



Mobile Telecom Network (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code : 8266)

Third Quarterly Report
2007

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, 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 GEM (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:—(1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS

The board of Directors (the “Directors”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months (“Three-Month Period”) and nine months (“Nine-Month Period”) ended 31 December 2007, together with the unaudited comparative figures for the corresponding periods in 2006 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 31 December 2007

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Turnover		4,813	3,913	14,667	17,083
Other income		303	275	704	9,431
Telecom operators costs		(2,683)	(2,146)	(8,141)	(10,727)
Employment costs		(1,260)	(1,117)	(3,617)	(4,018)
Research and development expenses		(336)	(268)	(1,111)	(756)
Depreciation of property, plant and equipment		(31)	(24)	(84)	(70)
Other operating expenses		(734)	(625)	(2,151)	(2,981)
Operating profit		72	8	267	7,962
Finance costs		—	(1)	—	(6)
Share of profit of an associate		49	56	185	200
Share of loss of a jointly controlled entity		—	—	—	(1)
Profit before tax		121	63	452	8,155
Income tax expense	2	—	—	—	—
Profit for the period		121	63	452	8,155
Attributable to:					
Equity holders of the Company		123	72	386	7,774
Minority interests		(2)	(9)	66	381
		121	63	452	8,155
Earning per share for profit attributable to the equity holders of the Company during the period	3				
— basic (HK cent)		0.026	0.01	0.082	1.64
— diluted (HK cent)		0.025	0.01	0.080	1.61

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2007

	Unaudited										
	Attributable to equity holders of the Company										
	Share capital	Share premium	Capital reserve	Capital redemption reserve	Cumulative translation adjustment	Convertible notes reserve	Share-based payment reserve	Accumulated deficits	Total	Minority 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
Balance at 1 April 2006	36,930	35,564	16,375	2,943	572	44	-	(74,479)	17,949	637	18,586
Redemption of convertible notes	-	-	-	-	-	(44)	-	44	-	-	-
Disposal of subsidiary	-	-	-	-	(62)	-	-	-	(62)	(1,011)	(1,073)
Profit for the period	-	-	-	-	-	-	-	7,774	7,774	381	8,155
Balance at 31 December 2006	36,930	35,564	16,375	2,943	510	-	-	(66,661)	25,661	7	25,668
Balance at 1 April 2007	36,930	35,564	16,375	2,943	510	-	35	(66,586)	25,771	-	25,771
Profit for the period	-	-	-	-	-	-	-	386	386	74	460
Balance at 31 December 2007	36,930	35,564	16,375	2,943	510	-	35	(66,200)	26,157	74	26,231

Notes:

1. Basis of preparation

These unaudited condensed consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which also include Hong Kong Accounting Standard (“HKAS”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

2. Income tax

No provision for Hong Kong profits tax is made in the financial statements as the Group has sufficient tax losses brought forward available to offset the current estimated profit (nine months ended 31 December 2006: Nil). Taxation on overseas profits has been calculated on the estimated profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

3. Earning per share

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

	Three months ended 31 December		Nine months ended 31 December	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Profit attributable to equity holders of the Company	123	72	386	7,774
Weighted average number of ordinary shares in issue	472,811,363	472,811,363	472,811,363	472,811,363
Effect of dilutive potential ordinary shares: Options	10,258,113	10,258,113	10,258,113	10,258,113
Weighted average number of ordinary shares for the purposes of diluted earnings per share	483,069,476	483,069,476	483,069,476	483,069,476

4. Interim dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the three months ended December 2007, turnover of the Group was HK\$4,813,000 representing increased by 23% as compared with the corresponding period last year. Net profit attributable to equity holders of the Group in the three months period increased by 71% to HK\$123,000 compared to the corresponding period last year. Gross profit margin maintained at a relatively stable level of 44% for the three months period compared to the same period last year.

For the nine months ended December 2007, turnover of the Group was decreased to HK\$14,667,000, compared with HK\$17,083,000 in the corresponding period in 2006. The decrease was mainly due to the disposal of a subsidiary that led to a short-term adverse effect on Group's turnover. Gross profit margin was increased to 44% for the nine months period compared to 37% in the same period last year.

Business Review

The Group is a market leader in the greater China area for the provisioning of multimedia 2.5G & 3G mobility services. The Group's applications for entertainment and informational content are extremely popular among the younger generation. We have coordinated the rights from branded content owners to distribute relevant content via the region's mobile operators' networks. The content and services are being connected through our patented GloDan distribution system.

We have been cooperating with the biggest operator in China, the China Mobile Communications Corporation, for providing various services starting in the Guangdong province and working comprehensively with China Mobile Guangdong in areas include brand promotion, value added services provision, etc. In particular, we are continuing on the promotion and operation of China Mobile (Guangdong)'s M-Zone brand for 3 more years. The Group acts as the enabler to develop all various SMS, MMS, WAP, Ringback-tone, Interactive Voice Recognition, and EDGE mobile values added services (MVAS) to all China Mobile (Guangdong) users.

In last quarter, we assisted China Mobile (Guangdong) in the operation of M-Zone brand promotion activities including Job Market New Idols; GoTone brand activity, Renowned Speakers Forum's activity planning, operation supporting platform construction and operation initiation.

We also continued to provide portals platforms consultation services and data services promotion planning consultation services to China Mobile (Guangdong).

In the other market, the Group has also been able to offer a full range of multi-media services and business know-how to the operators throughout Southeast Asia. Under our strong content portfolios and our large library of offerings in 3G service provisioning in Hong Kong and Macau, the Group has successfully extended and continually expanded our services to Malaysia, Singapore, Sri Lanka, Vietnam and Indonesia.

In the Hong Kong market, it is noteworthy that Hutchison 3HK, the largest 3G operator in Hong Kong has renewed with the Group the official NBA Mobile service for the 2008 season. This cooperation of NBA Mobile has also been extended into Hutchison 3 Macau for 3G users in the Macau market. For mobile gaming business, the Group has entered into major partnerships with games & content developers to distribute their games & content on the region's mobile networks. We further assist our games & content partners to enter the other Asian markets through the GloDan system. The Group will continue to provide exceptional service quality & efficiency in the MVAS business. This is likely to lead to more operators to collaborate with us in their MVAS operations.

The mobile entertainment segment is increasingly internet bounded. The Group's Mobilesurf service platform for full entertainment service provisioning is relevant to this trend. Instead of a typical operator Wall Garden approach to content delivery, the launching of the i-phone brings in internet content such as You-tube & Google map mobile sites in a fashion that is similar to our Mobilesurf service platform. We plan to further expand our Mobilesurf platform to deliver content via the internet.

To this extent, we have partnered with 3HK to launch the SHOWME! blog with our integrating mobile and internet service platform. SHOWME! (<http://www.showme.hk>) is an innovative blogging service supporting 3G, 2G and i-mode mobile services under our service platform. Users of 3HK not only can access this service by using their mobile phone to write messages, they can also upload and publish their photos and videos to their blog by sending MMS to 507777. SHOWME! provides mobile blogging and social networking functions to users. The service has integrated full power of mobile and internet such that at anytime and anyplace users can enjoy the pleasure and

fun of blogging and communicating with friends. Users can publish articles; upload photos or videos to their own blog that can be viewed immediately. Contents are updated instantly to the mobile and internet version. Users can also leave messages to other users blog, comment to any content or reply messages left by their friends and visitors. The platform includes a real-time multimedia decode/encode engine which let users share multimedia content across mobile and Internet platform on the fly. In the past months, the Group has launched various joint promotions with operator and media channels including movie distributors, magazines, radio stations, etc. The objective is to recruit more targeted audiences in different segments in order to leverage the SHOWME! Platform. Because of this platform, we have been awarded the Best Ubiquitous Networking (Mobile Infotainment Application) Certificate of Merit in Hong Kong ICT Awards 2007.

Mobile games, which we first started as an operator outsourcing business, now grow to become a major MVAS platform for us. The Group is also scaling its game hosting business to serve the various channels & exploring new markets such as China, Indonesia, Vietnam, Sri Lanka, etc. In this regard, more operators consider outsourcing their existing data products and services to independent third parties. The Group has benefited by this trend and has won several outsourcing projects from operators in this region. For example, Macau CTM, the largest operator in Macau, has appointed the Group to operate its entire mobile gaming business including JAVA games and online multi-players gaming business. Others including 3HK also recognizes the Group of its experience and expertise in gaming business and considers the Group as the key player in this arena to assist 3HK to operate the games and numerous other MVAS business in both 2G and 3G markets.

The Group has formed a partnership with Bandai to distribute Bandai content on wireless distribution of its rich content pool that brings iconic branded titles such as Tamagotchi and Gundam content to 3G and 2G mobile users in Hong Kong and other countries. Through our GloDan network, Marvel Mobile has recently been made available to Hong Kong subscribers and the services are also available in various forms, including graphic images, audio, and games. The Group is strongly poised to provide consumers with innovative new product that targets the teen and young adult market, offering a diversified range of mobile content products, personalized and located to the market.

The mobile entertainment experience has becoming richer and user-friendlier thus delivering more real value for the subscribers. In this period, the Group has worked with The Total Sports Asia, a leading sports media agent, to deliver its branded sport content and Interactive gaming in the region. By becoming a leader in 3G services provisioning in the advance mobile markets such as Australia, Hong Kong, Macau, Singapore & Taiwan, the Group continues to strengthen its position in the region. We also continue to deploy new 2G services into the newer market such as Indonesia, Vietnam, Sri Lanka, etc. in order to fully utilize our past developments & services.

Prospects

The Group will continue to provide leading operators in Southeast Asia and in particular the greater China region with high quality and advance data services through various platforms, i.e. SMS, WAP, MMS, JAVA and 3G. It is widely expected that China will issue one or more 3G licenses very soon. We focus on expanding our PRC position by forming a joint venture operation in Beijing and exploring opportunities in various provinces. We expand content aggregation business to include IP rights management for our partners. For some of the new market such as Vietnam, Sri Lanka, and Indonesia, the Group will plan to act as a master content aggregator on behalf with the local operators and defined the solid business cases for them in order to maximize the revenue and minimize the resources allocation. In addition, the Group will also share its experience and strategy of our successful services with operators in new market in order to achieve the mutual benefit between both parties.

For the more advance 3G markets such as Australia, Hong Kong, Malaysia, Singapore and Taiwan, the Group believes diversification of multi-media services to attract customers from different content types will be the focus of the near future. The Group continues to operate its 3G services in Malaysia and Singapore and plans to expand our offerings to more operators there. The Group will develop applications and create more services with the 3G operators to bring 3G technologies to the business and the consumer markets.

The Group brings to the telecom operators with a broad frontier of new businesses and entertainment services based on our extensive experience in mobile data services provisioning since 1999. The Group's newly developed services include video blogging & messaging with the subscribers in combination with easily downloading clips from films, music, sports and information services channels. In addition, other content services include

Entertainment, Lifestyle & Leisure, Dining, Movie, Cartoon, Games, Fortune Telling, etc. had also been available for many years. In the more advance services, the Group shall deploy more Interactive gaming services and video broadcasting services such as mobile TV in order to enhance the user behaviours on the mobile phone. The Group has recently signed up with more content partners including established brands and leading gaming companies. Our extensive experience in offering different types of mobile services totalling several hundreds further positions the Group to capture more business opportunities as they quickly emerge in the PRC market.

For the existing markets, China, Hong Kong, Singapore, Taiwan, Malaysia and Australia continue to be the Group's major revenue markets. The Group shall continue to expand its outsourcing projects with operators in order to maintain steady revenue on a recurrent basis. Although the manpower cost is relatively high in Hong Kong, the Group benefits from further outsource lower requirement projects to its associate company in the PRC. In addition, the Group believes its business model can be extended into other new market such as Vietnam, Indonesia or any other new potential markets for business cooperation.

Youth targeted lifestyle applications & services such as dating services, mobile blogging, and mobile comics are also gaining popularity in Hong Kong. Operators are expecting a high demand for Internet-based, interactive, multimedia mobile communication services such as chat, video, and interactive games in the near term. Although Hong Kong is still a relatively small market, the Group is expected to achieve a reasonable growth in the medium term. Two main drivers for the growth would be popularity of the mobile gaming and mobile internet services including blogging.

The uptake of 3G services into 3.5G technologies will also bring a shift in the dynamics of the market in Asia. As the market is likely to move to a more advanced Internet and multimedia-based content, we plan to ride on our existing advantages and experience to provide a variety of rich-media content with operators across the Asia market. The overview revenue in other markets is expected to achieve a high growth in the next quarter over the forecast period.

In future business development in China, the Group will continue to participate in China Mobile (Guangdong)'s M-Zone annual event, which starts in August 2007 and the cooperation with China Mobile (Shenzhen) on its WAP Online Business Centre. In the anticipation of granting the 3G licenses to the major operators there, the Group with its edge and experiences in 3G

services will provide domestic and international content that are well suited to the Chinese culture as well as services to meet customers' demands. When 3G arrives in China, the Group plans to at the same time deepen the brand promotion cooperation with China Mobile (Guangdong) and allowing more customers to experience the 3G services. As scheduled for the first quarter of 2008, we will start the Fetion promotion planning, e-channels promotion planning, internet banking add-value/payment promotion planning.

The Group is focusing its business to serve the various brands to mobilize their content and brands from more traditional media platforms. The Group is cooperating with handset manufacturers for efficient service provisioning. The efforts include pre-load and prominently feature and the Group's services with optimized handsets, giving consumers quick and easy access to their Internet content and services. The devices will be available to consumers in Hong Kong and afterward will be extending into a number of markets across Asia.

At present, the Group covers most of the telecom operators and portals in the Asia Pacific region. We continue to work steadily with partners in other regions such as Korea, Indonesia, the Philippines, Sri Lanka, Pakistan, Thailand and Vietnam. We plan to develop our 2G & 3G services in term of advances in technology, customer services, user experience and quality of services as our strongest differentiation from any competitors in the region.

Sales and Marketing

In Hong Kong and Taiwan, the Group operates with all the local network operators and performs its sales and marketing via the Hong Kong office. The Group has expanded its focus in the PRC and worked with China Mobile (Guangdong) via MTel China in Guangzhou. We plan to expand our PRC footprints by acquiring and/or forming strategic partnerships with relevant companies in China. Such local companies with local know-how will allow us to develop completely new and user-friendly services for the PRC market. We will streamline our distribution channel to deliver third party content even further to the growing PRC market. In addition, the Group will expand more professionals and operations in PRC team in order to support the operation and development in Hong Kong and overseas business. This move will let us further maximize the margin of our revenues with cost control and the potential of our service delivery engine that has been connected to the operators' infrastructure in Hong Kong and Macau for many years. To complete our connectivity with the major PRC provinces enable us to become the premier 3G services enabler in the PRC and regional markets.

The Group has also generated more and more of its revenue from its recurring and outsourcing business with telecommunication operators over the past year. The Group has expanded its business into download and streaming multimedia services including other video services in 2.5G, 2.75G and 3G networks. In addition, the Group is now deploying more value-added services with other sales channels in Malaysia, Singapore, Indonesia, Sri Lanka, Taiwan and Vietnam. The Group believes that more existing MVAS business can be extended to more operators in Asia Pacific and will be expanding operation through partnership and/or acquisition in those countries.

The Group has been extending more proprietary applications into the interactive features on its MobileSurf platform. This extension allows the centralization of its GloDan network in Hong Kong as a major hub between network operators and content providers across Asia Pacific region. The Group has recently embarked more significantly on mobile marketing in conjunction with our existing value-added services for 2.5G & 3G. The marketing and promotional messages are real time pushed onto the mobile phone via streaming video and/or MMS services. In addition, the Group has operated a mobile broadcasting channel that will help operators to stimulate the usage of video airtime and user driven video advertisement.

The Group is also focusing on the various carefully selected customer segments in its markets. These segments include the youth community as well as sport fans community. The Group has developed tailor made products and services to such target segments and is rolling them out according to the roadmap agreed with local operators. Such product segment thinking enables the Group to roll out its services across the countries with high pace and healthy margins.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES (THE "SHARES"), DEBENTURES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2007, the interests and short positions of the Directors and chief executives of the Company in the Shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules

relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in Shares – interests in the Shares

Name of Directors	Capacity	Number of Shares held	Approximately percentage of issued share capital
Dr. Chan Chung	(Note)	177,785,861	37.6%
Mr. Chan Wai Kwong, Peter	Beneficial owner	4,064,036	0.9%
		<u>181,849,897</u>	<u>38.5%</u>

Note: By virtue of the SFO, Dr. Chan Chung is deemed to be interested in the 177,785,861 Shares held by Silicon Asia Limited (“Silicon”), a private company beneficially wholly owned by him.

Long positions in underlying Shares of equity derivatives – interest in option of the Company

Name of Directors	Capacity	Date of grant	Number of underlying Shares	Approximate percentage of issued share capital	Option Period	Consideration for the grant of the option HK\$	Exercise price per share HK\$
Dr. Chan Chung (Note)	Beneficial owner	27 March 2003	300,000	0.063%	9 May 2003 – 8 May 2013	1.00	0.103
		18 September 2006	4,728,113	1.000%	19 September 2006 – 18 September 2016	1.00	0.078
Mr. Chan Wai Kwong, Peter (Note)	Beneficial owner	27 March 2003	100,000	0.021%	9 May 2003 – 8 May 2013	1.00	0.103
			<u>5,128,113</u>	<u>1.084%</u>			

Note: Share options to Dr. Chan Chung and Mr. Chan Wai Kwong, Peter were granted under the Pre-IPO share option scheme and share option scheme which was approved by the shareholders of the Company on 27 March 2003 (the “Pre-IPO Share Option Scheme”) and (the “Share Option Scheme”). All of the above share options are physically settled equity derivatives.

Save as disclosed above, as at the date of this report, none of the Directors and chief executives of the Company has or was deemed to have any interests or short positions in any Shares, debentures or underlying Shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, DEBENTURES AND UNDERLYING SHARES OF THE COMPANY

The register of Substantial Shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 2007, the Company had been notified of the following Substantial Shareholders' interest and short positions, being 5% or more of the issued share capital of the Company.

Long positions in Shares — interest in the Shares

Name of shareholder	Capacity	Number of shares held	Approximate Percentage of the issued share capital
Silicon	Beneficial owner	177,785,861	37.6%
Dr.Chan Chung	(Note 1)	177,785,861	37.6%
Vodatel Information Limited	Beneficial owner	94,573,696	20.0%
Vodatel Networks Holdings Limited ("Vodatel")	(Note 2)	94,573,696	20.0%
Go Capital Limited	Beneficial owner	31,902,233	6.7%
Culturecom Holdings Limited ("Culturecom")	(Note 3)	31,902,233	6.7%
UOB.com Pte Ltd	Beneficial owner	27,495,584	5.8%
United Overseas Bank Limited ("UOB")	(Note 4)	27,495,584	5.8%
Lake Haven Limited	Beneficial owner	23,881,144	5.1%
Hutchison Whampoa Limited ("Hutchison Whampoa")	(Note 5)	23,881,144	5.1%
			75.2%

Notes:

1. Silicon, a company incorporated in the British Virgin Islands, is an investment holding company. Silicon is directly and wholly owned by Dr. Chan Chung. Dr. Chan Chung is deemed, by virtue of the SFO, to be interested in the same 177,785,861 Shares held by Silicon.
2. Vodatel is deemed, by virtue of the SFO, to be interested in the 94,573,696 Shares held by Vodatel Information Limited as Vodatel Information Limited is a direct wholly-owned subsidiary of VDT Mobile Holdings Limited which is a direct wholly-owned subsidiary of Vodatel Holdings Limited, a direct wholly-owned subsidiary of Vodatel. Vodatel is a company incorporated in Bermuda whose shares are listed on GEM (Stock code 8033). Those persons or corporations who are entitled to exercise or control the exercise of one-third or more of the voting power in general meetings of Vodatel or in accordance with whose directions or instructions Vodatel or its directors are accustomed to act or who are otherwise taken to be interested in any shares in which Vodatel is interested under the SFO will be deemed to be interested in the 94,573,696 Shares which Vodatel is deemed to be interested in. The names and particulars of the shareholdings of such persons or corporations (if any) in Vodatel can be found in the information published by Vodatel from time to time and from the GEM website at www.hkgem.com. According to the latest quarter report of Vodatel, as at 30 September 2007, Mr. Jose Manuel dos Santos and LRL were both interested or deemed to be interested in more than one-third of the then issued share capital of Vodatel.
3. Culturecom is deemed, by virtue of SFO, to be interested in the 31,902,233 Shares held by Go Capital Limited as Go Capital Limited is a direct wholly-owned subsidiary of Culturecom Investments Limited which is a direct wholly-owned subsidiary of Culturecom Holdings (BVI) Limited, a direct wholly-owned subsidiary of Culturecom. Culturecom is a company incorporated in Bermuda whose shares are listed on the Main Board (Stock code 343). Those persons or corporations who are entitled to exercise or control the exercise of one-third or more of the voting power in general meetings of Culturecom or in accordance with whose directions or instructions Culturecom or its directors are accustomed to act or who are otherwise taken to be interested in any shares in which Culturecom is interested under the SFO will be deemed to be interested in the 31,902,233 Shares which Culturecom is deemed to be interested in. The names and particulars of the shareholdings of such persons or corporations (if any) in Culturecom can be found in the information published by Culturecom from time to time and from the website of the Stock Exchange at www.hkex.com.hk. According to the latest interim report of Culturecom, as at 30 September 2007, no person was interested or deemed to be interested in more than one-third of the then issued share capital of Culturecom.

4. UOB is deemed, by virtue of the SFO, to be interested in the 27,495,584 Shares held by UOB.com Pte Ltd as UOB.com Pte Ltd is a direct wholly-owned subsidiary of UOB. UOB is a company incorporated in Singapore, the shares of which are listed on Singapore Stock Exchange Securities Trading Limited. Those persons or corporations who are entitled to exercise or control the exercise of one-third or more of the voting power in general meetings of UOB or in accordance with whose directions or instructions UOB or its directors are accustomed to act or who are otherwise taken to be interested in any shares in which UOB is interested under the SFO will be deemed to be interested in the 27,495,584 Shares which UOB will be deemed to be interested in. The names and particulars of the shareholdings of such persons or corporations (if any) in UOB can be found in the information published by UOB from time to time and from the website of Singapore Stock Exchange Securities Trading Limited at www.sgx.com. According to the latest annual report of UOB, as at 31 December 2006, no person was interested or deemed to be interested in more than one-third of the then issued share capital of UOB.

5. Hutchison Whampoa is deemed, by virtue of the SFO, to be interested in the 23,881,144 Shares held by Lake Haven Limited as Lake Haven Limited is an indirect wholly-owned subsidiary of Hutchison Whampoa. Hutchison Whampoa is a company incorporated in Hong Kong whose shares are listed on the Main Board (Stock code 13). Those persons or corporations who are entitled to exercise or control the exercise of one-third or more of the voting power in general meetings of Hutchison Whampoa or in accordance with whose directions or instructions Hutchison Whampoa or its directors are accustomed to act or who are otherwise taken to be interested in any shares in which Hutchison Whampoa is interested under the SFO will be deemed to be interested in the 23,881,144 Shares which Hutchison Whampoa will be deemed to be interested in. The names and particulars of the shareholdings of such persons or corporations (if any) in Hutchison Whampoa can be found in the information published by Hutchison Whampoa from time to time and from the website of the Stock Exchange at www.hkex.com.hk.

SHARE OPTIONS RULES

The Company adopted a share option scheme (the “Share Option Scheme”) and the pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) on 27 March 2003. Details of the share options are set out below.

Pursuant to the Share Option Scheme and Pre-IPO Share Option Scheme, certain Directors and participants have been granted options to subscribe for shares. Details of the share options granted under the Share Option Scheme and Pre-IPO Share Option scheme outstanding as at 31 December 2007 are set out as below:

Pre-IPO Share Option Scheme

Name	Date of grant	Out-standing as at 1 April 2007	Number of Share Options			Out-standing as at 31 December 2007	Approximate percentage of issued share capital	Option Period	Consideration for the grant of the option HK\$	Exercise price per share HK\$
			Transferred during the period under review	Exercised during the period under review	Lapsed during the period under review					
Executive Directors										
Dr. Chan Chung	27 March 2003	300,000	-	-	-	300,000	0.063%	9 May 2003 – 8 May 2013	1.00	0.103
Mr. Chan Wai Kwong, Peter	27 March 2003	100,000	-	-	-	100,000	0.021%	9 May 2003 – 8 May 2013	1.00	0.103
Other Participants										
Employees in aggregate (Note)	27 March 2003	785,000	-	-	-	785,000	0.166%	9 May 2003 – 8 May 2013	1.00	0.103
	9 February 2007	1,045,000	-	-	-	1,045,000	0.221%	9 February 2007 – 8 February 2017	1.00	0.090
Business Consultant Young Antony, Michael	27 March 2003	300,000	-	-	-	300,000	0.063%	9 May 2003 – 8 May 2013	1.00	0.114
		2,530,000	-	-	-	2,530,000	0.534%			

Note: Employees working under employment contracts that were regarded as “continuous contracts” for the purpose of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).

Save as disclosed above, no options pursuant to the Pre-IPO Share Option Scheme have been exercised and cancelled during the period under review.

Share Option Scheme

Name	Date of grant	Out-standing as at 1 April 2007	Number of Share Options			Out-standing as at 31 December 2007	Approximate percentage of issued share capital	Option Period	Consi-deration for the grant of the option	Exer-cise price per share
			Granted during the period under review	Exercised during the period under review	Lapsed during the period under review					
Executive Directors										
Dr. Chan Chung	18 September 2006	4,728,113	-	-	-	4,728,113	1%	19 September 2006 - 18 September 2016	1.00	0.078
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>			
		4,728,113	-	-	-	4,728,113	1%			

Save as disclosed above, no options pursuant to the Share Option Scheme have been exercised and cancelled during the period under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares since the date of listing.

COMPETING INTERESTS

During the period under review, none of the Directors or the management shareholders or substantial 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.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the Nine-Month Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has complied with the GEM Listing Rules 5.48 to 5.67 regarding Directors' securities transactions and all Directors have complied with the required standard of dealings set out therein throughout the Nine-Month Period.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the GEM Listing Rules. The audit committee has three members comprising all independent non-executive directors namely Mr. Jeffery Matthew Bistrong, Mr. Chu Chin Tai, Mr. Chen Kwok Wang. 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. The audit committee has reviewed with the management this unaudited quarterly report for the nine months end 31 December 2007 and has provided advice and comments thereon.

By Order of the Board
Chan Chung
Chairman

Hong Kong, 12 February 2008

As at the date of this report, the Board comprises of two executive directors namely Dr. Chan Chung (Chairman) and Mr. Chan Wai Kwong, Peter; and three independent non-executive directors namely Mr. Jeffery Matthew Bistrong, Mr. Chu Chin Tai and Mr. Chen Kwok Wang.