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ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

RESULTS

The board of directors (the “Board”) of China Motion Telecom International Limited (the “Company”) announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2009 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2009

	Note	2009 HK\$'000	2008 HK\$'000
Continuing operations			
Turnover		207,145	234,604
Cost of sales and services		<u>(136,456)</u>	<u>(157,408)</u>
Gross profit		70,689	77,196
Other revenue		10,952	9,059
Other net income	3	4,425	4,381
Distribution costs		(4,571)	(3,515)
Administrative expenses		(93,831)	(81,801)
Change in fair value of investment properties		(43,900)	23,955
Finance costs	4	<u>(1,322)</u>	<u>(3,888)</u>
(Loss) profit before taxation	5	(57,558)	25,387
Taxation	6	<u>667</u>	<u>1,456</u>
(Loss) profit for the year from continuing operations		(56,891)	26,843
Discontinued operations			
Profit from discontinued operations	7	<u>209,951</u>	<u>14,623</u>
Profit for the year		<u>153,060</u>	<u>41,466</u>

Attributable to:

Equity holders of the Company

- continuing operations		(56,228)	26,793
- discontinued operations	7	<u>209,951</u>	<u>14,623</u>

	<u>153,723</u>	<u>41,416</u>
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Minority interests

- continuing operations		(663)	50
- discontinued operations		<u>-</u>	<u>-</u>

	<u>(663)</u>	<u>50</u>
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	<u>153,060</u>	<u>41,466</u>
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Dividend

8	<u>20,026</u>	<u>-</u>
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(Losses) earnings per share

9		
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From continuing operations

- Basic and diluted		<u>(2.26) HK cents</u>	<u>1.14 HK cents</u>
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From discontinued operations

- Basic and diluted		<u>8.45 HK cents</u>	<u>0.62 HK cents</u>
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CONSOLIDATED BALANCE SHEET

As at 31 March 2009

		2009	2008
	<i>Note</i>	HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		155,600	204,814
Property, plant and equipment		12,775	35,722
Interests in associates		-	-
Premium for land lease		59,875	65,952
Other non-current assets		3,815	3,915
Intangible assets		-	1,899
Deferred tax assets		1,888	-
		233,953	312,302
Current assets			
Inventories		4,447	6,801
Trade and other receivables	10	57,187	98,884
Pledged bank deposits		-	748
Bank balances and cash		167,017	36,949
		228,651	143,382
Current liabilities			
Trade and other payables	11	68,275	167,529
Borrowings due within one year		-	28,498
Obligations under finance leases		309	483
Taxation		1,690	3,813
		70,274	200,323
Net current assets (liabilities)		158,377	(56,941)
Total assets less current liabilities		392,330	255,361
Non-current liabilities			
Borrowings due after one year		-	35,372
Obligations under finance leases		142	451
Deferred tax liabilities		1,235	-
		1,377	35,823
NET ASSETS		390,953	219,538

CAPITAL AND RESERVES

Issued capital	28,205	23,505
Reserves	336,215	188,937
Proposed dividend	<u>20,026</u>	<u>-</u>

**Total capital and reserves
attributable to equity holders
of the Company**

384,446	212,442
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Minority interests

<u>6,507</u>	<u>7,096</u>
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TOTAL EQUITY

<u><u>390,953</u></u>	<u><u>219,538</u></u>
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Notes :

1. **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**

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2008 financial statements.

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 in future will have no material impact on the results and the financial positions of the Group.

HKFRSs (Amendments)	Improvements to HKFRSs (<i>Note a</i>)
HKFRSs (Amendments)	Improvements to HKFRSs 2009 (<i>Note b</i>)
HKAS 1 (Revised)	Presentation of Financial Statements (<i>Note c</i>)
HKAS 23 (Revised)	Borrowing Costs (<i>Note c</i>)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements (<i>Note d</i>)
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (<i>Note c</i>)
HKFRS 3 (Revised)	Business Combinations (<i>Note d</i>)
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments (<i>Note c</i>)
HKFRS 8	Operating Segments (<i>Note c</i>)

Notes:

- a. Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
- b. Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010 as appropriate.
- c. Effective for annual periods beginning on or after 1 January 2009.
- d. Effective for annual periods beginning on or after 1 July 2009.

2. 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 2009	Continuing operations					Discontinued operations	Inter- segment elimination	Group
	International telecommuni- cations services HK\$'000	Mobile communi- cations services HK\$'000	Distribution and retail chain HK\$'000	Others HK\$'000	Total HK\$'000	International telecommuni- cations services HK\$'000		
Turnover								
Revenue from								
external customers	14,509	105,870	86,766	-	207,145	228,672	-	435,817
Inter-segment revenue	-	-	2,471	-	2,471	9,878	(12,349)	-
Segment turnover	<u>14,509</u>	<u>105,870</u>	<u>89,237</u>	<u>-</u>	<u>209,616</u>	<u>238,550</u>	<u>(12,349)</u>	<u>435,817</u>
Segment results	<u>(2,938)</u>	<u>8,937</u>	<u>(18,780)</u>	<u>(43,455)</u>	<u>(56,236)</u>	<u>4,511</u>	<u>-</u>	<u>(51,725)</u>
Finance costs					(1,322)	(79)	-	(1,401)
(Loss) profit before taxation					(57,558)	4,432	-	(53,126)
Taxation					667	(7,413)	-	(6,746)
Gain on disposal of subsidiaries					-	212,932	-	212,932
(Loss) profit for the year					<u>(56,891)</u>	<u>209,951</u>	<u>-</u>	<u>153,060</u>

For the year ended 31 March 2008	Continuing operations					Discontinued operations	Inter- segment elimination	Group
	International telecommuni- cations services HK\$'000	Mobile communi- cations services HK\$'000	Distribution and retail chain HK\$'000	Others HK\$'000	Total HK\$'000	International telecommuni- cations services HK\$'000		
Turnover								
Revenue from								
external customers	14,558	109,328	110,718	-	234,604	424,636	-	659,240
Inter-segment revenue	-	-	2,699	-	2,699	19,838	(22,537)	-
Segment turnover	<u>14,558</u>	<u>109,328</u>	<u>113,417</u>	<u>-</u>	<u>237,303</u>	<u>444,474</u>	<u>(22,537)</u>	<u>659,240</u>
Segment results	<u>(1,732)</u>	<u>14,515</u>	<u>(10,239)</u>	<u>26,731</u>	<u>29,275</u>	<u>14,651</u>	<u>-</u>	<u>43,926</u>
Finance costs					(3,888)	(28)	-	(3,916)
Profit before taxation					25,387	14,623	-	40,010
Taxation					1,456	-	-	1,456
Profit for the year					<u>26,843</u>	<u>14,623</u>	<u>-</u>	<u>41,466</u>

2. SEGMENT INFORMATION (continued)

(b) (i) Secondary reporting format - the geographical segments of the Group's turnover are as follows:

	Continuing operations		Discontinued operations		Total	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The People's Republic of China ("PRC")	3,028	5,244	-	-	3,028	5,244
Hong Kong	204,117	229,360	62,009	105,672	266,126	335,032
Other Asia Pacific regions	-	-	29,689	67,997	29,689	67,997
North America and the United Kingdom	-	-	136,974	250,967	136,974	250,967
	<u>207,145</u>	<u>234,604</u>	<u>228,672</u>	<u>424,636</u>	<u>435,817</u>	<u>659,240</u>

(ii) Secondary reporting format - the geographical segments of the Group's results are as follows:

	Continuing operations		Discontinued operations		Total	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC	(3,485)	(2,340)	-	-	(3,485)	(2,340)
Hong Kong	(52,751)	31,615	1,021	7,376	(51,730)	38,991
Other Asia Pacific regions	-	-	(3,918)	(4,096)	(3,918)	(4,096)
North America and the United Kingdom	-	-	7,408	11,371	7,408	11,371
	<u>(56,236)</u>	<u>29,275</u>	<u>4,511</u>	<u>14,651</u>	<u>(51,725)</u>	<u>43,926</u>

3. OTHER NET INCOME

	2009 HK\$'000	2008 HK\$'000
Allowance for doubtful debts written back	752	301
Gain on disposal of investment properties / premium for land lease and buildings	3,332	2,726
Reversal of impairment loss on premium for land lease	-	513
Reversal of impairment loss on buildings	-	204
Reversal of impairment loss on other non-current assets	-	176
Reversal of impairment loss on property, plant and equipment	249	341
Sundry income	<u>92</u>	<u>120</u>
	<u>4,425</u>	<u>4,381</u>

4. **FINANCE COSTS**

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on bank and other borrowings		
Wholly repayable within five years	951	1,856
Not wholly repayable within five years	317	1,942
Finance charges on obligations under finance leases	54	90
	<u>1,322</u>	<u>3,888</u>

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

This is stated after charging (crediting):

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Staff costs (include directors' emoluments)		
Salaries, wages and other benefits	49,672	50,789
Contribution to defined contribution plans	1,144	1,163
	<u>50,816</u>	<u>51,952</u>
Auditor's remuneration	1,030	1,610
Cost of inventories	33,686	47,865
Depreciation	5,475	6,920
Amortisation		
Premium for land lease	1,648	1,677
Intangible assets	1,581	1,581
Operating lease charges		
Telecommunications equipment	6,356	5,133
Premises	18,679	17,225
Allowance for doubtful trade and other receivables	6,080	747
Impairment loss		
Intangible assets	318	-
Other non-current assets	100	-
Provision for inventories write-down	239	102
Rental income from investment properties less		
direct outgoings of HK\$Nil (2008: HK\$3,000)	(7,019)	(7,072)
Loss on disposal of property, plant and equipment	<u>170</u>	<u>272</u>

6. TAXATION

Hong Kong Profits Tax has not been provided as the Group's estimated assessable profits for the year are wholly absorbed by unrelieved tax losses brought forward from previous years. 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.

The major components of income tax charge (credit) are:

	<i>Note</i>	2009 HK\$'000	2008 HK\$'000
Continuing operations			
Current tax			
Hong Kong Profits Tax			
(Over) under provision in prior years		(14)	97
PRC Enterprise Income Tax			
Over provision in prior years		-	(1,553)
		<u>(14)</u>	<u>(1,456)</u>
Deferred taxation			
Origination and reversal of temporary difference		2,835	-
Benefit of tax losses recognised		<u>(3,488)</u>	<u>-</u>
		<u>(653)</u>	<u>-</u>
Tax credit from continuing operations		<u>(667)</u>	<u>(1,456)</u>
Discontinued operations			
Current tax			
Overseas Profits Tax			
Current year		2,354	-
Under provision in prior years		<u>5,059</u>	<u>-</u>
Tax charge from discontinued operations	7	<u>7,413</u>	<u>-</u>
Total tax charge (credit) for the year		<u>6,746</u>	<u>(1,456)</u>

7. DISCONTINUED OPERATIONS

On 29 August 2008, ChinaMotion NetCom Holdings Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with CITIC 1616 Holdings Limited to dispose of the entire issued share capital of ChinaMotion NetCom Limited ("CMNL"), a wholly-owned subsidiary of the Company, at a consideration of HK\$260,000,000 (subject to adjustments). The disposal was completed on 30 September 2008, on which date control of the business was passed to the acquirer. Details of the assets and liabilities disposed of are disclosed in note 12. The results of the discontinued operations for the year up to the date of disposal and the prior year are summarised as follows:

	<i>Note</i>	2009 HK\$'000	2008 HK\$'000
Profit for the year from discontinued operations			
Turnover		228,672	424,636
Cost of sales and services		(197,562)	(356,901)
Other revenue		289	1,129
Other net income		730	3,054
Distribution costs		(1,062)	(1,548)
Administrative expenses		(26,556)	(55,719)
Finance costs	(a)	(79)	(28)
Profit before taxation	(b)	4,432	14,623
Taxation	6	(7,413)	-
(Loss) profit for the year from discontinued operations		(2,981)	14,623
Gain on disposal of discontinued operations	12	212,932	-
Profit from discontinued operations		209,951	14,623

7. DISCONTINUED OPERATIONS (continued)

Note:

(a) Finance costs

	2009 HK\$'000	2008 HK\$'000
Interest on bank and other borrowings		
Wholly repayable within five years	55	20
Finance charges on obligations under finance leases	<u>24</u>	<u>8</u>
	<u>79</u>	<u>28</u>

(b) Profit before taxation

This is stated after charging (crediting):

	2009 HK\$'000	2008 HK\$'000
Staff costs (include directors' emoluments)		
Salaries, wages and other benefits	13,814	25,310
Contribution to defined contribution plans	<u>550</u>	<u>1,078</u>
	14,364	26,388
Auditor's remuneration		
Current year	793	733
Over provision in prior years	<u>(116)</u>	<u>-</u>
	677	733
Depreciation	2,783	5,135
Operating lease charges		
Telecommunications equipment	8,927	26,194
Premises	7,184	10,262
Allowance for doubtful trade and other receivables	521	1,297
Loss on disposal of property, plant and equipment	37	74
Allowance for doubtful debts written back	<u>(112)</u>	<u>(137)</u>

8. DIVIDEND

	2009 HK\$'000	2008 HK\$'000
Proposed final dividend – 0.71 HK cents (2008: HK\$Nil) per ordinary share	<u>20,026</u>	<u>-</u>
	<u>20,026</u>	<u>-</u>

The directors have proposed a final dividend of 0.71 HK cents (2008: HK\$Nil) per ordinary share and is subject to the approval by the shareholders in the forthcoming annual general meeting.

9. (LOSSES) EARNINGS PER SHARE

The calculation of basic (losses) earnings per share is based on the (loss) profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year ended 31 March 2009.

	2009	2008
Weighted average number of shares in issue	<u>2,483,112,603</u>	<u>2,350,475,573</u>
(Loss) profit from continuing operations attributable to equity holders of the Company (HK\$'000)	<u>(56,228)</u>	<u>26,793</u>
Basic (losses) earnings per share from continuing operations attributable to equity holders of the Company (HK cents)	<u>(2.26)</u>	<u>1.14</u>
Profit from discontinued operations attributable to equity holders of the Company (HK\$'000)	<u>209,951</u>	<u>14,623</u>
Basic earning per share from discontinued operations attributable to equity holders of the Company (HK cents)	<u>8.45</u>	<u>0.62</u>
Profit attributable to equity holders of the Company (HK\$'000)	<u>153,723</u>	<u>41,416</u>
Basic earnings per share attributable to equity holders of the Company (HK cents)	<u>6.19</u>	<u>1.76</u>

Diluted (losses) earnings per share for the year ended 31 March 2009 and 2008 is the same as the basic (losses) earnings per share as the potential ordinary shares outstanding during the year ended 31 March 2009 and 2008 were anti-dilutive.

10. TRADE AND OTHER RECEIVABLES

	Note	2009 HK\$'000	2008 HK\$'000
Trade receivables			
Trade receivables from third parties		40,104	109,396
Allowance for doubtful debts	(a)	<u>(18,296)</u>	<u>(49,532)</u>
		<u>21,808</u>	<u>59,864</u>
Other receivables			
Deposits, prepayments and other receivables		35,370	38,079
Due from associates		<u>9</u>	<u>941</u>
		<u>35,379</u>	<u>39,020</u>
		<u>57,187</u>	<u>98,884</u>

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 allowance for doubtful debts) as at the balance sheet date is as follows:

	2009 HK\$'000	2008 HK\$'000
0 – 30 days	8,826	29,369
31 – 60 days	2,682	7,597
61 – 90 days	1,637	6,019
Over 90 days	8,663	16,879
	<u>21,808</u>	<u>59,864</u>

(a) **Allowance for doubtful debts**

	2009 HK\$'000	2008 HK\$'000
Balance at beginning of year	49,532	49,914
Increase in allowance	1,608	559
Amount recovered	(442)	(137)
Amount written off	(2,978)	(804)
Disposal of subsidiaries	(29,424)	-
	<u>18,296</u>	<u>49,532</u>

Included in the Group's trade receivables balance are debtors with a carrying amount of HK\$13,408,000 (2008: HK\$36,461,000) which are past due at the balance sheet date for which the Group has not impaired as there has not been a significant change in credit quality and the directors consider that the amounts are recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 30-60 days (2008: 30-60 days).

11. **TRADE AND OTHER PAYABLES**

	2009 HK\$'000	2008 HK\$'000
Trade payables	<u>36,194</u>	<u>126,148</u>
Other payables		
Accrued charges and other creditors	19,049	25,644
Advance subscription fees received	9,284	8,547
Deposits received	3,024	6,340
Due to associates	724	850
	<u>32,081</u>	<u>41,381</u>
	<u>68,275</u>	<u>167,529</u>

11. **TRADE AND OTHER PAYABLES (continued)**

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 30 days	6,123	22,152
31 – 60 days	4,710	9,851
61 – 90 days	1,985	8,614
Over 90 days	<u>23,376</u>	<u>85,531</u>
	<u>36,194</u>	<u>126,148</u>

12. **DISPOSAL OF SUBSIDIARIES**

	<i>Note</i>	2009 <i>HK\$'000</i>
Net liabilities disposed of:		
Property, plant and equipment		14,199
Trade and other receivables		54,350
Cash and cash equivalents		12,567
Trade and other payables		(110,351)
Taxation		(286)
Obligations under finance leases		(5,839)
Reserves		<u>11</u>
		(35,349)
Gain on disposal of subsidiaries	7	<u>212,932</u>
		<u>177,583</u>
Satisfied by:		
Net consideration received		203,545
Deferred consideration receivables		5,989
Less: Costs related to disposal		<u>(31,951)</u>
		<u>177,583</u>
Net cash inflow arising on disposal:		
Net consideration received, net of related costs		171,594
Less: Cash and cash equivalents disposed of		<u>(12,567)</u>
		<u>159,027</u>

13. **COMPARATIVE FIGURES**

Comparative figure of change in fair value of investment properties previously classified under other net income has been disclosed separately in order to conform with the presentation of the current year.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Operation Overview

2008-09 had turned out to be an exciting yet challenging year. The meltdown of the financial industry and the deteriorating global market conditions that began in late 2008 had impacted the business negatively. During the year under review, the Group recorded a turnover of HK\$435,817,000 of which HK\$207,145,000 was from the continuing operations and a 12% decline when compared to the last corresponding year. The overall gross profit margin improved slightly to 23%. During the period, the Group managed to record a net profit after tax of HK\$153,060,000 which was largely attributed to the extraordinary gain from the disposal of the discontinued operations. Excluding the effect of disposal and the discontinued operation as well as change in fair value of investment properties, the Group recorded a net loss of HK\$12,991,000 from continuing operations.

During the year under review, the Group had begun to craft a new corporate strategy and fine tune its investment to capture potential new business opportunities. This new corporate strategy had resulted in the divestiture of the wholesale IDD and overseas calling cards business, which signalled the beginning of a restructuring effort in which the Group began to align its strategy focusing on the fast growing China market. The divestiture was completed at the end of September 2008 and as a result, the Group had made an extraordinary net gain of approximately HK\$212,932,000 during the review year. The net gain on disposal provided the Group with the necessary capital and resources to accelerate the development and deployment of the new strategic plan.

The Board has recommended the payment of a final dividend of 0.71 HK cents (2008: HK\$Nil) per ordinary share for the year ended 31 March 2009.

Mobile Communications Services

Turnover for the whole segment, which principally includes both the Mobile Virtual Network Operators (“MVNO”) and Trunked Radio businesses, decreased slightly by 3% to HK\$105,870,000 for the year under review. This turnover accounted for 51% of Group’s continuing operation. Gross margin stood at 38% and operating profit amounted to HK\$8,937,000, down by 38% when compared to last corresponding year. The sharp decline in operating profit was mainly attributed to the downward pricing pressure due to the slow down in the economy and the higher overhead cost incurred.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Mobile Communications Services (continued)

With the disposal of the wholesale IDD and overseas calling card business, the MVNO, under the “CM Mobile” brand, became a core business and a major revenue and profit driver for the Group. During the year, MVNO introduced a new marketing campaign and aggressively focused on subscriber acquisition. It ended the year with an increase of 26% in total subscribers. The increase was across the board for all customer segments including the core Single SIM Dual Number (“SSDN”) service. Despite the success in customer acquisition, MVNO business had faced significant downward pricing pressure. The most significant impact was the financial turmoil that began in late 2008, resulting in the closing of manufacturing plants and facilities in southern China and the reduction of travel by local Hong Kong manufacturers and multinational corporations. This slowdown in travelling across the border had a profoundly negative impact on usage of MVNO’s SSDN service. As companies began to downsize its operations in both Hong Kong and China, the telecommunications usage and services were greatly affected. Second, the single direction calling party pay charging scheme introduced by China carriers in China had substantially lowered the average revenue per customer. Third, key local mobile operators were stepping up their marketing efforts and increasingly using price as a marketing tool, forcing the MVNO business to reduce prices to match competitive offers. The lower usage and pricing pressure were more than offset by the increasing number of customers, resulting in the decline in overall revenue and operating profit for the MVNO business. MVNO business during the period recorded a turnover of HK\$97,193,000 and operating profit of HK\$12,375,000, down 4% and 29% versus the same period a year ago with a gross profit margin of 40%.

As competition continues to heat up in the mobile segment, apart from continuing to expand sales channels and dealerships, the Group will continue to strengthen its sales team to serve targeted corporate clients, implement credit measures and focus on higher margin value-added services so as to protect and grow its core revenue base.

The Trunked Radio business, is one of the few licensed Public Radiocommunications Services (“PRS”) operators in Hong Kong. Through the platform co-ordination with its partner in Shenzhen, the Group offers the only cross border trunked radio service to companies mostly in the transportation industry. Although the demand of the PRS continues to shrink over the year, Trunked Radio business had managed to maintain its customer base. Turnover for the business was HK\$8,677,000, an increase of 10% versus last year. During the year, the business recorded an operating loss of HK\$1,000,000 with a gross profit margin of 24%.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Distribution and Retail Chain

During the year, turnover from the segment, which include both the retail chain business and distribution channels for the prepaid calling card operation, decreased by 21% to HK\$89,237,000. This turnover accounted for 43% of the Group's turnover for the continuing operations. The decrease was primarily attributed to the lower unit sales of handsets, which resulted from the weakening economy affected by the global financial industry meltdown. Gross margin improved to 33% from 29% a year ago due to a mix of revenues that shifted towards the higher margin service business. The segment incurred an operating loss of HK\$18,780,000 because of higher rental expenses associated with the retail outlets and the high overhead cost.

As the economy began to worsen towards the second half of the fiscal year, consumers were reluctant to spend or began to reduce their spending on non-necessity goods and services. This slowdown in spending had impacted our retail chain business since the second half of the fiscal year. Handset and service plan unit sales were down 10% and 21% respectively versus the year before. In view of the uncertainty in the economy, the Group has adopted various measures to enhance competitiveness and efficiency in its operation. It had begun to swap out the high cost retail outlets with some lower cost ones in new development towns with the objective to align the overall cost of the rental with the turnover. At the end of the year under review, there were 19 "CM Concept" retail shops, down from 22 at the beginning of the year, serving as a one-stop-shop platform for telecommunications products and services.

In early April 2009, the Group had decided to divest the local prepaid calling card business which consisted of IDD and mobile prepaid calling card services. The combined prepaid calling card service had a turnover of HK\$30,501,000 during the year and incurred an operating loss of HK\$2,992,000. The divestiture allows the Group's MVNO business more flexibility to develop other wholesale business and sales channels which otherwise would create channel conflict issues.

International Telecommunications Services

With the disposal of wholesale IDD and overseas calling cards business, the fixed network services business becomes the focus for the international telecommunications segment.

During the year, the turnover for the segment, including the discontinued operation of wholesale IDD and overseas calling card business, decreased 45% to HK\$253,059,000, of which HK\$14,509,000 was from the remaining fixed network services business. This turnover included 6 months of operation for the wholesale IDD and overseas calling card business which was disposed at the end of September resulting in a capital gain of HK\$212,932,000.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

International Telecommunications Services (continued)

Fixed network services business holds one of the Fixed Telecommunications Network Service licenses in Hong Kong. It maintains a fiber-ring in Hong Kong with key points-of-interconnections with all key fixed network operators. Its core service is the “0050” prefix retail IDD service, which had a total of 342,000 registered subscribers at end of March. Revenue for the “0050” prefix retail IDD service remained relatively flat over the previous year. Turnover maintained at HK\$14,509,000 with a gross margin of 11% but incurred an operating loss of HK\$2,938,000, primarily due to the high overhead cost in maintaining the fixed network platform. The Group is currently evaluating various cost control measures and exploring some strategic co-operations with key partners to leverage the existing resources and maximise the return to investors.

Prospects

The world economy has been seriously hit by the recent global financial crisis and is expected to remain in the slump in the foreseeable future. This dip in the fiscal climate coupled with the challenging industry environment will result in continued pressure on the operations of the Group. The global recession, although negatively impacting our existing business, provides an excellent opportunity for the Group to potentially invest in new ventures and businesses at a reasonable valuation. The Group will not only step up its cost control measure to align its cost with the turnover, but also accelerate its new corporate strategy deployment to focus its business development and investment in the fast growing telecommunications market in China.

The divestiture of the wholesale IDD and calling card business both overseas and locally has recently provided the Group with the necessary capital and resources to make the acquisition if the opportunities arise. With the issuance of 3G licenses in China in late 2008, China mobile carriers are making substantial investments in building the new platforms and are working with partners in developing value-added services to differentiate and add value to their basic voice telephony service. The Group, leveraging its expertise in the mobile and radio telecommunication services, is exploring investment opportunities in this fast growing segment. On 17 July 2009, the Group completed the acquisition of a telecommunications retail service operation in Shanghai, China as announced in June 2009. This acquisition sets up a new milestone in the Group’s transformation into the next generation service provider in Greater China.

Going forward, the Group will continue to fine tune its business model and will actively explore different potential investment opportunities to strengthen and expand its businesses portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Disposal of Wholesale IDD and Overseas Calling Cards Business

Upon completion of disposal of ChinaMotion NetCom Limited (“CMNL”) and its subsidiaries which were engaged in provision of wholesale IDD services and overseas calling cards services at a cash consideration of HK\$260,000,000 (subject to adjustments) on 30 September 2008 pursuant to a sale and purchase agreement dated 29 August 2008 between ChinaMotion NetCom Holdings Limited, a wholly-owned subsidiary of the Company, and CITIC 1616 Holdings Limited (the “NetCom Disposal”), net proceeds of approximately HK\$177,583,000 were raised for the Group and CMNL had no longer been a wholly-owned subsidiary of the Company. Besides, the deferred transfer of 51% interests in CM Tel (USA) LLC to CITIC 1616 Holdings Limited pursuant to the agreement was completed in May 2009 following the approval from the relevant government authorities in the United States of America in respect of change of control. Details of the NetCom Disposal were disclosed in the announcement dated 29 August 2008 and the circular dated 19 September 2008.

Financial Position

As at 31 March 2009, the Group’s bank balances and cash amounted to approximately HK\$167,017,000 (2008: HK\$36,949,000). Total borrowings and obligations under finance leases amounted to approximately HK\$451,000 (2008: HK\$64,804,000). The Group’s obligations under finance leases are repayable monthly and the last monthly installment will be in March 2011. The gearing ratio of total borrowings as a percentage of the total capital and reserves attributable to equity holders of the Company was approximately 0.1% (2008: 30.5%).

As at 31 March 2009, the Group had aggregate banking facilities of approximately HK\$92,000,000 (excluding property mortgage loans), of which HK\$92,000,000 were unutilised.

As a result of the completion of the NetCom Disposal in September 2008 and the placing of 470,024,427 Shares at HK\$0.042 per placing share in December 2008, the Company raised net proceeds of approximately HK\$177,583,000 and proceeds of approximately HK\$19,740,000 respectively which have been retained as general working capital of the Group and to fund any potential investments available to the Group in future.

It is anticipated that the Group’s bank balance and cash, as at 31 March 2009, together with the unutilised banking facilities, stable rental income and net proceeds of NetCom Disposal and the placing will be sufficient to discharge its debts and to fund its operations.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Share Capital

Pursuant to a placing agreement dated 1 December 2008, the Company placed 470,024,427 new Shares of the Company through a placing agent to at least six independent placees at HK\$0.042 per placing share on 19 December 2008.

As at 31 March 2009, the Company had 2,820,500,000 shares in issue with total shareholders' fund of the Group amounting to approximately HK\$384,446,000.

Financial Guarantees

As at 31 March 2009, the Group had contingent liabilities amounting to approximately HK\$18,748,000 (2008: HK\$27,796,000) in respect of guarantees given to third parties against non-performance of contractual obligations by subsidiaries and former subsidiaries.

Charge on Assets

As at 31 March 2009, the Group's leasehold building, premium for land lease and investment properties with aggregate carrying value of approximately HK\$220,370,000 (2008: HK\$273,497,000) were pledged as security for banking facilities.

Exposures to Fluctuations in Exchange Rates

The Group is exposed to the fluctuations in Renminbi as certain expenses payable are settled by Renminbi. However, the management will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration Policies

As at 31 March 2009, the Group had 159 full-time staff. Total staff costs (including directors' emoluments) incurred by both continuing and discontinued operations for the year amounted to approximately HK\$65,180,000 (2008: HK\$78,340,000). 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 other benefits to its staff, including discretionary bonus, training allowance and provident fund.

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of 0.71 HK cents (2008: HK\$Nil) per ordinary share for the year ended 31 March 2009 at the forthcoming annual general meeting to be held on 31 August 2009. The final dividend, if approved by the shareholders, is expected to be payable on or around 30 September 2009 to those shareholders whose names appear on the register of members of the Company on 31 August 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 26 August 2009 to Monday, 31 August 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, and be eligible to attend and vote at the forthcoming annual general meeting of the Company to be held on 31 August 2009, all transfer of shares, accompanied by the relevant share certificates, must be lodged for registration with the Company's principal share registrar or branch share registrar as follows:-

- (i) in case of those members registered on the principal register: at the office of the Company's principal share registrar, Butterfield Fulcrum Group (Bermuda) Limited, c/o RBC Dexia Corporate Services Hong Kong Limited at 51st Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong; and
 - (ii) in case of those members registered on the Hong Kong branch register: at the office of the Company's Hong Kong branch share registrar, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong,
- not later than 4:30p.m. on Tuesday, 25 August 2009.

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 2009 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 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has applied the principles in and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year, except that under code provision E.1.2, Mr. Ting Pang Wan, Raymond, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 20 August 2008 due to other business commitments.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules on 21 July 2009, to replace its own Code for Securities Transactions by Directors adopted on 20 July 2005 (the “Code”), as the Company’s code of conduct for dealings in securities of the Company by directors. All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard as set out in the Model Code and the Code during the year.

SUBSEQUENT EVENT

- (a) In April 2009, Eagle Heights Limited, a wholly-owned subsidiary of the Company, as vendor, and Mr. Pu Xueyuan, as purchaser, an independent third party, entered into a sale and purchase agreement in relation to the disposal of all the entire issued share capital of Digital Pacific Limited, which was engaged in the provision of long distance call services and retail sales of international calling cards, at par and the assumption of all liabilities, excluding inter-company group balances, by the purchaser in amount of HK\$10,303,000. Such disposal was completed in April 2009 and as a result, the Group has made a substantial disposal gain of approximately HK\$8,668,000.
- (b) On 1 June 2009, China Motion Holdings Limited, a wholly-owned subsidiary of the Company, Mr. Ting Pang Wan, Raymond and Mr. Yam Tak Cheung (collectively, the “Sale Shares Vendors”), and Jackie Industries Limited, China Motion Properties Limited, Best Class International Limited and World Sheen Properties Limited (collectively, the “CM Properties Group”), all being wholly-owned subsidiaries of the Company, entered into a conditional sale and purchase agreement (the “Acquisition Agreement”) in relation to the acquisition of all the entire issued share capital in Victory Marker Limited (“Victory Marker”) and the assignment of loans due by Victory Marker and its subsidiaries for an aggregate consideration of HK\$127 million (the “Acquisition Consideration”). The group of Victory Marker is principally engaged in the provision of sales and management services and the wholesale of Shanghai Mobile’s mobile SIM cards in Shanghai. Pursuant to the Acquisition Agreement, the CM Properties Group as vendors and the Sale Shares Vendors as purchasers entered into a conditional sale and purchase agreement on 1 June 2009 for the sale of certain properties of the Group situated at Room 2601, 2604-08 on 26th Floor and car parking spaces nos. 85 and 86 on Basement 2 of Harbour Centre, 25 Harbour Road, Hong Kong at the consideration of HK\$67.1 million which sum shall be set-off against part of the Acquisition Consideration on a dollar for dollar basis. The said transactions which constituted major and connected transactions were approved by the independent shareholders of the Company at the special general meeting held on 14 July 2009 and completion was made on 17 July 2009. Details of the transactions were disclosed in the announcement and the circular dated 1 June 2009 and 22 June 2009 respectively.

SUBSEQUENT EVENT (continued)

- (c) On 20 July 2009, ChinaMotion NetCom Holdings Limited, a wholly-owned subsidiary of the Company, as vendor, and the Company, as guarantor, entered into a sale and purchase agreement with CITIC 1616 Holdings Limited, as purchaser, to dispose of the entire issued share capital of CM Tel (HK) Limited (“CM Tel”), a wholly-owned subsidiary of the Company, engaged in provision of fixed network services, and the net payables, representing the net amount which stood due owing from CM Tel to member of the Group (excluding CM Tel) as at completion, at a cash consideration of HK\$10,000,000 subject to the adjustments as set out in the said agreement. Completion of the disposal shall take place by no later than 31 October 2009 subject to the fulfillment of the condition as stipulated therein.

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 of Hong Kong Limited (www.hkex.com.hk). An annual report for the year ended 31 March 2009 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, 21 July 2009

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*