CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.)
Form SB-2
February 13, 2007

As filed with the Securities and Exchange Commission on February 12, 2007

Registration No. 333-_______

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 10549

FORM SB-2
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Commission File Number 0-26529

CHINA MOBILITY SOLUTIONS, INC.

(Name of Small Business Issuer in its charter)

Florida	7374	330-751560
(State or other jurisdiction of incorporation or organization)	Primary Standard Industrial Classification Code Number	(I.R.S. Employer Identification No.)

#900 - 789 West Pender Street
Vancouver, B.C. Canada V6C 1H2
(604) 632-9638

(Address and telephone number of principal executive offices)

#900 - 789 West Pender Street
Vancouver, B.C. Canada V6C 1H2
(604) 632-9638

(Address of principal place of business)

Copies of all communications to agent for service should be sent to:

Elliot H. Lutzker, Esq.
Phillips Nizer LLP
666 Fifth Avenue
New York, NY 10103-0084
Telephone: (212) 977-9700
Facsimile: (212) 262-5152

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. [ ]

Pursuant to Rule 429 this Registration Statement upon effectiveness shall also act as a post-effective amendment to the Company's Registration Statement No. 333-128323.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Amount to be registered**	**Proposed maximum offering price per share(1)**	**Proposed maximum aggregate offering price(1)**	**Amount of registration fee**
Common stock, par value, $.001 per share	1,595,180(2)	$0.14(1)	$223,325	$23.90
Common stock, par value, $.001 per share	55,833,334(3)	$0.14(1)	$7,816,667	$836.38
Common stock, par value, $.001 per share	1,595,180(4)	$0.14(1)	$223,325	$23.90
Common stock, par value, $.001 per share	1,595,180(5)	$0.14(1)	$223,325	$23.90
Common stock, par value, $.001 per share	22,333,333(6)	$0.14(1)	$3,126,667	$334.55
Common stock, par value, $.001 per share	10,000,000(7)	$0.14(1)	$1,400,000	$149.80
Common stock, par value, $.001 per share	200,000(8)	$0.14(1)	$28,000	$2.99
Total	93,152,207		$13,041,309	$1,395.42

(1) Estimated solely for purposes of calculating the registration fee pursuant to Securities Act Rule 457(c), based on the last sale price of the Registrant's common stock of $0.14 on February 6, 2007 on the Over-the-Counter Bulletin Board (“OTCBB”).
(2) Represents additional shares of common stock underlying the Debentures (“Debenture Shares”) where the conversion price was reduced from $.35 to $.30 per share pursuant to the Waiver/Settlement Agreement, dated May 4, 2006.
(3) Represents additional shares of common stock underlying the Debentures (“Debenture Shares”) where the conversion price was reduced from $.30 to $.05 per share pursuant to the Conversion/Settlement Agreement, dated as of February 2, 2007, assuming all debenture holders execute such agreement.
(4) Represents additional shares of common stock underlying the Class A Warrants (“Warrant Shares”) where the exercise price was reduced from $.44 to $.38 per share pursuant to the Waiver/Settlement Agreement, dated May 4, 2006.

(5) Represents additional shares of common stock underlying the Class B Warrants (“Warrant Shares”) where the exercise price was reduced from $.52 to $.45 pursuant to the Waiver/Settlement Agreement, dated May 4, 2006.
(6) Represents shares of common stock underlying warrants held by the placement agent, Meyers Associates, L.P. and its transferees, equal to 25% of the shares of Common Stock issuable upon conversion of the Debentures and exercise of the Warrants.
(7) Represents estimated number of shares of Common Stock issuable upon conversion of Debentures in payment of all accrued interest and penalties.
(8) Represents shares of common stock underlying warrants issued to Crystal Research Associates, LLC (the “Crystal Warrant Shares”).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

SUBJECT TO COMPLETION - DATED FEBRUARY 12, 2007

CHINA MOBILITY SOLUTIONS, INC.

93,152,207 Shares of Common Stock

This prospectus relates to the resale of **92,952,207** shares of our common stock which were previously sold by Meyers Associates, L.P., the placement agent (“Placement Agent” or “Meyers”), on a “best efforts, all or none basis” (the “Offering”) on behalf of China Mobility Solutions, Inc. to accredited investors and institutional investors in a private offering of convertible debentures and warrants. The shares offered hereby are pursuant to settlement agreements entered into with the debentureholders from the Offering and not included in the Company’s Registration Statement (No. 333-128323) and an additional 200,000 shares issuable to Capital Research Associates, LLC upon exercise of Warrants. The shares may be offered in transactions conducted on the Over-The-Counter Bulletin Board ("OTCBB") maintained by the NASD, in privately negotiated transactions or through a combination of such methods. The shares may be sold at prices relating to the prevailing market prices, at privately negotiated prices or at other prices, which may change from time to time and from offer to offer. The distribution of the shares by the selling shareholders is not subject to any underwriting or other agreement.

Our common stock is currently traded on the OTCBB, under the symbol "CHMS.OB." On February 9, 2007, the closing price of our common stock, as reported by the OTCBB, was $0.15 per share.

The shares being offered pursuant to this prospectus involve a high degree of risk. Persons should not invest unless they can afford to lose their entire investment. You should carefully read and consider the "Risk Factors" commencing on page 7 for information that should be considered in determining whether to purchase any of the shares.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Prospectus also amends the Company's Prospectus dated August 7, 2006, as supplemented.

The date of this prospectus is ____________ __, 2007

You should rely only on the information contained or incorporated by reference in this prospectus and in any accompanying prospectus supplement. No one has been authorized to provide you with different information. The shares are not being offered in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of such documents.

Government filings. We are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As such, we file annual, quarterly and special reports, proxy statements and other documents with the SEC. These reports, proxy statements and other documents may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, NE, Washington, D.C. 20549. You may also obtain copies of such material by mail from the public reference facilities of the SEC's Washington, D.C. offices, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on their public reference facilities. In addition, the SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding companies, including us, that file electronically with the SEC. The address of the SEC's web site is http://www.sec.gov.

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INTRODUCTORY COMMENTS

Use of Names

Throughout this prospectus, the terms "we," "us," "our" and "our company" refer to China Mobility Solutions, Inc. (or "China Mobility" or "CHMS").

Forward-Looking Statements

Statements contained in this prospectus include "forward-looking statements" within the meaning of such term in Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Exchange Act. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual financial or operating results, performances or achievements expressed or implied by the forward-looking statements not to occur or be realized. Forward-looking statements generally are based on our best estimates of future results, performances or achievements, based upon current conditions and the most recent results of the companies involved and their respective industries. Forward-looking statements may be identified by the use of forward-looking terminology such as "may," "will," "could," "project," "expect," "believe," "estimate," "anticipate," "intend," "continu "opportunity" or similar terms, variations of those terms or the negative of those terms or other variations of those terms or comparable words or expressions.

Potential risks and uncertainties include, among other things, such factors as:

- our ability to successfully complete the liquidation and reorganization of our operating subsidiary in the People's Republic of China ("China") to enable repayment of outstanding debentures which are not converted.
- our business strategies and future plans of operations,
- general economic conditions in China and elsewhere, as well as the economic conditions affecting the industries in which we operate,
- the market acceptance and amount of sales of our products and services,
- our historical losses,
- the competitive environment within the industries in which we compete,
- our ability to raise additional capital, currently needed for expansion,
- the other factors and information discussed in other sections of this prospectus and in the documents incorporated by reference in this prospectus.

Persons reading this prospectus should carefully consider such risks, uncertainties and other information, disclosures and discussions which contain cautionary statements identifying important factors that could cause actual results to differ materially from those provided in the forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise subject to applicable law.

SUMMARY

Our Company

China Mobility Solutions, Inc. ("CHMS" or the "Company") is one of the first companies to focus on providing mobile solutions to many diverse businesses throughout China. Through its subsidiary Quicknet Beijing Technology Development Corp. ("Quicknet"), a short message service ("SMS") provider in Beijing, China, the Company is presently focused on its mobile marketing solutions for enterprises. Quicknet is one of the first companies to focus on mobile solutions for businesses in China. Quicknet's strategy of targeting corporate users is aimed at achieving a higher percentage of recurring revenue and better margins. The Company initially acquired (controlled) 51% of Quicknet in June 2004 and, indirectly though an affiliate, exercised its option to acquire the remaining 49% of the company by September 31, 2005. See the "Business" section of this prospectus for further information.

CHMS launched its mobile marketing services in July 2003 and became cash flow positive by the end of 2003. However, in accordance with U.S. generally accepted accounting principles (GAAP), all revenue needs to be deferred over a 12 month period. Therefore, the Company had revenues of $1,871,960 from mobile marketing services in 2004 which increased to $4,703,348 in 2005. The Company's operating loss increased from $242,216 in 2004 to $7,979,186 in 2005, primarily as a result of the inclusion of the "Fair Value of Warrants Issued" in our August 2005 offering, as well as increases in advertisement, general expenses and salaries due to the increased sales scale. Investors should read the Company's financial statements, especially the accompanying notes thereto.

On January 6, 2003, the Company announced the acquisition of Windsor Education Academy Inc. ("Windsor"), a Richmond, British Columbia based school specializing in the education and training field providing English as a Second Language courses ("ESL") in British Columbia. The Company's contract with the government to provide ESL ended on March 31, 2005.

CHMS has an accumulated customer base of 30,000 clients, and has access to a database of about 500,000 corporate enterprises. This knowledge was gained from its previous Chinese domain name registration and web hosting business.

There are more than 400 million cellular phone customers in China, which surpasses the United States with about 195 million cellular phone customers, according to the China Ministry of Information Industry ("MII") and the Cellular Telecommunications & Internet Association. Currently, there are about 1 billion SMS sent per day in China, which accounts for about one-third of the world traffic, according to Anbound Information Corporation. With the penetration rate just above 26%, however, there is still considerable room for growth in the Chinese mobile market. Pacific Growth Equities of San Francisco foresees 500 million mobile phone users in China by 2007.

CHMS's first application, mobile marketing, is the use of the mobile medium as a communications and entertainment channel between a brand and an end-user. Mobile marketing can be used in a wide variety of ways, such as for customer retention, to raise brand awareness and for advertising purposes. Businesses that purchase this service will send out messages through the Company's platform, which has been connected by Chinese mobile carriers to the targeted customers. All types of mobile phones may be used for this service.

CHMS has a strong management team and a successful management record with the previous development of a profitable internet service company with over 200 employees and 19 offices across the world.

The Company will use four outlets to approach the market for its business solutions:

- Agencies - We have primarily made sales for our mobile marketing services via advertising agencies. We have made approximately 91% of such sales from advertising agencies. These agencies are paid sales commissions of between 15% and 20% under contracts with the Company.
- Mobile Carriers - In the future, we intend to co-market mobile carriers' mobile solutions to enterprises and use mobile carriers' extensive connections and influence to lead to potentially more clients.
- In-House Sales Staff - The Company has a database of 500,000 enterprises through its previous Internet services. Through direct mail, advertising, telephone calling and SMS, the in-house sales staff of approximately 23 people will contact many of these companies.
- Sales Support Offices - The Company plans to set up small sales support offices across China to enhance local presence, provide customer support and show responsiveness. Currently, we have offices in Beijing, Shanghai and Shenzhen.

As discussed under the “Business,” section of the prospectus, the Company will need to raise a significant amount of additional funds to implement its strategy of promoting its mobile solutions to businesses throughout China; establishing sales support offices in key urban centers in China; developing new solutions that are being demanded by enterprises; and acquiring other mobile companies that will deliver synergistic benefits. The Company does not have any binding commitments for such additional capital as of the date of this prospectus and no assurances can be given that it will be able to raise any additional capital.

The Company was formed in Florida under the name Placer Technologies, Inc. on September 6, 1996. On June 11, 1997, the Company purchased a 100% interest in Infornet Investment Corp., a British Columbia corporation, which is the subsidiary that manages daily operations of the Company in China. On June 23, 2004, the Company consummated the acquisition of a 49% interest in Beijing Quicknet Technology Development Corp. (“Quicknet”), a company organized under the laws of the Peoples' Republic of China, pursuant to a share purchase agreement. The Company issued 6,120,000 shares of its common stock as payment. On September 30, 2005, the Company indirectly, through an affiliate, acquired control of the remaining outstanding shares of common stock of Quicknet, and paid US$2,000,000 on September 30, 2005 and an additional US$2,000,000 on or around December 31, 2005. The Company changed its name to China Mobility Solutions, Inc. in June 2004.

On August 8, 2006, the Company through a wholly-owned subsidiary and an affiliate contacted to purchase control of Beijing Topbiz Technology Development Corp., Ltd., a Chinese company. The Company made the initial payment of $950,000, however, failed to make payment on the purchase price under the Agreement in December 2006, as a result of the liquidation status of Quicknet described below under the Offering. As a result, this transaction remains in pending status and may not proceed to a final closing. See "Business - Proposed Topbiz Acquisition."

The Offering

The Offering of 134 units ("Units") was for $2 million on a "best efforts - all or none basis" with an over-subscription of $1,350,000, all $3,350,000 of which was sold. Each Unit was sold for $25,000, consisting of $25,000 principal amount of senior convertible debentures (the "Debentures"), and Class A Warrants and Class B Warrants, to purchase shares of common stock, $0.001 par value (the "Common Stock") of the Company. Each of the Debentures was initially convertible at $.35 per share (however, as discussed below, the conversion was reduced first to $.30 per share in April 2006 and then to $.05 per share only for those persons who executed Conversion/Settlement Agreements in February 2007). The Debentures matured and were not paid on August 15, 2006. They accrued interest at a rate of not less than 6% per annum equal to the sum of 2% per annum plus the one-month London Inter-Bank Offer Rate (LIBOR) and 12 percent per annum after August 15, 2006. The Debentures are subject to redemption at 125% of the principal amount plus accrued interest commencing six months after the August 7, 2006 effective date (the "Effective Date") of the initial registration statement. Each Unit also includes: (i) Class A Warrants exercisable at $.06 per share, as adjusted, to purchase 83,333 shares of Common Stock until February 15, 2008; and (ii) Class B Warrants exercisable at $.07 per share, as adjusted, to purchase 83,333 shares of Common Stock until February 15, 2009. The Class A and Class B Warrants are subject to redemption by the Company at any time commencing six months and twelve months, respectively, from August 7, 2006, provided the average closing bid price of the Common Stock equals or exceeds 175% of the respective exercise prices for 20 consecutive trading days. For additional information, see "Description of Securities" and "Plan of Distribution" elsewhere in this prospectus.

On January 18, 2006, we received a letter (the “Default Notice”) from the attorney for Southridge Partners, LP, (the “Lender”) the holder of $500,000 principal amount of the Company's Debentures stating that the company was in default of certain transaction agreements (the “Transaction Agreements”) issued in connection with the Debenture by virtue of the Company's issuance of registered shares of stock to employees and consultants under a Form S-8 registration statement and the filing of the Form S-8 prior to the Registration Statement declared effective on August 7, 2006 (the “Effective Date”).

The Company denied that it was in default of the Transaction Agreements; however, in order to avoid costly litigation, the parties entered into a waiver/settlement agreement as of May 4, 2006 (the “Waiver/Settlement Agreement”). Although the Waiver/Settlement Agreement was with only Southridge, the Company did not want to favor one debenture letter over all others and wanted to avoid subsequent claims from other holders. Therefore, the terms of the settlement applied to all Debenture holders.

In accordance with the terms of the Waiver/Settlement Agreement, the initial conversion price of the Debentures was reduced from $.35 per share to $.30 per share, the Class A Warrant exercise price was reduced from $.44 to $.38 per share and the Class B Warrant exercise price was reduced from $.52 to $.45 per share. In addition, the number of shares of the Company's common stock exercisable upon conversion of each $25,000 principal amount of Debenture and upon exercise of the Class A and Class B Warrants included in each Unit was increased from 71,429 shares to 83,333 shares for each of the Debentures, Class A Warrants and Class B Warrants, or an aggregate of 250,000 shares per unit. All of the additional shares of Common Stock are registered under this registration statement and will be offered pursuant to this Prospectus. The Lender waived this S-8 Default set forth in the Default Notice and the Company agreed not to file any additional S-8 Registration Statement prior to 45 days after the Effective Date.

On August 15, 2006, the Debentures matured. While the Company had sufficient cash on hand to repay the Debentures in their entirety with accrued interest, the Company had to apply to the banking authorities in China to convert its subsidiary's funds into U.S. dollars and repay the Debentures. The Company's operating subsidiary in China advised the Company that its application to SAFE to withdraw the funds from China has been denied. On October 25, 2006, the Company retained the law firm of Wyatt & Wang in Beijing to assist it comply with the Beijing Rule of Liquidation of companies with foreign investment (the “Rule of Liquidation”). On January 16, 2007, the Beijing Bureau of Commerce approved the liquidation which will take a total of 180 to 270 days.

Therefore, in order to settle pending litigation and avoid the continued threat of costly litigation (See “Business - Legal Proceedings), the Company and Debentureholders entered into a conversion/settlement agreement as of February 2, 2007 (the “Conversion/Settlement Agreement”). As of February 12, 2007, an aggregate principal amount in excess of 50% of the $3,350,000 principal amount of Debentures had entered into Conversion/Settlement Agreements, although the maximum number of shares issuable if all Debentureholders execute the agreement have been registered under this Registration Statement. In accordance with the terms of the Conversion/Settlement Agreement, the conversion price of the Debentures was further reduced from $.30 per share to $.05 per share for those Debentureholders who consented to the term of such agreement. Accordingly, the number of shares of the Company's Common Stock exercisable upon conversion of each $25,000 principal amount of Debenture was increased from 83,333 shares to 500,000 shares for the Debentures. The exercise price of the Class A Warrants and Class B Warrants were proportionately reduced to $.06 and $.07, respectively. The number of shares of Common Stock upon exercise of the Class A Warrants and Class B Warrants remained at 83,333 shares for each $25,000 Unit, for an aggregate of 666,666 shares per Unit for those debentureholders who executed Conversion/Settlement Agreements.

The Conversion/Settlement Agreements also provide for the Debentureholders who sign such agreement to: (i) terminate any and all pending litigation with the Company to which they are a party, without prejudice to reinstatement if and only if the Company defaults in its obligations under the Conversion Agreement; (ii) in any vote of shareholders not vote against any nominee to the Board of Directors of the Company and any proposal designated by current management of the Company which does not effect the Conversion, and (iii) release and hold harmless the Company and its officers, directors, employees, representatives and affiliates following the Closing.

The Company agreed to make whatever filings are necessary with the SEC, whether by way of supplement to this registration statement or the initial current Registration Statement to permit the issuance of common stock at the reduced Conversion Price of $.05 per share.

The Company shall also provide the Debentureholders with "most favored nation" status and reduce the Conversion Price to the per share price of any equity offering made by the Company within 18 months of the Closing Date. The Company shall issue such number of additional shares to the Debentureholders to reduce their Conversion Price to that of such subsequent offering.

WHERE YOU CAN FIND MORE INFORMATION

Our Common Stock is traded on the OTCBB under the symbol CHMS.OB. Material filed by us can also be inspected and copied at the offices of the NASD, located at 9509 Key West Avenue, Rockville, MD 20850-3329.

We will distribute annual reports to our stockholders, including financial statements examined and reported on by independent certified public accountants. We also will provide you without charge, upon your request, with a copy of any or all reports, proxy statements and other documents we file with the SEC, as well as any or all of the documents incorporated by reference in this prospectus or the registration statement we filed with the SEC registering for resale the shares of our common stock being offered pursuant to this prospectus, other than exhibits to such documents unless such exhibits are specifically incorporated by reference into such documents. Requests for such copies should be directed to Angela Du, the Company's Chief Executive Officer at China Mobility Solutions, Inc., #900 - 789 West Pender Street, Vancouver, B.C. Canada V6C 1H2, telephone: (604) 632-9638; URL: ww.chinamobilitysolutions.com.

We have filed a registration statement on Form SB-2 with the SEC registering under the Securities Act the common stock that may be distributed under this prospectus. This prospectus, which is a part of such registration statement, does not include all the information contained in the registration statement and its exhibits. For further information regarding us and our common stock, you should consult the registration statement and its exhibits.

Statements contained in this prospectus concerning the provisions of any documents are summaries of those documents, and we refer you to the documents filed with the SEC for more information. The registration statement and any of its amendments, including exhibits filed as a part of the registration statement or an amendment to the registration statement, are available for inspection and copying as described above.

STATE SUITABILITY STANDARDS

Notice to California Residents:

Sales in the state of California are limited to investors with a combined annual income of $65,000 and a net worth of $250,000 or a minimum net worth of $500,000, exclusive of homes, furnishings and automobiles or accredited investors as such term is defined in Rule 501 of Regulation D of the Securities Act.

RISK FACTORS

The securities offered hereby are speculative, involve a high degree of risk and should only be purchased by persons who can afford to lose their entire investment. Prospective purchasers should carefully consider, among other things, the following risk factors relating to the business of the Company and this Offering prior to making any investment. These risk factors are summary in nature and are not intended to be exhaustive or set forth all the possible risks and uncertainties that may be associated with purchasing or owning this investment. You are strongly urged to consult with professional financial advisors, accountants, and lawyers in evaluating this investment and making an independent and informed decision about whether or not to invest your money in this Offering.

Risks Relating to Our Operations

Need for additional financing.

Even if a substantially all of the Debentures from the Offering are converted into Common Stock, we will need additional funds to fully implement our business plan after we repay such Debentures. Management can give no assurance that any funds so obtained will be sufficient to fully implement the business plan, or that a full implementation of such business plan will result in the Company's profitability. If additional funds are raised though the issuance of equity or debt securities, such additional securities may have powers, designations, preferences or rights senior to our currently outstanding securities and, in the case of additional equity securities, the ownership of our existing shareholders will be diluted. No assurances can be given that we will be able to raise any additional financing. Any inability to obtain required financing on sufficiently favorable terms could have a material adverse effect on our business, results of operations and financial condition.

We may be unable to reorganize our Quicknet subsidiary.

As described under “Management's Discussion and Analysis or Plan of Operation” the Company's application to the banking authorities in China was approved to repay the Debentures though the liquidation of its Quicknet operating subsidiary, its primary source of business today. There can be no assurance that the liquidation will not have an adverse effect on the Company's operations as reorganized. While the Company has been advised that Quicknet can reorganize without much difficulty, operating management of Quicknet may decide to abandon the Company. Such an occurrence would leave the Company without its principal operating subsidiary which would substantially impair our viability.

We had substantial prior operating losses and are implementing a new business plan.

The Company had substantial operating losses in 2004 and 2005 and is using the proceeds of the Offering to implement the Company's business plan. The business plan calls for the Company to act as a link between China's major mobile carriers, China Unicom and China Mobile, to provide mobile solutions for corporate customers so that clients do not have to develop the technology themselves. The business plan also calls for the Company to offer business solutions in Office Automation Solutions, Mobile Banking, Mobile Tax Services and Services for the Police. The Company cannot project with certainty, nor does it make any representations regarding, the amount of revenue that it will be able to generate from this business plan. There is no guarantee that any of these new products will bring profit to the Company. We might spend substantial resources on new technology and products without generating any profit.

The Company's proposed operations are subject to all of the risks inherent in the expansion of an early-stage business enterprise, including higher-than-expected expenses and uncertain revenues. The likelihood of the success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the expansion of an early-stage business.

If we fail to establish our mobile solutions brand on a national basis we may not be able to increase our revenues sufficiently to become profitable.

We must promote and strengthen our brand of mobile solutions to businesses throughout China particularly because of the highly competitive nature of our business. If we fail to establish a nationwide brand for our services, we will be at a competitive disadvantage and may lose the opportunity to obtain, and thereafter maintain, a sufficient number of customers. The development of a nationwide network will depend largely on the success of our marketing efforts and our ability to provide consistent, high quality customer experiences. We cannot be certain that our promotional activities will be successful, or will result in increased revenues. If increased revenues are achieved, there can be no assurance that these revenues will be sufficient to offset the expenditures incurred in establishing a nationwide network.

We have a limited operating history and consequently face significant risks and uncertainties.

We initiated our current business strategy in 2003. As a result of our limited operating history, our recent growth and our reporting responsibilities as a public company, we may need to expand operational, financial and administrative systems and control procedures to enable us to further train and manage our employees and coordinate the efforts of our accounting, finance, marketing, and operations departments.

We lack business diversification.

As a result of the Company's discontinuance of its domain name registration, web hosting and web design services and the limited nature of our education and training business, the Company's prospects for success are dependent upon the future performance of a single business -- mobile marketing. If our future operations are unprofitable or if Quicknet cannot be reorganized after liquidation, we will be forced to develop another line of business and finance our future operations through the sale of assets or the sale of equity or debt securities in order to raise additional capital, none of which may be fea