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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 2010

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 2010 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2010

	Note	**2010** **HK$'000**	2009 HK$'000
Continuing operations			
Turnover		**211,682**	192,636
Cost of sales and services		**(128,703)**	(123,559)
Gross profit		**82,979**	69,077
Other revenue		**13,002**	9,916
Other net income	*3*	**9,521**	4,425
Gain on disposal of subsidiaries	*13*	**8,393**	-
Distribution costs		**(2,813)**	(4,362)
Administrative expenses		**(100,496)**	(88,454)
Change in fair value of investment properties		**22,400**	(43,900)
Finance costs	*4*	**(24)**	(1,322)
Profit (loss) before taxation	*5*	**32,962**	(54,620)
Taxation	*6*	**(4,722)**	667
Profit (loss) for the year from continuing operations		**28,240**	(53,953)
Discontinued operations			
Profit from discontinued operations	*7*	**8,000**	207,013
Profit for the year		**36,240**	153,060

Profit (loss) attributable to:			
Equity holders of the Company			
- continuing operations		**28,870**	(53,290)
- discontinued operations	*7*	**8,000**	207,013
		36,870	153,723
Non-controlling interests			
- continuing operations		**(630)**	(663)
- discontinued operations		**-**	-
		(630)	(663)
		36,240	153,060
Dividend	*8*	**-**	20,026
Earnings (losses) per share	*9*		
From continuing operations			
- Basic and diluted		**1.02 HK cents**	(2.15) HK cents
From discontinued operations			
- Basic and diluted		**0.28 HK cents**	8.34 HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
Profit for the year	**36,240**	153,060
Other comprehensive loss for the year		
Exchange difference on translation of foreign operations	**(14)**	(1,397)
Total comprehensive income for the year	**36,226**	151,663
Total comprehensive income (loss) attributable to:		
Equity holders of the Company		
- continuing operations	**28,855**	(54,761)
- discontinued operations	**8,000**	207,013
	36,855	152,252
Non-controlling interests		
- continuing operations	**(629)**	(589)
- discontinued operations	**-**	-
	(629)	(589)
	36,226	151,663

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**178,000**	155,600
Property, plant and equipment		**6,707**	12,775
Goodwill		**119,756**	-
Interests in associates		**-**	-
Premium for land lease		**2,371**	59,875
Other non-current assets		**3,130**	3,815
Deferred tax assets		**1,233**	1,888
		311,197	233,953
Current assets			
Inventories		**8,051**	4,447
Trade and other receivables	*10*	**46,865**	57,187
Bank balances and cash		**103,591**	167,017
		158,507	228,651
Current liabilities			
Trade and other payables	*11*	**46,756**	68,275
Obligations under finance leases		**122**	309
Taxation		**4,050**	1,690
		50,928	70,274
Net current assets		**107,579**	158,377
Total assets less current liabilities		**418,776**	392,330
Non-current liabilities			
Obligations under finance leases		**-**	142
Deferred tax liabilities		**4,036**	1,235
		4,036	1,377
NET ASSETS		**414,740**	390,953

CAPITAL AND RESERVES		
Issued capital	**28,205**	28,205
Reserves	**380,657**	336,215
Proposed dividend	**-**	20,026
Total capital and reserves attributable to equity holders of the Company	**408,862**	384,446
Non-controlling interests	**5,878**	6,507
TOTAL EQUITY	**414,740**	390,953

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 (the "Listing Rules").

(2) **Adoption of new and revised HKFRSs**
In the current year, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are effective for the Group's accounting period beginning on 1 April 2009.

HKFRSs (Amendments)	Improvements to HKFRSs (2008)
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 (Revised) & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Share-based Payment - Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised standard has had no impact on the reported results or financial position of the Group.

The application of the new HKFRSs had no material effect on how the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustments had been required.

Impact of new and revised HKFRSs not yet effective

HKFRSs (Amendments)	Improvements to HKFRSs (2008) *(Note a)*
HKFRSs (Amendments)	Improvements to HKFRSs (2009) *(Note b)*
HKAS 27 (Revised)	Consolidated and Separate Financial Statements *(Note c)*
HKFRS 3 (Revised)	Business Combinations *(Note c)*

Notes:
a. *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 July 2009 and 1 January 2010 as appropriate.*
c. *Effective for transfer of assets from customers received on or after 1 July 2009.*

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The Group is in the process of making an assessment of the impact of these new HKFRSs and anticipates that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group and the Company.

2. **SEGMENT INFORMATION**

In the current year, the Group has adopted HKFRS 8 "Operating Segments". HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess then performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "systems of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in redesignation of the Group's reportable segments as compared with the primary reportable segment determined in accordance with HKAS 14. The adoption of HKFRS 8 has not changed the basis of measurement of segment profit or loss.

The Group's management assesses the performance of the operating segments based on a measure of adjusted operating profit. This measurement basis includes profit of the operating segments before share of results of associated companies, interest income, interest expenses and tax, but excludes material gain or loss which is of capital nature or non-recurring nature such as gain or loss on disposal or impairment provision on property, plant and equipment, investments, goodwill or other assets. Other information provided to the Group's management is measured in a manner consistent with that in the accounts.

The Group is principally engaged in the provision of mobile communications services and distribution and retail management services.

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

	Continuing operations				**Discontinued operations**		
For the year ended 31 March 2010	**Mobile communi-cations services**	**Distribution and retail management services**	**Others**	**Total**	**International telecommuni-cations services**	**Inter-segment elimination**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover							
Revenue from external customers	**99,799**	**111,883**	**-**	**211,682**	**4,594**	**-**	**216,276**
Inter-segment revenue	**-**	**1,001**	**-**	**1,001**	**-**	**(1,001)**	**-**
Segment turnover	**99,799**	**112,884**	**-**	**212,683**	**4,594**	**(1,001)**	**216,276**
Segment results	**6,408**	**(2,108)**	**19,520**	**23,820**	**(1,102)**	**-**	**22,718**
Interest income				**773**	**-**	**-**	**773**
Finance costs				**(24)**	**-**	**-**	**(24)**
Gain on disposal of subsidiaries				**8,393**	**9,102**	**-**	**17,495**
Profit before taxation				**32,962**	**8,000**	**-**	**40,962**
Taxation				**(4,722)**	**-**	**-**	**(4,722)**
Profit for the year				**28,240**	**8,000**	**-**	**36,240**

2. SEGMENT INFORMATION (continued)

For the year ended 31 March 2009	Continuing operations				Discontinued operations		
	Mobile communi-cations services	Distribution and retail management services	Others	Total	International telecommuni-cations services	Inter-segment elimination	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover							
Revenue from external customers	105,870	86,766	-	192,636	243,181	-	435,817
Inter-segment revenue	-	2,471	-	2,471	9,878	(12,349)	-
Segment turnover	105,870	89,237	-	195,107	253,059	(12,349)	435,817
Segment results	8,904	(18,786)	(44,447)	(54,329)	1,559	-	(52,770)
Interest income				1,031	14	-	1,045
Finance costs				(1,322)	(79)		(1,401)
Gain on disposal of subsidiaries				-	212,932	-	212,932
(Loss) profit before taxation				(54,620)	214,426	-	159,806
Taxation				667	(7,413)	-	(6,746)
(Loss) profit for the year				(53,953)	207,013	-	153,060

3. OTHER NET INCOME

	2010	2009
	HK$'000	*HK$'000*
Allowance for doubtful debts written back	**561**	752
Gain on disposal of investment properties / premium for land lease and buildings	**5,895**	3,332
Gain on deemed disposal of shares in a subsidiary	**3,000**	-
Reversal of impairment loss on property, plant and equipment	**-**	249
Reversal of impairment loss on other non-current assets	**30**	-
Sundry income	**35**	92
	9,521	4,425

4. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on bank and other borrowings		
Wholly repayable within five years	**-**	951
Not wholly repayable within five years	**-**	317
Finance charges on obligations under finance leases	**24**	54
	24	1,322

5. PROFIT (LOSS) BEFORE TAXATION

This is stated after charging (crediting):

	2010	2009
	HK$'000	*HK$'000*
Staff costs (include directors' emoluments)		
Salaries, wages and other benefits	**49,235**	47,328
Contribution to defined contribution plans	**3,219**	1,100
Share-based payment	**6,896**	-
	59,350	48,428
Auditor's remuneration	**1,200**	1,020
Cost of inventories	**37,551**	33,686
Depreciation	**3,121**	4,286
Amortisation		
Premium for land lease	**574**	1,648
Intangible assets	**-**	1,581
Operating lease charges		
Telecommunications equipment	**2,142**	3,564
Premises	**22,055**	18,679
Allowance for doubtful trade and other receivables	**1,553**	6,080
Impairment loss		
Intangible assets	**-**	318
Other non-current assets	**-**	100
Provision for inventories (written-back) / written-down	**(151)**	239
Rental income from investment properties less direct outgoings of HK$Nil (*2009: HK$Nil)*	**(7,341)**	(7,019)
Loss on disposal of property, plant and equipment	**140**	153

6. **TAXATION**

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising in or derived from Hong Kong for the year.

PRC Enterprise income tax has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the PRC.

The major components of income tax charge are:

	Note	**2010**	2009
		HK$'000	*HK$'000*
Continuing operations			
Current tax			
Hong Kong Profits Tax			
Current year		**95**	-
Over provision in prior years		**-**	(14)
PRC Enterprise Income Tax			
Current year		**3,506**	-
Over provision in prior years		**(2,335)**	-
		1,266	(14)
Deferred taxation			
Origination and reversal of temporary difference		**2,774**	2,835
Utilisation (benefit) of tax losses recognised		**682**	(3,488)
		3,456	(653)
Tax charge (credit) from continuing operations		**4,722**	(667)
Discontinued operations			
Current tax			
Overseas Profits Tax			
Current year		**-**	2,354
Under provision in prior years		**-**	5,059
Tax charge from discontinued operations	*7*	**-**	7,413
Total tax charge for the year		**4,722**	6,746

7. **DISCONTINUED OPERATIONS**

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, a wholly-owned subsidiary of the Company, at a cash consideration of HK$10,000,000 (subject to adjustments). The disposal was completed on 31 July 2009.

Details of the assets and liabilities disposed of are disclosed in note 13. The results of the discontinued operations for the year up to the date of disposal and the prior year are summarised as follows:

	Note	**2010**	2009
		HK$'000	*HK$'000*
Profit from discontinued operations			
Turnover		**4,594**	243,181
Cost of sales and services		**(4,358)**	(210,459)
Other revenue		**232**	1,325
Other net income		**-**	730
Distribution costs		**(46)**	(1,271)
Administrative expenses		**(1,524)**	(31,933)
Finance costs	*(a)*	**-**	(79)
(Loss) profit before taxation	*(b)*	**(1,102)**	1,494
Taxation	*6*	**-**	(7,413)
Loss for the year from discontinued operations		**(1,102)**	(5,919)
Gain on disposal of discontinued operations	*13*	**9,102**	212,932
Profit from discontinued operations		**8,000**	207,013

7. DISCONTINUED OPERATIONS (continued)

Note:

(a) Finance costs

	2010	2009
	HK$'000	*HK$'000*
Interest on bank and other borrowings:		
Wholly repayable within five years	**-**	55
Finance charges on obligations under finance leases	**-**	24
	-	79

(b) (Loss) profit before taxation

This is stated after charging (crediting):

	2010	2009
	HK$'000	*HK$'000*
Staff costs (include directors' emoluments)		
Salaries, wages and other benefits	**433**	16,158
Contribution to defined contribution plans	**19**	594
	452	16,752
Auditor's remuneration		
Current year	**-**	803
Over provision in prior years	**-**	(116)
	-	687
Depreciation	**272**	3,972
Operating lease charges		
Telecommunications equipment	**1,293**	11,719
Premises	**-**	7,184
Allowance for doubtful trade and other receivables	**77**	521
Loss on disposal of property, plant and equipment	**17**	54
Allowance for doubtful debts written back	**-**	(112)

8. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 March 2010 *(2009: 0.71 HK cents per share)*.

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

The calculation of basic earnings (losses) per share is based on the profit (loss) attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year ended 31 March 2010.

	2010	2009
Weighted average number of shares in issue	**2,820,500,000**	2,483,112,603
Profit (loss) from continuing operations attributable to equity holders of the Company (HK$'000)	**28,870**	(53,290)
Basic earnings (losses) per share from continuing operations attributable to equity holders of the Company (HK cents)	**1.02**	(2.15)
Profit from discontinued operations attributable to equity holders of the Company (HK$'000)	**8,000**	207,013
Basic earning per share from discontinued operations attributable to equity holders of the Company (HK cents)	**0.28**	8.34
Profit attributable to equity holders of the Company (HK$'000)	**36,870**	153,723
Basic earnings per share attributable to equity holders of the Company (HK cents)	**1.30**	6.19

Diluted earnings per share for the year ended 31 March 2010 and 2009 are the same as the basic earnings per share as the conversion of potential ordinary shares to ordinary shares would have anti-dilutive effect.

10. **TRADE AND OTHER RECEIVABLES**

	Note	**2010** ***HK$'000***	2009 *HK$'000*
Trade receivables			
Trade receivables from third parties		**48,977**	40,104
Allowance for doubtful debts	*(a)*	**(17,394)**	(18,296)
		31,583	21,808
Other receivables			
Deposits, prepayments and other receivables	*(b)*	**15,282**	35,370
Due from associates		**-**	9
		15,282	35,379
		46,865	57,187

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 end of the reporting period is as follows:

	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**17,722**	8,826
31 – 60 days	**4,115**	2,682
61 – 90 days	**2,711**	1,637
Over 90 days	**7,035**	8,663
	31,583	21,808

Note:

(a) Allowance for doubtful debts

	2010	2009
	HK$'000	*HK$'000*
Balance at beginning of year	**18,296**	49,532
Increase in allowance	**371**	1,608
Amount recovered	**(104)**	(442)
Amount written off	**(932)**	(2,978)
Disposal of subsidiaries	**(237)**	(29,424)
	17,394	18,296

Included in the Group's trade receivables balance are debtors with a carrying amount of HK$23,839,000 *(2009: HK$13,408,000)* which are past due at the end of the reporting period for which the Group has not impaired as there has not been a significant change in credit quality and the directors consider that the amounts are recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 30-60 days *(2009: 30-60 days)*.

(b) Included in deposits, prepayments and other receivables are deferred consideration receivables of HK$300,000 for disposal of a subsidiary.

11. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**13,602**	36,194
Other payables		
Accrued charges and other creditors	**28,428**	19,049
Advance subscription fees received	**1,307**	9,284
Deposits received	**2,718**	3,024
Due to associates	**701**	724
	33,154	32,081
	46,756	68,275

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

	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**7,294**	6,123
31 – 60 days	**2,320**	4,710
61 – 90 days	**2,174**	1,985
Over 90 days	**1,814**	23,376
	13,602	36,194

12. **ACQUISITION OF SUBSIDIARIES**

On 1 June 2009, the Group entered into a conditional sale and purchase agreement with Mr. Ting Pang Wan, Raymond, the Chairman of the Company, and Mr. Yam Tak Cheung (both being the connected person of the Group) for the acquisition of the entire issued shares of Victory Marker Limited whose subsidiaries were engaged in provision of retail sales and management services in Shanghai and the assignment of loans due by Victory Marker Limited and its subsidiaries at the consideration of HK$127,000,000, of which HK$67,100,000 was satisfied by taking over certain properties of the Group on a dollar for dollar basis pursuant to a conditional sale and purchase agreement dated 1 June 2009 and the remaining balance was paid by cash (the "Acquisition"). The Acquisition and disposal of properties were both completed in July 2009.

The fair value of the identifiable assets and liabilities of the business as at the date of acquisition and their carrying value determined in accordance with HKFRS immediately before combination are as follows:

	Carrying value and fair value
	HK$'000
Property, plant and equipment	**1,709**
Cash and cash equivalents	**6,106**
Trade and other receivables	**19,112**
Inventories	**2,711**
Trade and other payables	**(18,304)**
Tax payable	**(4,090)**
	7,244
Goodwill arising on acquisition	**119,756**
Total consideration	**127,000**
Consideration	
Cash paid	**59,900**
Disposal of premium for land lease and buildings	**67,100**
	127,000
Net cash acquired from the subsidiaries	**6,106**
Cash paid	**(59,900)**
Net cash outflow	**(53,794)**

Since acquisition, the acquired business has contributed HK$65,795,000 and HK$10,880,000 to the revenue and profit of the Group respectively.

If the business combinations effected during the year had been taken place at the beginning of the year, the revenue and profit attributable to the Group would have been HK$80,426,000 and HK$10,969,000 respectively.

Goodwill is attributable to the acquired workforces, the profitability and customers relationship synergies expected to arise from the acquired subsidiaries.

13. **DISPOSAL OF SUBSIDIARIES**

Continuing Operations:

	Note	2010 *HK$'000*
Net liabilities disposed of:		
Property, plant and equipment		**2,391**
Other non-current assets		**715**
Inventories		**312**
Trade and other receivables		**1,639**
Cash and cash equivalents		**376**
Trade and other payables		**(12,417)**
Reserve		**691**
		(6,293)
Gain on disposal of subsidiaries		**8,393**
		2,100
Satisfied by:		
Net consideration received		**2,100**
		2,100
Net cash inflow arising on disposal:		
Net consideration received, net of related costs		**2,100**
Less: Cash and cash equivalents disposed of		**(376)**
		1,724

Discontinued Operations:

	Note	2010 *HK$'000*
Net liabilities disposed of:		
Property, plant and equipment		**715**
Trade and other receivables		**4,739**
Cash and cash equivalents		**413**
Trade and other payables		**(6,282)**
		(415)
Gain on disposal of subsidiaries	*7*	**9,102**
		8,687
Satisfied by:		
Net consideration received		**8,570**
Deferred consideration receivables		**300**
Less: Costs related to disposal		**(183)**
		8,687
Net cash inflow arising on disposal:		
Net consideration received, net of related costs		**8,387**
Less: Cash and cash equivalents disposed of		**(413)**
		7,974

14. **COMPARATIVE FIGURES**

During the year, the Group disposed of its international telecommunications services business. Accordingly, the business segment of international telecommunications services was classified as discontinued operations and the comparative figures of this segment were re-classified from continuing operations to discontinued operations.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Operations Review

Despite the global financial crisis in late 2008 that continued to negatively impact the business during the year, the Group made substantial progress in its restructuring of business and managed to turn into a net profit of HK$28,240,000 from continuing operations, compared to a net loss of HK$53,953,000 a year earlier which was re-classified to reflect the divested businesses during the year.

During the year, the Group recorded a turnover of HK$216,276,000; this represented 50% below the last corresponding year which included the divested IDD wholesales business. Excluding the divested businesses during these two years, the Group's turnover was HK$211,682,000 from continuing operations, an increase of 10% versus the year before. Gross margin improved to 39% from 36% in the preceding year, primarily due to both higher margin from the newly acquired Shanghai business and the exit of the low margin international telecommunications services business. During the year, the Group recorded a net profit after tax of HK$36,240,000, down from HK$153,060,000 in the prior year, which included a substantial amount of gain from divesting the IDD wholesales business.

The Group continued its effort in restructuring and to streamline its businesses, which resulted in the divestiture of the prepaid calling card, fixed line telecom network and 0050 IDD retail voice business. The divestitures were completed during the year and resulted in a net gain of HK$17,495,000. As part of the Group's strategic move to gain a presence in China, it acquired a Shanghai-based sales and retail management service business during the year contributing a healthy operating profit to the Group.

Mobile Communications Services

Mobile Communications Services segment continued to be a major profit contributor of the Group. Turnover for the segment during the year under review, which includes both the Mobile Virtual Network Operator ("MVNO") and the two-way trunked radio businesses, declined 6% to HK$99,799,000. The segment accounted for 46% of Group's turnover or 47% of Group's turnover from continuing operations. Operating profit declined 28% to HK$6,408,000 when compared to the last corresponding year. These results reflected the aftermath of the financial industry meltdown that had impacted the customers and the increased competitive environment, both of which continued to drive the pricing downward and erode profit margin.

During the year, MVNO's turnover reached HK$92,501,000, a decline of 5% versus last year. Gross margin declined 5% point to 35% and operating profit lowered to HK$8,245,000, a decrease of 33% when compared to a year before.

Mobile Communications Services (continued)

During the year, MVNO was aggressively targeting new market segments and managed to raise its net post-paid subscribers by 9%. However, this increase was more than offset by a number of factors that negatively impacted the business. The most significant was the financial turmoil in late 2008 that accelerated the customers moving their operations into China, a factor that reduced cross border travel by business executives for local manufacturers and multinational corporations. This had a profound negative impact on usage and churn of MVNO's dual number single SIM mobile service. Second, major mobile operators were stepping up their marketing efforts with aggressive advertising, heavily discounted services and subsidised mobile devices, which resulted in driving the average selling price downward. Third, the increasing popularity of high-end PDA devices and the 3G data services, which the Group was unable to offer, increased the stickiness of the mobile services and reduced the overall addressable churn market.

Despite the challenging market conditions, the Group is stepping up its investment and marketing effort to address some of the issues. It is actively working with its partners to evaluate various options, one of which includes upgrading its offering to include 3G voice and mobile data service to strengthen its leading position in the cross border communication services. These potential enhanced services when available will allow the Group to compete more effectively by improving the quality of service and broadening of offerings to meet the growing demand in the cross border mobile data communications.

The trunked radio business is one of the few two-way radio licensed operators in Hong Kong. The Group through co operation with its partner in Shenzhen, China maintains a cross border two-way radio services to companies in the transportation industry. With its solid customer base from the non-profit organization, logistics, transportation and airlines industries, the Group's current analogue infrastructure is unable to offer the enhanced value-added services and applications demanded by the customers. The Group is exploring various strategic options to offer its customer the latest digital two-way radio services in the future. During the year under review, turnover for the business dropped 16% from last year to HK$7,298,000. Gross profit margin improved to 31% from 24% reflecting a mix of lower handset sales. The business also incurred an operating loss of HK$1,142,000, 11% more than the prior year.

Distribution and Retail Management Services

In the year under review, turnover for the segment increased by 27% to HK$112,884,000 which reflected the divestiture of prepaid calling card business and the addition of Shanghai-based sales and retail management service business. The distribution and retail segment accounted for 52% of the Group's turnover or 53% of the Group's turnover from continuing operations. Gross profit and margin improved from HK$29,845,000 and 33% in the prior year to HK$49,206,000 and 44% respectively. The increase was attributed to the strong contribution from the Shanghai-based operation that the Group acquired in July 2009. Excluding the one-time gain from the sales of the prepaid calling card business and the loss of disposal on investment, the Group has substantially reduced the segment's operating loss to HK$2,108,000 from HK$18,786,000 in the previous year.

Distribution and Retail Management Services (continued)

In July 2009, the Group completed the acquisition of the Shanghai-based retail sales and management service business and took over an operation that consisted primarily of retail, enterprise and distribution business. It became one of the major turnover and profit contributors of the Group. Turnover for the operation reached HK$65,795,000 during the year. Gross margin maintained at 50% with an operating profit of HK$14,368,000. The Shanghai business in the past had undergone substantial changes in its strategic direction, moving from a traditional retail operation where margin was made through sales of handsets and services to a service-based operation where income was received for services performed on behalf of mobile operators. The change raised its profit margin substantially and provided stability to its on-going income stream. At the end of the year under review, the Shanghai unit operates 30 stores, up from the 27 earlier in the year, on behalf of one of the national mobile operators in China and maintains a group of authorized resellers that distribute a range of telecom and value-added services to consumers and enterprise customers.

CM Concept, an operator of a chain of retail stores in the Hong Kong, continued to under-perform in the telecom retail market. Turnover for the business dropped to HK$45,518,000, representing 14% decline from the year before. Gross margin dropped from 39% to 34% reflecting a higher mix of handset turnover. The business continued as a drag to the Group's operating profit with an operating loss of HK$15,845,000, which was 8% higher than the year before.

As the economy continued to pick up during the year primarily due to the visitors from Mainland China, local consumer retail market remained relatively sluggish. In addition, the telecom market had undergone some fundamental changes with the increasing popularity of high end PDA devices. The long period commitment required by mobile network operators for subsidising the high end PDA devices had substantially reduced the overall addressable churn market. The number of successful porting of mobile number, according to Office of Telecommunications Authority, has declined by more than 19% during the year. This shift reduced our dealer service business substantially and thus our income received from mobile operators. As a result, the handset and dealer service plan sold were down 7% and 48% respectively. As the business continued to deteriorate, the Group has adopted various measures to reduce the exposure and to improve its efficiency of operation. It is consolidating its retail operations and attempting to broaden its product and service portfolio offered in order to improve the productivity. At the end of the year under review, there were a total of 18 CM Concept retail shops, down from 19 from a year ago.

During the year, the Group had divested the local prepaid calling card business which consisted of IDD and mobile prepaid calling card services. The disposal resulted in a gain of HK$8,669,000 for the Group. The divestiture allowed the Group's MVNO business increased flexibility to broaden its channel capability.

Prospect

The recent turmoil of Europe's debt situation, the increasing Government's interference into the frothy China real estate market and the political pressure from the United States on China's Yuan appreciation will inevitably pose a threat to the recovery of the market and negatively impact our business in the foreseeable future. In the past two years, the Group has made appropriate responses to the changes and crafted a new strategy that has begun to take shape. The divestiture of the fixed line telecom network and the IDD wholesales and retail businesses have provided the Group with the necessary capital and resources to accelerate the transformation and take advantage of the market conditions. The Group will continue its effort to critically assess its existing business portfolio and make the adjustments where necessary to streamline its operations and focus on higher margin and faster growing businesses.

With the issuance of 3G telecom licenses in early 2009, China telecom operators have been making significant investment in building a new generation of infrastructure, and this massive fiscal stimulus has created an enormous business opportunities for their partners in the telecom and related industries. The recent proposed convergence across China telecommunications, Internet and television broadcasting networks will further fuel the growth for years to come. The acquisition of the Shanghai-based sales and retail management service business was the Group's first step in taking advantage of and participation in this fast growing telecom and value-added services in China. With its long established presence and reputation in the cross border and international communications space, the Group is well positioned to exploit the vast business opportunities that arise. As the Group continues to fine tune its business direction, it will actively explore investment opportunities to strengthen and expand its business portfolio beyond Hong Kong in the future.

Business Disposal and Acquisition

During the year, the Group completed the disposal of certain businesses, including long distance call services and retail sales of international calling cards, fixed network services as well as maintenance services and telecommunication related services, which resulted net proceeds of approximately HK$10,787,000 and disposal gain of approximately HK$17,495,000 in total (the "Business Disposal"). Details of the Business Disposal were disclosed in 2009/10 interim results announcement and 2009/10 interim report.

Besides, the Group completed the acquisition of a Shanghai-based retail sales and management service business at consideration of HK$127,000,000, of which HK$67,100,000 was satisfied by taking over certain properties of the Group on a dollar for dollar basis and the remaining balance was paid by cash (the "Acquisition"). Details of the Acquisition were disclosed in the announcements dated 1 June 2009 and 14 July 2009 and the circular dated 22 June 2009 as well as 2009/10 interim report.

Financial Position

As at 31 March 2010, the Group's bank balances and cash substantially held in HKD currency amounted to approximately HK$103,591,000 *(2009: HK$167,017,000)*. Obligations under finance leases made in HKD currency at fixed interest rate amounted to approximately HK$122,000 *(2009: HK$451,000)*. 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 0.03% *(2009: 0.12%)*.

Following the completion of the Business Disposal and the Acquisition, there was net cash outflow of approximately HK$43,796,000.

It is anticipated that the Group's bank balance and cash as at 31 March 2010, together with the stable rental income will be sufficient to fund its operations. As at 31 March 2010, the Group had no banking facilities.

Share Capital

As at 31 March 2010, the Company had 2,820,500,000 shares in issue with total shareholders' fund of the Group amounting to approximately HK$408,862,000.

Financial Guarantees

As at 31 March 2010, the Group had contingent liabilities amounting to approximately HK$9,067,000 *(2009: HK$18,748,000)* 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 2010, the Group did not have any charge on its assets *(2009: HK$220,370,000).*

Exposures to Fluctuations in Exchange Rates

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi. The Group is exposed to the fluctuations in Renminbi as certain receipts and payments are settled by Renminbi. However, the management will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Employees and Remuneration Policies

As at 31 March 2010, the Group had 479 full-time staff. Total staff costs (including directors' emoluments) incurred by both continued and discontinued operations for the year amounted to approximately HK$59,802,000 *(2009: HK$65,180,000)*. 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.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the auditor 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 2010 have been reviewed by the Audit Committee and agreed by the Group's external auditor.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 March 2010.

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 23 September 2009 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.

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 2010 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, 8 July 2010

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. Sin Ka Man, Mr. Huang An Guo and Ms. Wong Fei Tat.

** for identification purpose only*