
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution 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, you should at once hand the Prospectus Documents (as defined herein) to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

A copy of each of these Prospectus Documents, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrars of Companies" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Future Commission in Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the Shares (as defined herein) may be settled through CCASS (as defined herein) established and herein operated by HKSCC (as defined herein) and you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of these arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares (as defined herein) on the Stock Exchange (as defined herein) as well as compliance with the stock admission requirements of HKSCC (as defined herein), the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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



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)

OPEN OFFER OF 588,567,428 OFFER SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY SHARE HELD ON THE RECORD DATE

Underwriter



Ever-Long Securities Company Limited

Terms used in this cover page have the same meanings as defined in this Prospectus.

The latest time for application and payment for the Offer Shares is 4:00 p.m. on Thursday, 9 June 2011. The procedures for application of the Offer Shares are set out on pages 32 to 33 of this Prospectus.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events prior to 4:00 p.m. on the Latest Time for Termination. These certain events are set out in the paragraph headed "Termination of the Underwriting Agreement" on pages 19 to 21 of this Prospectus. If the Underwriting Agreement is terminated by the Underwriters or does not become unconditional, the Open Offer will not proceed.

* For identification purpose only

25 May 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.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 4 April 2011 in relation to the Open Offer
“Application Form”	the application form for use by the Qualifying Shareholders to apply for the Offer Shares
“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Change in Board Lot Size”	the proposed change in the board lot size for trading of the Shares from 8,000 to 16,000 with effect from 22 June 2011
“China Oil”	China Oil Resources Group Limited, a company incorporated in the British Virgin Islands and the entire issued share capital of which is wholly and beneficially owned by PetroAsian
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Mobile Telecom Network (Holdings) Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules

DEFINITIONS

“Convertible Bonds”	the convertible bonds to be issued by the Company to Mr. Poon Sum and Mr. Poon Sau Tin in the principal amount of HK\$33,000,000 at an initial conversion price of HK\$0.242 per conversion Share (subject to adjustment(s)) pursuant to the terms and conditions of the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“Director’s Option”	The option granted to a former Director to subscribe for 3,000,000 Shares in the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on 20 May 2011 for the Independent Shareholders to consider and, if thought fit, approve the Open Offer and the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Gold Continental”	Gold Continental Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company
“Golden Kingtex”	Golden Kingtex Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than China Oil and any other persons who are involved in, or interested in, the Open Offer and their respective associates

DEFINITIONS

“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Last Trading Day”	4 April 2011, being the last trading day for the Shares before the release of the Announcement
“Latest Practicable Date”	19 May 2011, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for the inclusion in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 9 June 2011 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on the third business day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Offer Share(s)”	588,567,428 new Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of one Offer Share for every Share held on the Record Date and payable in full on acceptance pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares by way of Open Offer to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
“Options”	together the Director’s Option and Share Options
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer

DEFINITIONS

“Overseas Shareholders”	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“PetroAsian”	PetroAsian Energy Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange, the holding company of China Oil
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, Macau and Taiwan
“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
“Prospectus”	this prospectus issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form for the Offer Shares
“Prospectus Posting Date”	25 May 2011 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	20 May 2011, being the date by reference to which entitlements to the Open Offer will be determined
“Registrar”	Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company

DEFINITIONS

“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 15 February 2011 and entered into among the Company, as the purchaser and Mr. Poon Sum and Mr. Poon Sau Tin, as the vendors in relation to the sale and purchase of the shares of Best Team International Investment Limited, the details of which were disclosed in the announcement dated 15 February 2011 of the Company
“Share(s)”	ordinary share(s) of US\$0.01 each in issued share capital of the Company
“Share Options”	the share options granted or to be granted under the share option schemes adopted by the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Specified Event”	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.1 for each Offer Share under the Open Offer
“Undertaking”	the irrevocable undertaking given by PetroAsian in favour of the Company and the Underwriter, details of which are set out in the paragraph headed “Undertaking given by PetroAsian” in this Prospectus
“Underwriting Agreement”	the underwriting agreement dated 4 April 2011 entered into between the Company, the Underwriter and PetroAsian in relation to the Open Offer

DEFINITIONS

“Underwriter”	Ever-Long Securities Company Limited, a licensed corporation to carry out types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance in Hong Kong
“Warrants”	the warrants to be issued by the Company to Mr. Poon Sum and Mr. Poon Sau Tin in the principal amount of HK\$2,000,000 at an initial exercise price of HK\$0.222 per warrant Share (subject to adjustment(s)) pursuant to the terms and conditions of the Sale and Purchase Agreement
“Warrant Shares”	Shares to be allotted and issued upon exercise of the subscription rights under 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

DEFINITIONS

“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
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For the purpose of this Prospectus, unless otherwise indicated, conversion of US\$ into HK\$ is calculated at the approximate exchange rate of US\$1.00 to HK\$7.80. This exchange rate is adopted for the purpose of illustration purpose only and do not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

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

SUMMARY OF THE OPEN OFFER

The following information is derived from, and should be read in conjunction with, the full text of this Prospectus.

Basis of the Open Offer:	One Offer Share for every Share held on the Record Date and payable in full on acceptance
Subscription Price:	HK\$0.1 per Offer Share
Number of Shares in issue as at the Latest Practicable Date:	588,567,428 Shares
Number of Offer Shares:	588,567,428 Offer Shares. The aggregate nominal value of the Offer Shares is US\$5,885,674.28 (equivalent to approximately HK\$45,908,000)
Number of Offer Shares undertaken to be procured to be taken up by China Oil:	PetroAsian has given the Undertaking under the Underwriting Agreement in favour of the Company and the Underwriter (i) to procure the subscription of the 177,785,861 Offer Shares for which China Oil is entitled pursuant to the Open Offer; (ii) that the 177,785,861 Shares registered in the name of and beneficially owned by China Oil will remain registered in the name of and beneficially owned by China Oil up to and including the Latest Time for Termination; and (iii) that PetroAsian will remain the ultimate legal and beneficial owner of the entire issued share capital of China Oil up to and including the Latest Time for Termination
Number of Offer Shares underwritten by the Underwriter:	410,781,567 Offer Shares, being the number of the Offer Shares, less the aggregate number of the Offer Shares to be taken up by China Oil under the Undertaking
Number of Shares in issue upon completion of the Open Offer:	1,177,134,856 Shares

EXPECTED TIMETABLE

The expected timetable for the Open Offer as set out below is indicative only and has been prepared on the assumption that all the conditions of the Open Offer will be fulfilled. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

2011

Latest time for acceptance of and payment for Offer Shares	4:00 p.m. on Thursday, 9 June
Latest time for the Open Offer to become unconditional	4:00 p.m. on Tuesday, 14 June
Announcement of the results of the Open Offer	Friday, 17 June
If the Open Offer is terminated, refund cheques to be despatched on or before	Monday, 20 June
Share certificates for Offer Shares to be posted	Monday, 20 June
Dealings in Offer Shares commences	Wednesday, 22 June
Effective date of the Change in Board Lot Size	Wednesday, 22 June
First day of odd lot trading arrangements	Wednesday, 22 June
Last day of odd lot trading arrangements	Wednesday, 13 July

All times stated in this Prospectus refer to Hong Kong times. Dates stated in this Prospectus for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer will be announced as appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR OFFER SHARES

The latest time for acceptance of and payment for Offer Shares will not take place if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning signal

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 9 June 2011. Instead, the Latest Acceptance Date for the Offer Shares will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings signal in force at any time between 9:00 a.m. and 12:00 noon. If the Latest Acceptance Date for the Offer Shares does not take place on 9 June 2011, the dates mentioned in the section headed “Expected timetable” in this Prospectus may be affected. An announcement will be made by the Company in such event as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (a) in the sole and absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the sole and absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (c) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (d) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (e) the Prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company and which may in the sole and absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares provisionally allotted to it,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

LETTER FROM THE BOARD



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

Principal place of business

in Hong Kong:
Room 2516, 25th Floor,
North Tower, Concordia Plaza,
1 Science Museum Road,
Tsim Sha Tsui, Kowloon,
Hong Kong

25 May 2011

*To the Qualifying Shareholders and,
for information only, the Prohibited Shareholders*

Dear Sir or Madam,

**OPEN OFFER OF 588,567,428 OFFER SHARES
ON THE BASIS OF ONE OFFER SHARE FOR EVERY
SHARE HELD ON THE RECORD DATE**

INTRODUCTION

Reference is made to the Announcement, the announcement of the Company dated 26 April 2011 and the circular of the Company dated 4 May 2011 in relation to, among other matters, the proposed Open Offer in the proportion of one Offer Share for every Share held on the Record Date and the Change in Board Lot Size.

* For identification purpose only

LETTER FROM THE BOARD

On 20 May 2011, the resolution regarding the Open Offer has been passed by the Independent Shareholders at the extraordinary general meeting of the Company. China Oil, being the controlling shareholder, and its associates abstained from voting in respect of the 177,785,861 Shares held by them in favour of the resolution relating to the Open Offer at the extraordinary general meeting.

The purpose of this Prospectus is to provide you with further details of the Open Offer, including (i) the procedure for application and payment for the Offer Shares; (ii) certain financial information of the Group; and (iii) general information of the Group.

OPEN OFFER

Issue Statistics

Basis of the Open Offer:	One Offer Share for every Share held on the Record Date and payable in full on acceptance
Subscription Price:	HK\$0.1 per Offer Share
Number of Shares in issue as at the Latest Practicable Date:	588,567,428 Shares
Number of Offer Shares:	588,567,428 Offer Shares. The aggregate nominal value of the Offer Shares is US\$5,885,674.28 (equivalent to approximately HK\$45,908,000)
Number of Offer Shares undertaken to be procured to be taken up by China Oil:	PetroAsian has given the Undertaking under the Underwriting Agreement in favour of the Company and the Underwriter (i) to procure the subscription of the 177,785,861 Offer Shares for which China Oil is entitled pursuant to the Open Offer; (ii) that the 177,785,861 Shares registered in the name of and beneficially owned by China Oil will remain registered in the name of and beneficially owned by China Oil up to and including the Latest Time for Termination; and (iii) that PetroAsian will remain the ultimate legal and beneficial owner of the entire issued share capital of China Oil up to and including the Latest Time for Termination

LETTER FROM THE BOARD

Number of Offer Shares underwritten by the Underwriter:	410,781,567 Offer Shares, being the number of the Offer Shares, less the aggregate number of the Offer Shares to be taken up by China Oil under the Undertaking
Number of Shares in issue upon completion of the Open Offer:	1,177,134,856 Shares

As at the Latest Practicable Date, the Company has 3,580,000 outstanding Options entitling the holders thereof to subscribe for 3,580,000 Shares. Save for the Options, the Company has no other outstanding warrants, options or convertible securities as at Latest Practicable Date.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders, and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders (if any). To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not be the Prohibited Shareholders.

The invitation to subscribe for the Offer Shares made to the Qualifying Shareholders will not be transferable.

Save for China Oil which will take up 177,785,861 Offer Shares under the Undertaking, the Board has not received any information from any substantial Shareholders of their intention to take up the Offer Shares offered to them as at the Latest Practicable Date.

Closure of register of members

The register of members of the Company has been closed from 16 May 2011 to 20 May 2011, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares has been registered during this period.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price is HK\$0.1 per Offer Share, payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 62.26% to the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 45.36% to the theoretical ex-entitlement price of approximately HK\$0.183 per Share based on the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 64.79% to the average of the closing prices of HK\$0.284 per Share for the last five consecutive trading days including and up to the Last Trading Day;
- (iv) a discount of approximately 37.89% to the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a premium of approximately 29.87% to the net asset value per Share of approximately HK\$0.077 based on the unaudited consolidated financial statements of the Group as at 31 December 2010 and the number of Shares in issue as at the Latest Practicable Date.

The net Subscription Price per Offer Share (after deducting all relevant expenses) will be approximately HK\$0.096.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the current market conditions. In order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors (including the independent non-executive Directors) consider that the proposed discount of the Subscription Price to the market price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (including the independent non-executive Directors) consider the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Company will send the Prospectus to the Prohibited Shareholders for their information only and the Company will not send the Application Form to the Prohibited Shareholders.

LETTER FROM THE BOARD

Status of the Offer Shares

The Offer Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Certificates of the Offer Shares

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before 20 June 2011 to those Qualifying Shareholders who have accepted and (where applicable) applied for, and paid for the Offer Shares by ordinary post at their own risk.

Fractional entitlement to the Offer Shares

No fractional entitlements or allotments are expected to arise as a result of the Open Offer.

Offer to the Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

Having reviewed the register of members of the Company as at the Record Date, the Company noted that the Shareholders registered with overseas addresses are situated in the British Virgin Islands.

The Open Offer will be extended to the Overseas Shareholders with registered addresses in the British Virgin Islands. Accordingly, there are no Prohibited Shareholders. The Prospectus Documents will be sent to each of such Overseas Shareholders.

It is the responsibility of any person (including but not limited to nominee, agent and trustee) outside Hong Kong wishing to make an application for the Offer Shares to satisfy himself or herself or itself as to the full observation of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection herewith. Any application for the Offer Shares by any person will be deemed to constitute a representation and warranty from such persons to the Company that these local laws and requirements have been complied with. Qualifying Shareholders should consult their professional advisers if in doubt.

LETTER FROM THE BOARD

Application for excess Offer Shares

The Company will not make available for subscription by the Qualifying Shareholders by means of excess application of any excess Offer Shares. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Prohibited Shareholders would otherwise have been entitled to under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

The Directors hold the view that the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and to participate in the future growth and development of the Group. After arm's length negotiations with the Underwriter, and taking into account that the related administration costs will be less in the absence of excess applications, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Shareholders.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares will have a board lot size of 16,000 Shares per board lot. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares may be settled through CCASS. You should seek advice of your stock broker or other professional adviser for details of those settlement arrangements and how such arrangements will affect your rights and interests.

LETTER FROM THE BOARD

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	4 April 2011
Underwriter:	Ever-Long Securities Company Limited
Number of Offer Shares underwritten:	Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up under the Undertaking) which have not been taken up. Accordingly, the Open Offer is fully underwritten.

To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

The Underwriter shall be entitled to an underwriting commission of 3.5% of the aggregate Subscription Price in respect of the actual number of the Offer Shares less the number of the Offer Shares taken up by China Oil under the Undertaking. The Company will also reimburse the Underwriter reasonable legal fees and other reasonable expenses in respect of the Open Offer.

Undertaking given by PetroAsian

PetroAsian has given the Undertaking under the Underwriting Agreement in favour of the Company and the Underwriter (i) to procure the subscription of the 177,785,861 Offer Shares for which China Oil is entitled pursuant to the Open Offer; (ii) that the 177,785,861 Shares registered in the name of and beneficially owned by China Oil will remain registered in the name of and beneficially owned by China Oil up to and including the Latest Time for Termination; (iii) that PetroAsian will remain the ultimate legal and beneficial owner of the entire issued share capital of China Oil up to and including the Latest Time for Termination; and (iv) save for the Offer Shares to be acquired under the Undertaking, it will not and shall procure that its nominees, any other companies controlled by it shall not, without first having obtained the prior written consent of the Underwriter and the Company, transfer or otherwise dispose of or acquire any Share or any interest therein between the date of the Underwriting Agreement and the Latest Time for Termination.

LETTER FROM THE BOARD

Undertaking given by Mr. Poon Sum and Mr. Poon Sau Tin

Pursuant to the terms of the Sale and Purchase Agreement, upon completion of the Sale and Purchase Agreement, the Company will issue the Convertible Bonds and the Warrants to Mr. Poon Sum and Mr. Poon Sau Tin.

Mr. Poon Sum and Mr. Poon Sau Tin have also given an irrevocable undertaking that they will not (i) exercise any conversion rights attaching to the Convertible Bonds on or before the Record Date or otherwise to convert part or the whole of the Convertible Bonds into Shares on or before the Record Date; and (ii) exercise any subscription rights attaching to the Warrants on or before the Record Date or otherwise to subscribe for part or the whole of the Warrant Shares on or before the Record Date.

Undertaking given by the Underwriter

The Underwriter (for itself and on behalf of the sub-underwriter(s)) has undertaken to the Company that: (i) the Underwriter and/or the sub-underwriter(s) will not trigger a mandatory offer obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers on the part of the Underwriter and/or the subunderwriter(s) in respect of performing its/their obligations under the Underwriting Agreement; and (ii) none of the Underwriter, the subunderwriter and the subscribers procured by them will be a substantial Shareholder holding 10% or more shareholding in the Company.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (a) in the sole and absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

LETTER FROM THE BOARD

- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (c) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
 - (d) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or

LETTER FROM THE BOARD

- (e) the Prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company and which may in the sole and absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares provisionally allotted to it,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (a) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance;

LETTER FROM THE BOARD

- (b) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus if required by the GEM Listing Rules, and a letter to the Prohibited Shareholders, if any, for information purpose only, explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (c) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares by no later than the first day of their dealings;
- (d) compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement;
- (e) compliance with and performance of all the undertakings and obligations of PetroAsian under the Undertaking of the Underwriting Agreement; and
- (f) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) (such vote shall be taken by way of poll) to approve the Open Offer.

The conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

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REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

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

The gross proceeds from the Open Offer will be approximately HK\$58.86 million. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be approximately HK\$56.36 million, representing a net Subscription Price of approximately HK\$0.096 per Offer Share.

The Board intends to apply such proceeds from the Open Offer as follows:

- approximately HK\$40 million for existing and potential mobile telecommunications related businesses (including the proposed acquisition of 70% equity interests in 央廣迅龍(北京)通訊科技有限公司 (Yangguang Xunlong (Beijing) Communication Technology Company Limited[#]) (“Yangguang Xunlong”) under the non-legally binding memorandum of understanding dated 28 February 2011 entered into between a wholly-owned subsidiary of the Company and an Independent Third Party);
- not more than HK\$10 million, where appropriate and as a back-up facility, for the property development projects in China after acquiring Best Team International Investment Limited (“Best Team”); and
- the remaining balance for general working capital purpose.

Best Team is a company incorporated in Hong Kong with limited liability and principally engaged in investment holding. After completion of the reorganisation before completion of the acquisition of Best Team, the direct wholly-owned subsidiary of Best Team will hold certain equity interests of the two PRC property development projects companies, namely Yangdong Fuli and Yangjiang Yonglian, which are engaged in the property development business in the PRC. Yangdong Fuli owns Yangdong Land and is developing Yangdong Properties. Yangjiang Yonglian owns Yangjiang Land and is developing Yangjiang Properties. 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.

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The consideration of HK\$65,000,000 for the sale and purchase of the entire share capital of Best Team shall be settled by Gold Continental in the following manner:

- (a) as to HK\$9,500,000 was paid by Gold Continental to the vendors in cash as the deposit and part payment of the consideration on the date of the agreement for the sale and purchase of Best Team;
- (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 aggregate of the remuneration payable to and benefits in kind receivable by the directors of the Best Team will not be varied in consequence of the acquisition by Gold Continental.

Yangguang Xunlong is a company established in the PRC and principally engaged in the provision of high quality financial news produced by Broadcasting Corporation of China via mobile networks directly to mobile phone handholds. The target customers of the services are white collar and high-end mobile handheld users in 31 provinces and cities. The services provide high value adding comprehensive finance and economic news with localised content to the customers.

The consideration for the proposed acquisition of Yangguang Xunlong shall be subject to further negotiations between Golden Kingtex and the vendor and shall be satisfied by Golden Kingtex: (i) in cash; (ii) by procuring the Company to issue Shares, credited as fully paid; (iii) by procuring the Company to issue convertible bonds; (iv) by procuring the Company to issue promissory note; or (v) a combination of any of the above.

As at the Latest Practicable Date, no formal sale and purchase agreement has been entered into by Golden Kingtex in relation to the sale and purchase of 70% equity interests in Yangguang Xunlong.

The details of the proposed acquisition of Best Team International Investment Limited and the proposed acquisition of 70% equity interests in Yangguang Xunlong were set out in the announcements of the Company dated 15 February 2011 and 28 February 2011 respectively.

LETTER FROM THE BOARD

The estimated expenses in relation to the Open Offer, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses of approximately HK\$2.5 million will be borne by the Company. Having considered other fund raising alternatives for the Group, such as bank borrowings and placing of new Shares, and taking into account the benefits and costs of each of the alternatives, the Open Offer allows the Group to strengthen its capital base without facing the increasing interest rates.

The Board has considered the possibility of rights issue instead of Open Offer which allows Shareholders to trade the nil-paid rights. Due to the tight time schedule, the Board considers that the trading of nil paid rights will delay the process of fund raising on a timely basis. Given the additional administrative costs and expenses to be borne by the Company in arranging trading arrangement of the nil-paid rights and additional time for trading of nil paid rights shares, the Board considers that the Open Offer is more time and cost effective and a better option.

Taking into the account the above and that the Open Offer offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so, the Directors (including the independent non-executive Directors) consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

Adjustments to Options

As at the Latest Practicable Date, the Company has 3,580,000 outstanding Options entitling the holders thereof to subscribe for 3,580,000 Shares. Adjustments to the exercise prices and numbers of the outstanding Options may be required under the relevant terms of the instrument in relation to the Options or the share option scheme of the Company. The auditors of the Company will be appointed to certify the necessary adjustments, if any, to the exercise prices and numbers of the outstanding Options. Further announcement will be made by the Company in this regard.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any other fund raising activities in the past twelve months before the date of the Announcement:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
4 November 2010	Placing of up to 90,000,000 new Shares	HK\$17.5 million	General working capital	General working capital

EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structures of the Company immediately before and after the completion of the Open Offer are set out below:

	As at the Latest Practicable Date		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders except for China Oil take up his/her/its entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders take up his/her/its entitlements under the Open Offer)	
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
Directors						
Dr. Chan Chung (Note 1)	19,224,452	3.27%	19,224,452	1.63%	38,448,904	3.27%
Mr. Chan Wai Kwong, Peter (Note 1)	108,036	0.02%	108,036	0.01%	216,072	0.02%
Substantial Shareholders						
China Oil	177,785,861	30.21%	355,571,722	30.21%	355,571,722	30.21%
Vodatel Information Limited (Note 2)	77,709,696	13.20%	77,709,696	6.60%	155,419,392	13.20%
Ever Champion Trading Limited (Note 3)	48,776,000	8.29%	48,776,000	4.14%	97,552,000	8.29%
Public Shareholders						
Underwriter (Note 4)	–	–	410,781,567	34.90%	–	–
Other public Shareholders	264,963,383	45.01%	264,963,383	22.51%	529,926,766	45.01%
Total	588,567,428	100.00%	1,177,134,856	100.00%	1,177,134,856	100.00%

Notes:

- Dr. Chan Chung and Mr. Chan Wai Kwong, Peter are executive Directors.

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2. Vodatel Information Limited is a direct and wholly owned subsidiary of VDT Mobile Holdings Limited which is a direct and wholly owned subsidiary of Vodatel Holdings Limited, a direct and wholly owned subsidiary of Vodatel Networks Holdings Limited (“Vodatel”). Vodatel is a company incorporated in Bermuda whose shares are listed on GEM (Stock code: 8033).
3. Ever Champion Trading Limited is an investment holding company incorporated in the British Virgin Islands, the ultimate beneficial owner of which is Ms. Lo Yuk Yee.
4. The Underwriter (for itself and on behalf of the sub-underwriter(s)) has undertaken to the Company that: (i) the Underwriter and/or the sub-underwriter(s) will not trigger a mandatory offer obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers on the part of the Underwriter and/or the sub-underwriter(s) in respect of performing its/their obligations under the Underwriting Agreement; and (ii) none of the Underwriter, the subunderwriter(s) and the subscribers procured by them will be a substantial Shareholder holding 10% or more shareholding in the Company.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Open Offer are subject to various factors, including the results of acceptance of the Open Offer.

Sufficient public float will be maintained prior to and immediately after the completion of the Open Offer in compliance with Rule 11.23(7) of the GEM Listing Rules by the Company.

CHANGE IN BOARD LOT SIZE

Based on the closing price of HK\$0.265 on the Last Trading Day and the Subscription Price of HK\$0.1 for each Offer Share under the Open Offer, the theoretical ex-entitlement price of each Share will be approximately HK\$0.183 and the theoretical value of each board lot of 8,000 Shares upon completion of the Open Offer will be approximately HK\$1,460.

In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK\$2,000, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposed to change the board lot size for trading of the Shares from 8,000 to 16,000 on 22 June 2011 after the Open Offer having become unconditional. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

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ODD LOT TRADING ARRANGEMENTS

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed Ever-Long Securities Company Limited (“Ever-Long”) as an agent to provide matching services to those Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 22 June 2011 to 13 July 2011 (both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantages of this facility either to dispose of their odd lots of the Shares or to top-up their odd lots to a full new board lot may directly or through their broker contact Mr. Loong of Ever-Long at 18/F., Dah Sing Life Building, 99-105 Des Voeux Road Central, Hong Kong (telephone: (852) 2815 3522) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

All existing share certificates in board lots of 8,000 Shares will continue to be evidence of entitlement to the Shares and be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing shareholdings will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 8,000 Shares to new share certificates in board lot size of 16,000 Shares is necessary. As from 22 June 2011, any new certificate of the Shares will be issued in new board lot size of 16,000 Shares (except for odd lots or where the Shareholder(s) otherwise instruct(s)).

FINANCIAL AND TRADING PROSPECT OF THE GROUP

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

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 urbanization, the Group is optimistic about the PRC property market prospect.

The Company issued an announcement on 15 February 2011 with reference to an acquisition of certain properties in the PRC. 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.

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The 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 the existing business, it can be referred to the latest memorandum of understanding, dated 28 February 2011, entered into between the Group and an Independent Third Party regarding the possible acquisition of 70% of the entire registered and paid up capital of 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.

RISK FACTORS

The Directors set out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the Group's operations, including:

Risks relating to the Group's business

Business risk relating to the Group

- (1) The provision of mobile valued added service industry in which the Group is operating is subject to competition and the success of the Group will depend on its capacity and capability to expand its market share and to secure contracts from its potential customers. If the Group fails to maintain its competitiveness against other competitors, this will affect the profitability and market share of the Group.
- (2) The global financial recession in 2009 and 2010 has affected the consumption of the general public and potential customers of the Group, which, in turn, may affect the turnover and profitability of the Group as a result of the global economic downturn and continued economic recession.

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- (3) The Group is in negotiations with an independent third party in relation to the possible acquisition of financial news service in PRC. There is no certainty that the possible acquisition will become materialized. This may affect the future business development of the Group.

Financial risks relating to the Group

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business.

These risks are limited by the Group's financial management policies and practices as described below.

(a) Credit risk

The Group's credit risk is limited primarily attributable to trade and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk on bank deposits is limited because the counterparties are banks with high credit ratings.

(b) Liquidity risk

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

(c) Interest rate risk

The Company's interest rate risk arises primarily from financial assets and deposits at fixed rates exposed to fair value interest rate risk.

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(d) Foreign currency risk

By assessing the foreign currency risk, the effect arising from a reasonable possible changes in the exchange rates of Euros, Renminbi, and Great British Pounds against Hong Kong dollars in the next twelve months is not material to the financial results of the Group, on the basis that all other variables remain constant.

Risks relating to the Group's industry

Intense competition

The market for mobile valued added services solutions in which the Group operates are characterized by an increasing number of entrants because of the relative low set-up costs. Many of the Group's competitors have a operating history in the market, greater brand recognition, larger customer base and significantly greater financial and marketing resources. Such present or future competitors may provide products and services that have performance, price or other advantages over those offered by the Group. There is no assurance that the Group will be able to compete successfully against the current or future competitors.

Rapid technological changes

The mobile phone industry is characterized by its fast evolving nature and the Group needs to maintain an edge in technology over its competitors to maintain competitiveness. If the Group fails to keep up with the most up-to-date technology, the Group may become less competitive and the profitability of the Group may be adversely affected.

Risks relating to politics, economics and regulations

The business operations of the Group are primarily based in the PRC and Hong Kong. Accordingly, the Group's operating results, financial position and prospects could be adversely affected by economic, political and legal developments in these jurisdictions. As a result of the financial tsunami, there is no assurance that economic, political and legal developments in these jurisdictions will not be adversely affected. If there is any material adverse change in the general economic, political and legal developments in these jurisdictions, the Group's operations and financial position may be adversely affected.

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Risks relating to the Share price and Shareholders' shareholdings

The Share price may be volatile

The price and trading volume of the Shares will be determined in the market place and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to its business, announcements of new investments or acquisitions, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and general political, economic, social and market conditions both globally and in the PRC or Hong Kong could cause the market price of the Shares to change substantially.

Shareholders' shareholding may be diluted as a result of future equity fundraising

The Group may need to raise additional funds in the future to finance its expansion or for other reasons. If additional funds are raised through the issuance by the Company of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage ownership of individual shareholders will decline. Any such new securities may have preferential rights or options that favour their holders over holders of the Shares, to the extent permitted by law, exchange rules and the Company's constitutive documents.

PROCEDURE FOR APPLICATION

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to apply for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may apply for any number of Offer Shares only up to the number set out in the Application Form.

If Qualifying Shareholders wish to apply for all the Offer Shares offered to them as specified in the Application Form or wish to apply for any number less than their entitlements under the Open Offer, they must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have applied for with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by 4:00 p.m. on Thursday, 9 June 2011. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or bankers' cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Mobile Telecom Network (Holdings) Limited – Open Offer Account**" and crossed "**Account Payee Only**". It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with Computershare Hong Kong Investor Services Limited by not later than 4:00 p.m. on Thursday, 9 June 2011, the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

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The Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment.

All cheques and cashier's orders accompanying completed Application Form will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or a cashier's order, will constitute a warranty by the applicant that the cheque and/or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject and entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

The Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received.

If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Offer Shares will be returned to the Qualifying Shareholders, or in case of joint applicants, to the first-named person without interest by means of cheques dispatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter.

The Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of applying for, holding, disposing of or dealing in the Offer Shares. It is emphasized that none of the Company, the Directors or any other parties involved in the Open Offer accepts responsibility of any tax effects or liabilities of holders of the Offer Shares resulting from the application for, holding, disposal of, or dealing in the Offer Shares.

FURTHER INFORMATION

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

Yours faithfully,
By Order of the Board
Mobile Telecom Network (Holdings) Limited
Siu King Nin, Peter
Executive Director

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

1. FINANCIAL SUMMARY

The following is a summary of the audited consolidated results and assets and liabilities of the Group for the three years ended 31 March 2008, 2009 and 2010 respectively and the unaudited consolidated results and assets and liabilities of the Group for the six months ended 30 September 2009 and 2010, as extracted from each of the relevant annual reports and interim report of the Company. 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 2008, 2009 and 2010. The Company had no exceptional or extraordinary items in existence for each of the three years ended 31 March 2008, 2009 and 2010 and for the six months ended 30 September 2010. No dividends have been paid or declared by the Company during each of the three years ended 31 March 2008, 2009 and 2010 and the six months ended 30 September 2010.

Results

	Year ended 31 March			Six months ended 30 September	
	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Turnover	19,742	20,321	18,134	8,720	10,487
Profit/(loss) before taxation	381	754	(671)	(60)	(1,427)
Taxation	(8)	(6)	(8)	(6)	(47)
Profit/(loss) for the year/period	<u>373</u>	<u>748</u>	<u>(679)</u>	<u>(66)</u>	<u>(1,474)</u>
Attributable to:					
Equity holders of the Company	382	748	(679)	(66)	(1,358)
Non-controlling interests	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(116)</u>
	<u>373</u>	<u>748</u>	<u>(679)</u>	<u>(66)</u>	<u>(1,474)</u>
Earnings/(loss) per share for profit/ (loss) attributable to the equity holders of the Company					
– Basic (<i>HK cent</i>)	<u>0.08</u>	<u>0.16</u>	<u>(0.14)</u>	<u>(0.014)</u>	<u>(0.284)</u>
– Diluted (<i>HK cent</i>)	<u>0.08</u>	<u>0.16</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Assets and liabilities

	As at 31 March			As at 30 September	
	2008	2009	2010	2009	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	30,614	31,855	31,151	31,214	30,656
Total liabilities	4,154	4,558	4,266	3,853	4,526
	<u>26,460</u>	<u>27,297</u>	<u>26,885</u>	<u>27,361</u>	<u>26,130</u>

The financial information of the Group for each of the three years ended 31 March 2008, 2009 and 2010 are disclosed in the annual reports of the Company for the three years ended 31 March 2008, 2009 and 2010 respectively, which were published on 16 June 2008, 19 June 2009 and 23 June 2010 respectively. The unaudited financial information of the Group for the six months ended 30 September 2010 is disclosed in the interim report of the Company for the six months ended 30 September 2010 which was published on 11 November 2010. The aforementioned financial information of the Group is published on both the website of the GEM (www.hkgem.com) and the website of the Company (www.mtelnet.com).

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 March 2011, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the 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.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2010, being the date to which the latest audited consolidated financial statements of the Group were made up.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including the internally generated funds and the estimated net proceeds from the Open Offer, the Group will have sufficient working capital for at least the next twelve months from the date of this Prospectus.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group has been prepared 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 is to illustrate the effect of the Open Offer on the published unaudited consolidated net tangible assets of the Group as if the Open Offer had been completed on 30 September 2010.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 September 2010, as extracted from the published interim report of the Group for the six months ended 30 September 2010 set out in the Appendix I of this prospectus after giving effect to the pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Group has been prepared by the Directors of the Company for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the equity holders of the Company following the Open Offer.

Unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 September 2010 <i>HK\$'000</i> <i>(Note b)</i>	Estimated net proceeds from the Open Offer <i>HK\$'000</i> <i>(Note c)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company after the completion of the Open Offer <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company as at 30 September 2010 <i>HK\$</i> <i>(Note d)</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company after the completion of the Open Offer <i>HK\$</i>	
Open Offer of 588,567,428					
Offer Shares <i>(Note a)</i>	26,130	56,357	82,487	0.055	0.070 <i>(Note e)</i>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- a) The issue of 588,567,428 Offer Shares to the Qualifying Shareholders by way of the Open Offer is based on the number of issued Shares at the Latest Practicable Date. Details of the movements in numbers of Shares from 30 September 2010 up to the Latest Practicable Date is as follows:

	Number of Shares
As at 30 September 2010	479,342,976
Placing of new shares on 24 November 2010	90,000,000
Exercise of share options on 24 March 2011	<u>19,224,452</u>
As at the Latest Practicable Date	<u><u>588,567,428</u></u>

- b) The unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 September 2010 is arrived based on the published interim report of the Company for the six months ended 30 September 2010 as set out in Appendix I to this prospectus.
- c) The estimated net proceeds from the Open Offer is calculated based on 588,567,428 Offer Shares to be issued at the Subscription Price of HK\$0.1 per Offer Share, after deduction of the estimated related expenses of approximately HK\$2,500,000.
- d) The number of Shares used for the calculation of unaudited consolidated net tangible assets per Share attributable to the equity holders of the Company as at 30 September 2010 and prior to the completion of the Open Offer is based on 479,342,976 Shares in issue as at 30 September 2010.
- e) The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company after the completion of the Open Offer is calculated based on 1,177,134,856 Shares issued upon completion of the Open Offer, which represents the 588,567,428 Shares in issue as at the Latest Practicable Date and 588,567,428 Offer Shares expected to be issued on the completion of the Open Offer.
- f) No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 30 September 2010.

This Unaudited Pro Forma Financial Information of the Group does not take into account the change in net tangible assets arising from the movement of numbers of Shares of the Company from 30 September 2010 upto the Latest Practicable Date, as specified in Note (a) above.

**2. REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED
CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

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
Room 2516, 25th Floor,
North Tower, Concordia Plaza,
Tsim Sha Tsui, Kowloon,
Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (“Unaudited Pro Forma Financial Information”) of Mobile Telecom Network (Holdings) Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out in Part 1 of Appendix II to the prospectus of the Company dated 25 May 2011 (the “Prospectus”), in connection with the open offer of 588,567,428 Offer Shares of par value of US\$0.01 each at the subscription price of HK\$0.1 per Offer Share (the “Open Offer”) on the basis of one Offer Share for every Share held on the Record Date (as defined in the Prospectus), which has been prepared by the Directors of the Company for illustration purpose only, to provide information about how the Open Offer might have affected the financial information presented, for inclusion in Appendix II of this Prospectus. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the accompanying introduction and notes to the Unaudited Pro Forma Financial Information included in Part 1 of Appendix II to this Prospectus.

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 Financial Information 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 Financial Information 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 Financial Information 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 the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information 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 Financial Information 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 purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustration purpose only, based on the judgements and assumptions of the Directors of the Company, and, because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in 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 Financial Information 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 Financial Information as disclosed pursuant to Rule 7.31 (1) of the GEM Listing Rules.

TING HO KWAN & CHAN

Certified Public Accountants (Practising)

Hong Kong, 25 May 2011

RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 Prospectus misleading.

SHARE CAPITAL

<i>Authorised capital:</i>		<i>US\$</i>
<u>2,000,000,000</u>	ordinary Shares of US\$0.01 each	<u>20,000,000</u>
<i>Issued and fully paid or credited as fully paid:</i>		
588,567,428	Shares as at the Latest Practicable Date	5,885,674.28
<u>588,567,428</u>	Offer Shares to be allotted and issued	<u>5,885,674.28</u>
<u>1,177,134,856</u>	Total	<u>11,771,348.56</u>

All the Shares in issue and the Offer Shares to be issued rank pari passu in all respects with each other including as regards to dividends and voting rights. The Shares in issue are listed on GEM.

No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

There is no arrangement under which future dividend are/will be waived or agreed to be waived.

SHARE OPTION SCHEMES AND DIRECTOR'S OPTION

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. All of the Share Options under the Pre-IPO Share Option Scheme have duration of ten years from the date the Share Options were granted.

As at the Latest Practicable Date, the Share Options granted under the Pre-IPO Share Option Scheme entitle the holders to subscribe for a total of up to 3,330,000 Shares at exercise prices ranging from HK\$0.078 to HK\$0.191 each, representing, in aggregate, approximately 0.57% of the existing issued share capital of the Company.

Pursuant to the Share Option Scheme, the Company may grant Share Options to any fulltime 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 Share Options. The maximum number of shares in respect of which Share 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.

As at the Latest Practicable Date, the Share Options granted under the Share Option Scheme entitle the holders to subscribe for a total of up to 250,000 Shares at the exercise price of HK\$0.134 each, representing, in aggregate, approximately 0.042% of the existing issued share capital of the Company.

On 4 September 2001, Director's 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. Director's Options are exercisable upon listing of the Shares on the Stock Exchange.

As at the Latest Practicable Date, the following participants had interests in Options to subscribe for Shares in the Company and details of which are as follows:

Pre-IPO Share Option Scheme

Name or Category of Participant	No. of Options	No. of Shares to be issued upon exercise of the Options as at the Latest Practicable Date	Exercise Price	Date of Grant	Exercise Period
Other Participants					
Employees in aggregate	10,000	10,000	0.090	9 February 2007	“9 February 2007-8 February 2017”
	20,000	20,000	0.191	12 February 2008	“12 February 2008-11 February 2018”
Business Consultant					
Young Antony, Michael	300,000	300,000	0.114	27 March 2003	“9 May 2003-8 May 2013”
Former Director					
Wellan Sham	3,000,000	3,000,000	0.078	4 September 2001	“9 May 2003-8 May 2013”
Total	<u>3,330,000</u>	<u>3,330,000</u>			

Share Option Scheme

Name or Category of Participant	No. of Options	No. of Shares to be issued upon exercise of the Options as at the Latest Practicable Date	Exercise Price	Date of Grant	Exercise Period
Other Participants					
Employees in aggregate	250,000	250,000	0.134	17 February 2010	“17 February 2010-16 February 2020”
Total	<u>250,000</u>	<u>250,000</u>			

Save for the 3,580,000 Options, the Company has no outstanding warrants, options or convertible or exchangeable securities as at the Latest Practicable Date.

DISCLOSURE OF INTERESTS

(a) Directors' 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 to 5.67 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.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long position in the Shares

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage (%)
China Oil <i>(Note 1)</i>	Beneficial owner	355,571,722 <i>(Note 2)</i>	60.41%
PetroAsian <i>(Note 1)</i>	Interest in controlled corporation	355,571,722 <i>(Note 2)</i>	60.41%
Vodatel Information Limited <i>(Note 3)</i>	Beneficial owner	77,709,696	13.20%
VDT Mobile Holdings Limited <i>(Note 3)</i>	Interest in controlled corporation	77,709,696	13.20%
Vodatel Networks Holdings Limited <i>(Note 3)</i>	Interest in controlled corporation	77,709,696	13.20%
Eve Resources Limited <i>(Note 3)</i>	Interest in controlled corporation	77,709,696	13.20%
Vodatel Holdings Limited <i>(Note 3)</i>	Interest in controlled corporation	77,709,696	13.20%
Ocean Hope Holdings Limited <i>(Note 3)</i>	Interest in controlled corporation	77,709,696	13.20%

APPENDIX III**GENERAL INFORMATION**

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage (%)
HSBC International Trustee Limited <i>(Note 3)</i>	Interest in controlled corporation	77,709,696	13.20%
Dos Santos Jose Manuel <i>(Note 4)</i>	Interest in discretionary trust	77,709,696	13.20%
Lei Hon Kin <i>(Note 4)</i>	Interest in spouse's interest	77,709,696	13.20%
Ever Champion Trading Company Limited <i>(Note 5)</i>	Beneficial owner	48,776,000	8.29%
Lo Yuk Yee <i>(Note 5)</i>	Interest in controlled corporation	48,776,000	8.29%
Poon Sum	Beneficial owner	118,181,818 <i>(Note 6)</i>	20.08%
Poon Sau Tin	Beneficial owner	118,181,818 <i>(Note 6)</i>	20.08%

Notes:

1. China Oil is wholly and beneficially owned by PetroAsian.
2. Among the 355,571,722 Shares, (i) 177,785,861 Shares are currently held by China Oil; and (ii) 177,785,861 Shares will be subscribed by China Oil under the Undertaking.
3. Vodatel Information Limited is a direct and wholly owned subsidiary of VDT Mobile Holdings Limited which is a direct and wholly owned subsidiary of Vodatel Holdings Limited, a direct and wholly owned subsidiary of Vodatel Networks Holdings Limited (“Vodatel”). Vodatel is a company incorporated in Bermuda whose shares are listed on GEM (Stock code: 8033). Eve Resources Limited, a wholly owned subsidiary of Ocean Hope Holdings Limited, is interested in 49.12% of the equity interests in Vodatel. Ocean Hope Holdings Limited is a wholly owned subsidiary of HSBC International Trustee Limited.
4. Dos Santos Jose Manuel is a founder of the discretionary trust where HSBC International Trustee Limited is the trustee. Lei Hon Kin is a spouse of Dos Santos Jose Manuel.
5. Lo Yuk Yee is interested in the entire equity interests of Ever Champion Trading Company Limited.
6. This represents the number of Shares which may be issued to Poon Sum and Poon Sau Tin respectively under the Convertible Bonds and the Warrants.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Mr. Cheung Kwan Hung, Anthony, an independent non-executive Director, as also an independent non-executive Director of PetroAsian.

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).

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.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this Prospectus:

Name	Qualifications
Ting Ho Kwan & Chan ("THKC")	Certified Public Accountants (Practising)

THKC has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter or its name in the form and context in which they respective appear.

THKC does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

THKC does not have any direct or indirect interests in any assets which have been, since 31 March 2010 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this Prospectus and are or may be material:

- (a) the Underwriting Agreement;
- (b) 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; and
- (c) the agreement dated 15 February 2011 and entered into among Poon Sum and Poon Sau Tin and Gold Continental Investments Limited in relation to the sale and purchase of 2,000 shares in the share capital of Best Team International Investment Limited.

DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2010, the date to which the latest published audited financial statements of the Group were made up.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group since 31 March 2010, being the date to which the latest published audited financial statements of the Company were made up, and which was significant in relation to the business of the Group.

PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business	Room 2516, 25th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong
Authorised representatives	Chan Chung Chan Wai Kwong, Peter Room 2516, 25th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong
Compliance officer	Chan Wai Kwong, Peter Room 2516, 25th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong
Company secretary	Li Siu Bun Room 2516, 25th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong
Auditors	Ting Ho Kwan & Chan Certified Public Accountants 9th Floor, Tung Ning Building, 249-253 Des Voeux Road Central, Hong Kong
Underwriter	Ever-Long Securities Company Limited 18th Floor, Dah Sing Life Building, 99-105 Des Voeux Road Central, Hong Kong

Legal advisers	On Hong Kong Law Michael Li & Co. 14/F Printing House 6 Duddell Street, Central Hong Kong
Principal bankers	Standard Chartered Bank 23rd Floor, Standard Chartered Bank Building 4-4A Des Voeux Road Central Hong Kong
Principal share registrar and transfer office	Butterfield International (Cayman) Ltd. Butterfield House 68 Fort Street, P.O. Box 705, George Town Grand Cayman, Cayman Islands British West Indies
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East, Wan Chai Hong Kong

PARTICULARS OF DIRECTORS AND COMPANY SECRETARY**Executive Directors*****Dr. Chan Chung***

Dr. Chan, aged 54, is a founder, an executive Director and the chairman of the Group. Dr. Chan is responsible for formulating the overall business plan and the corporate strategies of the Group. Further, Dr. Chan is a founder of Silicon Genesis Corporation, a high technology company in the United States. Dr. Chan has been elected as a fellow of the Institute of Electrical and Electronics Engineers in the United States and graduated with a doctor degree in philosophy from the University of Iowa in 1981. Dr. Chan was appointed as a Director of the Company on 23 October 2000.

Mr. Chan Wai Kwong, Peter

Mr. Chan, aged 57, is an executive Director and the compliance officer of the Group. 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. Mr. Chan was appointed as a Director of the Company on 23 March 2002.

Mr. Siu King Nin, Peter

Mr. Siu, aged 70, is responsible for the formulation and execution of business strategies as well as corporate management of the Group. Mr. Siu has had over 35 years of experience in the banking and financial services sector serving at senior management level in various leading banks and financial institutions in the United States, Canada and Hong Kong. Mr. Siu was an executive director of Grand Field Group Holdings Limited (Stock code: 115) from 6 September 2006 to 31 May 2007. Mr. Siu was appointed as a Director of the Company on 10 June 2010.

Mr. Choi Ho Yan

Mr. Choi, aged 35, graduated from the University of Hertfordshire, United Kingdom with a Bachelor of Accounting degree. He has become a member of the America Institute of Certified Public Accountants since 2002. Mr. Choi has over 11 years of experience in auditing, accounting, corporate finance and investor relations experience gained from his previous employment. Mr. Choi was an accountant at Ernst and Young from 1998 – 2004, moving from the positions of staff accountant to senior accountant, and overseeing audit work for projects related to initial public offerings of several companies, as well as other related work for listed companies. During his time as a chief financial officer for China Milk Products Group Limited, a company listed on the stock exchange of the Singapore Exchange Limited, from September 2004 – January 2010, he oversaw the investor relations programme as well as the accounting and financial functions of the company. Mr. Choi was appointed as a Director of the Company on 30 July 2010.

Independent Non-executive Directors***Mr. Chiu Wai Piu***

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. Chiu was appointed as a Director of the Company on 30 July 2010.

Mr. Cheung Kwan Hung, Anthony

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. Cheung was appointed as a Director of the Company on 18 August 2010.

Mr. Heung Chee Hang, Eric

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. Mr. Heung was appointed as a Director of the Company on 18 August 2010.

Company secretary***Mr. Li Siu Bun***

Mr. Li 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.

Business address of Directors

The business address of the Directors is the same as the Company's head office and principal place of business in Hong Kong located at Room 2516, 25th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong.

AUDIT COMMITTEE

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. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric (with Mr. Cheung Kwan Hung, Anthony 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.

GENERAL

- (a) There is no contract for the hire or hire purchase of plant to or by any member of the Group for a period of over 1 year which are substantial in relation to the Group's business;
- (b) The Company does not have any forecasted or planned dividends; nor any foreign exchange liabilities; and
- (c) The English text of this Prospectus shall prevail over the Chinese text.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed "Expert and consent" in this appendix, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

LEGAL EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of Section 44A and 44B of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

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 prospectus up to and including the Latest Time for acceptance:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 31 March 2008, 31 March 2009 and 31 March 2010 respectively;
- (c) the unaudited third quarterly report of the Company for the nine months ended 31 December 2010;
- (d) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this Prospectus;
- (e) the letter from THKC on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this Prospectus;
- (f) the material contracts referred to in the paragraph headed “Material contracts” in this appendix;
- (g) the written consent referred to in the paragraph headed “Expert and consent” in this appendix;
- (h) a copy of each of the circulars issued pursuant to the requirements set out in Chapters 19 and/or 20 of the GEM Listing Rules which has been issued since 31 March 2010, the date of the latest published audited consolidated financial statements of the Group were made up; and
- (i) this Prospectus.