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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

RESULTS

The board of directors (the "Board") of China Motion Telecom International Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2013 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2013

	Note	**Six months ended 30 September 2013 (Unaudited) *HK$'000***	2012 (Unaudited) *HK$'000* (Restated)
Continuing operations			
Turnover	*4*	**28,535**	43,290
Cost of sales and services		**(9,056)**	(23,046)
Gross profit		**19,479**	20,244
Other revenue	*4*	**2,827**	1,527
Other net income		**3**	2
Distribution costs		**(48)**	(47)
Administrative expenses		**(35,386)**	(21,047)
Impairment of goodwill		**–**	(6,622)
Loss before taxation	*5*	**(13,125)**	(5,943)
Taxation	*6*	**(75)**	(695)
Loss for the period from continuing operations		**(13,200)**	(6,638)
Discontinued operations			
Profit for the period from discontinued operations	*7*	**–**	3,163
Loss for the period		**(13,200)**	(3,475)

	Note	Six months ended 30 September **2013** **(Unaudited)** ***HK$'000***	2012 (Unaudited) *HK$'000* (Restated)
(Loss) profit attributable to:			
Shareholders of the Company			
– continuing operations		**(13,197)**	(6,638)
– discontinued operations		**–**	3,005
		(13,197)	(3,633)
Non-controlling interests			
– continuing operations		**(3)**	–
– discontinued operations		**–**	158
		(3)	158
		(13,200)	(3,475)
Dividend	*8*	**–**	–
(Losses) earnings per share	*9*		
From continuing and discontinued operations			
– Basic and diluted		**(0.47) HK cents**	(0.13) HK cents
From continuing operations			
– Basic and diluted		**(0.47) HK cents**	(0.24) HK cents
From discontinued operations			
– Basic and diluted		**N/A**	0.11 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Six months ended 30 September 2013 (Unaudited) *HK$'000*	2012 (Unaudited) *HK$'000* (Restated)
Loss for the period	**(13,200)**	(3,475)
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of foreign operations	**504**	41
Total comprehensive loss for the period	**(12,696)**	(3,434)
Total comprehensive (loss) income attributable to:		
Shareholders of the Company		
– continuing operations	**(12,693)**	(6,597)
– discontinued operations	**–**	3,005
	(12,693)	(3,592)
Non-controlling interests		
– continuing operations	**(3)**	–
– discontinued operations	**–**	158
	(3)	158
	(12,696)	(3,434)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

	Note	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**304,000**	304,000
Property, plant and equipment		**924**	1,419
Other non-current assets		**3,130**	3,130
		308,054	308,549
Current assets			
Inventories		**1,923**	2,435
Trade and other receivables	*10*	**47,239**	51,682
Bank balances and cash		**99,118**	102,099
		148,280	156,216
Current liabilities			
Trade and other payables	*11*	**19,080**	14,805
Taxation		**39**	49
		19,119	14,854
Net current assets		**129,161**	141,362
Total assets less current liabilities		**437,215**	449,911
Non-current liabilities			
Deferred tax liabilities		**4,780**	4,780
NET ASSETS		**432,435**	445,131

	30 September 2013 (Unaudited) *HK$'000*	31 March 2013 (Audited) *HK$'000*
CAPITAL AND RESERVES		
Issued capital	**28,205**	28,205
Reserves	**398,299**	410,992
Total capital and reserves attributable to shareholders of the Company	**426,504**	439,197
Non-controlling interests	**5,931**	5,934
TOTAL EQUITY	**432,435**	445,131

Notes:

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2013.

2. PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value, as appropriate.

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements of the Group for the year ended 31 March 2013, except for the adoption of the new and revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (the "HKFRSs") described below.

Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income *(Note a)*
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)*
HKFRS 10	Consolidated Financial Statements *(Note b)*
HKFRS 12	Disclosure of Interests in Other Entities *(Note b)*
HKFRS 13	Fair Value Measurement *(Note b)*
Amendments to HKFRSs	Annual Improvements 2009-2011 Cycle *(Note b)*
Amendments to HKFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities *(Note b)*

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.

The application of the above had no material effect on the results and financial positions of the Group for the current or prior accounting periods except for the additional disclosure requirements in accordance with Amendments to HKAS 1 (Revised) and HKFRS 13.

The Group has not early adopted the new standards and amendments to standard, which have been issued but are not effective for the financial year beginning on 1 April 2013.

The directors are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

The Group is principally engaged in the provision of retail sales and management services and property investment since its mobile communications services business was disposed of in March 2013. Subsequent to the disposal, the Company's executive directors regularly review the operating results of the Group's investment in properties and make decisions about resources to be allocated to the segment and assess its performance. Hence, the Group's investment in properties is presented as a business segment and the comparative information has been re-presented.

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

	Continuing operations				**Discontinued operations**	
For the six months ended 30 September 2013	**Retail sales and management services (Unaudited)** *HK$'000*	**Property investment (Unaudited)** *HK$'000*	**Others (Unaudited)** *HK$'000*	**Total (Unaudited)** *HK$'000*	**Mobile communi-cations services (Unaudited)** *HK$'000*	**Group (Unaudited)** *HK$'000*
Segment turnover						
Revenue from external customers	**23,040**	**5,495**	**–**	**28,535**	**–**	**28,535**
Segment results	**(727)**	**2,135**	**(16,508)**	**(15,100)**	**–**	**(15,100)**
Interest income				**1,975**	**–**	**1,975**
Loss before taxation				**(13,125)**	**–**	**(13,125)**
Taxation				**(75)**	**–**	**(75)**
Loss for the period				**(13,200)**	**–**	**(13,200)**

	Continuing operations				Discontinued operations	
For the six months ended 30 September 2012 (Restated)	Retail sales and management services (Unaudited) *HK$'000*	Property investment (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*	Mobile communi-cations services (Unaudited) *HK$'000*	Group (Unaudited) *HK$'000*
Segment turnover						
Revenue from external customers	39,791	3,499	–	43,290	48,304	91,594
Segment results	1,866	987	(2,711)	142	3,162	3,304
Interest income				537	1	538
Impairment of goodwill				(6,622)	–	(6,622)
(Loss) Profit before taxation				(5,943)	3,163	(2,780)
Taxation				(695)	–	(695)
(Loss) Profit for the period				(6,638)	3,163	(3,475)

4. TURNOVER AND REVENUE

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

		Six months ended 30 September	
		2013	2012
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
			(Restated)
Continuing operations			
Sale of telecommunications equipment and products		**6,321**	15,757
Rental income		**5,495**	3,499
Retail sales and management services income		**16,719**	24,034
Turnover		**28,535**	43,290
Interest income		**1,975**	537
Others		**852**	990
Other revenue		**2,827**	1,527
Total revenue from continuing operations		**31,362**	44,817
Discontinued operations			
Total revenue from discontinued operations	*7(a)*	**–**	48,465
Total revenue		**31,362**	93,282

5. LOSS BEFORE TAXATION

Continuing operations

This is stated after charging (crediting):

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Rental income from investment properties less direct outgoings	**(4,406)**	(3,499)
Staff costs (include directors' emoluments)	**17,163**	17,300
Cost of inventories	**5,948**	18,589
Depreciation	**446**	626
Operating lease charges		
Premises	**4,402**	3,518
Write off of trade receivables	**139**	–
Loss on disposal of property, plant and equipment	**243**	1
Loss on disposal of investment property	**–**	83

6. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for both periods as the Group has no assessable profits 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%)*.

The major component of income tax charge is:

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Current tax		
PRC Enterprise Income Tax	**75**	695
Tax charge from continuing operations	**75**	695
Discontinued operations		
Current tax		
Hong Kong Profits Tax	**–**	–
Tax charge from discontinued operations	**–**	–
Total tax charge for the period	**75**	695

7. DISCONTINUED OPERATIONS

In March 2013, the Group disposed of its mobile communications services business and classified it as discontinued operations.

The results of the discontinued operations are summarised as follows:

	Notes	**Six months ended 30 September 2013 (Unaudited) *HK$'000***	Six months ended 30 September 2012 (Unaudited) HK$'000
Turnover	*(a)*	–	48,304
Cost of sales and services		–	(29,461)
Other revenue	*(a)*	–	161
Distribution costs		–	(1,384)
Administrative expenses		–	(14,457)
Profit before taxation	*(b)*	–	3,163
Taxation	*6*	–	–
Profit for the period from discontinued operations		–	3,163

Notes:

(a) Turnover and revenue

	Six months ended 30 September 2013 (Unaudited) *HK$'000*	Six months ended 30 September 2012 (Unaudited) *HK$'000*
Sales of telecommunications equipment and products	–	300
Commission income	–	1,164
Mobile communications services income	–	46,840
Turnover	–	48,304
Interest income	–	1
Others	–	160
Other revenue	–	161
Total revenue from discontinued operations	–	48,465

(b) Profit before taxation

This is stated after charging:

	Six months ended 30 September 2013 (Unaudited) *HK$'000*	Six months ended 30 September 2012 (Unaudited) *HK$'000*
Charging:		
Staff costs (include directors' emoluments)	–	7,442
Cost of inventories	–	1,297
Depreciation	–	312
Operating lease charges		
Telecommunications equipment	–	734
Premises	–	1,548
Allowance for doubtful trade and other receivables	–	78

8. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2013 *(2012: Nil)*.

9. (LOSSES) EARNINGS PER SHARE

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

	Six months ended 30 September **2013** **(Unaudited)**	2012 (Unaudited)
A. Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (losses) earnings 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 (losses) earnings per share	**2,820,500,000**	2,820,500,000

	Six months ended 30 September **2013** **(Unaudited)**	2012 (Unaudited) (Restated)
B. (Losses) earnings for operations:		
(i) For continuing and discontinued operations		
Losses attributable to shareholders of the Company *(HK$'000)*	**(13,197)**	(3,633)

Diluted losses per share for the six months ended 30 September 2013 and 2012 are the same as the basic losses per share because the share options in issue have no dilutive effect and there are no dilutive potential ordinary shares in existence.

(ii) For continuing operations		
Losses attributable to shareholders of the Company *(HK$'000)*	**(13,197)**	(6,638)

Diluted losses per share for the six months ended 30 September 2013 and 2012 are the same as the basic losses per share because the share options in issue have no dilutive effect and there are no dilutive potential ordinary shares in existence.

(iii) For discontinued operations		
Profit attributable to shareholders of the Company *(HK$'000)*	**N/A**	3,005

Diluted earnings per share for the six months ended 30 September 2012 are the same as the basic earnings 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	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
Trade receivables			
Trade receivables from third parties		**6,375**	8,877
Allowance for doubtful debts	*(a)*	**–**	–
		6,375	8,877
Other receivables			
Consideration receivables for disposal of discontinued operations	*(b)*	**34,341**	37,491
Deposits, prepayments and other receivables		**15,849**	14,640
Allowance for doubtful debts		**(9,326)**	(9,326)
		40,864	42,805
		47,239	51,682

The Group has established credit policies for customers in each of its core businesses. No credit period has been granted to the tenant. Other than that, 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 reporting period is as follows:

	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
0 – 30 days	**4,115**	2,964
31 – 60 days	**1,454**	2,661
61 – 90 days	**806**	2,628
Over 90 days	**–**	624
	6,375	8,877

10. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) Allowance for doubtful debts – Trade receivables

	30 September 2013 (Unaudited) *HK$'000*	31 March 2013 (Audited) *HK$'000*
Balance at beginning of period/year	**–**	519
Amount recovered	**–**	(72)
Disposal of discontinued operations	**–**	(447)
	–	–

Included in the Group's trade receivables balance are debtors with a carrying amount of HK$1,428,000 *(31 March 2013: HK$3,252,000)* 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 average age of these receivables is 31-60 days *(31 March 2013: 60-90 days)*.

(b) The amount has been settled in October 2013.

11. TRADE AND OTHER PAYABLES

	30 September 2013 (Unaudited) *HK$'000*	31 March 2013 (Audited) *HK$'000*
Trade payables	**454**	1,482
Other payables		
Accrued charges and other creditors	**15,115**	13,228
Deposits received	**3,511**	95
	18,626	13,323
	19,080	14,805

11. TRADE AND OTHER PAYABLES (Continued)

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

	30 September 2013 (Unaudited) *HK$'000*	31 March 2013 (Audited) *HK$'000*
0 – 30 days	**250**	748
31 – 60 days	**52**	67
61 – 90 days	**67**	108
Over 90 days	**85**	559
	454	1,482

12. COMPARATIVE FIGURES

Conforming to current period's presentation, rental income of the property investment segment of HK$3,499,000 that was included in other revenue has been reclassified under turnover. Moreover, the turnover and financial results of mobile communications services have been reclassified as discontinued operations since it was disposed of during the financial year ended 31 March 2013. The revised presentation reflects more appropriately the nature of these items. These reclassifications have no effect on the reported financial position, results or cash flows of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Operations Review

Rapid changes in the telecommunications landscape coupled with the intense market competition has presented multiple challenges to China telecom operators. Amidst the changes in the industry, the Group has determined to broaden its business to include the property investment and management services, and to actively explore potential investment opportunities. In October 2013, the Group has completed the acquisition of a 35% equity interests in a property project in Changbaishan, Jilin Province, the People's Republic of China ("PRC"). As part of the acquisition, it has secured the management rights of the project, through which the Group can effectively tap into the booming property market in the PRC and broaden its income sources.

During the period under review, the Group's turnover declined significantly when compared to the corresponding period last year. Excluding the mobile telecommunications services business, which the Group has divested in early 2013, and the representation of the leasing income of the property investment as a separate business segment, turnover of the Group's continuing operations decreased by 34.1% to approximately HK$28,535,000 as compared to the restated turnover of HK$43,290,000 in the same period last year. The decline was primarily due to reductions in the sales of mobile handsets and prepaid mobile services, and fewer promotional campaigns initiated by Shanghai telecommunications operator. Gross profit decreased slightly from the restated gross profit of HK$20,244,000 in the same period last year to approximately HK$19,479,000 in the period under review. However, gross profit margin improved from 46.8% in the last corresponding period to 68.3% as a result of the smaller mix of low margin products. Net loss after tax for the Group was HK$13,200,000 as compared to net loss after tax of HK$3,475,000 in the last corresponding period. The increase in loss was mainly attributable to the increase in legal and professional service fees of approximately HK$7,180,000 associated with the acquisition and the absence of management fee income and profit generated from the mobile communications services business, which the Group has divested in March 2013, but the effect of which were partially offset by the absence of impairment loss of goodwill relating to the Retail Business.

Retail Sales and Management Services

Facing the already saturated telecom market condition, the Shanghai telecommunications operator has adjusted its marketing strategy including shifting its handset bundled services to prepaid services, requiring customers to make a substantial upfront payment, This posed huge challenges for the Group to attract new subscribers and thus income generated from it. As a result, the Group has re-examined its business strategy with the aim of creating a long-term sustainable business model rather than an overreliance on expansion of market share. Turnover from the Shanghai operations during the period under review was approximately HK$23,040,000, a decline from HK$39,791,000 in the last corresponding period. Gross profit also dropped from approximately HK$16,744,000 to HK$15,074,000. This drop was mainly attributable to the reduction in the sales of mobile handsets, and prepaid mobile services as well as fewer promotional campaigns initiated by Shanghai telecommunications operator. However, gross profit margin increased notably from 42.1% to 65.4% as a result of the smaller proportion of low margin mobile handset business. Net loss after tax of the Shanghai operations was approximately HK$539,000 as compared to the net profit after tax of HK$1,620,000 in the same period last year.

As market competition of the telecommunications industry in Shanghai intensified and operating costs continue to increase, the Group began the review of its store locations. During the period under review, the Group has strategically closed its entire smaller specialty stores and chosen to open new stores in newly developed districts with considerable potential for development as a way to optimize its store network. As at 30 September 2013, the Shanghai operations managed a total of 21 retail service stores (30 September 2012: 24 stores). In the near term, the Group will continue to collaborate with the Shanghai telecommunications operator to enhance the management services of its existing retail network, add new services and optimize its service portfolio. The Group also plans to expand its business into other geographic regions in order to further leverage its store network and enhance its business performance.

Property Investment

Acknowledging the increasing importance of the property investment business, the Group has positioned its major businesses, designating property investment as a separate business segment. During the period under review, leasing income from property investment was HK$5,495,000, a significant increase from HK$3,499,000 recorded in the last corresponding period, mainly due to the increase in rent.

Prospects

The 3rd Plenary Session of 18th CPC Central Committee ("The Third Plenum") issued a communiqué which called for a comprehensive deepening of reform, in which it outlined a clear path for reform of business and the economy in the PRC during the next decade, emphasizing the importance of "market forces". This macroeconomic direction is expected to revitalize Chinese economy while creating greater opportunities for the Group's development.

The changing and highly competitive telecom market has generated many challenges for the Group's business development. Nevertheless, China will soon issue its 4G licenses, and the Group expects that the Shanghai telecommunications operator will be able to leverage first-mover advantage and create strong momentum as new networks are deployed. The Group's collaboration of its retail business with the Shanghai telecommunications operator positions it well to capture the opportunities and improve its business performance.

Looking ahead, the Group will leverage its experience in property investment and management to explore business developments outside of the telecom business. As the Chinese economy continues its rapid development, Jilin Province is one of its top performers. Its GDP grew at a CAGR of 16.7% from 2008 to 2012, higher than 13.2% of other provinces for the same period, and it is expected to rise even further in the future. Seeking to tap the opportunities from economic growth in Jilin Province, the Group completed the acquisition of a 35% equity interests in the Changbaishan property project in October 2013 including its management rights. The project is strategically situated in a prime location, neighbouring "Wanda Resort," a new tourist spot, and the National Scenic Area of Tianchi as well as the Changbaishan airport. It is well-positioned to meet the enormous demand for hotels, sight-seeing spots and other facilities, as well as huge business opportunities. The project occupies more than 1,000,000 square metres and will be built into a high-end resort comprising a six-star hotel, theme park, villa and residential apartments, expecting to contribute strong potential income opportunity to and creating bright prospects for the Group.

The construction of Phase 1 at this high-end resort will start in mid-2014 with pre-sale commencing in the third quarter of 2014, expecting the results to be reflected in share of the results in the associates for the Group. The fees from the management contract will also offer a new revenue source for the Group.

The Group is determined to facilitate the development of the project, as it becomes the foundation for the Group to expand into the property investment and management market in the PRC. The Group will continue to seek investment opportunities with high growth potential in order to diversify its business and maximize the returns for shareholders.

Acquisition of Property Development and Management Business and Disposal of Certain Assets

(i) On 25 April 2013, the Company and Mr. Wei Cheng Si (the "Vendor"), an independent third party, entered into a conditional sale and purchase agreement (as amended and restated by a supplemental agreement dated 10 July 2013), pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell (i) the entire issued share capital of Ace Plus Global Limited ("Ace Plus") which principal asset is a 35% effective interests of 吉林省廣澤旅遊開發有限公司 (Jilin Ground Tourism Investment Co., Ltd.) ("Jilin Ground"), a company established in 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 Jilin Ground on 8 November 2012 pursuant to which Fusong Land Resources Bureau agreed to transfer and Jilin Ground conditionally 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 Jilin Ground 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 (ii) the shareholder's loan owing by Ace Plus to the Vendor as at the completion, at the consideration of HK$385,000,000 (the "Acquisition Consideration") (the "Acquisition"); and

(ii) On 10 July 2013, Biara Investments Limited ("Biara Investments"), a wholly-owned subsidiary of the Company, and Marvel Bonus Holdings Limited ("Marvel Bonus"), the then controlling shareholder of the Company, entered into a conditional sale and purchase agreement, pursuant to which (i) Biara Investments conditionally agreed to sell and Marvel Bonus conditionally agreed to purchase the entire issued share capital of Express Lane Investment Limited ("Express Lane"), a former wholly-owned subsidiary of the Company; (ii) Biara Investments agreed to procure the Company to transfer the club membership of the Company to Marvel Bonus; and (iii) any intra group balance between Express Lane and its subsidiary on the one hand and the Group on the other would be waived (the "Disposal"). The consideration for the Disposal amounts to HK$5,660,000.

Acquisition of Property Development and Management Business and Disposal of Certain Assets (Continued)

The Acquisition and the Disposal were both approved by the independent shareholders of the Company at the special general meeting of the Company held on 18 October 2013 and completed on 29 October 2013.

Details of the Acquisition and the Disposal were disclosed in the Company's announcements dated 26 April 2013, 10 May 2013, 13 May 2013, 7 June 2013, 17 June 2013, 10 July 2013, 22 July 2013, 30 August 2013, 19 September 2013, 25 September 2013, 30 September 2013, 9 October 2013, 18 October 2013, 24 October 2013 and 29 October 2013 and the circular dated 30 September 2013 respectively.

Disposal of Mobile Communications Services Business

On 27 November 2012, the Group with the Company as guarantor entered into a stock purchase agreement (as amended by the supplemental agreements dated 4 February 2013 and 3 March 2013 respectively) (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 "MVNO Sale Shares", representing 100% of the issued share capital of CMTHK at the closing) for the revised consideration of HK$49,500,000 (subject to adjustments) under the terms and conditions as set out in the MVNO Disposal Agreement (the "MVNO Disposal").

The MVNO Disposal was completed on 1 March 2013 and the remaining balance of the consideration together with interest in a total sum of approximately HK$34.3 million (the "Balance") under the promissory note dated 1 March 2013 issued by VelaTel Global Communications, Inc., the holding company of the Purchaser, was settled by the Purchaser on 29 October 2013. Accordingly, the Group had release the MVNO Sales Shares to the Purchaser pursuant to the stock pledge deed and stock escrow agreement dated 3 March 2013 entered into between the Group and the Purchaser. 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$35,330,000. The Company had applied the Balance for payment of the Acquisition Consideration on completion of the Acquisition.

Disposal of Mobile Communications Services Business (Continued)

Details of the MVNO Disposal were disclosed in the Company's announcements dated 27 November 2012, 4 February 2013, 4 March 2013, 1 August 2013, 13 September 2013 and 29 October 2013 and the circular dated 18 December 2012 respectively.

Liquidity and Financial Resources

The Group has consistently maintained sufficient working capital during the period. As at 30 September 2013, the Group has current assets of HK$148,280,000 *(31 March 2013: HK$156,216,000)*, including cash and bank balances and time deposits in an aggregate of HK$99,118,000 *(31 March 2013: HK$102,099,000)*. The Group's current liabilities as at 30 September 2013 were HK$19,119,000 *(31 March 2013: HK$14,854,000)*. The liquidity ratio of the Group as at 30 September 2013 remained healthy at 7.75 times *(31 March 2013: 10.52 times)*.

As at 30 September 2013, the Group has no outstanding loans or borrowings from banks or financial institutions *(31 March 2013: Nil)*. The Group has no gearing as at 30 September 2013 *(31 March 2013: Nil)*.

Share Capital

As at 30 September 2013, the Company had 2,820,500,000 shares in issue with total shareholders' fund of the Group amounting to approximately HK$426,504,000 *(31 March 2013: HK$439,197,000)*.

Financial Guarantees

As at 30 September 2013, the Group did not have any contingent liabilities *(31 March 2013: Nil)*.

Charge on Assets

As at 30 September 2013, the Group did not have any charge on its assets *(31 March 2013: 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Employees and Remuneration Policies

As at 30 September 2013, the Group had 296 full-time staff. Total staff costs (including directors' emoluments) for the period amounted to approximately HK$17,163,000 *(2012: HK$24,742,000)*. 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.

Other Disclosure

The directors of the Company are not aware of any material changes from the information disclosed in the annual report of the Company for the year ended 31 March 2013, other than those disclosed in this announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the auditor of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. The Group's interim results for the six months ended 30 September 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 six months ended 30 September 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period.

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 made by the Company, that they have complied with the required standard as set out in the Model Code during the period.

SUBSEQUENT EVENT

On 25 April 2013, Marvel Bonus, Mr. Yam Tak Cheung and Mr. Ting Pang Wan, Raymond, a director of the Company, entered into a conditional sale and purchase agreement (as amended and restated by the supplemental agreements dated 10 July 2013 and 25 September 2013 respectively) with Charm Success Group Limited ("Charm Success") and Ms. Chai Xiu, pursuant to which Charm Success has conditionally agreed to purchase and Marvel Bonus has conditionally agreed to sell 1,555,000,000 shares of the Company at a consideration of HK$244,135,000 (equivalent to approximately HK$0.157 per share) (the "Share Disposal"). The Share Disposal was completed on 29 October 2013. Since then, Charm Success which owned 1,555,000,000 shares of the Company has become the controlling shareholder of the Company.

Following the completion of the Share Disposal, Charm Success was required to make the unconditional mandatory cash offers for all other then shares of the Company (other than those already owned by Charm Success and parties acting in concert with it) at HK$0.157 per share (the "Share Offer") and for cancellation of all the outstanding share options of the Company at a nominal price of HK$0.01 per 100,000 share options (the "Offers") pursuant to the Hong Kong Code on Takeovers and Mergers. Immediately upon the close of the Offers on 26 November 2013, taking into account the valid acceptances in respect of 772,894 shares of the Company under the Share Offer, Charm Success and parties acting in concert with it were interested in an aggregate of 1,555,772,894 shares of the Company, representing approximately 55.16% of the existing issued share capital of the Company.

Details of the Share Disposal and the Offers were disclosed in the Company's announcements dated 26 April 2013, 10 May 2013, 13 May 2013, 7 June 2013, 17 June 2013, 10 July 2013, 22 July 2013, 30 August 2013, 19 September 2013, 25 September 2013, 30 September 2013, 9 October 2013, 18 October 2013, 24 October 2013 and 29 October 2013, the circular dated 30 September 2013 and the composite offer and response document dated 5 November 2013 respectively.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the websites of the Company (www.chinamotion.com) and The Stock Exchange of Hong Kong Limited (www.hkex.com.hk). An interim report for the six months ended 30 September 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
Chairman

Hong Kong, 28 November 2013

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

* *for identification purpose only*