK$9,500,000 shall be paid by Gold Continental to the Vendors in cash as the Deposit and part payment of the Consideration on the date of the Agreement;

(b) as to HK$20,500,000 shall be paid by Gold Continental to the Vendors in cash at Completion;

(c) as to HK$33,000,000 shall be satisfied by Gold Continental procuring the Company to issue the Convertible Bonds to the Vendors at Completion; and

(d) as to HK$2,000,000 shall be satisfied by Gold Continental procuring the Company to issue the Warrants to the Vendors at Completion.

Timing wise, we note that a minority portion (as to about 15%) of the total Consideration has to be paid upfront on the date of the Agreement. We consider such part payment (as upfront deposit) by the Group as purchaser to be not uncommon in similar kind of sale and purchase transaction. In any event, we have reviewed the Agreement and note that if the conditions have not been fulfilled (or waived as the case may be), the Agreement shall cease and determine, and the Vendors shall within seven (7) Business Days therefrom refund the Deposit to Gold Continental without interest.

The cash portion of the Consideration will be paid by the Group by internal resources of the Group. On such basis, the Proposed Acquisition is expected to have a negative impact on the cashflow position of the Group immediately upon Completion (without yet to account for ensuing cash outflow arising from the Best Team Group following Completion for the purpose of paying its property development costs (including construction cost, finance expense, and marketing expense)).

With a view to assessing the Group's ability to settle the cash portion of the Consideration of HK$30,000,000, we have reviewed the latest published interim report of the Company for the six months ended 30 September 2010 and the subsequent announcements published by the Company. In this connection, we note that within November 2010 the Company announced and completed a placing of 90,000,000 new Shares at HK$0.2 per Share, thereby raising net proceeds of approximately HK$17.5 million which were intended to be used for general working capital of the Group. Up to the Latest Practicable Date, we understand that out of such net proceeds, as to

(a) HK$9.5 million has been paid as deposit and part payment of the Consideration;

(b) HK$3 million has been used as general working capital of the Group; and

(c) the remaining balance of HK$5 million has been maintained into the bank.

Based on:–

(1) the unaudited cash and deposits with banks of the Group of approximately HK$17.6 million as at 30 September 2010;

(2) the remaining balance of net proceeds of HK$5 million arising from the placing of new Shares in November 2010;

(3) the Group's non-cancellable operating lease commitments as at 30 September 2010 of approximately HK$2.0 million (of total future minimum lease payments) up to next fifth years arising from leasing certain of its office properties under; and

(4) no contingent liabilities, capital commitments nor significant investments were incurred by the Group as at 30 September 2010,

we understand from the Directors that the Group is expected to have sufficient working capital for meeting the settlement obligation of the remaining cash portion of the Consideration of HK$20,500,000 at Completion.

- *Impact from the funding requirement of Best Team*

Upon enquiry, we have been advised by the Directors that it is possible but not likely that sizeable CAPEX requirement on the part of the Company could arise after Completion for supporting the Best Team Group's outstanding property development costs (including payment of construction cost, finance expense, and marketing expense), which amounts to an estimated total of RMB44,040,384 (representing (a) 25% share of RMB10,210,000 under Yangdong Fuli; and (b) 66.66% share of RMB62,294,120 under Yangjiang Yonglian).

We understand from the Directors that the Best Team Group's total property development costs can be financed by

(a) pre-sale proceeds of completed residential/commercial units of Yangdong Properties from time to time;

(b) loan from financial institution to be secured by way of pledge of relevant land title of Yangjiang Land; and/or

(c) contribution from shareholders including the Group and the 33.4% minority shareholder Yangjiang Yonglian.

- *Repayment at maturity of the Conversion Bonds*

We note that the outstanding principal amount of the Convertible Bonds (amounting to HK$33,000,000), unless previously redeemed, converted or cancelled), shall be repaid by the Company on the Maturity Date. Given such repayment obligation, we consider that completion of the Proposed Acquisition may risk the Group on a sizeable cash outflow burden on the Maturity Date, unless there is previous conversion into Shares.

- *Early redemption of the Conversion Bonds*

We note that the Conversion Bonds are subject to early redemption at the discretion of the Bondholder(s) (i) as to not more than 50% (representing HK$16,500,000) from the first anniversary to the second anniversary of the date of issue; and (ii) as to up to 100% from the second anniversary to the third anniversary of the date of issue. On such basis, we consider that this mechanism offers flexibility to the Vendors (as holder) to require the Company to early repay (in part) the Conversion Bonds, thereby posing a risk of settlement obligation on the part of the Company earlier than the maturity. We have enquired the Directors and understand therefrom that the Group could become necessary to look for fund raising opportunity in case so necessary for meeting the settlement obligation of such early redemption of the Conversion Bonds of HK$33,000,000.

Similarly, we note that the Conversion Bonds are subject to early redemption at the discretion of the Company. On such basis, we consider that this mechanism offers flexibility to the Company (as issuer) in opting for early repayment of the Conversion Bonds (in part or in full) at any time prior to the Maturity Date, which has the benefit of avoiding the dilution to the Company's prevailing shareholding interests arising from any possible conversion of the Convertible Bonds. However, we have obtained indication from the Directors that the Company would not opt for early redemption of any portion of the Conversion Bonds unless the Group has sufficient working capital for the same.

(ii) Net Assets

According to the latest published quarterly report of the Company for the nine months ended 31 December 2010, the unaudited consolidated net assets (excluding non-controlling interests) of the Group as at 31 December 2010 were approximately HK$42.9 million.

According to the "Unaudited pro forma financial information of the Enlarged Group" as set out in appendix III to the Circular, the net assets of the Group shall be impacted:–

(1) negatively by a positive goodwill as estimated upon consolidation of the Best Team Group as a result of the Proposed Acquisition, which represents the excess of the Consideration cost payable over the fair value of the Group's share of the net identifiable assets of Best Team at the date of acquisition;

(2) positively by the equity component of the Convertible Bonds to be issued at Completion as part payment of the Consideration;

(3) positively by the warrant reserve of the Warrant to be issued at Completion as part payment of the Consideration; and

(4) negatively by the estimated expenses for the Proposed Acquisition.

On the above basis, the Proposed Acquisition is expected to have a mixed impact on the net tangible asset position of the Group immediately upon Completion. Upon possible exercise in part or in full of (a) the conversion rights attaching to the Convertible Bonds and/or (b) the subscription rights attaching to the Warrants, the Proposed Acquisition is expected to impact positively on the net assets of the Group.

(iii) Gearing

According to the indebtedness statement of the Company as set out in appendix I to the Circular, the unaudited total indebtedness of the Group were zero as at 31 January 2011. On such basis, the gearing ratio of the Group (as measured by total indebtedness over net assets) was zero (based on unaudited consolidated net assets (excluding non-controlling interests) of the Group as at 31 December 2010 of approximately HK$42.9 million).

According to the "Unaudited pro forma financial information of the Enlarged Group" as set out in appendix III to the Circular, and as discussed with the Company, the gearing position of the Group shall be impacted: –

(1) negatively by the recognition of the liabilities component of the Convertible Bonds to be issued at Completion as part payment of the Consideration; and

(2) negatively by the full consolidation of the total liabilities of Best Team which will become an indirect wholly-owned subsidiary of Group as a result of the Proposed Acquisition.

On the above basis, the Proposed Acquisition is expected to have a negative impact on the gearing position of the Group immediately upon Completion.

(iv) Earnings

Upon Completion, Best Team will become an indirect wholly-owned subsidiary of the Group and, hence, the Group will fully consolidate the financial results (in terms of turnover and all relevant subsequent items of income statement) of Best Team.

As discussed with the Company, we consider that the impact of the Proposed Acquisition on the earnings of the Group will depend on: –

(1) the actual profit and loss performance of the Best Team Group after Completion, which would largely depend on the progress and the extent of pre-sale and completion of its property development projects, due to the fact that the revenue (and hence profit) from sale of properties and pre-completion contracts for sale of development properties shall not be recognised until the construction thereof has been completed, the title thereof has been transferred, and relevant properties have been delivered to purchasers according to the prevailing accounting policy of the Best Team Group; and

(2) the imputed interest expenses on the liability component of the Convertible Bonds (to be assessed).

4. Dilution to shareholding interests of the Independent Shareholders

Set out below is a summary of the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the conversion of the Convertible Bonds in full and prior to the exercise of the Warrants; (iii) immediately after the exercise of the Warrants in full and prior to the conversion of the Convertible Bonds; and (iv) immediately after the conversion of the Convertible Bonds in full and the exercise of the Warrants in full:

	As at the Latest Practicable Date		Immediately after the conversion of the Convertible Bonds in full and prior to exercise of the Warrants *(Note 1)*		Immediately after the exercise of the Warrants in full and prior to conversion of the Convertible Bonds *(Note 2)*		Immediately after the conversion of the Convertible Bonds in full and the exercise of the Warrants in full *(Notes 1 & 2)*	
	Number of Shares	*Approximate percentage*	*Number of Shares*	*Approximate percentage*	*Number of Shares*	*Approximate percentage*	*Number of Shares*	*Approximate percentage*
Directors								
Dr. Chan Chung	19,224,452	3.27	19,224,452	2.65	19,224,452	2.79	19,224,452	2.33
Mr. Chan Wai Kwong, Peter	108,036	0.02	108,036	0.01	108,036	0.02	108,036	0.01
Sub-total	19,332,488	3.29	19,332,488	2.66	19,332,488	2.81	19,332,488	2.34
Substantial Shareholders								
China Oil Resources	177,785,861	30.21	177,785,861	24.53	177,785,861	25.82	177,785,861	21.56
Vendors	–	–	136,363,636	18.81	100,000,000	14.52	236,363,636	28.65
Sub-total:								
Vendors and parties acting in concert with them	177,785,861	30.21	314,149,497	43.34	277,785,861	40.34	414,149,497	50.21
Vodatel Information Limited	77,709,696	13.20	77,709,696	10.72	77,709,696	11.29	77,709,696	9.42
Ever Champion Trading Limited	48,776,000	8.29	48,776,000	6.73	48,776,000	7.08	48,776,000	5.91
Sub-total	304,271,557	51.70	440,635,193	60.79	404,271,557	58.71	540,635,193	65.54
Public Shareholders	264,963,383	45.01	264,963,383	36.55	264,963,383	38.48	264,963,383	32.12
Total	588,567,428	100.00	724,931,064	100.00	688,567,428	100.00	824,931,064	100.00

Note 1: The numbers are for illustration purpose only. Pursuant to the Agreement, the Vendors will only convert the Convertible Bonds in a manner that will (i) meet the minimum public requirement as set out in the GEM Listing Rules; and (ii) not trigger any general offer obligation under Rule 26 of the Takeovers Code.

Note 2: The numbers are for illustration purpose only. Pursuant to the Agreement, the Vendors will only convert the Warrants in a manner that will (i) meet the minimum public requirement as set out in the GEM Listing Rules; and (ii) not trigger any general offer obligation under Rule 26 of the Takeovers Code.

As illustrated in the table above, the public Shareholders accounted for approximately 45.01% of the total issued Shares as at the Latest Practicable Date. Assuming: –

(1) the possible conversion of the Convertible Bonds in full and prior to the exercise of the Warrants, the aggregate shareholding interests of the public Shareholders is expected to be diluted to approximately 36.55%;

(2) the possible exercise of the Warrants in full and prior to the conversion of the Convertible Bond, the aggregate shareholding interests of the public Shareholders is expected to be diluted to approximately 38.48%; and

(3) the possible conversion of the Convertible Bonds in full and the exercise of the Warrants in full, the aggregate shareholding interests of the public Shareholders is expected to be diluted from to approximately 32.12%.

We consider that the aforesaid potential dilution to the shareholding interests of public Shareholders is acceptable given that:

(1) the Proposed Acquisition represents an opportunity for the Group to tap into the growing PRC property development market, in the context of the loss-making financial performance of the Company's existing mobile internet communication telecommunications business itself for the most recent financial year and for the most recent third quarterly period;

(2) the dilution to the shareholding interests arising from the possible conversion of the Convertible Bonds can alleviate the Company from repayment burden of principal amount of the Convertible Bonds in cash (of up to HK$33,000,000);

(3) the dilution to the shareholding interests arising from the possible exercise of the Warrants can raise cash funds for the benefit of the Company (of up to HK$22,200,000); and

(4) the price/book multiple represented by each of (a) the Conversion Price and (b) the aggregate of the Warrant Issue Price and the Warrant Exercise Price of approximately 3.2 times is higher than the median of the Industry Comparables of about 1.3 times.

5. Risk factors

(i) PRC tax authorities may challenge the basis on which the Best Team Group calculates and appreciation tax obligations;

(ii) The Best Team Group may be subject to penalties and the Best Team Group's land may be repossessed by the PRC government if the Best Team Group does not comply with the terms of its land grant contracts;

(iii) As property development business is capital intensive in nature, the Best Team Group may not be able to obtain adequate funding on commercially reasonable terms for property development of (a) the Yangjiang Properties which have yet to commence construction and (b) the Yangdong Properties which were under construction;

(iv) PRC government policies, regulations and measures or other restrictions intended to discourage speculation in the property market may adversely affect the Best Team Group's business;

(v) The Best Team Group may not be able to successfully complete projects that the Best Team Group is currently developing, or plan to develop, in a timely manner or at all.

RECOMMENDATION

Having considered the principal factors and reasons, we have concerns that

(1) the property development interests to be acquired under the Proposed Acquisition is a brand new business segment when compared with the existing business of the Company, which may represent a different degree of risk exposure and different risk profile from the perspective of the Company and of the Shareholders;

(2) the Group could become necessary to look for fund raising opportunity in case so necessary for meeting the settlement obligation of early redemption of the Conversion Bonds of HK$33,000,000 at the discretion of the Bondholder(s) (i) as to not more than 50% (representing HK$16,500,000) from the first anniversary to the second anniversary of the date of issue; and (ii) as to up to 100% from the second anniversary to the third anniversary of the date of issue; and

(3) the financial effects of the Proposed Acquisition are negative on (i) cashflow, (ii) net tangible assets and (iii) gearing position of the Group immediately upon Completion.

However, taking into an overall account from wider key perspectives that:

(4) although Yangjiang Properties have yet to commence construction, Yangdong Fuli (another member of the Best Team Group) managed to attain (i) sales turnover of HK$15,841,755 and HK$13,920,824 respectively for each of the two years ended 31 December 2010 and (ii) net profit of HK$817,571 for the year ended 31 December 2009, and has successfully pre-sold a number of its property units of the property development projects to independent customers at an aggregate consideration of RMB14,780,000 and RMB55,612,340 so far up to 21 March 2011; and

(5) by contrast, the Company's existing mobile internet communication telecommunications business itself has been loss-making for the most recent financial year and for the most recent third quarterly period. Under such circumstances, the Directors have been identifying further investment opportunities in order to diversify its existing business and maximise the return of the Shareholders, and the Proposed Acquisition represents an opportunity for the Group to tap into the growing PRC property development market,

we consider that the terms of the Proposed Acquisition are, on balance, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and we recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution for approving the Proposed Acquisition at the EGM.

Yours faithfully,
For and on behalf of
GF Capital (Hong Kong) Limited
Danny Wan
Managing Director and Head of Corporate Finance

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

An unqualified opinion in respect of the audit of the financial statements of the Group has been issued for each of the three years ended 31 March 2010. A summary of the audited results, assets and liabilities of the Group as extracted from the annual reports of the Company is set out below.

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 March		
	2010	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	18,134	20,321	19,742
(Loss)/profit before taxation	(671)	754	381
Taxation	(8)	(6)	(8)
(Loss)/profit for the year	(679)	748	373
Attributable to:			
Equity holders of the Company	(679)	748	382
Minority interests	–	–	(9)
(Loss)/profit for the year	(679)	748	373
(Loss)/earnings per share for (loss)/ profit attributable to the equity holders of the Company during the year			
– basic	(0.14) cent	0.16 cent	0.08 cent
– diluted	N/A	0.16 cent	0.08 cent

CONSOLIDATED ASSETS AND LIABILITIES

	For the year ended 31 March		
	2010	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	31,151	31,855	30,614
Total liabilities	4,266	4,558	4,154
Net assets	26,885	27,297	26,460

2. AUDITED FINANCIAL STATEMENTS OF THE GROUP

The following is the audited financial statements of the Group together with accompanying notes as extracted from the annual report of the Company for the year ended 31 March 2010.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	Notes	**2010** *HK$'000*	**2009** *HK$'000*
Turnover	*6*	18,134	20,321
Other income and gains, net	*6*	478	641
Telecom operators and content providers costs		(9,756)	(10,685)
Employment costs		(5,841)	(5,797)
Research and development expenses		(1,515)	(1,511)
Depreciation of property, plant and equipment		(184)	(130)
Other operating expenses		(2,643)	(2,909)
Operating loss	*7*	(1,327)	(70)
Share of profit of an associate		656	824
(Loss)/profit before taxation		(671)	754
Taxation	*10*	(8)	(6)
(Loss)/profit for the year		(679)	748
Attributable to:			
Equity holders of the Company	*11*	(679)	748
Minority interests		–	–
		(679)	748
(Loss)/earnings per share for (loss)/ profit attributable to the equity holders of the Company during the year	*12*		
– basic		(0.14) cent	0.16 cent
– diluted		N/A	0.16 cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
(Loss)/profit for the year	(679)	748
Other comprehensive income for the year:		
Exchange differences arising on translation of financial statements of foreign operations	29	3
Total comprehensive (loss)/income for the year	(650)	751
Attributable to:		
Equity holders of the Company	(650)	751
Minority interests	–	–
Total comprehensive (loss)/income for the year	(650)	751

CONSOLIDATED BALANCE SHEET

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	301	331
Interest in an associate	15	8,731	8,124
		9,032	8,455
Current assets			
Trade and other receivables	17	3,757	3,619
Financial assets designated as at fair value through profit or loss	18	8,184	–
Cash and deposits with banks	19	10,178	19,781
		22,119	23,400
Total assets		31,151	31,855
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	20	36,977	36,977
Reserves	22	(10,092)	(9,680)
Total equity		26,885	27,297
LIABILITIES			
Current liabilities			
Trade and other payables	23	4,266	4,558
Total liabilities		4,266	4,558
Total equity and liabilities		31,151	31,855
Net current assets		17,853	18,842
Total assets less current liabilities		26,885	27,297

BALANCE SHEET

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	14	–	–
Current assets			
Prepayments and other receivables	17	244	180
Financial assets designated as at fair value through profit or loss	18	8,184	–
Cash and deposits with banks	19	7,918	17,679
		16,346	17,859
Total assets		16,346	17,859
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	20	36,977	36,977
Reserves	22	(21,094)	(19,481)
Total equity		15,883	17,496
LIABILITIES			
Current liabilities			
Other payables	23	463	363
Total liabilities		463	363
Total equity and liabilities		16,346	17,859

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

		Attributable to equity holders of the Company						
	Notes	Share capital HK$'000	Share premium HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
Balance at 1 April 2008		36,930	35,564	20,170	(66,204)	26,460	–	26,460
Shares issued upon exercise of share options		47	18	(11)	–	54	–	54
Recognition of share option benefits at fair value	22	–	–	32	–	32	–	32
Share options forfeited	22	–	–	(13)	13	–	–	–
Total comprehensive income for the year		–	–	3	748	751	–	751
Balance at 31 March 2009		36,977	35,582	20,181	(65,443)	27,297	–	27,297
Recognition of share option benefits at fair value	22	–	–	238	–	238	–	238
Share options forfeited	22	–	–	(2)	2	–	–	–
Total comprehensive (loss)/income for the year		–	–	29	(679)	(650)	–	(650)
Balance at 31 March 2010		36,977	35,582	20,446	(66,120)	26,885	–	26,885

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Operating activities			
(Loss)/profit before taxation		(671)	754
Adjustments for:			
Share-based payments	*22(a)*	238	32
Depreciation of property, plant and equipment	*13*	184	130
Net realised gain on financial assets designated as at fair value through profit or loss		(38)	–
Fair value losses on financial assets designated as at fair value through profit or loss	*18*	54	–
Interest income	*6*	(101)	(308)
Share of profit of an associate		(656)	(824)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
Trade and other receivables		(138)	76
Trade and other payables		(292)	404
Cash (used in)/generated from operations		(1,420)	264
Overseas taxation paid		(8)	(6)
Net cash (used in)/generated from operating activities		(1,428)	258
Investing activities			
Acquisition of additional investment in an associate		–	(327)
Net decrease/(increase) in amount due from an associate	*15*	49	(235)
Purchase of property, plant and equipment	*13*	(154)	(299)
Purchase of financial assets designated as at fair value through profit or loss		(8,200)	–
Interest received		101	308
(Increase)/decrease in bank deposits with maturity greater than three months	*19*	(7,748)	4,125
Net cash (used in)/generated from investing activities		(15,952)	3,572

	Notes	2010 HK$'000	2009 HK$'000
Financing activities			
Proceeds from issue of shares		–	54
Net cash generated from financing activities		–	54
Net (decrease)/increase in cash and cash equivalents		(17,380)	3,884
Cash and cash equivalents at beginning of the year		19,781	15,894
Effect of foreign exchange rates changes		29	3
Cash and cash equivalents at end of the year	*19*	2,430	19,781

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Mobile Telecom Network (Holdings) Limited (the “Company”) and its subsidiaries (collectively the “Group”) are principally engaged in the business of development, provision and sale of mobile internet communication telecommunications and related services in Hong Kong and other Asia Pacific countries.

The Company was incorporated in the Cayman Islands on 25 May 2000 as an exempted Company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Room 2516, 25/F, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong.

Pursuant to a group reorganisation (the “Reorganisation”) in preparation for the listing of the Company’s shares on the Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company acquired the entire issued capital of Mobile Telecom (BVI) Limited through a share swap and became the holding Company of Mobile Telecom (BVI) Limited and its subsidiaries. Details of the Reorganisation are set out in the Prospectus of the Company dated 30 April 2003. The shares of the Company were listed on the GEM of the Stock Exchange on 9 May 2003.

These consolidated financial statements are presented in thousands of units of HK Dollars (HK$’000) and all values are rounded to the nearest thousand except where otherwise indicated.

2 Summary of significant accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") 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 Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The HKICPA has issued certain new and revised HKFRS that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March.

The consolidated financial statements have been prepared under the historical cost convention, except for certain investments classified as financial assets designated as at fair value through profit or loss, which are stated at fair values. The accounting policy on financial assets is summarised in note 2(i).

(i) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loan from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with note 2(p) depending on the nature of the liabilities.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group and are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

In the Company's balance sheet, investments in subsidiaries are stated at cost less any accumulated impairment losses (see note 2(h)), unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Associates

Associates are all entities, not being a subsidiary or jointly controlled entity, over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

An investment in an associate is accounted for using the equity method, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate, unless it is classified as held for sale or included in a disposal group held for sale. The profit or loss of the Group includes its share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on goodwill relating to the investment in associate recognised for the year.

The Group's investment in an associate include goodwill (net of any accumulated impairment losses) identified on acquisition (see note 2(h)).

When the Group's share of losses of an associate equals to or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised profits and losses resulting from the Group's transactions with the associate are eliminated to the extent of the Group's relevant interests in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case losses are recognised immediately in the consolidated income statement for the impairment.

In the Company's balance sheet, the investment in an associate is stated at cost less any accumulated impairment losses. The results of the associate are accounted for by the Company on the basis of dividends received and receivable.

(c) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's top management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually 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.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's 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 HK Dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

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 the consolidated income statement, except when recognised in other comprehensive income and accumulated separately in equity.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income and accumulated separately in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income and accumulated separately in exchange translation reserve in equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated separately in exchange translation reserve in equity. When a foreign operation is sold, such exchange differences are removed from equity and reclassified to profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Computer hardware and software	3 years
Leasehold improvements	2-5 years (lease term)
Furniture and fixtures	5 years
Office equipment	5 years

The assets' residual values, if any, and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss on derecognition of an item of property, plant and equipment, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the consolidated income statement in the period the item is derecognised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(f) Goodwill

Goodwill represents the excess of the cost of a business combination or an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is shown separately in the consolidated balance sheet. Goodwill on acquisition of an associate is included in investment in an associate. Goodwill is stated at cost less any accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generated unit and is tested annually for impairment. In respect, the carrying amount of goodwill is included in the carrying amount of the interest in the associate and the investment as a whole is tested for impairment whenever there is objective evidence of impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(g) Intangible assets (other than goodwill)

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities, and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in the consolidated income statement.

Research and development expenses

All research costs are charged to the consolidated income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the projects are clearly defined; the expenditure is separately identifiable and can be measured reliably; there is reasonable certainty that the projects are technically feasible, and the products have commercial value. Product development expenditure which does not meet this criteria is expensed when incurred.

All research and development expenses incurred during the year ended 31 March 2010 were expensed as no expenditure met the criteria for deferral.

(h) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities (other than investments in subsidiaries and associate: see note (ii) below) and other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investment in an associate recognised using the equity method *(see note 2b(ii))*, the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note (ii) below. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note (ii) below.

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at its original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for these assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through income statement. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included with other receivables whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the consolidated income statement.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than properties carried at revalued amounts);

– investments in subsidiaries and associate (except for those classified as held for sale or included in a disposal group that is classified as held for sale); and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in the consolidated income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generated units (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated income statement in the year in which the reversals are recognised.

(i) Financial assets

The Group classifies its financial assets as loans and receivables, and financial assets designated as at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates their classification at every balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise mainly 'trade and other receivables' and 'cash and deposits with banks' in the consolidated balance sheet.

Loans and receivables are recognised initially at fair value, plus transactions costs incurred and are subsequently carried at amortised cost using the effective interest method.

Financial assets designated as at fair value through profit or loss

Financial assets designated as at fair value through profit or loss includes financial assets held for trading, financial assets designated upon initial recognition as at fair value through profit or loss and all derivatives other than hedging instruments.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or its is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Derivatives including separated embedded derivatives are also designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivatives do not significantly modify the cash flows or it is clear that separation of the embedded derivatives is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

- the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

- the financial assets contain an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group has designated its foreign currency-linked notes as at fair value through profit or loss in order to avoid the need to recognise separately embedded derivatives which were not closely related to the host contract.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and, after initial recognition, at amortised cost less any allowance for impairment of bad and doubtful debts, except for the following receivables:

– interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less any allowance for impairment of bad and doubtful debts, and

– short term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoiced amount less any allowance for impairment of bad and doubtful debts.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(l) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities (if any) measured in accordance with note 2(p)(i), trade and other payables are subsequently stated at amortised cost, except for the following payables:

– short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoiced amount; and

– interest-free loans from related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost.

(m) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the Company's equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates (and laws) enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated 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 accounting nor taxable profit or loss, it is not accounted for. The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets also arise from unused tax losses and unused tax credits.

At each balance sheet date, the Group reviews and assesses the recognised and unrecognised deferred tax assets and the future taxable profit to determine whether any recognised deferred tax assets should be derecognised and any unrecognised deferred tax assets should be recognised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associate, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(o) Employee benefits

(i) Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

(ii) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund Retirement Benefits Scheme in Hong Kong (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based compensation reserve until the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to accumulated losses).

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(p) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payment to reimburse the beneficiary of the guarantee (the "holder") 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.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the consolidated income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in the consolidated income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note (iii) below if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee, i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note (iii) below. Contingent liabilities acquired in a business combination that cannot be reliably fair valued are disclosed in accordance with note (iii) below.

(iii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and the costs, if applicable, can be measured reliably, revenue is recognised in the consolidated income statement as follows:

(i) Service fees from provision of mobile data solutions and related services are recognised when the services are rendered.

(ii) Interest income is recognised as it accrues using the effective interest method.

(iii) Consultancy fee income is recognised when services are rendered.

(r) Operating lease (as the lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Where the Group is the lessee, payments made under operating leases (net of any incentives received from the lessor) are expensed in the consolidated income statement on a straight-line basis over the period of the lease.

(s) Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policies decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of the key management personnel of the Group or the Group's parent; or a close family member of such an individual or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3 Changes in accounting policies

The HKICPA has issued certain new and revised HKFRS that are first effective for the current accounting period of the Group as follows:

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Amendments)	Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKAS 32 and HKAS 1 (Amendment)	Puttable Financial Instruments and Obligation Arising on Liquidation
HKFRS 2 (Amendments)	Share-based Payments – Vesting Conditions and Cancellations
Amendments to HKFRS 7	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKFRSs (Amendments)	Improvements to HKFRSs (2008)
HK(IFRIC) – Int 9 & HKAS 39	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfer of Assets from Customers

Note 2 summarise the accounting policies of the Group, after the adoption of these developments to the extent that they are relevant to the Group. However, the adoption of the above new or revised HKFRS had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented except that the following set out information on the significant changes in accounting policies for the current and prior accounting periods reflected in these consolidated financial statements. Accordingly, no prior period adjustment has been made.

(a) HKAS 1 (Revised 2007) – "Presentation of Financial Statements"

As a result of the adoption of HKAS 1 (Revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expense in a revised consolidated statement of changes in equity. All other terms of income and expense are presented either in a one-statement (i.e. a single "Consolidated Statement of Comprehensive Income") or a two-statement (i.e. a "Consolidated Income Statement" together with a "Consolidated Statement of Comprehensive Income") approach. In addition, the "Consolidated Cash Flow Statement" is renamed as the "Consolidated Statement of Cash Flows". Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

(b) HKFRS 7 – "Financial Instruments: Disclosures"

As a result of the adoption of the amendments to HKFRS 7, the consolidated financial statements include expanded disclosures in note 28(c)(i) about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

(c) HKFRS 8 – "Operating Segments"

HKFRS 8 requires segment disclosure to be based on the way that the Group's top management regards and manages the Group, with the amount reported for each reportable segment being the measures reported to the Group's top management for the purposes of assessing segment performance and making decisions about operating matters. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's top management. In the past, the Group reported its segment by geographical segments only. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss *(see note 5)*.

(d) HKFRSs (Amendments) – "Improvements to HKFRSs (2008)"

The "Improvements to HKFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. Of these, the following amendment has resulted in changes to the Group's accounting policies:

As a result of amendments to HKAS 28, investments in associates, impairment losses recognised in respect of the associates and jointly controlled entities carried under the equity method are no longer allocated to the goodwill inherent in that carrying value. As a result, when there has been a favourable change in the estimates used to determine the recoverable amount, the impairment loss will be reversed. Previously, the Group allocated impairment losses (if any) to goodwill and, in accordance with the accounting policy for goodwill, did not consider the loss to be reversible. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any impairment losses that arise in the current of future periods and those impairment losses (if any) of previous periods have not been restated.

The Group has not early applied any new standard, amendment or interpretation that has been issued but is not yet effective for the current accounting period *(see note 31)*.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Allowance for impairment of bad and doubtful debts

The Group makes allowance for impairment of bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and allowances for impairment losses in the period in which such estimate has been changed.

(b) Income tax and deferred tax

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets recognised to the extent that it is probable that future taxable profit will be available against the temporary differences or tax losses can be utilised. In the current year, deferred tax assets relating to certain temporary differences and tax losses are not recognised in the consolidated financial statements.

The management considers that there is uncertainty and unpredictability of future profit streams available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such difference will impact the recognition of deferred tax assets and income tax charge in the year in which such estimate has been changed.

(c) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(f). The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates.

5 Segment information

The Group has determined the operating segments based on the reports reviewed by the Group's top management that are used to make strategic decisions. As the Group is mainly engaged in the mobile data solutions business, the Group's top management considers the business mainly from a geographic perspective.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's top management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include mainly trade receivables, prepayments, other receivables, deposits and property, plant and equipment. Segment liabilities include trade creditors, accruals and other deposits received.

Revenue and expenses are allocated to the reportable segments with reference to sales generated and the expenses incurred by those geographical segments or which otherwise arise from the depreciation of assets attributable to those reportable segments.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The segment information provided to the Group's top management for the reportable segments for the year ended 31 March 2010 is as follows:

	Hong Kong/ Macau 2010 HK$'000	PRC 2010 HK$'000	Australia 2010 HK$'000	Singapore 2010 HK$'000	Taiwan 2010 HK$'000	Others* 2010 HK$'000	Total 2010 HK$'000
Turnover	17,054	–	176	448	264	192	18,134
Segment results	1,839	(147)	25	136	(640)	57	1,270
Unallocated costs							(2,597)
Operating loss							(1,327)
Share of profit of an associate							656
Loss before taxation							(671)
Taxation							(8)
Loss for the year							(679)
Segment assets	5,012	972	–	–	149	–	6,133
Interest in an associate							8,731
Unallocated assets							16,287
Total assets							31,151
Segment liabilities	(3,662)	(98)	–	–	(28)	–	(3,788)
Unallocated liabilities							(478)
Total liabilities							(4,266)
Capital expenditure	154	–	–	–	–	–	154
Depreciation of property, plant and equipment	180	4	–	–	–	–	184

* *Others represent turnover generated from Indonesia, Malaysia and Sri Lanka.*

The segment information for the year ended 31 March 2009 is as follows:

	Hong Kong/ Macau 2009 *HK$'000*	PRC 2009 *HK$'000*	Australia 2009 *HK$'000*	Singapore 2009 *HK$'000*	Taiwan 2009 *HK$'000*	Others* 2009 *HK$'000*	Total 2009 *HK$'000*
Turnover	18,891	199	203	478	251	299	20,321
Segment results	2,183	54	82	283	(653)	74	2,023
Unallocated costs							(2,093)
Operating loss							(70)
Share of profit of an associate							824
Profit before taxation							754
Taxation							(6)
Profit for the year							748
Segment assets	5,489	211	–	–	131	–	5,831
Interest in an associate							8,124
Unallocated assets							17,900
Total assets							31,855
Segment liabilities	(4,125)	(41)	–	–	(29)	–	(4,195)
Unallocated liabilities							(363)
Total liabilities							(4,558)
Capital expenditure	299	–	–	–	–	–	299
Depreciation of property, plant and equipment	125	5	–	–	–	–	130

* *Others represent turnover generated from Pakistan, Indonesia and Malaysia.*

There are no sales or other transactions between the geographical segments.

6 Turnover, other income and gains, net

Turnover represents the amounts received and receivable for services provided to customers during the year. An analysis of the Group's turnover, other income and gains, net is as follows:

	2010	**2009**
	HK$'000	*HK$'000*
Turnover		
Service fees from provision of mobile data solutions and related services	18,134	20,122
Provision of consultancy services	–	199
	18,134	20,321
Other income		
Interest income	101	308
Sundry income	328	301
	429	609
Gains, net		
Exchange gains	65	32
Net realised gain on financial assets designated as at fair value through profit or loss	38	–
Fair value losses on financial assets designated as at fair value through profit or loss	(54)	–
	49	32
	478	641
	18,612	20,962

7 Operating loss

Operating loss is stated after charging the following:

	2010	2009
	HK$'000	*HK$'000*
Auditors' remuneration	186	197
Depreciation of property, plant and equipment	184	130
Staff costs, including directors' emoluments and amount classified as research and development expenses *(Note 8)*	7,356	7,308
Operating lease rentals for premises and facilities	1,176	1,229
Share of associate's taxation	179	77

8 Staff costs

	2010	2009
	HK$'000	*HK$'000*
Wages and salaries	6,938	7,103
Pension costs – defined contribution schemes	180	173
Share-based payments	238	32
	7,356	7,308

9 Directors' and employees' emoluments

(a) Directors' emoluments

Directors' remuneration for the year, disclosed pursuant to GEM Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

GROUP

2010 Name of Directors	Directors' fees *HK$'000*	Salaries and allowances *HK$'000*	MPF contributions *HK$'000*	Share-based payments *HK$'000*	Other emoluments *HK$'000*	Total *HK$'000*
Executive Directors:						
Chan Chung	–	1,274	12	121	518	1,925
Chan Wai Kwong, Peter	–	216	11	–	–	227
Independent Non-executive Directors:						
Jeffery Matthew Bistrong	100	–	–	–	–	100
Chu Chin Tai, Eric	84	–	–	–	–	84
Chen Kwok Wang, Kester	84	–	–	–	–	84
Total	268	1,490	23	121	518	2,420

2009 Name of Directors	Directors' fees *HK$'000*	Salaries and allowances *HK$'000*	MPF contributions *HK$'000*	Share-based payments *HK$'000*	Other emoluments *HK$'000*	Total *HK$'000*
Executive Directors:						
Chan Chung	–	1,274	12	15	466	1,767
Chan Wai Kwong, Peter	–	216	11	–	–	227
Independent Non-executive Directors:						
Jeffery Matthew Bistrong	100	–	–	–	–	100
Chu Chin Tai, Eric	84	–	–	–	–	84
Chen Kwok Wang, Kester	84	–	–	–	–	84
Total	268	1,490	23	15	466	2,262

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2009: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2009: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2009: four) employees during the year are as follows:

	2010	**2009**
	HK$'000	*HK$'000*
Basic salaries, housing allowances, other allowances and benefits in kind	2,168	2,157
Contributions to MPF scheme	48	46
Share-based payments	116	17
	2,332	2,220

The number of the remaining four (2009: four) employees whose emoluments fall within the following band:

	2010	**2009**
HK$Nil to HK$1,000,000	4	4

10 Taxation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, accordingly, is exempted from Cayman Islands income tax. Subsidiaries incorporated in the British Virgin Islands are exempted companies with limited liability under the Companies Law of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

No provision for Hong Kong profits tax is made in the financial statements as the Group has sufficient tax losses brought forward available to offset the current estimated assessable profits (2009: Nil). Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2010	**2009**
	HK$'000	*HK$'000*
Taxation charge		
Current tax – Overseas taxation	8	6

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

	2010	**2009**
	HK$'000	*HK$'000*
(Loss)/profit before taxation	(671)	754
Calculated at a taxation rate of 16.5% (2009: 16.5%)	(111)	124
Tax effect of income not subject to taxation	(111)	(148)
Tax effect of expenses not deductible for taxation purposes	441	361
Tax effect of temporary differences for the year unrecognised	1	(26)
Tax effect of utilisation of previously unrecognised tax losses	(320)	(409)
Effect of different tax rates of subsidiaries operating in other jurisdictions	108	104
Taxation charge	8	6

11 (Loss)/profit attributable to equity holders of the Company

The (loss)/profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of loss of HK$1,851,000 (2009: profit of HK$9,000).

12 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2010	**2009**
	HK$'000	*HK$'000*
(Loss)/profit for the year attributable to equity holders of the Company	(679)	748
Weighted average number of ordinary shares in issue during the year	473,411,363	473,235,473
Basic (loss)/earnings per share	(0.14) cent	0.16 cent

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the total of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year.

	2009
	HK$'000
Profit for the year attributable to equity holders of the Company	748
Weighted average number of ordinary shares in issue during the year	473,235,473
Weighted average number of ordinary shares issued at no consideration on deemed exercise of all shares options outstanding during the year	2,901,072
	476,136,545
Diluted earnings per share	0.16 cent

No diluted loss per share has been calculated for the year ended 31 March 2010 as the conversion of the Company's outstanding share options could result in a decrease in the loss per share.

13 Property, plant and equipment – Group

	Computer hardware and software	Leasehold improvements, furniture and fixtures	Office equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 April 2008	5,129	211	141	5,481
Additions	253	46	–	299
Currency realignment	(91)	–	–	(91)
At 31 March 2009	5,291	257	141	5,689
Additions	154	–	–	154
Currency realignment	53	–	–	53
At 31 March 2010	5,498	257	141	5,896
Accumulated depreciation				
At 1 April 2008	4,967	211	141	5,319
Depreciation provided for the year	126	4	–	130
Currency realignment	(91)	–	–	(91)
At 31 March 2009	5,002	215	141	5,358
Depreciation provided for the year	169	15	–	184
Currency realignment	53	–	–	53
At 31 March 2010	5,224	230	141	5,595
Net book value				
At 31 March 2010	274	27	–	301
At 31 March 2009	289	42	–	331

14 Interests in subsidiaries

In the Company's balance sheet, interests in subsidiaries consisted of:

	2010	2009
	HK$'000	*HK$'000*
Unlisted shares, at cost	24,453	24,336
Impairment losses	(24,453)	(24,336)
	–	–
Amounts due from subsidiaries *(Note (i))*	27,978	28,594
Allowance for impairment of doubtful debts	(27,978)	(28,594)
	–	–
	–	–

Details of the subsidiaries at 31 March 2010 are as follows:

Name	Country/ place of incorporation	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Interest held
Directly held:				
Mobile Telecom (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	100 Ordinary shares of US$1 each	100%
Indirectly held:				
MTel Limited	Hong Kong	Development and provision of mobile data solutions and related services in Hong Kong	100 Ordinary shares of HK$0.01 each 100,000,000 non-voting deferred shares of HK$0.01 each *(Note (ii))*	100%
MTel (Taiwan) Limited	British Virgin Islands	Provision of mobile data solutions and related services in Taiwan	100 Ordinary shares of US$1 each	100%

Name	Country/ place of incorporation	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Interest held
MTel (Hong Kong) Limited	Hong Kong	Not yet commenced business	10,000 ordinary shares of HK$1 each	100%
MTel Solutions Limited	Hong Kong	Information technology solution services in Hong Kong	10,000 ordinary shares of HK$1 each	60%
M Telecom Limited	Hong Kong	Not yet commenced business	100 ordinary shares of HK$1 each	100%
北京尚世嘉華咨詢有限責任公司	PRC	Provision of technical information consultancy services in Beijing	RMB100,000	80%
廣州市八達網科技有限公司	PRC	Provision of mobile data solutions and related services in Guangzhou	HK$900,000	100%

Notes:

(i) The amounts due from subsidiaries are unsecured, non-interest bearing and not repayable until the subsidiaries are financially capable to do so.

As at 31 March 2010, the amounts due of HK$27,978,000 (2009: HK$28,594,000) have been fully impaired. The individually impaired receivables mainly related to a number of subsidiaries, which are in financial difficulty. These receivables were past due over two years. Movements on the allowance for impairment of doubtful debts are as follows:

	2010 *HK$'000*	2009 *HK$'000*
At beginning of the year	28,594	30,699
Unused amounts reversed	(616)	(2,105)
At end of the year	27,978	28,594

(ii) Holders of non-voting deferred shares have no voting rights, are not entitled to dividends and are not entitled to any distribution upon winding up unless a sum of HK$100,000,000,000,000,000 has been distributed by the Company to the holders of its ordinary shares.

15 Interest in an associate

	2010	2009
	HK$'000	*HK$'000*
Share of net assets, other than goodwill	2,308	1,652
Goodwill	5,513	5,513
	7,821	7,165
Due from an associate	910	959
	8,731	8,124

(a) Except for the loan amount of HK$250,000 which is charged at 5% per annum, the remaining balance due from an associate is unsecured, interest free and has no fixed term of repayment. It is neither past due nor impaired.

(b) The Group's interest in its associate, which is unlisted and engaged in the business of development and provision of mobile data solutions and related services in the PRC, is as follows:

Name	Registered capital	Country of incorporation	Assets *HK$'000*	Liabilities *HK$'000*	Revenue *HK$'000*	Profit *HK$'000*	% Interest held
2010							
廣州流之動資訊技術有限公司	RMB1,000,000	PRC	6,765	1,204	13,057	1,515	43.3
2009							
廣州流之動資訊技術有限公司	RMB1,000,000	PRC	5,169	1,138	8,062	1,906	43.3

16 Financial instruments – by category

(a) Group

The Group classified its financial assets/(liabilities) in the following categories:

	Loans and receivables	Financial assets designated as at fair value through profit or loss	Financial liabilities at amortised cost	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As per consolidated balance sheet				
31 March 2010				
Amount due from an associate	910	–	–	910
Financial assets designated as at fair value through profit or loss	–	8,184	–	8,184
Trade and other receivables	3,157	–	–	3,157
Cash and deposits with banks	10,178	–	–	10,178
Trade and other payables	–	–	(3,935)	(3,935)
Total financial assets/ (liabilities)	14,245	8,184	(3,935)	18,494
31 March 2009				
Amount due from an assoicate	959	–	–	959
Trade and other receivables	2,930	–	–	2,930
Cash and deposits with banks	19,781	–	–	19,781
Trade and other payables	–	–	(4,098)	(4,098)
Total financial assets/(liabilities)	23,670	–	(4,098)	19,572

(b) Company

The Company classified its financial assets/(liabilities) in the following categories:

	Loans and receivables	Financial assets designated as at fair value through profit or loss	Financial liabilities at amortised cost	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As per Company's balance sheet				
31 March 2010				
Financial assets designated as at fair value through profit or loss	–	8,184	–	8,184
Other receivables	82	–	–	82
Cash and deposits with banks	7,918	–	–	7,918
Other payables	–	–	(463)	(463)
Total financial assets/(liabilities)	8,000	8,184	(463)	15,721
31 March 2009				
Other receivables	32	–	–	32
Cash and deposits with banks	17,679	–	–	17,679
Other payables	–	–	(363)	(363)
Total financial assets/(liabilities)	17,711	–	(363)	17,348

17 Trade and other receivables

(a) Group

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	3,073	2,895
Prepayments, other receivables and deposits	684	724
	3,757	3,619

The credit period granted by the Group to its customers is generally 30 days. The ageing analysis of trade receivables is as follows:

	2010	2009
	HK$'000	*HK$'000*
Less than 30 days	1,637	1,259
31 to 60 days	652	758
61 to 90 days	227	261
Over 90 days	557	617
	3,073	2,895

As at 31 March 2010, trade receivables of HK$1,567,000 (2009: HK$1,636,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	2010	**2009**
	HK$'000	*HK$'000*
Neither past due nor impaired	1,506	1,259
Less than 30 days past due	524	677
31 to 60 days past due	293	209
61 to 90 days past due	196	200
Over 90 days past due	554	550
	1,567	1,636
	3,073	2,895

(b) Company

	2010	**2009**
	HK$'000	*HK$'000*
Prepayments and other receivables	244	180

18 Financial assets designated as at fair value through profit or loss

	GROUP		**COMPANY**	
	2010	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Foreign currency-linked notes	8,184	–	8,184	–

The Group has acquired certain foreign currency-linked notes for short-term investment purposes, which are issued by a financial institution with high credit rating and with maturity period ranging from 1 to 3 months.

Except for one outstanding contract which is denominated in Pounds Sterling with an original currency amount of GBP83,000, all outstanding contracts were denominated in HK Dollars at the year end (2009: Nil).

These foreign currency-linked notes will be redeemed by cash only and measured at fair value.

Changes in fair value of these foreign currency-linked notes amounting to HK$54,000 were charged to profit or loss during the year (2009: Nil).

19 Cash and deposits with banks

(a) Group

	2010	**2009**
	HK$'000	*HK$'000*
Cash and deposits with banks in the balance sheet	10,178	19,781
Less: Bank deposits with maturity greater than three months	7,748	–
Cash and cash equivalents in the consolidated statement of cash flows	2,430	19,781

(b) Company

	2010	**2009**
	HK$'000	*HK$'000*
Cash and deposits with banks in the balance sheet	7,918	17,679

Included in cash and deposits with banks in the balance sheet, the Group and the Company have fixed deposits denominated in Pounds Sterling of approximately GBP400,000 (2009: Nil) at the year end.

The effective interest rates for the Group's fixed deposits were in the range of 0.35%-0.48% (2009: 0.65%-0.89%) per annum.

20 Share capital

	Ordinary shares of US$0.01 each			
	Number of shares		Nominal value	
	2010	**2009**	**2010**	**2009**
			HK$'000	*HK$'000*
Authorised:				
At beginning and end of the year	2,000,000,000	2,000,000,000	156,000	156,000
Issued and fully paid:				
At beginning of the year	473,411,363	472,811,363	36,977	36,930
Shares issued upon exercise of share options	–	600,000	–	47
At end of the year	473,411,363	473,411,363	36,977	36,977

Note:

On 17 July 2008, 600,000 share options were exercised at an exercise price of HK$0.09 each, resulting in an issue of 600,000 shares for a total consideration (before expenses) of HK$54,000.

21 Share options

The Company adopted a Pre-IPO Share Option Scheme (the "Pre-IPO Share Option Scheme") and a Share Option Scheme (the "Share Option Scheme") on 27 March 2003.

The purposes of the share option schemes are to provide incentives or rewards for any full-time employees, executives or officers, directors of the Company or any of the subsidiaries and any suppliers, consultants, agents and/or advisors who have contributed to the Company and/or any of its subsidiaries.

(i) Pre-IPO Share Option Scheme

Pursuant to the Pre-IPO Share Option Scheme, the Company had granted Pre-IPO share options to two Executive Directors, one business consultant and employees. The options granted under the Pre-IPO Share Option Scheme entitle the holders to subscribe for a total of up to 1,327,500 (2009: 1,367,500) shares at exercise prices ranging from HK$0.103 to HK$0.191 each, representing, in aggregate, approximately 0.28% of the existing issued share capital of the Company. All of the options have duration of ten years from the date the option was granted.

On 17 July 2008, the subscription rights attaching to 600,000 share options were exercised at the exercise price of HK$0.09 per share, resulting in the issue of 600,000 shares of HK$0.09 each and new share capital of HK$47,000 and share premium of HK$7,000, together with a release of the share options reserve amounting to HK$11,000 which is credited to the share premium account (note 22). The closing price of the Company's ordinary shares immediately before the date on which the options exercised is HK$0.13 per ordinary share.

Movements in the number of share options outstanding during the year are as follows:

	Number of options	
	2010	**2009**
At beginning of the year	1,367,500	2,530,000
Exercised	–	(600,000)
Lapsed	(40,000)	(562,500)
At end of the year	1,327,500	1,367,500

The fair values on share-based payments are shown in note (iv) below.

(ii) Share Option Scheme

Pursuant to the Share Option Scheme, the Company may grant share options to any full-time employees, executive or officers, directors of the Company or its subsidiaries and any suppliers, consultants, agents and advisors who have contributed to the Group to subscribe for shares in the Company. Options granted are exercisable at any time during a period to be notified by the Board of Directors of the Company to grantees provided that the period within which the options must be exercised shall be not more than ten years from the date of grant of the options. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not exceed 10% of the issued share capital of the Company from time to time. The subscription price of the option shares is not to be less than the higher of (a) the closing price of one share as stated in the stock exchange's daily quotations sheet on the date of grant, (b) the average of the closing price of the shares as stated in the stock exchange's daily quotations sheet for the five business days immediately preceding the date of grant, and (c) the nominal value of a share.

On 13 February 2009, share options were granted to grantees to subscribe for 9,968,226 shares of the Company at an exercise price of HK$0.101 each. Among the total of 9,968,226 options, 4,734,113 options were granted to Dr. Chan Chung.

On 17 February 2010, share options were granted to grantees to subscribe for 5,034,113 shares of the Company at an exercise price of HK$0.134 each. Among the total of 5,034,113 options, 4,734,113 options were granted to Dr. Chan Chung.

Movements in the number of share options outstanding during the year are as follows:

	Number of options	
	2010	**2009**
At beginning of the year	19,424,452	9,456,226
Granted during the year *(Note (iv))*	5,034,113	9,968,226
At end of the year	24,458,565	19,424,452

No share options were exercised and lapsed during the year.

The fair values on share-based payments are shown in note (iv) below.

(iii) Other Options

On 4 September 2001, options were granted to a former director of the Company to subscribe for 3,000,000 shares in the Company at an exercise price of HK$0.078 (equivalent of US$0.01) per share. These options are exercisable upon a listing of the Company shares on stock exchange.

(iv) Fair values on share-based payments

Fair values on share-based payments were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	Share options granted on	
	17 February 2010	**13 February 2009**
	(Note (ii))	*(Note (ii))*
Share price	HK$0.134	HK$0.101
Exercise price	HK$0.134	HK$0.101
Expected volatility	32.60%	46.30%
Expected option life (in years)	3	3
Risk-free-rate	0.96%	0.85%
Expected dividends	Nil	Nil

Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The Group recognised the staff cost of HK$238,000 for the year ended 31 March 2010 (2009: HK$32,000) in relation to share options granted by the Company on 17 February 2010 and 13 February 2009.

22 Reserves

(a) Group

	Share premium HK$'000 (Note (iii))	Capital reserve HK$'000 (Note (i))	Capital redemption reserve HK$'000	Exchange translation reserve HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2008	35,564	16,375	2,943	540	312	(66,204)	(10,470)
Shares issued upon exercise of share options	7	–	–	–	–	–	7
Recognition of share option benefits at fair value	–	–	–	–	32	–	32
Share options forfeited	–	–	–	–	(13)	13	–
Transfer on exercise of share options	11	–	–	–	(11)	–	–
Total comprehensive income for the year	–	–	–	3	–	748	751
Balance at 31 March 2009	35,582	16,375	2,943	543	320	(65,443)	(9,680)
Recognition of share option benefits at fair value	–	–	–	–	238	–	238
Share options forfeited	–	–	–	–	(2)	2	–
Total comprehensive (loss)/ income for the year	–	–	–	29	–	(679)	(650)
Balance at 31 March 2010	35,582	16,375	2,943	572	556	(66,120)	(10,092)

(b) Company

	Share premium HK$'000 (Note (iii))	Contributed surplus HK$'000 (Note (ii))	Capital redemption reserve HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2008	35,564	16,375	2,943	312	(74,723)	(19,529)
Shares issued upon exercise of share options	7	–	–	–	–	7
Recognition of share option benefits at fair value	–	–	–	32	–	32
Share options forfeited	–	–	–	(13)	13	–
Transfer on exercise of share options	11	–	–	(11)	–	–
Total comprehensive income for the year	–	–	–	–	9	9
Balance at 31 March 2009	35,582	16,375	2,943	320	(74,701)	(19,481)
Recognition of share option benefits at fair value	–	–	–	238	–	238
Share options forfeited	–	–	–	(2)	2	–
Total comprehensive loss for the year	–	–	–	–	(1,851)	(1,851)
Balance at 31 March 2010	35,582	16,375	2,943	556	(76,550)	(21,094)

Notes:

(i) Capital reserve represents the difference between the nominal value of the ordinary shares issued by the Company and the aggregate of the share capital and share premium of the subsidiary acquired through exchange of shares.

(ii) Contributed surplus represents the difference between the net assets value of a subsidiary acquired and the nominal value of the ordinary shares issued by the Company in connection with the acquisition.

(iii) Under the Company law of the Cayman Islands, share premium is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital account.

23 Trade and other payables

(a) Group

	2010	2009
	HK$'000	*HK$'000*
Trade payables	1,954	2,272
Accrued expenses	1,557	1,759
Other payables	755	515
Deposits received	–	12
	4,266	4,558

The ageing analysis of trade payables is as follows:

	2010	2009
	HK$'000	*HK$'000*
Less than 30 days	641	701
31 to 60 days	471	636
61 to 90 days	220	228
Over 90 days	622	707
	1,954	2,272

In the opinion of directors, all trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

(b) Company

	2010	2009
	HK$'000	*HK$'000*
Other payables	463	363

In the opinion of directors, all other payables are expected to be settled or recognised as income within one year or are repayable on demand.

24 Deferred taxation

There were no deferred tax assets recognised during the year due to unpredictability of future profit streams of the Group. Deferred tax assets have not been recognised in respect of the following items:

	GROUP	
	2010	**2009**
	HK$'000	*HK$'000*
Deductible temporary differences	883	878
Unused tax losses	28,273	30,212
	29,156	31,090

Temporary differences arising in connection with interest in an associate are insignificant. The deductible temporary differences and unused tax losses do not expire under current tax legislation.

25 Commitments

(a) At 31 March 2010, the capital commitments outstanding not provided for in the financial statements were as follows:

	2010	**2009**
	HK$'000	*HK$'000*
Contracted for increase in interest in a subsidiary	–	750

The commitment in respect of the increase in interest in a subsidiary was satisfied by payment in cash.

(b) The Group leases certain of its office properties under operating lease arrangement, with lease negotiated for original terms of three years. None of the leases includes contingent rentals.

At 31 March 2010, the Group had the total future minimum lease payments under various non-cancellable operating leases falling due as follows:

	2010	**2009**
	HK$'000	*HK$'000*
Within one year	607	897
In the second to fifth years, inclusive	–	586
	607	1,483

26 Employment retirement benefit

The Group has arranged its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the group entities and its Hong Kong employees makes monthly contributions to the Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Scheme Ordinance and up to a maximum of HK$1,000 per employee per month (the "MPF Contributions"). The employees are required to contribute a corresponding amount to the MPF Scheme only if their relevant income is more than HK$5,000 per month. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

	2010	**2009**
	HK$'000	*HK$'000*
Contributions to MPF Scheme	180	173

27 Transactions and balances with related parties

(a) During the year, the Group had significant transactions with the following related party, together with balance with it as at the balance sheet date, details of which are as follows:

	2010	**2009**
	HK$'000	*HK$'000*
Associate:		
Balance due to the Group as at the balance sheet date *(Note (i))*	910	959
Interest received	13	6
Subcontracting charges	68	40

Note:

(i) Except for the loan amount of HK$250,000 which is charged at 5% per annum, the remaining balance due from an associate is unsecured, interest free and has no fixed term of repayment.

(b) During both years, compensation of key management personnel represents directors' remuneration, as stated in note 9. The directors' remuneration is determined by the remuneration committee having regard to the performance, responsibilities and experiences of individuals and market trends.

28 Financial risk management objective and policies

(a) Financial risk factors

The Group's activities expose to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk arising in the normal course of its business and financial instruments. The Group's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Group by closely monitoring the individual exposure as summarised below.

(1) Market risk

(i) Foreign currency risk

The Group is exposed to currency risk primarily through sales and telecom operators costs that are denominated in a currency other than functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Australian Dollars, United States Dollars, Taiwan Dollars and Renminbi. In the opinion of the directors, they do not anticipate any significant changes in value of these foreign currencies and hence no sensitivity analysis have been prepared.

The Group is also exposed to foreign currency risk arises from foreign currency deposits and financial assets designated as at fair value through profit or loss, which these assets are mainly denominated or linked to Pounds Sterling.

At 31 March 2010, if Hong Kong Dollars had strengthened/weakened by 10% against the Pounds Sterling, with all other variables held constant, loss for the year would have been approximately HK$431,000 less or HK$827,000 more (2009: Nil). Same effect would apply to the Group's equity as at the year end (2009: Nil).

The Group currently does not have a formal currency hedging policy in relation to currency risk. The directors of the Company monitor the Group's exposure on an ongoing basis and will consider hedging the currency risk should the need arise.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

(ii) Cash flow and fair value interest rate risk

Except for the bank deposits *(note 19)*, the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

In the opinion of directors, they do not anticipate any significant possible changes in interest rates for the relevant financial instruments in existence at the balance sheet date over the period until the next annual balance sheet date. Accordingly, no sensitivity analysis for the Group's exposure to interest rate risk arising from such relevant financial instruments is prepared.

(iii) Price risk

Both the Company and the Group are exposed to other price risk in respect of investments in subsidiaries and the associate. The sensitivity analysis to other price risk in relation to the investments in subsidiaries and the associate cannot be reliably determined due to numerous uncertainties regarding the future development of these subsidiaries and the associate.

(2) Credit risk

The Group's maximum exposure to credit risk in the event of the client's failure to perform their obligations as at 31 March 2010 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. The Group reviews the recoverable amount for each individual account receivables at each balance sheet date to ensure that adequate allowances for impairment are made for irrecoverable amounts.

The credit risk on liquid funds is also limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. In this regard, the directors of the Group consider that the Group's credit risk is effectively controlled and significantly reduced.

At the balance sheet date, the Group has a certain concentration of credit risk as 66% (2009: 62%) of the total trade receivables were due from the five largest clients, most of them are the world's major mobile network operators.

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from amount due from associate, and trade and other receivables are set out in notes 15 and 17.

(3) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the balance sheet date) and the earliest date of the Group can be required to pay:

	Total carrying amount	Less than 1 year or payable on demand
	HK$'000	*HK$'000*
2010		
Trade payables	1,954	1,954
Accrued expenses	1,557	1,557
Other payables	424	424
	3,935	3,935
2009		
Trade payables	2,272	2,272
Accrued expenses	1,759	1,759
Other payables	67	67
	4,098	4,098

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of a debt-to-adjusted capital ratio. This ratio is calculated as total debts divided by adjusted capital. Total debts include current liabilities. Adjusted capital included total equity as shown in the consolidated balance sheet.

During 2010, the Group's strategy, which was unchanged from 2009, was to maintain or adjust the ratio at the range of 10% to 20%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividend paid to shareholders, issue new shares and return capital to shareholders.

The debt-to-adjusted capital ratios at 31 March 2010 and 2009 were as follows:

	2010	**2009**
	HK$'000	*HK$'000*
Current liabilities		
Trade and other payables	4,266	4,558
Total debts	4,266	4,558
Adjusted capital	26,885	27,297
Debt-to-adjusted capital ratio	15.87%	16.70%

Neither the Company nor any of its subsidiaries are subject to either internally or externally imposed capital requirements.

(c) Fair values

(i) Financial instruments carried at fair value

The following presents the carrying value of the financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instruments categorised in its entirely based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

– Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

– Level 2: fair values measured using quoted prices in active market for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable data.

– Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based observable market data.

The fair value of the Group's financial assets designated as at fair value through profit or loss, with carrying value of approximately HK$8,184,000 as set out in note 18, is based on Level 2 measurement.

Estimated discounted cash flows at the current market interest rate are normally used to determine the fair value for other financial instruments (i.e. Level 3 – lowest level).

(ii) Fair values of other financial instruments carried at other than fair value

The fair value of cash and deposits with banks, trade and other receivables and trade and other payables are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

29 Non-adjusting post balance sheet event

Pursuant to the Sales & Purchase Agreement dated 22 April 2010 entered into among China Oil Resources Group Limited (the "Offeror"), a wholly owned subsidiary of PetroAsian Energy Holdings Limited (a listed company in the Stock Exchange of Hong Kong), Silicon Asia Limited (the "Vendor") and Dr. Chan Chung, the Vendor agreed to sell and the Offeror agreed to acquire 177,785,861 shares of the Company at a consideration of HK$35,557,172.2 (equivalent to HK$0.2 per Share), representing approximately 37.55% of the then entire issued share capital of the Company. Immediately following the completion of the sale and purchase of these 177,785,861 shares of the Company, the Offeror was required to make the mandatory conditional cash offer for all the issued shares of the Company held by other shareholders at a price of HK$0.2 per Share in cash and a comparable cash offer for cancellation of all then outstanding share options in accordance with the Hong Kong Code on Takeovers and Mergers. Further details are set out in the composite offer and response document dated 3 June 2010 jointly published by the Company, the Offeror and PetroAsian Energy Holdings Limited.

30 Comparative figures

As a result of the application of HKAS 1 (Revised 2007), Presentation of Financial Statements, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2010. Further details of these developments are disclosed in note 3.

31 Possible impact of amendments, new standards and interpretations issued but not effective for the year ended 31 March 2010

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2010 and which have not been early adopted in these consolidated financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the consolidated financial statements:

	Effective for accounting periods beginning on or after
HKFRS 2 (Amendment), Group cash settled Share-based Payment Transactions	1 January 2010
HKFRS 3 (Revised), Business Combinations	1 July 2009
HKFRS 9, Financial Instruments	1 January 2013
HKAS 24 (Revised), Related Party Disclosures	1 January 2011
HKAS 27 (Revised), Consolidated and Separate Financial Statements	1 July 2009
HKAS 32 (Amendment), Classification of Right Issues	1 February 2010
HKAS 39 (Amendment), Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1 July 2009
HK(IFRIC) – Int 14 (Amendment), Prepayments of a Minimum Funding Requirement	1 January 2011
HK(IFRIC) – Int 17, Distributions of Non-Cash Assets to Owners	1 July 2009
HK(IFRIC) – Int 19, Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Improvements to HKFRSs 2009	1 January 2010 (unless otherwise specified)

3. FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010 AND 30 SEPTEMBER 2009

The following financial information for each of the six months ended 30 September 2010 and September 2009, together with accompanying notes as extracted from the unaudited interim report of the Company for the six months ended 30 September 2010.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 September 2010

		Three months ended 30 September		Six months ended 30 September	
		2010	**2009**	**2010**	**2009**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	*2*	5,992	4,322	10,487	8,720
Other income and gains, net		548	248	601	500
Telecom operators and content providers costs		(2,760)	(2,364)	(5,039)	(4,677)
Employment costs		(2,555)	(1,453)	(4,284)	(2,945)
Research and development expenses		(610)	(316)	(1,145)	(711)
Depreciation of property, plant and equipment		(60)	(51)	(114)	(96)
Other operating expenses		(978)	(703)	(2,408)	(1,403)
Operating loss		(423)	(317)	(1,902)	(612)
Share of profit of an associate		287	216	475	552
Loss before taxation		(136)	(101)	(1,427)	(60)
Taxation	*3*	(47)	(3)	(47)	(6)
Loss for the period		(183)	(104)	(1,474)	(66)

		Three months ended 30 September		Six months ended 30 September	
		2010	**2009**	**2010**	**2009**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Attributable to:					
Equity holders of the Company		(174)	(104)	(1,358)	(66)
Non-controlling interests		(9)	–	(116)	–
		(183)	(104)	(1,474)	(66)
Loss per share for loss attributable to the equity holders of the Company during the period	4				
– Basic *(HK cent)*		(0.036)	(0.022)	(0.284)	(0.014)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2010

	Three months ended 30 September		Six months ended 30 September	
	2010	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loss for the period	(183)	(104)	(1,474)	(66)
Other comprehensive income for the period:				
Exchange difference arising on translation of financial statements of foreign operations	44	9	45	6
Total comprehensive loss for the period	(139)	(95)	(1,429)	(60)
Attributable to:				
Equity holders of the Company	(130)	(95)	(1,313)	(60)
Non-controlling interests	(9)	–	(116)	–
Total comprehensive loss for the period	(139)	(95)	(1,429)	(60)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2010

	Notes	Unaudited 30 September 2010 HK$'000	Audited 31 March 2010 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		422	301
Interest in an associate	*5*	9,250	8,731
		9,672	9,032
Current assets			
Trade and other receivables	*6*	3,390	3,757
Financial assets designated as at fair value through profit or loss	*7*	–	8,184
Cash and deposits with banks		17,594	10,178
		20,984	22,119
Total assets		30,656	31,151
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*8*	37,440	36,977
Reserves		(11,194)	(10,092)
		26,246	26,885
Non-controlling interests		(116)	–
Total equity		26,130	26,885

	Notes	Unaudited 30 September 2010 HK$'000	Audited 31 March 2010 HK$'000
LIABILITIES			
Current liabilities			
Current tax payables		47	–
Trade and other payables	*9*	4,479	4,266
Total liabilities		4,526	4,266
Total equity and liabilities		30,656	31,151
Net current assets		16,458	17,853
Total assets less current liabilities		26,130	26,885

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Attributable to equity holders of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Capital redemption reserve *HK$'000*	Exchange translation reserve *HK$'000*	Share-based payment reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2009	36,977	35,582	16,375	2,943	543	320	(65,443)	27,297	–	27,297
Share options lapsed during the period	–	–	–	–	–	(11)	11	–	–	–
Recognition of share option benefits at fair value	–	–	–	–	–	124	–	124	–	124
Total comprehensive (loss)/ income for the period	–	–	–	–	6	–	(66)	(60)	–	(60)
Balance at 30 September 2009	36,977	35,582	16,375	2,943	549	433	(65,498)	27,361	–	27,361
Balance at 1 April 2010	36,977	35,582	16,375	2,943	572	556	(66,120)	26,885	–	26,885
Share options lapsed during the period	–	–	–	–	–	(1)	1	–	–	–
Shares issued upon exercise of share options	463	137	–	–	–	–	–	600	–	600
Recognition of share option benefits at fair value	–	–	–	–	–	74	–	74	–	74
Transfer to share premium on exercise of share options	–	134	–	–	–	(134)	–	–	–	–
Total comprehensive (loss)/ income for the period	–	–	–	–	45	–	(1,358)	(1,313)	(116)	(1,429)
Balance at 30 September 2010	37,440	35,853	16,375	2,943	617	495	(67,477)	26,246	(116)	26,130

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2010

	Six months ended 30 September	
	2010	**2009**
	HK$'000	*HK$'000*
Net cash used in operating activities	(1,628)	(923)
Net cash generated from/(used in) investing activities	5,724	(6,034)
Net cash generated from financing activities	600	–
Net increase/(decrease) in cash and cash equivalents	4,696	(6,957)
Cash and cash equivalents at 1 April	12,830	19,781
Effect of foreign exchange rates changes	68	6
Cash and cash equivalents at 30 September	17,594	12,830
Analysis of cash and cash equivalents:		
Cash and deposits with banks	17,594	12,830

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited interim financial statements for the six months ended 30 September 2010 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited.

These unaudited 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 Group's annual financial statements for the year ended 31 March 2010. They have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2010 except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRS") that are adopted for the first time for the current period's financial information.

HKFRS 2 (Amendment)	*Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 (Amendment)	*Classification of Right Issues*
HKAS 39 (Amendment)	*Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC) – Int 17 (Amendment)	*Distributions of Non-Cash Assets to Owners*
Improvements to HKFRSs 2009	

The Group has not early applied any new standard, amendment or interpretation that has been issued but is not yet effective for the current accounting period.

2. Segment information

The Group has determined the operating segments based on the reports reviewed by the Group's top management that are used to make strategic decisions. As the Group is mainly engaged in the mobile data solutions business, the Group's top management considers the business mainly from a geographic perspective.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's top management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include mainly trade receivables, prepayments, other receivables, deposits and property, plant and equipment. Segment liabilities include trade payables, accruals and other deposits received.

Revenue and expenses are allocated to the reportable segments with reference to sales generated and the expenses incurred by those geographical segments or which otherwise arise from the depreciation of assets attributable to those reportable segments.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The segment information provided to the Group's top management for the reportable segments for the six months ended 30 September 2010 is as follows:

	Unaudited						
	Hong Kong/ Macau 2010 *HK$'000*	**PRC 2010** *HK$'000*	**Sri Lanka 2010** *HK$'000*	**Singapore 2010** *HK$'000*	**Taiwan 2010** *HK$'000*	**Others* 2010** *HK$'000*	**Total 2010** *HK$'000*
Turnover	9,558	445	149	190	64	81	10,487
Segment results	813	187	35	60	(547)	65	613
Unallocated costs							(2,515)
Operating loss							(1,902)
Share of profit of an associate							475
Loss before taxation							(1,427)
Taxation							(47)
Loss for the period							(1,474)
Segment assets	5,916	1,242	–	–	158	–	7,316
Interest in an associate							9,250
Unallocated assets							14,090
Total assets							30,656
Segment liabilities	(3,949)	(278)	–	–	(23)	–	(4,250)
Unallocated liabilities							(276)
Total liabilities							(4,526)
Capital expenditure	226	9	–	–	–	–	235
Depreciation of property, plant and equipment	113	1	–	–	–	–	114

* *Others represent turnover generated from Australia and Malaysia.*

The segment information for the six months ended 30 September 2009 is as follows:

	Unaudited						
	Hong Kong/ Macau 2009 *HK$'000*	**PRC 2009** *HK$'000*	**Australia 2009** *HK$'000*	**Singapore 2009** *HK$'000*	**Taiwan 2009** *HK$'000*	**Others* 2009** *HK$'000*	**Total 2009** *HK$'000*
Turnover	8,209	–	69	248	112	82	8,720
Segment results	657	(131)	47	177	(288)	62	524
Unallocated costs							(1,136)
Operating loss							(612)
Share of profit of an associate							552
Loss before taxation							(60)
Taxation							(6)
Loss for the period							(66)
Segment assets	4,718	999	–	–	128	–	5,845
Interest in an associate	–	8,639	–	–	–	–	8,639
Unallocated assets							16,730
Total assets							31,214
Segment liabilities	(3,325)	(79)	–	–	(27)	–	(3,431)
Unallocated liabilities							(422)
Total liabilities							(3,853)
Capital expenditure	98	–	–	–	–	–	98
Depreciation of property, plant and equipment	94	–	2	–	–	–	96

* *Others represent turnover generated from Pakistan, Indonesia, Malaysia and Sri Lanka.*

There are no sales or other transactions between the geographical segments.

3. Taxation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, accordingly, is exempted from Cayman Islands income tax. Subsidiaries incorporated in the British Virgin Islands are exempted companies with limited liability under the Companies Law of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

No provision for Hong Kong profits tax is made in the financial statements as the Group has sufficient tax losses brought forward available to offset the current estimated assessable profits (2009: Nil). Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2010	2009	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Taxation charge				
Current tax				
– Overseas taxation	47	3	47	6

4. Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2010	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loss for the period attributable to equity holders of the Company	(174)	(104)	(1,358)	(66)
Weighted average number of ordinary shares in issue during the period	477,798,016	473,411,363	477,798,016	473,411,363
Basic loss per share	(0.036) cents	(0.022) cents	(0.284) cents	(0.014) cents

(b) Diluted earnings per share

No diluted loss per share has been calculated as the conversion of the Company's outstanding share options could result in a decrease in the loss per share.

5. Interest in an associate

	Unaudited 30 September 2010	**Audited 31 March 2010**
	HK$'000	*HK$'000*
Share of net assets	2,784	2,308
Goodwill	5,513	5,513
	8,297	7,821
Due from an associate	953	910
	9,250	8,731

(a) Except for the loan amount of HK$250,000 which is charged at 5% per annum, the remaining balance due from the associate is unsecured, interest free and has no fixed term of repayment. It is neither past due nor impaired.

(b) The Group's interest in its associate, which is unlisted and engaged in the business of development and provision of mobile data solutions and related services in the PRC, is as follows:

Name	Place of Registration	Assets	Liabilities	Revenue	Profit	Interest held
		HK'000	*HK'000*	*HK'000*	*HK'000*	*%*
As at 30 September 2010						
廣州流之動資訊技術有限公司	PRC	7,648	1,219	5,416	1,096	43.3
As at 31 March 2010						
廣州流之動資訊技術有限公司	PRC	6,765	1,204	13,057	1,515	43.3

6. Trade and other receivables

	Unaudited 30 September 2010	**Audited 31 March 2010**
	HK$'000	*HK$'000*
Trade receivables	2,702	3,073
Prepayments, other receivables and deposits	688	684
	3,390	3,757

The credit period granted by the Group to its customers is generally 30 days. The ageing analysis of the trade receivables is as follows:

	Unaudited 30 September 2010 *HK$'000*	**Audited 31 March 2010** *HK$'000*
Less than 30 days	2,071	1,637
31 to 60 days	83	652
61 to 90 days	137	227
Over 90 days	411	557
	2,702	3,073

7. Financial assets designated as at fair value through profit or loss

	Unaudited 30 September 2010 *HK$'000*	**Audited 31 March 2010** *HK$'000*
Foreign currency-linked notes	–	8,184

As at 31 March 2010, the Group had acquired certain foreign currency-linked notes for short-term investment purposes, which were issued by a financial institution with high credit rating and with maturity period ranging from 1 to 3 months.

These foreign currency-linked notes were redeemed with cash during the six months ended 30 September 2010.

8. Share capital

	Number of shares		Nominal value	
	Unaudited 30 September 2010	**Audited 31 March 2010**	**Unaudited 30 September 2010** *HK$'000*	**Audited 31 March 2010** *HK$'000*
Authorised:				
At beginning and end of the period/year				
Ordinary shares of US$0.01 each	2,000,000,000	2,000,000,000	156,000	156,000
Issued and fully paid:				
At beginning of the period/year				
Ordinary shares of US$0.01 each	473,411,363	473,411,363	36,977	36,977
Shares issued upon exercise of share options	5,931,613	–	463	–
At end of the period/year				
Ordinary shares of US$0.01 each	479,342,976	473,411,363	37,440	36,977

9. Trade and other payables

	Unaudited 30 September 2010 *HK$'000*	**Audited 31 March 2010** *HK$'000*
Trade payables	1,847	1,954
Accrued expenses	630	1,557
Other payables	2,002	755
	4,479	4,266

The ageing analysis of the trade payables is as follows:

	Unaudited 30 September 2010 *HK$'000*	**Audited 31 March 2010** *HK$'000*
Less than 30 days	702	641
31 to 60 days	88	471
61 to 90 days	300	220
Over 90 days	757	622
	1,847	1,954

10. Commitments

The Group leases certain of its office properties under operating lease arrangement, with lease negotiated for original terms of two years. None of the leases includes contingent rentals.

The Group had the total future minimum lease payments under this non-cancellable operating leases falling due as follows:

	Unaudited 30 September 2010 *HK$'000*	**Audited 31 March 2010** *HK$'000*
Within one year	919	607
In the second to fifth years, inclusive	1,072	–
	1,991	607

11. Transactions with related parties

The Group's key management compensation for the six months ended 30 September 2010 amounted to approximately HK$1,964,000 (2009: HK$1,130,000).

12. Interim dividend

The board does not recommend the payment of an interim dividend for the six months ended 30 September 2010 (2009: Nil).

13. Post balance sheet event

On 4 November 2010, the Company entered into a placing agreement with Finet Securities Limited (the "Placing Agent"), pursuant to which, the Company has conditionally agreed to place, through the Placing Agent on a best-effort basis, up to a maximum of 90,000,000 new Placing Shares at a price of HK$0.2 per Placing Shares. The Placing Shares represent (i) approximately 18.78% of the existing issued share capital of the Company of 479,342,976; and (ii) approximately 15.81% of the Company's issued share capital of 569,342,976 Shares as enlarged by the allotment and issue of the Placing Shares.

The Placee for all 90,000,000 Placing Shares is Ever Champion Trading Limited ("Ever Champion"), an investment holding company incorporated in the British Virgin Islands. The ultimate beneficial owner of Ever Champion is a substantial shareholder of the holding company of the Placing Agent.

The net proceeds from the Placing (after deducting the placing commission, professional fees and other related expenses payable by the Company) are approximately HK$17.5 million which are intended to be used for general working capital of the Group.

The Placing is conditional upon the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares under the Placing.

Further details of the Placing are set out in the Company's announcement dated 4 November 2010.

4. INDEBTEDNESS

At the close of business on 31 March 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts and loans, other loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

5. WORKING CAPITAL

Taking into account the internally generated funds, the Directors are of the opinion that the Enlarged Group will, following the completion of the Agreement, have sufficient working capital for its present requirements, that is for at least 12 months from the date of this circular, in the absence of unforeseeable circumstances.

The following is the text of a report, prepared for the sole purpose of incorporation in this circular received from the Accountants, TING HO KWAN & CHAN, Certified Public Accountants (Practising).

TING HO KWAN & CHAN
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

9th Floor, Tung Ning Building
249-253 Des Voeux Road Central
Hong Kong

The Directors
Mobile Telecom Network (Holdings) Limited
Suite 1006, 10/F., Ocean Centre,
Harbour City, Tsimshatsui,
Kowloon, Hong Kong.

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Best Team International Investment Limited ("Best Team") and its subsidiaries (hereinafter collectively referred to as the "Best Team Group") set out in Sections I to IV below, for inclusion in the circular of Mobile Telecom Network (Holdings) Limited (the "Company") dated 29 April 2011 (the "Circular") in connection with the proposed acquisition of the entire issued share capital in Best Team by a wholly-owned subsidiary of the Company. The Financial Information comprises the combined balance sheets of the Best Team Group as at 31 December 2008, 31 December 2009 and 31 December 2010, and the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Best Team Group for each of the three years ended 31 December 2008, 31 December 2009 and 31 December 2010 (the "Relevant Period"), and a summary of significant accounting policies and other explanatory notes.

Best Team was incorporated on 25 October 2007 in Hong Kong with limited liability and acts as an investment holding company. Pursuant to a group reorganisation as detailed in Note 1 of Section II (the "Reorganisation") below, Best Team has since 18 January 2011 become the holding company of the Best Team Group. As at the date of this report, Best Team has the following subsidiaries:

Name of subsidiary	Place of incorporation and operation	Registered capital	Attributable equity interest of Best Team		Principal activities
			Direct	Indirect	
深圳市鑫泰溢投資發展有限公司 Shenzhen Xintaiyi Investment Development Company Limited ("Shenzhen Xintaiyi")	The People's Republic of China (the "PRC")	RMB1,000,000	100%	–	Investment holding
陽江市永聯房地產開發有限公司 Yangjiang Yonglian Real Estate Development Company Limited ("Yangjiang Yonglian")	The PRC	RMB1,000,000	–	66.66%	Property development

The statutory financial statements of Best Team for each of the three years ended 31 December 2008, 31 December 2009 and 31 December 2010 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), were audited during the Relevant Period by FTW CPA (Practising) Limited, a certified public accountant registered in Hong Kong.

The statutory financial statements of the subsidiaries have been prepared in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC and were audited by the following certified public accountants registered in the PRC.

Name of subsidiary	Financial year ended 31 December	Auditors
Shenzhen Xintaiyi *(Note (i))*	2009	深圳恒達豐會計師事務所
	2010	深圳普天會計師事務所有限公司
Yangjiang Yonglian *(Note (ii))*	2010	深圳恒兆會計師事務所

Notes:

(i) The subsidiary was incorporated on 17 November 2009.

(ii) The subsidiary was incorporated on 22 April 2010.

All the subsidiaries of the Best Team Group have adopted 31 December as the financial year end date.

For the purpose of this report, the directors of Best Team have prepared the combined financial statements of the Best Team Group for the Relevant Period (the "Underlying Financial Statements") in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. We have examined the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by HKICPA.

The Financial Information of the Best Team Group for the Relevant Period set out in this report has been prepared based on the audited Underlying Financial Statements prepared in accordance with HKFRSs, where appropriate, on the basis set out in Note 1 to Section II below, after making such adjustments as we consider appropriate for the purpose of preparing the Financial Information for inclusion in this Circular.

DIRECTORS' RESPONSIBILITY

The preparation of the Underlying Financial Statements and the Financial Information which give a true and fair view in accordance with HKFRSs is the responsibility of the directors of Best Team. The Directors of the Company are responsible for the contents of the Circular in which this report is included. In preparing the Underlying Financial Statements and the Financial Information which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

REPORTING ACCOUNTANTS' RESPONSIBILITY

For the Financial Information for the Relevant Period, our responsibility is to express an opinion on the Financial Information based on our examination and to report our opinion to you. We have examined the audited Underlying Financial Statements of the Best Team Group for preparing the Financial Information, and carried out such additional procedures as are necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as issued by the HKICPA.

The Financial Information has been prepared based on the Underlying Financial Statements for the Relevant Period of the Best Team Group, after making such adjustments to comply with the accounting policies adopted by the Company as we consider appropriate for the purpose of preparing our report for inclusion in the Circular.

OPINION

In our opinion, the Financial Information for the Relevant Period, for the purpose of this report, gives a true and fair view of the state of affairs of Best Team and the combined state of affairs of the Best Team Group as at 31 December 2008, 31 December 2009 and 31 December 2010 and of the Best Team Group's combined results and cash flows for the years then ended.

I FINANCIAL INFORMATION

Combined income statements

		Year ended 31 December		
		2008	2009	2010
	Notes	*HK$*	*HK$*	*HK$*
Other income	*7*	137	88	1,669
General and administrative expenses		(20,750)	(15,858)	(157,492)
Loss before taxation		(20,613)	(15,770)	(155,823)
Income tax expenses	*8*	–	–	–
Loss for the year	*9*	(20,613)	(15,770)	(155,823)
Attributable to:				
Equity holders of Best Team	*11*	(20,613)	(15,770)	(129,522)
Non-controlling interests		–	–	(26,301)
		(20,613)	(15,770)	(155,823)

Combined statements of comprehensive income

	Year ended 31 December		
	2008	**2009**	**2010**
	HK$	*HK$*	*HK$*
Loss for the year	(20,613)	(15,770)	(155,823)
Other comprehensive (loss)/ income for the year (after tax and reclassification adjustments)			
Exchange differences on translation of:			
– financial statements of foreign operations	–	(773)	82,535
Total comprehensive loss for the year	(20,613)	(16,543)	(73,288)
Attributable to:			
Equity holders of Best Team	(20,613)	(16,543)	(60,184)
Non-controlling interests	–	–	(13,104)
	(20,613)	(16,543)	(73,288)

Combined balance sheets

		At 31 December		
		2008	**2009**	**2010**
	Notes	*HK$*	*HK$*	*HK$*
Non-current asset				
Interest in an associate	*12*	–	–	25,410,689
Current assets				
Properties under development	*13*	–	–	6,766,304
Other receivables	*14*	–	–	1,473,730
Cash and cash equivalents	*16*	137	1,278,395	600,560
		137	1,278,395	8,840,594
Total assets		137	1,278,395	34,251,283
Equity				
Capital and reserves attributable to the equity holders of Best Team				
Combined share capital	*17*	2,000	1,138,751	1,898,004
Reserves		(38,663)	(55,206)	25,000,314
		(36,663)	1,083,545	26,898,318
Non-controlling interests		–	–	366,466
Total equity		(36,663)	1,083,545	27,264,784
Current liabilities				
Other payables	*18*	19,300	30,020	6,898,295
Amounts due to directors	*19*	17,500	164,830	88,204
		36,800	194,850	6,986,499
Total liabilities		36,800	194,850	6,986,499
Total equities and liabilities		137	1,278,395	34,251,283
Net current (liabilities)/assets		(36,663)	1,083,545	1,854,095
Net (liabilities)/assets		(36,663)	1,083,545	27,264,784

Combined statements of changes in equity

	Attributable to equity holders of Best Team						
	Combined share capital	Capital reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2008	1,000	–	–	(18,050)	(17,050)	–	(17,050)
Total comprehensive loss for the year	–	–	–	(20,613)	(20,613)	–	(20,613)
Issue of share capital	1,000	–	–	–	1,000	–	1,000
At 31 December 2008	2,000	–	–	(38,663)	(36,663)	–	(36,663)
Total comprehensive loss for the year	–	–	(773)	(15,770)	(16,543)	–	(16,543)
Issue of share capital to the then shareholders	1,136,751	–	–	–	1,136,751	–	1,136,751
At 31 December 2009	1,138,751	–	(773)	(54,433)	1,083,545	–	1,083,545
Total comprehensive loss for the year	–	–	69,338	(129,522)	(60,184)	(13,104)	(73,288)
Issue of share capital to the then shareholders	759,253	–	–	–	759,253	379,570	1,138,823
Capital contribution from shareholders	–	25,115,704	–	–	25,115,704	–	25,115,704
At 31 December 2010	1,898,004	25,115,704	68,565	(183,955)	26,898,318	366,466	27,264,784

Combined statements of cash flows

	Year ended 31 December		
	2008	**2009**	**2010**
	HK$	*HK$*	*HK$*
Operating activities			
Loss before taxation	(20,613)	(15,770)	(155,823)
Adjustment for:			
Interest income	(137)	(88)	(1,669)
Changes in working capital (excluding the effects of exchange differences on combinations):			
Increase in trade and other receivables	–	–	(1,473,730)
Increase in trade and other payables	11,300	9,947	(175,657)
Net cash used in operating activities	(9,450)	(5,911)	(1,806,879)
Investing activities			
Capital contribution from the then shareholders	–	1,136,751	759,253
Capital contribution from the non-controlling interests	–	–	379,570
Interest received	137	88	1,669
Net cash generated from investing activities	137	1,136,839	1,140,492
Financing activities			
Amounts due to directors	8,450	147,330	(53,779)
Proceeds from shares issued	1,000	–	–
Net cash generated from/(used in) financing activities	9,450	147,330	(53,779)
Net increase /(decrease) in cash and cash equivalents	137	1,278,258	(720,166)
Cash and cash equivalents at 1 January	–	137	1,278,395
Effect of foreign exchange rate changes	–	–	42,331
Cash and cash equivalents at 31 December	137	1,278,395	600,560

II NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. Corporation information

General information and reorganisation

On 18 January 2011, Best Team has acquired the entire equity interests in Shenzhen Xintaiyi, which will in turns hold 25% equity interests in Yangdong Fuli Real Estate Development Company Limited and 66.66% equity interests in Yangjiang Yonglian from the then shareholders by the swapping of shares and Best Team became the holding company of the Best Team Group.

The Reorganisation is considered as a common control business combination as there is no change in control immediately before and after the Reorganisation. Mr. Poon Sau Tin and Mr. Poon Sum have acted and act in concert in exercising their voting rights over these group companies since the respective dates of incorporation of the group companies, with the intention of taking collective control over each of the group companies irrespective of the individual equity interests in these group companies.

As permitted by the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA, merger accounting is used to account for these transactions as they are related to entities under common control. The combined income statements, the combined statements of comprehensive income, the combined statements of cash flows of these companies as if the structure of the Best Team Group had been in existence throughout the Relevant Period, or since their respective dates of incorporation or establishment whichever is the shorter period. The combined balance sheets of the Best Team Group as at 31 December 2008, 31 December 2009 and 31 December 2010 have been prepared to present the combined assets and liabilities of the Best Team Group at the balance sheet date.

The Financial Information is presented in Hong Kong dollars ("HK$"), which is the same as the presentation currency of Best Team.

2. Summary of significant accounting policies

The significant accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Statement of compliance

The Financial Information of the Best Team Group has been prepared in accordance with HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The Financial Information of the Best Team Group also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange throughout the Relevant Period.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Best Team Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 5.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the accounting period beginning on 1 January 2010. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Financial Information of the Best Team Group throughout the Relevant Period.

The accounting policies of the Best Team Group are materially consistent with the Company's accounting policies. The Financial Information presents the combined results and combined cash flows of the Best Team Group for the three years ended 31 December 2008, 31 December 2009 and 31 December 2010 and combined balance sheets of the Best Team Group as at 31 December 2008, 31 December 2009 and 31 December 2010, and has been prepared under the historical cost convention.

2.2 Basis of combination

The Financial Information incorporates the financial statements of companies now comprising the Best Team Group. Control is achieved where Best Team has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on combination.

2.3 Merger accounting for business combination involving entities under common control

The Financial Information incorporates the financial statement items of the combining entities in which the common control occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party. The net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined income statements and the combined statements of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under common control, whichever is the shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

2.4 Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Best Team Group. Controls exists when the Best Team Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the combined financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the combined financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests (previously known as "minority interests"), represent the equity in a subsidiary not attributable directly or indirectly to the Best Team Group, and in respect of which the Best Team Group has not agreed any additional terms with the holders of those interests which would result in the Best Team Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Best Team Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the combined balance sheet within equity, separately from equity attributable to the equity shareholders of Best Team. Non-controlling interests in the results of the Best Team Group are presented on the face of the combined income statements and the combined statements of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of Best Team. Loan from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the combined balance sheets in accordance with *notes 2.12* depending on the nature of the liability.

Changes in the Best Team Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Best Team Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial assets *(see note 2.9)* or, when appropriate, the cost on initial recognition of an investment in an associate *(see note 2.5)*.

2.5 Associate

An associate is an entity, not being a subsidiary or a joint venture, over which the Best Team Group has significant influence but not control or joint control, over its management, including participation in the financial and operating policy decisions, generally accompanying a shareholding of between 20% and 50% of the voting rights.

An investment in an associate is accounted for using the equity method, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Best Team Group's share of net assets of the associate, unless it is classified as held for sale or included in a disposal group held for sale. The Best Team Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on goodwill relating to the investment in associate recognised for the year are recognised in the income statement whereas the Best Team Group's share of the post-acquisition post-tax items of the associate's other comprehensive income is recognised in the statement of comprehensive income.

When the Best Team Group's share of losses of an associate equals to or exceeds its interest in the associate, the Best Team Group discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Best Team Group's net investment in the associate. After the Best Team Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Best Team Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised profits and losses resulting from the Best Team Group's transactions with the associate is eliminated to the extent of the Best Team Group's relevant interests in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case losses are recognised immediately in profit or loss for the impairment.

The impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

When the Best Team Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial assets *(see note 2.9)* or, when appropriate, the cost on initial recognition of an investment in an associate.

2.6 Foreign currency translation

(i) Functional and presentation currency

Renminbi ("RMB") is the currency of the primary economic environment in which most of the entities operate ("functional currency"), the combined financial statements are presented in HK$.

(ii) Transactions and balances

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 the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On combination, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.7 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Development cost of properties comprises cost of land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.8 Impairment of assets

(a) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities (other than investments in subsidiaries and associate: see note (b) below) and other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Best Team Group about one or more of the following loss events:

– significant financial difficulty of the debtors;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtors; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at its original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for these assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

(b) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– investments in subsidiaries and associate (except for those classified as held for sale or included in a disposal group that is classified as held for sale); and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use, in assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2.9 Financial assets

The Best Team Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Best Team Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise 'Other receivables' and 'cash and cash equivalents' in the combined balance sheets.

2.10 Other receivables

Other receivables are initially recognised at fair value and, after initial recognition, at amortised cost less any allowance for impairment of bad and doubtful debts, except for the following receivables:

– Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less any allowances for impairment of bad and doubtful debts; and

– Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoiced amount less any allowances for impairment of bad and doubtful debts.

2.11 Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and on hand, demand deposits with bank and other financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

2.12 Other payables

Other payables are initially recognised at fair value and, after initial recognition at amortised cost, except for the following payables:

– Short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoiced amount; and

– Interest free loans from related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost.

2.13 Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between 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 accounting nor taxable profit or loss, it is not accounted for. The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets also arise from unused tax losses and unused tax credits.

At each balance sheet date, the Best Team Group reviews and assesses the recognised and unrecognised deferred tax assets and the future taxable profit to determine whether any recognised deferred tax assets should be derecognised and any unrecognised deferred tax assets should be recognised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries and an associate, except where the timing of the reversal of the temporary differences is controlled by the Best Team Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.14 Employee benefits

Pension obligations

The Best Team Group does not provide a pension plan for its employees. The Best Team Group made contributions to defined contribution retirement plans in the PRC and are recognised as an expenses in the income statement as incurred. The Best Team Group has no further payment obligations once the contributions have been paid.

2.15 Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Best Team Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.16 Revenue recognition

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.17 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Where the Best Team Group is the lessee, payments made under operating leases are expensed in the income statement on a straight line basis over the period of the lease.

2.18 Related parties

A party is considered to be related to the Best Team Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Best Team Group or exercise significant influence over the Best Team Group in making financial and operating policy decisions, or has joint control over the Best Team Group;

(ii) the Best Team Group and the party are subject to common control;

(iii) the party is an associate of the Best Team Group or a joint venture in which the Best Team Group is a venturer;

(iv) the party is a member of the key management personnel of the Best Team Group or the Best Team Group's parent or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Best Team Group or of any entity that is a related party of the Best Team Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. Application of new and revised Hong Kong Financial Reporting Standards

The HKICPA has issued certain new and revised HKFRS that are first effective for the Relevant Period of the Best Team Group. Of these, the following developments are relevant to the Best Team Group's financial statements:

HKFRS 3 (revised 2008)	Business combinations
Amendments to HKAS 27	Consolidated and separate financial statements
Amendments to HKFRS 5	Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary
Amendments to HKAS 39	Financial instruments: Recognition and measurement – Eligible hedged items
Improvements to HKFRSs (2009)	
HK(IFRIC) 17	Distributions of non-cash assets to owners
HK(Int) 5	Presentation of financial statements – Classification by the Borrower of a term loan that contains a repayment on demand clause

The above new and revised HKFRS, have had no material impact on the Best Team Group's Financial Information as the amendment and the interpretation's conclusions were consistent with policies already adopted by the Best Team Group.

As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in HKFRS 3 (revised 2008). These include the following changes in accounting policies:

– Transaction costs that the Best Team Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

– If the Best Team Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

- Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

- If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

- In addition to the Best Team Group's existing policy of measuring the non-controlling interests (previously known as the "minority interests") in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future Best Team's and the Best Team Group's may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

As a result of the adoption of HKAS 27 (amended 2008), the following changes in policies will be applied as from 1 January 2010.

- If the Best Team Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Best Team Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Best Team Group treated such transactions as step-up transactions and partial disposal, respectively.

– If the Best Team Group loses control of a subsidiary, the transactions will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Best Team Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to HKFRS 5, if at the balance sheet date the Best Team Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in HKFRS 5 are met) irrespective of the extent to which the Best Team Group will retain an interest. Previously such transactions were treated as partial disposals.

In accordance with the transitional provisions in HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

In order to be consistent with the above amendments to HKFRS 3 and HKAS 27, and as a result of amendments to HKAS 28 "Investments in Associates" the following policies will be applied as from 1 January 2010.

– If the Best Team Group holds interests in the acquiree immediately prior to obtaining significant influence, these interests will be treated as if disposed of and reacquired at fair value on the date of obtaining significant influence. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

– If the Best Team Group loses significant influence, the transaction will be accounted for as a disposal of the entire interest in that investee, with any remaining interest being recognised at fair value as if reacquired. Previously such transactions were treated as partial disposals.

Consistent with the transitional provisions in HKFRS 3 and HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have been restated.

Other changes in accounting policies which are relevant to the Best Team Group's Financial Information are as follows:

– As a results of the amendments to HKAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

As at the date of this report, the Best Team Group has not early applied any new standard, amendment or interpretation that has been issued but is not yet effective *(see note 22)*.

4. Financial risk management objectives and policies

4.1 Financial risk factors

The Best Team Group's activities expose it to a variety of financial risks: Foreign currency risk and liquidity risk arising in the normal course of its business. The Best Team Group's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Best Team Group by closely monitoring the individual exposure as summarised below.

(a) Foreign currency risk

The Best Team Group has no significant exposure to foreign currency risk as substantially all of the Best Team Group's transactions are denominated in their functional currency which they relate.

(b) Liquidity risk

The Best Team Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Best Team Group's non-derivate financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the balance sheet date) and the earliest date of the Best Team Group can be required to pay:

	Total carrying amount	**Less than 1 year or payable on demand**
	HK$	*HK$*
2008		
Other payables	19,300	19,300
Amounts due to directors	17,500	17,500
	36,800	36,800
2009		
Other payables	30,020	30,020
Amounts due to directors	164,830	164,830
	194,850	194,850
2010		
Other payables	6,898,295	6,898,295
Amounts due to directors	88,204	88,204
	6,986,499	6,986,499

4.2 Capital risk management

The Best Team Group's objectives when managing capital are to safeguard the Best Team Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Best Team Group's overall strategy remains unchanged throughout the Relevant Period.

In order to maintain or adjust the capital structure, the Best Team Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

4.3 Fair values of financial instruments carried at other than fair value

The carrying amounts of the Best Team Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2008, 31 December 2009 and 31 December 2010.

5. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and assumptions

The Best Team Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes and deferred tax

The Best Team Group is subject to income tax in Hong Kong and the PRC only. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Best Team Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the period in which such determination is made.

Deferred tax assets recognised to the extent that it is probable that future taxable profit will be available against the temporary differences or tax losses can be utilised. In the Relevant Period, deferred tax assets relating to certain temporary differences and tax losses are not recognised in the financial statements.

The management considers that there is uncertainty and unpredictability of future profit streams available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such difference will impact the recognition of deferred tax assets and income tax charge in the year in which such estimate has been changed.

6. Segment information

The Best Team Group has not commenced the construction of any properties since its incorporation. Given that over 90% of the operations, assets and liabilities of the Best Team Group are located in the PRC. Accordingly, reportable segment information as required by HKFRS 8 Operating Segments is not presented.

7. Other income

	Year ended 31 December		
	2008	**2009**	**2010**
	HK$	*HK$*	*HK$*
Other income			
Interest income on bank deposits	137	88	1,669

8. Income tax expenses

No provision of income tax has been made as the Best Team Group did not have any assessable income during the Relevant Period.

The taxation on the Best Team Group's loss before taxation differs from the theoretical amount that would arise using the domestic taxation rates applicable to the loss of the combined entities is as follows:

	Year ended 31 December		
	2008	**2009**	**2010**
	HK$	*HK$*	*HK$*
Loss before taxation	(20,613)	(15,770)	(155,823)
Calculated at a tax rate of 16.5% on loss before taxation	(3,401)	(2,602)	(25,711)
Tax effect of income not taxable for tax purpose	(23)	(14)	(275)
Tax effect of expenses not deductible for tax purpose	1,672	1,276	12,741
Effect of different tax rates of certain subsidiaries operating in other jurisdictions	1,752	1,340	13,245
Taxation charge	–	–	–

9. Loss for the year

The Best Team Group's loss before taxation is stated after charging the following:

	Year ended 31 December		
	2008	**2009**	**2010**
	HK$	*HK$*	*HK$*
Auditors' remuneration	5,500	5,500	5,500
Staff costs	–	–	58,456
Operating leases for premises	–	–	22,584

10. Directors' remuneration

None of the directors of Best Team have received any fees or emoluments in respect of their services for the Relevant Period.

During the Relevant Period, no directors waived any emoluments. No emoluments were paid by Best Team to any of the directors as an inducement to join or upon joining Best Team or as compensation for loss of office during the Relevant Period.

11. Loss attributable to equity holders of Best Team

Loss attributable to equity holders of Best Team for the three years ended 31 December 2008, 31 December 2009 and 31 December 2010 is dealt with in the financial statements of Best Team to the extent of HK$20,613, HK$13,862 and HK$27,989 respectively.

12. Interest in an associate

	2008	**2009**	**2010**
	HK$	*HK$*	*HK$*
Share of net assets	–	–	25,410,689

On 29 December 2010, Shenzhen Xintaiyi, an entity controlled by the shareholders of Best Team acquired 25% equity interest in Yangdong Fuli Real Estate Development Company Limited from a close family member of the existing shareholder, for a consideration of RMB250,000.

The holding of 25% equity interest in Yangdong Fuli Real Estate Development Company Limited (the "Sale Shares") was classified as an associate of the Best Team Group and discount on acquisition of HK$25,115,704 is included in the combined statements of change in equity as capital contribution by their then shareholders since the Sale Shares was beneficially owned by the shareholders of Best Team.

The consideration of RMB250,000 was yet to be paid by Shenzhen Xintaiyi which is regarded as an amount due to a close family member of the existing shareholder.

The particulars of the Best Team Group's associate is set out as follows:

Name	Place of incorporation and operation	Registered capital	Percentage of interest held by the Best Team Group	Principal activity
陽東富力房地產發展有限公司 Yangdong Fuli Real Estate Development Company Limited ("Yangdong Fuli")	The PRC	RMB1,000,000	25	Property development

The summarised financial information in respect of the Best Team Group's associate is set out below:

	2010
	HK$
Total assets	196,617,441
Total liabilities	(94,974,685)
Net assets	101,642,756
Turnover	13,920,824
Loss for the year	(683,403)

13. Properties under development

	2008	2009	2010
	HK$	*HK$*	*HK$*
Properties under development comprise:			
Land use rights	–	–	6,766,304
	–	–	6,766,304
Land use rights			
Outside Hong Kong, held on leases of:			
Between 10 to 50 years	–	–	6,766,304
	–	–	6,766,304

The above land use rights are all located in the PRC.

14. Other receivables

Amount represents advances made to directors of the subsidiaries of Best Team. These amounts are unsecured, interest-free and have no fixed terms of repayment.

15. Financial instruments – by category

The Best Team Group classified its financial assets and liabilities in the following categories:

	2008	2009	2010
	HK$	*HK$*	*HK$*
Financial assets – loan and receivables			
Other receivables	–	–	1,473,730
Cash and cash equivalents	137	1,278,395	600,560
	137	1,278,395	2,074,290
Financial liabilities at amortised cost			
Other payables	19,300	30,020	6,898,295
Amounts due to directors	17,500	164,830	88,204
	36,800	194,850	6,986,499

16. Cash and cash equivalents

Cash and cash equivalents include only cash at banks and on hand.

17. Combined share capital

For the purpose of the preparation of the combined balance sheets, the balances of the paid-up capital and issued share capital of the following companies as at 31 December 2008, 31 December 2009 and 31 December 2010, are as follows:

	2008	**2009**	**2010**
	HK$	*HK$*	*HK$*
Best Team International Investment Limited	2,000	2,000	2,000
Shenzhen Xintaiyi Investment Development Company Limited	–	1,136,751	1,136,751
Yangjiang Yonglian Real Estate Development Company Limited	–	–	759,253
	2,000	1,138,751	1,898,004

18. Other payables

	2008	**2009**	**2010**
	HK$	*HK$*	*HK$*
Accrued expenses	19,300	28,000	38,000
Other payables	–	2,020	6,860,295
	19,300	30,020	6,898,295

19. Amounts due to directors

The amounts due to directors are unsecured, interest-free and have no fixed terms of repayment.

20. Commitments

The Best Team Group leases certain premises under operating leases arrangement, with lease negotiated for an initial period of two years. None of the leases include contingent rentals.

At the end of the Relevant Period, the Best Team Group had total future minimum lease payments under various non-cancellable operating leases falling due as follows:

	2008	2009	2010
	HK$	*HK$*	*HK$*
Within one year	–	–	16,991
In the second to fifth years	–	–	11,327
	–	–	28,318

Other than the operating lease commitments, the Best Team Group and Best Team did not have any capital commitments as at 31 December 2008, 31 December 2009 and 31 December 2010.

21. Balance and transactions with related parties

During the Relevant Period, details of the Best Team Group's significant transactions with the following related parties, together with balances with them as at 31 December 2008, 31 December 2009 and 31 December 2010, are as follows:

	2008	**2009**	**2010**
	HK$	*HK$*	*HK$*
Close family member of controlling shareholders:			
Salaries received	–	–	16,205
Balance due from the Best Team Group	–	–	6,860,295
Directors of a subsidiary:			
Balance due from the Best Team Group	17,500	164,830	88,204

The directors of the Best Team Group are of the opinion that the above transactions were entered into at terms agreed by both parties. The balances are unsecured, interest free and have no fixed repayment term.

22. Possible impact of amendments, new standards and interpretation issued but not yet effective for the Relevant Period

Up to the date of issue of the Financial Information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the Relevant Period and which have not been adopted in this Financial Information.

Of these developments, the following relate to matters that may be relevant to the Best Team Group's operations and financial statements:

		Effective for accounting periods beginning on or after
HKAS 24	Related party disclosures	1 January 2011
HKFRS 9	Financial instruments	1 January 2013
Improvements to HKFRSs 2010		1 July 2010 or 1 January 2011
Amendments to HKAS 12	Income taxes	1 January 2012

The Best Team Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial applications. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Best Team Group's results of operations and financial position.

III SUBSEQUENT EVENT

Save as disclosed elsewhere in this report, no other significant events took place subsequent to 31 December 2010.

IV SUBSEQUENT FINANCIAL STATEMENTS

No financial statements of Best Team and its subsidiaries have been audited in respect of any period subsequent to 31 December 2010.

Yours faithfully,

TING HO KWAN & CHAN
Certified Public Accountants (Practising)

Hong Kong, 29 April 2011

A. REPORT FROM TING HO KWAN & CHAN

The following is the text of a report from TING HO KWAN & CHAN, Certified Public Accountants (Practising), the reporting Accountants of the Company, in connection with the unaudited pro forma statement of assets and liabilities of the Enlarged Group, prepared for the purpose of incorporation in this circular.

TING HO KWAN & CHAN
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

9th Floor, Tung Ning Building
249-253 Des Voeux Road Central
Hong Kong

The Directors
Mobile Telecom Network (Holdings) Limited
Suite 1006, 10/F., Ocean Centre
Harbour City, Tsimshatsui
Kowloon, Hong Kong

Dear Sirs,

We report on the unaudited pro forma statements of assets and liabilities (the "Unaudited Pro Forma Statement of Assets and Liabilities") of Mobile Telecom Network (Holdings) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the Directors of the Company for illustrative purposes only, to provide information about how the major and connected transaction relating to the proposed acquisition of the entire issued share capital in Best Team International Investment Limited and its subsidiaries (hereinafter collectively referred to as the "Best Team Group"), might have affected the financial information presented, for inclusion in the circular of the Company dated 29 April 2011 ("Circular"). The basis of preparation of the Unaudited Pro Forma Statement of Assets and Liabilities is set out on pages 196 to 199 of Appendix III to this Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the Directors of the Company to prepare the Unaudited Pro Forma Statement of Assets and Liabilities in accordance with Rule 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by Rule 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Statement of Assets and Liabilities and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Statement of Assets and Liabilities beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Statement of Assets and Liabilities with the Directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Statement of Assets and Liabilities has been properly compiled by the Directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Statement of Assets and Liabilities as disclosed pursuant to Rule 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Statement of Assets and Liabilities is for illustrative purpose only, based on the judgements and assumptions of the Directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 September 2010 or any future date.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Statement of Assets and Liabilities has been properly compiled by the Directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Statement of Assets and Liabilities as disclosed pursuant to Rule 7.31(1) of the GEM Listing Rules.

Ting Ho Kwan & Chan
Certified Public Accountants (Practising)

Hong Kong, 29 April 2011

B. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The accompanying unaudited pro forma statement of assets and liabilities (the "Statement") of the Enlarged Group has been prepared in accordance with Rule 7.31 of the GEM Listing Rules to illustrate the effect of the Proposed Acquisition at a total consideration of HK$65 million on the assets and liabilities of the Group as at 30 September 2010 as if the Proposed Acquisition had been completed on 30 September 2010.

The Statement is prepared based upon the unaudited consolidated financial statements of the Group as at 30 September 2010 as extracted from the published interim report included in the financial information as set out in Appendix I of this Circular and the audited financial information of the Best Team Group as set out in the accountants' report of the Best Team Group in Appendix II to this circular after giving effect to the pro forma adjustments described in the accompanying notes.

The Statement is based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying Statement does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Proposed Acquisition been completed on 30 September 2010.

The Statement has been prepared by the Directors for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group for any future date.

	Unaudited as at 30-Sep 2010 The Group HK$'000 (Note (1))	The Best Team Group HK$'000 (Note (2))	Total HK$'000	Pro forma adjustments for the Proposed Acquisition HK$'000 (Note (3))		The Enlarged Group HK$'000
Non-current assets						
Property, plant and equipment	422	–	422	–		422
Interest in an associate	9,250	25,410	34,660	–		34,660
Goodwill	–	–	–	26,568	*(i)*	26,568
	9,672	25,410	35,082	26,568		61,650
Current assets						
Properties under development	–	6,766	6,766	23,676	*(i)*	30,442
Trade and other receivables	3,390	1,474	4,864	–		4,864
Derivative financial instrument	–	–	–	15,249	*(iii)*	15,249
Cash and deposits with banks	17,594	600	18,194	(18,194)	*(ii)*	–
	20,984	8,840	29,824	20,731		50,555
Current liabilities						
Current tax payables	47	–	47	–		47
Derivative financial instrument	–	–	–	1,779	*(iii)*	1,779
Trade and other payables	4,479	6,986	11,465	11,806	*(ii)*	23,271
	4,526	6,986	11,512	13,585		25,097
Net current assets	16,458	1,854	18,312	7,146		25,458
Total assets less current liabilities	26,130	27,264	53,394	33,714		87,108
Non-current liabilities						
Deferred tax liabilities	–	–	–	9,721	*(i) (iii)*	9,721
Convertible bonds	–	–	–	26,191	*(iii)*	26,191
	–	–	–	35,912		35,912
Net assets/(liabilities)	26,130	27,264	53,394	(2,198)		51,196

Notes:

(1) The figures are extracted from the 2010 interim report of the Group prepared in accordance with applicable requirements of the GEM Listing Rules and the HKAS 34 "Interim Financial Reporting".

(2) The figures are extracted from the financial information set out in Appendix II to this Circular.

(3) These adjustments represent the accounting for the financial effect immediately upon Completion of the Proposed Acquisition including:

(i) The goodwill of HK$26,568,000 arisen from the Proposed Acquisition has been allocated to the cash-generating unit of the property development project in Yangjiang Yonglian.

The goodwill represents the difference between the consideration of HK$65,000,000 to be paid and the Group's share of the adjusted net asset value of the Best Team Group of HK$27,264,000 as at 31 December 2010. The adjusted net asset value of the Best Team Group is resulted after taking up a HK$23,676,000 fair value adjustment on the properties under development in Yangjiang Yonglian and deducting the relevant deferred tax liabilities of HK$6,375,000 and the non-controlling interest of HK$6,133,000.

An impairment test in respect of the goodwill acquired through a business combination is conducted in accordance with HKAS 36 "Impairment of Assets" issued by the HKICPA involves the determination of the recoverable amount of the cash-generating unit to which the goodwill has been allocated, being the higher of the cash-generating unit's fair value less costs to sell and its value in use.

For the purpose of the preparation of the Statement, the Directors opined that no impairment of goodwill existed as at 31 December 2010. The reporting accountants concur with the Directors' assessment of the goodwill in the Statement. In addition, the Directors will adopt consistent accounting policies and principal assumptions (as used in the Statement), including the principal assumptions of the valuation of the Best Team Group, to assess the impairment of the Enlarged Group's goodwill in future.

Furthermore, the fair value less costs to sell of the Best Team Group after completion of the Proposed Acquisition may be different from the estimated amount used in the preparation of the Statement presented above, the actual amount of goodwill may be different from the estimated amount as presented above.

(ii) This reflects a partial settlement of the consideration of HK$30,000,000.

(iii) The Convertible Bonds are to be issued as a partial settlement of the Consideration. The Convertible Bonds in the amount of HK$33,000,000 has been taken to be its fair value as if it was issued upon Completion of the Proposed Acquisition. The Convertible Bonds contain a liability component, equity component and redemption options component. The equity component is included in equity under the heading of “convertible bonds options reserve”, whereas the redemption options of the bondholders and of the Company are presented either as a current asset or current liability under the heading of “derivative financial instruments”.

The fair value of the Convertible Bonds is composed of the following:

	HK$
Liability component of the Convertible Bonds	26,191,000
Equity component of the Conversion Bonds	20,279,000
Redemption options of the bondholders	1,779,000
Redemption options of the Company	(15,249,000)
Total fair value of the Convertible Bonds	33,000,000

The fair value of the liability component of the Convertible Bonds amounting to HK$26,191,000 is determined by the Director of the Company with reference to the Valuation performed by Savills Valuation and Professional Services Limited (“Savills”), an independent firm of professional valuers calculating based on the present value of all cash flow for the liability component discounted at 8% per annum.

The fair value of the equity component of the Convertible Bonds amounting to HK$20,279,000 is determined by the Directors of the Company with reference to the valuation performed by Savills using Binomial Model basis, before deducting the deferred tax of HK$3,346,000 on the equity component of the Convertible Bonds, estimating at the Hong Kong Profits Tax rate of 16.5%.

The accounting treatment of the Convertible Bonds is in accordance with HKAS 32 “Financial Instruments: Presentation” & HKAS 39 “Financial Instruments: Recognition and Measurement” issued by HKICPA.

In addition, the Group will also issue Warrants as to HK$2,000,000 for partial settlement of the Consideration. The Warrants should be stated at fair value and recorded as investment in subsidiaries and warrant reserves in the Group. Since the investment in subsidiaries will be eliminated on combination, no pro forma adjustments are presented in relation to the issue of warrants.

The following is the text of a letter, summary of values and valuation certificate, prepared for the purpose of incorporation in this circular and received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with the valuation as at 21 March 2011 of the properties with interests held by the Best Team Group.

savills
第一太平戴維斯

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

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EA Licence: C-023750
savills.com

The Directors
Mobile Telecom Network (Holdings) Limited
Suite 1006 on 10th Floor
Ocean Centre
Harbour City
Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

29 April 2011

Dear Sirs,

In accordance with the instructions from Mobile Telecom Network (Holdings) Limited (the "Company") for us to value the properties as per attached valuation certificates located in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such properties as at 21 March 2011 (the "date of valuation") for public circular purpose.

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange 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 had each acted knowledgeably, prudently, and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In valuing the properties, we have assumed that transferable land use rights in respect of the properties for specific terms at nominal land use fees have been granted and that all requisite land premium payable has been fully settled. We have also assumed that the owners of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired terms granted.

In valuing Property 1 in Group I, which is held by Yangdong Fuli Real Estate Development Company Limited ("Yangdong Fuli") for sale in the PRC, we have adopted the direct comparison approach by making reference to the comparable market transactions as available in the relevant markets assuming sales with the benefit of vacant possession.

In valuing Properties 2 and 3 in Groups II and III, which are held by Yangdong Fuli under development and held by Yangjiang Yonglian Real Estate Development Company Limited ("Yangjiang Yonglian") for future development respectively, we have valued such properties on the basis that they will be developed and completed in accordance with the latest development proposals provided to us by Yangdong Fuli and Yangjiang Yonglian. We have assumed that all consents, approvals and licenses from relevant government authorities for the proposals have been or will be granted without onerous conditions or delay. In arriving at our opinion of values, we have adopted the direct comparison approach by making reference to the comparable market transactions as available in the markets and also have taken into account the construction costs to be expended to reflect the quality of the completed developments.

We have been provided with extracts of title documents relating to the properties. However, we have not searched the original documents to verify the ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. We have relied to a very considerable extent on the information given by the Company and its PRC legal adviser, Jingtian & Gongcheng, regarding the titles to the properties.

We have also accepted advice on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, development proposals, estimated construction costs, estimated completion dates, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided by the Company to us and are therefore only approximations. No on-site measurements have been taken. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We have also sought confirmation from the Company that no material facts have been omitted from the information supplied.

We have inspected the exterior of the properties. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that whether the properties are free from rot, infestation or any other defects. No tests were carried out on any of the services. However, we have not carried out investigations on site to determine the suitability of the ground conditions and the services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that all the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Our valuation is prepared in accordance with all the requirements contained in Chapter 8 of Growth Enterprise Market Listing Rules issued by the Stock Exchange of Hong Kong Limited and the Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary amounts stated in our report are in Renminbi ("RMB").

We enclose herewith our summary of valuation and valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited

Anthony C K Lau
MRICS MHKIS RPS(GP)
Director

Encl.

Note: Mr. Anthony C K Lau is a qualified valuer and has over 18 years' post qualification experience of valuing properties in both Hong Kong and the PRC including Guangdong Province.

SUMMARY OF VALUES

No.	Property	Market value in existing state as at 21 March 2011 *(RMB)*
Group I – Property held by Yangdong Fuli for sale in the PRC		
1.	11 villas in West Zone, Yangdong Garden, Yangdong County, Yangjiang City, Guangdong Province, PRC	28,800,000
	Sub-total:	28,800,000
Group II – Property held by Yangdong Fuli under development in the PRC		
2.	East Zone and portion of West Zone, Yangdong Garden, Yangdong County, Yangjiang City, Guangdong Province, PRC	133,400,000
	Sub-total:	133,400,000
Group III – Property held by Yangjiang Yonglian for future development in the PRC		
3.	Two separate parcels of land located at Wumaling, Longtao, Jiangcheng District, Yangjiang City, Guangdong Province, PRC	26,000,000
	Sub-total:	26,000,000
	Total:	188,200,000

VALUATION CERTIFICATE

Group I – Property held by Yangdong Fuli for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 21 March 2011
1.	11 villas in West Zone, Yangdong Garden, Yangdong County, Yangjiang City, Guangdong Province, PRC	Yangdong Garden ("Development") is a low-density residential development dividing into East Zone and West Zone. The West Zone of the Development comprises 25 detached villas with a total site area of approximately 11,685.70 sq.m. (125,785 sq.ft.) and was completed in 2008. The property under consideration comprises 11 villas of the West Zone of the Development with a total gross floor area of approximately 5,142.08 sq.m. (55,349 sq.ft.) erected on 11 parcels of land with a total site area of approximately 5,232.50 sq.m. (56,323 sq.ft.). The land use rights of the property have been granted for a term expiring on 26 September 2078 for residential use.	The property was vacant as at the date of valuation.	RMB28,800,000 See Note (5)

Notes:

1. Pursuant to the following 11 Land Use Rights Certificates issued by the People's Government of Yangdong County, the land use rights of the property with a total site area of approximately 5,232.50 sq.m. have been granted to Yangdong Fuli Real Estate Development Company Limited ("Yangdong Fuli") for a term expiring on 26 September 2078 for residential use. Detail of the certificates are as follows:

No.	**Certificate No.**	**Site Area** *(sq.m.)*	**Land Use Term Expiry Date**	**Usage**	**Villa No.**
i.	Yang Fu Guo Yong (2008) Di 1311525	552.10	26 September 2078	Residential	Aa-1
ii.	Yang Fu Guo Yong (2008) Di 1311581	512.50	26 September 2078	Residential	Aa-10
iii.	Yang Fu Guo Yong (2008) Di 1311578	387.50	26 September 2078	Residential	Bc-47
iv.	Yang Fu Guo Yong (2008) Di 1311572	390.70	26 September 2078	Residential	Bc-48
v.	Yang Fu Guo Yong (2008) Di 1311571	394.10	26 September 2078	Residential	Bc-49
vi.	Yang Fu Guo Yong (2008) Di 1311521	500.00	26 September 2078	Residential	Z1
vii.	Yang Fu Guo Yong (2008) Di 1311493	474.30	26 September 2078	Residential	Bc-56
viii.	Yang Fu Guo Yong (2008) Di 1311485	550.00	26 September 2078	Residential	Aa-5
ix.	Yang Fu Guo Yong (2008) Di 1311486	512.50	26 September 2078	Residential	Aa-9
x.	Yang Fu Guo Yong (2008) Di 1311577	500.00	26 September 2078	Residential	Bc-7
xi.	Yang Fu Guo Yong (2008) Di 1311566	458.80	26 September 2078	Residential	Bc-13
	Total	5,232.50			

2. Pursuant to the following 9 Construction Project Planning Permits issued by Construction Bureau of Yangdong County, the approved construction scale of nine construction projects of the property is approximately 4,011.55 sq.m.. Details of the permits are as follows:

No.	Permit No.	Construction Scale *(sq.m.)*	Issuance Date
i.	Jian Zi Di 2009-023	533.55	16 January 2009
ii.	Jian Zi Di 2009-020	382.60	16 January 2009
iii.	Jian Zi Di 2009-010	356.44	16 January 2009
iv.	Jian Zi Di 2009-011	356.44	16 January 2009
v.	Jian Zi Di 2009-017	389.89	16 January 2009
vi.	Jian Zi Di 2009-026	538.24	16 January 2009
vii.	Jian Zi Di 2009-024	538.24	16 January 2009
viii.	Jian Zi Di 2009-022	533.55	16 January 2009
ix.	Jian Zi Di 2009-021	382.60	16 January 2009
	Total	4,011.55	

3. Pursuant to the Construction Works Commence Permit No. 2009-015 issued by Construction Bureau of Yangdong County, the construction works of the property with a total gross floor area of approximately 8,917.47 sq.m. has been permitted for commencement.

4. Pursuant to the Pre-Sale Permit No. Dong Yu Xu Zi [2010] Di 007 issued by Construction Bureau of Yangdong County a total gross floor area of approximately 8,917.47 sq.m. of the Development is permitted for pre-sale.

5. At the date of valuation, the property was completed and applying for Building Ownership Certificates except Villas Nos. Ba-7 and Bc-5 which were under construction.

6. As advised by the Company, 6 villas of the property with a total gross floor area of approximately 3,089.42 sq.m. have been pre-sold at a consideration of RMB14,780,000, which has been taken into account in our valuation.

7. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

   i. Yangdong Fuli has legally obtained the land use rights of the property and is entitled to occupy, use, transfer, lease, mortgage and dispose of the property by other legal means within the terms of the land use rights;

   ii. The property is subject to a mortgage except Villas Nos. Ba-7 and Bc-5; and

   iii. There is no legal impediment for Yangdong Fuli to obtain the Building Ownership Certificates if Yangdong Fuli has obtained all permits and approvals from relevant authorities.

Group II– Property held by Yangdong Fuli under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 21 March 2011
2.	East Zone and portion of West Zone, Yangdong Garden, Yangdong County, Yangjiang City, Guangdong Province, PRC	Yangdong Garden ("Development") is a low-density residential development dividing into East Zone and West Zone. The property comprises East Zone and portion of West Zone of the Yangdong Garden. The property comprises 66 parcels of land with a total site area of approximately 26,591.10 sq.m. (286,227 sq.ft.). The property is planned to be developed into luxury residential units and will provide a planned total gross floor area of approximately 36,128.73 sq.m. (388,890 sq.ft.). Breakdown usages and gross floor areas are as follows:	East Zone of the property was under construction and portion of West Zone of the property was a vacant land as at the date of valuation.	RMB133,400,000

Use	Approximate gross floor area (sq.m.)	(sq.ft.)
Villa	22,811.72	245,545
Residential	11,947.56	128,604
Commercial	1,369.45	14,741
Total	36,128.73	388,890

The property is scheduled to be completed in June 2012.

The land use rights of the property have been granted for various terms for commercial and residential uses.

Notes:

1. Pursuant to the 66 State-owned Land Use Certificates issued by the People's Government of Yangdong County, the land use rights of the property with a total site area of approximately 26,591.10 sq.m. have been granted to Yangdong Fuli Real Estate Development Company Limited) ("Yangdong Fuli") for terms expiring on 29 June 2057 for commercial and residential use, and expiring on 1 February 2078 and 26 September 2078 for residential use. Details of such certificates are as follows:

No.	Certificate No.	Site Area *(sq.m.)*	Land Use Term	Issuance Date	Usage
i.	Yang Fu Guo Yong (2008) Di 1311855	1,184.40	29 June 2057	26 January 2010	Commercial/ residential
ii.	Yang Fu Guo Yong (2008) Di 1311908	846.20	1 February 2078	26 January 2010	Residential
iii.	Yang Fu Guo Yong (2008) Di 1311537	338.40	26 September 2078	2 November 2009	Residential
iv.	Yang Fu Guo Yong (2008) Di 1311536	361.20	26 September 2078	2 November 2009	Residential
v.	Yang Fu Guo Yong (2008) Di 1311501	361.20	26 September 2078	2 November 2009	Residential
vi.	Yang Fu Guo Yong (2008) Di 1311502	361.20	26 September 2078	30 October 2009	Residential
vii.	Yang Fu Guo Yong (2008) Di 1311535	450.00	26 September 2078	2 November 2009	Residential
viii.	Yang Fu Guo Yong (2008) Di 1311534	450.00	26 September 2078	2 November 2009	Residential
ix.	Yang Fu Guo Yong (2008) Di 1311495	471.60	26 September 2078	2 November 2009	Residential
x.	Yang Fu Guo Yong (2008) Di 1311527	500.00	26 September 2078	2 November 2009	Residential
xi.	Yang Fu Guo Yong (2008) Di 1311531	545.30	26 September 2078	2 November 2009	Residential
xii.	Yang Fu Guo Yong (2008) Di 1311530	359.90	26 September 2078	2 November 2009	Residential
xiii.	Yang Fu Guo Yong (2008) Di 1311496	397.60	26 September 2078	2 November 2009	Residential
xiv.	Yang Fu Guo Yong (2008) Di 1311529	397.90	26 September 2078	2 November 2009	Residential
xv.	Yang Fu Guo Yong (2008) Di 1311538	399.90	26 September 2078	2 November 2009	Residential
xvi.	Yang Fu Guo Yong (2008) Di 1311498	405.10	26 September 2078	2 November 2009	Residential
xvii.	Yang Fu Guo Yong (2008) Di 1311499	395.80	26 September 2078	2 November 2009	Residential
xviii.	Yang Fu Guo Yong (2008) Di 1311500	349.40	26 September 2078	2 November 2009	Residential

No.	Certificate No.	Site Area *(sq.m.)*	Land Use Term	Issuance Date	Usage
xix.	Yang Fu Guo Yong (2008) Di 1311574	575.60	26 September 2078	2 November 2009	Residential
xx.	Yang Fu Guo Yong (2008) Di 1311489	75.00	26 September 2078	2 November 2009	Residential
xxi.	Yang Fu Guo Yong (2008) Di 1311490	75.00	26 September 2078	2 November 2009	Residential
xxii.	Yang Fu Guo Yong (2008) Di 1311533	407.90	26 September 2078	2 November 2009	Residential
xxiii.	Yang Fu Guo Yong (2008) Di 1311561	408.00	26 September 2078	2 November 2009	Residential
xxiv.	Yang Fu Guo Yong (2008) Di 1311526	408.00	26 September 2078	2 November 2009	Residential
xxv.	Yang Fu Guo Yong (2008) Di 1311560	408.00	26 September 2078	2 November 2009	Residential
xxvi.	Yang Fu Guo Yong (2008) Di 1311582	407.90	26 September 2078	2 November 2009	Residential
xxvii.	Yang Fu Guo Yong (2008) Di 1311584	407.90	26 September 2078	2 November 2009	Residential
xxviii.	Yang Fu Guo Yong (2008) Di 1311583	408.00	26 September 2078	2 November 2009	Residential
xxix.	Yang Fu Guo Yong (2008) Di 1311503	408.00	26 September 2078	2 November 2009	Residential
xxx.	Yang Fu Guo Yong (2008) Di 1311559	402.60	26 September 2078	30 October 2009	Residential
xxxi.	Yang Fu Guo Yong (2008) Di 1311586	353.20	26 September 2078	2 November 2009	Residential
xxxii.	Yang Fu Guo Yong (2008) Di 1311504	365.50	26 September 2078	2 November 2009	Residential
xxxiii.	Yang Fu Guo Yong (2008) Di 1311558	365.50	26 September 2078	30 October 2009	Residential
xxxiv.	Yang Fu Guo Yong (2008) Di 1311505	365.50	26 September 2078	2 November 2009	Residential
xxxv.	Yang Fu Guo Yong (2008) Di 1311506	365.50	26 September 2078	2 November 2009	Residential
xxxvi.	Yang Fu Guo Yong (2008) Di 1311507	365.50	26 September 2078	30 October 2009	Residential
xxxvii.	Yang Fu Guo Yong (2008) Di 1311557	365.50	26 September 2078	2 November 2009	Residential
xxxviii.	Yang Fu Guo Yong (2008) Di 1311508	365.50	26 September 2078	2 November 2009	Residential
xxxix.	Yang Fu Guo Yong (2008) Di 1311544	365.50	26 September 2078	2 November 2009	Residential
xl.	Yang Fu Guo Yong (2008) Di 1311511	382.30	26 September 2078	2 November 2009	Residential

No.	Certificate No.	Site Area (sq.m.)	Land Use Term	Issuance Date	Usage
xli.	Yang Fu Guo Yong (2008) Di 1311543	365.50	26 September 2078	2 November 2009	Residential
xlii.	Yang Fu Guo Yong (2008) Di 1311542	365.50	26 September 2078	2 November 2009	Residential
xliii.	Yang Fu Guo Yong (2008) Di 1311585	365.50	26 September 2078	2 November 2009	Residential
xliv.	Yang Fu Guo Yong (2008) Di 1311587	365.50	26 September 2078	2 November 2009	Residential
xlv.	Yang Fu Guo Yong (2008) Di 1311588	365.50	26 September 2078	2 November 2009	Residential
xlvi.	Yang Fu Guo Yong (2008) Di 1311590	365.50	26 September 2078	2 November 2009	Residential
xlvii.	Yang Fu Guo Yong (2008) Di 1311589	365.50	26 September 2078	2 November 2009	Residential
xlviii.	Yang Fu Guo Yong (2008) Di 1311591	365.50	26 September 2078	2 November 2009	Residential
xlix.	Yang Fu Guo Yong (2008) Di 1311592	365.50	26 September 2078	2 November 2009	Residential
l.	Yang Fu Guo Yong (2008) Di 1311593	353.90	26 September 2078	2 November 2009	Residential
li.	Yang Fu Guo Yong (2008) Di 1311594	461.90	26 September 2078	15 June 2009	Residential
lii.	Yang Fu Guo Yong (2008) Di 1311541	424.60	26 September 2078	15 June 2009	Residential
liii.	Yang Fu Guo Yong (2008) Di 1311540	424.60	26 September 2078	15 June 2009	Residential
liv.	Yang Fu Guo Yong (2008) Di 1311524	424.70	26 September 2078	15 June 2009	Residential
lv.	Yang Fu Guo Yong (2008) Di 1311512	424.70	26 September 2078	15 June 2009	Residential
lvi.	Yang Fu Guo Yong (2008) Di 1311513	424.70	26 September 2078	15 June 2009	Residential
lvii.	Yang Fu Guo Yong (2008) Di 1311523	424.80	26 September 2078	15 June 2009	Residential
lviii.	Yang Fu Guo Yong (2008) Di 1311595	424.80	26 September 2078	15 June 2009	Residential
lix.	Yang Fu Guo Yong (2008) Di 1311596	413.90	26 September 2078	15 June 2009	Residential
lx.	Yang Fu Guo Yong (2008) Di 1311597	385.20	26 September 2078	15 June 2009	Residential
lxi.	Yang Fu Guo Yong (2008) Di 1311598	345.00	26 September 2078	15 June 2009	Residential
lxii.	Yang Fu Guo Yong (2008) Di 1311539	345.00	26 September 2078	15 June 2009	Residential

No.	Certificate No.	Site Area *(sq.m.)*	Land Use Term	Issuance Date	Usage
lxiii.	Yang Fu Guo Yong (2008) Di 1311569	345.00	26 September 2078	15 June 2009	Residential
lxiv.	Yang Fu Guo Yong (2008) Di 1311568	345.00	26 September 2078	15 June 2009	Residential
lxv.	Yang Fu Guo Yong (2008) Di 1311567	344.90	26 September 2078	15 June 2009	Residential
lxvi.	Yang Fu Guo Yong (2008) Di 1311515	362.40	26 September 2078	15 June 2009	Residential
	Total	26,591.10			

2. Pursuant to the 47 Construction Project Planning Permits issued by Construction Bureau of Yangdong County, the approved construction scale of the Development is approximately 15,037.41 sq.m.. Details of such permits are as follows:

No.	Permit No.	Construction Scale *(sq.m.)*	Issuance date
i.	Jian Zi Di 2010-067	–	29 June 2010
ii.	Jian Zi Di 2009-032	–	20 January 2010
iii.	Jian Zi Di 2010-001	337.64	4 January 2010
iv.	Jian Zi Di 2010-002	337.64	4 January 2010
v.	Jian Zi Di 2010-003	337.64	4 January 2010
vi.	Jian Zi Di 2010-004	337.64	4 January 2010
vii.	Jian Zi Di 2010-005	337.64	4 January 2010
viii.	Jian Zi Di 2010-006	337.64	4 January 2010
ix.	Jian Zi Di 2010-007	337.64	4 January 2010
x.	Jian Zi Di 2010-008	337.64	4 January 2010
xi.	Jian Zi Di 2010-009	354.26	4 January 2010
xii.	Jian Zi Di 2010-010	358.31	4 January 2010
xiii.	Jian Zi Di 2010-011	373.36	4 January 2010
xiv.	Jian Zi Di 2010-012	309.41	4 January 2010
xv.	Jian Zi Di 2010-013	309.41	4 January 2010
xvi.	Jian Zi Di 2010-014	309.41	4 January 2010
xvii.	Jian Zi Di 2010-015	309.41	4 January 2010
xviii.	Jian Zi Di 2010-016	309.41	4 January 2010
xix.	Jian Zi Di 2010-017	309.41	4 January 2010
xx.	Jian Zi Di 2010-018	309.41	4 January 2010
xxi.	Jian Zi Di 2010-019	373.36	4 January 2010
xxii.	Jian Zi Di 2010-020	314.36	4 January 2010
xxiii.	Jian Zi Di 2010-021	314.36	4 January 2010
xxiv.	Jian Zi Di 2010-022	309.41	4 January 2010
xxv.	Jian Zi Di 2010-023	314.36	4 January 2010
xxvi.	Jian Zi Di 2010-024	314.36	4 January 2010
xxvii.	Jian Zi Di 2010-025	309.41	4 January 2010
xxviii.	Jian Zi Di 2010-026	314.36	4 January 2010
xxix.	Jian Zi Di 2010-027	314.36	4 January 2010
xxx.	Jian Zi Di 2010-028	309.41	4 January 2010
xxxi.	Jian Zi Di 2010-029	358.31	4 January 2010
xxxii.	Jian Zi Di 2010-057	441.11	20 July 2009
xxxiii.	Jian Zi Di 2010-058	373.36	20 July 2009
xxxiv.	Jian Zi Di 2010-059	373.36	20 July 2009
xxxv.	Jian Zi Di 2010-060	337.83	20 July 2009
xxxvi.	Jian Zi Di 2010-061	337.83	20 July 2009
xxxvii.	Jian Zi Di 2010-062	337.83	20 July 2009
xxxvii	Jian Zi Di 2010-065	337.83	20 July 2009
xxxix	Jian Zi Di 2010-066	337.83	20 July 2009
xl.	Jian Zi Di 2010-067	373.36	20 July 2009

No.	Permit No.	Construction Scale *(sq.m.)*	Issuance date
xli.	Jian Zi Di 2010-068	326.87	20 July 2009
xlii.	Jian Zi Di 2010-069	326.87	20 July 2009
xliii.	Jian Zi Di 2010-070	326.87	20 July 2009
xliv.	Jian Zi Di 2010-071	326.87	20 July 2009
xlv.	Jian Zi Di 2010-072	326.87	20 July 2009
xlvi.	Jian Zi Di 2010-073	326.87	20 July 2009
xlvii.	Jian Zi Di 2010-074	326.87	20 July 2009
	Total	15,037.41	

3. Pursuant to following two Construction Works Commencement Permits issued by Construction Bureau of Yangdong County, portion of the construction works of the property with a total gross floor area of approximately 12,123.93 sq.m. is permitted for commencement. Details of the permits are as follows:

No.	Permit No.	Gross Floor Area *(sq.m.)*	Issuance Date
i.	2010-121	5,886.00	5 August 2010
ii.	2009-094	6,237.93	28 October 2009
	Total	12,123.93	

4. Pursuant to following 2 Pre-Sale Permits issued by Construction Bureau of Yangdong County, portion of the property with a total gross floor area of approximately 12,123.94 sq.m. is permitted for pre-sale. Details of the permits are as follows:

No.	Permit No.	Gross Floor Area *(sq.m.)*	Issuance Date
i.	Dong Yu Xu Zi [2010] Di 033	5,886.00	10 September 2010
ii.	Dong Yu Xu Zi [2010] Di 006	6,237.94	16 April 2010
	Total	12,123.94	

5. As advised by the Company, a portion of the Property with a total gross floor area of approximately 14,027.68 sq.m. have been pre-sold at a consideration of RMB55,612,340, which has been taken into account in our valuation.

6. As advised by the Company, the total construction cost expended as at 21 March 2011 was approximately RMB44,788,307.47 and the estimated outstanding construction cost for completion of the property was approximately RMB10,210,000.00. In the course of our valuation, we have taken into account the aforesaid amounts.

7. The capital valve of the property as if completed as at 21 March 2011 was RMB195,000,000.

8. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

    i. Yangdong Fuli has legally obtained the land use rights of the property and is entitled to occupy, use, transfer, lease, mortgage and dispose of the property by other legal means within the terms of the land use rights;

    ii. Yangdong Fuli has obtained all necessary permits, approval and certificates according to the actual progress of the development and there was no invalid permits, approval and certificates found as at the issue date of the legal opinions;

    iii. Yangdong Fuli has obtained necessary permits and is entitled to pre-sell the property; and

    iv. The property is not subject to mortgage.

Group III – Property held by Yangjiang Yonglian for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 21 March 2011
3.	Two separate parcels of land located at Wumaling, Longtao, Jiangcheng District, Yangjiang City, Guangdong Province, PRC	The property comprises two separate parcels of land with a total site area of approximately 16,128.00 sq.m. (173,602 sq.ft.). As advised by the Company, the property will be developed into a residential development with a planned total gross floor area of approximately 46,851.84 sq.m. (504,313 sq.ft.). Breakdown usages and approximate gross floor areas are as follows:	The property was a vacant land as at the date of valuation.	RMB26,000,000 *(see Notes 2 and 3)*

Use	Approximate gross floor area	
	(sq.m.)	*(sq.ft.)*
Residential	24,784.00	266,775
Villas	13,520.00	145,529
Commercial	2,016.00	21,700
Basement Car parks	4,515.84	48,609
Ancillary facilities	2,016.00	21,700
Total	46,851.84	504,313

The land use rights of the property have been granted for terms expiring on 10 December 2048 and 4 February 2049 for commercial and residential uses.

Notes:

1. Pursuant to the following two Land Use Rights Certificates issued by the People's Government of Yanjiang City, the land use rights of two parcels of land with a total site area of approximately 16,128.00 sq.m. have been granted to Yangjiang Yonglian Real Estate Development Company Limited ("Yangjiang Yonglian"). Details of the said certificates are as follows:

No.	**Certificate No.**	**Site Area** *(sq.m.)*	**Land Use Term Expiry Date**	**Usage**
i.	Yang Fu Guo Yong (2010) Di 10367	11,241.46	10 December 2048	Commercial and residential
ii.	Yang Fu Guo Yong (2010) Di 10368	4,886.54	4 February 2049	Commercial and residential
	Total	**16,128.00**		

2. Pursuant to The Technical Guideline to Yangjiang City's Planning Control Applicable to Sites Out of Planning Control and Sold Sites with No Specific Plot Ratios 《陽江市城市規劃區內控規未覆蓋、已出讓、容積率無約定用地的規劃管理技術規定》(No. Yang Fu [2010]22) (the "Regulation"), the maximum plot ratio in Northern City Region (城北片區) for plots with a site area of 8,000 sq.m. and above , where part of the property situated, is 2.4. For those with a site area under 8,000.00 sq.m. in Northern City Region, where remaining part of the property situated, the maximum plot ratio is 2.5.

3. As per the specific instructions from Yangjiang Yonglian, we have valued the property based on the assumption that the property has been permitted to be developed under the proposed plot ratio of 2.5, the salient terms are as follows:

Site area	:	16,128.00 sq.m.
Location	:	Wumaling, Longtao, Jiangcheng District, Yangjiang City, Guangdong Province, the PRC
Land use	:	Commercial and residential Uses
Expiry dates	:	10 December 2048 and 4 February 2049
Plot Ratio	:	2.5
Total proposed above ground gross floor area	:	40,320 sq.m.

Our valuation is subject to change if the above proposed development scheme is not approved.

4. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

   i. Yangjiang Yonglian has legally obtained the land use rights of the property and is entitled to occupy, use, transfer, lease, mortgage and dispose of the property by other legal means within the terms of the land use rights; and

   ii. The property is free from premium payment and other expenses.

The following is a statement reconciling the valuation figures with figures included in the combined balance sheets of Best Team as at 31 December 2010 pursuant to Rule 8.30 of GEM Listing Rules.

RECONCILIATION STATEMENT

The properties held by the Best Team Group as at 21 March 2011 have been valued by Savills Valuation and Professional Services Limited, an independent property valuer. The text of the summary of values and valuation certificate in connection with aforesaid property interests are set out in Appendix IV of this circular.

The statement below shows the reconciliation of the properties held by the Best Team Group from the financial information of the Best Team Group as at 31 December 2010 to 21 March 2011 (the effective date of the valuation):

	Yangdong Fuli	**Yangjiang Yonglian**
	HK$'000	*HK$'000*
As per the combined balance sheets as at 31 December 2010 *(Note 1)*	25,411 *(Note 2)*	6,766
Interest in an associate	25,411	–
Total assets of Yangdong Fuli *(Note 3)*	196,617	–
Total liabilities of Yangdong Fuli *(Note 3)*	94,975	–
Net assets of Yangdong Fuli *(Note 3)*	101,642	–
25% equity interests in Yangdong Fuli by Best Team	25,411	–
The carrying value used in the preparation of the Accountants' Report	188,909 *(Note 3)*	6,766
Revaluation surplus	2,479	23,912
Value as at 21 March 2011 as set out in the valuation report *(Note 4)*	191,388 (RMB162,200)	30,678 (RMB26,000)

Notes:

1. Extracted from the combined balance sheets of the Accountants' Report of this circular.

2. As Best Team indirectly holds 25% interests in Yangdong Fuli, Yangdong Fuli has been accounted for as an associate of Best Team.

3. Extracted from Note 12 of the Accountants' Report of this circular.

   The total assets of Yangdong Fuli comprises property, plant and equipment (HK$194,000), trade and other receivables (HK$2,766,000), cash and bank balances (HK$4,748,000) and Yangdong Land and Yangdong Properties (HK$188,909,000).

4. Extracted from the valuation report of Yangdong Land, Yangdong Properties, Yangjiang Land and Yangjiang Properties (see Appendix IV of this circular).

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

Authorised capital:		*US$*
2,000,000,000	ordinary shares of US$0.01 each	20,000,000
Issued and fully paid or credited as fully paid:		
588,567,428	ordinary shares of US$0.01 each as at the Latest Practicable Date	5,885,674.28
136,363,636	Conversion Shares to be issued	1,363,636.36
100,000,000	Warrant Shares to be issued	1,000,000
824,931,064		8,249,310.64

All the Shares in issue, the Conversion Shares and the Warrant Shares (when allotted and fully paid) to be issued rank pari passu with each other in all respects including as regards to dividends and voting rights.

As at the Latest Practicable Date, save for the share options of the Company, there were no other convertible securities or exchangeable of the Company outstanding.

3. DISCLOSURE OF INTERESTS

Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives and their associates in the 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 notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required to be entered in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long position in the Shares

Name of Director	Capacity	Number of shares held	Approximate percentage *(%)*
Dr. Chan Chung	Beneficial owner	19,224,452	3.27
Mr. Chan Wai Kwong, Peter	Beneficial owner	108,036	0.02

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required to be entered in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

4. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Enlarged Group within the two years immediately preceding the date of this circular and are or may be material:

(i) the placing agreement entered into between the Company and Finet Securities Limited dated 4 November 2010 in relation to the placing of up to an aggregate of 90,000,000 Shares at a placing price of HK$0.20 per Share;

(ii) the underwriting agreement entered into between the Company, Ever-Long Securities Company Limited and PetroAsian Energy dated 4 April 2011 in relation to the open offer of not more than 588,567,428 Shares and not more than 592,147,428 Shares on the basis of one offer shares for every share held at a subscription price of HK$0.10 per Share; and

(iii) the Agreement.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. EXPERTS

The following are the qualification of the experts who have given opinions or advice which are contained in this circular:

Name	Qualifications
GF Capital	a corporation licensed to carry on type 6 (advising on corporate finance) of the regulated activities under the SFO
Jingtian & Gongcheng ("**Jingtian**")	legal advisers as to PRC laws
Savills Valuation and Professional Services Limited ("**Savills**")	independent property valuer
Ting Ho Kwan & Chan ("**THKC**")	Certified Public Accountants (Practising)

Each of GF Capital, Jingtian, Savills and THKC has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of GF Capital, Jingtian, Savills and THKC does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Enlarged Group.

8. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2010, being the date to which the latest published audited financial statements of the Group was made up.

9. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling Shareholder and their respective associates had any business or interest that competes or may compete with the business of the Group and had any other conflict of interest with the Group.

10. MISCELLANEOUS

(a) There is no contract or arrangement entered into by any member of the Enlarged Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Enlarged Group.

(b) As at the Latest Practicable Date, neither GF Capital, Jingtian, Savills and THKC nor any Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group since 31 March 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) Bank of Butterfield International (Cayman) Ltd., the principal share registrar and transfer agent of the Company in the Cayman Islands is located at Butterfield House, 68 Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands, British West Indies.

(d) Computershare Hong Kong Investor Services, the share registrar and transfer office of the Company is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(e) The company secretary of the Company is Mr. Li Siu Bun ("**Mr. Li**"), who is a member of The Hong Kong Institute of Certified Public Accountants. Mr. Li graduated with a bachelor degree in business administration from Lingnan University and has nearly 4 years of experience in the accounting and auditing fields.

(f) The compliance officer of the Company appointed pursuant to Rule 5.19 of the GEM Listing Rules is Mr. Chan Wai Kwong, Peter ("**Mr. Chan**") who is an executive Director. Mr. Chan is responsible for overseeing and supervising the administration of the Group. Mr. Chan is an executive director of China Solar Energy Holdings Limited (Stock code: 155), a listed company in Hong Kong. Mr. Chan is also an independent non-executive director of Century Ginwa Retail Holdings Limited (formerly known as China Golden Development Holdings Limited) (Stock code: 162) and Tai Shing International (Holdings) Limited (Stock code: 8103), whose shares are listed on the Stock Exchange and GEM respectively. Mr. Chan graduated with a bachelor of arts degree in social science from the University of Western Ontario, Canada in 1978.

(g) The Board established an audit committee with written terms of reference in accordance with Rules 5.28 of the GEM Listing Rules. The audit committee comprises three members who are independent non-executive Directors, namely, Mr. Chiu Wai Piu ("**Mr. Chiu**"), Mr. Cheung Kwan Hung, Anthony ("**Mr. Cheung**") and Mr. Heung Chee Hang, Eric ("**Mr. Heung**") (with Mr. Cheung as the Chairman thereof).

The principal duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Company, and to review the appointment of external auditors on an annual basis as well as to ensure independence of the continuing auditor.

Mr. Chiu, aged 64, is a very experienced and reputable journalist and has over 40 years of experience in journalism. He has been a reporter, an editor, a main news assignment editor, a local news assignment editor, a managing editor and an editorial writer in newspapers and a senior research officer in "One Country Two Systems Research Institute". Mr. Chiu has been the founding treasurer and the chairman of the "Hong Kong Federation of Journalists". In 2006, he was elected as the Vice Secretary – General and Treasurer of the "Hong Kong Federation of Journalists"; and he was also elected as the Director-General in 2009. Mr. Chiu has, for many years, devoted himself wholeheartedly in boosting cooperation among local journalists, enhancing professional conduct of journalists and developing the relationship and advocating the interchange of knowledge between journalists in Hong Kong and Mainland China. His contribution in this field is highly praised and recognized. Mr. Chiu currently serves as an independent non-executive director of Jiwa Bio-Pharm Holdings Limited and Lo's Enviro-Pro Holdings Limited.

Mr. Cheung, aged 59, is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Cheung is very experienced in accounting, finance and investment banking profession specialising in equity/debt fund raising, mergers and acquisitions and corporate restructuring before working with publicly listed companies undertaking corporate management, planning and strategies development functions. He is an independent non-executive director of NewOcean Energy Holdings Limited (Stock code: 342), PetroAsian Energy Holdings Limited (Stock code: 850) and Great Harvest Maeta Group Holdings Limited (Stock code: 3683), whose shares are listed on the Stock Exchange. He was an independent non-executive director of Diagonite International Limited (formerly known as "Ruyan Group (Holdings) Limited") (Stock code: 329) and V.S. International Group Limited (Stock code: 1002), whose shares are listed on the Stock Exchange, from 20 September 2004 to 28 June 2010 and 8 February 2002 to 28 January 2011 respectively.

Mr. Heung, aged 43, is a practicing solicitor in Hong Kong with current practice in general litigation and commercial matters. He graduated with a degree of Laws from the University of Leicester, England. Mr. Heung was admitted as a solicitor of the Supreme Court of Hong Kong in 1995. He is currently a partner of Tung, Ng, Tse & Heung, Solicitors.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on Business Days at the branch office of the Company at Suite 1006, 10/F., Ocean Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong from the date of this circular up to and including 18 May 2011 and at the EGM:

(a) the memorandum and articles of association of the Company;

(b) the valuation report on the Yangdong Land, Yangdong Properties, Yangjiang Land and Yangjiang Properties, the text of which is set out in Appendix IV to this circular;

(c) the accountants' report on the Best Team Group, the text of which is set out in Appendix II to this circular;

(d) the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(e) the annual reports of the Company for each of the two financial years ended 31 March 2010;

(f) the material contracts referred to in the paragraph headed "Material contracts" in this Appendix;

(g) the written consents referred to under the paragraph headed "Experts" in this Appendix;

(h) the letter from the Independent Board Committee, the text of which is set out on pages 33 and 34 in this circular;

(i) the letter of advice from GF Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 35 to 36 in this circular; and

(j) this circular.

MOBILE TELECOM NETWORK (HOLDINGS) LIMITED

流動電訊網絡(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8266)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of the shareholders of Mobile Telecom Network (Holdings) Limited (the "**Company**") will be held at Suite 1006, 10/F., Ocean Centre, Harbour City, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 18 May 2011 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the agreement (the "**Agreement**") (a copy of which has been produced to the EGM marked "A" and signed by the chairman of the EGM for the purpose of identification) dated 15 February 2011 and entered into between Poon Sum, Poon Sau Tin (the "**Vendors**") and Gold Continental Investments Limited ("**Gold Continental**") pursuant to which Gold Continental has agreed to purchase and the Vendors has agreed to sell 2,000 shares of HK$1.00 each in the share capital of Best Team International Investment Limited for a total consideration of HK$65,000,000 and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

(b) any one or more of the directors (the "**Directors**") of the Company be and is/are hereby authorised to take all steps he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Agreement and the transactions contemplated thereunder;

* *For identification purpose only*

(c) the issue of convertible bonds (the "**Convertible Bonds**") in the principal amount of HK$33,000,000 of the Company to the Vendors in accordance with the Agreement be and is hereby approved, and any one or more of the Directors be and is/are hereby authorised to take all steps he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the issue of the Convertible Bonds including but not limited to the allotment and the issue of the shares (each a "**Share**") of US$0.01 each in the share capital of the Company which may fall to be issued upon the exercise of the conversion rights attached to the Convertible Bonds; and

(d) the issue of 100,000,000 non-listed warrants (the "**Warrants**") of the Company to the Vendors in accordance with the Agreement be and is hereby approved, and any one or more of the Directors be and is/are hereby authorised to take all steps he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the issue of the Warrants including but not limited to the allotment and the issue of the Shares which may fall to be issued upon the exercise of the subscription rights attached to the Warrants."

By order of the Board
Mobile Telecom Network (Holdings) Limited
Siu King Nin, Peter
Executive Director

Hong Kong, 29 April 2011

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Room 2516, 25th Floor
North Tower, Concordina Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.

3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

4. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.