潤迅通信國際有限公司*
China Motion Telecom International Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 989)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

RESULTS

The Board of Directors (the "Board") of China Motion Telecom International Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2007 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2007

		2007	2006
	Note	***HK$'000***	*HK$'000*
Turnover		**649,605**	840,222
Cost of sales and services		**(505,398)**	(717,559)
Gross profit		**144,207**	122,663
Other revenue		**13,845**	12,653
Other net income	*4*	**71,240**	62,228
Distribution costs		**(3,860)**	(6,674)
Administrative expenses		**(148,270)**	(237,033)
Provision for doubtful debts and impairment loss on other non-current assets and interests in associates		**-**	(116,050)
Impairment loss on property, plant and equipment and other non-current assets		**-**	(63,767)
Finance costs	*5*	**(5,403)**	(4,355)
Share of profits of associates		**-**	780
Profit (loss) before taxation	*6*	**71,759**	(229,555)
Taxation	*7*	**75**	1,077
Profit (loss) for the year		**71,834**	(228,478)

Attributable to:			
Equity holders of the Company		**71,888**	(201,055)
Minority interests		**(54)**	(27,423)
		71,834	(228,478)
Dividend	*8*	**-**	-
Earnings (loss) per share	*9*		
Basic		**5.30 HK cents**	(38.26) HK cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET
As at 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**187,730**	77,400
Property, plant and equipment		**26,930**	79,219
Interests in associates		**-**	5,424
Premium for land lease		**65,106**	82,759
Other non-current assets		**3,739**	3,739
Intangible assets		**3,480**	-
		286,985	248,541
Current assets			
Inventories		**6,599**	4,229
Trade and other receivables	*10*	**83,905**	170,660
Pledged bank deposits		**1,408**	2,160
Bank balances and cash		**21,707**	35,202
		113,619	212,251
Current liabilities			
Trade and other payables	*11*	**154,328**	318,559
Borrowings due within one year		**44,140**	43,113
Obligations under finance leases		**639**	2,037
Taxation		**5,232**	6,246
		204,339	369,955
Net current liabilities		**(90,720)**	(157,704)
Total assets less current liabilities		**196,265**	90,837
Non-current liabilities			
Borrowings due after one year		**23,325**	37,799
Obligations under finance leases		**763**	378
		24,088	38,177
NET ASSETS		**172,177**	52,660

CAPITAL AND RESERVES		
Issued capital	**23,505**	394,107
Reserves	**141,897**	(348,276)
Total capital and reserves attributable to equity holders of the Company	**165,402**	45,831
Minority interest	**6,775**	6,829
TOTAL EQUITY	**172,177**	52,660

Notes :

1. **PREPARATION OF FINANCIAL STATEMENTS**

In preparing the financial statements, the directors have carefully assessed the working capital and financing requirements of the Group in the foreseeable future, as the current liabilities of the Group exceeded its current assets by HK$90,720,000 *(2006: net current liabilities of HK$157,704,000)* at the balance sheet date as well as commitments that are payable in the next twelve months as stated in the financial statements.

Taking into account the existing and available banking facilities, cash and bank balances of the Group, the historical payment patterns for the Group's liabilities and continuing profitable operations, the directors are satisfied that the Group has sufficient resources to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

2. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

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

(2) **Change in accounting policies**
In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA that are relevant to its operations and effective for accounting periods beginning on or after 1st April 2006. A summary of the new HKFRSs are set out below:

HKAS 21(Amendment)	Net Investment in a Foreign Operation
HKAS 39(Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts

The adoption of the above new HKFRSs did not result in substantial changes to the Group's accounting policies and did not result in significant impact to the Group's results and financial position for the current and prior periods.

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendments or interpretations will have no material impact on the results and the financial positions of the Group.

HKAS 1(Amendment)	Capital Disclosures *(note a)*
HKFRS 7	Financial Instruments: Disclosures *(note a)*
HKFRS 8	Operating Segments *(note b)*
HK(IFRIC) – Int 8	Scope of HKFRS 2 *(note c)*
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment *(note d)*

Notes:

a. Effective for annual periods beginning on or after 1st January 2007.
b. Effective for annual periods beginning on or after 1st January 2009.
c. Effective for annual periods beginning on or after 1st May 2006.
d. Effective for annual periods beginning on or after 1st November 2006.

3. **SEGMENT INFORMATION**

The Group is principally engaged in the provision of international telecommunications services, mobile communications services and distribution and retail sales of telecommunications products and services.

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

(a) ***Primary reporting format - business segments***

For the year ended 31 March 2007	**International telecommuni-cations services**	**Mobile communi-cations services**	**Distribution and retail chain**	**Others**	**Inter-segment elimination**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover						
Revenue from external customers	**417,104**	**120,423**	**112,078**	**-**	**-**	**649,605**
Inter-segment revenue	**21,918**	**-**	**2,939**	**-**	**(24,857)**	**-**
Segment turnover	**439,022**	**120,423**	**115,017**	**-**	**(24,857)**	**649,605**
Segment results	**18,149**	**19,251**	**338**	**39,435**	**-**	**77,173**
Unallocated operating income and expenses						**(11)**
Finance costs						**(5,403)**
Share of profits of associates						**-**
Profit before taxation						**71,759**
Taxation						**75**
Profit for the year						**71,834**

For the year ended 31 March 2006	International telecommuni-cations services	Mobile communi-cations services	Distribution and retail chain	Others	Inter-segment elimination	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover						
Revenue from external customers	638,170	105,824	96,228	-	-	840,222
Inter-segment revenue	28,436	-	3,464	-	(31,900)	-
Segment turnover	666,606	105,824	99,692	-	(31,900)	840,222
Segment results	(111,286)	5,409	(4,081)	(64,079)	-	(174,037)
Unallocated operating income and expenses						(51,943)
Finance costs						(4,355)
Share of profits of associates						780
Loss before taxation						(229,555)
Taxation						1,077
Loss for the year						(228,478)

3. **SEGMENT INFORMATION (continued)**

(b) ***Secondary reporting format - geographical segments***

	Turnover		Segment results	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China ("PRC")	**5,540**	4,998	**(1,841)**	(6,336)
Hong Kong	**379,913**	483,010	**74,047**	(122,724)
Other Asia Pacific regions	**66,404**	120,717	**(149)**	(29,465)
North America and the United Kingdom	**197,748**	231,497	**5,116**	(15,512)
	649,605	840,222	**77,173**	(174,037)

4. **OTHER NET INCOME**

	2007	2006
	HK$'000	*HK$'000*
Change in fair value of investment properties	**45,030**	3,947
Provision for bad debt written back	**22,310**	-
Gain on disposal of an investment property / premium for land lease and buildings	**571**	2,024
Gain on disposal of property, plant and equipment	**113**	-
Reversal of impairment loss of premium for land lease	**1,071**	34,970
Reversal of impairment loss of buildings	**558**	20,370
Sundry income	**1,587**	917
	71,240	62,228

5. **FINANCE COSTS**

	2007	2006
	HK$'000	*HK$'000*
Interest on bank and other borrowings:		
Wholly repayable within five years	**3,836**	2,015
Not wholly repayable within five years	**1,467**	2,154
Finance charges on obligations under finance leases	**100**	186
	5,403	4,355

6. PROFIT (LOSS) BEFORE TAXATION

This is stated after charging (crediting):

	2007	2006
	HK$'000	*HK$'000*
Staff costs (include directors' emoluments):		
Salaries, wages and other benefits	**71,636**	95,652
Contributions to defined contribution plans	**1,737**	2,741
	73,373	98,393
Auditors' remuneration		
Current year	**2,000**	1,982
Underprovision in prior years	**425**	1,935
	2,425	3,917
Provision for doubtful debts and impairment loss on other non-current assets and interest in associates		
Impairment loss of goodwill of an associate	**-**	51,482
Write off of interests in an associate	**1,500**	-
Impairment loss on interests in an associate	**-**	6,540
Provision for amounts due from related party	**-**	58,028
	1,500	116,050
Impairment loss on assets in relation to international telecommunications services segment		
Other non-current assets	**-**	12,767
Property, plant and equipment	**-**	51,000
	-	63,767
Impairment loss on intangible asset	**1,000**	-
Cost of inventories	**40,782**	29,119
Depreciation	**17,811**	45,949
Amortisation		
Premium for land lease	**1,954**	1,127
Other non-current assets	**-**	1,029
Intangible asset	**263**	-
Operating lease charges: minimum lease payments		
Telecommunications equipment	**33,089**	41,178
Premises	**19,433**	24,156
Provision for doubtful trade and other receivables	**3,437**	40,203
Provision/(Reversal) of inventories write-down	**218**	(95)
Realised and unrealised loss on financial assets at fair value through profit or loss	**-**	128
Rentals income from investment properties less direct outgoings of HK$930,000 *(2006: HK$1,192,000)*	**(3,493)**	(1,006)
Loss on disposal of property, plant and equipment	**292**	1,360

7. **TAXATION**

Hong Kong Profits Tax has been provided at the rate of 17.5% *(2006: 17.5%)* on the estimated assessable profit arising from Hong Kong during the year. The income tax provision in respect of operations in the PRC and overseas is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

	2007	2006
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**(75)**	100
Deferred taxation	**-**	(1,177)
Total tax credit for the year	**(75)**	(1,077)

8. **DIVIDEND**

The directors do not recommend the payment of any dividend for the year ended 31 March 2007 *(2006: Nil)*.

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

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately HK$71,888,000 *(2006: loss of HK$201,055,000)* and the weighted average number of 1,355,201,600 *(2006: 525,475,573)* ordinary shares in issue during the year ended 31 March 2007.

Diluted earnings per share for the year ended 31 March 2007 and diluted loss per share for the year ended 31 March 2006 have not been presented as the conversion of potential ordinary shares to ordinary shares would have anti-dilutive effect to the basic earnings per share.

10. **TRADE AND OTHER RECEIVABLES**

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**51,362**	134,124
Other receivables		
Deposits, prepayments and other receivables	**32,489**	36,496
Due from associates	**54**	40
	32,543	36,536
	83,905	170,660

The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 60 days. The carrying amount of the amounts due approximates their fair values.

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

The ageing analysis of the trade receivables (net of impairment losses for bad and doubtful debts) as at the balance sheet date is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**24,386**	37,569
31 – 60 days	**7,354**	23,750
61 – 90 days	**4,255**	22,915
Over 90 days	**15,367**	49,890
	51,362	134,124

11. **TRADE AND OTHER PAYABLES**

	2007	2006
	HK$'000	*HK$'000*
Trade payables	**116,495**	246,852
Other payables		
Accrued charges and other creditors	**25,311**	55,782
Advance subscription fees received	**6,391**	8,042
Deposits received	**6,011**	3,695
Due to associates	**120**	4,188
	37,833	71,707
	154,328	318,559

The ageing analysis of trade payables as at the balance sheet date is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**25,833**	41,999
31 – 60 days	**8,573**	33,068
61 – 90 days	**2,778**	33,403
Over 90 days	**79,311**	138,382
	116,495	246,852

12 **COMPARATIVE FIGURES**

Certain comparative figures have been reclassified in order to conform with the presentation of the current year.

MODIFIED AUDITORS' REPORT

The Directors would like to notify you that the report of the auditors on the financial statements of the Group for the year ended 31 March 2007 has been modified to draw attention to a fundamental uncertainty. The relevant part of the auditors' report that has been modified to draw attention to the fundamental uncertainty is extracted and quoted as follows:

"**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion we draw attention to note 2 to the financial statements concerning the adoption of going concern basis on which the financial statements have been prepared. At the balance sheet date, the Group had net current liabilities of HK$90,720,000. The validity of the going concern basis depends on the Group's future profitable operations and the funds being available to the Group to carry on its business and to meet its debts as and when they fall due in the foreseeable future. The financial statements do not include any adjustments that would result should the Group fail to continue in business as a going concern. We consider that appropriate disclosures have been made in this respect."

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2007, the Group continued to take advantage of its role as an intermediary that linked up telecommunication service markets of the Mainland China and overseas countries. In particular, the cross-border telecommunication services that targeted frequent travelers between the Mainland China and Hong Kong, were the growth drivers. Capitalizing on its various telecommunication licenses around the world, the Group provided comprehensive telecom services through its well-established infrastructure and strong partnerships with leading telecom carriers in the Mainland China, Hong Kong and overseas.

During the first half of financial year under review, the Group significantly restructured its internal operation, which resulted in a turnaround for the whole financial year. As at the year ended 31 March 2007, net profit amounted to HK$71,834,000. Gross profit margin increased to 22% for the year under review, compared with 15% in the previous financial year. The turnaround was also helped by our effective risk management, better resources allocation, stringent cost control, reformed market position and substantial reduction in administrative expenses.

Total turnover decreased by 23% to HK$649,605,000. It was mainly due to the consolidation and restructuring of the Group's operations for improving negative cashflow in the first half of the year. The decrease was also the result of the shift of the Group's focus to high-margin services, the limited capacity for voice traffic provided by the telecom carrier in the first half of the financial year under review, and the rebuilding of the Group's business in the second half.

International Telecommunication Services

The Group handled about 20% of the total China IDD minutes in the world in 2006 through its international telecommunication services, which comprise wholesale and retail IDD services. In the financial year under review, revenue from this line of business decreased by 34% to HK$439,022,000, and accounted for 68% of the Group's turnover. This was due to negative cashflow and the limited capacity for voice traffic provided by the telecom carrier during the first half of the year. The earthquake in Taiwan at the end of 2006 only had limited impact on the international telecommunication services, since the Group has a well-distributed routing of traffic. The restructuring and consolidation of the Group's operations also affected the sales to a certain extent. In addition, the Group's strategy of shifting focus to high-margin services from business volume also weighed down the revenue. As a result, the IDD voice traffic decreased by 19% to 2,770 million minutes, of which the Mainland China accounted for 76%, and the rest of the world 24%. However, the profit margin increased from 11% of the previous financial year to 14% due to the reduction in both direct and indirect costs together with effective credit control policies and recovery of bad debts provided previously. As a whole, the business recorded a net operating profit of HK$18,149,000 during the year, compared with the net operating loss of HK$111,286,000 for last year.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

International Telecommunication Services (continued)

The Group's efforts to build overseas markets in the past several years spawned a wide global service network which covered the Mainland China, Hong Kong, Taiwan, Singapore, Vietnam, Japan, South Korea, Australia, the United Kingdom, the United States, Canada and Cuba. It is now the right timing for the Group to expand the markets in Western Europe and Japan as well as to make its first forays into India, Pakistan, Africa and Eastern Europe.

Wholesales IDD business continued to be the Group's major income source and accounted for 62% of the total turnover. Intensifying competition led to a significant decline in the per-minute sales tariff for voice traffic in the Mainland China. To lessen the impact, the Group had been expanding its business from Asia to other parts of the world such as the North America and Europe. The well-established infrastructure of the Group's global network enabled the Group to get 30% of the market for North America's outbound wholesale IDD traffic to the Mainland China, and 25% of the market for Asia Pacific's outbound wholesale IDD traffic to the Mainland China. The Group had also started developing and promoting various services tailored for small and medium-sized enterprises, shifting the focus from individual users to corporate customers. Moreover, with the effective cost control program, it created significant decline of our overall direct costs.

The Group's retail IDD business, which is marketed under the "ChinaOne" brand, had already built a strong customer base and gained popularity by enhancing service quality and marketing efforts. It continued to cooperate with major telecommunications operators of the Mainland China and Hong Kong and overseas telecom carriers to maintain a strong platform for its services. The number of subscribers of "ChinaOne" services reached around 113,000. In particular, the Group had 30% of North America's market for China calling cards, and 20% of Singapore's market for China calling cards.

However, the IDD business has been facing certain operating challenges when developing new markets in other countries and regions and further penetrating into the market of small and medium-sized enterprises. The Group may therefore consider the introduction of partnerships in these areas to strengthen the operating efficiency and the competitive advantages, with the ultimate aim to maximize shareholders' value of the Group.

Mobile Communications Services

The Group runs its mobile communications services mainly as a Mobile Virtual Network Operator ("MVNO") under the brand "CM Mobile". The Group launched the China-HK Dual SIM services in 2002 and introduced the HK-Taiwan and HK-Singapore Dual SIM services in 2004. After gradually enhancing the services, the business became a growth driver with a net profit of HK$19,251,000 for the financial year under review. The gain was mainly attributable to the improvement in risk management and operational efficiency together with the growth of cross-border business. The Group has adopted measures to improve credit and receivables control. Revenue from the mobile communications services increased 14% to HK$120,423,000, and accounted for 19% of the Group's turnover.

For the year under review, the Group further promoted the value-added services that targeted the high-consumption frequent travelers between the Mainland China and Hong Kong. With the partnership of leading network operators in China and Hong Kong, the Group has provided reliable one-stop services to end users. Furthermore, the Group also launched a variety of value-added services for corporate customers. In order to enlarge customer base, the Group stepped up its sales efforts by increasing different sales channels and targeting the high-end individual users with high demand for quality cross-border services between Hong Kong and the Mainland China.

Distribution and Retail Chain

The Group markets its telecommunications products and services, including subscription services, prepaid calling cards, prepaid SIM cards, handsets (cellular phones and fittings), and other value-added services at its one-stop-shops under the "CM Concept" brand. The retail outlets also function as specialty shops for selling the Group's Mainland China-Hong Kong cross-border communications services. For the year ended 31 March 2007, the number of the one-stop-shops reached 23 (17 in the previous financial year). The Group continued to maintain its dominant position in Hong Kong's market for China calling cards.

The retail outlets were renovated to project a new energetic corporate image with an aim to attract the middle-income group. Some of the shops were relocated to areas with strong pedestrian flow and lower rents to maximize cost-efficiency. The Group also developed an extensive sales network that comprised of approximately 1,000 direct dealerships to cope with the steep market competition. These moves are believed to have helped boost sales. Revenue from the distribution and retail chain business rose 15% to HK$115,017,000 for the financial year under review. As a result, the Group has turned around the business and recorded an operating profit of HK$338,000 as compared with the operating loss of HK$4,081,000 for the previous financial year.

Non-Core Businesses

Next Generation Network Services

In 2005, the Group launched its NGN (Next Generation Network) product, which is broadband phone services, under the brand “CM Phone” in Hong Kong and the United States. Not only will this service transmit voice, but data and images at high speed, to enhance the traditional IDD service. The market for Next Generation Network has yet to take off. However, with the first mover advantage, the Group believes it will be able to gain a better position in the market by enhancing its services and marketing strategies.

Trunked Radio Services

The Group is one of the few trunked radio licensees in Hong Kong. The coverage of its trunked radio is able to extend to the Mainland China and being widely adopted by businesses such as transportation firms, security companies and warehouse and port operators in the Pearl River Delta.

Property

The Group owns properties in Hong Kong and the Mainland China for its own use and investment purposes. As at 31 March 2007, the market value of the properties totalled HK$274,550,000.

By renting out surplus office spaces to maximise the usage of the Group’s properties, the Group recorded an additional stable income of HK$3,222,000 in the financial year under review. Additionally, in order to focus resources on the core businesses, the Group had also disposed a property with profit of HK$571,000 and cash inflow of HK$2,371,000.

Prospects

The Group will realize the full potential of other existing telecommunication businesses, with the aim to capture emerging investment opportunities and thus to broaden its revenue base. For instance, the Group will consider expanding the business of Next Generation Network, trunked radio, data transmission and cross-border services.

Meanwhile, the Group will continue to implement cost control measures to ensure cost-efficiency, when focusing resources in its core businesses. It will also seek to transform its other existing telecommunication businesses to develop their full potential. The management will also improve its source of financing through the introduction of strategic investors to facilitate the Group’s business plans. It will tip a balance between cost control and business expansion to ensure good returns for the shareholders.

Financial Position

As at 31 March 2007, the Group's bank balances and cash amounted to approximately HK$21,707,000. Total borrowings and obligations under finance leases amounted to approximately HK$68,867,000. The Group's bank loans are repayable monthly and the last monthly installment will be in May 2013. The gearing ratio of total borrowings as a percentage of the total capital and reserves attributable to equity holders of the Company was 42% *(2006: 182%)*.

As at 31 March 2007, the Group had aggregate banking facilities of approximately HK$62,564,000 (excluding property mortgage loans), of which HK$17,922,000 were unutilised.

In August 2006, the Company raised net proceeds of approximately HK$4,600,000 through a placement of 25,000,000 shares at HK$0.189 per placing share with at least six independent investors. Subsequently, the Company further raised proceeds of HK$36,000,000 from the subscription of 1,800,000,000 shares at HK$0.02 per subscription share and obtained a standby facility of HK$30,000,000 from a substantial shareholder in October 2006. The net proceeds from the placement and the subscription have been retained for general working capital purpose.

With the proceeds from the placement and the subscription together with the Group's unutilised facilities, the rental income and cash inflow from disposal of non-core business, the Group has significantly improved its liquidity. However, the Group will continue to implement stringent cost control measures and explore fund-raising opportunities in order to further enhance and strengthen its liquidity position and financial resources for operational requirements.

Share Capital

During the year, the Company has following movements in the share capital :

(a) Pursuant to a capital reorganisation of the Company, involving capital reduction and authorised share capital cancellation, diminution and increase, implemented on 23 May 2006, the nominal value of each share of the Company was reduced from HK$0.75 to HK$0.01; the authorised share capital and the issued share capital of the Company were reorganised to HK$780,000,000 divided into 78,000,000,000 shares of HK$0.01 each and HK$5,255,000 divided into 525,475,573 shares of HK$0.01 each respectively;

(b) The Company placed 25,000,000 new shares of the Company through a placing agent to at least 6 independent investors at HK$0.189 per placing share on 10 August 2006 pursuant to a placing agreement dated 31 July 2006; and

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Share Capital (continued)

(c) Marvel Bonus Holdings Limited, a company of which is beneficially owned by Mr. Ting Pang Wan, Raymond, a director of the Company, and Mr. Yam Tak Cheung in equal shares, subscribed 1,800,000,000 new shares of the Company at subscription price of HK$0.02 per share on 18 October 2006 pursuant to subscription agreement dated 5 September 2006 (as supplemented by a supplemental subscription agreement dated 18 September 2006) and in compliance with the minimum requirement of 25% public float, completed to place 46,167,578 shares of the Company through a placing agent to 32 independent placees at HK$0.57 per placing share on 20 November 2006 pursuant to a placing agreement dated 14 November 2006.

As at 31 March 2007, the Company had 2,350,475,573 shares in issue with total shareholders' fund of the Group amounting to approximately HK$165,402,000.

Contingent Liabilities

As at 31 March 2007, the Group had contingent liabilities amounting to approximately HK$26,980,000 *(2006: HK$38,673,000)* in respect of guarantees given to third parties against non-performance of contractual obligations by subsidiaries.

Exposures to Fluctuations in Exchange Rates

The Group is exposed to the fluctuations in Renminbi and United States dollars as certain expenses payable by and trade receivables from customers are settled in these currencies.

Employees and Remuneration Policies

As at 31 March 2007, the Group had 309 full-time staff. Total staff costs (including directors' emoluments) incurred for the year amounted to approximately HK$73,373,000 *(2006: HK$98,393,000)*. The Group's remuneration policy is in line with prevailing market practice on performance of individual staff.

In addition to salaries, the Group also offers a benefits package to its staff, including training allowance and provident fund.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the auditors of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters. The Group's final results for the year ended 31 March 2007 have been reviewed by the Audit Committee and agreed by the Group's external auditors.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 March 2007.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

On 20 July 2005, the Company has adopted its own Code for Securities Transactions by Directors (the "Code") on terms no less exacting the required standard set out in the Model Code for Securities by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiries by the Company, that they have fully complied with the required standard as set out in the Code and the Model Code throughout the year.

SUBSEQUENT EVENTS

(a) The Company announced on 4 April 2007 that the shares of the Company had been removed from the official list of the Singapore Exchange Securities Trading Limited ("SGX-ST) at the close of trading on 27 March 2007 and that the shares of the Company had been delisted on SGX-ST on 4 April 2007. Shares of the Company would continue to be listed and traded on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Such delisting would result in dispensation of significant compliance costs and administration burden in the coming year.

(b) The Company announced on 6 June 2007 that Moores Rowland Mazars ("MRM") resigned as auditors of the Group with effect from 30 May 2007 due to its reorganization and Mazars CPA Limited were appointed as auditors of the Company on 1 June 2007 to fill the casual vacancy following the resignation of MRM and to hold office until the conclusion of the next annual general meeting of the Company.

(c) Subsequent to the balance sheet date, the Group entered into sale and purchase agreements to dispose the land and buildings with net book value of HK$2,373,000 as at 31 March 2007 for consideration of approximately HK$5,160,000.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company *(www.chinamotion.com)* and the Stock Exchange *(www.hkex.com.hk)*. An annual report for the year ended 31 March 2007 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, 29 June 2007

As at the date hereof, the executive Directors are Mr. Ting Pang Wan, Raymond, Mr. Wu Chi Chiu and Ms. Fan Wei and the independent non-executive Directors are Mr. Lo Chi Ho, William, Mr. Huang An Guo and Ms. Wong Fei Tat.

** for identification purpose only*