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MARVEL BONUS HOLDINGS LIMITED

(Incorporated in the British Virgin Islands with limited liability)



潤迅通信國際有限公司*

China Motion Telecom International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 989)

JOINT ANNOUNCEMENT

Subscription of new Shares and

Possible unconditional mandatory cash offers by Partners Capital International Limited

on behalf of MARVEL BONUS HOLDINGS LIMITED

for all the issued shares in China Motion Telecom International Limited (other than those shares already owned by or agreed to be acquired by

MARVEL BONUS HOLDINGS LIMITED and

parties acting in concert with it) and

for the cancellation of all outstanding share options of China Motion Telecom International Limited

THE SUBSCRIPTION AGREEMENT

The Board and the directors of the Subscriber jointly announce that, on 5 September 2006, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company and the Subscriber have conditionally agreed that the Company shall issue and the Subscriber shall subscribe for the Subscription Shares at the Subscription Price of HK\$0.02 per Subscription Share for a cash consideration of HK\$36,000,000. The Subscriber has also undertaken to provide the Standby Facility of HK\$30 million to the Company upon Completion. The Board intends to apply the net proceeds from the Subscription for the Company's own working capital purpose. The Subscription Agreement is conditional upon conditions as described in the sub-paragraph headed "CONDITIONS" under the paragraph headed "THE SUBSCRIPTION AGREEMENT" of this announcement.

Upon Completion, the Subscriber and parties acting in concert with it will own in aggregate 1,800,000,000 Shares, representing approximately 76.58% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The public float of the Company will be approximately 14.22% and will therefore be less than the minimum 25% public float required under Rule 8.08 of the Listing Rules. The Company and the Subscriber will undertake to the Stock Exchange to take appropriate steps including, but not limited to, placing down the Subscriber's shareholdings in the Company as soon as practicable after Completion to ensure compliance with the minimum public float requirement. Application for suspension of trading in the Shares on the Stock Exchange will be made to the Stock Exchange upon Completion. The Company will make further announcements in relation to any action taken in respect of the public float of the Shares to ensure strict compliance with the Listing Rules.

* *For identification purpose only*

THE OFFERS

Upon Completion, the Offeror and parties acting in concert with it will own in aggregate 1,800,000,000 Shares, representing approximately 76.58% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. Under Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it. Under Rule 13 of the Takeovers Code, the Offeror is also required to make a comparable offer for all the outstanding Options. The principal terms of the Offers are set out in the paragraph headed "POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS" of this announcement.

GENERAL

The SGM will be convened to approve, among others, the Subscription Agreement and the transactions contemplated thereunder including, but not limited to, the issue and allotment of the Subscription Shares. As no Shareholder is involved in or interested in the Subscription Agreement, no person(s) are required to abstain from voting in the SGM. A circular setting out, inter alia, details of the Subscription Agreement together with a notice of the SGM will be sent to the Shareholders as soon as practicable.

A composite offer and response document of the Company setting out details of the Offers (accompanied by the acceptance and transfer form) and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser on the Offers will be despatched to the Shareholders and the Optionholders in accordance with the Takeovers Code. The Independent Board Committee will approve the appointment of an independent financial adviser which will advise the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers. An announcement will be made as soon as the appointment of the independent financial adviser is confirmed.

The Subscription Agreement is conditional upon the fulfilment of certain conditions and the Offers will only be made in the event of the occurrence of Completion. Accordingly, the Subscription Agreement may or may not be completed and the Offers may or may not be proceeded. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

At the request of the Company, trading in the Shares on the Stock Exchange and the Singapore Exchange was suspended with effect from 9:30 a.m. and 9:00 a.m. on 31 August 2006 respectively pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on both the Stock Exchange and the Singapore Exchange with effect from 9:30 a.m. and 9:00 a.m. on 11 September 2006 respectively.

THE SUBSCRIPTION AGREEMENT

On 5 September 2006, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company and the Subscriber have conditionally agreed that the Company shall issue and the Subscriber shall subscribe for the Subscription Shares at the Subscription Price of HK\$0.02 per Subscription Share for a cash consideration of HK\$36,000,000. The principal terms of the Subscription Agreement are set out as follows:

Date: 5 September 2006

Parties:

1. the Company as the issuer of the Subscription Shares; and
2. the Subscriber as the subscriber of the Subscription Shares

The Subscriber and its ultimate beneficial owners are the independent third parties which are not connected persons (as defined in the Listing Rules) of the Company and are independent from the Company or the connected person(s) (as defined in the Listing Rules) of the Company. As far as the Subscription is concerned, they were introduced to the Board through the business network of Mr. Wu, the Deputy Chairman and Chief Executive Officer of the Company, who has not received and will not receive any fees or benefits-in-kind in respect of the Subscription.

Number of Subscription Shares: 1,800,000,000 Shares, representing approximately 326.99% of the existing issued share capital of the Company and approximately 76.58% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares

Consideration: HK\$36,000,000, being the aggregate amount of the Subscription for the Subscription Shares, which will be payable by the Subscriber at Completion

Subscription Price: HK\$0.02 per Subscription Share, which was arrived at after arm's length negotiation between the Company and the Subscriber and with reference to (i) the closing price of HK\$0.1100 per Share as quoted on the Stock Exchange on 30 August 2006, being the last trading day of the Shares on the Stock Exchange prior to the suspension of trading in the Shares; and after taking into account (ii) the net loss of the Group of approximately HK\$228.5 million for the year ended 31 March 2006; (iii) the net current liabilities of the Group of approximately HK\$157.7 million as at 31 March 2006; (iv) the thin trading volume of the Shares on the Stock Exchange; and (v) the provision of the Standby Facility by the Subscriber upon Completion, represents

1. a discount of approximately 81.82% to the closing price of HK\$0.1100 per Share as quoted on the Stock Exchange on 30 August 2006, being the last trading day of the Shares on the Stock Exchange prior to the suspension of the trading in the Shares;
2. a discount of approximately 83.79% to the average closing price of HK\$0.1234 per Share quoted on the Stock Exchange for the five trading days up to and including 30 August 2006;
3. a discount of approximately 84.06% to the average closing price of HK\$0.1255 per Share quoted on the Stock Exchange for the ten trading days up to and including 30 August 2006; and
4. a discount of approximately 80.04% to the audited consolidated net asset value per Share of approximately HK\$0.1002 as at 31 March 2006.

Conditions: Completion shall be conditional upon:

- (a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all of the Subscription Shares;
- (b) the passing by the Shareholders (excluding any person(s), if any, who are required to abstain from voting under the Listing Rules) of resolutions at the SGM in compliance with the requirements of the Listing Rules approving the Subscription Agreement and the issue and allotment of the Subscription Shares in accordance with the terms of the Subscription Agreement; and

- (c) the Subscriber having been satisfied with the due diligence review of the affairs of the Group.

In the event that any of the above conditions is not fulfilled on or before 30 November 2006 (or such later date as may be agreed between the parties), the Subscription Agreement and all rights and obligations hereunder will cease and terminate and neither of the parties hereto will have any claim against the other for costs, damages, compensation or otherwise. No condition can be waived by the parties to the Subscription Agreement. In relation to condition (b), as there is no Shareholder who is involved in or interested in the Subscription Agreement, no person(s) are required to abstain from voting in the SGM.

- Ranking:** The Subscription Shares when fully paid, will rank pari passu in all respects with the then existing issued Shares in respect of all rights attaching to them on or after the date of their allotment and issue
- Completion Date:** The fourth business day following the receipt by the Subscriber of written confirmation and evidence to the satisfaction of the Subscriber that all the above conditions have been satisfied, which is expected to be around 21 October 2006
- Listing:** The Company will make an application to the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares

Pursuant to the Subscription, the Subscriber has undertaken to the Company that on Completion, it will enter into a facility letter with the Company for advancing the Standby Facility of HK\$30 million to the Company at a rate equal to the aggregate of the rate announced or applied by The Hongkong and Shanghai Banking Corporation Limited from time to time as its prime rate of interest in Hong Kong for lending of Hong Kong dollars to its prime corporate customers plus 2% per annum for the Company's own working capital purposes. The Standby Facility shall be subject to annual review. As the Standby Facility are on normal commercial terms where no security over the assets of the Company is granted, the Standby Facility will be exempted from reporting, announcement, and the independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

The Subscriber has also undertaken to the Company, and will undertake to Stock Exchange that it shall, as soon as practicable after Completion, take the appropriate steps to ensure that an adequate number of the Subscription Shares shall be sold, placed or otherwise disposed of to the independent third parties so that no less than 25% of the Company's entire issued share capital as enlarged by the Subscription is held by the public in compliance with the Listing Rules.

CHANGE OF SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company immediately before and after the Completion:

	Before the Completion		After the Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Oriental Base Limited (<i>Note 1</i>)	216,198,000	39.27	216,198,000	9.20
The Subscriber and parties acting in concert with it	–	–	1,800,000,000	76.58
Midsino International Limited (<i>Note 2</i>)	54,049,500	9.82	54,049,500	2.30
Public Shareholders	<u>280,228,073</u>	<u>50.91</u>	<u>280,228,073</u>	<u>11.92</u>
Public float	<u>334,277,573</u>	<u>60.73</u>	<u>334,277,573</u>	<u>14.22</u>
Total	<u><u>550,475,573</u></u>	<u><u>100.00</u></u>	<u><u>2,350,475,573</u></u>	<u><u>100.00</u></u>

Notes:

1. The 216,198,000 Shares are held by Oriental Base Limited, a company which is wholly and beneficially owned by Mr. Wu Chi Chiu, a Director.
2. Midsino International Limited is a substantial Shareholder and is beneficially owned as to 50% by Mr. Yang Jun and as to 50% by his spouse, Ms. Ma Lin. Both Mr. Yang Jun and Ms. Ma Lin are not Directors, senior management and/or employees of the Group.

INFORMATION ON THE GROUP

The Company was listed on the Main Board of the Stock Exchange on 20 October 1997. The Group is principally engaged in the provision of international telecommunications services, mobile communications services and distribution and retail chain.

The following table is a summary of the audited financials of the Group for the two years ended 31 March 2006:

	Year ended 31 March	
	2006 (audited) <i>HK\$'000</i>	2005 (audited) <i>HK\$'000</i>
Turnover	840,222	764,491
Gross profit	122,663	153,909
(Loss) before taxation	(229,555)	(470,476)
(Loss) after taxation	(228,478)	(471,939)
Net assets	52,660	45,571

FUNDS RAISED BY WAY OF ISSUE OF NEW SHARES DURING THE PAST 12 MONTHS

The placing of 25,000,000 new Shares at a placing price of HK\$0.189 per Share to at least six independent investors as stated in the announcement of the Company dated 1 August 2006 has been completed in August 2006. The net proceeds of approximately HK\$4.6 million are retained for general working capital purpose.

Save as disclosed above, the Company has not raised any funding by way of issue of new Shares within the last 12 months prior to the date of this announcement.

REASONS FOR THE ENTERING INTO OF THE SUBSCRIPTION AGREEMENT AND USE OF PROCEEDS

Since Mr. Wu, the Deputy Chairman and Chief Executive Officer of the Company, through his wholly owned company, acquired the controlling shareholding in the Company in December 2005, Mr. Wu has been fully committed to reorganise the Board and management, evaluate internal operations and resources and provide strategic insights on business development in order to enhance the Group's competitiveness. Despite continuous economic growth in both the PRC and Hong Kong markets, the telecommunications industry in both markets continued to experience considerable challenges. In this connection, the Group has been focusing on business rationalization to improve the operational efficiency of its core businesses. Despite the implementation of corporate strategies to improve the operational efficiency of the Group's core businesses, the Group recorded consecutive net losses for each of the three years ended 31 March 2006. Due to competitive pricing and operational difficulties under intense market competition, gross margin continued to be pressured which led to a net loss of approximately HK\$228.5 million for the year ended 31 March 2006.

The auditors of the Company have indicated in the annual report of the Company for the year ended 31 March 2006 a fundamental uncertainty of the Group in relation to the preparation of the financial statements on a going concern basis in view of the Group's net current liabilities of approximately HK\$157.7 million as at 31 March 2006. As detailed in the annual report of the Company for the year ended 31 March 2006, the Directors have carefully assessed the working capital and financing requirements of the Group in the foreseeable future as well as commitments that are payable in the 12 months after 31 March 2006. The Directors are aware of the Group's liquidity position (with bank balance and cash amounting to approximately HK\$35.2 million as at 31 March 2006) and have been critically evaluating the assets and liabilities of the Group and operating structure of various business segments. The Directors have also been introducing stringent measures to improve the liquidity position of the Group as follows:

- (1) streamlining operating structure of various business segments for maximum efficiency and exercising stringent control over capital expenditure in order to minimize requirement on cash flow and, accordingly, optimizing the staff levels and closing down certain non-profit making retail shops;
- (2) considering to source for other revenues from non-core business, including the leasing out of the Group's properties as stated in the announcement of the Company dated 17 August 2006 for providing an additional stable income for the Group;
- (3) actively seeking new sources of funding on both equity and debt financing to cover temporary operating deficit and, subsequent to the year end date of 31 March 2006, successfully obtaining additional banking facilities of approximately HK\$40 million and completing a placing of new Shares raising net proceeds of approximately HK\$4.6 million in August 2006.

Despite the tremendous efforts of the Directors in improving the liquidity position of the Group, the Group has been demanded on a number of occasions by certain trade creditors and suppliers for settlement of trade and other payables. As announced on 25 August 2006, one of the operating subsidiaries of the Company received from a supplier of the Group (the "Trade Creditor") a letter before action (the "Letter Before Action") alleging that the subsidiary of the Company has failed and/or refused to pay the sum of HK\$49,679,844.81 (the "Alleged Sum"), and unless the Alleged Sum is paid within 21 days from the date of the Letter Before Action, the Trade Creditor will commence legal proceedings against the subsidiary of the Company for recovery thereof without further notice. The Company is seeking legal advice in relation to the Letter Before Action, and in the meantime, the Company will continue to conduct negotiations with the Trade Creditor on its repayment terms and schedule. As disclosed in the annual report of the Company for the year ended 31 March 2006, there were outstanding trade and other payables of approximately HK\$318.6 million owing by the Group as at 31 March 2006. The Company has been continuing discussions with these creditors on their repayment terms and/or schedules and the Directors have stated in the announcement of the Company dated 25 August 2006 that the Company has insufficient financial resources to settle all these payables in full in short run. In view of the pressing financial constraint on the Company, the Company has actively been exploring the fund-raising opportunities including but not limited to the bank financing and equity funding.

Given the Group's current financial position as detailed above, the Directors consider that it is beneficial to and in the interest of the Company to enter into the Subscription Agreement for the purpose of improving the tight liquidity position of the Group. In particular, in view of the Group's net current liabilities of approximately HK\$157.7 million as at 31 March 2006, the increase in cash position of the Company by HK\$36 million upon Completion and the Standby Facility of HK\$30 million to be provided by the Subscriber will substantially improve the liquidity position of the Group. Accordingly, the Directors consider that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board intends to apply the net proceeds from the Subscription for the Company's own working capital purpose.

PUBLIC FLOAT

Upon Completion, the Subscriber and parties acting in concert with it will own in aggregate 1,800,000,000 Shares, representing approximately 76.58% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The public float of the Company will be approximately 14.22% and will therefore be less than the minimum 25% public float required under Rule 8.08 of the Listing Rules. The Company and the Subscriber will undertake to the Stock Exchange to take appropriate steps including, but not limited to, placing down the Subscriber's shareholdings in the Company as soon as practicable after Completion to ensure compliance with the minimum public float requirement. Application for suspension of trading in the Shares on the Stock Exchange will be made to the Stock Exchange upon Completion. The Company will make further announcements in relation to any action taken in respect of the public float of the Shares to ensure strict compliance with the Listing Rules.

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS

Upon Completion, the Offeror and parties acting in concert with it will own in aggregate of 1,800,000,000 Shares, representing approximately 76.58% of the entire issued share capital of the Company as enlarged by the issue of the Subscription Shares. Under Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it. Under Rule 13 of the Takeovers Code, the Offeror is also required to make a comparable offer for cancellation of all the outstanding Options. The Offers, if and when made, will be unconditional in all respects.

Principal terms of the Offers

Upon Completion, Partners Capital, on behalf of the Offeror, will make the Share Offer to acquire all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it and the Option Offer for cancellation of all the outstanding Options on the following basis:

The Share Offer

For each Share HK\$0.055 in cash

The Option Offer

For cancellation of each outstanding Option HK\$0.0001 in cash

As at the date of this announcement, the Company has 550,475,573 Shares in issue. Oriental Base Limited, which is interested in 216,198,000 Shares, representing approximately 39.27% of the existing issued share capital of the Company, has indicated that it has no intention to accept the Share Offer. Midsino International Limited which is interested in 54,049,500 Shares, representing approximately 9.82% of the existing issued share capital of the Company, has indicated that it has the intention to accept the Share Offer.

As at the date of this announcement, the Company has 11,087,586 outstanding Options entitling the Optionholders to subscribe for an aggregate of 11,087,586 Shares. The Options were granted to the employees of the Group and employees of the business partners with an exercise price ranging from HK\$0.75 per Share to HK\$3.19 per Share. The price of the Option Offer represents a nominal amount offered by the Offeror for the Options. The Offeror is required under the Takeovers Code to make a comparable offer for cancellation of all the outstanding Options as part of the Offers. The Offeror offers to pay the Optionholders in cash on the basis set out above in respect of every Option in consideration of the surrender by the Optionholders of all their rights in respect of such Option. However, as at the date of this announcement, the Optionholders have not given any undertakings to accept or not to accept the Option Offer.

Save for the outstanding Options disclosed above, there are no outstanding warrants, options, derivatives or securities convertible into Shares as at the date of this announcement. There is (i) no irrevocable commitment to accept the Offers which has been received by the Offeror or any parties acting in concert with it; (ii) no arrangements (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which might be material to the Offers; and (iii) no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers.

The Subscription Agreement is conditional upon the fulfilment of certain conditions and the Offers will only be made in the event of the occurrence of Completion. Accordingly, the Subscription Agreement may or may not be completed and the Offers may or may not be proceeded. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

Comparison of value

The offer price of HK\$0.055 per Share under the Share Offer was determined with reference to (i) the closing price of HK\$0.1100 per Share as quoted on the Stock Exchange on 30 August 2006, being the last trading day of the Shares on the Stock Exchange prior to the suspension of trading in the Shares; and after taking into account (ii) the net loss of the Group of approximately HK\$228.5 million for the year ended 31 March 2006; (iii) the net current liabilities of the Group of approximately HK\$157.7 million as at 31 March 2006; and (iv) the thin trading volume of the Shares on the Stock Exchange

(with average daily trading volume during the twelve months prior to the date of this announcement of approximately 568,700 Shares, representing approximately 0.17% of the public float of the Company) and represents:

1. a discount of 50% to the closing price of HK\$0.1100 per Share as quoted on the Stock Exchange on 30 August 2006, being the last trading day of the Shares on the Stock Exchange prior to the suspension of the trading in the Shares;
2. a discount of approximately 55.43% to the average closing price of HK\$0.1234 per Share quoted on the Stock Exchange for the five trading days up to and including 30 August 2006;
3. a discount of approximately 56.18% to the average closing price of HK\$0.1255 per Share quoted on the Stock Exchange for the 10 trading days up to and including 30 August 2006; and
4. a discount of approximately 45.11% to the audited consolidated net asset value per Share of approximately HK\$0.1002 as at 31 March 2006.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period preceding the date of this announcement were HK\$0.41 per Share recorded on 1 June 2006 and HK\$0.11 per Share recorded on 30 August 2006 respectively.

The range of closing prices of the Shares as quoted on the Singapore Exchange during the six-month period immediately preceding the last trading day were from SG\$0.02 to SG\$0.045 per Share.

Total consideration and financial resources

As at the date of this announcement, the Company has 550,475,573 Shares in issue and 11,087,586 outstanding Options. Immediately after the issue and allotment of the Subscription Shares, there will be 2,350,475,573 Shares in issue. At the offer price of HK\$0.055 per Share, the market capitalisation of the Company immediately after the issue and allotment of the Subscription Shares will be valued at approximately HK\$129.28 million (assuming none of the Options has been exercised prior to the close of the Offers). Assuming that all the 11,087,586 outstanding Options at a price of HK\$0.0001 per Option to acquire one Share are tendered, the consideration payable by the Offeror under the Option Offer is approximately HK\$1,109.

Based on 550,475,573 Shares subject to the Share Offer, the Share Offer is valued at approximately HK\$30.28 million (assuming none of the Options has been exercised prior to the close of the Offers) or approximately HK\$30.89 million (assuming the Options have been fully exercised).

The Offeror will finance the Offers with internal resources. Partners Capital is satisfied that there are sufficient financial resources available to the Offeror to meet its obligation in case of a full acceptance of the Offers.

Effect of accepting the Offers

By accepting the Share Offer and upon the Share Offer becoming unconditional, Shareholders will sell their Shares to the Offeror free from all liens, charges, claims and encumbrances and any third party rights together with all rights attached to them, including the right to receive all dividends and distributions declared, paid or made at or after the date on which the Offers are made, i.e. the date of posting of the composite offer and response document to be issued by the Offeror and the Company jointly in connection with the Offers. By accepting the Option Offer, the Optionholders will surrender and give up the subscription rights attaching to the Options.

Stamp duty

Seller's ad valorem stamp duty at a rate of HK\$1.00 for every HK\$1,000 (or part thereof) of the consideration arising on acceptance of the Share Offer will be deducted from the consideration due to the relevant Shareholders on acceptance of the Share Offer. The Offeror will arrange for payment of the stamp duty in connection with the acceptance of the Share Offer and the transfer of the Shares. There is no stamp duty imposed on the Optionholders in connection with their acceptance of the Option Offer.

Payment

Payment (after the deduction of the sellers' share of stamp duty) in cash in respect of acceptances of the Offer will be made within ten days of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability on 2 August 2006 and the entire issued share capital of which is owned as to 50% by Shanghai Assets (BVI) Limited and as to 50% by Integrated Asset Management (Asia) Limited. Save for the entering into of the Subscription Agreement, the Offeror has not conducted any business since its incorporation and has no material assets and liabilities other than the amounts required to finance the Subscription, the Offers and the Standby Facility. Shanghai Assets (BVI) Limited is wholly and beneficially owned by Mr. Ting and Integrated Asset Management (Asia) Limited is wholly and beneficially owned by Mr. Yam. The board of directors of the Offeror comprises two directors, namely, Mr. Ting and Mr. Yam.

Mr. Ting, aged 33, has over 12 years of experience in property development and investments in the PRC. Mr. Ting is currently the sole shareholder and director of LT International Holdings Limited which was established by Mr. Ting's father and other business partners and is a holding company with subsidiaries principally engaging in property development and investments in Guangzhou, Shanghai and Beijing, the PRC and investment in securities since 1991. Mr. Ting studied in Beloit College in the United States of America majoring in Economics and International Relation from 1992 to 1994. Mr. Ting will be nominated by the Offeror to be appointed as the Chairman of the Company and will be responsible for the business development and overall strategic planning of the Group.

Mr. Yam, aged 45, has over 12 years of experience in the management and operation of a private textile and knitting company of which he is a controlling shareholder. Mr. Yam is a professional investor and has substantial investments in a number of companies whose shares are listed on the Stock Exchange including 11.69% shareholding in Wing Lee Holdings Limited, 6.23% shareholding in NewOcean Energy Holdings Limited and 5.8% shareholding in Guangdong Nan Yue Logistics Company Limited. Mr. Yam is not a director of any of the listed companies in which he has substantial investments. Mr. Yam obtained a bachelor degree of science from the University of Toronto majoring in computer in 1983. In line with his investment philosophy for his substantial investments in some other listed companies, Mr. Yam will not participate in the management of the Company's business. Accordingly, he will not be nominated as Director by the Offeror.

As at the date of this announcement, neither the Offeror, its beneficial owners nor parties acting in concert with any of them held any Shares or any options, warrants, derivatives or securities convertible into Shares. Neither the Offeror, its beneficial owners nor parties acting in concert with any of them has dealt in any Shares or any options, warrants, derivatives or securities convertible into Shares during the period commencing on the date falling six months prior to the date of the Subscription Agreement and up to the date of this announcement.

INTENTION OF THE OFFEROR REGARDING THE GROUP

The Offeror intends that the Group will continue its existing businesses and will maintain the listing status of the Company on the Stock Exchange following the close of the Offers. However, the Offeror has the intention to proceed with the withdrawal of the Company's secondary listing on the Singapore Exchange. Accordingly, a proposal for withdrawal of the Company's secondary listing on the Singapore Exchange will be put forward to the Board upon appointment of the proposed executive Director nominated by the Offeror following Completion.

Meanwhile, the Offeror will conduct a review of the business operation and financial position of the Group for the purpose of formulating business plans and strategies for streamlining in the existing business operation and improving the financial position of the Group and for the future business development of the Group. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may consider diversifying the business of the Group with an objective to broaden its income source. However, no such investment or business opportunities have been identified at this stage. The Offeror has no intention to re-deploy the employees or the fixed assets of the Group other than in its ordinary course of business.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

It is expected that one of the existing executive Directors, namely, Mr. Jeffrey Wang, will resign upon Completion and such resignation will take effect from the closing date of the Offers in compliance with Rule 7 of the Takeovers Code. It is expected that Mr. Wu and Ms. Fan Wei, the existing executive Directors, and all of the existing independent non-executive Directors (namely, Mr. Huang An Guo, Mr. Lo Chi Ho, William and Ms. Wong Fei Tat) will remain on the Board. Mr. Huang An Guo will resign as the Chairman but remain on the Board as the independent non-executive Director.

The Offeror at present intends to nominate one new executive Director, namely, Mr. Ting and such appointment will not take effect earlier than the date of posting of the composite document subject to the requirements under the Takeovers Code. A further announcement will be made by the Company and the Offeror on any further proposed change of the composition of the Board and new appointment of Directors (including non-executive Directors).

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends that the Company will remain listed on the Stock Exchange after the close of the Offers and does not intend to exercise its rights to compulsorily acquire all the Shares. The Directors and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Offers to ensure that such number of Shares as may be required by the Stock Exchange are held by the public.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares; or there are insufficient Shares in public hands to maintain an orderly market; it will consider exercising its discretion to suspend dealings in the Shares until a level of sufficient public float is attained. Following the closing of the Offers, there may be an insufficient public float in the Shares and trading in the Shares may be suspended until a sufficient level of public float is maintained.

GENERAL

The SGM will be convened to approve, among others, the Subscription Agreement and the transactions contemplated thereunder including, but not limited to, the issue and allotment of the Subscription Shares. As no Shareholder is involved in or interested in the Subscription Agreement, no person(s) are required to abstain from voting in the SGM. A circular setting out, inter alia, details of the Subscription Agreement together with a notice of the SGM will be sent to the Shareholders as soon as practicable.

A composite offer and response document of the Company setting out details of the terms of the Offers (accompanied by the acceptance and transfer form) and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser on the Offers will be despatched to the Shareholders and the Optionholders in accordance with the Takeovers Code. The Independent Board Committee will approve the appointment of an independent financial adviser which will advise the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers. An announcement will be made as soon as the appointment of the independent financial adviser is confirmed.

It is noted that pursuant to Rule 8.2 of the Takeovers Code, the offer document containing, among others, the terms of the Offers (accompanied by the acceptance and transfer form) to the Shareholders as well as to the Optionholders should normally be posted by or on behalf of the Offeror within 21 days of the date of the announcement of the Offers. The Offeror and the Company intend to combine the offer document and the Company's response document into a composite offer and response document. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the Executive's consent is required if the making of an offer is subject to the prior fulfilment of a pre-condition and the pre-condition cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code. An application will be made by the Offeror for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the composite offer and response document within seven days of fulfilment of conditions of the Subscription Agreement.

DEALINGS DISCLOSURE

The respective associates of the Offeror and the Company are reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of the principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

WARNING

The Subscription Agreement is conditional upon the fulfilment of certain conditions and the Offers will only be made in the event of the occurrence of Completion. Accordingly, the Subscription Agreement may or may not be completed and the Offers may or may not be proceeded. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange and the Singapore Exchange was suspended with effect from 9:30 a.m. and 9:00 a.m. on 31 August 2006 respectively pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on both the Stock Exchange and the Singapore Exchange with effect from 9:30 a.m. and 9:00 a.m. on 11 September 2006 respectively.

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	China Motion Telecom International Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are primarily listed on the Stock Exchange and secondarily listed on the Singapore Exchange
“Completion”	completion of the allotment and issue of the Subscription Shares under the Subscription Agreement
“Completion Date”	the date falling four business days following the receipt by the Subscriber of written confirmation and evidence to the satisfaction of the Subscriber that all the conditions set out under “CONDITIONS” above have been satisfied
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Independent Shareholders”	Shareholders other than the Offeror and the parties acting in concert with it
“Independent Board Committee”	an independent board committee of the Board comprising the independent non-executive Directors, namely, Mr. Huang An Guo, Mr. Lo Chi Ho, William and Ms. Wong Fei Tat
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Mr. Ting”	Mr. Ting Pang Wan, Raymond
“Mr. Wu”	Mr. Wu Chi Chiu, the Deputy Chairman and the Chief Executive Officer of the Company
“Mr. Yam”	Mr. Yam Tak Cheung
“Offeror” or “Subscriber”	MARVEL BONUS HOLDINGS LIMITED, a company incorporated in the BVI on 2 August 2006 with limited liability and is beneficially owned as to 50% by Mr. Ting and as to 50% by Mr. Yam
“Offers”	the Share Offer and the Option Offer
“Options”	11,087,586 share options which remain outstanding as at the date of this announcement and were granted by the Company to the employees of the Group and the employees of the business partners conferring on the grantee thereof the right to subscribe for new Shares pursuant to the collectively (i) the share option scheme of the Company adopted on 18 March 1998, subsequently amended on 19 February 2000 and 2 February 2001 and terminated on 6 September 2002 and (ii) the share option scheme of the Company adopted on 6 September 2002
“Option Offer”	the possible unconditional mandatory cash offer for the cancellation of all the Options
“Optionholders”	the holders of the Options
“parties acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Partners Capital”	Partners Capital International Limited, a corporation licensed to carry on types 1 and 6 regulated activities (dealing in securities and advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“SGM”	a special general meeting to be convened by the Company for the Shareholders to consider and approve the Subscription Agreement and the transactions contemplated thereunder
“SFC”	Securities and Futures Commission
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Share Offer”	the possible unconditional mandatory cash offer to be made by Partners Capital on behalf of the Offeror for all the Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it in accordance with the Takeovers Code
“Singapore Exchange	The Singapore Exchange Securities Trading Limited
“Standby Facility”	a standby facility of HK\$30 million to be provided by the Subscriber upon Completion pursuant to the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	subscription of Subscription Shares at the Subscription Price on the terms and subject to the conditions under the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 5 September 2006 entered into between the Subscriber and the Company in relation to, amongst other things, the subscription of the Subscription Shares
“Subscription Price”	HK\$0.02 per Share
“Subscription Shares”	1,800,000,000 Shares, representing approximately 326.99% of the existing issued share capital of the Company and approximately 76.58% of the issued share capital of the Company as enlarged by the issue of Subscription Shares
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“SG\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent.

By Order of the Board
MARVEL BONUS HOLDINGS LIMITED
Ting Pang Wan Raymond
Director

By order of the board of
China Motion Telecom International Limited
Wu Chi Chiu
Executive Director

Hong Kong, 8 September 2006

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

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than that in relation to the Group) the omission of which would make any statement in this announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Offeror and its directors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those of or in relation to the Offeror and its directors) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than that in relation to the Offeror and its directors) the omission of which would make any statements in this announcement misleading.

Please also refer to the published version of this announcement in The Standard.