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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Mobile Telecom Network (Holdings) Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 announcement 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 announcement misleading.

* *For identification purpose only*

RESULTS

The board of Directors (the "Board") of Mobile Telecom Network (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred as the "Group") for the year ended 31 March 2012, together with the comparative audited figures for the corresponding year ended 31 March 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Turnover	*2*	**31,602**	24,425
Other income	*3*	**3,224**	713
Telecom operators and content providers costs		**(9,465)**	(10,483)
Employment costs		**(23,183)**	(11,190)
Research and development expenses		**(1,633)**	(2,806)
Depreciation and amortisation		**(544)**	(271)
Other operating expenses		**(14,237)**	(6,048)
Loss from operations		**(14,236)**	(5,660)
Finance costs	*5*	**(1,860)**	–
Impairment loss on investments in an associate and amount due from an associate		**(5,556)**	–
Share of (losses)/profits of associates		**(5,210)**	570
Loss before tax		**(26,862)**	(5,090)
Income tax expense	*6*	**–**	(69)
Loss for the year	*7*	**(26,862)**	(5,159)
Loss for the year attributable to:			
Owners of the Company		**(26,662)**	(5,193)
Non-controlling interests		**(200)**	34
		(26,862)	(5,159)
Loss per share *(HK cents)*	*9*		(restated)
Basic		**(2.50)**	(0.89)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Note	**2012**	2011
		HK$'000	*HK$'000*
Loss for the year	*7*	**(26,862)**	(5,159)
Other comprehensive income, net of tax			
Exchange differences on translating foreign operations		**518**	9
Reclassification adjustments relating to deregistration of foreign operations		**34**	–
		552	9
Total comprehensive loss for the year		**(26,310)**	(5,150)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(26,112)**	(5,184)
Non-controlling interests		**(198)**	34
Total comprehensive loss for the year		**(26,310)**	(5,150)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**2,080**	755
Investment property		**30,000**	–
Intangible assets		**194**	–
Investments in associates		**45,749**	8,391
Investment deposit		**–**	9,500
		78,023	18,646
Current assets			
Trade and other receivables	*10*	**8,569**	4,438
Due from associates		**2,204**	968
Properties under development		**59,986**	–
Derivative financial assets		**1,210**	–
Put Options of convertible bonds		**12,032**	–
Bank and cash balances		**8,797**	24,883
		92,798	30,289
Current liabilities			
Trade and other payables	*11*	**11,541**	6,568
Due to an associate		**4,297**	–
Call Option of convertible bonds		**466**	–
Liability component of convertible bonds		**28,494**	–
Finance lease payables		**269**	–
Current tax liabilities		**13**	13
		45,080	6,581
Net current assets		**47,718**	23,708
Total assets less current liabilities		**125,741**	42,354
Non-current liabilities			
Liability component of convertible bonds		**8,090**	–
Finance lease payables		**756**	–
		8,846	–
NET ASSETS		**116,895**	42,354
Capital and reserves			
Share capital		**91,946**	45,959
Reserves		**6,643**	(3,643)
Equity attributable to owners of the Company		**98,589**	42,316
Non-controlling interests		**18,306**	38
TOTAL EQUITY		**116,895**	42,354

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Attributable to owners of the Company											
	Share capital	Share premium account	Contributed surplus	Capital redemption reserve	Foreign currency translation reserve	Share-based payments reserve	Warrant reserve	Convertible bonds reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2010	36,977	35,582	16,375	2,943	572	556	–	–	(66,120)	26,885	–	26,885
Total comprehensive loss for the year	–	–	–	–	9	–	–	–	(5,193)	(5,184)	34	(5,150)
Shares issued upon exercise of share options	1,962	1,052	–	–	–	–	–	–	–	3,014	–	3,014
Shares issued upon placement	7,020	10,980	–	–	–	–	–	–	–	18,000	–	18,000
Transaction costs attributable to issue of new shares	–	(532)	–	–	–	–	–	–	–	(532)	–	(532)
Recognition of share option benefits at fair value	–	–	–	–	–	133	–	–	–	133	–	133
Share options forfeited	–	–	–	–	–	(1)	–	–	1	–	–	–
Transfer to share premium upon exercise of share options	–	677	–	–	–	(677)	–	–	–	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	4	4
Changes in equity for the year	8,982	12,177	–	–	9	(545)	–	–	(5,192)	15,431	38	15,469
At 31 March 2011	45,959	47,759	16,375	2,943	581	11	–	–	(71,312)	42,316	38	42,354
At 1 April 2011	**45,959**	**47,759**	**16,375**	**2,943**	**581**	**11**	**–**	**–**	**(71,312)**	**42,316**	**38**	**42,354**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**550**	**–**	**–**	**–**	**(26,662)**	**(26,112)**	**(198)**	**(26,310)**
Issue of warrants on acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**7,400**	**–**	**–**	**7,400**	**–**	**7,400**
Issue of convertible bonds on acquisition of subsidiaries and associates	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17,056**	**–**	**17,056**	**–**	**17,056**
Shares issued upon open offer	**45,909**	**12,948**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**58,857**	**–**	**58,857**
Shares issued upon exercise of share options	**78**	**62**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**140**	**–**	**140**
Transactions costs attributable to issue of new shares	**–**	**(2,335)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,335)**	**–**	**(2,335)**
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17,976**	**17,976**
Capital contribution from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**490**	**490**
Recognition of share option benefits at fair value	**–**	**–**	**–**	**–**	**–**	**1,267**	**–**	**–**	**–**	**1,267**	**–**	**1,267**
Transfer to share premium upon exercise of share options	**–**	**65**	**–**	**–**	**–**	**(65)**	**–**	**–**	**–**	**–**	**–**	**–**
Changes in equity for the year	**45,987**	**10,740**	**–**	**–**	**550**	**1,202**	**7,400**	**17,056**	**(26,662)**	**56,273**	**18,268**	**74,541**
At 31 March 2012	**91,946**	**58,499**	**16,375**	**2,943**	**1,131**	**1,213**	**7,400**	**17,056**	**(97,974)**	**98,589**	**18,306**	**116,895**

Notes:

1. **Basis of preparation**

These financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange and the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, derivative financial instruments which are carried at their fair values.

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2011. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS'); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years.

During the year, the Group decided to early adopt the amendments to HKAS 12 Income taxes titled "Deferred Tax: Recovery of Underlying Assets", investment properties that are measured using the fair value model are presumed to be recovered through sale for the purposes of measuring deferred tax unless the presumption is rebutted. The Group measures its investment property using the fair value model. The directors reviewed and concluded that the Group's investment property is held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Therefore, the directors have determined that the presumption set out in the amendments to HKAS 12 is not rebutted.

The early application of the amendments to HKAS 12 Income taxes has resulted in the Group not recognising any deferred tax on changes in fair value of the investment property as the Group is not subject to any income taxes on disposal of its investment property.

The Group has not applied the other new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

2. Turnover

The Group's turnover represents the amounts received and receivable for services provided to customers during the year.

	2012	2011
	HK$'000	*HK$'000*
Service fees from provision of mobile data solutions and related services	**31,602**	24,425

3. Other income

	2012	2011
	HK$'000	*HK$'000*
Interest income	**56**	46
Net foreign exchange gains	**–**	724
Net realised loss in financial assets designated as at fair value through profit or loss	**–**	(90)
Fair value gains on Put Options and Call Option of convertible bond	**2,839**	–
Reversal of allowance for impairment of bad and doubtful debts	**316**	–
Sundry income	**13**	33
	3,224	713

4. Segment information

The Group has three reportable segments as follows:

Mobile data solution business	–	provision of mobile data solution and related services
Property development	–	sale of developed properties
Property investment	–	rental income

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profit or loss do not include unallocated corporate results. Segment assets do not include derivative financial assets, Put Options of convertible bonds and unallocated corporate assets. Segment liabilities do not include Call Option of convertible bonds, liability component of convertible bonds and unallocated corporate liabilities.

Information about reportable segment profit or loss, assets and liabilities:

	Mobile data solution business *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Year ended 31 March 2012				
Revenue from external customers	**31,602**	**–**	**–**	**31,602**
Segment loss	**5,685**	**6,775**	**261**	**12,721**
Interest income	**51**	**4**	**–**	**55**
Finance costs	**–**	**9**	**–**	**9**
Depreciation and amortisation	**368**	**103**	**–**	**471**
Staff costs	**15,911**	**1,620**	**–**	**17,531**
Other material non-cash items:				
Impairment loss on investment in an associate and amount due from an associate	**5,556**	**–**	**–**	**5,556**
Additions to segment non-current assets	**821**	**1,237**	**30,143**	**32,201**
As at 31 March 2012				
Segment assets	**13,428**	**93,139**	**30,020**	**136,587**
Segment liabilities	**7,773**	**6,790**	**16**	**14,579**
Investments in associates	**3,921**	**19,761**	**–**	**23,682**

The Group operated one operating segment, which is "mobile data solution business" for the year ended 31 March 2011. No separate segment information was prepared according to HKFRS 8 "operating segment".

Reconciliations of reportable segment, profit or loss, assets and liabilities:

	2012 *HK$'000*	2011 *HK$'000*
Revenue		
Total revenue of reportable segments	**31,602**	24,425
Profit or loss		
Total (loss)/profit of reportable segments	**(12,721)**	304
Unallocated corporate results	**(14,141)**	(5,463)
Consolidated loss for the year	**(26,862)**	(5,159)

	2012	2011
	HK$'000	*HK$'000*
Assets		
Total assets of reportable segments	**136,587**	8,401
Derivative financial assets	**1,210**	–
Put Options of convertible bonds	**12,032**	–
Unallocated corporate assets	**20,992**	40,534
Consolidated total assets	**170,821**	48,935
Liabilities		
Total liabilities of reportable segments	**14,579**	6,377
Call Option of convertible bonds	**466**	–
Liability component of convertible bonds	**36,584**	–
Unallocated corporate liabilities	**2,297**	204
Consolidated total liabilities	**53,926**	6,581

Geographical information

Majority of the revenue generated by the Group for the years ended 31 March 2012 and 2011 were attributable to customers based in Hong Kong. In addition, majority of the Group's segment non-current assets are located in Hong Kong. Accordingly, no geographical analysis is presented.

Turnover from major customers

	2012	2011
	HK$'000	*HK$'000*
Mobile data solution business		
Customer a	**7,200**	6,800
Customer b	**1,000**	1,800
Customer c	**700**	1,700

No turnover has been generated for property development and property investment for the year.

5. Finance costs

	2012	2011
	HK$'000	*HK$'000*
Effective interest expenses on liability component of convertible bonds	**1,851**	–
Finance leases charges	**9**	–
	1,860	–

6. Income tax expense

	2012	2011
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	13
Current tax – PRC Enterprise Income Tax		
Provision for the year	**–**	56
	–	69

Hong Kong Profits Tax is provided at 16.5% based on the assessable profit for the year.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2012	2011
	HK$'000	*HK$'000*
Loss before tax	**(26,862)**	(5,090)
Tax at the domestic income tax rate of 16.5%	**(4,432)**	(840)
Tax effect of income that is not taxable	**(525)**	(88)
Tax effect of expenses that are not deductible	**5,406**	876
Tax effect of temporary differences not recognised	**(36)**	(49)
Tax effect of tax losses not recognised	**529**	151
Tax effect of utilisation of tax losses not previously recognised	**(211)**	–
Effect of different tax rates of subsidiaries	**(731)**	19
Income tax expense	**–**	69

7. Loss for the year

The Group's loss for the year is stated after charging the following:

	2012	2011
	HK$'000	*HK$'000*
Acquisition-related costs (included in other operating expenses)	**2,880**	–
Amortisation of intangible assets (included in other operating expenses)	**6**	–
Auditor's remuneration		
Current	**498**	220
Under-provision in prior year	**82**	25
	580	245
Depreciation of property, plant and equipment	**538**	271
Directors' emoluments		
– As directors	**459**	328
– For management	**5,605**	5,011
	6,064	5,339
Fair value loss on investment property	**143**	–
Fair value losses on derivative financial assets		
– Call option	**170**	–
– Profit guarantee	**130**	–
Loss on deregistration of a subsidiary	**34**	–
Operating lease charges of premises and facilities	**2,530**	1,489
Research and development expenses	**1,633**	2,806
Allowance for impairment of bad and doubtful debts	**250**	356
Impairment loss on investment in an associate and amount due from an associate	**5,556**	–
Staff costs including directors' emoluments and amount classified as research and development expenses		
Salaries and allowances	**22,726**	13,560
Share-based payments	**1,267**	133
Retirement benefit scheme contributions	**756**	303
Termination benefits	**67**	–
	24,816	13,996

8. Dividend

The Directors have not declared nor proposed any dividends in respect of the year ended 31 March 2012 (2011: HK$Nil).

9. Loss per share

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$26,662,000 (2011: approximately HK$5,193,000) and the weighted average number of ordinary shares of 1,068,193,118 (2011: 586,409,406, as adjusted to reflect the open offer on 20 June 2011) in issue during the year.

(b) Diluted loss per share

As the exercise of the Group's outstanding convertible bonds, warrants and outstanding options for the years ended 31 March 2012 and 2011 would be anti-dilutive, no diluted loss per share was presented for the years ended 31 March 2012 and 31 March 2011.

10. Trade and other receivables

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**3,580**	3,566
Less: Allowance for impairment of bad and doubtful debts	**(290)**	(356)
Other debtors, deposits and prepayments	**5,279**	1,228
	8,569	4,438

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	**2,392**	2,241
31 to 60 days	**522**	969
61 to 90 days	**114**	–
Over 90 days	**262**	–
	3,290	3,210

11. Trade and other payables

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**1,458**	1,816
Other payables	**10,083**	4,752
	11,541	6,568

The ageing analysis of trade payables of the Group, based on the date of receipt of goods, is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	**295**	528
31 to 60 days	**269**	444
61 to 90 days	**8**	180
Over 90 days	**886**	664
	1,458	1,816

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Mobile Telecom Network (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") recorded an audited loss of approximately HK$26.86 million for the financial year ended 31 March 2012. The Group had a turnover of approximately HK$31.60 million for the year compared to that of HK$24.43 million last year. The increase in the revenue was mainly attributable to our diversification into the apps development business. Unfortunately, apps development is labour intensive; resulting the Group to record a bigger loss as compared to HK$5.16 million for the last year. A combination of higher employment and operation costs. Other reasons are the recognition of the one-off professional fees arising from the acquisition of new subsidiaries and associates, the charging of fair value of the share- based payments to the directors and employees of the Group arising from newly granted share options under the share option scheme of the Company, the charging of imputed interests on the issued convertible bonds and the impairment loss in respect of goodwill related to an associate.

BUSINESS REVIEW

Segment Information

As at 31 March 2011, the Group was mainly engaged in the mobile data solutions business and therefore its reporting format was geographically segmented comprising Hong Kong/Macau, PRC, Australia, Singapore, Taiwan and others. During the year ended 31 March 2012, the Group has diversified into other the businesses such as property development in the PRC and property investment in Hong Kong through acquisition of new subsidiaries.

The diversification of business has resulted in a re-design of the Group's reportable segments as compared with the reportable segments determined as in our last annual report. The Group's reportable segments for the year ended 31 March 2012 are as follows:

– Mobile data solution business

– Property development

– Property investment

For the purpose of assessing segment performance and allocating resources between segments, the Group's top management monitors the results, assets and liabilities attributable to each reportable segment.

Whereas all the Group's revenue for the year ended 31 March 2012 was contributed by the segment of mobile data solution business, this was mainly attributable to that the diversification of businesses were being taken place during the year, particularly in the property development segment, it is common that such progress of development of saleable units would span over a year. No comparables for segment information could be given as the Group only had one operating segment, namely mobile data solution business, for the year ended 31 March 2011.

Products and Services

The Group has been refining current mobile value added services ("MVAS"), like Soccer Express utilising the unique GloDan (Global Data Network) network connections to emphasize on application developments and mobile advertising due to the market permeation by the iPhone and other smartphones. The Group is also expanding into businesses like Games and related entertainment application developments like Bearadise 2, Sooff, Mobilesurf service and movie mobile application connecting major cinema line ticketing services with 6 mobile operators in HK to complement the mobile business. Other areas are, application developments for consumer clients for example mobile banking application for China Construction Bank Asia; content management and delivery system to Hong Kong Jockey Club; and multi-media services and business know-how to mobile operators under our strong content portfolios and our large library of offerings in 3G services provisioning in Hong Kong and Macau.

To diversify our business focus, the Group has been exploring into other areas of business opportunities. Focus has been put into the exploration of opportunities, both in the People's Republic of China (the "PRC") and Hong Kong. The former being part of a project to provide residential units to the PRC market to capitalise on the boom of the forever increasing living standard of the Mainland Chinese population; whilst the latter is to provide a residential leasing to local Hong Kong population which may be the beginning of property management.

Another major focus is the sale and production of liquid crystal display (the "LCD") and touch-screen panels, the target is to provide the top tier market in the PRC and perhaps South East Asia with functional and relatively non-costly products but with a healthy margin during the capturing of the wider and popularized computer and related technology market.

We believe the Group will benefit from the enhancement and diversification of business focuses into these new areas.

Sales and Marketing Activities

The mobile industry has transformed to sophisticated customer requiring high quality services and enterprise applications. The Group therefore has embarked more significantly on mobile application development specifically in conjunction with mobile marketing for better user experience and enables us to target promotions to individuals. The Group has also formed several alliances with strategic media partners to leverage its expertise to explore and enhance our media revenue. Focused on carefully selected customer segments, namely the youth and sport fans community, tailor-made products and services have been developed with local operators to capture the more customers.

In the residential real estate development in the PRC the project is still in its juvenile stage and further planning is required. As for the residential leasing in Hong Kong, the property has been successfully let out and providing the company with asset foundations and stable return.

On the frontier of LCD and touch-screen panel business, the operation is slowly making break through after forming partnerships with chip manufacturers to provide them tailored services. The act provided a trusted name for the unit and an increase of orders is starting to come in.

PROSPECT

With Hong Kong seems to be slowly recovering from the worldwide financial crisis, the Group has been increasing its investment in human resources on strengthening key business in key markets and exploring new business.

Flourished and popular, the mobile entertainment market is getting increasingly competitive particularly when large corporations creating new divisions to enter this market in style. The Group will continue to explore new opportunities and diversify its dependence on mobile service provisioning both in premium services and advertising model associated with existing channels, mobile operators business and mobile application. For example, in servicing we expand content aggregation business to include IP rights management for our partners. In some new markets such as Philippines, the Group will act as a master content aggregator on behalf of the local operators and define business to maximise revenue whilst minimise resources allocation. The Group shall also extend more business relationships with WiFi service providers and handset/tablet manufacturers as there are increasingly more devices which support WiFi connection.

The Group is working closely with mobile operators to strengthen our sports channel as well as the new football services. Other content services, such as Entertainment, Lifestyle & Leisure, Dining, Movie, Cartoon, Games, Fortune Telling, etc. will be our focuses as well especially with Asian contents for Chinese communities.. To support this, the Group is to sign up with more content partners and technology providers including established brands and leading gaming companies to target youth lifestyle applications & services such as dating services, mobile blogging, and mobile comics.

Overall, the uptake of 3.5G services into 4G technologies will bring a shift in the dynamics of the market in Asia, especially in Greater China market. The market is likely to move to a more advanced internet and multimedia-based content, we plan to make use of our advantages and experience to provide a variety of rich-media content with operators and new potential platform on 4G iPhone across the Asian markets.

On the PRC real estate market, the financial crisis has hit the sentiment hard; the entailed effect might last for a while after worldwide central banks are required to take moves to assist. The PRC government on the outlook of the country plus other regional reasons have had the PRC government to push and alter various policies, which will also affect the outcome of the development project; however residential need is a basic requirement for the large population especially for the newly-weds and younger generation moving up the social ladder plus the wish of returning to birthplace and family reunion. In view of these we remain optimistic to the development, nonetheless we will exercise caution during our execution of the plan.

On the LCD and touch-screen panels front, the acquisition of 33.33% interests in a manufacturing plant of LCD and touch-screen panels, we have the aims to broaden the Group's businesses. With future possible opportunity to increase the stake in the plant, our plant is currently in partnership with a touch-screen manufacturer with solid sales to top tier "touch-screen tablets" manufacturers in the PRC.

Touch-screen panels are used in many applications and most notably the latest hit is on mobile phones and tablets. These are driven heavily first by Apple and now also Samsung, HTC and Blackberry. Divided in several pricing categories and technical cost being driven down, there are now cheaper versions of the same technology providing consumers devices with the interface. For the high end mobile products, the sales is evident through the revenue of those larger technology cooperations like Apple. At the other end, the low end products, such as the US$100 device categories they also have their own marketability, the mass market especially in emerging countries. Recent researches compiled from various sources show that this low category is predicted to have a world sales up to 500 million units per year.

In other applied areas, touch-screen panels have found their use due to the user-friendly controllability and interface, the trend can easily be predicted as some of their applications have already slowly emerge to those consumers. Within these areas the applications of the technology, for example the heavy industrial for direct machinery controls, medical for cleanliness and easy control and entertainment/media mediums like televisions or computer screens for better users experience, have thrived immensely as it greatly improved the operational side of these industries. It is therefore only natural for the technology to be integrated furthermore. Through the increasing awareness of the ability and potential of the touch-screen panel, it can only be predicted that this technology will be evermore applied.

On 22 February 2012 and as supplemented by the supplemental agreement dated 15 March 2012, the Group has entered into an agreement to acquire a 75% interest of a company and its subsidiaries (the "Target Group") that engages in trading of electronic parts and components in relation to display modules and touch panel modules whereas it also provides professional solution with engineering services to meet individual customer needs.

In order to diversify the Group's existing business through horizontal integration and maximise the return of the shareholders, the Group have been identifying further investment opportunities. As the electronic parts traded by the Target Group are used by the existing LCD and touch-screen panel production operations of the Group, the acquisition of the Target Group will ensure a stable and consistent supply of such electronic parts at a competitive price for the existing LCD and touch-screen panel production. Also, integrating with the professional product solutions for display modules and touch panel modules provided by the Target Group will enhance the competitiveness and bargaining power of the Group's LCD and touch-screen panel production and as a result has the ability to sell at a higher price and/or higher margins.

As at the date of this report, this proposed acquisition is still in progress. Since this proposed acquisition constitutes a very substantial acquisition for the Company under the GEM Listing Rules. A circular containing, among other matters, (i) further details of the proposed acquisition; (ii) the accountants' report on the Target Group; (iii) the unaudited pro forma financial information of the enlarged group; and (iv) a notice to convene the EGM will be despatched to the Shareholders in compliance with the GEM Listing Rules. For details of this proposed acquisition, reference can be made to the announcement made by the Company on 15 March 2012.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group financed its operations with internally generated cash flow and the net proceeds from open offer. As at 31 March 2012, the Group had net current assets of approximately HK$47,718,000 (2011: HK$23,708,000), of which approximately HK$8,797,000 (2011: HK$24,883,000) were bank and cash balances. The Group's other current assets recorded at 31 March 2012 mainly comprised approximately HK$8,569,000 (2011: HK$4,438,000) in trade and other receivables, which increased by 93.1% when compared with previous year, approximately HK$59,986,000 in properties under development (2011: HK$Nil) and approximately HK$12,032,000 in Put Option of convertible bonds (2011: HK$Nil). Current liabilities of the Group increased by 585.0% amounting to approximately HK$45,080,000 (2011: HK$6,581,000), including mainly trade and other payables in the amount of approximately HK$11,541,000 (2011: HK$6,568,000), amount due to an associate in the amount of approximately HK$4,297,000 (2011: HK$Nil) and liability component of convertible bonds in the amount of approximately HK$28,494,000 (2011: HK$Nil). The Group has no committed borrowing facilities throughout the year.

GEARING RATIO

The gearing ratio of the Group, based on total liabilities to shareholders' equity, was 0.46 as at 31 March 2012 (2011: 0.16).

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are mainly denominated in Hong Kong Dollars and Renminbi, the impact of foreign exchange exposure to the Group is considered minimal in this respect and no hedging or other arrangements to reduce the currency risk have been implemented.

CAPITAL STRUCTURE

On 20 June 2011, 588,567,428 new shares of US$0.01 each were issued by way of open offer at a subscription price of HK$0.1 per share. Details were disclosed in the Company's announcement dated 4 April 2011, the circular dated 4 May 2011 and the prospectus dated 25 May 2011.

On 14 September 2011, 1,000,000 new shares of US$0.01 each were issued and allotted during the year upon exercise of share options granted by the Company.

Save as disclosed above, there was no change in the capital structure of the Company during the year ended as at 31 March 2012.

MATERIAL ACQUISITIONS AND DISPOSALS

(a) On 3 June 2011, the Group completed the acquisition of the entire issued shares in Best Team International Investment Limited ("Best Team") from Mr. Poon Sum and Mr. Poon Sau Tin (both are connected persons of the Company) for a total consideration of HK$65,000,000. Best Team is an investment holding company and has 100% equity interest in a subsidiary established in the PRC which is engaged in investment holding, through which, indirectly holds 66.66% equity interest in a subsidiary and 25% equity interest in an associate, both were established in the PRC and are principally engaged in property development in the PRC. Convertible bonds in the principal amount of HK$33,000,000 and 100,000,000 warrants at issue price of HK$0.02 per warrant were issued by the Company to Mr. Poon Sum and Mr. Poon Sau Tin as part of the consideration. Details of the transaction were set out in the Company's announcement dated 15 February 2011 and the circular dated 29 April 2011.

(b) On 31 August 2011, the Group completed the acquisition of the entire issued shares in Star Global Industries Limited ("Star Global") and a shareholder loan amounting to HK$2,731,179 from an independent third party for a total cash consideration of HK$2,731,180. On the date of acquisition, Star Global is committed to purchase a residential property under a formal agreement entered into between Star Global and the vendor of the property for the sale and purchase of the property. The consideration for the sale and purchase of the property is HK$28,800,000. Completion of the formal agreement took place on 19 September 2011. Details of the transaction were set out in the Company's announcement dated 31 August 2011.

(c) On 24 October 2011, the Group completed the acquisition of 33.33% of the issued share capital of Jun Feng Enterprise (HK) Limited ("Jun Feng") for a total consideration of HK$20,000,000 which is comprised of a cash of HK$10,000,000 and convertible bonds with principal amounts of HK$10,000,000. Jun Feng and its subsidiaries are engaged in the sale and production of liquid crystal display and touch-screen panels. Details of the transaction were set out in the Company's announcement dated 28 September 2011.

Save as disclosed above, the Group did not make material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2012.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2012, a leased motor vehicle was charged to secure the Group's finance lease payables.

Same as disclosed, the Group did not have charges on its assets.

CONTINGENT LIABILITIES

As at 31 March 2012, the Group did not have any contingent liabilities.

EMPLOYEE INFORMATION

As at 31 March 2012, the Group had a total of 80 employees in Hong Kong and the PRC. The Group's employees are remunerated in accordance with their work performance, experience and prevailing industry practices. Total staff costs, including Directors' emoluments, amounted to approximately HK$24,816,000 for the year ended 31 March 2012 (2011: HK$13,996,000). Share options and bonuses are also available to the Group's employees at the discretion of the Directors and depending upon the financial performance of the Group.

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

The Company has not redeemed any of its shares since the date of listing. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares since the date of listing.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Corporate Governance Code (the "Code Provisions") except Code Provision A.2.1 and A.4.2, as set out in Appendix 15 of the GEM Listing Rules for the year ended 31 March 2012.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. With the relatively small size of the Group, the executive Directors and the senior management staff can adequately undertake all the day-to-day business decisions without the official appointment of a chief executive for the Group. Instead, the Board has appointed two senior executives from the Group as President of the Asia Pacific Operation and President of China Operation, respectively. The Board believes that the balance of power and authority is adequately ensured under the existing arrangement.

Code Provision A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to the Articles of Association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that notwithstanding anything herein, the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire each year. The Company is a small company with five executive Directors playing key management role. The Chairman of the Board and executive Director, Dr. Chan Chung, is the founder of the Company, and his continuing leadership on the Board is important for the stable operation of the Company. The Management considers that there is no imminent need to amend the Articles of Association of the Company and concurs that the Chairman need not be subjected to retirement by rotation.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the GEM Listing Rules 5.28. The audit committee has three members comprising all independent non-executive Directors namely Mr. Chiu Wai Piu, Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric. The chairman is Mr. Cheung Kwan Hung, Anthony. The primary duties of the audit committee are to oversee that management (i) has maintained the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Company; (ii) has established and maintained processes to assure that an adequate system of internal control is functioning within the Company; and (iii) has established and maintained processes to assure compliance by the Company with all applicable laws, regulations and corporate policy. During the year, the audit committee has met four times to review the Company's financial reporting process. The Company's annual results for the year ended 31 March 2012 have been reviewed by the audit committee of the Company.

By Order of the Board
Mobile Telecom Network (Holdings) Limited
Chan Chung
Chairman

Hong Kong, 26 June 2012

As at the date of this announcement, the Board comprises five executive Directors, namely, Dr. Chan Chung (Chairman), Mr. Chan Wai Kwong, Peter, Mr. Siu King Nin, Peter, Mr. Choi Ho Yan and Mr. So Haw, Herman; and three independent non-executive Directors, namely, Mr. Chiu Wai Piu, Mr. Cheung Kwan Hung, Anthony and Mr. Heung Chee Hang, Eric.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the day of its publication and on the Company's website at www.mtelnet.com.