



Mobile Telecom Network (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 8266)

A stylized globe graphic in the center of the page, showing the continents of Asia and Australia. The globe is composed of white lines representing latitude and longitude, set against a yellow background with a grid pattern of the 'M Tel' logo.

First Quarterly Report
2008

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.

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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.

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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.

The board of Directors is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred as the "Group") for the three months ended 30 June 2008 (the "Period"), together with the unaudited comparative figures for the corresponding period in 2007 as follows:

UNAUDITED CONDENSED CONSOLIDATED RESULTS

For the three months ended 30 June 2008

	Note	For the three months ended 30 June	
		2008 HK\$'000	2007 HK\$'000
Turnover		4,883	4,835
Other revenue		166	203
Telecom operators costs		(2,604)	(2,700)
Employment costs		(1,357)	(1,166)
Research and development expenses		(396)	(372)
Depreciation of property, plant and equipment		(26)	(24)
Other operating expenses		(635)	(656)
Operating Profit		31	120
Finance costs		—	—
Share of profit of an associate		112	117
Profit before taxation		143	237
Taxation	2	—	—
Profit for the Period		143	237
Attributable to:			
Equity holders of the Company		143	225
Minority interests		—	12
		143	237
Earnings per share	3		
— Basic (HK cent)		0.030	0.048
— Diluted (HK cent)		0.030	0.047

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term include all applicable individual HKFRS, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared under the historical cost convention.

The accounting policies and methods of computation used in the preparation of the quarterly financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2008.

2. TAXATION

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 profits (three months ended 30 June 2007: 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. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit for the Period attributable to equity holders of the Company	143	225
Weighted average number of ordinary shares in issue during the Period	472,811,363	472,811,363
Basic earnings per share	0.030 cents	0.048 cent

(b) Diluted earnings per share

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

	2008 HK\$'000	2007 <i>HK\$'000</i>
Profit for the Period attributable to equity holders of the Company	143	225
Weighted average number of ordinary shares in issue during the Period	472,811,363	472,811,363
Weighted average number of ordinary shares issued at no consideration on the deemed exercise of all shares options outstanding during the Period	5,244,672	10,258,113
	478,056,035	483,069,476
Diluted earnings per share	0.030 cents	0.047 cent

4. MOVEMENT OF RESERVES

	Share Premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Cumulative translation adjustments <i>HK\$'000</i>	Share-based Payment reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2007	35,564	16,375	2,943	510	35	(66,586)	(11,159)
Profit for the period	—	—	—	—	—	225	225
At 30 June 2007	35,564	16,375	2,943	510	35	(66,361)	(10,934)
Balance at 1 April 2008	35,564	16,375	2,943	540	312	(66,204)	(10,470)
Profit for the Period	—	—	—	(13)	—	143	130
At 30 June 2008	35,564	16,375	2,943	527	312	(66,061)	(10,340)

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2008 (three months ended 30 June 2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group has remained profitable for the Period and recorded the turnover of the Period increased by 1% compared with the first quarter of 2007. In light of the Group's continuous focus on high margin business, the margin of gross profit for the Period has also been improved from 44.2% to 46.7%. The profit for the Period has been declined by 39.6% to HK\$143,000, which is mainly attributable to higher employment costs incurred during the Period to keep our remuneration package competitive in the market for staff retention and to expend our human resources for services enhancement.

BUSINESS REVIEW

The Group is a technology leader in the greater China area for the provisioning of multimedia 2.5G and 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. Recent projects include the developments of e-channels and new businesses. On e-channels development, the objective is the elevation of web portals, WAP business transaction and SMS business transaction volume. On new business development, the objective is the elevation of new products users for Fetion, mobile newspaper, mobile music, etc.

In this quarter we began to develop the nation-wide market in mainland China. Bids won include: China Mobile (Beijing) — China Mobile (Beijing) Web Portal; Self-service Terminal Design projects; China Mobile (Jiangsu) — Personal Information Portal Research Consultation project; China Mobile (Inner Mongolia) — Electronic Channels Planning, Operation and Promotion project. We continue to provide China Mobile with services based on the development of e-channels and data services.

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 the emerging markets including Malaysia, Pakistan, Singapore, Sri Lanka, Vietnam and Indonesia.

In the Hong Kong market, the Group is focusing to launch at least with 2 mobile interactive gaming services with mobile operators starting in early 2008 which targeting in different segment of mobile users including Sports, Gaming, and Lifestyles centric group of youth. The Group believes the interactive gaming service is the evolution of deploying mobile content services that focus on the interactive aspect and create unique applications that simulate users' interest and enjoyment. Those interactive gaming services are mainly associated with the key campaigns together with advertisers for sponsorship including the movie distributors, sports brands, etc. The results of those services indicate the response rate continues to grow both on the click rate together with the revenue into value added services. These partnerships include content providers, well known brands as well as mobile marketing partners.

For mobile game business, the Group has entered into major partnerships with games and content developers to distribute their games and content on the region's mobile networks and we are now signing more than 90+ games and content developers. We further assist our games and content partners to enter the other Asian markets through the GloDan system to streamline the workflow of game launch. The Group has launched a JAVA Games Portal with Mobilink and Dialog, the largest mobile subscribers in Pakistan and Sri Lanka market to deliver the latest JAVA games and a range of mobile value added services. Apart of single player JAVA Games, the Group has launched a series of multi-player JAVA games titles with Hong Kong CSL, the largest mobile operator in Hong Kong in July 2008. The Group will continue to provide exceptional service quality and 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 Internet content such as You-tube and 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 and look for I-phone type opportunities in China. The Group also partnerships with Hutchison 3HK to launch four key value added services on 3G I-Phone that tie into the handset launching on 11 July 2008.

Apart from the licensed content business, the Group through Hutchison 3HK launched the first user-generated content service named SHOWME! which integrates mobile and internet service platform. SHOWME! (<http://www.showme.hk>) is an innovative blog service supporting 3G, 2G and i-mode mobile services under our service platform. 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. The platform includes a real-time multimedia decode/encode engine which let users share multimedia content across mobile and Internet platform on the fly. SHOWME! is supported by a substantial multi-media marketing campaign across consumer magazine, movie distributors and radio station etc. The latest campaign is the 1st launching of Eason Chan official blogsite, the famous Hong Kong singer, together with the competition campaign on Web and Mobile platform via on SHOWME! associated with the new Mandarin album released in June 2008. The objective is to recruit more targets 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 and exploring new markets such as China, Indonesia, Pakistan, 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 several international content providers to distribute its branded content on wireless distribution of its rich content pool that brings iconic branded titles such as Garfield, Pink Panther, Forever Friends, Paul Franks, Astro Boy, 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 Group has very strong position especially in the Sport and Entertainment Services for mobile users across the region through key partnerships with the leading global news agencies. The mobile entertainment experience has becoming richer and user-friendlier thus delivering more real value for the subscribers. In this period of June 2008, the Group has worked with the leading global news agencies to deliver the Euro 2008 football services and Interactive gaming in the region including Hong Kong, Macau, Indonesia, Singapore, and Vietnam market. By becoming a leader in 3G services provisioning in the advance mobile markets such as Australia, Hong Kong, Macau, Singapore and 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, Sir Lanka, etc. in order to fully utilize our past developments and services.

PROSPECT

The mobile entertainment market is getting increasingly competitive with major corporations creating new companies or divisions to enter this market in a major way. The Group will explore new opportunities to diversify its main dependence on mobile service provisioning. We will continue to provide leading operators in Southeast Asia and in particular the greater China region with the quality and advance data services through various platforms, i.e. SMS, WAP, MMS, JAVA and 3G. We also plan to look more aggressively at partnerships or acquisitions particularly for the Chinese market. It is widely expected that China will issue one or more 3G licenses very soon. We have expanded our PRC position by forming a joint venture operation in Beijing and continued exploring opportunities in various provinces and other mobile related businesses.

We expand content aggregation business to include IP rights management for our partners. For some of the new market such as Philippines, 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. The Group has recently signed up with more content partners including established brands such as Star TV to distribute its programs in the region and the world's leading gaming companies.

For the more advance 3G markets such as Australia, Hong Kong, Malaysia, Singapore and Taiwan, the Group believes diversification of multi-media with interactive 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 interactive services with the 3G operators to bring 3G technologies to the business and the consumer markets. Once the market acceptance has adopted and increased more traffic in hit rates of individual service, the mobile advertising will be the next curve into the business.

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 and messaging with the subscribers in combination with easily downloading clips from films, music, sports and information services channels. The Group believes SHOWME!, the user-generated content revolution has begun and will become into a mainstream business in mobile arena.

In addition, more other content services include Entertainment, Lifestyle and Leisure, Dining, Movie, Cartoon, Games, Fortune Telling, and etc. will be available as well. The Group is ideally positioned to benefit from this development, as the Group is currently one of the largest 3G content providers with longest track record to provide 3G related services to operators in Hong Kong and it is also expected to be introduced soon in Singapore, Taiwan, and Malaysia especially with the Asian content for Chinese community in the region. In the advance services, the Group shall deploy more Interactive gaming services and video broadcasting services such as mobile TV in order to enhance the user behaviors 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 totaling 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, Pakistan, Indonesia or any other new potential markets for business cooperation. The scale in terms of both quantity of content and operators remains the Group's strongest differentiation point.

Youth targeted lifestyle applications and 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 small market, the Group is expected to achieve a high growth in the medium term. Two main drivers for the growth would be popularity of the mobile gaming and mobile blogging. In term of Internet strategy, the Group believes the trend to deliver the same communication services to end-user over both Internet and mobile networks will determine the future access. The Group shall extend our force to explore with the strategic partnerships to extend its services into Internet platform as extension.

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 and new potential platform on 3G i-Phone 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, having anticipated 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 second 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 and 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.

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

As at 30 June 2008, 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 5.68 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	Approximate 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%
		181,849,897	38.5%

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	Option period	Consideration	Exercise price
				percentage of issued share capital		for the grant of the option	per share
						HK\$	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%	18 September 2006 – 17 September 2016	1.00	0.078
		12 February 2008	4,728,113	1.000%	12 February 2008 – 11 February 2018	1.00	0.191
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
			9,856,226	2.084%			

Note: Share options to Dr. Chan Chung and Mr. Chan Wai Kwong, Peter were granted under (the "Pre-IPO share option scheme") and (the "Share Option Scheme") which were approved by the shareholders of the Company on 27 March 2003. 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 5.68 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, UNDERLYING SHARES OF THE COMPANY

The register of Substantial Shareholders is required to be kept under section 336 of Part XV of the SFO shows that as at 30 June 2008, the Company had been notified of the following Substantial Shareholders' interests 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 shareholders	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 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 annual announcement of Vodatel, as at 31 December 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 2007, 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 the 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 the Pre-IPO Share Option Scheme outstanding as at 30 June 2008 are set out as below:

PRE-IPO SHARE OPTION SCHEME

Name	Date of grant	Number of share options				Outstanding as at 30 June 2008	Approximate percentage of issued share capital	Option period	Consideration for the grant of the option HK\$	Exercise price per Share HK\$
		Outstanding as at 1 April 2008	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	595,000	—	—	—	595,000	0.126%	9 May 2003 – 8 May 2013	1.00	0.103
	09 Feb 2007	1,045,000	—	—	—	1,045,000	0.221%	9 Feb 2007 – 8 Feb 2017	1.00	0.090
	12 Feb 2008	190,000	—	—	—	190,000	0.040%	12 Feb 2008 – 11 Feb 2018	1.00	0.191
Business Consultant										
Mr. 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	Number of Share Options				Out-standing as at 30 June 2008	Approximate percentage of issued share capital	Option period	Con-sideration for the grant of the option HK\$	Exercise price per share HK\$
		Out-standing as at 1 April 2008	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%	18 September 2006 – 17 September 2016	1.00	0.078
	12 February 2008	4,728,113	–	–	–	4,728,113	1%	12 February 2008 – 11 February 2018	1.00	0.191
		9,456,226	–	–	–	9,456,226	2%			

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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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.

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, Eric, Mr. Chen Kwok Wang, Kester. 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 three months end 30 June 2008 and has provided advice and comments thereon.

By Order of the Board
Chan Chung
Chairman

Hong Kong, 13 August 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, Eric and Mr. Chen Kwok Wang, Kester.