潤迅通信國際有限公司*
China Motion Telecom International Limited
(Incorporated in Bermuda with limited liability)

(Stock Code: 989)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

RESULTS

The board of directors (the "Board") of China Motion Telecom International Limited (the "Company") announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2013 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2013

	Note	**2013** **HK$'000**	2012 *HK$'000* (Restated)
Continuing operations			
Turnover	*3*	**59,871**	76,324
Cost of sales and services		**(28,562)**	(42,311)
Gross profit		**31,309**	34,013
Other revenue	*3*	**7,540**	9,808
Other net income	*4*	**4**	2,614
Distribution costs		**(85)**	(520)
Administrative expenses		**(44,395)**	(48,629)
Impairment of goodwill		**(29,117)**	(51,468)
Change in fair value of investment properties		**79,000**	15,300
Profit (loss) before taxation	*5*	**44,256**	(38,882)
Taxation	*6*	**(1,847)**	(2,978)
Profit (loss) for the year from continuing operations		**42,409**	(41,860)
Discontinued operations			
Profit (loss) for the year from discontinued operations	*7*	**40,817**	(5,043)
Profit (loss) for the year		**83,226**	(46,903)

	Note	**2013**	2012
		HK$'000	*HK$'000*
			(Restated)
Profit (loss) attributable to:			
Shareholders of the Company			
- continuing operations		**42,342**	(41,856)
- discontinued operations		**40,876**	(4,791)
		83,218	(46,647)
Non-controlling interests			
- continuing operations		**67**	(4)
- discontinued operations		**(59)**	(252)
		8	(256)
		83,226	(46,903)
Dividend	*8*	**-**	-
Earnings (losses) per share	*9*		
From continuing and discontinued operations			
- Basic and diluted		**2.95 HK cents**	(1.65) HK cents
From continuing operations			
- Basic and diluted		**1.50 HK cents**	(1.48) HK cents
From discontinued operations			
- Basic and diluted		**1.45 HK cents**	(0.17) HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Profit (loss) for the year	**83,226**	(46,903)
Other comprehensive income for the year		
Exchange difference on translation of foreign operations	**413**	1,093
Total comprehensive income (loss) for the year	**83,639**	(45,810)
Total comprehensive income (loss) attributable to:		
Shareholders of the Company		
- continuing operations	**42,755**	(40,761)
- discontinued operations	**40,876**	(4,791)
	83,631	(45,552)
Non-controlling interests		
- continuing operations	**67**	(6)
- discontinued operations	**(59)**	(252)
	8	(258)
	83,639	(45,810)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Note	**31 March 2013** *HK$'000*	31 March 2012 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**304,000**	227,800
Property, plant and equipment		**1,419**	3,913
Goodwill		**-**	29,117
Interests in associates		**-**	-
Other non-current assets		**3,130**	3,130
Deferred tax assets		**-**	1,233
		308,549	265,193
Current assets			
Inventories		**2,435**	7,966
Trade and other receivables	*10*	**51,682**	26,745
Bank balances and cash		**102,099**	102,684
		156,216	137,395
Current liabilities			
Trade and other payables	*11*	**14,805**	36,515
Taxation		**49**	82
		14,854	36,597
Net current assets		**141,362**	100,798
Total assets less current liabilities		**449,911**	365,991
Non-current liabilities			
Deferred tax liabilities		**4,780**	4,462
NET ASSETS		**445,131**	361,529

	31 March 2013 HK$'000	31 March 2012 HK$'000
CAPITAL AND RESERVES		
Issued capital	**28,205**	28,205
Reserves	**410,992**	327,361
Total capital and reserves attributable to shareholders of the Company	**439,197**	355,566
Non-controlling interests	**5,934**	5,963
TOTAL EQUITY	**445,131**	361,529

Notes:

1. **ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

(1) **Statement of compliance**

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(2) **Adoption of new/revised HKFRSs**

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA, which are effective for the Group's accounting period beginning on 1 April 2012.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets

The adoption of the above does not have a significant effect on the results and financial positions of the Group for the current and prior years.

The Group has not early adopted the following new/revised standards, amendments to standard and interpretations, which are applicable to the Group and have been issued but are not yet effective for the financial year beginning on 1 April 2012.

Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income *(Note a)*
HKFRS 10	Consolidated Financial Statements *(Note b)*
HKFRS 11	Joint Arrangements *(Note b)*
HKFRS 12	Disclosure of Interests in Other Entities *(Note b)*
HKFRS 13	Fair Value Measurement *(Note b)*
HKAS 19 (2011)	Employee Benefits *(Note b)*
HKAS 27 (2011)	Separate Financial Statements *(Note b)*
HKAS 28 (2011)	Investments in Associates and Joint Ventures *(Note b)*
Amendments to HKFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities *(Note b)*
Amendments to HKFRSs	Annual Improvements 2009 - 2011 Cycle *(Note b)*
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidation Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance *(Note b)*
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities *(Note c)*
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities – Amendments to Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements *(Note c)*
HKFRS 9	Financial Instruments *(Note d)*
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures *(Note d)*

1. **ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)**

(2) **Adoption of new/revised HKFRSs (continued)**

Notes:

a. *Effective for annual periods beginning on or after 1 July 2012.*

b. *Effective for annual periods beginning on or after 1 January 2013*.

c. *Effective for annual periods beginning on or after 1 January 2014.*

d. *Effective for annual periods beginning on or after 1 January 2015.*

The directors do not anticipate that the adoption of these new/revised HKFRSs in the future will have any material impact on the results of the Group.

2. SEGMENT INFORMATION

The Group is principally engaged in the provision of retail sales and management services.

An analysis of the Group's turnover and results for the year by operating segments is as follows:

	Continuing operations			Discontinued operations		
For the year ended 31 March 2013	**Retail sales and management services**	**Others**	**Total**	**Mobile communi-cations services**	**Inter-segment elimination**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover						
Revenue from external customers	**59,871**	**-**	**59,871**	**86,334**	**-**	**146,205**
Segment turnover	**59,871**	**-**	**59,871**	**86,334**	**-**	**146,205**
Segment results	**171**	**72,247**	**72,418**	**(1,181)**	**-**	**71,237**
Interest income			**955**	**2**	**-**	**957**
Impairment of goodwill			**(29,117)**	**-**	**-**	**(29,117)**
Profit (loss) before taxation			**44,256**	**(1,179)**	**-**	**43,077**
Taxation			**(1,847)**	**-**	**-**	**(1,847)**
Profit (loss) after taxation			**42,409**	**(1,179)**	**-**	**41,230**
Gain on disposal of discontinued operations			**-**	**41,996**	**-**	**41,996**
Profit for the year			**42,409**	**40,817**	**-**	**83,226**

	Continuing operations			Discontinued operations		
For the year ended 31 March 2012 (Restated)	Retail sales and management services	Others	Total	Mobile communi-cations services	Inter-segment elimination	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover						
Revenue from external customers	76,324	-	76,324	95,299	-	171,623
Segment turnover	76,324	-	76,324	95,299	-	171,623
Segment results	2,472	9,327	11,799	(5,043)	-	6,756
Interest income			787	-	-	787
Impairment of goodwill			(51,468)	-	-	(51,468)
Loss before taxation			(38,882)	(5,043)	-	(43,925)
Taxation			(2,978)	-	-	(2,978)
Loss for the year			(41,860)	(5,043)	-	(46,903)

3. **TURNOVER AND REVENUE**

The Group's turnover and revenue recognised by category are as follows:

	Note	**2013**	2012
		HK$'000	*HK$'000*
			(Restated)
Continuing operations			
Sale of telecommunications equipments and products		**16,825**	21,763
Commission income		**-**	64
Retail sales and management services income		**43,046**	54,497
Turnover		**59,871**	76,324
Rental income		**3,792**	7,080
Interest income		**955**	787
Others		**2,793**	1,941
Other revenue		**7,540**	9,808
Total revenue from continuing operations		**67,411**	86,132
Discontinued operations			
Total revenue from discontinued operations	*7(a)*	**86,610**	96,120
Total revenue		**154,021**	182,252

4. **OTHER NET INCOME**

	2013	2012
	HK$'000	*HK$'000*
Gain on disposal of prepaid premium for land lease and buildings	**-**	2,609
Sundry income	**4**	5
	4	2,614

5. **PROFIT (LOSS) BEFORE TAXATION**

Continuing Operations

This is stated after charging (crediting):

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Staff costs (include directors' emoluments)		
Salaries, wages and other benefits	**29,942**	30,342
Contributions to defined contribution plans	**5,853**	5,409
	35,795	35,751
Auditor's remuneration		
Current year	**720**	670
Over provision in prior year	**(10)**	(50)
Other services	**154**	-
Cost of inventories	**19,670**	21,004
Depreciation	**1,638**	1,385
Amortisation on prepaid premium for land lease	**-**	4
Operating lease charges		
Premises	**7,002**	8,748
Allowance for doubtful trade and other receivables	**-**	229
Loss on disposal of property, plant and equipment	**112**	104
Loss on disposal of investment property	**83**	-
Rental income from investment properties less direct outgoings of HK$Nil (*2012: HK$Nil)*	**(3,792)**	(7,080)

6. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements for both years as the Group has no assessable profit arising in Hong Kong or taxable profits were wholly absorbed by estimated tax losses brought forward.

PRC Enterprise Income Tax ("EIT") has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the PRC. The statutory EIT rate in the PRC is 25% *(2012: 25%).*

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends distributed to foreign investors by the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings accumulated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and jurisdiction of the foreign investors. A lower 5% withholding tax rate may be applied when the immediate holding company of the PRC subsidiaries is a resident company in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

The part of post 2007 earnings that are not expected to be distributable in the foreseeable future would be subject to additional taxation if they are distributed. The estimated withholding tax effects on the distribution of these unremitted retained earnings of these PRC subsidiaries were approximately of HK$491,000 *(2012: HK$465,000)*. In the opinion of the directors, these retained earnings, at the present time, are required for financing the continuing operations of the PRC subsidiaries and no distribution would be made in the foreseeable future. Accordingly, no provisions for additional deferred taxation have been made.

The major components of income tax charge are:

	Note	**2013** **_HK$'000_**	2012 *HK$'000*
Continuing operations			
Current tax			
Hong Kong Profits Tax			
Current year		**-**	-
Over provision in prior year		**-**	(94)
PRC Enterprise Income Tax			
Current year		**817**	1,372
Under (over) provision in prior years		**712**	(108)
		1,529	1,170
Deferred taxation			
Origination and reversal of temporary difference		**318**	327
Reversal of tax losses previously recognised		**-**	1,481
		318	1,808
Tax charge from continuing operations		**1,847**	2,978
Discontinued operations			
Current tax			
Hong Kong Profits Tax		**-**	-
Tax charge from discontinued operations	*7*	**-**	-
Total tax charge for the year		**1,847**	2,978

7. DISCONTINUED OPERATIONS

During the year ended 31 March 2013, the Group disposed of its mobile communications services business and classified it as discontinued operations.

The results of the discontinued operations for the current year and the prior year are summarised as follows:

	Notes	**2013** ***HK$'000***	2012 *HK$'000* (Restated)
Profit (loss) for the year from discontinued operations			
Turnover	*(a)*	**86,334**	95,299
Cost of sales and services		**(53,091)**	(59,579)
Other revenue	*(a)*	**276**	821
Distribution costs		**(2,910)**	(2,521)
Administrative expenses		**(31,788)**	(39,063)
Loss before taxation	*(b)*	**(1,179)**	(5,043)
Taxation	*6*	**-**	-
Loss after taxation		**(1,179)**	(5,043)
Gain on disposal of discontinued operations		**41,996**	-
Profit (loss) for the year from discontinued operations		**40,817**	(5,043)

Notes:

(a) Turnover and Revenue

	2013 ***HK$'000***	2012 *HK$'000* (Restated)
Sale of telecommunications equipment and products	**1,272**	224
Commission income	**1,845**	2,379
Mobile communications services income	**83,217**	92,696
Turnover	**86,334**	95,299
Interest income	**2**	-
Others	**274**	821
Other revenue	**276**	821
Total revenue	**86,610**	96,120

(b) Loss before taxation

This is stated after charging (crediting):

	2013 ***HK$'000***	2012 *HK$'000* (Restated)
Staff costs (include directors' emoluments)		
Salaries, wages and other benefits	**15,185**	14,493
Contributions to defined contribution plans	**373**	363
	15,558	14,856
Auditor's remuneration	**250**	340
Cost of inventories	**3,137**	1,898
Depreciation	**525**	550
Operating lease charges		
Telecommunications equipment	**1,380**	1,527
Premises	**2,831**	2,855
Net allowance for and write off of doubtful trade and other receivables	**157**	9,324
Write-down (reversal of write-down) of inventories	**93**	(8)
Loss (gain) on disposal of property, plant and equipment	**7**	(2)

8. **DIVIDEND**

The directors do not recommend the payment of any dividend for the year ended 31 March 2013 *(2012: HK$Nil)*.

9. **EARNINGS (LOSSES) PER SHARE**

The calculation of basic and diluted earnings (losses) per share is based on the following data:

	2013	2012
A. Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings (losses) per share	**2,820,500,000**	2,820,500,000
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**-**	-
Weighted average number of ordinary shares for the purpose of diluted earnings (losses) per share	**2,820,500,000**	2,820,500,000
B. Earnings (losses) for operations:		
(i) For continuing and discontinued operations		
Earnings (losses) attributable to Shareholders of the Company (HK$'000)	**83,218**	(46,647)

Diluted earnings (losses) per share for the year ended 31 March 2013 and 2012 are the same as the basic earnings (losses) per share because the share options in issue have no dilutive effect and there are no dilutive potential ordinary shares in existence.

	2013	2012
(ii) For continuing operations		
Earnings (losses) from continuing operations attributable to Shareholders of the Company (HK$'000)	**42,342**	(41,856)

Diluted earnings (losses) per share from continuing operations for the year ended 31 March 2013 and 2012 are the same as the basic earnings (losses) per share because the share options in issue have no dilutive effect and there are no dilutive potential ordinary shares in existence.

	2013	2012
(iii) For discontinued operations		
Earnings (losses) from discontinued operations attributable to Shareholders of the Company (HK$'000)	**40,876**	(4,791)

Diluted earnings (losses) per share from discontinued operations for the year ended 31 March 2013 and 2012 are the same as the basic earnings (losses) per share because the share options in issue have no dilutive effect and there are no dilutive potential ordinary shares in existence.

10. TRADE AND OTHER RECEIVABLES

	Note	**2013**	2012
		HK$'000	*HK$'000*
Trade receivables			
Trade receivables from third parties		**8,877**	18,436
Allowance for doubtful debts	*(a)*	**-**	(519)
		8,877	17,917
Other receivables			
Consideration receivables for disposal of discontinued operations	*(b)*	**37,491**	-
Deposits, prepayments and other receivables		**14,640**	18,154
Allowance for doubtful debts	*(c)*	**(9,326)**	(9,326)
		42,805	8,828
		51,682	26,745

The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 90 days. The carrying amount of the amounts due approximates their fair values.

The ageing analysis of the trade receivables (net of allowance for doubtful debts) from the date of invoices as at the end of the reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**2,964**	12,170
31 – 60 days	**2,661**	4,589
61 – 90 days	**2,628**	1,007
Over 90 days	**624**	151
	8,877	17,917

Notes:

(a) Allowance for doubtful debts – Trade receivables

	2013	2012
	HK$'000	*HK$'000*
Balance at beginning of year	**519**	809
Amount recovered	**(72)**	(290)
Disposal of discontinued operations	**(447)**	-
	-	519

Included in the Group's trade receivables balance are debtors with a carrying amount of HK$3,252,000 *(2012: HK$2,555,000)* which are past due at the end of the reporting period for which the Group has not impaired as there has not been a significant change in credit quality and the directors consider that the amounts are recoverable. The Group does not hold any collateral over these balances. The age of these receivables is ranged between 60-180 days *(2012: 30-120 days)*.

10. **TRADE AND OTHER RECEIVABLES (continued)**

Notes: (continued)

(b) Consideration receivables for disposal of discontinued operations

The amount is due and receivable according to the agreed repayment schedule within the next 12 months. An interest in an aggregate sum of HK$1,500,000 is receivable with the final payment of the amount due.

(c) Allowance for doubtful debts – Other receivables

	2013	2012
	HK$'000	*HK$'000*
Balance at beginning of year	**9,326**	170
Increase in allowance	**-**	9,326
Amount written off	**-**	(170)
	9,326	9,326

11. **TRADE AND OTHER PAYABLES**

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**1,482**	6,343
Other payables		
Accrued charges and other creditors	**13,228**	21,607
Advance subscription fees received	**-**	5,474
Deposits received	**95**	3,091
	13,323	30,172
	14,805	36,515

The ageing analysis of trade payables from the date of invoices as at the end of reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**748**	4,118
31 – 60 days	**67**	1,865
61 – 90 days	**108**	113
Over 90 days	**559**	247
	1,482	6,343

12. **COMPARATIVE FIGURES**

During the year, the Group disposed of its mobile communications services business in Hong Kong. Accordingly, the operating segment of mobile communications services business was classified as discontinued operations and the comparative information of this segment was re-classified from continuing operations to discontinued operations.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Operations Review

The telecommunications landscape continues to evolve rapidly in a highly competitive environment with prices continues its downward spiral trend in mobile and the value-added services. These rapid changes in the industry coupled with significant investment required to upgrade the mobile telecommunications core network and the escalated cost of operations in both Hong Kong and China had presented multiple challenges to the profitability of the Group. The Group made a strategic review of the business and developed a blue-print of how the business should be moved forward in the long term, leveraging its expertise and experience in both the telecommunications and property investment. As a result of the planning, the Group decided to exit the mobile communications business in Hong Kong and to broaden its principle business portfolio by exploring investment in certain fast growing industries to balance its dependence on its telecommunications business.

During the year under review, turnover for the Group was HK$146,205,000, representing a decline of 14.8% as compared to HK$171,623,000 last year. Gross margin increased to 44.2% from 40.6% and operating performance was ahead of prior year with an improved operating loss of HK$6,805,000 from HK$10,366,000.

Despite the operating loss, the Group had managed to turn a profit for the year. Net profit after tax was HK$83,226,000 as compared to the net loss after tax of HK$46,903,000 last year. This net profit was attributed to the aggregate effect of some prevailing factors including an appreciation of investment properties of HK$79,000,000, the disposal gain of HK$41,996,000 in the mobile communications business in Hong Kong and the impairment loss of goodwill of HK$29,117,000 in retail sales and management services business in Shanghai (the "Shanghai Operation").

Retail Sales and Management Services

The Shanghai Operation continued to face the challenges in a saturated telecom market and changes in marketing strategy deployed by the Shanghai telecommunications operator. During the year under review, turnover for the Shanghai Operation, representing 41.0% of the Group's turnover, declined 21.6% to HK$59,871,000 from HK$76,324,000 in the last corresponding year. This decline was largely attributed to the decrease in wholesale business associated with the mobile handsets and the use of resellers during the year, both of which carried a much lower gross margin. This smaller mix of low gross margin turnover resulted in an overall improvement of gross margin from 44.5% to 52.3% during the year. For the year, Shanghai Operation recorded an operating profit of HK$772,000 as compared to an operating profit of HK$3,511,000 in the prior year. This decline in operating profit and the uncertainty in the increasing competitive market led to the decision by the Group to make an appropriate impairment of goodwill in the fiscal year.

Retail Sales and Management Services (continued)

The highly penetrated Shanghai telecommunications market had forced the Shanghai telecommunications operator to adjust its marketing strategy and its remuneration to its partners accordingly. During the year, Shanghai telecommunications operator had discontinued the post-paid handset bundled services and shifted its services to prepaid bundled ones that required customers to make a substantial upfront payment. This change had negatively impacted the Group's ability to acquire the subscribers. At the end of the year under review, the Shanghai Operation managed a total of 24 retail service stores, down from 25 from a year earlier. With a view to reduce the operating expenses, it is expected that the leases for the six smaller, specialty stores would be closed in mid-2013. All these changes will undoubtedly impact the service income generated from the operation. In response to these changes, the Shanghai Operation is reviewing its operating cost structure to align itself to the slowdown. However, the Group will continue to work with Shanghai telecommunications operator to explore potential of new type of services and maintain its retail presence and its income stream.

Mobile Communications Services

The mobile communications services segment comprised of a licensed Mobile Virtual Network Operators ("MVNO") business in Hong Kong which operates a mobile service under the brand "CM Mobile". For the period under review, turnover for the MVNO business, which accounted for 59.0% of the Group's total turnover, was HK$86,334,000, representing 11-month of the fiscal year before its disposal. This compared to a turnover of HK$95,299,000 in the prior 12-month period. For the period before its disposal, MVNO business recorded an operating loss of HK$1,179,000 as compared to a previous full year operating loss of HK$5,043,000, which reflects a one-off allowance of HK$9,097,000 made for doubtful debt.

MVNO business continued to face difficulties in the extremely competitive market particularly in the data access services and mobile communications applications. First and foremost was the rapid growth of alternative means of communications via social networking applications which had reduced the usage for traditional voice and short message services. Short message service sent and received in February 2013 for the entire industry in Hong Kong were down by more than 40.6% compared to February 2012 while data usage had gone up by more than 73.3%, according to Office of the Communications Authority. This trend was particularly severe in the cross border communications when the tariffs were higher and customers were taking advantages of the flat rate unlimited data services offered for Internet Protocol (IP) voice and messaging applications. Second, the launching of the popular smart phone devices in the market place continued to affect the decision to which services the customers subscribed to. The inability of MVNO to offer certain popular handset models and the heavy subsidies on some of these devices continued to negatively impact the MVNO performance during the period.

Mobile Communications Services (continued)

With price continues to spiral downward in the foreseeable future even for the new 4G data service and the need to significantly invest to upgrade the mobile telecommunications core network, the Group believed the business risk outweighed the benefit derived from the MVNO business and thus it would not be the best interest for the Group to invest into the business in the long term. Given the opportunity, the Group had made a strategic decision to dispose its MVNO business during the year and the transaction had completed on 1 March 2013, resulting in a disposal gain of HK$41,996,000.

Prospects

The slowdown in China's economy and the implementation of Quantitative Easing posts significant risk to the Group's business operating plan. Taking into account the competitive environment, the escalating operating costs and the substantial need for capital expenditure, it is expected that the profitability and viability of the existing telecommunications business will be threatened in the long term.

During the year, the Group has been actively exploring investment opportunities outside the telecommunications business to broaden its business portfolio as well as its income stream. With its experience in property investment and management, the Group has been concentrating its effort behind this area. To this end, the Group has recently made an announcement that it has entered into an agreement to acquire an interest in a land property in Jilin Province in China. This project, if materialized and approved by shareholders, will provide a foundation in which the Group could grow and allow the Group to begin gaining a foothold in the vast property market segment in China.

Looking ahead, the Group will continue to engage in the Shanghai Operation while continuing to seize the new business opportunities in the property development and management business. Jilin project is just the first of the many that the Group is considering to invest as it begins to branch out to a new business segment that provides a much higher long term growth that would improve the prospect of the Company and add value to the shareholders.

Lapse of Placing Agreement

On 24 May 2012, the Company entered into a placing agreement with a placing agent for placing of a maximum of 564,100,000 new shares of the Company, representing 20% of the Company's existing issued share capital, on a best effort basis, to not fewer than six independent placees at the placing price of HK$0.10 per share with maximum aggregate nominal value of HK$5,641,000 and maximum net proceeds of approximately HK$0.097 per placing share and HK$54,890,000 in aggregate. Such placing price represented a premium of approximately 9.89% to the closing price of HK$0.091 per share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the agreement.

Due to the uncertainties of the financial market, it was informed by the placing agent that the placing had not been successful on or before 31 October 2012, being the expiry date of the placing period for the fulfillment of the conditions in the placing agreement, and accordingly the placing agreement had lapsed and become null and void and the placing would not proceed. The Directors were of the view that the lapse of the placing agreement had no material adverse impact on the operation and financial position of the Company as a whole. Details of the placing and the lapse of placing agreement were disclosed in the announcements dated 24 May 2012 and 31 October 2012 respectively.

Disposal of Investment Property

The Group completed the disposal of a premise with fair value of HK$2,800,000 as at 31 March 2012 at a price of HK$2,750,000 in September 2012. Such disposal generated a loss of HK$83,000 and a net cash inflow of HK$2,717,000 during the year.

Disposal of Mobile Communications Services Business

On 27 November 2012, the Group with the Company as guarantor entered into a stock purchase agreement (the "MVNO Disposal Agreement") with Gulfstream Capital Partners Ltd., an independent third party (the "Purchaser"), pursuant to which the Group conditionally agreed to sell and the Purchaser conditionally agreed to purchase (i) the existing issued shares of China Motion Telecom (HK) Limited ("CMTHK"), a former subsidiary of the Company, principally engaged in the provision of mobile communications services, (the "CMTHK Shares") and (ii) the capitalised shares of CMTHK, being the shares of CMTHK issued in respect of the capitalisation of the shareholders' loans owing by CMTHK to the Group at an issue price of HK$1 per capitalised share at the closing (the "CMTHK Capitalised Shares", together with the CMTHK Shares collectively the "Sale Shares", representing 100% of the issued share capital of CMTHK at the closing) for the consideration of HK$45,000,000 (subject to adjustments) (the "Original Consideration") under the terms and conditions as set out in the MVNO Disposal Agreement (the "MVNO Disposal"). In addition, on the even date, VelaTel Global Communications, Inc. (the "Guarantor"), the holding company of the Purchaser, issued a corporate guaranty unconditionally and irrevocably guaranteeing to the Group each and every obligation of the Purchaser under the MVNO Disposal Agreement.

On 4 February 2013, the Group entered into a supplemental agreement with the Purchaser (the "First Supplemental Agreement") whereby the closing date of the MVNO Disposal was extended from 31 January 2013 to 28 February 2013 and the Original Consideration was increased to HK$45,405,000 (subject to adjustments) (the "Revised Consideration").

On 3 March 2013, the Group with the Company as guarantor entered into a second supplemental agreement with the Purchaser and the Guarantor with effect from 1 March 2013 whereby, inter alia,

(i) the closing date was further extended to 1 March 2013;

(ii) the Revised Consideration was revised to HK$49,500,000 (subject to adjustments) (the "Final Consideration"), which shall be paid in the following manner:

    (a) as to HK$4,646,862.55 as deposit kept by the escrow agent;

    (b) as to HK$7,362,500.00 paid by the Purchaser to the Group on the closing date; and

    (c) as to HK$37,490,637.45 by way of issue of the promissory note (the "Promissory Note") issued by the Guarantor on the closing date;

Disposal of Mobile Communications Services Business (continued)

(iii) the Promissory Note in total amount of HK$38,990,637.45, being the principal sum of HK$37,490,637.45 plus interest accrued thereon in an aggregate sum of HK$1,500,000 was issued on 1 March 2013, which shall be repaid in the following installments:

  (a) as to HK$4,650,000 to be due and payable in full on or before 31 May 2013 (the "1st Repayment"); and

  (b) as to the balance of HK$34,340,637.45, to be due and payable in full on or before 31 August 2013,

  and as at the date of the announcement, the 1st Repayment has been paid;

(iv) the Sale Shares were pledged to the Group as security for full and punctual repayment of the Promissory Note by the Guarantor pursuant to a Stock Pledge Deed and Stock Escrow Agreement (the "Pledge Agreement") entered into between the Group and the Purchaser on 3 March 2013 (the "Share Pledge"); and

(v) the Group nominated a director to the board of directors of CMTHK until the full repayment of the Promissory Note.

The MVNO Disposal was completed on 1 March 2013 save for the repayment of the Promissory Note and the release of the Share Pledge as aforesaid. The net proceeds from the MVNO Disposal, after deducting expenses attributable to the MVNO Disposal of approximately HK$4,017,000, were estimated to be approximately HK$45,483,000. The Company intended to apply such net proceeds as general working capital of the Group and to fund future investment opportunities for expansion of the Group. The MVNO Disposal constituted a major transaction for the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and a written shareholders' approval to the MVNO Disposal was given by Marvel Bonus Holdings Limited ("Marvel Bonus"), the controlling shareholder beneficially interested in approximately 55.13% of the issued share capital of the Company, pursuant to the Listing Rules.

Details of the MVNO Disposal were disclosed in the announcements dated 27 November 2012, 4 February 2013 and 4 March 2013 and the circular dated 18 December 2012.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Liquidity and Financial Resources

The Group has consistently maintained sufficient working capital. As at 31 March 2013, the Group had current assets of HK$156,216,000 *(2012: HK$137,395,000)*, including cash and bank balances and time deposits in an aggregate of HK$102,099,000 *(2012: HK$102,684,000)*. The Group's current liabilities as at 31 March 2013 were HK$14,854,000 *(2012: HK$36,597,000)*. The liquidity ratio of the Group as at 31 March 2013 remained healthy at 10.52 times *(2012: 3.75 times)*.

As at 31 March 2013, the Group has no outstanding loans or borrowings from banks or financial institutions *(2012: Nil)*. The Group has no gearing as at 31 March 2013 *(2012: Nil)*.

Share Capital

As at 31 March 2013, the Company had 2,820,500,000 shares in issue with total shareholders' fund of the Group amounting to approximately HK$439,197,000 *(2012: HK$*355,566,000*)*.

Financial Guarantees

As at 31 March 2013, the Group did not have any contingent liabilities *(2012: Nil)*.

Charge on Assets

As at 31 March 2013, the Group did not have any charge on its assets *(2012: Nil).*

Exposures to Fluctuations in Exchange Rates

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi. The Group is exposed to the fluctuations in Renminbi as certain receipts and payments are settled by Renminbi. However, the management will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration Policies

Following the MVNO Disposal, the Group had 304 full-time staff as at 31 March 2013. Total staff costs (including directors' emoluments) incurred by both continuing and discontinued operations for the year amounted to approximately HK$51,353,000 *(2012: HK$50,607,000)*. The Group's remuneration policy is in line with prevailing market practice and performance of individual staff. In addition to salaries, the Group also offers other benefits to its staff, including discretionary bonus, training allowance and provident fund.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the auditor of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters. The Group's final results for the year ended 31 March 2013 have been reviewed by the Audit Committee and agreed by the Group's external auditor.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 March 2013.

CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has applied the principles in and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year, except that under code provision E.1.2, Mr. Ting Pang Wan, Raymond, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 5 September 2012 due to other business commitments.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules on 21 July 2009 as the Company's code of conduct for dealings in securities of the Company by directors. All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard as set out in the Model Code during the year.

SUBSEQUENT EVENT

On 25 April 2013,

(i) Marvel Bonus, Mr. Yam Tak Cheung (as guarantor of Marvel Bonus), Mr. Ting Pang Wan, Raymond (an executive director of the Company and as guarantor of Marvel Bonus), Charm Success Group Limited (the "Offeror") and Ms. Chai Xiu (as guarantor of the Offeror) entered into an agreement (the "Share Agreement") pursuant to which Marvel Bonus conditionally agreed to sell and the Offeror conditionally agreed to purchase 1,555,000,000 shares of the Company (the "Shares"), representing approximately 55.13% of the entire issued share capital of the Company;

SUBSEQUENT EVENT (continued)

(ii) the Company entered into an agreement with an independent third party to the Company and its connected persons (as defined in Listing Rules) (the "Vendor") (the "Acquisition Agreement") pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire issued share capital of a company (the "Acquisition") which principal asset is a 35% effective interest of a company (the "PRC Company") established in the People's Republic of China (the "PRC") which in turn holds contractual rights under (a) fourteen 國有建設用地使用權出讓合同 (Contracts for the Transfer of the Land Use Right of State-owned Land) entered into between 撫松縣國土資源局 (Fusong Land Resources Bureau) ("Fusong Land Resources Bureau") and the PRC Company on 8 November 2012 pursuant to which Fusong Land Resources Bureau agreed to transfer and the PRC Company agreed to acquire the land located at Zone 1, Gusong Village, Fusongxingcheng, Baishan, Jilin Province, the PRC with a total site area of approximately 652,608 square meters; and (b) four 國有建設用地劃撥決定書 (Written Decision of State-owned Construction Land Allocation) issued by Fusong Land Resources Bureau on 8 November 2012 pursuant to which Fusong Land Resources Bureau agreed to allocate and the PRC Company agreed to acquire the land located at Zone 1, Gusong Village, Fusongxingcheng, Baishan, Jilin Province, the PRC with a total site area of approximately 9,592 square meters; and

(iii) two wholly-owned subsidiaries of the Company (the "Disposal Vendors") entered into an agreement with Marvel Bonus (the "Disposal Agreement") pursuant to which (a) the Disposal Vendors conditionally agreed to sell and Marvel Bonus conditionally agreed to acquire the entire issued share capital of certain subsidiaries of the Company (together with their respective subsidiaries and associate companies, the "Disposal Group") which are principally engaged in the retail sales and management services business and property investment and holding business and the aggregate amount of all loans owing by the Disposal Group to the Disposal Vendors; (b) the Disposal Vendors conditionally agreed to procure the Company to assign and transfer the trademarks and the domain names registered and owned by the Company to Marvel Bonus; and (c) one of the Disposal Vendors conditionally agreed to procure the Company to transfer a club membership of the Company to Marvel Bonus (collectively the "Disposal" and together with the Share Agreement and the Acquisition, collectively the "Proposed Transactions").

The Share Agreement, the Acquisition Agreement and the Disposal Agreement are inter-conditional with each other. Upon completion of the Share Agreement, the Offeror will be interested in a total of 1,555,000,000 Shares, representing approximately 55.13% of the existing issued share capital of the Company, and will be required to make a mandatory unconditional general offer in cash for all the then issued Shares (other than those already acquired or agreed to be acquired by the Offeror) (the "Share Offer") pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). At the same time the Share Offer is made, the Offeror will make a mandatory unconditional cash offer to cancel all the outstanding share options of the Company in the period prior to the close of the Share Offer.

SUBSEQUENT EVENT (continued)

The Acquisition and the Disposal constitute major and connected transactions for the Company under Rule 14.06 and Chapter 14A of the Listing Rules and are subject to the approval of the independent shareholders of the Company at a special general meeting of the Company (the "SGM") by way of poll. The Disposal also constitutes a special deal for the Company under Note 4 to Rule 25 of the Takeovers Code and requires the consent of the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegates of the Executive Director (the "Executive"). Such consent, if granted, will be subject to an independent financial adviser to the Company publicly stating that in its opinion the terms of the special deal are fair and reasonable and the approval of the special deal by the independent shareholders of the Company by way of poll at the SGM. The Company will make an application to the Executive for his consent under Note 4 to Rule 25 of the Takeovers Code in relation to the special deal.

On 29 May 2013, the Listing Division of the Stock Exchange ruled that the Proposed Transactions are a series of transactions which constitute a reverse takeover of the Company under Rule 14.06(6) of the Listing Rules. The Company has submitted a revised proposal for consideration by the Stock Exchange on 14 June 2013. As at the date of the announcement, the revised proposal has not yet been finalised.

Trading in the Shares was suspended on 26 April 2013 and will remain suspended pending the publication of a joint announcement of the Offeror and the Company relating to, among other things, the Proposed Transactions, the Share Offer and the said special deal to be made in compliance with the Listing Rules and the Takeovers Code.

Details of the Proposed Transactions were disclosed in the announcements dated 26 April 2013, 10 May 2013, 13 May 2013 and 17 June 2013.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company *(www.chinamotion.com)* and the Stock Exchange *(www.hkex.com.hk)*. An annual report for the year ended 31 March 2013 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

By Order of the Board
Ting Pang Wan Raymond
Director

Hong Kong, 27 June 2013

As at the date hereof, the executive Directors are Mr. Ting Pang Wan, Raymond and Mr. Ji Zuguang and the independent non-executive Directors are Mr. Sin Ka Man, Mr. Huang An Guo and Ms. Wong Fei Tat.

* *for identification purpose only*