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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

RESULTS

The board of directors (the "Board") of China Motion Telecom International Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2010 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 September 2010

		Six months ended 30 September	
		2010	2009
		(Unaudited)	(Unaudited)
	Note	**HK$'000**	HK$'000
Continuing operations			
Turnover		**110,645**	90,487
Cost of sales and services		**(69,503)**	(51,011)
Gross profit		**41,142**	39,476
Other revenue		**7,932**	6,087
Other net income		**23**	6,479
Gain on disposal of a subsidiary		**32**	9,084
Distribution costs		**(1,975)**	(1,286)
Administrative expenses		**(46,240)**	(50,549)
Finance costs	*4*	**(4)**	(16)
Profit before taxation	*5*	**910**	9,275
Taxation	*6*	**(1,596)**	(1,490)
(Loss) profit for the period from continuing operations		**(686)**	7,785
Discontinued operations			
Profit from discontinued operations	*7*	**-**	8,699
(Loss) profit for the period		**(686)**	16,484

	Note	Six months ended 30 September 2010 (Unaudited) HK$'000	2009 (Unaudited) HK$'000
(Loss) profit attributable to:			
Shareholders of the Company			
- continuing operations		**(874)**	7,792
- discontinued operations		**-**	8,699
		(874)	16,491
Non-controlling interests			
- continuing operations		**188**	(7)
- discontinued operations		**-**	-
		188	(7)
		(686)	16,484
(Losses) earnings per share	*9*		
From continuing operations			
- Basic and diluted		**(0.03) HK cents**	0.28 HK cents
From discontinued operations			
- Basic and diluted		**- HK cents**	0.30 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2010

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
(Loss) profit for the period	**(686)**	16,484
Other comprehensive income (loss) for the period		
Exchange difference on translation of foreign operations	**439**	(85)
Total comprehensive (loss) income for the period	**(247)**	16,399
Total comprehensive (loss) income attributable to:		
Shareholders of the Company		
- continuing operations	**(436)**	7,703
- discontinued operations	**-**	8,699
	(436)	16,402
Non-controlling interests		
- continuing operations	**189**	(3)
- discontinued operations	**-**	-
	189	(3)
	(247)	16,399

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2010

	Note	**30 September 2010 (Unaudited) HK$'000**	31 March 2010 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**178,000**	178,000
Property, plant and equipment		**5,697**	6,707
Goodwill		**119,756**	119,756
Interests in associates		**-**	-
Premium for land lease		**2,334**	2,371
Other non-current assets		**3,130**	3,130
Deferred tax assets		**1,233**	1,233
		310,150	311,197
Current assets			
Inventories		**14,511**	8,051
Trade and other receivables	*10*	**40,249**	46,865
Bank balances and cash		**91,694**	103,591
		146,454	158,507
Current liabilities			
Trade and other payables	*11*	**36,263**	46,756
Obligations under finance leases		**55**	122
Taxation		**1,757**	4,050
		38,075	50,928
Net current assets		**108,379**	107,579
Total assets less current liabilities		**418,529**	418,776
Non-current liabilities			
Deferred tax liabilities		**4,036**	4,036
		4,036	4,036
NET ASSETS		**414,493**	414,740

	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
CAPITAL AND RESERVES		
Issued capital	**28,205**	28,205
Reserves	**380,221**	380,657
Total capital and reserves attributable to shareholders of the Company	**408,426**	408,862
Non-controlling interests	**6,067**	5,878
TOTAL EQUITY	**414,493**	414,740

Notes:

1. **BASIS OF PREPARATION**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2010.

2. **PRINCIPAL ACCOUNTING POLICIES**

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value, as appropriate.

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements of the Group for the year ended 31 March 2010, except for the impact of the adoption of the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and interpretations described below.

In the current interim period, 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 2010.

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

As part of the Improvements to HKFRSs (2009) issued in May 2009, HKAS 17 Leases has been amended in relation to the classification of leases of land. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Premium for land lease", and amortised over the lease term.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group has reassessed the classification of land elements of unexpired leases at the date it adopts the amendment on the basis of information existing at the inception of the leases and concluded that the classification of such land leases as operating leases continues to be appropriate.

HKFRS 3 (Revised) affects the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group for transactions on or after 1 April 2010. The Group did not have business combination on or after 1 April 2010. The adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) had no material effect on these unaudited condensed consolidated interim financial statements of the Group.

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

The Group has not early adopted the following new standards, amendments to standards and interpretations, which have been issued but are not effective for the financial year beginning on 1 April 2010.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

HKAS 24 (Revised)	Related Party Disclosures *(Note a)*
HKFRSs (Amendments)	Improvements to HKFRSs (2010) *(Note b)*
HKFRS 1 (Amendment)	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First time Adopters *(Note c)*
HKFRS 7 (Amendment)	Disclosures – Transfer of Financial Assets *(Note d)*
HKFRS 9	Financial Instruments *(Note e)*

Notes:

a. Effective for annual periods beginning on or after 1 January 2011.

b. Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

c. Effective for annual periods beginning on or after 1 July 2010.

d. Effective for annual periods beginning on or after 1 July 2011.

e. Effective for annual periods beginning on or after 1 January 2013.

3. **SEGMENT INFORMATION**

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

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

Six months ended 30 September 2010	Continuing operations: Mobile communi-cations services (Unaudited) HK$'000	Continuing operations: Distribution and retail sales and management services (Unaudited) HK$'000	Continuing operations: Others (Unaudited) HK$'000	Continuing operations: Total (Unaudited) HK$'000	Discontinued operations: International telecommuni-cations services (Unaudited) HK$'000	Inter-segment elimination (Unaudited) HK$'000	Group (Unaudited) HK$'000
Turnover							
Revenue from external customers	**51,231**	**59,414**	**-**	**110,645**	**-**	**-**	**110,645**
Inter-segment revenue	**-**	**301**	**-**	**301**	**-**	**(301)**	**-**
Segment turnover	**51,231**	**59,715**	**-**	**110,946**	**-**	**(301)**	**110,645**
Segment results	**3,286**	**(2,390)**	**(230)**	**666**	**-**	**-**	**666**
Interest income				**216**	**-**	**-**	**216**
Finance costs				**(4)**	**-**	**-**	**(4)**
Gain on disposal of a subsidiary				**32**	**-**	**-**	**32**
Profit before taxation				**910**	**-**	**-**	**910**
Taxation				**(1,596)**	**-**	**-**	**(1,596)**
Loss for the period				**(686)**	**-**	**-**	**(686)**

Six months ended 30 September 2009	Continuing operations: Mobile communi-cations services (Unaudited) HK$'000	Continuing operations: Distribution and retail sales and management services (Unaudited) HK$'000	Continuing operations: Others (Unaudited) HK$'000	Continuing operations: Total (Unaudited) HK$'000	Discontinued operations: International telecommuni-cations services (Unaudited) HK$'000	Inter-segment elimination (Unaudited) HK$'000	Group (Unaudited) HK$'000
Turnover							
Revenue from external customers	50,075	40,412	-	90,487	4,594	-	95,081
Inter-segment revenue	-	640	-	640	-	(640)	-
Segment turnover	50,075	41,052	-	91,127	4,594	(640)	95,081
Segment results	5,485	(4,532)	(1,394)	(441)	(929)	-	(1,370)
Interest income				648	-	-	648
Finance costs				(16)	-	-	(16)
Gain on disposal of subsidiaries				9,084	9,628	-	18,712
Profit before taxation				9,275	8,699	-	17,974
Taxation				(1,490)	-	-	(1,490)
Profit for the period				7,785	8,699	-	16,484

4. FINANCE COSTS

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Finance charges on obligations under finance leases	**4**	16

5. PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Crediting:		
Write back of allowance for trade and other receivables	**-**	(561)
Rental income from investment properties less direct outgoings of HK$Nil *(2009: HK$Nil)*	**(3,736)**	(3,608)
Charging:		
Staff costs (include directors' emoluments)	**29,390**	25,526
Share-based payment	**-**	6,896
	29,390	32,422
Cost of inventories	**30,681**	16,305
Depreciation	**1,192**	1,806
Amortisation		
Premium for land lease	**38**	536
Operating lease charges		
Telecommunications equipment	**950**	1,118
Premises	**10,573**	10,130
Allowance for doubtful trade and other receivables	**212**	188
Provision for inventories written-down (written-back)	**566**	(53)
Loss on disposal of property, plant and equipment	**1**	698

6. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for both periods as the Group has no assessable profits arising in Hong Kong or taxable profits were wholly absorbed by estimated tax losses brought forward.

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:

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Continuing operations		
Current tax		
Hong Kong Profits Tax	**-**	-
PRC Enterprise Income Tax	**1,596**	1,490
Tax charge from continuing operations	**1,596**	1,490
Discontinued operations		
Current tax		
Overseas Profits Tax	**-**	-
Tax charge from discontinued operations	**-**	-
Total tax charge for the period	**1,596**	1,490

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.

The results of the discontinued operations for the current period and the prior period are summarised as follows:

		Six months ended 30 September	
		2010	2009
		(Unaudited)	(Unaudited)
	Note	**HK$'000**	HK$'000
Profit for the period from discontinued operations			
Turnover		-	4,594
Cost of sales and services		-	(4,358)
Other revenue		-	232
Distribution costs		-	(46)
Administrative expenses		-	(1,351)
Loss before taxation	*(a)*	-	(929)
Taxation	*6*	-	-
Loss for the period from discontinued operations		-	(929)
Gain on disposal of discontinued operations		-	9,628
Profit from discontinued operations		-	8,699

Note:

(a) Loss before taxation

This is stated after charging:

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Charging:		
Staff costs (include directors' emoluments)	-	452
Depreciation	-	272
Operating lease charges		
Telecommunications equipment	-	1,293
Allowance for doubtful trade and other receivables	-	77
Loss on disposal of property, plant and equipment	-	17

8. **DIVIDEND**

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2010 *(2009: Nil).*

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

The calculation of basic (losses) earnings per share is based on the (loss) profit attributable to shareholders of the Company and the weighted average number of ordinary shares in issue during the six months ended 30 September 2010 and 2009.

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
Weighted average number of shares in issue	**2,820,500,000**	2,820,500,000
(Loss) profit from continuing operations attributable to shareholders of the Company (HK$'000)	**(874)**	7,792
Basic (losses) earnings per share from continuing operations attributable to shareholders of the Company (HK cents)	**(0.03)**	0.28
Profit from discontinued operations attributable to shareholders of the Company (HK$'000)	**-**	8,699
Basic earnings per share from discontinued operations attributable to shareholders of the Company (HK cents)	**-**	0.30
(Loss) profit attributable to shareholders of the Company (HK$'000)	**(874)**	16,491
Basic (losses) earnings per share attributable to shareholders of the Company (HK cents)	**(0.03)**	0.58

Diluted (losses) earnings per share for the six months ended 30 September 2010 and 2009 are the same as the basic (losses) earnings per share as the conversion of potential ordinary shares to ordinary shares would have anti-dilutive effect.

10. **TRADE AND OTHER RECEIVABLES**

		30 September 2010	31 March 2010
		(Unaudited)	(Audited)
	Note	**HK$'000**	HK$'000
Trade receivables			
Trade receivables from third parties		**44,488**	48,977
Allowance for doubtful debts	*(a)*	**(17,565)**	(17,394)
		26,923	31,583
Other receivables			
Deposits, prepayments and other receivables	*(b)*	**13,326**	15,282
		40,249	46,865

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) at the end of reporting period is as follows:

	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
0 – 30 days	**16,681**	17,722
31 – 60 days	**5,290**	4,115
61 – 90 days	**1,714**	2,711
Over 90 days	**3,238**	7,035
	26,923	31,583

Notes:

(a) Allowance for doubtful debts

	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
Balance at beginning of period/year	**17,394**	18,296
Increase in allowance	**171**	371
Amount recovered	-	(104)
Amount written off	-	(932)
Disposal of subsidiaries	-	(237)
	17,565	17,394

Included in the Group's trade receivables balance are debtors with a carrying amount of HK$9,193,000 *(31 March 2010: HK$23,839,000)* 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 *(31 March 2010: 30-60 days)*.

(b) Included in deposits, prepayments and other receivables are consideration receivables of HK$1,200,000 for disposal of a subsidiary.

11. TRADE AND OTHER PAYABLES

	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
Trade payables	**10,058**	13,602
Other payables		
Accrued charges and other creditors	**20,887**	28,428
Advance subscription fees received	**1,912**	1,307
Deposits received	**2,705**	2,718
Due to associates	**701**	701
	26,205	33,154
	36,263	46,756

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

	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
0 – 30 days	**4,558**	7,294
31 – 60 days	**2,345**	2,320
61 – 90 days	**206**	2,174
Over 90 days	**2,949**	1,814
	10,058	13,602

12. **DISPOSAL OF A SUBSIDIARY**

	Six months ended 30 September 2010 (Unaudited) HK$'000
Net assets disposed of:	
Property, plant and equipment	**203**
Inventories	**75**
Trade and other receivables	**1,522**
Trade and other payables	**(184)**
	1,616
Gain on disposal of a subsidiary	**32**
	1,648
Satisfied by:	
Net consideration received	**500**
Consideration receivables	**1,200**
Less: Costs related to disposal	**(52)**
	1,648
Net cash inflow arising on disposal:	
Net consideration received, net of related costs	**448**

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Operations Review

The Group continued to restructure its business portfolio and streamlined its business operation in the first half of this fiscal year. The acquisition of the Shanghai-based retail sales and management services business in last fiscal year contributed positively to the financial performance of the Group. As a result, during the period under review the Group managed to increase its turnover by 16% to HK$110,645,000 over the last corresponding period. Despite a lower gross margin at 37% down from 42% a year earlier, the Group managed to record an operating profit of HK$878,000. For the period under review, the Group incurred an after tax loss of HK$686,000 as compared to a net profit after tax of HK$16,484,000 in the last corresponding period. This decline was largely attributed to the absence of one-off gain from disposal of the fixed line and the prepaid calling card business in the last period.

Mobile Communications Services

Turnover for the mobile communications services segment, which includes both the Mobile Virtual Network Operators ("MVNO") and Trunked Radio businesses, increased by 2% to HK$51,231,000 for the period under review. This turnover accounted for 46% of Group's total turnover for the continuing operations. Gross margin was 32% and operating profit amounted to HK$2,908,000.

During the period under review, MVNO business had stepped up its aggressive marketing and sales effort resulted in a significant increase in the overall subscriber base. At the end of the period under review, MVNO increased its post-paid subscriber base by more than 19% versus the same period last year. This increase, which provided an important growth engine in the future, was attributed primarily to the additional new channels established last year to broaden its reach to the target market segment. Despite this strong subscriber growth, MVNO continued to suffer the aftermath effect from the financial meltdown and competitive pricing pressure in the past year resulting in a lower call volume for the cross border service and higher rebate given to customer, both of which had negatively impacted the financial performance of MVNO. During the period, MVNO business recorded a turnover of HK$48,174,000, 4% increase versus the same period a year ago with an operating profit of HK$3,884,000.

Since last year, MVNO had begun working on a number of new initiatives with the objective to enhance its services and broaden its product portfolio. The first of which would be the delivery of and upgrade of its service in Hong Kong to 3G for all its subscribers in the second half of the fiscal year which represents the most significant service introduction since the MVNO launched its dual number service in 2002. It also plans to introduce a number of additional cross border communications services to business customers in an effort to reverse the continual downward pricing pressure.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Mobile Communications Services (continued)

The Trunked Radio business, which holds one of the few licensed Public Radiocommunications Services ("PRS") in Hong Kong, had become a drag to the Group's operating performance in the first half of the year. As competition stepped up its pressure in sales and marketing with new digital platforms that offer superior services, the Trunked Radio business was deteriorating in an accelerated rate with a much higher customer churn during the period. Turnover for the business declined 20% to HK$3,057,000 when compared to the same period last year with a gross profit margin of 38% and an operating loss of HK$916,000. As part of the restructuring effort, the Group had made a decision and reached an agreement with an independent third party during the period to eventually exit the business.

Distribution and Retail Sales and Management Services

During the period under review, turnover for the segment, which reflected the inclusion of both the Hong Kong retail operation and Shanghai retail sales and management services, increased about 45% to HK$59,715,000 which accounted for 54% of the Group's turnover for the continuing operations. This substantial increase was primarily attributed to the full six months effect and the additional handset wholesale business of the Shanghai operation but partially offset by the underperformance of the Hong Kong retail business. Gross margin declined slightly to 42% with an operating loss of HK$2,355,000 reflecting the deteriorating situation with the Hong Kong retail business.

The newly acquired Shanghai-based retail sales and management service business ("Shanghai Operation") became a bright spot within the Group. At the end of the period under review, the Shanghai Operation maintained a total of 29 service stores and remained one of the lead partners of one of the telecom carriers in Shanghai. The increasing competitive environment among the three national telecom carriers and the highly penetrated Shanghai telecom market had forced the operators to continue adjusting their marketing strategy and thus the remuneration to their partners as a result. This change, although posing a threat to our continual stable income stream, provided opportunities for us to broaden our relationship with the carrier by offering additional services and expanding geographically. Turnover for the Shanghai Operation during the period under review reached HK$37,611,000 compared to three month turnover of HK$17,375,000 in the corresponding period last year. Operating profit amounted to HK$5,487,000 with a gross margin of 50%.

Distribution and Retail Sales and Management Services (continued)

Even though the economy continued to pick up its steam during the period, our Hong Kong retail operation remained relatively sluggish. The overwhelming popularity of the high end smart phone devices, which we were unable to offer, had stalled the sales of other mobile devices during the first half of the year. In addition, the extra-long contract commitment with higher rebate and incentive offered by mobile carriers to keep subscribers had substantially reduced the addressable churn market and thus our overall dealer business. Both of these factors continued to threaten our ability to compete effectively as an independent telecom retailer. For the six month period under review, we managed to raise the handset unit sales by 4% but the dealer service plan sold were substantially down by 56%. As a result, turnover declined 4% to HK$22,104,000 versus the same period last year. Gross margin declined to 27% from 38% reflecting a higher mix of low margin handset business. Operating loss unfavourably increased to HK$7,842,000 from HK$6,728,000 for the same period last year. As the market continues to shift away from our traditional business model, the Group has adopted various measures to scale back its operations and pare its loss. By the end of the period under review, the Group maintained a total of 12 retail shops, down from 18 six months ago.

Prospects

Notwithstanding the world economy begins to improve, the road to a full recovery for the Group's existing business continues to be bumpy. The telecom market remains one of the most challenging industries in Hong Kong with continuing downward pricing pressure and narrowing margin. The Group continues to critically review its existing business portfolio and may exit certain businesses if it does not meet a certain performance standard. MVNO business, facing the changing market dynamic driven by smart phone and data application, will need to invest in the access and applications platform to compete effectively in the market place. The Hong Kong retail market continues to pose challenges and will be critically reviewed in the near future to determine its appropriate strategy going forward.

Despite the difficult competitive landscape in China, the scale of the market and the new regulatory framework presents an immense opportunity. The Shanghai Operation provides a stable income stream to the Group and a base where we can build from. The recent proposed convergence across telecommunications, internet and television broadcasting networks in China by the country's regulatory body will further fuel the growth for years to come. The Group will continue to actively explore different potential investment opportunities to strengthen and expand its businesses portfolio beyond Hong Kong in the future.

Cessation of Trunked Radio Business

China Motion United Telecom Limited, a subsidiary of the Company, had entered into an agreement with an independent third party on 1 September 2010 for exiting the Group's trunked radio business (the "Trunked Radio Business") by the independent third party's assuming the operation of the Trunked Radio Business under Townlink Limited, a subsidiary of the Company, and all its ongoing liabilities and obligations. The consideration shall be HK$1,700,000, which included the refundable deposits under the operating leases of the Trunked Radio Business. Completion is pending for the regulatory approval in respect of business restructure.

Financial Position

As at 30 September 2010, the Group's bank balances and cash substantially held in HKD currency amounted to approximately HK$91,694,000 *(31 March 2010: HK$103,591,000)*. Obligations under finance leases made in HKD currency at fixed interest rate amounted to approximately HK$55,000 *(31 March 2010: HK$122,000)*. 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 shareholders of the Company was approximately 0.01 % *(31 March 2010: 0.03%)*.

As regards the cessation of the Trunked Radio Business, there was net cash inflow of approximately HK$448,000 during the six months ended 30 September 2010.

It is anticipated that the Group's bank balances and cash as at 30 September 2010, together with the stable rental income will be sufficient to fund its operations. As at 30 September 2010, the Group had no banking facilities.

Share Capital

As at 30 September 2010, the Company had 2,820,500,000 shares in issue with total shareholders' fund of the Group amounting to approximately HK$408,426,000 *(31 March 2010: HK$408,862,000)*.

Financial Guarantees

As at 30 September 2010, the Group had contingent liabilities amounting to approximately HK$2,000,000 *(31 March 2010: HK$9,067,000)* in respect of guarantee given to third party against non-performance of contractual obligations by a subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Charge on Assets

As at 30 September 2010, the Group did not have any charge on its assets *(31 March 2010: Nil)*.

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.

Employees and Remuneration Policies

As at 30 September 2010, the Group had 466 full-time staff. Total staff costs (including directors' emoluments) incurred by both continuing and discontinued operations for the period amounted to approximately HK$29,390,000 *(2009: HK$32,874,000)*. The Group's remuneration policy is in line with prevailing market practice and 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.

Other Disclosure

The directors of the Company are not aware of any material changes from the information disclosed in the annual report of the Company for the year ended 31 March 2010, other than those disclosed in this announcement.

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 internal controls and financial reporting matters, including the review of the Group's interim results for the six months ended 30 September 2010.

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 six months ended 30 September 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 period.

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 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 during the period.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM 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 interim report for the six months ended 30 September 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
Wu Chi Chiu
Director

Hong Kong, 25 November 2010

As at the date hereof, the executive Directors are Mr. Ting Pang Wan, Raymond, Mr. Wu Chi Chiu and Ms. Zhou Lijuan and the independent non-executive Directors are Mr. Sin Ka Man, Mr. Huang An Guo and Ms. Wong Fei Tat.

** for identification purpose only*