

Chairman's Statement

Dear Shareholders,

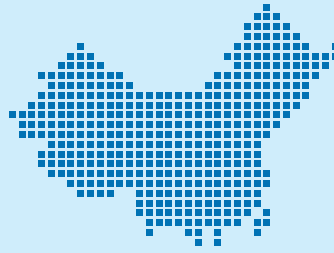
I am pleased to announce that China Motion Telecom International Limited ("China Motion" or "the Company"), together with its subsidiaries (collectively, "the Group"), has successfully achieved a turnaround and recorded impressive results for the year ended 31 March 2003. This is a validation of our prevailing business strategy. In the past year, the management and staff of China Motion demonstrated innovativeness and flexibility in maximising our competitive advantages to secure a strong path in business development, in the midst of a challenging market environment. Charting our progress as we gradually realised our goals and recorded encouraging results was immensely rewarding and reassuring.

Rallying around a clear business focus, further achieving economies of scale and reinforcing our capabilities have been the goals and driving forces behind China Motion in the past year. The rapid development of the telecommunications industry has intensified competition while creating new business opportunities. For a corporation to excel in existence of keen market competition, it is important to create more value to customers and seize promising business opportunities. Following the disposal of its paging operations, China Motion's business and development focus is more well-defined. The Group is committed to developing core businesses and increasing its competitiveness to establish a business model capable of providing cross-border telecommunications services between Hong Kong and the PRC and these services are supported by the strong networks in Europe, America and Asia. It is by this strategy that we believe we can prove our leadership in the market as a credible cross-border communications provider.

The Group's clear positioning and successful strategies have been lauded in the market, as evidenced by the significant growth in our core businesses during the year under review. Amidst the challenging economic environment in Hong Kong and increasing competition within the telecommunications industry, the disposal of the paging operations helped the Group realign its business and recover its business results and performance. During the year under review, our telecommunications networks business delivered an outstanding performance and recorded a surge in turnover to offset reduced revenue from the disposal of the paging business. During the year, total turnover for the Group amounted to HK\$735,573,000, representing an increase of 2% over the corresponding period last year. At the same time, prudent financial strategy and stringent cost control also contributed to a profit attributable to shareholders of HK\$10,225,000.



Chairman's Statement



Operations Review

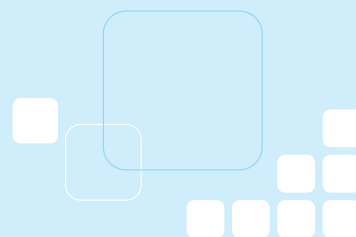
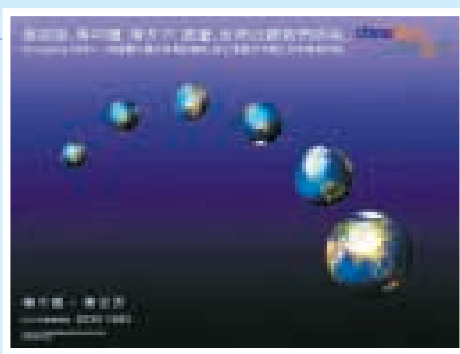
Aware of the rapid developments in the telecommunications industry, the Group disposed of its paging operations in June 2002 to focus on the development of its cross-border value-added telecommunications services. With its success in obtaining the license to provide fixed line services at the beginning of 2003, China Motion has now become a telecommunications group with businesses spanning telecommunications networks, mobile related business and distribution and retail chain. The three businesses are the firm foundations for the Group, each with clear structured business focus while complementary to one another. Thanks to the Group's business focus on cross-border telecommunications markets and the steady stream of new products, customers are increasingly aware of the advantages of cross-border telecommunications services, and demonstrating growing awareness and loyalty to the China Motion brand and its products and services.

While the Group's commitment to developing different markets was a key factor in its turnaround, its effective cost control measures also contributed to its profitability. The Group takes a cautious approach in technological developments that involve a huge network infrastructure and a long payback period. Under this approach, the Group, instead of constructing its own infrastructure, leases network capacity for its IDD business, fixed line and mobile related businesses. This will help minimise costs and risks resulted from the burden of network construction. With its well-established brand and enormous experiences in both telecommunications markets of Hong Kong and China, the Group prides itself in forming strategic alliances with overseas operators in a complementary but non-competitive manner. This co-operative relationship with overseas operators will enable China Motion to offer an efficient and value-added sales platform for multinational telecommunications companies and manufacturers to penetrate the China market.

Among the three businesses, the telecommunications networks business achieved the most outstanding results, contributing to a turnover of HK\$456,400,000 and becoming the major source of revenue for the Group. By aggressively developing the wholesale IDD services with focus on China-related usage, the Group saw rapid growth during the year and recorded usage exceeding 1,200 million minutes. During the year under review, the Group's telecommunications networks business expanded its business scope to the local fixed line market. Services launched include "ChinaOne" for the fixed line service and "ChinaOne 0050" for local retail IDD service in Hong Kong. With the increasing comprehensiveness of telecommunications networks business, China Motion is drawing a steady, loyal and ever-growing customer base.

In mobile related services, the Group recorded a turnover of HK\$109,841,000 during the year under review. After receiving the Public Non-exclusive Telecommunications Services (PNETS) License in 2001 issued by the Office of the Telecommunications Authority (OFTA), the Group was officially granted Mobile Virtual Network Operator (MVNO) status. The Group launched a range of mobile-related products in August 2002 to satisfy the communication needs of the local market and cross-border travelers. These products include the pre-paid "2-WAY" Stored Value SIM Card and the "Dual SIM Mobile Services", both of which received encouraging responses from the market.

"CM Mobile", the brand for the mobile-related business, has earned the Group a respectable market position. In future, the Group will extend its business to other markets and grow profitability by launching new products that are capable of meeting our customers communication needs.



CM Concept, the flagship business of our distribution and retail chain segment, is also one of the largest distributors of telecommunications products and services in Hong Kong. During the year under review, the business generated a turnover of HK\$146,140,000 for the Group. From experience and results, we believe that a comprehensive retail coverage by itself is the best and most direct means to attract customers. Leveraging its retail chain network, CM Concept, while providing an additional source of revenue from retail sales, serves as an ideal distribution channel for the Group's own services and products. This will also be the most efficient and effective channel for promoting the Group's proprietary products, services and philosophies to valuable customers.

Prospects

Against the backdrop of a global economic slowdown, China is able to maintain its rapid economic development. Even with the outbreak of SARS in various regions, the impact on China's economy was limited. Since China's accession into the WTO, the number of foreign enterprises in China is continuing to rise. China's own economic growth and direct investments from developed countries and major export are ballooning. With increasing economic activities and synergistic efforts between China and Hong Kong and the rest of the world, cross border telecommunications services will definitely be in high demand. China Motion will adopt appropriate strategies to enter the China market and the Chinese communities worldwide which are closely connected to China to provide value-add services and create greater value for customers. China Motion's management believes that the Group's future prospects will benefit immensely from China's robust development and its connection with overseas. This is the ideal time for the Group to explore the numerous market opportunities and to achieve impressive returns.

We will leverage our competitive advantages to further develop existing businesses. In the coming year, we will concentrate efforts on our existing business portfolio, including the expansion of our IDD wholesale business, the enhancement of the communications system and service platforms, and the full-fledged development of more proprietary products and services from ChinaOne and CM Mobile.

The Group believes that it is critical to strengthen its financial health, to reserve sufficient resources and funding for future business expansion, in order to maximise returns for shareholders. As such, the Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2003.

As highlighted above, our performance in the past year was highly rewarding and encouraging. While there will still be challenges ahead, the Board is confident that the Group is well on track to success.

On behalf of the Board of Directors, I would like to thank our management and staff for their excellent performance and their enormous contributions to the Group. We would also like to thank our business partners, customers and shareholders of China Motion for their unrelenting support. Let us work in concert to reach the road to success together.

HAU Tung Ying

Chairman

22 July 2003

BRAND POWER

The Group reflects its strong brand equity through originality and innovation. The core spirit and strength of China Motion are exemplified in ChinaOne 0050 - the first retail IDD service under the brand ChinaOne, and a range of value-added mobile related services under the brand CM Mobile.

