

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Motion Telecom International Limited (the “Company”), you should at once hand this circular to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

---



## MAJOR DISPOSAL

**Financial adviser to China Motion Telecom International Limited**



---

\* For identification purpose only

---

## CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	5
The Agreement .....	6
Information on the CMNL Group .....	9
Reasons for the Disposal .....	10
Financial effect of the Disposal .....	10
Financial and trading prospects of the Group .....	11
Use of proceeds .....	11
General .....	11
Additional information .....	12
<b>Appendix I – Financial Information of the Group</b> .....	13
<b>Appendix II – General Information</b> .....	14

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Agreement”	the sale and purchase agreement dated 29 August 2008 entered into between the Company, the Purchaser and the Vendor in respect of the Disposal
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Adjustment Accounts”	the Adjustment Management Accounts or the Audited Completion Accounts as the case maybe
“Adjustment Management Accounts”	the CMNL Group’s unaudited consolidated balance sheet as at and unaudited consolidated profit and loss account for the period beginning from 1 April 2008 and ending on the last date of the immediate preceding calendar month prior to the Completion Date
“Audited Completion Accounts”	the audited consolidated financial statements (comprising consolidated balance sheet and profit and loss account) of the CMNL Group for the period beginning from 1 April 2008 and ending on the Completion Date to be prepared by the Vendor and the Purchaser jointly within 3 months from Completion
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for clearing and settlement business
“CMNL”	ChinaMotion NetCom Limited, a company incorporated in the British Virgin Islands
“CMNL Group”	CMNL and its subsidiaries
“CM Tel (USA)”	CM Tel (USA) LLC, a company incorporated in the United States of America which is a member of the CMNL Group
“Company”	China Motion Telecom International Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange

---

## DEFINITIONS

---

“Completion”	completion of the Agreement and the transactions contemplated therein
“Completion Date”	a date to be appointed by the Vendor and the Purchaser, being a date no later than the tenth (10th) Business Day following the later of (i) satisfaction of all conditions to the Agreement, and (ii) the delivery of the CMNL Group’s audited consolidated balance sheets as at, and audited consolidated profit and loss accounts for the accounting period for the three (3) years ended 31 March 2006, 31 March 2007 and 31 March 2008 or the specified delivery date thereof or such other date as the parties may agree in writing, which is intended to be no later than 30 September 2008
“Completion Ex-Cash Net Current Assets”	an amount in HK\$ equal to the current assets of the CMNL Group as at Completion (excluding the amount due from the Group, cash and bank balances) less the current liabilities of the CMNL Group (including all bank borrowings) as at Completion (excluding the amount due to the Group), as calculated from the Audited Completion Accounts
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$260,000,000 payable by the Purchaser to the Vendor for the Sale Shares and Net Payables which is subject to adjustments upon Completion under the Agreement
“Deferred Consideration”	the sum of HK\$26,000,000 (representing 10% of initial Consideration before any adjustments)
“Deferred Transfer”	the transfer of 51% interest in CM Tel (USA) pending the relevant change-of-control approvals from the relevant governmental authorities in the United States of America
“Directors”	directors of the Company
“Disposal”	the proposed disposal of Sale Shares and Net Payables under the Agreement
“Group”	the Company and its subsidiaries, and following completion of the Agreement means the Company and its subsidiaries, excluding the CMNL Group
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

---

## DEFINITIONS

---

“Latest Practicable Date”	16 September 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Marvel Bonus”	Marvel Bonus Holdings Limited, a controlling shareholder of the Company. It is ultimately owned as to 50% by Mr. Ting Pang Wan, Raymond, the chairman and an executive director of the Company
“Net Payables”	the net amount which stands due owing from members of the CMNL Group to members of the Group as at Completion, being the total amount of all the indebtedness (whether or not then due or payable) owed by members of the CMNL Group to members of the Group netting those (whether or not then due or payable) owed by members of the Group to members of the CMNL Group, which amount shall only be ascertained by reference to the relevant Adjustment Accounts.
“Purchaser”	CITIC 1616 Holdings Limited, a company incorporated in Hong Kong with limited liability whose issued shares are listed on the Main Board of the Stock Exchange
“Purchaser’s Solicitors”	JSM of 16th to 19th Floors, Prince’s Building, 10 Chater Road, Central, Hong Kong
“PRC”	the People’s Republic of China
“Sale Shares”	the entire issued share capital of CMNL
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	ChinaMotion NetCom Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

---

## DEFINITIONS

---

“Vendor’s Solicitors”	Iu, Lai & Li of 20th Floor, Gloucester Tower, The Landmark, Central, Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

---

## LETTER FROM THE BOARD

---



*Executive Directors:*

Mr. Ting Pang Wan, Raymond (*Chairman*)  
Mr. Wu Chi Chiu (*Deputy Chairman and  
Chief Executive Officer*)  
Ms. Fan Wei

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent Non-executive Directors:*

Mr. Lo Chi Ho, William  
Mr. Huang An Guo  
Ms. Wong Fei Tat

*Head Office and Principal*

*Place of Business:*  
Room 2604-08, 26th Floor  
Harbour Centre  
25 Harbour Road  
Wanchai  
Hong Kong

19 September 2008

*To the Shareholders and, for information purpose only,  
the holder(s) of warrant(s) of the Company*

Dear Sir or Madam,

### MAJOR DISPOSAL

#### INTRODUCTION

On 29 August 2008, the Board announced that the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement to sell to the Purchaser the Sale Shares and the Net Payables for a cash Consideration of HK\$260,000,000, subject to the adjustments as described in this circular.

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders. Marvel Bonus, which is beneficially interested in approximately 66.16% of the total issued Shares, has given written consent to the Disposal on 28 August 2008. The written consent from Marvel Bonus is accepted in lieu of holding a general meeting to approve the Disposal pursuant to Rule 14.44 of the Listing Rules.

The purpose of this circular is to give you details of the Agreement, the financial information and other information of the Group.

\* For identification purpose only

---

## LETTER FROM THE BOARD

---

### THE AGREEMENT

**Date of the Agreement:** 29 August 2008 (after Stock Exchange trading hours)

#### Parties

Vendor: ChinaMotion NetCom Holdings Limited, a wholly-owned subsidiary of the Company

Purchaser: CITIC 1616 Holdings Limited

Guarantor: the Company

The Purchaser is a listed telecommunication operator in Hong Kong. The principal activity of the Purchaser is providing interoperable connections to customers (mainly telecoms operators) including voice hubbing services, SMS hubbing services, mobile value added services and enterprise solutions. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of Vendor and the Company and their respective connected persons (as defined under the Listing Rules). Save for entering into the Agreement with Vendor and the Company, the Purchaser and its ultimate beneficial owner(s) have no relationship, business or otherwise, with the Group at present or in the past.

#### Assets to be disposed of

The Sale Shares, representing 100% of the entire issued share capital of CMNL, and the Net Payables.

The Sale Shares shall be sold free from all claim, option, right to acquire, mortgage, charge, pledge, lien, counter-claim, adverse claim, assignment, hypothecation, title retention, preferential right, trust arrangement and together with all rights attached thereto and all dividends and distributions declared, paid or made in respect thereof upon Completion.

The Net Payables represent the net amount which stands due owing from members of the CMNL Group to members of the Group as at Completion, being the total amount of all the indebtedness (whether or not then due or payable) owed by members of the CMNL Group to members of the Group netting those (whether or not then due or payable) owed by members of the Group to members of the CMNL Group, which amount shall only be ascertained by reference to the Adjustment Accounts. According to the management accounts of the CMNL Group as at 31 March 2008, the net amount owing from members of the CMNL Group to members of the Group was approximately HK\$46,531,000.

---

## LETTER FROM THE BOARD

---

### Consideration

The Consideration payable by the Purchaser to the Vendor for the Sale Shares and the Net Payables amount HK\$260,000,000. The Consideration is subject to the adjustments as described in the paragraph headed “Adjustments to the Consideration” below. The Consideration is payable in cash in the following manner:

- (i) HK\$26,000,000 being 10% of the initial Consideration, as deposit and part payment of the Consideration (the “Deposit”) has been paid to the Vendor’s Solicitors as escrow agent upon the signing of the Agreement;
- (ii) the remaining balance of Consideration (after deducting the amount of the Deposit plus or minus the adjustments as described below and the Deferred Consideration) shall be paid to the Vendor upon Completion; and
- (iii) the Deferred Consideration shall be paid to the Purchaser’s Solicitors as escrow agent upon Completion. The Deferred Consideration will be released to the Vendor upon the completion of the Deferred Transfer.

The Deposit (with interests accrued thereon) shall be released to the Vendor on Completion. If the Agreement is terminated due to default by the Purchaser, the Deposit (with interests accrued thereon) shall be retained by the Vendor. If the Agreement is terminated due to, amongst other things, a default by the Vendor, the Deposit (with interests accrued thereon) shall be refunded to the Purchaser.

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Purchaser with reference to the unaudited profit of CMNL Group after tax and excluding the management fee allocated from the Group (the “Allocated Management Fee”) for the year ended 31 March 2008 of approximately HK\$25,905,000 and a price earnings multiple of approximately 10 times. The price earnings multiple of approximately 10 times is determined with reference to those of the listed companies in Hong Kong engaging in similar wholesale IDD related business. The parties have agreed to the exclusion of the Allocated Management Fee from the aforesaid 2008 unaudited profit of CMNL Group for the purpose of determining the Consideration as it is considered that it would reflect more precisely.

### Adjustments to the Consideration

The Consideration of HK\$260,000,000 shall be adjusted after Completion as set out below:

- (i) in the event the Completion Ex-Cash Net Current Assets (as calculated from the relevant Adjustment Accounts) are less than zero, then the Consideration shall be adjusted by deducting therefrom an amount of such shortfall; and
- (ii) in the event that the cash and bank balances shown in the relevant Adjustment Accounts are (1) less than HK\$1,000,000, then the Consideration shall be adjusted by deducting therefrom an amount of such shortfall; or (2) more than HK\$1,000,000, then the Consideration shall be adjusted by adding the excess amount thereto.

---

## LETTER FROM THE BOARD

---

The adjustments will be made on the Completion Date with reference to the Completion Ex-Cash Net Current Assets and the cash and bank balances of CMNL Group derived based on the Adjustment Management Accounts then available. These figures will then be recalculated based on the Audited Completion Accounts, available within 3 months from Completion. Any difference in amount of such figures as compared with those in the Adjustment Management Accounts will lead to further adjustment accordingly.

According to the unaudited management accounts of the CMNL Group as at 30 June 2008, the net current liabilities (excluding the amount due from / to the Group and cash and bank balances but including all bank borrowings) amounted approximately HK\$36.1 million and the cash and bank balances of the CMNL Group was approximately HK\$11.3 million.

### **Conditions Precedent**

Completion of the Agreement is conditional upon fulfillment of the following conditions:-

- (i) the Company having obtained all necessary consents and approvals as required under the Listing Rules for the Agreement and transactions contemplated hereunder; and
- (ii) the Purchaser having obtained all necessary consents and approvals as required under the Listing Rules for the Agreement and transactions contemplated hereunder.

The Company guarantees to the Purchaser the performance of the Vendor's obligations under the Agreement. In the event of any of the conditions (i) and (ii) are not satisfied by 31 December 2008, then the Agreement shall automatically terminate and all obligations of the Purchaser, the Company and the Vendor under the Agreement shall cease, provided that rights and liabilities of the parties hereto which have accrued prior to termination shall subsist.

### **Other terms**

The Vendor and the Company undertake with the Purchaser that for a period of two years immediately following Completion, they will not compete with the existing business carried on by the CMNL Group except for the calling card business and retail IDD business currently carried out by the Group in Hong Kong, the PRC and Taiwan.

In the event that any of the Vendor and the Company receives a third party offer to acquire any of their existing remaining telecommunication business during a period of 3 years after Completion, they shall first offer to sell such business to the Purchaser at a same price as offered to the Vendor and/or the Company by such prospective purchaser.

---

## LETTER FROM THE BOARD

---

### Completion

Completion will take place on a date to be appointed by the Vendor and the Purchaser, being a date no later than the tenth (10th) Business Day following the later of (i) satisfaction of all the conditions set out above, and (ii) the delivery of the audited consolidated accounts of the CMNL Group for the 3 years ended 31 March 2008 pursuant to the Agreement, which is currently intended to be no later than 30 September 2008, or at such other time as the parties to the Agreement may agree.

If approval from the relevant governmental authorities in the United States of America in respect of change in control of CM Tel (USA), a member of CMNL Group, as a result of the Disposal is not available before the date of Completion, completion of the Agreement will proceed save that transfer of 51% interests in CM Tel (USA) will be deferred pending such approval. In the meantime, the Deferred Consideration will be held by the Purchaser's Solicitors in escrow, and will be released to the Vendor on completion of such transfer.

### INFORMATION ON THE CMNL GROUP

CMNL is a wholly-owned subsidiary of the Company. CMNL is an intermediary holding company of the Group with its subsidiaries engaged in the provision of wholesale IDD services and overseas calling card services (the "Sale Business"). Its global service network has coverage spanning across countries and areas including PRC, Hong Kong, Taiwan, Singapore, Vietnam, Japan, South Korea, the United Kingdom, America and Canada.

The followings are the turnover, net profit before tax and net profit after tax based on the unaudited management accounts of CMNL Group prepared using the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants for the two years ended 31 March 2007 and 2008:

	For the year ended 31 March	
	2008	2007
	HK\$'000	HK\$'000
Turnover	444,473	424,361
Net profit before tax/after tax	17,664	21,589

	For the year ended 31 March	
	2008	2007
	HK\$'000	HK\$'000
Net liabilities	54,875	72,544
Total assets	189,179	128,080

---

## LETTER FROM THE BOARD

---

### REASONS FOR THE DISPOSAL

The Company is an investment holding company. The activities of its subsidiaries comprise international telecommunications services, provision of mobile communications services, distribution and retailing of telecommunication products, provision of trunked radio services and property investments. The international telecommunications services of the Group comprise wholesale and retail IDD services and overseas calling cards services. The Group will have no more business activities in wholesale IDD services and overseas calling cards services upon Completion. The retail IDD services will remain as part of the business of the Group after the Disposal.

The Sale Business is one of the major sources of income for the Group. The Sale Business accounted for about HK\$444 million, or approximately 67.4%, of the Group's total turnover for the year ended 31 March 2008 and HK\$17.7 million, or approximately 44.1%, of the profit before taxation of the Group for the year ended 31 March 2008. Despite the satisfactory contribution brought by the Sale Business to the Group, the international telecommunications services industry is severely competitive and sees fierce competition among operations throughout the years. The Group has striven to improve its performance through close co-operation with major telecom operators and the implementation of stringent cost-efficiency measures. The Directors believe that in order to keep pace with the technology development for the purposes of maintaining its competitiveness and market share, the Group has to make significant capital investment to the business of wholesale IDD services and overseas calling cards services in the near future, which would inevitably erode further into the return of the business of wholesale IDD services and overseas calling cards services in the short term, before benefits of the new investments might be realized. Given the relatively small scale of operation of the business of wholesale IDD services and overseas calling cards services as compared to the leading operators, and the highly competitive nature of the market, the Directors consider that a substantial growth in profitability of the business of wholesale IDD services and overseas calling cards services in the short term might not be forthcoming. It is currently contemplated that the Disposal would result in a gain on disposal and enable the Group to redeploy the cash proceeds realised to other investment opportunities that may offer better return.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement, including the Consideration, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### FINANCIAL EFFECT OF THE DISPOSAL

The expected gain to be recorded by the Group in relation to the Disposal before expenses will be the difference between the Consideration of HK\$260,000,000 after adjustments (details of which are set out in the above paragraph headed "Adjustments to the Consideration") and the aggregate value of (i) the net liabilities of the CMNL Group; and (ii) the book value of the Net Payables upon Completion. For illustration purpose only, based on the unaudited management accounts of the CMNL Group as at 31 March 2008, with the unaudited net liability of approximately HK\$54.9 million and the book value of the Net Payables amounting to approximately HK\$46.5 million, the Disposal is expected to realise a profit of approximately HK\$268.4 million for the Group before the adjustments (if any) upon Completion.

Upon Completion, the Company will cease to hold any equity interest in CMNL. It is expected that the earnings of the Group will be increased as a result of the recognition of a one-off gain on disposal of

---

## LETTER FROM THE BOARD

---

the CMNL Group upon Completion. In addition, it is expected that the Group's total liabilities will be decreased but the total assets of the Group will be increased taking into accounts the net liabilities position of the CMNL Group and the net proceeds of HK\$260 million from the Disposal.

### FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As stated in the annual report of the Company for the year ended 31 March 2008, the Group was able to obtain stable growth, despite having to face severe market competition and mounting pressure of rate cut. This was the result of effective efforts of the Group in prudent expansion strategy, network quality upgrade, efficient margin management and its success in developing a balanced operational structure. As the challenges and difficult business environment is expected to prevail, broadening income sources and strengthening the revenue base have become the Group's strategic focus. The Group will continue to implement cost control measures and margin management, as well as to allocate resources to effect healthy development of its businesses. To cope with the ever-changing market, the Group will also strive to explore investment opportunities and seek to introduce strategic partners or investors, so as to diversify its businesses as well as to further enhance its performance and realise the full potential of its existing businesses.

### USE OF PROCEEDS

It is expected that the net proceeds from the Disposal will be approximately HK\$258 million before the adjustments (if any) upon Completion (after deducting all relevant fees and expenses such as professional fees and publication fees) will be used for general working capital of the Group and to fund any potential investments available to the Group in future. As at the Latest Practicable Date, the Directors have not identified any potential investments and therefore the net proceeds to be used for such purpose have not yet been determined. The Company will make further announcement as and when appropriate if such occasion arises.

### GENERAL

There was a change in control (as defined in the Takeovers Code) in the Company in October 2006 when Marvel Bonus became interested in over 50% of the voting rights of the Company at general meetings. Marvel Bonus currently holds approximately 66.16% of the issued share capital of the Company and is ultimately owned as to 50% by Mr. Ting Pang Wan, Raymond. Marvel Bonus remains as the controlling shareholder of the Company at all times since October 2006. There has been no acquisition of assets by the Group from Marvel Bonus and its associates or from any other parties after such change of control. As the transactions contemplated under the Disposal would involve a disposal of the Group's existing business in wholesale IDD services and overseas calling card services within 24 months after there has been a change of control to Marvel Bonus, the Disposal might raise issues under Rule 14.92.

Based on the fact that (i) the Company has not acquired any assets from Marvel Bonus and its associates or from any other parties since the change in control occurred in October 2006; and (ii) the Directors are of the view that the Disposal is in the interests of the Company and its Shareholders as described in the session headed "Reasons for the Disposal" above, the Company has made a waiver application of Rule 14.92 which has been granted on 4 September 2008.

---

## LETTER FROM THE BOARD

---

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval of the Shareholders. Marvel Bonus, which is beneficially interested in approximately 66.16% of the total issued Shares, has given written consent to the Disposal on 28 August 2008. The written consent from Marvel Bonus is accepted in lieu of holding a general meeting to approve the Disposal pursuant to Rule 14.44 of the Listing Rules.

### ADDITIONAL INFORMATION

Your attention is drawn to the financial information and the general information relating to the Group contained in the appendices to this circular.

By order of the Board of  
**China Motion Telecom International Limited**  
**TING Pang Wan, Raymond**  
*Chairman*

**1. INDEBTEDNESS****Borrowings**

As at the close of business on 31 August 2008, being the latest practicable date for the purpose of the indebtedness, the Group had outstanding borrowings of approximately HK\$64,133,000 which comprised of (i) bank borrowings of approximately HK\$57,431,000, which were secured by the leasehold land and building and investment properties of the Group; and (ii) obligations under finance leases of HK\$6,702,000.

**Contingent liabilities**

As at 31 August 2008, the Group issued guarantees for banking facilities and third parties for non-performance of contractual obligation granted to its subsidiaries to the extent of HK\$172,899,000 and HK\$19,783,000 respectively.

**Disclaimer**

Save as referred to as above and apart from intra-group liabilities, the Group did not have, as at 31 August 2008, any debt securities issued and outstanding or authorized or otherwise created but issued, term loan, bank overdrafts, loan or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees, convertible bonds or other material contingent liabilities.

For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing as at 31 August 2008.

**2. WORKING CAPITAL**

The Directors are satisfied after due and careful enquiry that after taking into account the existing banking facilities available and the existing cash and bank balances, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

**3. MATERIAL ADVERSE CHANGE**

The Directors are not aware, as at the Latest Practicable Date, of any material adverse change in the financial or trading position of the Group since 31 March 2008, the date to which the latest published audited financial statements of the Company were made up.

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

**DISCLOSURE OF INTERESTS****(a) Directors and chief executive**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

**(i) Interests in Shares, underlying Shares and debentures of the Company**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Position</b>	<b>No. of Shares held</b>	<b>Approximate shareholding percentage</b>
Mr. Ting Pang Wan, Raymond	Corporate <i>(Note)</i>	Long	1,555,000,000	66.16%

*Note:* The corporate interest of Mr. Ting Pang Wan, Raymond is beneficially owned by Marvel Bonus, the entire issued share capital of which is owned as to 50% by Integrated Asset Management (Asia) Limited and as to the remaining 50% by Shanghai Assets (BVI) Limited. Shanghai Assets (BVI) Limited is wholly and beneficially owned by Mr. Ting. Mr. Ting is therefore deemed to be interested in the 1,555,000,000 Shares held by Marvel Bonus. Mr. Ting is also a director of Marvel Bonus and a director of Shanghai Assets (BVI) Limited.

(ii) *Interests in Shares, underlying Shares and debentures of associated corporation of the Company*

Name of Director	Name of associated corporation	Relationship with the Company	Nature of interest	Position	No. of share held	Approximate shareholding percentage
Mr. Ting Pang Wan, Raymond	Marvel Bonus	Holding company of the Company	Corporate <i>(Note)</i>	Long	1	50.00%

*Note:* The corporate interest of Mr. Ting Pang Wan, Raymond in Marvel Bonus is beneficially owned by Shanghai Assets (BVI) Limited. Shanghai Assets (BVI) Limited is wholly and beneficially owned by Mr. Ting. Mr. Ting is therefore deemed to be interested in the 1 share held by Shanghai Assets (BVI) Limited in Marvel Bonus.

Save as disclosed above, as at the Latest Practicable Date:

- (i) none of the Directors or chief executive of the Company held any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange; and
- (ii) none of the Directors or chief executive of the Company was a director or employee of a company which had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**(b) Substantial Shareholders**

As at the Latest Practicable Date, according to the register of interests kept by the Company under Section 336 of the SFO and so far as was known to the Directors and chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had the following interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any option in respect of such capital) carrying rights to vote in all circumstances at general meetings of the Company:

<b>Name of Shareholder</b>	<b>Nature of interest</b>	<b>Position</b>	<b>No. of Shares held</b>	<b>Approximate shareholding percentage</b>
Yam Tak Cheung	Corporate <i>(Note)</i>	Long	1,555,000,000	66.16%
Integrated Asset Management (Asia) Limited	Corporate <i>(Note)</i>	Long	1,555,000,000	66.16%
Shanghai Assets (BVI) Limited	Corporate <i>(Note)</i>	Long	1,555,000,000	66.16%
Marvel Bonus	Beneficial owner	Long	1,555,000,000	66.16%

*Note:* Marvel Bonus is owned as to 50% by Integrated Asset Management (Asia) Limited and as to the remaining 50% by Shanghai Assets (BVI) Limited. Integrated Asset Management (Asia) Limited and Shanghai Assets (BVI) Limited are therefore deemed to be interested in the 1,555,000,000 Shares held by Marvel Bonus. Integrated Asset Management (Asia) Limited is in turn wholly and beneficially owned by Mr. Yam Tak Cheung. Mr. Yam is therefore also deemed to be interested in the 1,555,000,000 Shares held by Marvel Bonus.

According to the register of interests kept by the Company under Section 336 of the SFO and so far as was known to the Directors and chief executive of the Company, save as disclosed above, there were no other persons (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or in any option in respect of such capital.

**(c) Interests in other members of the Group**

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following persons (other than a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any option in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Name of non-wholly owned subsidiaries of the Company	Approximate shareholding percentage
China Motion Telecom Holdings Limited (潤迅通信集團有限公司)	Guangzhou Motion Telecom Service Co., Ltd. (廣州潤迅科技服務有限公司)	30%
	Shenzhen Motion Mobile Telecom Services Co., Ltd. (深圳潤迅移動技術服務有限公司)	10%
	Shenzhen Motion Telecom Service Co. Ltd (深圳潤迅科技服務有限公司)	30%
China Motion Group Guangdong Co., Ltd. (中國移動通信集團廣東有限公司)	China Motion United Telecom Limited (香港潤迅通信聯合有限公司)	30%
Shenzhen China Motion Telecom United Company Limited (深圳市潤迅通信聯合有限公司)	Shenzhen Motion Trunked Radio Co., Ltd. (深圳潤迅集群通信技術有限公司)	30%
上海商凱通信產品連鎖銷售有限公司	Zhengzhou Shang Kai Telecom Services Co., Ltd. (鄭州商凱通訊科技服務有限公司)	33.33%

**MATERIAL CONTRACTS**

The following contracts, not being contracts in the ordinary course of business, were entered into by the members of the Group within two years preceding the Latest Practicable Date and are or may be material:

- (i) On 5 September 2006, the Company entered into a subscription agreement with Marvel Bonus, as subscriber, for subscription of 1,800,000,000 new Shares of the Company at a subscription price of HK\$0.02 per Share for a cash consideration of HK\$36,000,000 and for advancing a standby facility of HK\$30,000,000 upon completion of the subscription;

- (ii) On 18 September 2006, the Company entered into an agreement supplemental to the subscription agreement as referred to in paragraph (i) above with Marvel Bonus, as subscriber, for change of the completion date from the date falling four business days to two business days following the receipt by the subscriber of written confirmation and evidence for the satisfaction of the subscriber that all the conditions of subscription agreement had been satisfied;
- (iii) On 21 September 2006, China Motion Properties Limited, China Motion Data System Limited, Jackie Industries Limited and World Sheen Properties Limited, all being the wholly-owned subsidiaries of the Company, collectively as landlords, entered into a tenancy agreement with Johnson Controls Hong Kong Limited, as tenant, for rental of the premises of 20/F., Tower I, II & III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Hong Kong and 11 Car Parking Spaces A1, A2, A3, A5, A6, A7, A8, A9, A10, A13 and A14 of 1P Floor, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Hong Kong at an aggregate rent of HK\$669,488 per month for a term of 3 years commencing from 16 October 2006;
- (iv) On 9 October 2006, the Company entered into a standby facility of HK\$30,000,000 with Marvel Bonus upon completion of subscription as referred to in paragraph (i) above;
- (v) On 2 January 2007, Prime Target International Limited (“Prime Target”), a wholly-owned subsidiary of the Company, entered into a legally binding heads of agreement with Best Delight Group Limited (“Best Delight”) for purchase of the entire issued share capital of Grand Promise International Limited (“GPIL”) and the entire shareholder loan due from GPIL and, if any, from its subsidiaries, to Best Delight at a total consideration of HK\$240,000,000 in which (i) HK\$120,000,000 would be paid in cash; and (ii) the remaining HK\$120,000,000 would be satisfied by an allotment and issue of consideration shares up to a maximum of 200,000,000 new Shares of the Company at an issue price of HK\$0.60 per Share;
- (vi) On 29 March 2007, Prime Target entered into a deed of termination with Best Delight for termination of the heads of agreement and release and discharge of each other from its respective obligations under the heads of agreement as referred to in paragraph (v) above;
- (vii) On 14 August 2007, the Company entered into a sale and purchase agreement with Marvel Bonus for a proposed disposal of certain dormant subsidiaries of the Company for a total consideration of HK\$9,600,000 in cash;
- (viii) On 14 August 2007, the Company entered into a share purchase agreement (as amended by the supplemental agreement dated 19 September 2007) with Asia Castle Development Limited (“Asia Castle”) for acquisition of the entire issued share capital of Larkhall Holdings Limited at a consideration of HK\$2,589,600,000 to be satisfied (i) as to HK\$1,898,689,100 by the issue of the convertible bond; (ii) as to HK\$249,210,000 by the allotment and issue of 702,000,000 Shares at the issue price of HK\$0.355 per Share, credited as fully paid; and (iii) as to HK\$441,700,900 by the issue of the Promissory Note by the Company;

- (ix) On 19 September 2007, the Company entered into a deed of termination and release with Marvel Bonus for termination and release of obligations and liabilities of the sale and purchase agreement as referred to in paragraph (vii) above;
- (x) On 4 December 2007, the Company entered into deed of termination with Asia Castle for termination of the share purchase agreement (as amended by the supplemental agreement) as referred to in paragraph (viii) above and release and discharge of the other absolutely from all covenants, undertakings, warranties and other obligations and liabilities under the said agreements;
- (xi) On 10 January 2008, the Company entered into a conditional subscription agreement with Oncentury Limited, as subscriber, for subscription of 460,000,000 units of non-listed warrants of the Company at an initial subscription price of HK\$0.345 per new Share which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the warrants for a cash consideration of HK\$1,000,000;
- (xii) On 27 March 2008, Jackies Industries Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with 李忠勇, an independent third party for disposal of Units 1401, 1413 and 1414 on Level 14, Office Tower I, Henderson Centre, 18 Jianguomennei Avenue, Dongcheng District, Beijing, PRC at consideration of RMB4,765,600; and
- (xiii) the Agreement.

## **LITIGATION AND CLAIMS**

As at the Latest Practicable Date, to the best of the knowledge of the Directors, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

## **CONTRACTS OR ARRANGEMENTS AND COMPETING BUSINESSES**

As at the Latest Practicable Date, there was no contract or arrangement entered into by any member of the Group subsisting in which any Director was materially interested and which was significantly in relation to the business of the Group.

None of the Directors has any direct or indirect interest in any assets which had been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any of its subsidiaries since 31 March 2008 (the date to which the latest published audited financial statements of the Company were made up).

As at the Latest Practicable Date, none of the Directors and/or his/her associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the head office and principal place of business of the Company at Room 2604-08, 26th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong during normal business hours on any weekdays other than public holidays for a period of 14 days from the date hereof:

- (i) the bye-laws of the Company;
- (ii) the annual reports of the Company for the two years ended 31 March 2007 and 2008; and
- (iii) the material contracts as referred to in the paragraph headed “Material Contracts” in this Appendix.

**GENERAL**

- (i) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is situated at Room 2604-08, 26th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.
- (ii) The principal share registrar of the Company is Butterfield Fund Services (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda.
- (iii) The Hong Kong branch share registrar of the Company is Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong.
- (iv) The secretary of the Company is Ms. Chan Siu Mei. Ms. Chan is the associate members of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries & Administrators.
- (v) The qualified accountant of the Company is Ms. Lung Yuet Kwan. Ms. Lung is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (vi) The English text of this circular shall prevail over its Chinese text in case of inconsistency.